



**AUDIT REPORT
ON
THE ACCOUNTS OF
NHA, CDA, MCI, CAA, PAK. PWD,
ESTATE OFFICE,
NCL, FGEHA, HEC, SPECIAL
PROJECT CELL (PD&SI),
SIDCL, GPA AND FBR
GOVERNMENT OF PAKISTAN
AUDIT YEAR 2021-22
AUDITOR GENERAL OF PAKISTAN**

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ABBREVIATIONS AND ACRONYMS

ABL	Allied Bank Limited
ACBC	Asphalt Concrete Base Course
ACWC	Asphalt Concrete wearing Course
ADB	Asian Development Bank
AGPR	Accountant General Pakistan Revenues
AIR	Audit Inspection Report
AMP	Annual Maintenance Plan
APM	Airport Manager
AR	Audit Report
ASF	Airport Security Force
AVC	Automatic Vehicles Classification
ASTM	American Society for Testing and Materials
B&A	Budget & Accounts
BKIAP	Bacha Khan International Airport
BOQ	Bill of Quantities
BOT	Build-Operate-Transfer
BRTS	Bus Rapid Transport System
BTS	Base Transceiver Station
CAA	Civil Aviation Authority
CAAO	Civil Aviation Authority Order
CAREC	Central Asia Regional Economic Cooperation
CCCC	China Communications Construction Company Limited
CCD	Central Civil Division
CDA	Capital Development Authority
CDL	Cash Development Loan
CDWP	Central Development Working Party
CEO	Chief Executive Officer
COC	Conditions of Contract
CSCECL	China State Construction Engineering Corporation Limited
CPEC	China-Pakistan Economic Corridor
CPWA	Central Public Works Accounts

CPWD	Central Public Works Department
CSR	Composite Schedule of Rate
Cu.m	Cubic Meter
DAB	Dispute adjudication Board
DAC	Departmental Accounts Committee
DBA	Director Budget and Accounts
DDWP	Departmental Development Working Party
DDO	Drawings & Disbursing Officer
DD	Deputy Director
DLC	Defect Liability Certificate
DMA	Directorate of Municipal Administration
DNP	Defect Notification Period
DP	Draft Para
DST	Double Surface Treatment
E/M	Electrical and Mechanical
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
EDP	Electronic Data Processing
EO	Estate Office
EOBI	Employees Old age Benefit Institution
EOT	Extension of Time
EPC	Engineer Procurement Construction Contract
EPC	Escalation Payment Certificate
ETTM	Electronic Toll and Traffic Management
FAIAP	Faisalabad International Airport
FAP	Foreign-Aided Projects
FBR	Federal Board of Revenue
FERP	Flood Emergency Reconstruction Project
FGEHA	Federal Government Employees Housing Authority
FIA	Federal Investigation Agency
FIDIC	Federation Internationale Des Ingenieurs-Conseils (International Federation of Consulting Engineers)
FIR	First Information Report
FUUA	Federal Urdu University of Arts, Science & Technology

FWO	Frontier Works Organization
GB	Gilgit Baltistan
GFR	General Financial Rules
GM	General Manager
GIS	Geographical Information System
GOP	Government of Pakistan
GPA	Gwadar Port Authority
GST	General Sale Tax
HBL	Habib Bank Limited
HDPE	High Density Polyethylene
HEC	Higher Education Commission
HQ	Headquarters
HR	Human Resource
HVAC	Heating, Ventilation and Air Conditioning
ICAO	International Civil Aviation Organization
ICT	Islamabad Capital Territory
IDC	Inter-Departmental Committee
IIAP	Islamabad International Airport
IPC	Interim Payment Certificate
ITB	Instructions to Bidders
JCR	Japan Credit Rating
JIAP	Jinnah International Airport
JV	Joint venture
KKH	Karakorum Highway
KLM	Karachi Lahore Motorway
KM	Kilometer
KP	Khyber Pakhtunkhwa
KVA	Kilo-volt Ampere
LAC	Land Acquisition Collector
LD	Liquidated Damages
LSMIM	Lahore-Sialkot Motorway Infrastructure Management
LSMP	Lahore Sialkot Motorway Project
MB	Measurement Book
MCI	Metropolitan Corporation Islamabad

MES	Military Engineering Service
MFDAC	Memorandum for Departmental Accounts Committee
MORE	Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd
MGD	Million Gallons per Day
MRS	Market Rate System
MTBF	Medium Term Budgetary Framework
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NAVAID	Navigation Aid
NBC	North Bound Carriageway
NCL	National Construction Limited
NEC	National Economic Coordination
NESPAK	National Engineering Services of Pakistan
NEQS	National Environment Quality Standards
NFP	National Police Foundation
NHA	National Highway Authority
NH&MP	National Highway & Motorway Police
NLC	National Logistic Cell
NOC	No Objection Certificate
OPI	Office of Prime Interest
PAC	Public Accounts Committee
PACRA	Pakistan Credit Rating Agency
PAF	Pakistan Air Force
Pak. PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
P&CA	Procurement & Contract Administration
PC-I	Planning Commission (Proforma-I)
PCB	Pakistan Computer Bureau
PCC	Particular Condition of Contract
PCFC	Pak-China Friendship Center
PCRWR	Pakistan Council of Research in Water Resources
PCSIR	Pakistan Council of Scientific and Industrial Research
PD	Project Director

PDP	Proposed Draft Para
PD&SI	Planning, Development and Special Initiatives
PEC	Pakistan Engineering Council
PIA	Pakistan International Airline
PIEAS	Pakistan Institute of Engineering & Applied Sciences
PHAF	Pakistan Housing Authority Foundation
PKM	Peshawar-Karachi Motorway
PLA	Personal Ledger Account
PIMS	Pakistan Institute of Medical Sciences
PM	Periodic Maintenance
PNHRP	Post-flood National Highway Rehabilitation Project
PRCC	Pre-stressed Reinforced Concrete
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
PVC	polyvinyl Chloride
RAMD	Road Asset Management Directorate
RCC	Reinforcement Concrete Cement
RFP	Request for Proposal
RMA	Road Maintenance Account
ROW	Right of Way
SCC	Substantial Completion Certificate
SBP	State Bank of Pakistan
SDG	Sustainable Development Goal
SECP	Securities and Exchanges Commission of Pakistan
SIDCL	Sindh Infrastructure Development Company Limited
SIT	Sonic Integrity Testing
SP	Special Provision
SRO	Statutory Regulatory Order
STP	Sewerage Treatment Plant
SWM	Solid Waste Management
TJRP	Torkham-Jalalabad Road Project
TOC	Taking Over Certificate
TSE	Technical Sanctioned Estimate

TST	Triple Surface Treatment
UBL	United Bank Limited
VO	Variation Order
WAPDA	Water and Power Development Authority
WBM	Water Bound Macadam
WHO	World Health Organization
WSPs	Water Safety Plans

PREFACE

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 require the Auditor General of Pakistan to conduct audit of the accounts of Federal Government and the accounts of any authority or body, established by the Federal Government.

The report is based on audit of the accounts of NHA, CDA, MCI, CAA, Pak. PWD, Estate Office, NCL, FGEHA, HEC, Special Project Cell (PD&SI), SIDCL, GPA and FBR for the financial year 2020-21 and also contains some audit observations for the previous years. The Directorate General Audit Works (Federal), Islamabad conducted audit during 2021-22 on a test check basis to report significant audit findings to the stakeholders. The report includes only the systemic issues and audit findings carrying value of Rupee one million or more. Relatively less significant issues are listed in the Annexure-1, which shall be pursued with the Principal Accounting Officers at the Departmental Accounts Committee level and in cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the PAC in the next year's Audit Report. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

Thematic Audit – new concept, has been introduced and made part of this report at Chapter-13. It is an attempt to improve organization's performance through critically reviewing its business processes to identify those risks which are hindering it from achieving its intended objectives.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening the internal controls to avoid violation of rules and regulations.

Most of the audit observations included in this report have been finalized in the light of written management responses and discussions in the DAC meetings.

The Audit Report has been prepared for submission to the Honorable President of Pakistan in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before the Parliament.

Islamabad
Dated: 21st February, 2022

Sd/-
(Muhammad Ajmal Gondal)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit Works (Federal), Islamabad, carried out audit of the Federal Government entities engaged in construction works, namely, National Highway Authority, Capital Development Authority, Metropolitan Corporation Islamabad, Civil Aviation Authority, Pakistan Public Works Department, Estate Office, National Construction Limited, Pakistan Housing Authority Foundation, Federal Government Employees Housing Authority, Higher Education Commission (PSDP/Infrastructure development works executed by federally chartered universities/institutions), Special Project Cell (PD&SI), Sindh Infrastructure Development Company Limited, Gwadar Port Authority (CPEC related development projects) and Federal Board of Revenue (Improving Border Services Project). These entities function under the administrative control of various Principal Accounting Officers and consume major portion of the funds provided under the Public Sector Development Programme.

The Directorate General Audit Works (Federal), Islamabad, has existing human resource of 128 personnel including officers and staff against sanctioned strength of 177. The annual budget of the Directorate General for the current financial year is Rs 191.867 million. The Directorate General is mandated to conduct Financial Attest Audit, Compliance with Authority Audit and Performance Audit of civil works including mega projects of Federal Government. Two hundred seventy-one (271) formations of fifteen (15) departments/autonomous bodies under (9) nine PAOs are under auditorial jurisdiction of the Directorate General. This Audit Report is based on the results of compliance audit of eighty (80) formations and a thematic audit, as a part of Audit Plan 2021-22 (Phase-I) conducted by deputing fifteen (15) Field Audit Teams with an input of 3,779 man-days. Significant audit observations raised during financial attest audit of 09 foreign-aided projects have also been included in this Audit Report. Moreover, significant audit observations pertaining to audit of forty-five (45) formations and a special study of revenue, conducted in Phase-II of Audit Plan of 2020-21, have been included in this Audit Report.

a. Scope of Audit

This office is mandated to conduct audit of 271 formations working under nine PAOs/Ministries. Total expenditure and receipts of these formations were Rs 303,013.501 million and Rs 145,605.067 million, respectively for the financial year 2020-21.

Audit coverage relating to expenditure for the current audit year, under compliance audit category comprises 80 formations of seven PAOs/Ministries having a total expenditure of Rs 221,808.972 million for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 73.20% of auditable expenditure.

Audit coverage relating to receipts is of Rs 74,504.460 million for the financial year 2020-21. In terms of percentage, the audit coverage for receipts is 51.17% of the total receipts.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 26,795.676 million and receipts of Rs 931.861 million for the financial year 2019-20 pertaining to 45 formations of six (6) PAOs/Ministries.

In addition to this compliance audit report, Directorate General Audit Works (Federal) conducted ten financial attest audits¹ and one Special Audit. Reports of these audits are being published separately.

b. Recoveries at the instance of audit

As a result of audit, a recovery of Rs 27,520.586 million was pointed out in this report. Recovery effected during the audit year 2021-22 was Rs 548.404 million, which was verified by Audit.

¹ One financial attest audit of Appropriation Accounts of Pakistan Public Works Department and nine financial attest audits of foreign-aided projects (including three CPEC related projects).

c. Audit Methodology

Desk audit was carried out to understand systems, procedures and control environment of audited entities. Permanent files of the audited entities were updated and utilized for understanding the institutional framework. Audit methodology included:

- i. Updating the understanding of the business processes with respect to control mechanism.
- ii. Identification of key controls on the basis of prior years' audit experience/special directions from the Auditor General's office.
- iii. Prioritizing risk areas by determining significance and risks associated with the identified key controls.
- iv. Design/update audit programmes for testing the identified risk conditions.
- v. Selection of audit formations on the basis of:
 - a. Materiality/significance.
 - b. Risk assessment.
- vi. Selecting samples as per sampling criteria/high value items/key items.
- vii. Execution of audit programmes.
- viii. Identification of weaknesses in internal controls and development of audit observations and recommendations relating to non-compliance with rules, regulations and prescribed procedures.
- ix. Evaluating results.
- x. Reporting.
- xi. Follow-up.

d. Audit Impact

There has been a positive change in the responsiveness of audited entities towards audit due to continuous functioning of Public Accounts Committee in the recent years. The viewpoint of Audit on financial/technical issues has been acknowledged by DAC/PAC and administrative departments which ensures financial and regulatory discipline in public sector. Following are instances of major audit impact:

- i. NHA has drafted its Investment Policy on the recommendation of Audit and the same is under review of Financial Advisory Firm before presentation to NHA Executive Board through updated and revised Financial Manual and procedures draft document. (Para 2.4.1)
- ii. In DAC meeting held on 10.02.2022, Chairman NHA informed that NHA Executive Board has decided/approve use of ETTM real time data for toll collection operations. (Para 2.4.23)
- iii. In DAC meeting held on 11.02.2022, NHA informed that Digital inventorization of RoW has been conducted through outsourcing. This will have positive impact on revenue generation. (Para 2.4.29)

e. Comments on Internal Controls and Internal Audit Department

The present report has identified a range of irregularities, which have been recurring over the years. The recurrence of these irregularities indicates that systemic issues were cropping up either due to inadequate oversight mechanism or inappropriate design of internal controls.

Although NHA, CDA, CAA and Pak. PWD have an internal audit setup, but the financial irregularities observed during the current audit reflect that this function failed to deliver effectively. The efficient functioning of internal audit would have helped the management in

effective implementation of internal controls and strengthening the internal control environment in audited entities.

In case of SIDCL and GPA which do not have internal audit setup, we emphasize the need for establishing an internal audit regime in this organization, directly reporting to the Principal Accounting Officer.

Comments on internal controls, highlighting irregularities are given at Annexure-3.

f. Key Audit Findings of the Report

Major audit findings included in this Audit Report are:

- i. Overpayments of Rs 2,929.425 million were made to the contractors due to non-adjustment of cost of deleted scope, excess measurement of item, incorrect/inadmissible price escalation, extra construction supervision fee, higher rates, payment of inadmissible component of items of work, etc. in eleven (11) cases. ²
- ii. Revenue of Rs 131,483.52 million on account of commercialization of right of way, premium of plots, license fee, space charges, utility charges, conservancy charges, property tax, water charges, rent, aeronautical charges, etc. was not realized/ recovered in seven (7) cases. ³
- iii. Works were awarded in violation of Public Procurement Rules for Rs 36,748.962 million in eleven (11) cases. ⁴
- iv. Payments were made against work done of Rs 17,623.855 million without recording measurements in the Measurement Books. ⁵

² Paras 2.4.22, 2.4.36, 2.4.39, 2.4.50, 2.4.58, 4.4.31, 4.4.33, 11.4.5, 11.4.6, 12.4.8, 12.4.10

³ Paras 2.4.11, 3.4.7, 3.4.16, 3.4.35, 3.4.52, 4.4.1, 4.4.5

⁴ Paras 2.4.19, 3.4.1, 3.4.6, 4.4.36, 4.4.43, 4.4.16, 4.4.17, 4.4.23, 5.4.31, 8.4.15, 12.4.1

⁵ Paras 2.4.31, 4.4.4, 5.4.8, 8.4.4, 11.4.7, 12.4.2

- v. A sum of Rs 1,537.332 million was transferred to non-lapsable PLA- IV in violation of financial rules to avoid lapse of funds at the close of the financial year. ⁶
- vi. Expenditure of Rs 11,624.526 million was incurred on different works against varied scope of works without approval of competent forum. ⁷
- vii. A sum of Rs 26,282.476 million was not recovered from different contractors on account of defective and unexecuted works despite decision of Dispute Adjudication Board/ arbitration in favour of employer. ⁸

g. Recommendations

- i. Recoveries of overpayments may be made to ensure financial discipline and responsibility may also be fixed against the responsible.
- ii. All receipts should be realized in real time and deposited in the treasury/relevant government accounts.
- iii. Public Procurement Rules, 2004 should be adhered to in letter and spirit while making procurement of goods, services and works.
- iv. Rules for maintenance of basic accounting record for works execution and payments may be implemented in true letter and spirit.
- v. Financial discipline may be observed and no hasty expenditure may be incurred just to avoid lapse of funds in the closing month of the financial years.

⁶ Paras 1.2.1, 5.4.7

⁷ Paras 2.4.8, 5.4.16, 7.4.11, 7.4.15

⁸ Paras 2.4.5, 2.4.9, 2.4.35, 4.4.9

- vi. Engineer estimates may be prepared after detailed site surveys to avoid frequent changes in the scope of works during execution.
- vii. Payments of works may only be made after site inspection and required field lab tests. Only legitimate payments may be certified to avoid disputes and defective work payments.

CHAPTER 1

PUBLIC FINANCIAL MANAGEMENT

1.1 Sectoral Analysis

Under Rules of Business, 1973, Ministry of Planning, Development and Special Initiatives is responsible for preparation of comprehensive National Plan for the economic and social development of the country and formulation of an annual development programme. The Ministry is also responsible for monitoring the implementation of all major development projects and programmes. The Public Sector Development Programme (PSDP) prepared by the Ministry is an important part of public sector investment, which channels domestic and foreign resources to implement the development programmes and projects prepared by the federal, provincial and local agencies. PSDP funds are released to executing departments/organizations through Ministry of Finance.

After steady rise, PSDP allocations witnessed a downward trend in financial year 2018-19 by a decline of 32.26% from financial year 2017-18 and slight rise (3.8%) in 2019-20 as compared with 2018-19 and a decline in 2020-21 (7.28%).

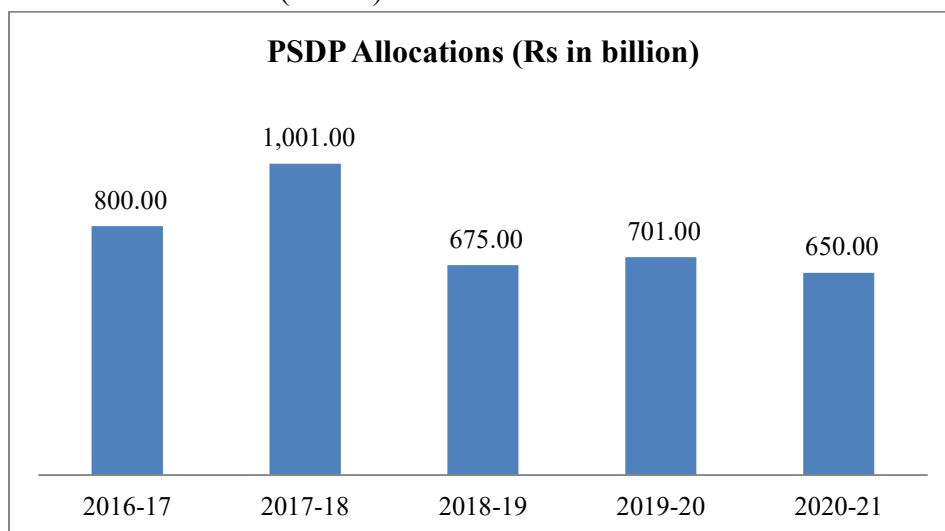


Figure: PSDP Allocations for last five years (Source: PSDP Archive and Year Books - Ministry of Planning, Development and Special Initiatives)

Infrastructure development works of federal government are executed by specialized department, namely Pakistan Public Works Department, development authorities/agencies like National Highway Authority, Capital Development Authority, Civil Aviation Authority, Federal Government Employees Housing Authority, Pakistan Housing Authority Foundation, Higher Education Commission, Sindh Infrastructure Development Company Limited, Gwadar Port Authority, etc. and also by some ministries/departments concerned. The public sector autonomous organizations - such as CAA, CDA, FGEHA, PHAF, etc. – generate their own resources for implementing development programmes. However, CDA and CAA also receive PSDP funds for certain projects. NHA, though generates its own resources, receives Cash Development Loan from federal government and foreign loans through PSDP for execution of development projects.

The Directorate General Audit Works (Federal), Islamabad, is mandated to carry out audit of the Federal Government entities engaged in construction works, i.e. NHA, CDA, CAA, Pak PWD, FGEHA, NCL, PHAF, SIDCL, HEC (PSDP/Infrastructure development works executed by federally chartered universities/institutions), Ministry of PD&SI (Special Project Cell) and Gwadar Port Authority (GPA). These entities received 30% (Rs 194.717 billion) of the total PSDP allocations for financial year 2020-21 (Rs 650.000 billion) with major part of NHA (Rs 118.675 billion).

There are two main sectors under the Audit jurisdiction of Directorate General Audit Works (Federal) as follows:

1. **Communication and Transport** which includes National Highway Authority in Road Infrastructure Sector and Civil Aviation Authority in Aviation Sector.
2. **Housing & Physical Planning** which includes Pakistan Public Works Department, Pakistan Housing Authority Foundation, Federal Government Employees Housing Authority and Capital Development Authority/Metropolitan Corporation Islamabad.

The development spending trend of the departments under auditorial jurisdiction of this office during last five years is as under:

(Rs in billion)

Department	Expenditure				
	2016-17	2017-18	2018-19	2019-20	2020-21
NHA	266.66	257.56	185.62	155.119	98.147
CAA	24.35	21.06	13.98	9.01	12.408
PPWD	11.39	12.29	3.09	5.52	24.397
PHAF	1.59	4.11	4.04	2.39	2.832
FGEHA	10.18	4.74	5.94	3.14	7.865
CDA/MCI	4.46	3.51	2.69	2.85	9.005
HEC	8.71	2.08	3.05	4.54	3.496
SIDCL	2.90	8.78	6.94	5.05	7.229
GPA	-	4.54	1.59	3.83	4.014
Total	330.24	318.67	226.94	191.449	169.393

The above table indicates that development expenditure of these departments has a downward trend since 2017-18.

Sector-wise analysis is as follows:

i. Communication and Transport

Road Infrastructure

Transport sector in general and road infrastructure in particular have an enduring effect on economic growth of Pakistan. NHA is responsible to plan promote, organize and implement construction, development operation, repair and maintenance of 39 national highways, motorways, expressways and strategic roads (12,131 km) which is 4.6% of total national road network (263,775 km) and supports 80% of commercial traffic.

Pakistan vision 2025 envisages increase in road density from around 260,000 km to 358,000 km. NHA has aspired to double the road density till 2025 by increasing the Public Private Partnership (PPP).

As per Medium Term Budgetary Framework (Budget Estimates for Service Delivery 2020-21 to 2022-23), the Government of Pakistan set and assigned medium term priorities for development and improvement of various sectors. As per MTBF, NHA is responsible to plan various programmes for construction of new roads/bridges and improvement/rehabilitation of the existing infrastructure, launch projects through Public Private Partnership and encourage investment through Business Plan, improve and preserve the road condition through preventive maintenance.

Through China-Pakistan Economic Corridor, NHA is connecting Khunjerab to Gwadar. Short term projects of eastern alignment include Construction of Karakorum Highway Havelian-Thakot Section (118 km) and Sukkur-Multan Section of Peshawar-Karachi Motorway (392 km). These sections have been completed by NHA financed through foreign loan. As per MTBF 2020-23, key milestones for 2020-21 includes procurement/award of civil work, mobilization of contractors and commencement of works under Zhob-Kuchlak Road Project (298 km). NHA has awarded 118 km long two sections Kuchlak to Nasai in March 2021. Three projects (Yarik-Zhob 235 km, Zhob-Quetta 331 km and Hoshab-Awaran 400 km) are at tendering/design phase. CPEC Western alignment project Dera Ismail Khan-Hakla (285 km) is being executed through GOP funding and 83% physical progress was achieved by June 2021, against key milestone of completion of major works on entire length of 292 km.

Among other CPEC projects, “Construction of Eastbay Expressway at Gwadar Port” (financed through China loan) is also at execution stage as a part of modernization of port facilities under CPEC and maritime linkage. This project will connect Gwadar Port with hinterland through M-8 and Makran Coastal Highway. Gwadar Port Authority could achieve physical progress of 88.58% against planned

100% up to June 2021. This project is likely to be completed by next year. Another project “Construction of New Gwadar Airport”, which is also one of the performance indicators towards compliance of International Civil Aviation Organization standards, is under execution by CAA under China grant. Implementation of this project witnessed a delay since 2015, however, work has been physically started in 2019-20.

Development portfolio of NHA

NHA development portfolio for the year 2020-21 contained 57 road projects with original allocation of Rs 118,674.855 million. There were thirty-two ongoing projects with allocation of Rs 88,954 million and twenty-five new projects with allocation of Rs 29,720.00 million. Local component was Rs 104,457.855 million and foreign component Rs 14,100.00 million.

Actual authorization/disbursement against the budgeted PSDP was Rs 115,575.714 million (Rs 98,146.57 million disbursed for utilization and a sum of Rs 17,429.143 million was withheld on account of repayment of Cash Development Loan).

Actual utilization against local component of 32 ongoing projects was Rs 79,036.29 million. However, under foreign component actual utilization was Rs 15,000.859 million against original allocation of Rs 14,100.00 million.

There were 25 new schemes with original allocation of Rs 29,720.00 million, subsequently revised to Rs 11,625 million. Eight (08) out of 25 new projects involved foreign assistance, but could not be materialized. Only six of the new schemes could be initiated physically and expenditure of Rs 4,109.42 million (27.44%) was incurred on civil works against new schemes. This indicates that new schemes could not be implemented as per planned targets.

Overall utilization of PSDP funds was Rs 98,146.57 million against allocation of Rs 115,575.714 million.

Public Private Partnership

NHA Allocation in original PSDP for 2020-21, included only one new BOT project “Sukkur-Hyderabad Section (306 km) BoT (GoP Share) i. Commercial Feasibility/BOT Rs 52.739 million ii. Construction Cost Rs 175,165 million (Approx.) iii. Land and Utilities Rs 13,972 million (charged from separate PC-I). NHA, however, has expressed intention to offer eight projects on BOT basis under PPP regime and publicized this portfolio for interested parties. However, individual notices for procurement of each project have not been advertised during the current year. As such, investment opportunities through PPP mode have not been exploited by NHA.

Maintenance of road network

Planned activities of current and previous years were not carried out accordingly which resulted in deterioration of road network. Annual Maintenance Plan (AMP) prepared by NHA has not been implemented efficiently inspite of release of funds.

Current year’s AMP (2020-21) was estimated at Rs 40.175 billion and funds were released but no expenditure could be incurred. A sum of Rs 20.503 billion was provided in AMP for previous year’s liabilities and only Rs 13.463 billion were spent on road maintenance activities which indicate poor performance of the maintenance units of NHA all over Pakistan.

Revenue Collection

NHA under the Act has lawful authority to collect revenue for operation and maintenance of its road network. The collection broadly pertains to (i) Revenue from tolls and (ii) Revenue from commercialization of ROW. As per policy priorities envisaged in MTBF 2019-22, to improve and preserve the road condition through preventive maintenance, more funds are required.

a. Toll Revenue

Toll is described in the rules as a mechanism for recovery of capital cost and cost of maintaining assets in good condition during its useful life. Analysis of toll collections during last five years (shown below) indicates a very meager surge despite added road network.

Year	Toll Collection (Rs in million)	Increase (Rs in million)	Percentage increase
2015-16	15,563	---	---
2016-17	18,504	2,941	18.89 %
2017-18	19,191	687	3.71 %
2018-19	23,052	3,861	20.12 %
2019-20	25,573	2,521	10.94%
2020-21	29,657	4,084	15.96%

b. Revenue from commercialization of ROW

Potential significant revenue generation through commercialization of ROW is showing a visible increase as observed from last year collection.

Years	Total (Rs in million)
2017-18	1,912.914
2018-19	1,910.758
2019-20	1,938.077
2020-21	3,644.000

However, issues relating to non-stock taking of assets with valuation falling within ROW hampering in future leasing due to leasing of assets without any reserve price, continuation of leases awarded during 2004-05 in violation of rules, halt of revenue realization due to incomplete service areas along M-3 and M-5, need to be addressed for further improvement of revenue from commercialization activities.

Institutional sustainability

Due to inefficient revenue management, NHA is unable to generate matching resources to rehabilitate/maintain the existing road network as well as repay the cash development loan from Federal Government. Due to non-payment of cash development loan by NHA, Ministry of Finance has started deduction at source from releases of PSDP. At source deduction of the year 2020-21 stands at Rs 17.429 billion which constitutes 15% of total releases of Rs 116.392 billion. This adversely affects the cash flows for development projects letting the physical progress slow down, as this amount is not being recouped by NHA from its own resources. NHA is facing financial deficit with varying trend (operating income versus operating expenses) mainly due to depreciation expense, as per Income and Expenditure Account/financial statements, as under:

(Rs in billion)

	2015-16	2016-17	2017-18	2018-19	2019-20
Deficit after taxation	157.371	133.825	157.650	171.050	94.308

Long term loans (Cash Development Loan) also have a rising trend:

(Rs in billion)

	2015-16	2016-17	2017-18	2018-19	2019-20
Local (GoP, Provincial Govt.)	551.692	637.047	831.154	890.127	985.618
Foreign Loan	234.617	351.806	449.651	667.405	742.458
Total	786.309	988.853	1,280.805	1,557.532	1,708.076
Mark-up on long term loans	451.093	485.530	519.566	621.424	695.304

The Authority has defaulted in re-payment of mature long term loans and interest thereon amounting to Rs 1,298 billion, therefore the

Authority may be liable on account of management fee and commitment charges to the lenders in the sum of Rs 859.483 million.

Governance issues

From the PDPs issued to the Ministry of Communications the audit has observed partial or complete deviation from compliance processes i.e. non-verification of quality of works, mis-management in EPC/turnkey contract implementation/non-adjustment of cost of un-executed works, non-adherence to PPRA/ Planning Commissions guidelines, inadequate planning leading to a series of variation orders during execution, execution of work over and above the approved PC-I, non-implementation of Annual Maintenance Plan, non-finalization of accounts, in-efficient utilization of ROW for revenue generation, etc. (Paras 2.4.2, 2.4.5, 2.4.7, 2.4.8, 2.4.9, 2.4.11, 2.4.23, 2.4.24, 2.4.32)

The analysis of observations revealed that major deviations are due to weak internal control, non-adherence to contract spirit, late financial releases and improper planning, execution and monitoring.

The sector may witness improvement if internal controls are strengthened, proper planning, execution and monitoring is done diligently to ensure timelines and thus reduce cost overruns, escalation and change in scope during the execution.

Aviation Sector

Air linkage is an important part of transportation and communications. CAA is an autonomous body and is responsible to provide for the promotion and regulations of civil aviation activities and to develop an infrastructure for safe, efficient, adequate, economical and properly coordinated civil air transport service in Pakistan. Promotion of import and export through air cargo villages and upgradation of airports is also one of their milestones. As per Pakistan vision 2025 a key objective related to the aviation sector, will be enhancement of the cargo and passenger infrastructure and handling capacity at important airports

to meet the delivery needs of a modern global supply chain. Further, a revised civil aviation policy will be formulated.

National Aviation Policy stipulates separation of regulatory and service provision functions in CAA, promotion of import and export through air cargo villages and upgradation of airports.

Pakistan Civil Aviation Ordinance, 2021 and Pakistan Airports Authority, Ordinance 2021 have been promulgated in line with National Aviation Policy.

Air cargo villages have not been established by CAA so far and adequacy of operation of air routes of politically and socially deprived locations has not been determined so far.

Development portfolio

CAA has taken up the initiative of upgradation/extension of airports at Lahore, Faisalabad, Peshawar and Quetta and work is in progress. Construction of new green field Gwadar International Airport, Gwadar is also in process.

Revenue collection

CAA has a good stream of revenue on account of aeronautical and non-aeronautical activities. Analysis of revenue collections during last five years (shown below) indicates a steady rise except 2019-20, and 2020-21.

	Amount realized (Rs in billion)				
Type of Revenue	2016-17	2017-18	2018-19	2019-20	2020-21
Aeronautical	63.607	67.574	77.148	57.181	38.936
Non-Aeronautical	9.252	10.727	8.978	9.174	10.401
Total	72.859	78.301	86.126	66.355	49.337

Due to the spread of Covid-19, reduction in passenger and air traffic, the aeronautical revenue of the Authority in 2020-21 (Rs 38.936 billion) has decreased by 31% as compared to previous years realization of Rs 57.181 billion and by 49% as compared with actual aeronautical revenue realized during 2018-19 (Rs 77.147 billion), a Pre-Covid situation.

CAA also contributes in the form of direct and indirect taxes towards national exchequer in shape of Government Airport Tax (GAT). It has been observed that GAT amounting to Rs 403.418 million is receivable on behalf of the government. The pendency of huge receivable government taxes with airline operators is inefficiency on the part of CAA.

Governance issues

Audit has observed that major issues in this sector have been non-violation of PPRA, non-finalization of accounts of works, non-maintenance of Measurement Books, non-realization of due revenue, human resource issues, encroachment of CAA land, etc. (Paras 4.4.1, 4.4.2, 4.4.3, 4.4.4, 4.4.13, 4.4.16, 4.4.17)

The analysis of the audit observations revealed that the deviations are due to weak internal controls and improper monitoring.

ii. Housing and Physical Planning

As per Rules of Business, 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defense Division and Ministry of Foreign Affairs. Pak PWD, FGEHA, PHAF and NAPHDA are the implementing arms of Housing and Works and Cabinet Division to discharge with the assigned responsibilities.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. The FGEHA is

authorized to initiate, launch, sponsor and implement Housing Schemes for Federal Government Employees in major cities of Pakistan, to make and assist, as far as possible, each of them to have house at the time of retirement or earlier. PHAF is mandated to provide shelter and to reduce the housing shortfall in Pakistan.

Audit has observed that major issues in this sector have been identified as non-finalization of accounts, financial indiscipline/transfer of funds to non-lapsable account, ill-estimation/ill-planning, discriminatory allotment criteria, faulty joint venture agreement, loss due to sick housing projects, payment without approval of contract agreement, etc. (Paras 1.2.1, 5.4.7, 5.4.1, 5.4.4, 7.4.1, 7.4.2, 7.4.5)

The analysis of the audit observations revealed that the deviations occurred due to weak internal controls and improper monitoring.

CDA and MCI under the administrative control of Interior Division are responsible for development of new sectors, allotment and transfer of plots, maintenance of sectors, municipal services, provision of health and medical services in Islamabad and Federal Capital Territory, etc.

Audit observed inefficient utilization of development funds, misprocurement, mismanagement in water supply and sanitation services, improper monitoring of non-conforming use of plots/buildings, non-recovery of property tax and dues, etc., (Paras 3.4.1, 3.4.2, 3.4.30)

The analysis of observations revealed that major deviations are due to weak internal control and improper planning, execution and monitoring.

The sector may witness improvement if internal controls are strengthened, proper planning, execution and monitoring is done diligently.

1.2 Issues relating to Financial Attest Audit of Appropriation Accounts of Pakistan Public Works Department

Pakistan Public Works Department (Pak. PWD) maintains its accounts as a self-accounting entity. Directorate General Audit Works (Federal), Islamabad conducted Financial Attest Audit of the Appropriation Accounts of Pak. PWD as per Section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The results of Financial Attest Audit were reported to the Department through Management Report. Audit para on budget utilization and accounting procedures is as follows:

1.2.1 Unauthorized transfer of funds from lapsable PLA-I to non-lapsable PLA-IV - Rs 823.793 million

The Finance Division (Budget Wing), Government of Pakistan vide letter No. F-3(20) BR/II/94-B-Vol-I/313 dated 15.04.1997 allowed operation of following Personal Ledger Accounts (PLA) in Pak PWD with zero balances operative from 01.07.1997:

PLA No.	Description	Nature
PLA-I	Annual Development Programme	Lapsable
PLA-II	Maintenance only	Lapsable
PLA-III	Deposit Works	Non-lapsable
PLA-IV	Other Deposits such as Contractor's Securities, GP Fund receipts, etc.	Non-lapsable

Audit noted that Executive Engineers of Central Civil Division-II, Pak. PWD, Quetta and Central Electrical & Mechanical Pak. PWD, Quetta awarded various works regarding drilling and development of bore with solar energy system and provision & installation of home solar kits in various Killis of Districts Noshki, Chagi, Kharan, Washuk to different contractors.

Audit observed that expenditure of Rs 823.793 million was booked against the work done but the amount was retained/withheld on account of test checks during the month of June 2021, as detailed below:

S. No.	DP No.	Formation	Amount (Rs in million)
1	188	Central E&M Division, Quetta	640.342
2	317	Central Civil Division-II, Quetta	183.451
Total			823.793

Audit observed that this amount being development grant of the government was required to be placed in PLA-I (Lapsable) and unspent balances were to be surrendered to Finance Division before the cut-off but the amount was transferred/kept in PLA-IV (non-lapsable) to avoid lapse. This resulted in unauthorized retention of development funds amounting to Rs 823.793 million in non-lapsable PLA-IV.

It is also worth mentioning that accounts of Pak PWD for the year 2011-12, 2016-17, 2017-18 were given adverse rating by Audit on the basis of similar defective and manipulative practices on the basis of which instructions were circulated by Ministry of Housing and Works to all the Pak PWD Divisions to discontinue the practice of transferring lapsable funds from PLA-I to non-lapsable PLA-IV.

Audit pointed out the matter in October 2021. The department did not reply.

The matter was discussed in DAC meeting held on 08.12.2021 wherein it was explained that funds were received during the closing months of the financial year and payment was withheld against work done for fulfillment of codal formalities to be exercised before payment to the contractors as per rules. DAC was not convinced with the explanation given by the management because transfer of funds to non-lapsable account was against the financial rules and already issued instructions on the subject matter regarding stoppage of such practice and action against persons at fault. DAC decided that matter may be placed before Clearing House Meeting being held between Controller General of

Accounts and Auditor General of Pakistan on 09-10.12.2021 for final review and decision.

The matter was reviewed in the clearing housing meeting held on 09.12.2021, wherein audit observation was upheld and the irregularity was established.

Audit recommends that matter be investigated for fixing responsibility and taking action against the person(s) at fault.

CHAPTER 2

NATIONAL HIGHWAY AUTHORITY (MINISTRY OF COMMUNICATIONS)

2.1 Introduction

A. National Highway Authority (NHA) was established in 1991, through an Act of Parliament. The purpose and functions of the Authority are to plan, promote, organize and implement programmes for construction, development, operation, repair and maintenance of National Highways and strategic roads specially entrusted to it by the Federal Government or by a Provincial Government or any other Authority.

NHA is under the administrative control of Ministry of Communications (Communications Division). As per Schedule-II of Rules of Business, 1973 (amended up to January 2019), business assigned to Communications Division includes National Planning, research and international aspects of roads and road transport; National Highways and strategic roads; National Highway Council and Authority; Administration of the Central Road Fund and Fund for Roads of National Importance.

NHA has its Headquarters at Islamabad with Regional Offices at Peshawar, Abbottabad, Burhan, Gilgit, Kallar Kahar, Mianwali, Lahore, Multan, Karachi, Sukkur, Quetta, Khuzdar and Gwadar.

B. Comments on Budget and Accounts (Variance Analysis)

Table below shows the position of budget allocation and actual expenditure for the financial year 2020-21:

(Rs in million)

Type of Funds	Original Budget	Revised Budget	Actual Released/ Realized	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) in %
Non-Development						
Maintenance Grant (GoP)	2,965.74	2,392.09	1,905.44*	1,905.44	-	-

Type of Funds	Original Budget	Revised Budget	Actual Released/ Realized	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) in %
Road Maintenance Account	39,601.63	40,175.29	40,661.93	-	(40,661.93)	(100.0)
Provision against previous year AMP	20,502.77	20,502.77	20,502.77	13,463.56	(7,039.21)	(34.33)
Sub-Total	63,070.14	63,070.14	63,070.14	15,369.00	(47,701.14)	(75.63)
Development Funds						
PSDP (Local)	104,574.855	100,574.855	100,574.855	100,574.855	-	-
PSDP (Foreign)	14,100.000	26,694.950	15,000.859	15,000.859	-	-
Deposit Works	1,117.127	1,117.127	1,117.127	1,117.127	-	-
Sub-Total	119,791.982	128,386.932	116,692.841	116,692.841	-	-
Grand Total	182,862.122	191,457.072	179,762.981	132,061.841	(47,701.14)	(26.53)

* Sum of Rs 1,905.44 million includes an amount of Rs 1,660.045 million released to NHA for "Construction of Additional Carriageway Torkham-Jalalabad Road, Afghanistan".

Operating income for the financial year 2020-21 is as under:

(Rs in million)

S. No.	Description	Estimated Revenue	Actual Receipt/ Realized	Excess/ (Shortfall)	Percentage Excess/ (Shortfall)
1	Toll Collection	22,144	29,657	7,513	33.93
2	BOT Revenue	2,210	2,210	-	-
3	Weigh Stations Income	900	1,123	223	24.78
4	Police Fine*	3,080	2,924	(156)	(5.06)
5	Right of Way/Rental Income	2,000	3,644	1,644	82.20
6	Other Miscellaneous	8,500	5,993	(2,507)	(29.49)
Total		38,834	45,551	6,717	17.30

* Note: Against this gross amount of Police Fine, O&M Charges of Rs 696.00 million were incurred leaving net revenue of Rs 2,228.000 million. 50% of this net revenue goes to NH&MP.

- i. Audited financial statements for the year 2020-21 were not produced by NHA. As intimated, these were under process of audit by Chartered Accountants.
- ii. A sum of Rs 100,574.855 million was released to NHA for utilization on development projects under PSDP (Local) during the financial year 2020-21 after adjustment of Rs 17,429.14 million on account of repayment of Cash Development Loan. During previous years (2018-19 & 2019-20), a sum of Rs 43,922.71 million was adjusted on account of repayment of Cash Development Loan. This adversely affects the cash flows for development projects along with physical progress.
- iii. Foreign component (Loan) of Rs 14,100.000 million was allocated in PSDP of NHA. NHA, however, managed to withdraw a sum of Rs 15,000.859 million from Development Partners against actual execution of works during the year.
- iv. Against the estimated receipts of Rs 39,601.63 million, the Authority actualized net receipt of Rs 40,175.285 million showing an increase of Rs 573.66 million i.e. 1.45%.
- v. Despite the increase in revenue, the Authority did not incur any expenditure on current year Annual Road Maintenance and incurred only Rs 13,463.56 million against the revised estimates/provisions of Rs 20,502.770 million of previous years, showing non-utilization of funds of Rs 7,039.210 million (34.33%) .
- vi. Against the estimated receipt of Toll Collection of Rs 22,144 million, the Authority was able to actualize net receipt of Rs 29,657 million showing an increase of Rs 7,513 million, 33.93% which was the effect of toll rates and quantum of traffic and length of motorway/road network were increased during the preceding years. However, inventorization of the RoW has not been done so far which will also increase the potential revenue.

- vii. Against the other receipt of Rs 8,500 million, the Authority was able to actualize net receipt of Rs 5,993 million showing a shortfall of Rs 2,507 million (29.49%).

C. Audit Profile of NHA

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21 (Rs in million)	Revenue/ Receipts audited FY 2020-21 (Rs in million)
1	Formations	58	24	55,376.688	187.25
2	Assignment Accounts SDAs, RFAs (Excluding FAP)	05	05	- *	- *
3	Foreign Aided Projects (FAP)**	08	08	15,000.859	-

* 4 Assignment accounts for Maintenance Grants for national highways, KKH Thakot Khunjerab Road, KKH Skardu Road and Torkham-Jalalabad Road and 1 assignment account for Cash Development Loan under PSDP. Expenditure audited indicated against formations is inclusive of assignment accounts and own resources of NHA.

**Financial Attest Audit Reports submitted to Economic Affairs Division and Development Partners concerned. Significant audit observations have been included in this report. This figure includes PSDP/non-PSDP loans, grants and counterpart Government funds.

Note: In addition to above, three formations audited during Phase-II of 2020-21 involving expenditure of Rs 2,012.371 million and results incorporated in this report.

2.2 Classified summary of Audit observations

Audit observations amounting to Rs 47,173.412 million were raised in this audit report. This amount also includes recoverable of Rs 15,074.729 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement related irregularities	335.546
B	Execution of works, contract agreement	36,482.799
2	Value for money and service delivery issues	38.611
3	Others	10,316.456
Total		47,173.412

2.3 Brief comments on the status of compliance with PAC's directives

Compliance position with PAC's directives on Audit Reports relating to NHA is as under:

Year	Total Paras	Total No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
1987-88	10	10	8	2	80
1989-90	3	3	2	1	66.67
1990-91	9	9	8	1	88.89
1991-92	31	31	25	6	80.65
1992-93	88	88	83	5	94.32
1993-94	117	117	26	91	22.22
1994-95	38	38	34	4	89.47
1995-96	25	25	23	2	92
1996-97	45	45	42	03	93.33
1997-98	468	468	358	110	76.50
1998-99	177	177	154	23	87.01
1999-00	185	185	130	55	70.27
	244	244	213	31	86.58
2000-01	2 PAR	2 PAR	-	2 PAR	0
2001-02	70	70	43	27	61.43
2002-03	21	21	10	11	47.62
2003-04	50	50	36	14	72
2004-05	27	27	19	08	70.37

Year	Total Paras	Total No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
2005-06	30	30	25	05	83.33
2006-07	65	65	50	15	76.92
2007-08	36	36	13	23	36.11
2009-10	AR-71	71	40	31	56.34
2009-10	PAR-20	20	3	17	15
2008-09	SAR-120	4	-	4	0
2010-11	86	86	43	43	50
	16 PAR	16	1	15	6.25
	24 PAR	24	11	13	45.83
	36 PAR	36	18	18	50.00
2011-12	58	03	03	0	100
2013-14	45	45	14	31	31.11
2014-15	60	16	7	9	11.67
2015-16	117	10	02	08	20.0
2016-17	205	33	15	18	45.45
2017-18	95	15	08	07	53.33
2019-20	110	19	-	19	-

Note: Audit Reports for 2018-19 and 2020-21 were not discussed by PAC till the finalization of this Audit Report. Whereas Audit Report for 1997-98, Special Audit Report 2008-09 (FY 2005-08) and Audit Reports for 2011-12, 2012-13, 2014-15, 2015-16, 2016-17, 2017-18 and 2019-20 were partially discussed.

2.4 AUDIT PARAS

2.4.1 Irregular opening of bank accounts without open competitive bidding process - Rs 98,321 million

Finance Division's Office Memorandum No. F. 4(1)/ 2002-BR.II dated 02.07.2003, provides that public sector enterprises and local/ autonomous bodies can deposit their working balances required for their operations with any public or private bank subject to that (i) the bank/financial institution taking a deposit should have a minimum "A" rating (long term) as appearing on the website of the State Bank of Pakistan and (ii) that the process of selection of bank(s) should be transparent. Therefore, prior to placing deposits with a bank, and in case the total working balances exceed Rs 10 million, the selection of the bank(s), as well as the terms of deposits will be approved by the concerned Board of Directors/Governing Body based on competitive bids from at least three independent banks.

Audit noted that ten (10) accounts were being operated by NHA (Road Maintenance Account HQ) in different commercial banks and closing balance of these accounts at the end of the financial year on 30.06.2021 was Rs 98,321 million, as detailed below:

S. No.	Account No/ Bank	Title of Account	Balance as per 30.06.2021 (Rs)
1	003-1230-01/ UBL(0659) RDF	NHA Road Maintenance A/c	15,429,533,020
2	3118530865/NBP (1933) F-10	NHA Road Maintenance A/c	35,894,690,086
3	0010000106330026/ ABL0117(0018-2 Old)	NHA/ Road Maintenance A/c	31,831,156,612
4	003-0509-1/UBL	NHA Road Maintenance Security Deposit/Retention Money A/c	2,235,191,825
5	106330213/ABL	NHA Road Maintenance Security Deposit/Retention Money A/c	1,236,022,946
6	3118530883/NBP, F-10	NHA Road Maintenance Security Deposit/Retention Money A/c	1,267,137,554
7	003-1076-3/ UBL(659)	NHA Main Receipt A/c	1,336,550,395
8	106330236/ ABL F-10	NHA Main Receipt A/c	120,180,877
9	3118530874/ NBP F-10	NHA Main Receipt A/c	58,612,318
10	2339-79019689-01/ HBL Blue Area Branch	NHA Road Maintenance A/c	8,912,143,963
Total			98,321,219,596

Audit observed that Finance Division instructions regarding limit of Rs 10 million and competitive bidding for selection of banks were not followed by NHA while opening of bank accounts.

This resulted in irregular opening and operating of bank accounts without open competitive bidding process for Rs 98,321.00 million.

Audit pointed out irregularity in November 2021. The Authority replied that current banking arrangement was in line with guidelines issued by the Finance Division and provisions of NHA Act 1991. The current banking arrangements have been duly endorsed by the concerned NHA Board of Directors/Governing Body. NHA selected reputed banks holding top rating AAA-ranking through a competitive process. Accordingly, policy of diversification of funds was observed by NHA to reduce the risk of keeping all funds in one bank. The profit rate of 6.5 % per annum, offered by the banks was not only best in the market but with additional comfort of no operational charges and no restriction of the minimum balance.

NHA has also drafted its Investment Policy on the advice of Audit authorities and the same is under review of Financial Advisory Firm and shortly will be presented in NHA Executive Board through updated and revised Financial Manual and procedures draft document.

The reply was not accepted because no competition among prospective commercial banks was carried out in the financial year 2021. Interest payable by NHA on Cash Development Loan was on higher side as compared to return on the investment. The parking of surplus funds at non-competitive interest rate was an imprudent decision and irregular action on the part of NHA.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that matter be investigated for fixing responsibility against the person(s) at fault besides taking appropriate corrective action in the light of Finance Division's instructions.

(DP. 523)

2.4.2 Non-utilization of funds due to poor performance - Rs 78,199.595 million

Para 5.9.3 Chapter-5 of Standard Operating Procedures of Road Maintenance Account, NHA Code (Volume-II) provides that maintenance works shall commence from 1st July of every calendar year and be completed during the financial year by 30th June of the next calendar year and Regional Maintenance Offices of the Authority are responsible for execution of schemes/works through Annual Maintenance Plans.

Audit noted that funds amounting to Rs 94,629.286 million were released by NHA for Road Maintenance Account and for Construction of additional carriageway Torkham-Jalalabad Project (TJRP) during financial year 2019-20. Audit observed that an amount of Rs 78,199.595 million was not utilized as detailed below:

(Rs. in million)

Type of Funds	Original Budget	Revised Budget	Release	Expenditure	Non-utilization
Grant (GoP) Torkham Jalalabad Project	2,405.055	2,405.055	1,660.045	745.010	915.035
Road Maintenance A/C i) Current Annual Maint. Plan	40,956.00	39,849.920	39,849.920	Nil	39,849.920
ii) Provision against previous years AMP (reserved)	49,819.00	53,119.321	53,119.321	15,684.681	37,434.64
Total	93,180.055	95,374.296	94,629.286	16,429.691	78,199.595

Non-utilization of a huge budget reflected that the organization was not performing in optimized way regarding execution of original work and maintenance of existing road network efficiently leading to deterioration of the road infrastructure with the passage of time. This resulted into non-utilization of funds of Rs 78,199.595 million.

Audit pointed out the matter of non-utilization of funds in February 2021. The Authority replied that construction activities of TJRP have been suspended since May 2018. To overcome this issue, an agreement with M/s FWO was signed by NHA to complete the work. The contractor was paid mobilization advance but could not generate IPCs due to suspension of construction activities, which caused non-utilization of Rs 915.00 million. The Authority did not reply in case of RMA funds.

The reply was not accepted because Authority signed conditional agreement, provided extraordinary advances to the contractor but still failed to utilize the funds towards construction activities.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that Authority may explain the reasons regarding non-utilization of funds according to NHA approved AMP besides developing a mechanism to implement the AMP in the respective financial year.

(DP. 53, 203, 513, 514, 136, 140, 143)

2.4.3 Irregular adjustment of development funds towards recovery of debt service charges - Rs 44,804.921 million

According to Chapter-11 of NHA Code (Vol-I), the Annual Development Program of the Authority is for the present being financed out of the Cash Development Loans advanced every year by the Government of Pakistan, Foreign loans and Foreign relent loans and the Suppliers'/Buyers' Credits obtained in accordance with the contract agreements signed by the Authority with various local/foreign development partners for constructions of projects. Each loan has its own terms and conditions as to repayment and the rates of interest.

While chalking out the Annual Development Program, priority in respect of fund allocation shall be given to those ongoing projects which are near to completion so that necessary funds for repayment of the loans and the interest accrued thereon could be generated through levy of tolls/other charges on these completed projects.

Audit noted that General Manager (B&A) NHA HQ Islamabad demanded funds under Grant 148 PSDP (LC) in the budget allocation for the financial years 2019-20 and 2020-21.

Audit further noted that Finance Division Government of Pakistan released Rs 94,791.268 million and Rs 115,575.114 million, as development loan to NHA against demand No. 148 for the years 2019-20 and 2020-21 respectively.

Audit observed that Finance Division deducted/adjusted a sum of Rs 44,804.921 million (Rs 27,375.781 million and Rs 17,429.14 million) on account of repayment of CDL from actual released and transferred net amount of Rs 67,415.487 and Rs 98,146.57 million during the financial years 2019-20 and 2020-21 respectively. Audit further observed that the loan is being provided to NHA on financial terms and conditions, which was recoverable in 20 years plus five years grace period with interest and ten years on repayment of principal loan amount. The interest will be chargeable at the prevailing rate announced by the government for respective years.

Audit is of the view that the adjustment of interest at source is not in line with the NHA Code which provides that funds for repayment of loans and the interest accrued thereon was to be generated by the NHA through levy of tolls/other charges on these completed projects. But NHA has not repaid loans and interest accrued thereon. This resulted into irregular adjustment of development loan towards recovery of debt service charges for Rs 44,804.921 million which will adversely affect the development projects.

Audit pointed out the irregular adjustment in February 2021. The Authority replied that funds are allocated for development projects as loan to NHA. However, NHA promptly took up the case with the Government for continuing treating development funds as budgetary grant in view of inadequate revenue generation from its assets. The issue was taken up by NHA repeatedly in the past and discussed at different relevant forum. ECC in its meeting held on 20.01.2021 approved the summary prepared by an ECC nominated committee under the chairmanship of Minister of Planning, Development and Special Initiatives. In the said summary treatment/restructuring of debt is linked with the preparation of commercially viable business plan for which a consultant firm through international competitive bidding is being hired by NHA.

The reply was not acceptable because the recovery of interest on CDL could not be adjusted against the PSDP development funds approved by the Parliament. The same was required to be paid to Government of Pakistan by generating revenue from the road network and optimum commercialization of Right of Way (RoW).

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that NHA should take up the issue with Finance Division to evolve a mechanism for repayment of CDL so that no direct adjustment of PSDP funds is made which have adverse bearing on the achievement of development targets set in the PSDP. Further, NHA should take concrete steps to improve its revenue enabling repayment of CDL in timely manner so that cash flows for planned development activities are not adversely affected. Besides, breakup of all the balances along with aging and efforts for coping up this issue be shared with PAO and Audit.

(DP. 59)

2.4.4 Non-adjustment/submission of vouched accounts of advances - Rs 30,462.636 million

As per Para 12 of Chapter 7 of NHA Code (Vol-I) the funds credited to the Land Acquisition Collectors accounts shall be treated as an advance, the LAC shall be responsible for rendering complete accounts and supporting documents on quarterly basis to the accounts section concerned for settlement of advance.

Audit noted that NHA paid an advance of Rs 30,462.636 million **(Annexure-A)** to the Assistant Commissioners/Land Acquisition Collectors (LACs), NH&MP and different utility services providing agencies for acquisition of land for various projects and shifting of utilities respectively.

Audit observed that the adjustment of the advance payments made on account of acquisition of land and other agencies through vouched accounts of disbursed amount along with necessary ownership documents was neither produced by the LACs/agencies nor NHA initiated any measures/efforts for adjustment against the advances.

Audit pointed out non-adjustment/submission of vouched accounts in July-November 2021. The Authority replied that efforts are being made to obtain vouched accounts. Final status is awaited.

In DP. 02, DAC in its meeting held on 13.12.2021 directed to obtain vouched accounts from respective authorities/department. In DP. 76/2020-21, DAC directed to get the record i.e. vouched accounts and mutation of land record verified from Audit. In DAC meeting held on 11.02.2022, NHA informed that adjustment of Rs 78 million has been made and balance Rs 108 million is yet to be adjusted. DAC directed to get the adjustment verified and pursue adjustment of balance amount (DP. 67). In other cases, DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends obtaining of vouched accounts from departments concerned for adjustment and to ascertain the factual position.

2.4.5 Non-recovery from the contractor - Rs 15,249.887 million

Para (d) of DAB decision dated 31.10.2020 provides that the net saving in cost occurred due to change in design (preliminary design vs. as-built) of asphalt wearing course, aggregate base course, piles & shaft diameter, median, drainage service road, underpasses, cattle creeps and embankment, erosion protection works fall items taken together should be jointly calculated by the employer and the contractor with mutual consultation shall be credited to the employer.

Audit noted that General Manager, P&CA wing, NHA, HQ, Islamabad awarded a Project Peshawar-Karachi Motorway (PKM), Section-3, Lahore to Abdul Hakeem to M/s CR20G-ZKB (JV) on 29.01.2016 at an agreement cost of Rs 148,654.427 million.

Audit further noted that the employer's determination, provided in para 3.2 of, description of the disputed matters, dated 02.12.2019 pertains to recovery of various amounts on accounts of savings/deduction due to change in design/defective work/non-execution of some work amounting to Rs 15,454.701 million.

Audit observed that contractor referred the case in DAB dated 15.02.2020 against said recovery pointed out by the NHA. The decision of the DAB was announced on 31.10.2020 in which DAB directed to the contractor to pay the pointed out amount to the Employer. Only Rs 204.814 million were recovered by the concerned Project Director.

Audit is of the view that in EPC contract, any saving due to change in design, non-execution of any components and defective work is required to be recovered which was not done. This resulted in non-recovery of savings from the contractor for Rs 15,249.887 million (Rs 15,454.701 million – Rs 204.814 million).

Audit pointed out the matter in February 2021. The Authority admitted the recovery. However, explained that the exact net savings shall only be determined after final decision of DAB.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that responsibility may be fixed against the responsible who failed to execute the work according to approved scope/design of the project besides recovery of Rs 15,249.887 million.

(DP. 64)

2.4.6 Unauthorized execution of works through sub-contractors without approval - Rs 13,059.67 million

Clause 4.1 FIDIC condition of contract part-I provides that the contractor shall not subcontract the whole of the works. Except where otherwise provided by the contract, the contractor shall not subcontract any part of the works without the prior consent of the Engineer. Any such consent shall not relieve the contractor from any liability or obligation under the contract and he shall be responsible for the acts, defaults and neglects of any sub-contractor, his agents, servants or workmen as fully as if they were the acts, defaults or neglects of the contractor, his agents, servants or workmen.

Audit noted that GM (Construction) Peshawar awarded Old Bannu Road Package-I & Package-II to M/s FWO at an agreement cost of Rs 13,057.67 million, started from 25.02.2018 with completion date up to 24.02.2020.

Audit observed during review of the appendix-I to bid that M/s FWO did not nominate the sub-contractor(s) in the said appendix which showed that they were executing the work without any sub-contractor.

M/s FWO submitted insurance policies schedule which indicated that the contractor insured itself along with M/s Gammon, M/s EPCM, M/S REDCO, M/s United Awan, M/s Taveez Khan, M/s Baseer Khan as sub-contractors for their respective rights and interests.

This state of affair was evident that M/s FWO sub-contracted the part of works or whole work without prior approval of the employer which was irregular/unauthorized.

Non-adherence to contract caused irregular/unauthorized sub-contracting of the work for Rs 13,059.67 million.

Audit maintains that the irregularity occurred due to non-adherence to the internal control and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out irregular sub-contracting in September 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit.

Audit recommends inquiry for fixing responsibility against those responsible for certification and payment against works executed by sub-contractors besides formulation of a specific policy on the issue of sub-contracting.

(DP. 343/2019-20)

2.4.7 Non-finalization of accounts of completed projects - Rs 11,861.057 million

Para 3.33, Chapter-3 of Project Management Guidelines issued by Planning Commission provides that project is considered to be completed / closed when all the funds have been utilized and objectives achieved or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a Proforma, PC-IV and forwarded to the Projects Wing of Planning

Commission. Para 3.34 further provides that Project closure involves handing over the deliverables to the concerned authorities, closing of suppliers' contracts, and closure of bank accounts, releasing security money, staff and equipment and informing stakeholders of the closure of the project.

Clause-11.1 of the contract agreement provides that the contractor shall complete all outstanding work on the date in a Taking Over Certificate within such reasonable time as is instructed by the Engineer. Clause 11.4 states that in case of failure of the contractor to remedy the defects or damages the remedial work will be completed at the cost of the contractor. Clause 11.9 stipulates that within 56 days after receiving the performance certificate, the contractor shall submit final statement, as per clause 14.11 of the contract.

Audit noted that National Highway Authority Regional Construction Office of Lahore and Karachi awarded six (06) PSDP works against which an expenditure of Rs 11,861.057 million was incurred. The works were 100% completed and taken over by the Authority, however, accounts of the works were not finalized.

Audit observed that the works were 100% completed, therefore, the accounts of the contractors were required to be finalized because non-finalization of accounts for indefinite period caused undue charging of miscellaneous expenses to the project and provide opportunity to reimburse/accept the claims of the contractors. This resulted in non-finalization of accounts of completed works involving Rs 11,861.057 million in violation of provisions of Contract/Guidelines for Project Management.

Audit holds that non-finalization of accounts was due to non-adherence to the rules and regulations.

Audit pointed out the matter in December 2020 and September 2021. The Authority replied against DP. 08 that contractor has submitted final bill which is pending due to non-attending the defective work.

Necessary estimation against the rectification and balance work has been worked out and same will be deducted from the final bill. In other work the Authority replied that the final bills are pending due to shortage of PSDP funds. In case of DP. 156, management replied that defect liability certificate is under process. Once approved, final bills will be submitted.

DAC in its meeting held on 22.12.2021 directed the Authority to finalize the accounts within 15 days. In other case, DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022 and 11.01.2022.

Compliance to the DAC decision was not reported to Audit till the finalization of report.

Audit recommends measures to be taken to ensure compliance and finalization of accounts of the projects.

(DP. 08, 156)

2.4.8 Irregular approval of variation orders at lower forum - Rs 10,892.725 million

As per Para 71 of NHA Code (Volume-I), Chapter 2, in a case where such excess has the effect of exceeding the maximum monetary limit of the original sanctioning authority, the variation order shall be submitted for the approval of the Authority within whose power the project as amended falls. No work shall be carried out and no expenditure shall be incurred until fresh approval from the concerned authority has been obtained for the revised cost.

Audit noted that NHA awarded “Construction of Motorway from Hakla (on M-1) to Yarik D.I. Khan” where in variation orders were issued by the Member (Motorways) instead of approval from the competent authority i.e. in accordance with the para 71 of NHA Code, as detailed below:

(Rs in million)

DP. No.	Package	Contractor Name	Contract Cost	V.O approved	Variation
493	Package-I	M/s NLC	15,761.584	12,909.744	2,851.84
495	Package 2-A	M/s SKB-KNK JV	9,232.715	9,465.996	233.28
497	Package-II-C	M/s M/s SKB-KNK (JV)	7,137.853	6,178.968	958.885
499	Package III	M/s FWO	20,628.943	16,989.551	3,639.39
501	Package-IV	M/s LIMAK-ZKB JV	21,386.222	18,176.892	3,209.33
Total			74,147.317	63,721.151	10,892.725

Audit observed that approval of varied scope of work of Rs 63,721.151 million in above mentioned works was under the purview of ECNEC but the approval of ECNEC was not obtained. Material changes in the structure of motorway were made at Member NHA level against the provisions of rules/NHA Code referred to above. This resulted in irregular approval of variation orders amounting to Rs 10,892.725 million.

Audit pointed out the irregularity in September 2021. The Authority replied that all payments were made in accordance with NHA Code table III-13 after approval of competent authority which was related with the approval of variation order, technical and administrative sanction. Approval of ECNEC was only required when the PC-I cost of project exceeds the permissible limit of 15%. The subject case did not fall in that category being a variation order.

The reply was not accepted because the enhanced scope of work involving material deviation requires the approval of higher forum i.e. ECNEC who granted administrative approval of the project.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation besides taking appropriate action against the responsible(s).

(DP. 493, 495, 497, 499, 501)

2.4.9 Non-recovery of defective and unexecuted items of work - Rs 9,211.551 million

As per item 203.3.9 of NHA Specifications, in case average compaction is ninety-six 96% or more, then the Engineer may withhold the payment in full or partly.

According to SP-712 of the contract agreement the contractor shall provide and maintain service roads for the use of contractor engineer's representative and employer's representative during the entire period of project. And as per SP-712.3 "Measurement and Payment" No separate payment shall be made for provision of service road/detour/bailey/Bridge over the river/canals etc. as describe above and cost involved shall be deemed to be included on other item of BOQ. The roads shall comprise of top width 5.0 meter and 30 cm thick granular material.

As per section 4 (ii) schedule of prices and payment for facilities for Employer's Representative and his staff of the contract agreement for the project, Construction of Sukkur-Multan Motorway, the basis of payment will be actual quantities of work as per schedule of prices and payments, as measured and verified by the employer's representative and valued at the rates and prices tendered in the priced schedule of prices and payment where applicable and otherwise at such rates and prices as the employer's representative may fix within the terms of the contractor.

Audit noted that the National Highway Authority awarded various infrastructure development projects in different areas and payment made accordingly during the year 2020-21.

Audit observed that in thirty-four (34) cases, the monitoring and inspection teams of the Authority visited the projects and pointed out recoveries on account of defective or unexecuted works, however, the same were not recovered or partially recovered. This resulted in non-recovery on account of defective/unexecuted works amounting to Rs 9,211.551 million (**Annexure-B**).

Audit pointed out the matter in July-November 2021. The Authority admitted recovery in certain cases and in some cases the Authority did not reply.

In DP 28, 29 & 30, DAC directed to effect recovery and get it verified in next IPC. In DP 173/2020-21, DAC directed NHA management to share inquiry report with Audit within seven days. Based on findings, next course of action will be decided. In other cases, DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery/adjustment of the amount involved.

2.4.10 Non-reconciliation of figures of imported machinery and equipment between FBR and NHA - Rs 7,844.00 million

As per revised PC-I of Sukkur-Multan Motorway Project for Rs 314,977.28 million, the bid of the contractor for Rs 294,352.08 million was exclusive of duties and taxes on construction machinery and equipment at re-export basis. Construction machinery and equipment imported for construction work will be re-exported after completion of the project.

As per SRO 642(1)/2016 dated 27.07.2016, issued by Government of Pakistan, Ministry of Finance, Economic Affairs, Statistics & Revenue Division, equipment and construction machinery imported by the M/s China State Construction Engineering Corporation

Limited (M/s CSCECL) shall be exempted from whole of custom duties levy thereon.

The Project “Construction of Peshawar - Karachi Motorway Section-II Sukkur - Multan Section 392 km” was awarded to M/s China State Construction Engineering Corporation for Rs 294,352 million on 22.12.2015. An amount of Rs 282,781 million was paid to the contractor up to IPC No. 34. The substantial completion certificates were issued with the punch list to be completed within 90 days on 24.07.2019. The Contractor completed most of the critical activities; upon completion of those activities related to the road/highway works the facility was opened to public traffic on 06.11.2019.

Audit observed that according to FBR, the contractor availed exemption of Rs 15,040 million on account of custom duty, whereas, NHA furnished the detail of Rs 7,196.00 million. The Substantial Completion Certificate was issued, and half of the retention money also released to the contractor but after the lapse of almost 02 years the equipment and machinery was still lying under contractor’s camp at Multan and Sukkur.

This resulted in non-reconciliation of figures of imported machinery and equipment worth Rs 7,844 million between FBR and NHA.

Audit holds that non-reconciliation was due to weak internal controls.

Audit pointed out the irregularity in August-September 2021. The Authority replied that the exemption was not only on re-export basis as there were multiple options like disposal, etc. Contractor has re-exported some of the equipment after getting permission from FBR as per SRO conditions. The calculation of custom duties/charges was beyond the mandate of NHA. FBR through Custom Collectorate have the mandate and was supposed to maintain the record of exemption through their computerized system. Moreover, reconciliation of figures was also not

mandatory as principally and officially NHA was not supposed to maintain any such record.

The reply was not accepted because there was a huge difference in the figures of NHA and FBR which was required to be investigated to dig out the actual exemption claimed and its re-export of machinery and equipment.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe into the matter in the light of audit observations. NHA may approach FBR through Ministry of Communications for provision of information and reconciliation of actual exemption claimed and re-export of machinery and equipment.

(DP. 394,395,396,397)

2.4.11 Non-realization of revenue from operators/lessees and bus-bay operators - Rs 7,620.119 million

According to clause 6.1 (ii) Article VI of Operation Maintenance and Management (OM&M) contract, if the monthly advance installment of net fixed guaranteed toll revenue is not deposited in NHA designated bank account within 1st seven days of current month, then a penalty of Rs 30,000 per day from 8th day of respective month shall become liable to be imposed up to 15th of the said month. On 16th day of the same month, the contract shall become liable to termination under default of OMC along with forfeiture of securities without serving any notice and entertaining any claim.

According to Para-3 Chapter-X of regulatory framework and SOPs for preservation and commercialization of ROW-2002, no advertising agency/ company/ person shall install hoardings and advertising material along national highways without NOC from NHA. Sub para-5 ibid states that the annual lease rent will be collected through

DD (Maintenance). Section-25 of NHA Act 1991 states that any sum due to the Authority shall be recoverable as arrear of land revenue.

Audit noted that GM (Revenue) and GM ROW NHA awarded contracts of various toll plazas, Advertisement Sites, Service Areas and Bus Bays to different contractors during 2020-21 on net guaranteed monthly bid price basis.

Audit observed that substantial amount was lying outstanding against operators/lessees and OM&M contractors till June 2021, but no action was taken as per contract clause. This resulted in non-recovery of Rs 7,620.119 million (**Annexure-C**).

Audit pointed out the matter in July-November 2021. The Authority admitted recovery in certain cases and in some cases the Authority did not reply.

The matter was discussed in DAC meeting held on 10-11.02.2022 wherein committee directed the management to apprise contract/case-wise breakup of recoverables, recoveries effected so far and efforts of the management to ensure timely recoveries for undisputed cases, reasons for delayed recoveries besides appropriate action against the persons responsible for delay. In DP. 80, 81 & 82, where matter is disputed, DAC directed NHA to present the matter before Executive Board for early decision.

Audit recommends early realization of revenue besides taking an appropriate action against the responsible(s).

2.4.12 Irregular award of work to ineligible bidder - Rs 7,156.952 million

Para 3d(iv) of Bidding Data regarding Eligible Bidder provides that past or present performance of the bidder as contractor (individual or all partners of a JV) is satisfactory with NHA or any other executing

agency and the contractor has not been blacklisted earlier by any government agency/authority/organization.

Audit noted that the NHA advertised Tender Notice in press for the project “Construction of additional 2-lane carriageway from Petaro to Sehwan N-55 (Section-2) KM 64+00 to 130+370 CAREC” on 28.11.2017. The above quoted condition regarding past performance was not included in the bidding documents Section-2. In response to the advertisement, fourteen firms participated in the bidding process. Technical Evaluation was made on 30.06.2018 and qualification/disqualification was announced and informed to the bidders on 24.04.2018. After Technical and Financial Evaluation, the work was awarded to M/s Xinjiang Beixin Road & Bridge Group Co. Ltd (Chinese firm) at their bid price of Rs 7,156.952 million on 12.07.2018.

Audit observed that another section of the said project i.e. Construction of Additional Carriageway Petaro-Sehwan Section-I (N-55) (KM 40+00 to 64+00) was tendered on 08.09.2018 for which Technical Evaluation was made on 24.11.2018.

In the said evaluation, the bidder M/s Xinjiang Beixin Road & Bridge Group Co. Ltd was disqualified by the Authority on the grounds that project authorities of Gojra-Khanewal Section of M-4 reported that the performance of the bidder on the project was not satisfactory. The project authorities also recommended that the contractor may be debarred from further tendering and Chairman NHA also approved the recommendation. Audit is of the view that project of M-4 falls under NHA’s own jurisdiction and NHA was fully aware of the contractor’s performance on the said project so why the aspect of past performance was ignored while awarding the work of Section-2 to the contractor just four months before the disqualification.

This resulted in irregular award of work to ineligible bidder involving Rs 7,156.952 million.

Audit holds that irregularity occurred due to weak internal/financial controls.

Audit pointed out the irregular award of work to ineligible bidder in June 2021. The Authority replied that project Section-01 was Government funded, whereas Section-02 was ADB funded. The work was awarded in July 2018, well before the letter of debarring by GM M-4 in February 2019.

The reply was not accepted because past performance condition was omitted in the tender documents by NHA which led to the situation and the work was awarded to the in-eligible contractor. Moreover, the work in which the contractor was debarred was awarded in November 2018. So, the reply was not plausible with reference to dates.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation in the matter to fix responsibility for preparation of faulty bidding documents and award of work to ineligible bidder.

(DP. 104)

2.4.13 Irregular issuance of Taking Over Certificate and release of retention money to the contractors - Rs 6,379.088 million

Clause 14.9 of the contract agreement provides that when the Taking-Over Certificate has been issued for the works, and the works have passed all specified tests, the first half of the retention money shall be paid to the contractor. If a Taking-over Certificate is issued for a Section, the relevant percentage of the first half of the retention money shall be paid when the section passes all tests. Promptly after the latest of the expiry dates of the Defect Notification Periods, the outstanding balance of the retention money shall be paid to the contractor. If a taking over Certificate was issued for a section, the relevant percentage of the second half of the retention money shall be paid promptly after the expiry

date of the Defects Notification Period for the Section. However, if any work remains to be executed under clause 11 (Defect Liability) or clause 12 (Tests after Completion), the Employer shall be entitled to withhold the estimated cost of this work until it has been executed. The relevant percentage for each Section shall be the percentage value of the Section as stated in the Contract. If the percentage value of a Section is not stated in the Contract, no percentage of either half of the retention money shall be released under this Sub-clause in respect of such Section.

During scrutiny of accounts record of NHA for the year 2020-21, Audit noted that retention money of Rs 6,379.088 million of the following works was released to the contractors:

DP. No.	Name of Work	Name of Contractor	Retention Money released (Rs in million)
63	Peshawar-Karachi Motorway (PKM), Section-3, Lahore to Abdul Hakeem	M/s CR20G-ZKB (JV)	3,099.556
478	construction of Havelian-Thakot Section (118 km) KKH Ph-II	M/s CCCC	3,279.532
Total			6,379.088

Audit observed that the release of retention money was against the provisions of contract because defect liability certificates were still not issued in favour of the contractors. Several cases of deficient works leading to recoverables from the contractors were in the Dispute Adjudication Boards. The Monitoring and Inspection Wing of NHA had also pointed out major deficiencies in the executed works.

This resulted in irregular release of retention money to the contractors of Rs 6,379.088 million.

Audit pointed out the irregularity in February and September 2021. The Authority replied that certain amounts against deficient and

disputed works were withheld from the contractor's payments which were still with NHA.

The reply was not tenable because withheld amount was not sufficient against the claims of the Authority. Moreover, this also proved the deficiencies in the executed works. The release of retention money despite defective/incomplete works was against the provisions of the contract.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation for taking appropriate action against the responsible(s) besides recovery of amount involved.

(DP. 63, 478)

2.4.14 Unauthentic inclusion of escalation cost and interest expense in the project cost - Rs 5,364.00 million

As per clause 5.6 of concession agreement, an independent auditor was to be nominated to carry out audits of the Company on quarterly basis or at such other intervals as is reasonably requested by NHA, the Concessionaire or the Financiers, of all bank accounts and submit its reports within thirty (30) days of the closure of the relevant interval to NHA, the Concessionaire and the Financiers; (b) submission of comprehensive financial review report to NHA, the Concessionaire and the Financiers which shall include an audit of management accounts prepared and submitted by the Concessionaire, highlighting any variance from Financial Model.

Schedule-H of the concession agreement for the project i.e. "Construction of Lahore-Sialkot Motorway" on Build Operate and Transfer (BOT) basis to M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited (the Concessionaire) comprising financial model contains a provision of Rs 5,364 million for price escalation and interest expense cost as under:

Particulars	Amount (Rs in million)
Add Escalation	3,458
Add Interest during Construction	1,517
Add Financing Fees	389
Total Escalation and interest expense Cost	5,364

Audit noted that NHA awarded the project “Construction of Lahore-Sialkot Motorway” on Build Operate and Transfer (BOT) basis to M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited (the Concessionaire) with the estimated project cost of Rs 43,847.00 million through concession agreement dated 28.02.2017. The main carriageway had been completed and opened to traffic on 18.03.2020. The cost of project includes cost of civil work, escalation, consultancy, insurance, interest, etc.

As per financial model following is the breakup and sources of funding:

Particulars	Amount (Rs in million)
Debt	12,542
FWO Equity	6,813
NHA Equity	18,000
NHA Loan	5,000
Toll during construction	1,492
Total	43,847

Audit noted that NHA paid its share of Rs 23 billion, which included loan of Rs 5 billion and Viable Gap Funding of Rs 18 billion.

Audit observed that certified details by the independent auditor were not available on record showing price escalation involved therein and interest charges paid by the concessionaire, as per financial model or not.

This resulted unauthentic cost on account of price escalation and interest charges of Rs 5,364.0 million.

Audit pointed out the matter in May-June 2021. The Authority replied that the project cost of Rs 43,847 million was locked and all the project risks of change in cost at time of construction and operation risks were the responsibility of concessionaire.

The reply was not accepted because NHA should have evaluated the actual cost on account of price escalation and interest charges so as to determine the reasonability of financial model. There was no evidence/report of independent auditor to adjudge the reasonability of financial model.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends that necessary details/information duly certified by the independent auditors may be obtained and recovery of difference be made.

(Para 13 AIR Member Motorways Lahore)

2.4.15 Undue financial aid due to payment without achieving milestone - Rs 4,179.122 million

As per clause (F) S. No. 1 of contract agreement Section-V Schedule of Payment, on issuance of Taking-Over Certificate for entire project, 3% of the accepted contract amount will be released.

Audit noted that General Manager, Lahore Abdul Hakeem Section M-3 (230 K.M) NHA awarded contract “Peshawar- Karachi Motorway (PKM) Lahore Abdul Hakeem Section-III” to M/s CR20G – ZKB (JV) at a cost of Rs 148,654 million in February 2016 with date of completion up to 18.08.2018.

Audit observed that upon completion of 83.8113 % of project, the department issued Taking Over Certificate (TOC) and an amount of

Rs 4,179.122 million out of total amount of Rs 4,459.633 million was released. Audit further observed that the amount was to be released on issuance of Taking Over Certificate for entire Project, but the Authority made the payment on partial completion. This resulted in undue favour to contractor due to premature release of Rs 4,179.122 million.

Audit pointed out the matter of undue favour to contractor in November 2021. The Authority replied that as per provision of contract clause 10.2 of GCC Employer and Contractor agreed to issue the Taking over certificate by parts to open the motorway to facilitate the road users. Therefore, main carriageway works of Motorway which is 83.8113 % out of overall construction phase of 89% were taken for issuance of TOC. The reply is not tenable as the undue favour was granted to the contractor by issuing payment prior to complete issuance of TOC.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation into the matter.

(DP. 503)

2.4.16 Non-imposition of liquidated damages for delay in completion of works - Rs 3,808.803 million

According to clause 47.1 of the agreement, if the contractor fails to complete the work within the stipulated time period, he shall render himself liable to pay liquidated damages equal to 0.01% of contract price for each day delay in completion of work subject to maximum of 10% of the contract price stated in letter of Acceptance. In some cases the maximum was provided up to 5%.

Audit noted that the NHA awarded sixteen (16) works at different locations to various contractors at their bid cost of Rs 60,771.882 million.

Audit observed that the contractors did not complete the works in the stipulated completion period and even in the extended period. Thus, the contractors rendered themselves to pay liquidated damages as per contract provisions which were not imposed by the Authority. This resulted in non-imposition and recovery of liquidated damages of Rs 3,808.803 million (**Annexure-D**).

Audit pointed out the non-imposition of penalty in July - November 2021. The Authority admitted recovery in two cases and in remaining cases, the Authority replied that extension of time (EOT) is allowed to the contractors.

The reply was not accepted because in case of admitted recovery and grant of EOTs, no documentary evidence was provided in support of reply.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends imposition/recovery of liquidated damages.
(DP. 147, 199, 253 270, 295, 301, 315, 334, 346, 371, 432, 442, 462,
Para 8 M-9)

2.4.17 Irregular expenditure beyond the PC-I provisions - Rs 3,586.928 million

As per Para-56 of NHA Code, Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded. Technical Sanction which is concerned with actual design and execution of the work and accounts for all expenditures ensures that:

- i) Design and specifications are in accordance with sound engineering/practices.
- ii) The materials for the execution of the work are in strict accordance with the plans and specifications.
- iii) In assessment of the project cost, utmost economy has been observed consistent with good workmanship and good materials.
- iv) The estimate represents carefully budgeted cost of execution of the work including all accessory and consequential services calculated as accurately as is possible at the time of its preparation.

Audit noted that the National Highway Authority awarded five (5) infrastructure development projects to various contractors and works were executed beyond the provisions of PC-I involving Rs 3,586.928 million.

This resulted in irregular expenditure beyond the PC-I provisions amounting to Rs 3,586.928 million as detailed below:

(Rs in million)

DP No	Name of Project	Description	Amount
23	Construction of Kuchlac Bypass	Kuchlak Bypass was required to be constructed for 08 km for Rs 560.00 million but the Authority awarded the work for 15.243 km with Rs. 1,499.122 million against PC-I provisions.	939.122
66	Lahore Eastern Bypass (Package-I)	Provision of Toll Plaza was not available in PC-I, but the Authority constructed the Toll Plaza with cost of Rs 235.462 million	235.462
106	Construction of 2 Lane Highway from Basima-Khuzdar (Length 106 KM)	Provisions of PC-I were not adhered to while awarding the work and quantities of some items including earth work and concrete/steel enforcement were deviated from the provisions of approved PC-I.	634.772

DP No	Name of Project	Description	Amount
399	Kallur Kot - DI Khan bridge	An amount of Rs. 2,022.475 million was incurred against the PC-1 provision of Rs. 1,711.275 million.	311.200
487	Thakot-Havelian project	Expenditure of Rs 1,466.372 million was incurred on account of Security charges without its provision in PC-I.	1,466.372
Total			3,586.928

Audit pointed out the irregularity in September-November 2021. The Authority replied that the works were executed as per site requirements and revised PC-I to cover the revised cost of the projects were under process for obtaining necessary approval.

The reply was not accepted because variations in the approved scope and cost were made without approval of the competent forum.

DP. 66 was discussed in DAC meeting held on 10.02.2022. NHA explained that ECNEC approved the project at rationalized scope and cost. Toll plaza was included in BOQ in compliance of decision of competent forum. DAC observed that action of the management was wrong as toll plaza has to be included in PC-I for approval before its inclusion in BOQ. DAC directed NHA to provide complete record to Audit to verify the facts. DP. 23 was discussed in DAC meeting held on 22.12.2021 where in DAC directed to provide record to Audit for scrutiny within a day. Compliance was not made. DAC meeting was not convened despite frequent requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing of responsibility against those responsible besides taking corrective action.

(DP. 23, 66, 106, 399, 487)

2.4.18 Non-recovery of Mobilization Advance - Rs 2,414.319 million

Clause - 60.11(b) of the Contract Agreement provides that the advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of advance and the last installment two months before the date of completion of the Works.

Audit observed that in following projects NHA did not recover Mobilization Advance amounting to Rs 2,414.319 million from contractors before stipulated date of completion of the projects as detailed below:

DP. No.	Name of Works	Date of Completion as per contract	Mobilization Advance recoverable (Rs in million)
07	Construction of Dhak Pattan Bridge Pakpattan	16.07.2016	83.601
160	Dualization of Indus Highway (N-55) Package I	23.05.2020	614.583
160	Dualization of Indus Highway (N-55) Package II	23.05.2020	1,013.721
160	Construction of Peshawar Northern Bypass (Package-II)	21.03.2017	63.049
373	Central Asia Regional Economic Corridor (CAREC), Tranche-I- Construction of Additional 2 Lane Carriageway from Petaro to Sehwan N-55 (Section-2)	15.01.2021	639.365
Total			2,414.319

Audit pointed out the matter of un-due financial benefit to the contractors in December 2020 and September 2021. The Authority replied in case of project “Construction of Dhak Pattan Bridge Pakpattan” that NHA was going to file a suit against the insurance company for encashment of Mobilization Advance guarantee. In DP. 373, the

Authority replied that the mobilization advance payment was not recovered up to 15.11.2021 due to delay factors beyond control.

The reply was not acceptable because delay in recovery was undue financial favour to the contractor without any work done at site.

The para (DP. 7) was discussed in DAC meeting held on 22.12.2021. The committee directed that court case be actively pursued and deduction be made with interest from next IPC besides blacklisting the EFU insurance company. Compliance of DAC directive was not made till the finalization of the report.

DAC meeting was not convened on other paras despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of mobilization advance besides appropriate action against the officers responsible.

2.4.19 Mis-procurement due to doubtful process of disqualification of contractors - Rs 1,834.319 million

Rule 4 of Public Procurement Rules 2004, provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Audit noted that the NHA advertised tender notice in press for the project “Rehabilitation and improvement of existing carriageway from Peshawar to Dara Adam Khel (Section-3) KM 0+00 to 34+350 CAREC” on 19.09.2017. In response, twelve firms purchased bidding documents and seven firms submitted the bids. Out of seven firms, four firms were disqualified technically and further competition was made between three firms. After further evaluation, the work was awarded to the lowest

bidder i.e. M/s Nasrullah Jan Inamullah Khan & Co. JV Karcon (Pvt) Ltd at their bid price of Rs 1,834.319 million.

Audit observed that the process of disqualification of contractors was not transparent on the following grounds:

- i. The bid of M/s A.M Associates was disqualified with the reason that they failed to meet the requirement of similar size and nature of work despite the fact that contractor had provided detail of work amounting to Rs 2,739.48 million which he had executed in NHA. . But the same was not considered by NHA with the reason that completion or substantial completion certificate was not provided. Audit is of the view that the work was executed in NHA and the same was also awarded by P&CA Wing of NHA, therefore the P&CA/NHA was in better position to judge the performance and current status of the work. Therefore, disqualification of a competitive bidder is unjustified.
- ii. The bid of M/s MCC-Umer Jan JV was disqualified with the reason that the contractor has not fulfilled the requirement relating to cash flow as well as the requirement of contracts of similar nature. Although the contractor submitted their work experience which was not considered by the Authority with reason that the works were executed by the parent company or subsidiaries or affiliates and none of the provided experience certificate was in the name of lead partner of JV. However, no record in support of such disqualification was available to authenticate the factual position i.e. certificates submitted by the contractor, detail of financial position and Financial Statements etc.
- iii. The bid of M/s NLC was disqualified with the reason that the NLC failed to meet the eligibility criteria for Government Owned entities. Audit is of the view that M/s NLC is a government owned firm and already working in

mega projects of NHA and other organizations in Pakistan, therefore, disqualification of such firm was also unjustified.

Keeping in view the above discrepancies, Audit is of the view that the process of tendering for the work was not transparent that compromised the process of competitive tendering involving Rs 1,834.319 million.

Audit holds that irregularity occurred due to weak internal/ financial controls.

Audit pointed out the mis-procurement due to doubtful process of disqualification of contractors resulted in lack of competition in June 2021. The Authority replied that all the contractors were dis-qualified on cogent reasons.

The reply was not accepted because the dis-qualified bidders were carrying out different projects in NHA and their unjust dis-qualification caused mis-procurement.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends holding of inquiry for fixing of responsibility against those responsible for violation of rules.

(DP. 105)

2.4.20 Irregular change in approved scope of work - Rs 1,591.377 million

Planning Division letter No. 20(1)DA/PC/79-Vol.XIV dated 22.06.1980 provides that if the total estimated cost, as sanctioned increases by a margin of 15% or more or if any significant variation in the nature/scope of the project has been made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/

competent authority shall be obtained in the same manner as in the case of the original scheme without delay.

Audit noted that General Manager (P&CA) NHA HQ Islamabad, awarded work volume Dualization and improvement of Pindi Gheb-Jand-Kohat Road, Upgradation/ Dualization of Motorway Link from Kohat via Jand (Package-3) to M/s KNK-SKB (JV) on 29.03.2018 with agreement amount of Rs 5,810.946 million. PC-I of the project was approved by the ECNEC for Rs 18,700.00 million on 29.08.2017. The total value of work done up to 7th IPC paid to the contractor was Rs 3,124.137 million.

Audit observed that quantities of certain items were increased from the original BOQ quantities due to a significant variation in the nature of scope of work which reduced 25.40% earth work, 46.37% structures (bridge) work and caused an enhancement from 3.76% to 115.20% in Bill No.02, 03, 4b, 4c, 4d and Bill No.07. Audit further observed that scope of work approved by the ECNEC was reduced/increased unilaterally. Thus, approval of the ECNEC should have been obtained in the same manner as in the case of the original scheme without delay. However, the significant variation was made in said work through Variation Order No. 01. This resulted in irregular change in approved scope of work amounting to Rs 1,591.377 million.

Audit pointed out irregular change in approved scope of work in September 2021. The Authority replied that in view of decision of Chairman NHA during site visit, quantities of works were evaluated and approved in variation order No. 01. The works mentioned in audit para have been optimized by adding/deleting accordingly. Furthermore, these items have been added in revised PC-I and submitted to higher authorities for approval of the competent authority.

The reply was not accepted because significant changes in original scope of work which would be awarded through fresh bidding as well the varied works was required to be got approved from the sanctioning authority.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe in the matter to fix responsibility against the person(s) at fault besides taking corrective action.

(DP. 175)

2.4.21 Non-execution of service areas on Lahore-Sialkot Motorway against the provisions of contract - Rs 1,381.625 million

According to the Engineers Estimate provided in the PC-I of the Project, an amount of Rs 1,381.625 million was provided for construction of two Service areas (one on each side) and four Parking Areas/Layby Areas (two on each side). The quantities as incorporated in the TS Estimate for any item(s) or work shall not be enhanced/curtailed without prior approval of the competent authority.

Audit noted that NHA awarded the project “Construction of Lahore-Sialkot Motorway” on Build Operate and Transfer (BOT) basis to M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited (the Concessionaire) through concession agreement dated 28.02.2017. The construction cost of Rs 43,847 million also included Rs 1,517 million on account of interest charges and Rs 389 million as financial fees.

Audit observed that as per provisions of the concession agreement given in the scope of the work under schedule B, two (02) service areas and four Parking Areas/Layby areas were to be constructed on specified locations of the Project. The Motorway is operational for all kinds of vehicles since 18.03.2020 but facilities for the travelers on entire length of the Motorway are yet to be provided which may cause inconvenience to the travellers.

Non-adherence to provisions of the PC-I/TS Estimate caused non-execution of roadside facilities amounting to Rs 1,381.625 million.

Audit pointed out the non-execution of roadside facilities in July 2020. The Authority replied that the cost of roadside facilities is covered in the total BOT cost of Rs 43,847.00 million and construction of roadside facilities like service areas, lay bays parking area is part of the scope of work of concession agreement. The main carriageway has been completed and opened to traffic on 18.03.2020. However, the concessionaire has not yet started construction of such facilities for which this office is repeatedly reminded to the concessionaire for construction of such facilities.

Audit maintains that the delay in construction of roadside facilities was against the provisions of contract that caused nuisance to the motorway users.

DAC meeting was not convened despite request by Audit.

Audit recommends effective provision of roadside facilities besides recovery of financial charges.

(DP. 248/2020-21)

2.4.22 Overpayment due to execution of an item of work deleted from design - Rs 1,372.468 million

In accordance with the alternative proposal in bidding documents and minutes of clarification meetings of project KKH-Phase-II (Havelian-Thakot), clause 3(C), the concrete continuous reinforced pavement, (CRCP) changed with asphaltic concrete pavement structure on the entire alignment.

Audit noted that National Highway Authority (P&CA) section awarded EPC contract for “Construction of Havelian-Thakot section (118.057 KM) KKH Ph-II” to M/s CCCC at agreement cost of Rs 133,980 million on 22.12.2015. The work was required to be completed on 29.02.2020. Taking over certificate (TOC) issued by consultant according to which contractor completed the work as on

29.02.2020 and commenced the defect notification period of three years w.e.f. 01.03.2020.

Audit further noted that under bill No. 3 of BOQ, items namely surfacing & pavement, continuous reinforced pavement, and reinforcement were provided for Rs 1,076.195 million, Rs 285.420 million and Rs 10.853 million respectively and cost of the items for Rs 1,372.468 million carried forward to the summary of price of EPC bid of Rs 133,980 million.

Audit observed that cost of continuous reinforced pavement and reinforcement included in bid price and paid accordingly as per mode of payments, whereas at site, continuous reinforced pavement was not executed and the item “Asphalt Macadam Base” was actually executed as an alternative item for which cost there-against was also provided separately valuing Rs 3,569.656 million. The same was carried forward to the summary of EPC bid price. This resulted into an overpayment of Rs 1,372.468 million due to non-adjustment of cost of deleted items in accordance with minutes of clarification meeting.

Audit pointed out the irregularity in September 2021. The Authority replied that all three items of reinforced pavement are provided inside the tunnel and toll plaza (rigid pavement) and has no link with normal project pavement.

The reply was not tenable and incorrect. The matter under discussion was bill No. 3 “Surface and pavement” whereas tunnels deal separately under bill No. 4-D and have no relevance with bill No. 3 “Surfacing and pavement” as stated by Authority. The cost of items under object of Rs 1,372.468 million for whole length included in total bid cost of Rs 133,980 million as confirmed (vide page-019,020 and 014 of agreement) and accordingly paid under schedule of payment of forty installments without execution.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery of unexecuted item being execution of other item in alternative proposal.

(DP. 484)

2.4.23 Declined revenue realization due to poor management - Rs 1,341 million

According to para-11(e) Chapter-11 of NHA code Vol-I, toll levels shall be adjusted over time to reflect as far as possible (i) extent of road use and (ii) damage caused to road network.

During scrutiny of the revenue records relating to toll collections, Audit observed that there was a significant decreasing trend in the revenues from toll collection, as shown in the table below:

(Rs in million)

Period	Total Toll Collection	Increase Amount	Percentage increase	Downward trend
2017-18	19,190	-	-	-
2018-19	23,052	3,862	20.13%	-
2019-20	25,573	2,521	10.94%	1,341

Audit observed that the decrease in overall percentage of toll revenues of Rs 1,341 million (revenue increase trend decreased from Rs 3,862 million in 2018-19 to Rs 2,521 million in 2019-20) was due to the following:

- i. Inconsistency in the mechanism of fixation of reserve price, collusive practice in toll contracts and termination of contracts, etc.
- ii. In some cases, the reserve price fixed by NHA Revenue Wing based on the data provided by the Regions instead of

getting it approved from the standing supervisory committee constituted by the Ministry of Communications.

- iii. The toll plazas were awarded on net guaranteed amount instead of actual traffic count data prepared by National Transport Research Centre.
- iv. NHA awarded contract of Harappa (ETTM) N-5 toll plaza to M/s NLC at net monthly guaranteed amount of Rs 38.910 million during 2018-19. After closure of this contract, the fresh tender were called for the period 2019-20 in which M/s NLC was only the single bidder with monthly bid price of Rs 27.321 million which was Rs 11.589 million less than from his last year monthly granted amount. The Authority accepted single bid at lesser rate which caused loss of revenue.
- v. The Authority was deprived by operation of toll plaza on interim arrangement by regional offices for Rs 376.684 million.

Audit maintains that Revenue Wing of Authority did not take appropriate measures during tendering/award of toll plazas and also fail to watch the public interest. This caused decline in revenue realization for Rs 1,341 million.

Audit pointed out declined revenue in December 2020. The Authority replied that due to addition of new routes on NHA road network, overall toll revenue for the 2019-20 was increased as compared to 2018-19. However, most of the traffic was diverted on new routes thereby decreasing the revenue of certain toll plazas.

The reply was not accepted because the road network increased due to addition of E-35, M-4 and M-5 and overall revenue collection was required to be increased correspondingly. Contrarily, percentage of revenue decreased despite increase in road network.

In case of DP. 73, DAC directed that Executive Board decision regarding use of ETTM real time data for toll collection, its implementation and outcome be provided to Audit. In case of DP. 74 DAC directed that inquiry be conducted at Ministry level to examine historical traffic count data, reserve pricing by NHA and to see whether defaulters were extended favour by allowing them to participate in bidding process or otherwise. In case of DP. 75 & 76, record regarding bidding process will be produced to Audit for verification. In case of DP. 78 & 79 DAC directed NHA to devise a comprehensive revenue reform plan and outcome be shared with Audit.

Audit recommends probe in the matter besides fixing responsibility against the person(s) at fault.

(DP. 73, 74, 75, 76, 78, 79, 200, 313)

2.4.24 Irregular payments due to non-compliance of NHA Executive Board Decision - Rs 1,225.163 million

Under Item No. 14.7, NHA Executive Board in its 270th meeting held on 01.12.2016, directed that the Member concerned will personally visit twice to check the quality of works where the variance of the contract price is below 25% with reference to Engineer's estimates. He will submit his report to Chairman, NHA.

Audit noted that General Manager, Maintenance NHA (South) Multan, awarded seven (07) works pertaining to Periodic Maintenance under Annual Maintenance Plans (AMP) 2015-16, 2016-17, 2017-18 and 2018-19 costing Rs 1,272.338 million against the estimated cost of Rs 1,829.943 million which are 28.60% to 37% below from the engineering estimated cost.

Audit observed that contractors of said works were quoted extraordinary low rates from 28.60% to 37% from the engineer's estimates. Audit further observed that as per NHA Board directives, the Member concerned was authorized to check the quality of these works which were 25% below the engineer estimates and submitted the reports to the

Chairman, NHA. Despite above, the Member concerned failed to comply with the directions of NHA Executive Board and in this connection, no such record/reports were available in office record. In the absence of these reports, quality of the executed works was not ascertained which compromised the quality of works. This resulted in unauthentic payments due to non-compliance of NHA Board directives for Rs 1,225.163 million.

Audit pointed out irregular payment in August 2021. The Authority replied that all Periodic Maintenance Contracts have already been completed within stipulated time. TOC/DLCs were issued by the Member (CZ)/Engineer after detail checking of the works.

Authority furnished an irrelevant reply and did not address/ provide the inspection reports/comments which would be reflected in starting pages of measurement book.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that the matter may be taken up in NHA Executive Board for remedial measures after obtaining assurance of inspection reports.

(DP. 309)

2.4.25 Unauthentic payment on account of reimbursement of import taxes - Rs 1,163.641 million

As per addendum-02 to the bidding documents, particular conditions clause 14.1 (f), the bidders should not include the effect of import duties and taxes in their item rates because Employer shall reimburse the custom duties and import taxes on importation of permanent materials, contractor's equipment. For payment purpose, bidder shall separately submit the receipts of import duties and taxes for the reimbursement of such amount.

Original PC-I of the project “East-West Road Improvement Project, N-70 (Widening and Strengthening of National Highway, Rakhi Gajj-Bewata Section, 32.651 km)” was approved for Rs 10,008 million including Foreign Exchange Component of Rs 5,240.000 million, by ECNEC on 06.02.2008 as per Planning Commission’s O.M No. 16(46)PIA-III/PC/2007-08 dated 19.03.2008. The re-revised PC-I of the Project was approved by ECNEC on 02.12.2015 for Rs 22,994.660 million (including FEC Rs 13,478.810 million).

Audit noted that the work, Widening and Strengthening of Rakhi - Gajj-Bewata Section of N-70 under East West Road Improvement Project Package-I, was awarded to M/s TAISEI Corporation Japan at the cost of Rs 13,753.035 million on 10.03.2016. Commencement date was 11.07.2016 with completion date 10.07.2019 (Completion period of 36 months). The work was completed on 25.12.2019. However, substantial completion certificate has not been issued due to non-finalization of “As-built drawings”. The contractor was paid IPC 28 for gross updated work done of Rs 12,839.522 million (Pak Rupees= Rs 7,158.935 million (54.70%), FC 5,680.587 million (45.30%) equal JY 5,882.351 million @0.09657. EPC 27 paid up to June 2020 for up to date amount of Rs 583.162 million.

Audit noted that reimbursement invoice No. 54 was paid for Rs 1,163.641 million, on account of import of temporary and permanent machinery, equipment and construction materials for use in the project.

Audit observed that:

- i. Re-export of the temporary equipment and machinery (against which temporary custom duties were paid) was not on record.
- ii. The reimbursement of importation amount against unconsumed/surplus material which was imported for the project has not been assessed and recovered from the contractor.

- iii. A list of permanent and temporary machinery/equipment and materials for which importation amount has been reimbursed has not been prepared.

Audit pointed out the matter in May-June 2021. The Authority replied that the re-export invoice for temporary imported machinery and equipment is available. The material was inspected and assessed properly. All the material related to permanent works was consumed/disposed-off at site. The list of temporary and permanent material has been prepared.

The reply was not accepted because the import of equipment/machinery and materials for use in the work was to be made with the consultation of the employer/NHA (Clause 14.1 page 125 Volume-5 of contract agreement). However, total inventory of imported equipment/machinery and materials was not prepared. Likewise, consumption of material with reference to items of work was not recorded.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends that the details of unconsumed materials may be prepared with reference to paid import invoices and import duties paid on unconsumed material/equipment/spare parts may be recovered.

(Para 40 AIR Member Central Zone)

2.4.26 Defective execution of work of RCC New Jersey barriers - Rs 1,144.526 million

Item SP-617, RCC New Jersey Barrier (Precast) for median single or double face (incl. reinforcement), states that work shall consist of construction of New Jersey Barrier in accordance with these specifications and the specifications for other work items involved, and in conformity with the lines, grades, and dimensions shown on the drawings

or as ordered by the Engineer. Steel reinforcement shall be in accordance with item 404.

Audit noted that the contractors were paid for RCC New Jersey barrier for median double face including reinforcement in situ as under:

S. No.	Name of Work/Package	Name of Contractor	Amount (Rs in million)
1	Construction of Faisalabad Khanewal Motorway (M-4) 184 KM, Package-IIA, Gojra to Jamani Section 31 KM	M/s Xingjiang Biexin Road & Bridge Group Co. Ltd	238.252
2	Construction of Faisalabad Khanewal Motorway (M-4) 184 KM, Package-IIB, Jamani-Shorkot Section 30 KM	M/s China Railway First Group Co. Ltd	306.205
3	Construction of Faisalabad Khanewal Motorway (M-4) 184 KM, Package-IIIA, Shorkot-Dinpur Section 31 KM	M/s China Gezhouba Group Company Ltd. M/s Ghulam Rasool & Co. JV	277.854
4	Construction of Faisalabad Khanewal Motorway (M-4) 184 KM, Package-IIIB, Dinpur-Shamkot Section 34.28 KM	M/s Xingjiang Biexin Road & Bridge Group Co. Ltd	322.215
Total			1,144.526

Audit observed that the item of work was not executed as per specification as also observed by the Monitoring and Inspection team deputed by NHA Headquarters which visited the site of the project in January, June, October and December 2019. The Team communicated their observation that in most of the executed work there were cracks in the New Jersey Barriers. There was no evidence on record that the steel reinforcement was used as required. Reasons/justification for cracks and corrective action is not on record.

This resulted in defective execution of work of RCC New Jersey barriers for Rs 1,144.526 million

Audit pointed out the matter in May-June 2021. The Authority replied that the defects were rectified. However, deduction of Rs 233,283, Rs 462,678 and Rs 200,022 was made from the contractors.

The reply was not accepted because item of work carrying huge cost was not executed as per specification as observed by the Monitoring and Inspection team NHA as pointed out. Tender drawings and construction drawings of the item were also not produced in support of reply.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends that X-ray tests may be carried out and confirmed that the steel used at site is as per NHA Specification/analysis of rate for this item of work. Difference of weight of steel used as per actual and as required in the analysis of rate of the item of 42.60 kg per meter may be recovered.

(Para 21A to 21D, AIR Member Motorways Lahore)

2.4.27 Irregular execution of asphaltic items - Rs 1,033.724 million

Special provision of contract agreement clause COC 36.6 and SP (c) 36.6 provides that the contractor shall use the material fabricated in Pakistan which is required standard and ensure timely procurement of bitumen required for the works. The employer does not assume any responsibility for supply of materials. However, the employer shall issue a certificate of the estimated requirement of the quantity of bitumen at the specific request of the contractor.

The Deputy Director (Monitoring), NHA Quetta informed to all the Director (Maintenance) of Balochistan vide the letter dated 29.04.2019, to provide source of bitumen used in PM works (supported

by invoices) executed during 2017-2018 to date, by 30.04.2019. M/s NESPAK (Resident Engineer) in Maintenance Unit of NHA, Quetta directed to all contractors working on PM-2015-16 along N-40, N-50 and N-65 to submit details (Source and Invoices) regarding bitumen used for asphalt works.

Audit noted that GM (P&CA) awarded nine (9) contracts of periodic maintenance and rehabilitations works to be executed by GM Maintenance, NHA North Quetta.

Audit observed that Deputy Directors Maintenance NHA Quetta (N-25), Noshki/Dalbandin (N-40) and Sibbi (N-65) measured and paid asphaltic items in works against items asphaltic concrete base course, tack coat, double surface treatment and asphaltic concrete wearing course for Rs 1,033.724 million.

Audit further observed that the concerned Deputy Directors did not obtain evidence/receipts of procurement of bitumen from authorized source along with payment of 17% GST, as required under the contract and standards for execution of asphaltic items. Non-observance of contract's provision caused using substandard bitumen in asphaltic items and compromised the quality of bitumen, even Member West Zone also issued directions for obtaining the requisite receipts from contractors. This resulted into un-authentic execution of work and non-confirming the quality of bitumen used in asphaltic items of Rs 1,033.724 million.

Audit pointed out the irregularity in November 2021. Authority replied that field test was conducted during execution which achieved the requisite result. All the contractors have been instructed to produce the bitumen invoices.

The reply was not accepted because contractors were bound under contract clause SP (c) 36.6 and CoC-36.6 to use Pakistani bitumen. Requisite receipts/invoices of Pakistan fabricated bitumen under contract provision/stipulation and in the light of Member West Zone directions were required to be obtained before execution of bituminous items.

Audit maintained that non-obtaining of source/invoices of procurement of bitumen leads to weak internal control.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that NHA may either obtain the requisite receipts or cost of bitumen used in the works be calculated and 17% GST recovered there-against be deposited in Govt. revenue.

(DP. 451)

2.4.28 Undue financial aid due to payment of mobilization advance beyond the contract provision - Rs 954.287 million

Clause 60.12 (a) of the contract agreement provides that an interest free mobilization advance @ 15% of the contract price stated in the letter of acceptance shall be paid by the employer to the contractor in two equal parts upon submission by the contractor of a mobilization advance guarantee for the full amount of the advance in the specified form from a scheduled bank in Pakistan acceptable to the Employer. First installment within 14 days after signing of the contract agreement and second part within 42 days from the date of payment of the first part subject to the state of mobilization of the contractor. (b) This advance shall be recovered in equal installments; first installment at the expiry of 3rd month after the date of first part of advance and the last installment two months before the date of completion of the works.

As per Section-8 Part-A Contract data of contract document clause 14.2, 10% of the accepted contract amount payable in two equal installments in the currencies in which the accepted contract amount is payable. The first installment shall be paid after the contractor furnishes the advance payment guarantee and the second installment shall be paid after the Contractor completes mobilization and the Engineer issues a certification to the Employer of such completion.

As per clause 2.1 of ibid provides that the employer must give access to the site for execution of work to the contractor within 28 days after commencement date.

Audit observed that in following cases Mobilization Advance was paid to the contractors beyond the contract provisions.

In the work “Construction of Additional Carriageway Torkham-Jalalabad, Afghanistan” awarded to M/s FWO with agreement amount of Rs 4,340.832 million on 24.01.2008, the contractor was granted mobilization advance of Rs 498.109 million in June 2020 on resumption of work in June 2019 against bank guarantee.

Audit further observed that in the work, “Construction of Additional 2-Lane Carriageway from Ratodero to Shikarpur N-55 (Section-1) 43.4 KM, awarded on 13.08.2020, the contractor was paid Mobilization Advance for Rs 456.178 million in April 2021, whereas physical progress of work as per Monthly Progress Report of June 2021, was 0.63%.

This resulted into unjustified payment of mobilization advance of Rs 954.287 million.

Audit pointed out the matter of undue financial aid to contractor in February 2021 and September 2021. The Authority replied in case of DP. 60 that revised PC-I (2014) has been approved an Amendment No. 2 signed by the Chairman NHA for payment of mobilization advance. In case of DP. 367, the Authority replied that mobilization advance was paid to the contractor according to contract.

The reply was not acceptable because Mobilization Advance was paid to already mobilized contractor in case of DP. 60 and in other case (DP. 367) the contractor was paid Mobilization Advance without physically mobilizing and progress of work at site.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation in the matter with a view to recover the additional financing cost (interest) besides fixing responsibility against the person (s) at fault.

(DP. 60, 367)

2.4.29 Irregular issuance of NOCs to private landowners beyond lease policy - Rs 675.045 million

Economic Coordination Council (ECC) approved the NHA Lease Policy in 2009. According to para-15 of NHA Lease Policy 2009, NHA shall ban the processing of private approach NOCs for Filling/CNG stations till the inventorization and valuation of all assets within the right of way. NHA shall identify the locations to be leased out for the establishment of main service areas, mini service areas or primary service areas. Approach to private landowners shall not be allowed for the establishment of the filling/CNG station so as to make the lease site commercially feasible.

Audit noted that GM (ROW) issued NOCs during 2019-20 for approach from ROW to the private landowners for establishment of Filling/CNG stations and other amenities.

Audit observed that NHA did not yet finalize inventorization and valuation of all assets falling within the ROW. So the issuance of NOCs without approval from the ECC or getting the policy revised was irregular. This resulted in irregular issuance of NOCs amounting to Rs 675.045 million during 2019-20.

Audit pointed out irregularity in December 2020. The Authority replied that as per Rule-3, 8 & 12 of the National Highway Strategic Road (Control), Rules 1998 as amended in 2002, the Authority has to issue NOC for establishment of buildings/structures within building line

as well as for use of NHA ROW as approaches to any commercial amenity/ filling & CNG stations along NHA Road Network. Moreover, NHA conducts periodic valuation of all assets falling within its ROW which comprises Motorways, Highways, bridges, culvert, other properties and assets etc. by independent valuator in accordance with the guideline of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB). This exercise was commenced from 2011 and was completed in the year 2016 which valued the assets & inventorization of NHA since inception of NHA. Consequently, the issuance of NOCs is according to the applicable rules & regulations which cannot be declared as illegal or irregular.

The reply was not acceptable because detail of inventorization and justification regarding issuance of NOC beyond the NHA policy was not produced.

The matter was discussed in DAC meeting held on 11.02.2022. Audit contended that issuance of approach NOCs without completion of process of inventorization was against the ECC decision. NHA explained that digital inventorization has been conducted. DAC directed NHA to provide complete justification and record to Audit.

Audit recommends that the Authority may provide finalized inventorization and valuation of all assets falling in the ROW and complete procedure of issuance of NOC.

(DP. 98)

2.4.30 Irregular award of work without registration of JV with PEC - Rs 620.702 million

As per para 1.2 of PEC Standard Guidelines for bids evaluation for procurement of works 2009, the bidder must hold current valid license to participate as a contractor within the category of the size of project. Clause 3.4(b) states that besides any other requirements of the Employer, the bidder must be a PEC licensed constructor. All partners to a joint

venture shall also be similarly registered i.e. local or foreign and the joint venture shall be registered in Pakistan with PEC”.

Audit noted during the review of contract regarding “Consultancy Services for Assistant to Employer’s Representative (AER) for Peshawar Karachi Motorway (PKM) Lahore Abdul Hakeem Section M-3 (230 Km) awarded to M/s EA Consulting (Pvt.) Ltd JV with M/s Yooshin Engineering Corporation, M/s AL-KASIB Group of Engineering Services (AGES) and M/s Techno Legal (Pvt.) Ltd at a cost of Rs 620.702 million.

Audit observed that award of said consultancy to M/s EA Consulting (Pvt.) Ltd JV was in violation of PEC standard guidelines clause 3.4 (b) as Joint venture of said firm was not registered with Pakistan Engineering Council. Thus, award of the work worth Rs 620.702 million was irregular alongwith all payment of Rs 445.956 million

Audit pointed out the irregularity in November 2022. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends holding of Inquiry for fixing of responsibility for violation of rules.

(DP. 507)

2.4.31 Irregular payment due to non-recording of detailed measurements - Rs 592.884 million

Paras 208-209 of CPWA Code provide that payments for all works done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB). The MB should, therefore be, considered very important accounts record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent

upon the person taking the measurements to record the quantities clearly and accurately.

Public Accounts Committee Secretariat issued Office Memorandum vide No.F.10(1)/2016-17-PAC dated 15.11.2017 to all Principal Accounting Officers for strict compliance of the PAC directives regarding compliance of recording actual/date-wise measurement in the Measurement Books, otherwise they will be held responsible by the PAC.

Audit noted that NHA awarded various works for infrastructure development and made payment thereof during the year 2020-21.

Audit observed that the Authority made payment to M/s FWO for work done without recording detailed measurements regarding works executed at sites. This resulted in irregular payment without detailed measurements for Rs 592.884 million.

Audit pointed out the irregularity in September 2021. The Authority replied that payment to M/s FWO is on percentage basis not on measurement basis and the same has been made after site visit duly signed by DD (Maint) NHA and M/s FWO representative.

The reply was not accepted because recording measurements for all supplies and work done are necessary under the rules and no payment be made without recording the detail of work done actually executed on site.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation and action against the responsible(s).

(DP. 243, 258)

2.4.32 Irregular award of lump sum contract without open competition - Rs 508.200 million

According to Rule 20 of Public Procurement Rules 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

As per para 56, chapter-2 of NHA Code-2005, Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded Technical Sanction.

Audit noted that an agreement pertaining to “Maintenance of KKH (N-35) from km 190 to KM 350 (160 KM) NA’s Region and KM350+000 to KM 806+000 (456 KM) in Gilgit Baltistan Region” for financial year 2020-21 was executed on 30.03.2021 between NHA and M/s FWO with agreement amount of Rs 508.20 million (Rs 132 million and Rs 376.20 million) paid in 04 quarterly installments to the contractor accordingly. In this connection the following audit points need to be attended:

- i. Detailed estimate of the works to be executed were not prepared and got sanctioned technically.
- ii. The works were awarded to M/s FWO without calling tenders.
- iii. The work executed by the contractor has not been measured and recorded in the MBs to authenticate/justify the payment so far made.
- iv. The contractor has not performed the work as per terms & conditions of the agreement because no record was available to audit.
- v. Payments to M/s FWO were being made directly by NHA Headquarters and also through respective GMs.

Duplication of payments for the same activity, therefore, cannot be ruled out.

This resulted in irregular award of contract amounting to Rs 508.20 million.

Audit pointed out irregularity in November 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility against those responsible for violation of rules.

(DP. 510)

2.4.33 Short revenue due to mismanagement - Rs 485.159 million

According to Para 12 (a) of the Chapter -11 NHA Code (Vol-I), the toll should be viewed as a mechanism for recovery of capital cost and cost of maintaining the asset in good condition during its useful life. Hence, while proposing the toll rates to be imposed on any road, bridge etc. it should be ensured the rates are such that all construction costs incurred on the project would be paid back within the useful life of the project. For this purpose, careful studies shall be conducted by the concerned wing of the Authority with regard to the useful life of the road/bridge, the number of different types of vehicles expected to use the road/bridge during the said life and the rates to be charged from different types of vehicles.

According to rule -34 (2) of Public Procurement Rules 2004, the procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

Audit noted that GM (Revenue) awarded toll rights of ETTM and manual toll plazas during 2019-20 on the basis of net guaranteed monthly revenue to various bidders.

Audit observed that the contracts for tolls were awarded at lesser net guaranteed revenue in 2019-20 as compared to the revenue 2018-19. The Authority was required to conduct careful studies to ensure recovery of capital cost and maintaining road asset in good condition and to optimize its revenue. This was not done resulting thereby reduction in revenue as observed in following cases:

- i. The bids of highest bidders who failed to fulfill mandatory pre-requisites were cancelled and rebidding was initiated without revising specifications & evaluation criteria as required under PPRs. Resultantly, the bid prices were less than the previous bid prices which caused loss of Rs 59.049 million.
- ii. Despite incurring heavy expenditure Rs 986.326 million on installation of Automatic Vehicle Classification System, there were short receipts Rs 72.865 million on Chenab (NBC), Sultan Bahu Bridge & Chund Bridge and Rs 320.166 million on eleven ETTM plazas.
- iii. Net guaranteed amount on Khanewal toll plaza during 2018-19 fell down during 2019-20 while caused short revenue of Rs 33.79 million.

Audit pointed out short revenue in December, 2020. Authority replied that due to opening of Motorways M-5, M-4, M-3 & E-35 mostly traffic diverted from National Highways to Motorways. Resultantly, prospective bidders quoted their bids according to the traffic flow.

The reply was not accepted because percentage (%) of total revenue collection was far less than the previous year's collections despite increase in road network. Further, no study was conducted to realize revenue in relation to capital and maintenance cost.

The matter was discussed in DAC meeting held on 11.02.2022. The committee directed for inquiry by the NTRC to find out whether basis for fixation of reserve price was consistent with the vehicle data generated by the transport management center NHA Headquarters and whether Authority took all appropriate steps to safeguard and optimize its revenue & causes of loss occurred. Compliance of DAC directive was not made till the finalization of this Report.

Audit recommends compliance of DAC directives.

(DP. 84, 85, 86 & 88)

2.4.34 Overpayment due to non-deduction of area of grouted stone pitching from embankment - Rs 446.52 million

As per item 511.4.1 of NHA Specifications for works 1998, grouted stone pitching shall include the furnishing of all material, placing and grouting stone pitching. Excavation, backfilling and slope preparation shall not be measured for payment, but will be considered subsidiary to the item of “Stone Pitching”. The item of grouted stone pitching was to be laid on the slopes after excavation of slope. The surface area of stone pitching was, therefore, included in the earthwork area and was deductible from the item/quantity of earthworks.

Audit noted that the accounts record of the project “Construction of Motorway from Hakla (on M-1) to Yarik D.I. Khan Motorway” for the financial year 2020-21 was showing that in six (06) packages i.e. Package-I, Package-2A, Package-2B, Package-2C, Package-III and Package-IV the item of Earthwork Formation of Embankment were paid to the contractor of these packages. Audit further noted that another item” Grouted Stone Pitching 20-25cm thick with Bitumen Joints” on the embankment slopes was also got executed and paid to the contractors.

Audit observed that the quantity of item “Grouted Stone Pitching 20-25cm Thick with Bitumen Joints” was not deducted from quantity of

the item of “Formation of Embankment from Borrow Excavation in Common Material”.

This resulted in overpayment of Rs 446.52 million to the contractor, as detailed below:

S. No.	Contract	Contractor	Amount (Rs in million)
1	Package-I	M/s NLC	28.105
2	Package-2A	M/s SKB-KNK JV	113.207
3	Package-2B	M/s SMAD Baloch	83.436
4	Package-2C	M/s SKB-KNK (JV)	21.649
5	Package-III	M/s FWO	117.883
6	Package-V	M/s LIMAK-ZKB JV	82.240
Total			446.52

Audit pointed out the overpayment in September 2021. The Authority replied that grouted stone pitching has been executed as per approved typical drawing after completion of embankment. To protect the embankment, grouted stone pitching work was executed out-side of embankment limit. Since the measurement of embankment does not include the quantity of grouted stone pitching, it is not required to be deducted from Formation of Embankment from Borrow Material.

The reply was not accepted because the work was not executed as per above referred specification.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of overpaid amount from the contractors besides appropriate action against the responsible.

(DP. 492)

2.4.35 Non-recovery of loss/idle charges from the design consultant for delay in provision of designs - Rs 422.037 million

As per agreement with the Design Consultants, the Designers were responsible for timely submission of drawings and designs of the roads and bridges free of discrepancies to ensure timely, due and proper completion of the project.

Audit noted that the work “Construction of Shatial-Thur Nullah Bypass (Relocation of KKH) including link road to existing KKH” was awarded to M/s HAKAS Pvt. Ltd. on 22.6.2012 at agreement cost of Rs 3,518.133 million. The work was started on 23.09.2012 and was required to be completed up to 22.09.2014. The value of work done paid to the contractor was Rs 2,242.985 million and Rs 366.584 million on account of price adjustment.

The Chairman NHA granted 1st EOT for 20 months from 23.09.2014 to 22.05.2016 on the basis of (i) Stoppage of work by locals 06 days (ii) Delay due to discrepancies in existing design submitted for stretch from km 13 to km 32 90 days (iii) Late provision of design for road portion from km 3-13 300 days and (iv) Delay in provision of design of bridge 1, 2 & 3.

Audit observed that the contractor was paid idle charges of Rs 422.037 million due to delay.

Audit maintains that the delay occurred due to fault of the design consultant and therefore was recoverable from them.

Audit pointed out the matter in August-September 2021. The Authority replied that the entire idle claim was against the stoppage of work and boundary disputes between Kohistan (KP) and Gilgit-Baltistan (GB) provinces. These idle claims were scrutinized by NHA and WAPDA officials and approved the payment by NHA Executive Board.

The reply was not acceptable as the idle charges were recoverable from the sponsoring agency i.e. WAPDA, which was not done.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility and recovery of idle charges.

(DP. 251)

2.4.36 Overpayment due to higher rate of New Jersey Barrier without steel reinforcement - Rs 363.77 million

The Engineer Estimate for the work “Construction of Motorway from Hakla (on M-1) to Yarik D.I. Khan Motorway Package-I Yarik to Rehmani Khel (55 KM)”, Package-III and Package-V “Hakla to Pindi Gheb (63.04 KM)” was based on rates SR NHA 2014. As per contract agreement an item of work “RCC New Jersey Barrier (In-situ) for median; double face (including reinforcement) and single face” was provided. Rate analysis of the item includes cost of 42.60 kg per meter for reinforcement.

Audit noted that the item of RCC New Jersey Barrier (In-situ) for median; double face (without reinforcement) was executed and paid to the contractor in both packages.

Audit observed that the rate paid was on higher side as the cost of reinforcement which was 45.61% of the item as per CSR analysis of rate was not considered correctly. The payable rate, keeping in view quoted rate of the contractor of Rs 8,256.66, was Rs 4,490.797 per meter (Rs 8,256.66 - 45.61%) for double face and payable rate, keeping in view quoted rate of the contractor of Rs 7,394.40, was Rs 4,021.81 (Rs 7,394.40 - 45.61%) for single face for Package-I and Rs 9,800 was Rs 5,351.78 (Rs 9,800- 45.61%) for Package-V and amount of Rs 55.256

million of Package-III. Excessive rates caused overpayment of Rs 363.77 million.

Audit pointed out the irregularity in September 2021. The Authority replied that weightage of steel as worked out by Audit is not in accordance with the Composite Schedule of Rate (CSR) of NHA. The Engineer of the project has worked out the rate of Non BOQ item (New Jersey Barrier) by deducting the actual weight of steel which was to be provided in RCC NJB. Furthermore, the recommended non-BOQ rate of NJB has been duly approved by the competent authority after necessary vetting by QS Section NHA HQ.

The reply was not accepted because the item of “New Jersey Barrier” with reinforcement was not executed in violation of NHA specification/contract agreement. The item was executed without reinforcement. For costing purpose, the item was to be analyzed on current market rate as non-scheduled item or the cost of steel included in the analysis of rate with labour for reinforcement including overheads was to be recovered from the contractor.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe in the matter besides fixing the responsibility against the person(s) at fault.

(DP. 494,502, 383/2020-21)

2.4.37 Irregular payment on account of rectification of defective work - Rs 331.011 million

Clause 60.1 and 60.2 of standard bidding document provides that the Contractor send a statement showing the amounts to which the Contractor considers himself to be entitled in respect of the value of permanent works executed. The Engineer shall, within 28 days of receiving such statement, certify to the Employer the amount of payment

to the contractor which he considers due and payable in respect thereof subject to the deduction of any sums which may have become due and payable by the Contractor to the Employer.

Audit noted that General Manager, P&CA Wing, NHA, HQ, Islamabad awarded Construction of Additional Carriageway Torkham-Jalalabad, Afghanistan on 24.01.2008 to M/s FWO with agreement amount of Rs 4,340.832 million with completion period of 03 years (Revised date for completion 31.07.2018). Audit further noted that a sum of Rs 331.011 million was paid to the contractor up to 15th Running bill, paid in June 2020, on account of rectification of defective work.

Audit observed that said project was still in progress and Physical Progress of the work was 80% till to date. All rectification of defective work was the responsibility of the contractor without payment of any claim. This resulted in irregular payment of Rs 331.011 million on account of rectification of defective work.

Audit pointed out irregular payment in February 2021. The Authority replied that provisional payments for the defective works were made in accordance with contract clause Amendment No.1.

The reply was not acceptable because rectification of the work was responsibility of the contractor till defect liability period. Therefore, payment of rectification/defective work during execution of the work was not justifiable.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that Authority may recover the amount along-with interest from the contractor and fix the responsibility against the person(s) at fault.

(DP. 61)

2.4.38 Non-encashment of Performance Bonds of delinquent contractor - Rs 330.708 million

As per clause 10.1 of PEC standard bidding documents/ clause 4.2 of the particular conditions of contract agreement (Performance Security), the contractor shall provide Performance Security to the Employer in the prescribed form. The said security shall be furnished or caused to be furnished by the Contractor within 28 days after the receipt of the Letter of Acceptance. The Performance Security shall be of an amount equal to 10% of the contract price stated in the Letter of Acceptance. Such Security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any Scheduled Bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan or (c) an insurance company having at least AA rating from PACRA/JCR.

Audit noted that in below mentioned four (04) cases that NHA management did not encash the performance guarantee on account of poor/slow progress of work against the planned progress, demobilization of contractor from site and default of the contract performance and non-commencement of work:

(Rs in million)			
DP. No.	Work/Formation	Agreement Cost	Guarantee Amount
40	PM-2015-16-PS-03 Km 920 to 929	147.994	14.799
138	GM (Sindh South) Two maintenance works	2216.141	132.968
319	Lowari Tunnel Project Package-II	1,794.319	179.431
377	CAREC Tranche-I- Petaro-Sehwan N-55 (Section-1) 64 km Package IC	35.104	3.510
Total		4,193.558	330.708

Audit observed that non-adherence of contract provision resulted in non-encashment of performance guarantees of the contractor.

Audit pointed out non-recovery in December 2020, February and September 2021. The Authority admitted the audit stance and action would be taken on final bill (DP.40). NHA has formed a committee and sent notice for termination of the contractor. (DP. 138) The contractor has been demobilized but Performance Guarantee is intact up to July 2023. (DP .319) and did not reply (DP. 377).

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery through encashment of performance guarantees.

2.4.39 Overpayment due to excess measurement of corresponding items and excess width than required - Rs 312.694 million

Para-5 of instructions regarding MB provides that all measurements should be recorded neatly and directly in the Measurement Books at the site for the work. The recording of measurements elsewhere and copying them into a Measurement Book is forbidden. The entries should if possible be made in ink. The entries in the contents or area column should, however, be invariably made in ink in the first instance by the person who recorded the measurements. The person recording the measurements will also record a dated certificate “measured by me” and sign his full signature.

Para-8 provides that Project Director/Deputy Director should test check at least 10% of measurements recorded by his subordinates and accept responsibility for the general correctness of the bill as a whole.

Audit noted that NHA awarded various works for construction, rehabilitation and maintenance of roads in different areas of the country.

Audit observed that while execution of works, in certain cases the Authority measured the quantities of items more than corresponding

items, taken excessive width than required and paid excessive filling than milled area involving overpayment of Rs 312.694 million (**Annexure-E**).

Audit holds that overpayment was due to weak internal controls.

Audit pointed out the overpayment in July to November 2021. The Authority replied in certain cases that the items were executed according to site requirement.

The reply was not accepted as the items were paid against the requirement.

The matter was discussed in DAC meeting held on 03.12.2021. DAC directed to effect recovery from next IPC (DP. 03 & 04). In other cases, DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery.

2.4.40 Irregular payment due to change in design, location and specification without approval - Rs 305.351 million

NHA Code (Vol-II) Road Asset Management System (RAMS) provides that typical cross section of various road categories, types and index wherein primary highway contained standard width 7.3 meter of carriageway with two to three meter treated outer shoulders and one-meter inner shoulder. RAMS No. 5, Treatment Selection Rule-1(a) further provides that surfaced shoulders must be repaired in prepared areas with Single Surface Treatment (SST), Double Surface Treatment (DST) or Triple Surface Treatment (TST) to comply with original construction details.

As per Planning and Development Division, Government of Pakistan O.M No. 20 (1)DA/PC/79-Vol.XIV dated 22.06.1980, 'if the total estimated cost, as sanctioned increases by a margin of 15% or more,

or if any significant variation in the nature or scope of the project was made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/competent authority shall be obtained in the same manner as in the case of the original scheme without delay.’

As per para 56, chapter-2 of NHA Code-2005, Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded Technical Sanction.

Audit observed that NHA executed four (04) works wherein deviations were made from original scope of work in terms of items, location and item specifications. Audit is of the view that as the original scope of work was defined and approved by the competent forum, therefore subsequent change in the approved scope of work stands irregular. This resulted in excess/irregular payment of Rs 305.351 million, as detailed below:

DP No.	Project	Description	Amount (Rs in million)
37	Provision of 02 Loon U-Turn, NHA Multan	Scope of work changed by deleting BOQ items and adding non-BOQ items	29.468
46	Periodic Maintenance PM-2016-17-PS-70-2	Location of work was changed from KM 118-129 to Km 107+000 to 111+000	67.466
196	Periodic Maintenance PM-KP-17-18-N-90-01	Design was changed due to which non-BOQ items of work i.e. cold milling 0-50 mm and DST were executed.	168.671
262	RMA-NA-2014-15/N-35/05	Location of work was changed from KM 68+693 to km 73+000 to 73+600, 74+600 to 74+800 and 75+900.	39.746
Total			305.351

Audit holds that irregularity was due to weak internal controls.

Audit pointed out the matter in July-November 2020. The Authority replied in DP. 46 that a Periodic Maintenance work had already been executed between KM 118-129 on N-70. Therefore, the road in this section was in satisfactory condition, whereas the road from KM 107-111 (N-70) was in very critical condition. Design consultant M/s PEAS Consultant PVT Ltd had reviewed the design & re-located the said work after site visit. In case of DP-262, department replied that competent authority approved the relocation of work.

The reply was not accepted because execution of work against the approved scope of work was irregular.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends regularization besides action against the responsible(s).

(DP. 37, 46, 196, 262)

2.4.41 Excessive expenditure due to execution of expensive item - Rs 279.743 million

NHA General Specification 304.1 regarding surface treatment and seal coat provides that, the work shall consist of one or more applications of asphaltic material and one or more covers of aggregates or an application of asphaltic material without aggregates applied in accordance with these specifications and in conformity with the lines and width shown on the typical cross-sections or as established by the Engineer.

Audit noted that National Highway Authority awarded various Periodic Maintenance Works executed by various regional General Managers.

Audit observed that in ten (10) Periodic Maintenance works, the Authority provided an item Double Surface Treatment on carriageway as crack relief layer @ Rs 463.93 per sq.m whereas item of Seal Coat was also available in the CSR @ Rs 71.01 per sq.m which was for crack relief/seal. Audit is of the view that the Authority has not executed the economical item and incurred extra expenditure due to execution of expensive item amounting to Rs 279.743 million (**Annexure-F**).

Audit pointed out the matter in October 2020, July-October 2021. The Authority replied that the item of Double Surface Treatment was incorporated in Engineer's Estimate/BOQ as crack relief layer as per site requirement to strengthen the pavement structure.

The reply was not tenable because the function of Seal Coat was Crack Relieving for the existing road surface and after that Tack Coat acts as binder between aggregate. It seals and protects the base and provides strength at the road surface so that the base can resist the abrasive and disruptive forces of traffic. It also seals an existing bituminous surface against the intrusion of air/water and arrests the deterioration of a surface showing signs of distress/cracks.

In DP. 14, DAC in its meeting held on 13.12.2021 directed to provide M&I report and its basis i.e. test reports to Audit for verification. NHA provided M&I reports without its basis to authenticate the usage of DST as crack relief layer. DAC meeting was not convened despite requests by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe in the matter besides fixing responsibility against the person(s) at fault.

(DP. 14, 210, 269, 284, 312, 331, 438, 469)

2.4.42 Less recovery of Income Tax - Rs 241.706 million

As per section 152, 2A(c) of Income Tax Ordinance 2001, the “execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall at the time of making the payment, deduct tax from the gross amount payable” (including sales tax, if any) at the rate specified in Division II of part of the First Schedule.

Audit observed that in project for Construction of Havelian-Thakot section (118.057 Km) KKH Ph-II the contractor deposited less Income Tax of Rs 241.706 million against IPC-4A, 41, 42 and for retention money at conversion rate of dollars @ 101.87 instead of current prevailing rate, as detailed below:

IPC	Income Tax due (Rs)	Income Tax deposited (Rs)	Less deposited (Rs)
4A	160,185,819	87,536,488	72,649,131
41	238,728,707	163,203,590	75,525,118
42	64,012,550	43,854,001	20,158,549
Retention Money	232,991,814	159,619,064	73,372,750
Total			241,705,548

Audit pointed out the irregularity in September 2021. Authority replied that NHA had deducted income tax @ 7% instead of 7.5% in accordance with contract provision under clarification meeting or No.13. The reply was not accepted because Audit pointed out less deposit of income tax at current exchange rate instead of 7% & 7.5% rate.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022 and 11.01.2022.

Audit recommends that deduction of income tax may be made on current exchange rate and the same may be recovered from the contractor.

(DP. 489)

2.4.43 Unjustified execution and payment of Provisional Sum through contractor - Rs 218.169 million

According to Rule-10 of GFR (Volume-I), every public officer incurring or authorizing expenditure from the public funds should be guided by high standards of financial propriety and expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

Original PC-I of the project “East-West Road Improvement Project, N-70 (Widening and Strengthening of National Highway, Rakhi Gajj-Bewata Section, 32.651 km)” was approved for Rs 10,008 million including Foreign Exchange Component of Rs 5,240.000 million, by ECNEC in its meeting held on 02.06.2008 as per Planning Commission’s O.M No. 16(46)PIA-III/PC/2007-08 dated 19.03.2008. The re-revised PC-I of the project was approved by ECNEC in its meeting held on 02.12.2015 for Rs 22,994.660 million (including FEC Rs 13,478.810 million).

Audit noted that the work, Widening and Strengthening of Rakhi - Gajj-Bewata Section of N-70 under East West Road Improvement Project Package I, was awarded to M/s TAISEI Corporation Japan at the cost of Rs 13,753.035 million on 10.03.2016. Commencement date was 11.07.2016 with completion date 10.07.2019 (Completion period of 36 months). The work was completed on 25.12.2019. However, substantial completion certificate has not been issued due to non-finalization of “As-built drawings”. The contractor was paid IPC 28 for gross updated work done of Rs 12,839.523 million (Pak Rupee= Rs 7,158.935 million (54.70%), FC Rs 5,680.588 million (45.30%) equal JY 5,882.351 million @0.09657. EPC 27 paid up to June 2020 for up to date amount of Rs 583.162 million.

Audit noted that following Provisional sum items for Rs 218.169 million were paid to the contractor:

Description	Amount (Rs)
Safety and Security Provision at the construction site	162,788,656
Provision of Survey Team and Instrument	5,632,667
Furnish supplies and Consumables stores for Engineer/Employer	2,604,126
Operate and Maintain Services vehicles for the Engineer	18,686,455
Total	189,711,904
Add Contractor Overheads 8%	15,176,952
Income tax 7%	13,279,833
Grand Total	218,168,690

Audit observed the following:

- i. The expenditure on Safety and Security Provision at the construction site included hiring of Askari Guards, etc. which were required to be hired by NHA which could have saved overheads as well benefit to government due to higher rate of taxes including sales tax. The expenditure also included other staff, generator, vehicle running, water supply which has no justification in addition to security guard payments and site office management being responsibilities of the contractor.
- ii. Expenditure on Survey Team and Instrument for the months of November and December 2019 was paid which was unjustified. The expenditure was meant for activities at the start of the project but in this case expenditure was incurred on closing of the project.
- iii. Expenditure on Furnish supplies and consumable stores for Engineer/Employer was incurred but Laptop, Desktop, Printer, Photo copier, LED, Projector, etc. were procured for Rs 1.498 million without any justification.
- iv. Expenditure on Operate and Maintain Services vehicles for the Engineer was without log books of vehicles. In the absence, the expenditure is unjustified.

Unjustified expenditure as discussed above was due to weak internal and financial controls.

Audit pointed out the matter in May-June 2021. The Authority replied that the expenditure related to employment of Askari Guards and other security provisions was made in accordance with Sub-clause 13.4. It was not possible for NHA to carry out the expenses directly. The payment of sales taxes and overhead was made by the Contractor in line with the applicable laws and reimbursement of the same was made in accordance with the Contract provisions and is justified under the contract. Since the work related to punch list and rectification was undergoing by the Contractor and staff provided was to support the supervising team with Assistant Surveyors, Survey Helpers working at site and to assist for finalization of As-built Drawings & Documents as required in the Contract.

The expenditure of Rs 1.498 million related to procurement of IT Equipment was made in accordance with the Engineer Instructions. The log-books against all vehicles were maintained.

The reply was not accepted because the expenditure on Safety and Security through contractor also included overheads including profit. The other irrelevant expenditures were incurred under this head. There was no provision in the contract of expenditure on Survey Team after close of the project. Expenditure on Lap top, Desktop, Printer, Photo copier, LED, Projector after completion of project was unjustified. Expenditure on vehicles was without log books.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends early recovery from the responsible (s).
(Para 43 AIR Member Central Zone)

2.4.44 Irregular award of work to ineligible contractor - Rs 215.870 million

As per criteria for award of specific type of (geometric improvement) contract No. G1-BN-2018-19 on N-40, the eligible bidder was required to possess experience of execution of two contracts of similar size (50% of engineer estimate) and complexity with minimum value of Rs 198.00 million during last five years.

Audit noted that G M (P&CA) awarded (Geometric improvement) contract No. G1-BN-2018-19 on N-40 to M/s Haji Ali Muhammad & Sons & M/s Abdullah Jan & Co (JV) at an agreement cost of Rs 215.871 million on 14.10.2020. The work commenced on 02.02.2021 and was to be completed up till 01.08.2021.

Audit observed that during technical evaluation, M/s Haji Ali Muhammad & Sons & M/s Abdullah Jan & Co. (JV) were declared qualified on the basis of execution of two same type of works by M/s Haji Ali Muhammad & Sons, whereas, the firm executed black top road in provincial B&R Department District Chagai at Dalbandin and District Kalat at the requisite value without verifying the similar complexity as BOQ of executed works was not available on record provided to Audit for verification of the complexity, as in this specific work involving Rs 262.575 million, cutting of all kinds of rock and common material was included.

Audit further observed that some famous firms like M/s Zargoos Enterprises, M/s Rakshani Builders, M/s Nouman Construction, M/s Zarif Khan and M/s Ibrahim & Sons working with NHA were declared disqualified, whereas M/s Ali Muhammad and M/s Abdullah Jan (JV) who had executed only RM works up to 10 million in NHA was qualified.

Award of work without confirming complexity of past executed works resulted into irregular award of work valuing of Rs 215.870 million.

Audit pointed out the irregularity in November 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

The matter needs to prove similar complexity of previous execution with obtaining of BOQ of previous works.

(DP. 452)

2.4.45 Unauthorized execution and payment of work through change of location - Rs 201.965 million

As per para 71 of NHA Code Volume-I, Chapter 2, in a case where excess has the effect of exceeding the maximum monetary limit of the original sanctioning authority, the variation order shall be submitted for the approval of the authority within whose power the project as amended falls. No work shall be carried out and no expenditure shall be incurred until fresh approval from the concerned authority has been obtained for the revised cost.

Audit noted that the Engineer's Estimate of a periodic maintenance contract "Structural Overlay No. PM-2014-15-PS-08 (D.G Khan Unit) at Km 53 to 70" was included in the Annual Maintenance Plan for the year 2015-16. The work was awarded to M/s HRK & Co. at an agreement cost of Rs 221.475 million against the Engineer Estimate of Rs 261.482 million. Subsequently, the contract location was changed from Km 118 to 128 km of N-70 by the Member (Central Zone). 11th running bill was paid for Rs 201.965 million on 07.08.2018.

Audit noted that original location of the contract was Km 53 to 70 km N-70 which was changed as KM 119 to 129 km N-70.

Audit observed that the change of location violates the sanctity of tendering process and made the TS Estimate irrelevant. The approval was however, obtained from Member Central Zone who was not competent for such change.

Audit further observed that M&I also pointed out deficiencies in thickness of Asphalt work, TST quality and substandard work. The work was executed on new location in DG Khan District but higher rates of Muzaffar Garh District were applied and paid. This resulted in overpayment of Rs 6.026 million.

This resulted in unauthorized below specification execution and payment of work for Rs 201.965 million and overpayment of Rs 6.026 million to the contractor.

Audit pointed out the matter in May-June 2021. The Authority replied that due to dualization work of Muzaffar Garh to DG Khan Road, the planning of periodic maintenance contract between km 53-70 (N-70), was put on hold. Later on, the location for the awarded contract NO. PM-2014-15-PS-08 was shifted from the original location of Km 53-70 to new location of Km 118-130 on N-70 with the approval of Member (CZ) in the larger interest of NHA. The application of different rates of CSR items of DG Khan District cannot be applied after formal signing of agreement and issuance of commencement letter to the contractor.

The reply was not accepted because Member NHA was not competent for approval of Variation Order. NHA Executive Board was competent for approval of such variation. Change of location violates the sanctity of tendering process. Audit further observed that M&I also pointed out deficiencies in thickness of Asphalt work, TST quality and substandard work.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends inquiry for fixing responsibility besides recovery of higher rates.

(Para 49, 51 AIR Member Central Zone)

2.4.46 Non-recovery of premium due to non-obtaining/revalidation of insurance guarantees - Rs 201.300 million

As per Clause 21.1 of the contract agreement for the works, contractors were required to insure works, equipment and liabilities for death or injury to any person. As per Clause 25.3, in case of failure to do so the employer may effect and keep in force any such insurance and pay any premium as may be necessary for that purpose and from time to time deduct the amount so paid from any moneys due or to become due to the contractor. The amount to be insured is contract amount plus 15%. Clause 25.5 provides that the contractor shall be obliged to place all insurance relating to the Contractor (including but not limited to, the insurances referred to in Clause 21, 23 and 24 with either National Insurance Company of Pakistan or any other insurance company operating in Pakistan and acceptable to the Employer.

During scrutiny of accounts record of projects of National Highway Authority, Audit observed that the contractors did not obtain/revalidate insurance (All risk policy) for the value of works Rs 21,059.038 million against 43 works (40+03) as required under the provisions of the contract, resulted in non-recovery of Rs 201.300 million (approx.) of premium amount. **(Annexure-G)**

Audit is of the view that the contractor's rates were inclusive of cost component of insurance premium. By non-insuring of works not only the financial interest of the Authority was put to a risk but financial benefit of Rs 201.300 million was also given to the contractors on account of insurance premium.

Audit pointed out the issues in July-November 2021. The Authority replied in various cases that instruction for obtaining/revalidation of insurance policies along with premium receipts

has been issued to the contractors. In other cases, the Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends provision of insurance policies besides recovery of cost of premium of uninsured period.

2.4.47 Non-recovery of Decree amount from Sponsor Agency WAPDA - Rs 200.174 million

As per General Financial Rule-26 (Volume-I), it is the duty of the departmental Officer to see that sums due to Government are promptly and correctly assessed, claimed and deposited into Government treasury.

Audit noted that NHA executed a contract agreement with M/s Usmani Associate on 12.10.2006 for construction of Bridge over River Indus on KKH at Thakot with total cost of Rs 338.949 million. The contractor claimed additional expenses on account of idling resources and cost of losses incurred due to abnormal delay of project, which was rejected by the Engineer. The contractor filed suit No. 47-2013 for appointment for arbitrator before knocking the door of Islamabad High Court. The court vide order dated 19.02.2013 appointed Mr. Justice (R) Ejaz Nisar as Sole Arbitrator with consent of the parties to adjudicate their respective claims in respect of dispute over the above-mentioned project. The learned Sole Arbitrator after hearing both parties concluded the Award on 09.07.2013 in favour of the Claimant (Contractor) and ordered NHA to pay the net awarded amount. NHA approached Islamabad High Court against the award, but Islamabad High Court made the Award Rule of the Court. NHA filed intra court appeal in the Islamabad High Court, but the same was also decided against the NHA. Later on, the contractor filed execution petition for decree against NHA in Islamabad High Court where the Court directed the NHA authorities to deposit the amount in the Court on the next date of hearing.

Audit further noted that Manager National Bank of Pakistan F-10 Markaz Islamabad complied Court order dated 03.04.2017 and issued pay order No. 096156 dated 06.04.2017 amounting Rs 196.650 million in favour of Usmani Associate (Contractor) out of NHA account already attached by the Court. Furthermore, an amount of Rs 3.524 million has also been withdrawn in the same manner of attachment of “NHA account No. 3075270826” the total cumulative amount paid to the contractor was Rs 200.174 million.

Audit observed that authority failed to take WAPDA on board being the sponsoring agency in the contractual dispute with the contractor and authority was required to compensate the contractor after receiving the funds from WAPDA. Audit further observed that period of forty-six (46) months has been lapsed but NHA authority could not recover the amount of Rs 200.174 million from WAPDA.

Audit pointed out the matter of non-recovery in February 2021. The Authority replied that NHA is actively pursuing the refund of decree amount from WAPDA and in this concession several reminders were issued by NHA regarding recovery of Rs 200.174 million.

The reply was not accepted because NHA paid the claim to the contractor without receipt of fund from the sponsoring agency i.e. WAPDA.

The matter was discussed in DAC meeting held on 11.02.2022. The committee directed to conduct inquiry at Ministry level to examine as to why NHA interest was not safeguarded and fix responsibility against person at fault.

Audit recommends compliance of DAC directives.

(DP. 71)

2.4.48 Non-recovery as per decision of Chairman NHA - Rs 180.819 million

The work “Construction of Shaheed Benazir Bhutto bridge over river Indus connecting Chacharan Sharif with Kot Mithan Package-IV (Construction of River Training Works & Protection Works consisting of Guide Banks, Gunda Bunds and Cunette)” was commenced on 26.11.2014 with 24 months completion period up to 25.11.2016. EOT-01 was granted up to 04.07.2017. Chairman NHA approved EOT-02 w.e.f 5.07.2017 to 30.04.2019 with a penalty of Rs 180.819 million on 30.11.2020.

Audit noted that NHA awarded the above work to M/s Salman Enterprises on 16.06.2014 for Rs 1,808.192 million. The contractor was paid 24th IPC amounting to Rs 1,826.202 million.

During scrutiny of the accounts record, Audit observed that despite approval of Chairman NHA, recovery of Rs 180.819 million has not yet been made. Besides, Performance Bond and insurances were not got revalidated.

This resulted in non-recovery of Rs 180.819 million.

Audit pointed out the matter in May-June 2021. The Authority replied that recovery of Liquidated Damages amounting to Rs 180.819 million will be made.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends early recovery of liquidated damages besides taking appropriate action against the responsible(s).

(Para 36 AIR Member Central Zone)

2.4.49 Irregular payment due to execution of bridge work without conducting Sonic Integrity Test - Rs 174.841 million

Clause 407.3.13 of contract agreement provides that “All working piles shall be subjected to Sonic Integrity Testing (SIT) by a specialist agency engaged by the Contractor. The SIT equipment like FPDS (Foundation Pile Diagnostic System) or equivalent, as approved by the Engineer, shall be used for this purpose. The testing shall be done as per ASTM D5882-07. Before starting this testing, the Contractor shall submit his method statement for approval of the Engineer.

The contractor shall arrange performance and interpretation of these tests by the specialist agency like TNO Netherlands or equivalent. The interpretation shall include information on pile length, concrete crushing strength, Sonic Piles Velocity and defects like necking/ honeycombing etc. a separate report shall be submitted for SIT carried out on piles by the Contractor.

As per agreement/approved BOQ item of work 407-n, Sonic integrity test (SIT) on all piles was provided for a quantity of ninety (90) @ Rs 13,000 for each test.

Audit noted that National Highway Authority awarded the works for Construction of Peshawar Northern Bypass (Package-II & Package-3A) to the contractors on 29.03.2013 and 18.06.2014, respectively.

Audit observed that piling work of bridge structure was executed of said works but authority had not conducted the sonic integrity test (SIT) for which provision was given in the contract agreement for all piles. Audit further observed that it was clearly stated in above referred clause that the testing shall be done as per ASTM D5882-07 before starting this testing, the Contractor shall submit his method statement for approval of the Engineer which was not done and Authority put the whole work at risk. Due to non-conducting the sonic integrity test (SIT), Audit holds that all payment on account of bridge work paid to the contractors stands irregular involving Rs 174.841 million.

Audit pointed out irregular payment in September 2021. The Authority replied that we have constructed sixteen (16) piles for bridge No. 01 at RD 9+815. After completion of pile work, all 16 piles were tested for Sonic Integrity Test (SIT) with satisfactory results, which were witnessed on screen, of the computer during testing. However, the contractor failed to submit the test results of SIT, probably, due to dispute of rates with his sub-contractor. Therefore, the payment of this item was pending. He ensured that the test results would be submitted within a week.

The reply was not acceptable because as per above clause the testing shall be done as per ASTM D5882-07. Before starting this testing, the Contractor shall submit his method statement for approval of the Engineer and no such evidence was produced to Audit which means that contractor has not performed sonic integrity test according to NHA specification.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe into the matter for fixing responsibility against the person(s) at fault.

(DP. 164)

2.4.50 Overpayment due to post-bid amendment in the contract - Rs 152.850 million

Clause 13.8 of the contract states that if 'Table of Adjustment Data' is not provided in the contract, the price adjustment clause will not be applicable. As per particular conditions of contract, this clause was made 'non applicable'.

Audit noted that the project "Widening & improvement of Alpuri - Besham Road section of National Highway (N-90) was originally an

ERRA project funded by ADB Earthquake Emergency Assistance Project (EEAP) Loan No. 2213. ADB financed 75% of the cost while 25% was to be borne by Government of Pakistan. The project was divided in four packages with a completion period of one year.

The works were awarded in October 2009, to be completed in October 2010. The ADB loan was closed in 2011 but the date of completion was extended up to 31.12.2015. Afterwards, funds were provided by the Government of Pakistan through PSDP allocations. Original PC-I was approved for Rs 874.70 million in 2008 while works were awarded at agreement cost of Rs 1,313.156 million which was 50.126% above the approved PC-I cost. Later on, the PC-I cost was revised to Rs 2,879 million. The contractors have been paid Rs 2,206.517 million on account of work done and Rs 152.850 million on account of price escalation.

Audit observed that there was no active clause regarding price adjustment in the agreement. The contractors lodged a request in 2011 to invoke and activate the clause in the contract regarding price adjustment on the plea that the period of the contract was extended with no fault of the contractor. The NHA Executive Board approved in principle to amend the contracts of Lot-I, III and IV of M/s Amir Mauqam & Co and Lot-II of M/s Muhammad Irshad & Co by invoking the price adjustment clause in the contract.

Audit holds the amendment in the contract as irregular and resultant price escalation of Rs 152.850 million as overpayment due to weak financial and internal control.

Audit pointed out the overpayment in August 2018. The Authority replied that after shifting of site, payment was made after concurrence of ADB, approval by Chairman NHA and NHA Executive Board.

DAC in its meeting held on 15.01.2019 directed for recovery of overpaid amount of Rs 152.850 million by 31.01.2019.

The contractor approached Peshawar High Court, Peshawar wherein the court questioned on the legal status of DAC and held that the process of recovery of disputed amount from the petitioner by the NHA on the direction of DAC is illegal and accordingly directed the respondent to place the impugned audit para along with reply of the NHA, before the PAC for further proceedings under the rules.

In response to court order, Audit filed a CPLA (Civil Petition to Leave to Appeal) in Supreme Court of Pakistan.

Audit recommends that PAC may direct for recovery from the contractor.

(DP. 284/2018-19)

2.4.51 Non-deduction of withholding tax from the contractor - Rs 150.491 million`

Section 152(1)(A) of Income Tax Ordinance 2001 provides that every officer authorized to make payments on behalf of Government is required to deduct income tax @ 7.5% from payment of work done or services rendered.

According to Para 2.5(d) of CSR 2009, 25% is added on the estimated unit cost of the items which includes over heads, taxes, preliminaries and profit.

Audit noted that National Highway Authority awarded a work/lot for “Rehabilitation of National Highways Dhanasar - Sheikhmela Section Package-8 (Km 395 + 353 to 426+000) 30.65 Km financed through ADB Loan No. 3378” to M/s Sultan Mehmood & Co. (SMC) at an agreement cost of Rs 2,835.545 million on 12.12.2017 with date of completion on 31.08.2020.

Audit observed during the review of the accounts record that withholding tax was not deducted from the payments made to the contractor which was mandatory requirement as per provisions of income

tax act as withholding agency. Up to IPC-9 an amount of Rs 2,006.541 million was paid to the contractor without deduction of Income Tax. This resulted in overpayment of Rs 150.491 million.

Audit pointed out the matter in August 2021. The Authority replied that the Contractor submitted a Certificate (For Generic Exemption) from Federal Board of Revenue of Government of Pakistan which states, that "...This is to certify, that deduction of income tax under section 153(1) of the Income Tax Ordinance 2001 is not to be made from M/s Sultan Mahmood & Company Government Contractor, District Zhob (NTN 54-2220623-0) in respect of contract regarding Post Flood National Highway Rehabilitation Project Rehabilitation of Road N-50 Kuchlak – Zhob – D. I. Khan Package 8 KM 395+353 – 426+000 (30.65 KM).

The reply was not tenable because the contractor was registered at Karachi and was not eligible for exemption. Moreover, the same issue discussed in the DAC meeting dated 09.12.2020, where the DAC directed the Ministry of Communications to write a letter to FBR HQs for clarification, otherwise necessary deduction be made. The same is still not provided to Audit to authenticate the factual position.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022 and 11.01.2022.

Audit recommends recovery besides taking appropriate action against the person(s) at fault.

(DP. 121)

2.4.52 Non-recovery/adjustment of defective work of asphalt due to lesser thickness - Rs 144.711 million

Items No. 305.3.2 of NHA, Specification 1998 provides that the asphalt concrete wearing course shall be compacted to the desired level and cross slope as shown on the drawing or as directed by the Engineer. The tolerances in compacted thickness of the wearing course shall be

±3mm from the desired thickness shown on the drawings. For determination of thickness one (1) core per hundred meters of each lane will be taken. If the thickness so determined is deficient by more than three (3) mm, but not more than ten (10) mm, payment will be made at an adjusted price as specified in table-1, clause 305.4.2. (2) of this specification.

Audit noted that NHA awarded a contract for Rehabilitation and Improvement of Existing Carriageway from Dara Adam Khel to Peshawar (Section-3) (34.350 km) on N-55 to M/s Nasrullah Jan Inamullah Khan & Co. JV Karcon (Pvt) Ltd. Joint Venture (NIC JV Karcon) for an agreement cost of Rs 1,834.318 million on 06.07.2018.

It was observed that Monitoring & Inspecting team NHA, Islamabad visited the site and submitted M&I Report of said location, which shows that percentage of compaction was much less than required/designed compaction. Previously in M&I report it was directed to adjust the less thickness from the contractor but nothing was adjusted as evident in the Measurement Books.

Audit pointed out the matter in May-June 2021. The Authority did not reply.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends inquiry for fixing responsibility besides early recovery in the light of M&I report.

(Para 15 AIR Member Aided Project)

2.4.53 Unjustified payment without obtaining sales tax invoices of bitumen - Rs 137.407 million

As per FBR Circular dated 24.07.2013 no payment should be released to the contractor against sale tax livable items until and unless,

the contractor presents the sales tax invoices as a proof of legal purchase against all taxable goods.

Audit noted that General Manager (P&CA) awarded Periodic Maintenance work (Structural Overlay) between KM 789 to 809 NBC (N-5) Contract No.PM-2018-19-PS-07 to the contractor on 26.01.2021, pertaining to (Punjab South Region) NHA Multan under Annual Maintenance Plan (AMP) 2018-19 with agreement amount of Rs 289.914 million which was 37.787% below from the engineer estimated cost of Rs 466.002 million.

Audit observed that the Authority measured and paid item of work “Asphaltic Base Course Plant Mix” for 11,307.81 cu.m quantity up to 4th running bill vide MB. No.5279 Page 17-A. Audit further observed that the payment to the contractor was made without obtaining the sales tax invoices of bitumen as required vide aforementioned instructions of FBR. Thus, the payment of Rs 137.407 million to the contractor was considered to be unjustified/unauthentic.

Audit pointed out unjustified payment in August 2021. The authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit maintains that un-authentic release of payment without seeking sales tax invoices was due to non-adherence to the Federal Govt. rules and lack of financial and internal controls.

(DP. 302)

2.4.54 Non-revalidation of performance security insurance bonds - Rs 136.362 million

According to clause 10.1 of particular conditions of contract, the contractor shall provide Performance Security to the Employer in the

prescribed form, equal to 10% of contract price, within 28 days after the receipt of the acceptance letter. Such security shall, at the option of the bidder, be in the form of either Bank Guarantee from any schedule bank in Pakistan or bank located outside the Pakistan duly counter-guaranteed by a schedule bank in Pakistan or an insurance company at least AA rated from PACRA/JCR. As per clause 10.4 of the conditions ibid Performance Security shall be binding irrespective of changes in the quantities or variations in the work or extensions in the time for completion of the work which are granted or agreed upon the provisions of the contract.

Audit noted that NHA awarded various works pertaining to PSDP and Periodic Maintenance. Performance security bonds were required to be obtained till the defect liability period as under:

(Rs in million)		
DP No.	Project/formation	Amount
305	General Manager (Maint), Punjab South, Multan	36.107
407	Construction of SBBB Package-III	59.342
443	General Manager, (West-Makran) Gwadar	40.913
Total		136.362

Audit observed that the works could not be completed timely. Resultantly, the performance security bonds expired. NHA also remained unable to get re-validated the performance security bonds valuing Rs 136.362 million up to the date of defects liability period. Due to this not only the Employer borne the risk of contractor's performance of work, but the contractors also saved the premium cost to be paid by them to arrange the performance security insurance bonds.

Audit maintains that the irregularity occurred due to non-adherence to the contractual provision and inadequate implementation of internal controls.

Audit pointed out the irregularity in August, September and October 2021. Authority replied that the contractors have been instructed to provide extension in performance security bonds.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early obtaining of revalidated performance bonds besides appropriate action against the persons responsible.

2.4.55 Non-accountal/recovery of removed trees - Rs 134.061 million

Specification 102.2 of National Highway Authority provides that all trees to be removed shall be counted and an inventory prepared showing girth of the tree stem for further disposal.

Paras 208-209 of CPWA Code provide that payments for all works done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB). The MB should, therefore be, considered very important accounts record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

Audit observed that during execution of various infrastructure development projects, trees of various girth were got removed from the Right of Way (ROW) but neither the inventory showing details of trees was prepared nor the removed trees were retrieved from the contractors for further disposal or auction as per rules. This resulted in non-accountal and disposal of trees worth Rs 134.061 million. **(Annexure-H).**

Audit maintains that non-accounting and disposal of removed trees was due to failure of internal controls.

Audit pointed out non-accountal of trees in September 2021. The Authority replied that the Contractors removed the trees within the ROW of project under the supervision of consultant through check request and handed over the cut trees to the forest department and landowners.

The reply was not accepted because no documentary evidence in support of reply was provided to ascertain the factual position.

DAC meeting was not convened despite repeated requests by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends accountal/recovery of removed trees.

(DP. 157, 171, 190, 191, 528)

2.4.56 Unjustified execution of contract due to non-fulfillment of planned objectives - Rs 133.470 million

According to para-2 Chapter-2 of NHA Lease Policy 2009, NHA shall inventorize and value their entire asset along the national highway network within the Right of Way (ROW) such as land/plots, permanent structures, temporary structure, amenities etc. NHA shall maintain and update the inventory and valuation for future leasing if any. The asset valuation shall be carried out by professional valuers registered with relevant Government departments viz, SBP etc.

Audit noted that NHA entered into consultancy agreement at a cost of Rs 133.470 million in June 2019 with M/s Engineering General Consultant in association with M/s Country Survey & Mapping Services for Geo Information System (GIS), survey and development of geo data base for entire NHA network. The agreement period expired in December 2020.

Audit observed that NHA Steering Committee, in its meeting held on 06.08.2019 instructed the consultant to continuously update the type of assets and its attribute information based on field experience. GM (ROW) was required to provide available record of NOCs, leasing etc. Despite lapse of entire contract period, no system generated record was maintained comprising complete inventory of assets with valuation within ROW for further leasing/commercialization. Non-fulfillment of

planned objectives resulted in unjustified execution of contract valuing Rs 133.470 million.

Audit pointed out un-justified execution of contract in December 2020. The Authority replied that the GIS field survey and digitization process has been completed with identification of encroachment/illegal amenities within ROW for removal and outside ROW for inclusion in revenue net of NHA. GM(ROW) shared the data of about 78 already leased amenities which is also included in the attribute data of that amenity by consultant. The valuation of assets within ROW for future leasing (if any) was not under the scope of consultant's services.

In July 2020, Supreme Court vide (HRMA No. 120/2019) took suo moto action on the matter regarding mutation and lease of ROW land adjacent to highways for petroleum facilities etc. which is pending adjudication. During the hearing, the court observed that any use of ROW other than the designated purpose will be termed as non-conforming use of ROW.

The reply was not accepted because the digitization process still not completed as per agreement.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends ascertaining reasons for non-inventorization / valuation of assets within ROW and non-accomplishing the objectives envisaged in administrative approval.

(DP. 93)

2.4.57 Non-encashment of Bank Guarantees of the contractors demobilized from site - Rs 131.653 million

Clause 63.5 (Failure in Mobilization) of standard form of bidding documents and contract agreement, failure of the Contractor to mobilize

at site in accordance with program of works shall lead to discharge of both the parties from further performance except as to Employer's rights under this clause to encash the full amount of the Bank Guarantee from Mobilization Advance and Performance Security together with utilization of insurance policies furnished by the Contractor in respect of Contract as compensation against damages incurred upon Employer due to such failure to mobilize at site the employer shall have the further right of debarring the contractor from participation in future works in NHA up to three years and/or to recommend. Pakistan Engineering Council for blacklisting as per PEC bylaws.

Audit noted that General Manager, Motorway NHA Burhan, awarded two Periodic Maintenance works to the contractor in 2020-21 with agreement cost of Rs 270.570 million (Rs 153.081 million + Rs 117.488 million) with completion date 07.10.2021. An amount of Rs 13.528 million on account of mobilization advance (first part) was paid to the contractor in April 2021 against bank guarantees (Rs 7.654 million + Rs 5.874 million).

Another work "Improvement, widening and construction of north access road (Package-II) from Baradam to Ashriat (Km 3+520 to Km 10+850.74) 7.330 km of Lowari Tunnel Project" was awarded to the contractor on 23.11.2016 with agreement cost of Rs 2,216.141 million and mobilization advance of Rs 219.306 million was granted to the contractor in two equal installments.

Audit observed that despite grant of Mobilization Advance of Rs 13.528 million, the Contractor failed to mobilize and start the work at site as per Progress Report for the month of June 2021. But the management did not initiate any action towards recovery of Mobilization Advance, encashment of Bank Guarantee and forfeiture of Performance Security. This resulted in non-encashment of Bank Guarantee of Rs 27.057 million (15.308+11.749). In Lowari Tunnel Project Package-II, the contractor could only achieve physical progress of about 50% against 100% in the extended period up to 30.07.2020. Audit further observed from a report of the Project Director dated 03.03.2021 that the

Contractor as well as Consultant staff has demobilized from site of work. Only recovery of Rs 114.709 million has been adjusted against mobilization advance up to 9th IPC paid in July 2020 leaving a balance of Rs 104.596 million.

Non-observance of contract provision resulted in non-encashment of bank guarantees of Rs 131.653 million (Rs 104.596 million+ Rs 27.057 million).

Audit pointed out the irregularity in September 2021. The Authority replied that the contractor was paid Part 1st of Mobilization Advance (5% of Contract) upon submission of the Bank Guarantee. The work got delayed due to delay in mobilization of design review and supervisory Consultants, however now the Contractor has mobilized his machinery for execution of work at site and the Mobilization Advance will be deducted/adjusted from his IPC as per Procedure defined in the Contract (DP. 237). Advance granted on bank guarantee as well as retention money of the contract is available (DP. 323).

The reply was not accepted because the work was extra ordinarily delayed, and the amount of Mobilization Advance was utilized by the contractor without any work done on the project (DP. 237). The contractor failed to complete the work within given time schedule therefore the performance guarantee was required to be encashed/ forfeited. (DP. 323)

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends corrective measures besides action against the responsible(s).

(DP. 237, 323)

2.4.58 Overpayment due to incorrect price escalation - Rs 126.07 million

As per clause 70.1 of the contract agreement “There shall be added to or deducted from the contract price such sums in respect of rise or fall in the cost of labour and/or materials or any other matters affecting the cost of execution of the work as may be determined in accordance with Part-II of the conditions.

Para 2 of Pakistan Steel Marketing Department letter No. MKTG/MRC/Mics.23/2017/80 dated 09.02.2017 clearly provides that the Ex-mill price of Pakistan Steel Billet Grade-60 size 100 x 100 mm for the period 01.05.2014 and current price are only indicative as Pakistan Steel is not producing rolled billet.

Audit noted that the National Highway Authority executed various road infrastructure projects during the year 2020-21 and made payments to the contractors against their running bills.

Audit observed that the Authority allowed escalation on item having weightage of less than five percent (05%), applied incorrect rate and applied rate of defective source while calculating the escalation. This resulted in overpayment due to incorrect price escalation amounting to Rs 126.07 million, as detailed below:

DP No.	Name of Project	Description	Amount (Rs in million)
350	Construction of Bridge over Ravi River at Syedwala Pattan District Okara	Escalation paid on the items having cost impact of less than 5%	3.157
410	Construction of Yakmach Kharan Road Project Section-I	Escalation was calculated by applying higher current rate	5.376
344	Widening and Strengthening of Rakhi Gajj-Bewata Section of N-70 Under East West Road Improvement Project Japan Loan Pk-P57 (Package I-A)	Excess price adjustment was paid due to applying rate of defective source of steel (Pakistan Steel instead of Statistical Bureau)	117.537
Total			126.07

Audit pointed out the overpayment in July-November 2021. The Authority replied in case of DP 350 & 344 that escalation was paid as per Appendix-C. In DP 410, Authority did not reply.

The reply was not accepted because price adjustment was allowed on items having cost impact of less than 5% in violation of prescribed procedure for formula of price adjustment. Further, incorrect higher current rate of specified material and source of rate was applied.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery of overpaid amount.

(DP. 344, 350, 410)

2.4.59 Overpayment due to non-installation of HVAC plant - Rs 110.571 million

As per BOQ, HVAC plants provided under toll gate equipment, tunnel management station equipment, tunnel portal hazardous inspection station equipment, tunnel fire water pump house equipment and service area equipment.

Audit noted that P&CA Section NHA awarded EPC contract for “Construction of Havelian-Thakot section (118.057 KM) KKH Ph-II” to M/s CCCC at agreement cost of Rs 133,980 million on 22.12.2015. The work was required to be completed on 29.02.2020. Taking over certificate was issued by the consultant according to which contractor completed the work on 29.02.2020 and commenced the defect notification period of three years w.e.f. 01.03.2020. Audit further noted that HVAC plant for toll gate, tunnel management station, tunnel portal hazardous station, tunnel fire house and service area was provided @ Rs 110.570 million collectively.

Audit observed that full payment against five (05) HVAC plants has already been made for Rs 110.571 million and project was taken over by the NHA w.e.f. 29.02.2020. During site visit of service areas and toll station, it has been disclosed that HVAC plant has not yet been installed till finalization of audit assignment. This resulted into an overpayment due to non-installation of HVAC plant at site valuing Rs 110.571 million.

Audit pointed out the irregularity in September 2021. Authority replied that payment against HVAC has already been withheld from release of 1st half retention money and not yet paid to the contractor. Recovery admitted, but payment withheld does not serve the purpose of recovery. However, it is established that HVAC plants were not installed at site but payment there-against was made to contractor under mode of payment.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that HVAC plants be got installed at site besides action against the responsible.

(DP. 485)

2.4.60 Non-recovery of losses/damages from Public Health Engineering Department - Rs 90.00 million

Para-1 of Chapter-VII of Annexure-II of NHA Code, different Government agencies as well as non-governmental agencies can use the NHA Right of Way (ROW) by obtaining No Objection Certificate (NOC) with the payment of rental charges to the authority to pass/lay/carry any cable, wire, pipeline, drain, duct, sewer or channel of any kind of utility through, across, under or over any road, highway, motorway and bridge under its control as per Rule 11 & 12 of National Highways and Strategic Roads (Control) Rules 1998, as amended in 2002.

Audit noted that a contract “PM-2015-16-PS-04 (D.G Khan Unit)” was awarded to M/s Dawn Construction Co. at agreement cost of

Rs 207.482 million against engineer estimate of Rs 280.003 million which is 25.90% below technically sanctioned amount. The work was started on 11.02.2018 which was required to be completed on 10.08.2018 (Revised date of completion was 10.05.2019). 7th running bill was paid for Rs 280.823 million on 04.11.2020.

Audit further noted that before start of work, the scope of work was enhanced for dualization of Taunsa Urban Area and redesigning was carried out. During redesigning survey, it was pointed out by the consultant that a sewerage line already laid by Public Health department which falls under the proposed carriageway and needs proper treatment as the same backfilled with common material without any compaction and requires to be backfilled with sand. The estimate of the work was revised through Variation Order and items for shifting of pipe line were included by reducing the original scope of work. The Variation Order was approved for Rs 206.573 million.

Audit observed that the said sewerage line was laid by the Public Health Engineering Division Taunsa without NOC from NHA. Therefore, all the cost was required to be recovered from the concerned department. GM (RAMD) vide letter dated 26.06.2018, directed the Regional General Manager for raising claim against Public Health Engineering department (PHED).

This resulted in non-recovery of losses/damages from PHED amounting to Rs 90.00 million.

Audit pointed out the matter in May-June 2021. The Authority replied that Public Health Department is provincial government department applied for NOC and deposited Rs 2.881 million against the estimated cost of Rs 30.608 million. Letter was also sent to DPO D.G Khan for taking legal action against PHED, but no action was taken by the Police.

The reply was not accepted because Punjab Public Health Engineering Department started work without NOC. Demanded amount by NHA was also not deposited by them.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends recovery from the department and investigation into the matter that how the PHED executed the work without NOC from the Authority, as respective maintenance unit of NHA was the custodian of NHA RoW.

(Para 57 AIR Member Central Zone)

2.4.61 Non-recovery of in-built salary of trainee staff - Rs 89.040 million

According to clause SP-14, for every Rs 100 million of the contract cost, the contractor will employ one trainee engineer, throughout the duration of the project. The cost for employment of the Trainee Engineers is included in all other items of bill of quantities. The contractor will prepare a comprehensive training programme and get it approved from Employer. The contractor shall pay minimum take home stipend of Rs 45,000 per month to each trainee engineer. Moreover, the contractor shall also be responsible for boarding, lodging and messing including food for Trainee Engineers.

Audit noted that NHA opened bid of the Section-I of the project on 01.06.2015 and the work “Construction of Yakmach Kharan Road Project Section-I” was awarded to M/s SMADB - RMS (JV) at an agreement cost of Rs 2,859.682 million on 13.11.2015. The work was started on 14.03.2016 and was to be completed up to 13.03.2018. EOT was granted up to 31.08.2020.

Audit observed that no any evidence regarding employment of trainees, their attendance and disbursement of salary was available on record of the project. Audit holds that the contractor has not employed

Trainees and saved their inbuilt salary for period from 14.03.2016 to 31.08.2020 (53 months).

This resulted in non-recovery of Rs 89.040 million (Rs 60,000 including boarding, messing & food x 53 months x 28).

Audit pointed out the matter in October-November 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends for a corrective action besides effecting recovery.

(DP. 418)

2.4.62 Overpayment due to non-utilization/deduction of available material - Rs 86.415 million

As per note to BOQ Bill No.1 of contract agreement for the work “Improvement, widening and construction of North access road (Package-II) from Baradam to Ashriat (Km 3+520 to Km 10+850.74) 7.330 km of Lowari Tunnel Project” awarded to M/s Usmani International Associate - Nouman Construction Company – JV (UIA-NCC), Roadway Excavation material shall be used in embankment, back fill around structure, structure works like construction of retaining wall, breast wall, abutments, wings walls, rip rap, grouted rip rap, gabions & pavement layers base course & sub base material which included in the contract. The payment shall not be made under pay item 106c & d (unclassified excavated surplus material) as surplus material; its payments shall be deemed to be included in the pay item where the material is used.

Audit noted that NHA awarded following works to the contractors:

(Rs in million)

S No	Name of Work	Contractor	Contract Amount
1	Dualization and improvement of Old Bannu Road (Package-I)	FWO	7,132.412
2	Improvement, widening and construction of north access road (Package-II) from Baradam to Ashriat	UIA-NCC-JV	2,216.141

Audit observed that:

- i. In the works of Old Bannu Road (Package-I) non-BOQ item excavate surplus unclassified rock material was measured and paid for 587,221.83 cu.m @ Rs 436 per cu.m for Rs 256.028 million. Audit was of the view that huge quantum of rock boulders was available at site which was obtained from said item and would have been used in other stone consuming items like stone masonry, riprap, protection & drainage works, and cost of stone used in other items of work was required to be deducted which was not done. This resulted in overpayment of Rs 28.020 million.
- ii. In the work of Lowari Tunnel (Package-II), the Authority paid Excavation in hard rock for a quantity of 70,502.71 cu.m, whereas item of Stone masonry was paid for a quantity of 64,883.67 cu.m. Audit was of the view that the quantity of stone masonry was required to be deducted from the item of excavation because the stone obtained from excavation was used in stone masonry. This resulted in overpayment of Rs 58.395 million.

This resulted in overpayment of Rs 86.415 million.

Audit holds that overpayment was due to non-adherence to the NHA/Contract Specifications.

Audit pointed out the overpayment in September 2021. The Authority replied in case of DP. 155 that recoveries on account of stones, have been made. In case of DP 314 the Authority replied that Structural Excavation will be payable only in case that the excavated material was used in Road Formation according to Item 108.4.2 (b) Formation from Structural Excavation. Furthermore, excavation from roadway and Structure is described separately in Item 106 (Excavation of unsuitable or surplus material) and Item 107 (Structural Excavation and Back-fill). Only the quantities of Roadway Excavation will not be payable in case that the excavated material from roadway will be utilized in other works.

The reply was not accepted because record relating to utilization/recovery of available material was not provided to Audit to ascertain the factual position.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery of the overpaid amount.

(DP. 155, 314)

2.4.63 Unjustified payment due to execution of rich specification item in the presence of economical item - Rs 84.063 million

Item 401.1.1 of NHA Specifications, provides that Class A1 Concrete shall be used everywhere, for non-reinforced and reinforced concrete structures, except as noted below or directed by the Engineer. Concrete placed under water shall be Class A2 with a minimum cement content of three hundred fifty (350) kg per cu.m of concrete with a slump between ten (10) and fifteen (15) cm. Concrete placed for piles shall be class A3 with a minimum cement content of four hundred (400) Kg per cu.m.

Audit noted that National Highway Authority awarded a contract “Construction of Yakmach to Kharan Road Project Section-II (from 50+000 to 100+000) to M/s MHB - NIC (JV) at an agreement cost of

Rs 2,422.699 million on 04.05.2017. The Contractor was granted EOT up to 28.02.2021. The Contractor has been paid Rs 2,057.601 million up to 14th IPC paid on 02.06.2021.

Audit further noted during review of the record, drawing, design and MBs relating to the work that the consultant included item No. 401a3 “Concrete Class A3” in the BOQ for casting of concrete for culverts and paid accordingly for quantity 34,033.66 cu.m at the rate of Rs 11,880 per cum amounting to Rs 404.319 million.

Audit observed that concrete class A3 has been provided in the NHA specification for casting of piles wherein, class-A1 was specified for on ground concrete. But concrete class A3 having rich specification and rate was used for the purpose against provision of NHA specification.

Non-adherence to NHA specification caused unjustified payment contrary to specification of Rs 84.063 million.

Audit pointed out the matter in October-November 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022 and 11.01.2022.

Audit recommends that responsibility may be fixed against the person(s) at fault.

(DP. 414)

2.4.64 Loss of revenue due to award of O&M contract for incomplete Service Area - Rs 66.294 million

According to Para-3 Chapter-III of regulatory framework and standard operating procedures for preservation and commercial use of Right of Way (ROW) 2002, the Authority shall be responsible for collecting/generating revenues from inter alia, service area concessions

under legally executed contracts approved by the executive Board on case-to-case basis.

Audit noted that GM (ROW) NHA awarded an O&M contract to M/s Nawaz const. Co & AKB (JV) for service area of Murid Wala at KM-974 (North/South bound) on Lahore - Abdul Hakeem Motorway (M-3) on monthly guaranteed rent of Rs 7.366 million on 13.12.9019. The operation activities were to be started through letter of commencement after completion of pre-requisites within 15 days from issuance of letter of acceptance volume in January 2020 and the operator was liable to deposit quarterly rent of Rs 22.098 million in advance as per O&M contract.

Audit observed that the operator could not start the operation due to incomplete service area by the construction contractor of M-3 and letter of commencement remained pended till 01.10.2020 despite the M-3 was opened to traffic in April 2019. The delay of nine months in issuance of commencement letter resulted in loss of revenue for three quarters amounting to Rs 66.294 million (22.098×3) due to non-completion of service area by the construction contractor timely.

Audit pointed out non-recovery in December 2020. Authority replied that after award of contracts, a letter was received from the operator that minor construction works needs completion before mobilizing on the site.

In this regard a meeting was held on 05.05.2020 under the chairmanship of Member (Finance) along with the Representative of operator and authorities of field office PKM, M-3 where it was decided that "Letter of Commencement will be issued upon confirmation conveyed by the filed office of G.M (PKM) M-3 regarding completion of service area in all respect after having a site visit along with Rep. of M/s. NCC – AKB (JV)." It is further added that this office also served a letter to operator M/s NCC-AKB (JV) for submission of outstanding rentals and advance tax under section 236A against Murid wala service area vide letter No. 364, dated 05.01.2021.

In the meanwhile, Covid-19 broke out in the country. The operator was informed to attend the office of G.M, RoW for signing the contract agreement for the said service areas. But he kept on refusing the same on the plea of Covid-19 pandemic. This is the reason, signing of contract despite depositing pre-requisite of contract could not materialise in time.

The reply was not accepted because the Authority itself conceded that the service areas were awarded without completion.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe in the matter for fixing responsibility against the person(s) at fault and making loss good.

(DP. 100)

2.4.65 Overpayment due to unjustified classification of rock - Rs 60.992 million

Para 56 of Chapter-2 of NHA Code provides that technical sanction means the order of the competent authority sanctioning a properly detailed estimate of the cost of a work of construction or repair proposed to be carried out by the Authority. Sanction accorded to the execution of a work by an officer of any other department is regarded merely as an administrative approval of the work. Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded.

Audit noted that NHA awarded the work Construction of Hassanabdal-Havelian Section of E-35 ICB-E35-III: Sarai Saleh to Simalia (KM 39+611 to KM 58+710) to M/s ZKB-LIMAK JV at bid cost

of Rs 8,188.129 million on 12.10.2015. The scope of work was enhanced through two Variation Orders to up to Rs 13,300.406 million.

Audit further noted that initially there was a quantity of 3,351,536 Cu.m of roadway excavation, with the following classification:

1. Formation from roadway in common material, 2,231,438 Cu.m @ Rs 180 per Cu.m
2. Formation from roadway in hard rock, 343,876 Cu.m @ Rs 300 per Cu.m
3. Formation from roadway in medium rock, 776,222 Cu.m @ Rs 300 per Cu.m
4. Formation from roadway in soft rock, Nil

Audit observed that up to IPC-14 the above classification of formation from roadway was not adhered to and formation of embankment from roadway excavation in common material was paid for a quantity of 1,556,667 Cu.m @ Rs 180 per Cu.m and remaining quantities of 674,771 Cu.m were shifted towards formation of embankment from roadway excavation in soft rock @ Rs 270.39 per Cu.m with a total quantity of 1,294,130 Cu.m (original BOQ was Nil). Audit is of the view that the Authority deliberately changed the quantities of the items to accommodate the contractor and favorable/expensive item of formation from roadway in common material @ Rs 180 per Cu.m was shifted towards formation from roadway in soft rock @ Rs 270.39. This resulted in excess/overpayment due shifting of common material towards medium rock involving Rs 60.992 million.

Audit pointed out the matter in September 2021. The management replied that the quantities given in the BOQ are provisional. The basis of payment will be the actual quantities of work. During joint sampling and testing of material for classification of roadway excavation, it was found that major chunk of roadway excavation falls under the definition of Soft Rock, besides other material. Therefore, quantity of soft rock was accordingly calculated and recommended by The Engineer and no excess/overpayment has been made to the contractor.

The reply was not accepted because the formation of embankment in soft rock was more expensive against the common material and nil quantity was provided in the BOQ but the Authority has shifted the quantities of common material towards soft rock which resulted in excess expenditure of Rs 60.992 million.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of the overpaid amount besides fixing responsibility.

(DP. 526)

2.4.66 Unauthentic/unjustified payment due to non-execution of specific scope of work - Rs 50.732 million

According to Schedule B to Bid “specific scope of works” of the work Afforestation contracts on Motorway Faisalabad-Gojra awarded under contract No. AF(M-4)-01 to AF(M-4)-05 on 27.07.2018, was as under:

- i. Uprooting of kana & other weeds from entire contract
- ii. Disposal of uprooted material
- iii. Plough with cultivator & disc plough entire control contract areas
- iv. Laser leveling entire contract areas
- v. Development of irrigation channel/khalas

Audit noted that General Manager Maintenance (M-4) NHA Faisalabad awarded seven works to different contractors on 27.07.2018 for a period of five years.

A scrutiny of the accounts record revealed that the work of afforestation from Faisalabad to Gojra was not executed as per specific scope of work provide in Schedule-B of the contract. The record showed

nothing about the Laser leveling, uprooting of kana and development of irrigation channels in the entire contract area but the contractors are being fully paid. The payment of Rs 50.732 million, thus made without development of irrigation channel, Laser leveling of entire contract area and uprooting of kana etc. whose cost was inbuilt in the bid price of the contractor, was considered unauthentic/unjustified.

Audit pointed out unauthentic/unjustified payment in October-November 2021. The Authority replied that uprooting of kana Laser leveling at entire contract areas and development of irrigation channel/khalas were got executed in July 2018 to September 2018. The water channel system was initially developed but not continued due to non-receipt of canal water from Irrigation Department. Now the contractors adopted watering through water tankers.

The reply of the department was not correct. Laser leveling was not done at the entire contract area which was necessary for development of irrigation channels. The irrigation channels, whose cost was inbuilt in the contract cost, were also not developed in the area as per specific scope of work. Further if kana was uprooted then how could it grow throughout the right of way of the Motorway M-4. One could see the growth of kana with a height of around 6 to 7 ft. throughout the right of way of the motorway.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit suggests that comprehensive inspection and survey of the entire contract area be conducted to authenticate the payment made on account of specific scope of work.

(DP. 433, 435)

2.4.67 Excess expenditure due to hiring of consultant for maintenance works - Rs 38.611 million

Para 7(ii) of Finance Division Letter No. F.3 (10) Exp.II/94-Vol-I-68 dated 08.02.2002 provides guidelines on hiring of consultants which indicates that the consultants should not be appointed for routine functions of an organization.

PPRA rule-4 provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Audit noted that General Manager Sindh North NHA Sukkur and Khyber Pakhtunkhwa planned to execute Periodic maintenance works for the year 2016-17 and 2017-18 which involve maintenance activities of roads such as periodic maintenance, functional overlay, structural overlay and rehabilitation.

Audit observed that for the said maintenance works a consultant, i.e. M/s PEAS Consulting (Pvt) Ltd was hired with an agreement cost of Rs 32.493 million on 13.06.2019 although these were the routine works of the Authority. Hence in presence of skilled workforce/engineers within the Authority, hiring of consultant for such works was violation of above directives which caused an excess expenditure of Rs 32.493 million. Moreover, the same consultant was hired from many years for consultancy on the PM Works. The GM KPK also made payment of Rs 6.118 million to the consultant on maintenance works.

Audit further observed that for hiring of the consultant, the Authority evaluated the bids by combining the financial and technical scoring due to which the bid of M/s PEAS stood 1st lowest, although the lowest financial bid was quoted by M/s Pavron for Rs 29.013 million. Audit is of the view that there should have been single stage two envelope-based tendering to award the work to the lowest financial

bidder among technically qualified consultants. But, the bid evaluating procedure, adopted by Authority, caused loss of Rs 3.48 million due to award of work to the second lowest financial bidder.

Audit pointed out the matter in October 2020. The Authority replied that the procurement of consultancy services for design review and supervisory consultant for the periodic maintenance work of Sindh-North region have been carried out as per the policy of the Authority.

The Authority tendered for hiring of the consultancy for periodic maintenance contract as per PPRA Rules 2004 & PEC guidelines, and NHA Code Para 21 “Evaluation of Technical/Financial Proposals” Chapter-4 Engagement of Consultants. Seven (7) Consultancy firms participated, during the scrutiny of Bids, the Authority evaluated the bids on QCBS Method as defined in RFP having 80:20 ratio as per above stated approved standard criteria. PEAS won the bid as per RFP criteria. As per combined scoring calculation, M/s PEAS Consultants were 1st ranked so awarded the contract.

The reply was not accepted on the following grounds:

- i. The same consultant M/s PEAS Consultant is working as consultant for maintenance works from past many years and winning the tenders throughout which is unjustified and needs to be investigated.
- ii. The maintenance works are of routine nature for which hiring of consultant is unjustified. The skills of in-house engineers were required to be used in such routine works to save the extra cost.
- iii. Scoring was done on combined evaluation (Technical + Financial) due to which the Authority sustained a loss of Rs 3.48 million as M/s Pavron submitted his bid as Rs 29.013 million.

DAC in its meeting held on 13.12.2021 directed to get the record i.e. award of consultancy works for supervision of Periodic Maintenance of respective AMP, total PM supervised out of total approved works, otherwise recovery will be effected. NHA failed to provide the relevant record to justify the consultancy on maintenance works. In other case, DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe into the matter for fixing responsibility and taking appropriate action.

(DP. 19, 209)

2.4.68 Irregular award of contracts to defaulters - Rs 37.231 million

According to clause 1.3 Instructions to Bidders for toll contracts, principal bidders or their JV partners who are declared defaulter/debarred by NHA are not eligible to participate in the bidding. However, the firms whose cases are already in dispute arbitration or subjudice shall not be treated as defaulted. Their cases will be decided on case-to-case basis with the approval of NHA.

Audit noted that the toll contracts of various OM&M contractors were terminated under clause 6.1 of their agreements on account of their default in deposit of the monthly guaranteed revenue during 2018-19. Therefore, they were not eligible to participate in next bidding process.

Audit observed that GM (Revenues) NHA awarded contracts of toll plazas to the defaulted bidders in violation of the bidding provisions. This resulted in irregular award of contracts at monthly toll revenue of Rs 37.231 million, as detailed below:

Toll Plaza	Name of Contractor	Date of termination	Toll Plaza during 2019-20	Date of award	Monthly Bid price (Rs)
Sadiqabad N-5	M/s Good Luck Enterprises	06.12.2018	Kashmore N-55	28.04.2019	8,700,789

Toll Plaza	Name of Contractor	Date of termination	Toll Plaza during 2019-20	Date of award	Monthly Bid price (Rs)
Gujranwala N-5	--do--	10.12.2018	Qutbal N-80	27.02.2020	10,541,789
Chenab-N-5 (NBC)	M/s Faiz Shareef Contraction Co.	10.12.2018	Shaheed Benazir Bridge	05.01.2019	6,511,000
Hassanabdal E-35	M/s MAB Brothers	05.09.2018	Kurram River N-55	05.07.2019	11,477,786
Total					37,231,364

Audit pointed out irregularity in December 2020. The Authority replied that on default by said operators due to one reason of more, NHA as per provisions available in Condition of Contracts (CoC) terminated their contract after adjustment of available securities against revenue shortfall and in addition debarred these operators to participate in bidding process of toll plazas, weigh fine and police fine contracts of NHA till further orders. It is evident that due to debarring from bidding process these operators could not be participated in the upcoming bidding of NHA. Once the outstanding amounts paid by these default operator than default clause automatically removed. Accordingly the competent authority allowed the bidders to participate in the bidding process.

The reply was not accepted because the termination of contract was made invoking clause of default. Therefore, these operators were not eligible to participate in the bidding process. Permission by the management to the defaulters to participate in the tendering was inconsistent with the transparent bidding process.

The matter was discussed in DAC meeting held on 11.02.2022 wherein DAC directed to conduct inquiry at Ministry level and report be submitted within three weeks.

Audit recommends that appropriate action be taken for awarding the contracts to the defaulting contractors which was against fair competitive bidding process.

(DP. 83)

2.4.69 Award of consultancy contract without tendering - Rs 36.513 million

Rule 12(2) of Public Procurement Rules-2004 provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and other in Urdu.

Audit noted that National Highway Authority awarded two consultancy contracts of Feasibility Study in KPK region to M/s NESPAK involving contract cost of Rs 36.513 million.

Audit observed that both the consultancy contracts were awarded to M/s NESPAK on single source basis without open tenders with the plea that the said consultant was already working in the region and the works are emergent in nature. The rates of Old Bannu road project were applied in the above two contracts. This resulted in irregular award of works in violation of PPRA Rules involving Rs 36.513 million.

Audit holds that irregularity occurred due to non-adherence to rules and regulations.

Audit pointed out the irregularity in June 2021. The Authority replied that M/s NESPAK was already mobilized on Old Bannu Road (nearest location to the subject project), therefore using, Procurement of Consultancy Services Regulations, 2010, Clause-3D(i)(a), single source selection method was adopted.

The reply was not accepted because there was no urgency and proper time was available to award the work through tendering.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation besides taking appropriate action against the responsible(s).

(DP. 112)

2.4.70 Non-recovery of cost of trial section - Rs 29.891 million

Clause 203.3.14 of NHA General Specification provides that a contractor shall prepare a trial section before the start of work in light of procedure given in clause 1.20 (General). As per addenda to the said specification “No extra payment shall be made for the trial. The trial section should be minimum 200 meter in length and full width of the road. If the trial section has been carried out in the permanent work and approved by the Engineer, the cost of same shall be deducted from the contract price.”

Item No. 1.20 - General Specification NHA provides that the contractor shall submit complete methodology of trial section for approval of the Engineer. Trial Sections shall be prepared for each type of road pavement layer. The contractor shall be responsible for the quality of work. Technical Specification further provides that before starting the formation of embankment the contractor shall construct a minimum of three trial section of 200 meter each for each soil type proposed to be used for compaction as directed by the Engineer. The soils used in the trials shall be the same as those intended to be used for the formation of embankment and the compacting equipment shall be same equipment that the contractor will use during compaction of embankment and that has been accepted by the Engineer. No separate payment will be made for this work, which will be required as a subsidiary obligation of the contract. If the trial sections are carried out in the permanent works and approved by the Engineer, the lengths of the trial sections should be deducted from the cost of the respective permanent works.

Audit noted that the NHA awarded four works Dualization of Indus Highway Package-I & II, Yakmach to Kharan Road Project Section-II, GM Basima-Khuzdar Project, Khuzdar and Construction of Hakla-D.I. Khan from Tarap to Kot Belian (52.500 Km), Package-III for Rs 10,495.786 million, Rs 11,975.667 million, Rs 2,422.699 million, Rs 11,749.280 million and Rs 20,628.943 million, respectively.

Audit observed that the construction of trial section for the items of 108c, 201 and 202 was neither available in the measurements nor it was deducted from the permanent works. This resulted in non-recovery of cost of trial section involving Rs 29.891 million.

Audit pointed out the matter of non-recovery in September & November 2021. The Authority replied that the trial section for item No 201 and 202 were prepared at separate locations (not included in the permanent work) well before start of the work, following the procedure given in the specification. The Authority admitted recovery in DP. 498

The reply was not accepted because measurement and test reports of Trial Section were not provided with the reply in case of DP. 170, 342 and 415.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery.

(DP. 170, 342,415, 498)

2.4.71 Loss due to award of works to 2nd lowest bidder - Rs 16.869 million

As per price bid evaluation report of three periodic maintenance (PM-2018-19-NA-01,02,03) M/s Najeeb Ullah Khan & Co was declared as 1st lowest @ 36.30% below the engineer estimates, who was technically qualified earlier.

Audit noted that G.M (P&CA) NHA Islamabad, called tenders for 5 Nos PM works for 2018-19 pertain to N-35 & N-15 GM Northern Areas Abbottabad, on 21.02.2020. After opening of technical bids of M/s Najeeb Ullah Khan & Co. who qualified for PM-2018-19/NA.01,02&03 (3 Nos) and accordingly informed to all technically qualified contractors including M/s Najeeb Ullah Khan & Co. through letter on 30.06.2020 for opening of financial bid on 02.07.2020.

Audit observed that the bidder M/s Najeeb Ullah Khan & Co. was the lowest bidder in three packages volume PM-2018-19-NA-01, NA-02 & NA-03 quoted rates 36.30% below of NIT. After opening of financial bids on 02.07.2020 Director Maintenance (P&CA) wrote a letter to XEN C&W Department Hangu & XEN AJ&K council for authentication of their past experience on 07.07.2020. In response of which they declared that the experience documents provided by the contractor were not issued by this office. On the basis of which he was declared disqualified and works were awarded to 2nd lowest i.e. M/s UGALCO @ 31.53% below on all three-subject works under discussion. The works were required to be awarded to 2nd lowest @ 36.30% below either to 1st lowest bidder who quoted lower rates or retendering was required to be carried out to obtain competitive rates. Award of work to the 2nd lowest bidder caused a huge loss to the public exchequer for Rs 16.867 million.

Audit holds that the Authority sustained the loss due to non-compliance of the technical and internal controls.

Audit pointed out the irregularity in September 2021. Authority replied that as per Instructions to bidder clause I-B. 30.1 “Employer’s right to accept any bid and to reject any or all bids” contract cannot be awarded to bidder who has submitted the fake documents, therefore, 2nd lowest bidder was considered and accordingly contracts were awarded. The reply was not tenable. The technical bids were opened on March 9th, 2020, and sufficient time of more than three months was available till opening of financial bids up to 02.07.2020, in which any clarification regarding past performance was required to be obtained before opening of financial bids. After opening of financial bid confirmation of past

performance of 1st lowest bidder was not fair practice. Hence, instead of retendering the works were awarded to the 2nd lowest bidder.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation besides taking appropriate action against the responsible(s).

(DP. 263)

2.4.72 Unjustified payment due to non-utilization of available earth - Rs 15.884 million

Para 56 of Chapter-2 of NHA Code provides that technical sanction means the order of the competent authority sanctioning a properly detailed estimate of the cost of a work of construction or repair proposed to be carried out by the Authority. Sanction accorded to the execution of a work by an officer of any other department is regarded merely as an administrative approval of the work. Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded.

Audit observed that Engineer Estimate of the work initiated, prepared and approved by the competent authority wherein following items of earth work were provided in the BOQ for formation of embankment:

108a Formation of Embankment from Roadway Excavation	105,892 cu.m
108c Formation of Embankment from Borrow Excavation	369,112 cu.m

The said estimate was put to tender and the bidders quoted their rates keeping in the view the volume of work of each item, in instant case

M/s Umer Jan & Co. quoted rate Rs 250 per cu.m for Roadway Excavation and Rs 400 for Borrow Excavation. A review of the Interim Payment Certificates No.06 indicated that the contractor constructed the embankment from borrow by using the item 108c available in the BOQ to the extent of 369,112 cu.m which was decreased and paid for a quantity of 191,382.852 cu.m. A review of the IPC No.06 further indicated that an “Item No.108a Formation of Embankment from Roadway Excavation” to the extent of 105,892 cu.m was not utilized, whereas the contractor utilized the Borrow Excavation item having rate higher than the Roadway Excavation despite of having available earth.

Audit held that borrow material can only be utilized when Roadway Excavation material would not be available but in instant case despite availability of the material in BOQ and at site in the roadway borrow material was used and paid at higher rate.

Non-adherence to contract, NHA Code caused overpayment of Rs 15.884 million (Rate of 108c Rs 400 – Rate of 108a Rs 250 = Rs 150 x available quantity 105,892 cu.m).

Audit pointed out the overpayment in July & August 2020. The Authority did not reply.

The matter was discussed in the DAC meeting held on 31.12.2020, wherein, NHA explained that cracked asphalt was removed which was not usable in formation of embankment/shoulders.

DAC directed for verification of relevant record such as VO, justification etc. from Audit.

Audit recommends early compliance to the DAC directives.

(DP. 27/2020-21)

2.4.73 Non-recovery of dismantled material - Rs 14.627 million

Item 510 of NHA General Specification provides that Salvaged pipe culverts or other structures shall be stored at designated and accessible points on the project as approved by the Engineer and shall be the property of the Employer. Dismantling shall be carried out either manually or with approved equipment. Structures to be dismantled may include plain or reinforced concrete, brick, stone masonry or any other such construction item.

Audit noted that National Highway Authority awarded four works for infrastructure development and rehabilitation of roads.

Audit observed that in the said four (04) works, cost of material obtained from dismantling was not recovered from the contractors resulting in non-recovery of Rs 14.627 million, as detailed below:

DP No	Formation/ Work	Description	Amount (Rs in million)
299	BC-PS-17-18-05-07	Amount on account of dismantled expansion joints was not recovered	4.788
381	CAREC Section-1, Package 1A & 1B	Amount on account of dismantled guard rail was not recovered	7.304
445	BC-BW-001 for 2017-18	Amount on account of dismantled bridge structure was not recovered	2.535
Total			14.627

Audit pointed out matter of non-recovery of dismantled material in February, August & September 2021. The Authority replied in one case that the dismantled material/steel recovered from old NJ Barrier was handed over to the Maintenance Unit Lahore by the Contractor. The contention of the department was not acceptable because handed over material was not accounted for/auctioned.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery of dismantled material besides fixing responsibility against the person(s) at fault.

(DP. 299, 381, 445)

2.4.74 Loss due to payment of compensation to the unauthorized occupants of ROW - Rs 14.432 million

As per Federal Treasury Rules 205-216, every Government officer entrusted with the payment of money should obtain for every payment he makes a voucher setting forth the full and clear particulars regarding the claims and all relevant information necessary for its proper identification and classification in accounts. Every voucher must bear to have attached to it an acknowledgement of payment signed by the person by whom or on whose behalf the claim is put forward.

Audit noted that NHA HQ awarded a work, “Construction of Additional 2-Lane Carriageway from Ratodero to Shikarpur N-55 (Section-1) 43.4 KM to M/s Top International Engineering Corporation & Umer Jan & Co. (JV) @ contract price of Rs 4,942.663 million through acceptance letter No.287 dated 13.08.2020. The work funded by ADB through Loan Agreement No.3574-Pak Central Asia Regional Economic Cooperation (CAREC) Corridor Development Program-Trench-1. Period for completion of the work was two years (730 days). The commencement letter was issued by the Engineer on 10.02.2021 in which direction was issued to the contractor for submission of detailed time programme to the Engineer within 14 days.

Audit observed that for Land Acquisition and Resettlement Plan (LARP), a sum of Rs 290.633 million were estimated by the consultant out of which Rs 14.432 million were paid by the regional land office of NHA Sukkur. Audit observed following irregularities:

- i) Unauthorized payment of Rs 14.432 million was made to encroachers who have illegally occupied the NHA's land/ROW in violation of rules and NHA paid them for clearance of NHA's land/ROW in violation of rules.
- ii) Disposal of trees/crops, residential and commercial buildings were not available on the record.
- iii) Detail estimate for affectees were not supported by relevant colored pictures, rates calculation by relevant evidence.
- iv) Receiving of cheque was not made on copied checks showing that exact cheque was issued for the said affectees but on computerized list receiving was made.
- v) Third party verification from ADP representative was not provided/shared with Audit.

Audit pointed out the irregularities in September 2021. The Authority replied that the payment of Rs 14.432 million was made against the losses (crop, tree, structures etc.) as per LARP provision defined in the safeguard policy of ADB.

The reply was not acceptable because NHA mad payment to unauthorized occupants of NHA ROW.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation for fixing responsibility and making the loss good from the persons responsible.

(DP. 368)

2.4.75 Unjustified payment of delayed payment charges of Rs 6.431 million and unauthentic remittance of income tax against NTN of JV - Rs 6.771 million

According to Rule-10 of GFR (Volume-I), every public officer incurring or authorizing expenditure from the public funds should be guided by high standards of financial propriety and expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

The work “Construction of 06 Lane Highway (08km) from Double Phatak to Chowk Nag Shah, Multan” was awarded to M/s Mishal Sania-M/s SARCO (JV) on 17.08.2012 for agreement amount of Rs 1,440.718 million (Revised Rs 1,217.501 million). Date of substantial completion was 30.11.2015. DLP expiry date was 29.11.2016. DLC was issued by NHA on 06.04.2017. Final Bill paid for updated work done of Rs 1,216.936 million on 04.01.2019.

Audit noted that the amount of Rs 112.199 million included Rs 6.431 million paid to the contractor as delayed payment charges against IPC 01 to IPC 05 and EPC-01 due for the financial year 2013-14. Audit further noted that income tax of Rs 6.771 million was deducted from final payment of Rs 90.282 million.

Audit observed that the payment of Rs 6.431 million was unjustified because there was no justification and inquiry report establishing that NHA delayed the payments. On the other hand the contractor did not pay de-escalation amount of Rs 21.917 million which was to be paid by the contractor against each IPC/EPC. But NHA did not recover delayed payment charges from the contractor.

Audit further observed that there was no evidence on record that the deducted income tax was deposited in the treasury against NTN of the JV.

This resulted in unjustified payment of delayed payment charges of Rs 6.431 million and unauthentic remittance of income tax of Rs 6.771 million.

Audit pointed out the matter in May-June 2021. The Authority replied that the Contractor submitted claim for delay payment against IPC# 1, 2, 3, 4&5 as payment was not released to the contractor in time due to financial crisis of NHA, HQ. The claim (Rs 6.431 million) for compensation on delayed payments was approved by Member(C-Z). The income tax deducted from the contractor was deposited in the treasury against NTN of M/s SARCO (JV) Mishal Sania (Pvt) Ltd.

The reply was not accepted because the contract cost was Rs 1,440.718 million and minimum amount of IPC was to be Rs 43.222 million (3% of Rs 1,440.718 million) as per contract. The contractor's claimed IPCs were less than the minimum amount except one, thus not payable as per contract. There was no justification and inquiry report establishing that NHA delayed the payments. De-escalation amount of Rs 21.917 million which was to be paid by the contractor against each IPC/EPC but NHA did not recover delayed payment charges from the contractor. NHA did not produce evidence of remittance of income tax against NTN number of JV as replied.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends fixing of responsibility against those responsible besides recovery and corrective action.

(Para 30-B&E AIR Member Central Zone)

2.4.76 Loss due to payment of interest claims of delayed payment - Rs 12.14 million

As per particular conditions of contract clause 60.10, the amount due to the contractor under any Interim Payment Certificate be paid by

the employer to the contractor within 30 days after such interim payment certificate has been jointly verified by employer and contractor, or, in the case of the final certificate within 60 days after such final payment certificate has been jointly verified by employer and contractor. In the event of the failure of the employer to make payment within the time stated, the employer shall pay to the contractor compensation at the 28 days rate of KIBOR+2% per annum for local currency and LIBOR+1% for foreign currency, upon all sums unpaid from the date by which the same should have been paid. The provisions of this sub-clause are without prejudice to the contractor entitlement under clause 69.

Audit noted that NHA awarded a contract for Improvement, Widening and Construction of South Access Road (Package-II) from Link Access Road of South Portal to Qualandi (Km 1+103.884 to Km 8+492.96=7.339 Km) to M/s SAMBU – NISHAN (JV) at agreement cost of Rs 2,031 million on 16.08.2017. The work was started on 16.08.2017 and was to be completed up to 17.08.2019. Cost of the work was revised to Rs 2,018.137 million with date of completion as 30.11.2020. The Contractor was paid Rs 1,124.445 million up to 10th IPC on 01.10.2020. TOC was issued from 31.12.2020.

Audit observed that the contractor claimed interest for delay in payment of IPC-9 and 10 of Rs 12.141 million which was paid on 22.07.2020.

Audit considers that the delay in payment occurred due to financial mismanagement which resulted in loss of Rs 12.14 million.

Audit pointed out the loss in September 2021. The Authority replied that the payment was made as per contract clause 60.10.

The reply was not accepted because mismanagement caused loss on account of delayed payment.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for appropriate action/recovery of the loss from the person(s) at fault.

(DP. 320)

2.4.77 Non-recovery of inbuilt orientation visit cost - Rs 10.00 million

Clause C.9 of contract agreement provides that “Bidder shall also arrange orientation visit for three (03) NHA’s officers per package to the manufacturer country of ETTM system equipment for a period of two (02) weeks including return ticket, boarding/lodging, food and all other associated expenses. The cost so incurred shall be part of Financial Proposal”.

During scrutiny of accounts record i.e. Trial Balance and Sub Ledgers maintained in office of the General Manager (RAMD), NHA, HQ, Islamabad has disclosed that General Manager (Revenue) awarded works “Supply Installation, Commissioning, Technical Support, Management & Maintenance of Automatic Vehicle Classification (AVC) Based Electronic Toll & Traffic Management System of National Highways N-5 Packages-I&II” M/s Whalecloud (ZTE soft)-TolLink (JV) vide acceptance letter dated 17th June 2019 with agreement cost of Rs 986.326 million and M/s Sh. Iqbal Akthar & Co vide acceptance letter dated 17.06.2019 with agreement cost of Rs 883.140 million.

Audit observed that the contractors failed to arrange the orientation visit of above imported equipment’s and procured all above imported equipment’s without fulfillment of the mandatory clause of the agreement. Audit further observed that cost of orientation visit was already built in the cost of equipment, therefore it was the responsibility of the contractors as well as the Employer to ensure the orientation visit before import and installation of the equipment. An amount of Rs 10.00 million (Approx.), on account of non-arrangement of orientation visit as per contract clause, was recoverable from the contractor.

Audit pointed out non-recovery in February 2021. The Authority admitted recovery of Rs 2.30 million.

DAC meeting was not convened despite repeated requests made by Audit on 28.10.2021, 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that recovery may be made from the contractors besides fixing responsibility against the person(s) at fault.

(DP. 137)

2.4.78 Overpayment due to higher/incorrect rates - Rs 9.998 million

Rule 10 of GFR (Volume-I) provides that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Audit noted that the National Highway Authority awarded various works related to construction of roads, side drains, etc. and paid to the contractors accordingly during the period 2020-21.

Audit observed that in six (06) cases, the Authority paid incorrect/higher rates for items of works such as Steel, Granular Sub-base and Wearing Course etc. Due to application of incorrect/higher rates, an overpayment of Rs 9.998 million was made to the contractors **(Annexure-I)**.

Audit holds that overpayment was due to non- adherence to the contract specifications and cannons of financial propriety.

Audit pointed out the overpayment in September-October 2021. The Authority replied in case of DP 436 that the rates were approved by higher forum of NHA and in case of DP 437 replied that while preparing estimates, item No. 305a was mistakenly mentioned in the BOQ description while rate was correctly inserted of Asphalt Concrete Wearing Course Class B and work was accordingly executed at site with

the specification of ACWC Class B. In other cases, the Authority did not reply.

The reply was not accepted because the Regional Office could not substantiate the matter with reference to Job Mix Formula of ACWC, check requests of the contractor, core tests, NHA Pavement Specialist and M&I Reports etc.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery of overpaid amount.

(DP. 279, 406, 436, 437)

2.4.79 Unjustified expenditure on maintenance works by NHA at site under Defect Liability Period - Rs 9.112 million

As per Director Maintenance NHA Quetta resolution No-27 (office note) dated 4.12.2019 disclosed that N-25 KM-760+000 to 814+000 is the part of Kalat-Quetta-Chaman project and still under DLP, not handed over to NHA maintenance wing.

Audit noted that KM-760+000 to 814 +000 of N-25 was the part of Kalat-Quetta-Chaman project and defect liability certificate was not yet issued to contractor.

Audit observed that the Deputy Director Maintenance NHA Quetta N-25 incurred expenditure of Rs 9,112,913/- through two Nos. Routine Maintenance works at KM-760+000 to 804+000 N-25. Expenditure incurred under defect liability period was not justified and required to be recovered from project contractor.

Audit pointed out the irregularity in November 2021. Authority replied that ICB-IV was part of KQC Project & presently under DLP, however, a punch list of defective works was prepared during M&I visit,

which was agreed by M/s FWO. Routine maintenance was executed during past years to make the highway up to mark & to preserve the precious public property avoiding further deterioration due to delay by FWO.

The reply was not tenable because repair and maintenance of works up till issuance of DLP certificate was the responsibility of the project contractor.

DAC meeting was not convened despite repeated requests made by Audit on 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that recovery be made from project contractor besides fixing the responsibility

(DP. 448)

2.4.80 Loss of potential revenue due to non-commercialization

Para-4, Chapter-2 of NHA Lease Policy 2009 provides that the reserved rentals of the plots shall be fixed based on 10% of notified DCO rates in urban areas and Rs 50,000 per kanal rent in remote and underdeveloped areas if annual average price assessed by the revenue department is less than Rs 50,000.

Audit noted that NHA in its financial statements for 2015-16 and onward re-valued cost of freehold land and as a result surplus on re-valuation was Rs 2,588,404 million assessed by the independent valuator. Note # 12 being integral part of the financial statements indicated that the re-valuation of freehold land was made at fair market value assessed through comparison of similar pieces of land. Thus the re-valuation should have given a visible impact on revenue increase by commercialization of revalued land and fixation/revision of rental charges.

Audit observed from the revenue statements for last three years that revenue generation was almost stagnant and commercialization of re-valued land/revision of rental charges could not be made. This resulted in loss of potential revenue of Rs 2,588,404 million due to non-commercialization of re-valued land.

Audit pointed out the loss in December 2020. The Authority replied that the major portion of freehold land is Right of Way including roads and bridges etc. which is designated only for construction of national highways & motorways. Leasing/commercialization of RoW land is its non-conforming use. The new leasing process has also been stopped by NHA since 2007. Moreover, the Supreme Court of Pakistan has barred NHA to lease its RoW land.

As far as the value of freehold land is concerned, although it has no direct relationship with the rates of NOCs and rentals for access/approaches to the private amenities established along NHA's Road Network, however, NHA was revising its rates periodically to overcome the inflationary effects like in 2019 which was challenged in different courts of Law being very exorbitant.

The reply was not accepted, as the court cases were not pursued since 2005-06 to vacate or to decide the fate of title of land to generate revenue. Revenue was not increased despite the enhancement of rental rates and expansion of road network and traffic count due to facility revolution in vehicle industry in the last 15 years. Moreover, the available and vacated RoW was not used to generate revenue as evaluated by the independent value evaluator.

The matter was discussed in DAC meeting held on 11.02.2022. Audit contended that since NHA land has been revalued, commercial charges should have been adjusted appropriately and proportionately. DAC pended the para with direction that NHA shall explain assessment mechanism with documentary evidence and measures adopted for enhancement of revenue to Audit for scrutiny.

Audit recommends probe in the matter besides fixing responsibility against the person(s) at fault.

(DP. 103)

2.4.81 Non-mutation of 1,777 kanal land in the name of NHA

Para 18 of Chapter 7 of NHA Code (Vol-I) provides that the Land Acquisition Collector in due course shall get transfer the land in favour of NHA through mutation.

Audit observed that land measuring 38,158 Kanal and 07 Marla for M-1 (Punjab + KPK) and 9,726 Kanal and 08 Marla for E-35 was acquired by NHA, but land measuring 1,241 Kanal 10 Marla of M-1 project and 535 Kanal 10 Marla of E-35 project was mutated in the name of NHA up to 30.06.2021.

Audit pointed out the irregularity in September 2021. The Authority replied that more than 90% land has been mutated and remaining is withheld either due to (i) stay order from court (ii) settlement issues (iii) non-updating of record of rights (ROR) (iv) scrutiny of khasra(s) for mutations and (v) computerization of record by the BOR Punjab, Lahore i.e. Software Error facing during computerization.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 29.12.2021, 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends investigation for appropriate action against the person(s) at fault besides executing mutation in the name of NHA.

(DP. 239)

2.4.82 Illegal/Unauthorized construction of Bahria Interchange and DHA City Interchange at NHA ROW land on M-9

As per paras 1 and 2 of Chapter 3 of Regulatory framework and standard operating procedures for preservation and commercial use of

Right of Way (ROW), 2002, the framework and SOP shall be used to implement NHA's policies for commercialization, preservation of its ROW, building line and removal of encroachments, erection/establishment of Filling/CNG stations, hotels/motels, restaurants, factories, nurseries, shops, khokhas, hoarding/bill boards, etc. and laying of utility lines. The commercial use of ROW shall be strictly in accordance with the Laws of Pakistan. It will also be ensured that no exhibit appears anywhere in the ROW which is morally or ethically in contravention to religious or regional sensitivities of the people of Pakistan.

Audit observed that the M/s Bahria Town Karachi (BTK) used 491 kanal NHA's land on M-9 (Karachi- Hyderabad Motorway) for construction of interchange without any approval of NHA authorities and without entering into lease agreement with NHA.

Audit further observed that M/s DHA City has constructed interchange and access road at NHA's land/Right of Way at M-9 Karachi by utilizing about 3 km government land (on both sides of the M-9). Two hundred ninety four (294) kanal was illegally utilized by DHA without any approval of NHA authorities and without entering into lease agreement with NHA.

Audit pointed out the matter in May-June 2021. The Authority did not reply.

DAC meeting was not convened despite request made by Audit in October 2021.

Audit recommends inquiry for fixing responsibility against responsible (s) besides recovery of dues as per NHA policy.

(Para 37, 39 AIR GM M-9)

CHAPTER 3
**CAPITAL DEVELOPMENT AUTHORITY/
METROPOLITAN CORPORATION ISLAMABAD**
(MINISTRY OF INTERIOR)

3.1 Introduction

A. Capital Development Authority

Capital Development Authority (CDA), established under the CDA Ordinance, 1960. It is governed through an Executive Board, constituted by the Federal Government.

Financial Advisor/Member (Finance), CDA is in-charge of the Finance/Accounts Wing and is responsible for preparation of budget and allocation/distribution of funds to different Divisions/Formations.

Major resources of receipts of CDA include:

- Revenue generated from sale of plots, municipal receipts, sanitation receipts, environmental/horticulture receipts, property tax, water charges, conservancy charges, interest/markup, commercial receipts (rent from shopping centers, bus stands), etc.,
- Grant-in-aid from Federal Government for development purpose through Public Sector Development Programme,
- Grant-in-aid from Federal Government for maintenance of specified government buildings (Maintenance Grant).

Main functions of the Authority are:

- Acquisition of land and development of residential sectors;
- Sale of plots and recovery of their cost;
- Maintenance of federally-owned government buildings;

- Construction of federally financed government offices and residential accommodation;
- Management of Parliament Lodges.

Metropolitan Corporation Islamabad

Metropolitan Corporation for Islamabad Capital Territory is the local government, constituted under Section 9 of Capital Territory Local Government Act, 2015. Twenty-three (23) Directorates of CDA were placed under the administrative control of the Mayor of Metropolitan Corporation Islamabad (MCI) along with all rights, assets and liabilities. However, due to administrative reasons, financial arrangements are still under CDA and practical distribution of work is yet to be finalized.

MCI is responsible for performing following functions in Islamabad:

- Regulate affixing of sign-boards and advertisements;
- Provide, manage, operate, maintain and improve the municipal infrastructure and services, sewage treatment and disposal, storm water drainage.
- Sanitation and solid waste collection and sanitary disposal;
- Roads and streets;
- Street lighting;
- Playgrounds, open space graveyards and arboriculture;
- Slaughter houses;
- Collect approved taxes, fees, tolls, charged fines and penalties;
- Regulate markets and issue licenses, permits, grant permissions and impose penalties for violation thereof as and where applicable.

As per Schedule-II of Rules of Business, 1973 (amended up to January 2019) CDA and MCI are under the administrative control of Ministry of Interior (Interior Division).

B. Comments on Budget and Accounts (Variance Analysis)

Comments on Receipt and Expenditure Account for the financial year 2020-21 are as under:

(a) Expenditure:

Budget allocation and expenditure for the financial year 2020-21 is shown in the table below:

(Rs in million)

S. No.	Particulars	Budget Estimates	Release/ Receipts	Expenditure
A	Development	24,525.58	38,011.78	9,004.73
(i)	PSDP (Federal Government)	5,843.29	1,952.94	1,387.48
(ii)	Deposit Works	-	496.51	451.08
(iii)	Self-Financing Account (CDA Own Source)	18,682.29	35,562.33	7,166.17
B	Non-Development	12,366.16	14,102.68	25,009.76
(i)	Maintenance Grant (Federal Government)	2,601.44	2,506.16	2,815.661
(ii)	Revenue Account (CDA Own Source)	9,764.72	9,596.524	20,194.101
(iii)	O&M of Rawalpindi Islamabad Metro Bus System	-	2,000.00	2,000.00
C	MCI Expenditure	4,624.81	-	-
(i)	Pay and Allowances	2,424.81	-	-
(ii)	Non-Development Expenditure	2,200.00	-	-
D	Debt & Deposits (other than deposit works)	-	4,900.27	4,367.512
	Total (A+B+C+D)	41,516.55	57,014.73	38,382.00

Source: Consolidated and Compiled Monthly Account for June 2021 and Grant and Expenditure Report Treasury Division CDA. Expenditure relating to MCI is part of expenditure against S. No. B as separate account was not maintained, though provided in the budget estimates separately.

Comments on 'Receipt and Expenditure Account' of CDA for the year 2020-21 are as under:

1. CDA neither prepared Balance Sheet, Accounts/Financial Statements of the Authority nor the Balance Sheet together with Accounts/Financial Statements got certified by two Chartered Accountants and submit their report to the Federal Government in violation of the provisions of the CDA Ordinance 1960.
2. Funds of Rs 2,440.04 million were received against Maintenance Grant, during 2020-21. Expenditure of Rs 2,815.661 million was incurred with an excess of Rs 375.622 million (15.39%).
3. An amount of Rs 1,249.88 million was lying in CDA account excess over deposits against 291 projects being executed as "Deposit Works". The details of works, status of finalization of these deposit works and reasons for not surrendering excess over deposits are not forthcoming from the accounts.
4. Revenue Account shows minus figures of Rs 95,746.377 million. This depicts accumulated excess expenditure than revenue receipts up to 30.06.2021 under non-development head of account. The receipts under revenue heads i.e. Municipal Receipts, Sanitation Receipts, Environment Receipt, Property Tax residential, Property Tax Commercial and Water and Conservancy Charges are on lesser side as compared to non-development expenditure including pay and allowances.
5. According to CDA Procedure Manual, money realized, whether in cash or cheque, should be deposited by DDOs immediately in the bank account of the Authority. There was a net balance with DDOs amounting to Rs 1,384.143 million as on 30.06.2021. This shows that the cash balances were not

credited to CDA main account by the close of the financial year.

6. An expenditure of Rs 135.51 million has been shown as FBR tax on CDA by Treasury Division CDA. There is no detail of receipts or payments of lessees/contractors/suppliers against which such deduction was made by FBR.
7. The Consolidated Accounts of CDA for the financial year 2020-21 showed a closing balance of Government receipt of Rs 256.43 million on 30.06.2021, collected by the CDA from Jinnah Convention Centre and Pak-China Friendship Centre. The same was required to be deposited in the Government Treasury being government receipt, but CDA retained this amount without any authority.

(b) Receipts:

Receipts of CDA from its own resources are as follows:

Description	2020-21 (Rs in million)
Estimated Receipts CDA Sectors	24,015.28
Actual Receipts	35,698.49
(Shortfall)/Excess	11,683.21
(Shortfall)/Excess in %age	48.65%

Besides above, MCI receipts for the year 2020-21 were as under:

Description	Receipt (Rs in million)
Municipal Receipts	526.28
Sanitation Receipts	0.45
Environment Receipt	3.78
Property Tax residential	1,138.84
Property Tax Commercial	618.47
Water and Conservancy Charges	692.57
Total	2,980.38

MCI did not prepare estimates of receipts for the year 2020-21. Therefore, efficiency towards achievement of revenue targets could not be ascertained and commented.

C. Audit Profile of CDA & MCI

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21 (Rs in million)	Revenue/ Receipts audited FY 2020-21 (Rs in million)
1	Formations	56	13	9,430.523	927.613
2	Assignment Accounts				
i	Maintenance Grant	08	08	2,440.038	-
ii	PSDP	09	09	1,387.477	-
iii	Deposit Works	07	07	248.117	
iv	Operation and Maintenance of Rawalpindi, Islamabad Metro Bus System (RIMBS)	01	01	2,000.000	-
Sub-total		25	25	6,075.632	-

Note: Expenditure audited indicated against formations is inclusive of assignment accounts. In addition to above, ten formations audited during Phase-II of 2020-21 involving expenditure of Rs 3,463.741 million and results incorporated in this report.

3.2 Classified summary of Audit observations

Audit observations amounting to Rs 12,150.349 million were raised in this audit report. This amount also includes recoveries of Rs 3,969.321 million, as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	HR related	774.250
B	Procurement related irregularities	2,108.570
C	Execution of works, contract agreement	632.205
2	Value for money and service delivery issues	856.125
3	Others	7,779.199
Total		12,150.349

3.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to CDA is as under:

Year	Audit Paras		Compliance		
	Total	Discussed	made	Awaited	percentage
1988-89	07	07	04	03	57.14
1989-90	04	04	04	-	100
1990-91	21	21	21	-	100
	SAR-9	9	8	1	88.89
1991-92	17	17	12	05	70.59
1992-93	37	37	37	-	100
1993-94	57	57	07	50	12.28
1994-95	15	15	09	06	60
1995-96	28	28	01	27	3.57
1996-97	32	32	27	5	84.38
	SAR	05	05	-	100
	PAR	01	-	01	-
1997-98	312	312	214	98	68.58
1998-99	79	79	63	16	79.75
	2 SAR	2 SAR	1 SAR	1 SAR	50.00
1999-00	86	86	57	29	66.28
	1 SAR	1 SAR	1 SAR	-	100
	2 PAR	2 PAR	2 PAR	2 PAR	-
2000-01	73	73	58	15	79.45

Year	Audit Paras		Compliance		
	Total	Discussed	made	Awaited	percentage
	184-SAR	184	108	76	58.69
2001-02	45	45	42	03	93.33
2002-03	14	14	10	04	71.43
2003-04	27	27	16	11	59.26
	22 SAR	22	19	03	86.36
	05 PAR	05	04	01	80.0
2004-05	29	29	18	11	62.06
2005-06	57	57	44	13	77.19
2006-07	39	39	19	20	48.72
2007-08	33	33	17	16	51.52
2009-10	54	54	39	15	72.22
2005-08 (2009-10)	94 SAR	94	54	40	57.45
2010-11	77	77	22	55	22.57
	36 PAR	36	36	00	100
	18 PAR	18	11	7	61.11
	29 PAR	29	0	29	0
2011-12	59	59	09	50	20.34
2012-13	87	87	6	81	6.89
2013-14	53	53	13	40	24.53
2014-15	42	33	10	17	30.30
2015-16	64	12	08	04	66.67
2016-17	127	86	40	46	46.51
2017-18	69	61	31	30	50.82
2018-19	35	20	03	17	15.00
2019-20	48	5	0	5	0

Note: Audit Reports for 1985-86, 1987-88, 2020-21 and five Special Audit Reports for the year 2017-18 have not been discussed by PAC till the finalization of this Audit Report.

3.4 AUDIT PARAS

3.4.1 Award of contract without calling tenders - Rs 14,776.00 million

Rule 12(2) of Public Procurement Rules 2004, provides that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. Rule 20 ibid provides that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Cabinet Division through a summary by Ministry of Interior, on the recommendations of the PPRA Board granted exemption to CDA from the operation of Public Procurement Rules, 2004 as conveyed by PPRA vide letter dated 16.04.2021.

MoU between CDA, NAPHDA and FWO for execution of the Project on EPC basis was signed on 08.04.2021.

Audit noted that CDA (Special Project Directorate), Islamabad, awarded the work on EPC basis on 18.05.2021 to M/s FWO with agreement amount of Rs 13,496.25 million. The completion period was 02 years. CDA issued a corrected/revised acceptance letter on 13.07.2021 in which EPC cost was increased from Rs 13,496.25 million to Rs 14,776.00 million.

Audit observed that:

- i. The PC-I of the project was approved for an amount of Rs 15,307.174 million by CDA-DWP on 30.03.2021, wherein it was provided that the project would be executed through M/s FWO. CDA-DWP had no mandate/powers to decide that project be executed through M/s FWO. Moreover, M/s FWO did not possess any expertise in housing projects.

- ii. The PC-I was not based on detailed quantities and rates, instead lump sum per sft cost was provided without any back up calculations.
- iii. MoU was signed between CDA and FWO on 08.04.2021 and thereafter, exemption was granted on 16.04.2021. This showed that CDA took decision in anticipation of the approval.
- iv. EPC contracts are based on employer's requirements with corresponding costs. But in this case, contractor driven bid was accepted without any evaluation.
- v. Contingencies 3%, escalation 6.5% and establishment charges 1% were added in the corrected/revised acceptance letter on 13.07.2021 without any justification on record, whereby EPC cost was increased from Rs 13,496.25 million to Rs 14,776.00 million. This constitutes award of work at higher rates.
- vi. Financial modalities according to PC-I have not been finalized whereby NAPHDA is required to provide funds for the project.

Audit maintains that the project was awarded to M/s FWO without calling tenders, which deprived CDA of the benefit of competitive rates.

Audit pointed out the irregularity in January 2022. The Authority did not reply.

DAC meeting was not convened despite requests made by Audit on 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing of the responsibility for violation of rules besides justification for increase in contract amount from Rs 13,496.25 million to Rs 14,776 million.

(DP. 146-A)

3.4.2 Non-cancellation of 24 agro farming plots due to violation of terms & conditions of the allotment - Rs 4,800.00 million

Condition No. 10 of the lease agreement of agro farming plot provides that “the allottee shall utilize the land only for the purpose for which it is allotted to him. In case of default, the allotment/lease will be liable to be cancelled with forfeiture of amounts deposited by the allottee and without payment of any compensation.

In compliance of the Honorable Supreme Court of Pakistan orders dated 23.07.2007 and 09.08.2007, CDA conducted a survey and it was found that owners/allottees of twenty-four (24) agro farming plots violated the terms and conditions of the allotment and failed to utilize the land for the purpose for which it was allotted to them.

Audit observed that CDA issued show cause notices to these allottees but authority failed to take further action as per terms and conditions of the lease agreement including cancellation of plots.

Audit pointed out the matter in April 2021. The Authority replied that owners of the plots had removed violations on the plots as per terms & conditions. Building Control Directorate had issued NOCs in respect of said plots. Furthermore, non-conforming use and building violation of farm houses was under the purview of Building Control Directorate & Enforcement Directorate, so they can properly reply to the audit observation.

The reply was not acceptable because action regarding cancellation was required to be taken under CDA by-laws against allottees of 24 agro farm plots (approximately valuing Rs 4,800 million @ Rs 200 million each) which were found in non-conforming use, but not a single allotment was cancelled.

DAC meeting was not convened despite frequent requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

This issue of violations in agro farming plots has time and again been pointed out by Audit but CDA has not taken any corrective action.

Audit recommends inquiry for fixing the responsibility besides corrective action.

(DP. 21)

3.4.3 Non-preparation of Financial Statements and non-surrender of savings against 291 deposit works - Rs 1,249.878 million

As per Section 44 of CDA Ordinance, 1960, CDA is required to:

- i. prepare Balance Sheet together with Accounts/Financial Statements on such a form to be prescribed by Auditor General of Pakistan.
- ii. get Balance Sheet together with Accounts /Financial Statements certified by two auditors (Chartered Accountants) holding certificates under Section 144 of Companies Act 1913 and submit their report to the Federal Government.

Para 410 of CPWA Code provides that a consolidated record of the transactions of the month related to all deposit work of the division should be prepared in Form-65 schedules of deposit works. This schedule shows in respect of each work, the amount of deposit received and the expenditure incurred, both during the month and up to date. Refund of unspent balances of completed works should be taken as reduction of the deposits and, therefore, shown in the schedule of minus realization and not as expenditure.

Audit observed that CDA neither prepared Balance Sheet, Accounts/Financial Statements of CDA nor got certified by two auditors (Chartered Accountants) as required.

Audit further observed that as per Consolidated & Compiled Account of CDA for the financial year 2020-21 an amount of Rs 1,249.877 million is lying undisbursed and in excess of deposit works expenditure with CDA against 291 deposit works. CDA did not remit back these excessive funds to the respective client departments/ministries against the rules. The accounts do not contain the work-wise details with dates of receipt of funds also.

Audit pointed out the matter in May-June 2021. The Authority replied that the concerned officer on the assignment of financial statements was unfortunately murdered in January 2021.

The reply was not accepted because rules were not complied. Financial state of affairs of CDA, therefore, could not be ascertained. Third party validation of the financial figures as shown by CDA in its Consolidated Accounts by Chartered Accountants was also missing.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry in the matter for fixing responsibility besides corrective action.

(DP. 52)

3.4.4 Excess expenditure over maintenance grant - Rs 1,141.002 million

As per rule 88 of GFR (Volume-I), the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant. Rule 95 *ibid* provides that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time.

Audit noted that CDA lapsed amount of Rs 286.569 million in the last two years against the funds received from the Federal Government under the head Maintenance Grant in eight Assignment Accounts as under:

(Amount in Rs)

Year	Grant Received	Expenditure	Lapsed
2019-20	2,074,882,000	1,854,431,495	220,450,505
2020-21	2,506,157,500	2,440,038,182	66,119,318
Total			286,569,823

Audit observed that funds of Rs 286.569 million were lapsed but on the other hand the Consolidated Monthly Accounts for the months of June 2020 and 2021 showed excess expenditure of Rs 1,141.002 million, as detailed below:

(Amount in Rs)

Financial year	Receipt	Prog. Receipt	Expenditure	Closing balance as on 30th June	Excess exp. During the year
2019-20	1,854,431,495	(8,930,350,178)	2,619,811,110	(11,550,161,288)	765,379,615
2020-21	2,440,039,000	(9,110,122,288)	2,815,661,000	(11,925,784,000)	375,622,000
Total					1,141,001,615

CDA incurred an excessive expenditure of Rs 11,925.784 million up to June 2021 from its own sources which was to be met out of the allocations of the Federal Government (for the repair maintenance of government buildings including Parliament Lodges, Awan-e-Sadr, AGPR Building, Cabinet Block, etc).

There were no efforts on record for arrangement of funds from the Federal Government by CDA. On the other hand, inefficient utilization of available funds caused their lapse. Besides, provision of civic amenities to the residents of Islamabad was compromised by excessive expenditure from CDA's own sources.

Audit pointed out the matter in May-June 2021. The Authority replied as per record of Treasury Division, an expenditure of

Rs 1,854.432 million was incurred by Divisions/Directorates against release of funds of Rs 2,074.882 million, resultantly unutilized funds of Rs 220.450 million elapsed.

The reply was not accepted because the Consolidated Accounts showed excessive expenditure under the head maintenance grant for the years 2019-20 and 2020-21 as well as accumulated minus figures of Rs 11,925.784 million on 30.06.2021.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry in the matter for fixing responsibility besides corrective action.

(DP. 51)

3.4.5 Irregular auction/amalgamation of three commercial plots in Diplomatic Enclave Islamabad - Rs 997.998 million

As per para 5 of Provisional Acceptance letter No. CDA/DEM-27(3094)2020/2682 dated 29.10.2020 of bid in respect of plot No. 17-B, addressed to M/s Balqees Welfare Foundation (Through Mr. Parvez Akhtar S/o Allah Ditta), the bidder shall be liable to pay Government applicable taxes (of total premium of bid) on pro-rata basis in the manner and time frame prescribed by FBR and other departments. In case of failure to pay the due installment and/or applicable taxes, the money whichever is higher shall be forfeited. The allotment letter for the above plot was issued on 05.11.2020.

As per condition No. 06 of Brochure 2019 under title “Eligibility” if any person intends to participate in the auction on behalf of another person, company, firm or society, he/she will have to submit a special power of attorney at the time of purchase of token, as per given specimen or a sealed (embossed) resolution or authorization from the company, firm or society authorizing him/her to participate in the auction on its

behalf along with a copy of certificate of incorporation or registration from SECP.

Estate Management-II, CDA, Islamabad, leased out three plots through auction, as detail below:

S. No.	Plot No.	Plot Size (Sq. Yard)	Date of Auction	Name of Allottee	Total Premium (Rs)
1	17-A Sector G-5	427.77	11.04.2019	M/s Super Touch (Pvt) Limited	288,316,980
2	17-C Sector G-5	427.77	11.04.2019	M/s Super Touch(Pvt) Limited	287,461,440
3	17-B Sector G-5	422.22	21.09.2020 to 23.09.2020	Balqees Welfare Foundation	422,220,000
Total		1,277.76			997,998,420

Audit noted that Mr. Parvez Akhtar participated in the auction process as nominee of M/s Super Touch and Balqees Welfare Trust. Later, on 09.11.2020, he submitted the application as owner of said three plots to CDA for amalgamation of plot No. 17-A, 17-B and 17-C. CDA issued the allotment/amalgamation letter of plot No. 17-A, 17-B and 17-C into Plot No.17, Markaz G-5 (Diplomatic Enclave) on 25.01.2021.

Audit observed that token for both plots was issued to the above individual without obtaining special power of attorney on non-judicial stamp paper as required. Rather tokens for both plots were issued on power of attorney signed by the individual himself. Further, CDA did not recover amalgamation fee of Rs 9.979 million (1% of Rs 997,998,420, as in the case of merger of two plots of Mari Gas in the year 2005). Plot 17B was purchased for Trust, therefore, no tax was paid by the allottee under exemption of Income Tax Ordinance 2001. This caused loss of revenue to government of Pakistan of Rs 42.222 million.

Audit pointed out the matter in April 2021. The Authority replied that all the premium of above said 03 three plots has been paid by the

bidders. On the request of the bidder matter of amalgamation of the plots was referred to Planning Wing, CDA and they examined and approved the amalgamations. As far as the receiving any fee charges of amalgamation, is concerned, the property manual of CDA does not provide any such charges. The allotment letter of the Authority is conditional and clearly states that in case of any charges allottee is bound to pay the same. Balqees Welfare is a foundation and two Directors authorized Mr. Pervez Akhtar to participate in auction and carry out further affairs with CDA and he himself is also the member of the trust. Hence, no financial loss occurred to the Authority. The plot related to non-profit organization (NPO) and was exempted from withholding tax as per letter of FBR.

The reply was not acceptable because undue favour was also given by CDA by accepting incorrect special power of attorney which was against the terms and conditions of allotment besides amalgamation charges and income tax was also not recovered.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022 and 11.01.2022.

Audit recommends inquiry for fixing the responsibility besides corrective action.

(DP. 22, 24& LAIR Para 01)

3.4.6 Irregular award of contract without calling tenders - Rs 965.274 million

Rule 12(2) of Public Procurement Rules 2004, provides that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. Rule 20 ibid provides that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Cabinet Division vide letter dated 22.04.2021 addressed to Managing Director PPRA conveyed approval of Cabinet regarding exemption from operation of Public Procurement Rules 2004 in the following two projects:

- i. Construction of Khayaban-e-Margallah (Package-I&II).
- ii. Conduction of Water from Indus River System at Tarbela Dam to Islamabad and Rawalpindi (Phase-I).

Audit noted that Capital Development Authority (Roads Directorate North), Islamabad awarded a contract for “Construction of Khayaban-e-Margallah from GT Road to Sector D-12, Islamabad Balance work (Package-I)” to M/s FWO at an agreement cost of Rs 965.274 million dated 19.05.2021 on single tender basis.

Audit observed that the award of work to M/s FWO was irregular due to the following:

- i. The exemption was for the projects located adjacent to defence related installations. It is important to verify that what type of defence related installations are available near the site of work under Package-I “Construction of Khayaban-e-Margallah from GT Road to Sector D-12”. The information was not available in the CDA record.
- ii. The summary moved by Ministry of Defence was not available on CDA record to ascertain the basis of exemption.
- iii. Cabinet Division’s decision did not mention execution of work through a specific organization/contractor, but CDA without exploring reasonable options, sorted to a single entity i.e. M/s FWO as per letter of intent issued by DD Roads-II Division, CDA on 04.05.2021, asking them to ascertain quantities of various items of work executed/to be executed at site. It showed that no detailed estimate was prepared by CDA for the project.

- iv. In response to the letter of intent, the contractors quoted rates 1% below NHA CSR-2014, 30% above on MES Schedule of Rate 2014 and 20% above on non-scheduled items which were accepted through acceptance letter of 19.05.2020. The NHA, MES rates were inclusive of all duties/taxes whereas M/s FWO was exempted from payment of income tax. Moreover, enhanced percentage (on non-scheduled items which were to be based on current market rates) was also unjustified. Thus, the accepted rates were on higher side.

Audit pointed out the irregularity in January 2022. The Authority did not reply.

DAC meeting was not convened despite requests by Audit on 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility for violation of rules besides justification for award of work at higher rates.

(DP. 120-A)

3.4.7 Non-recovery of outstanding premium against seven plots - Rs 726.529 million

As per clause 9 of Brochure 2019 in case the bidder fails to pay the balance installment for six months along with delay charges, the plot shall be liable to cancellation.

Audit observed that Estate Management-II, CDA failed to recover the outstanding premium against various commercial plots, allotted through open auctions held in April and October 2019. Audit further observed that a period more than one year has been elapsed but the management made no strenuous efforts towards recovery of outstanding premium Rs 726.529 million (six plots Rs 605.163 million and 01 plot Rs 121.366 million) along with delay payment charges, cancellation of plots and taking possession of plots etc. as per CDA by laws/rules/regulations.

Audit holds that the non-recovery of outstanding dues resulted due to non-adherence to the above referred rules and weak financial controls.

Audit pointed out non-recovery in April 2021. The Authority replied that notices to all concerned allottees were sent for recovery of outstanding dues. An amount of Rs 318.00 million was recovered out of Rs 605.163 million.

The reply was not accepted being not supported with documentary evidence.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of balance amount besides corrective measures to avoid delay in recovery in future.

(DP. 18)

3.4.8 Less recovery of Advance Tax - Rs 494.981 million

According to clause 5 of Bid Acceptance Letter, the bidder shall be liable to pay Government applicable taxes (of total premium of bid) and as per Section 236-A of Income Tax Ordinance 2001, tax shall be collected on basis of sale price of the property.

Audit noted that Director Estate Management-II, CDA, Islamabad leased out thirteen plots in various Sectors of Islamabad.

Audit observed that Federal Board of Revenue intimated CDA on 22.10.2019 that CDA deducted lesser amount of income tax for Rs 101.127 million, against four plots auctioned in May-June 2013.

Similarly, through different notices issued in the year 2019, FBR intimated CDA that lesser amount of income tax for Rs 393.854 million was deducted against nine plots.

This resulted in less recovery of advance tax of Rs 494.981 million.

Audit pointed out less recovery in April 2021. The Authority replied that Rs 50.775 million has been recovered.

DAC meeting was not convened despite frequent requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of full amount of income tax and deposit in Government Treasury.

(DP. 16)

3.4.9 Purchase/Distribution of medicines without testing from Drug Testing Lab - Rs 317.302 million

Section-14 of “The Drug Act, 1976” provides that the Federal Government shall, as soon as may be, establish a Federal Drug Laboratory and may also set up such other institutes and drugs testing and research laboratories for the purposes of this Act as may be prescribed. Rule 4 of Drug (Specifications) Rules 1978 states that specifications as approved by the Registration Board are available and the ingredients and their quantities displayed in the label, which shall be tested and analysed by the Government Analyst or the Federal Drug Laboratory or such other laboratory as may have been specified to be the laboratory.

Audit noted that different medicines worth Rs 317.302 million were procured by Capital Hospital CDA for use in the Hospital from various suppliers/firms through Rate Running contracts during the financial year 2019-20.

Audit observed that the medicines procured for Rs 317.302 million were not got tested from the Drug Testing Laboratory as per requirement of Section-14 of The Drug Act, 1976. Thus, the quality of the medicines as required under the Act has not been ensured, putting the lives of the patients at high risk.

Purchase/distribution of medicines for Rs 317.302 million without testing from Drug Testing Lab was due to weak internal controls.

Audit pointed out the irregularity in January 2022. The Authority did not reply.

DAC meeting was not convened despite requests by Audit on 11.01.2022 and 20.01.2021.

Audit recommends inquiry for fixing responsibility for violation of rules and procedure for purchase/distribution of medicines.

(DP. 170-A)

3.4.10 Non-deposit of Government receipt in Federal Treasury - Rs 256.428 million

According to Government of Pakistan, Cabinet Secretariat (Cabinet Division) letter No. 4/16/2012-CDA-III dated 11.06.2014, it has been decided by FA's Organization, Finance Division that CDA should deposit all earnings from Pak-China Friendship Center (PCFC) in Government Treasury. After that, Finance Division will release the amount against operational expenditure of PCFC.

Audit noted during scrutiny of Consolidated & Compiled Account of CDA that Parliament House Civil Division, CDA Islamabad collected Government receipt of Rs 37.918 million on account of rental charges of Pak-China Friendship Center and Jinnah Convention Center Islamabad during the financial year 2020-21.

The Consolidated Accounts of CDA for the financial year 2020-21 showed a closing balance of Government receipt of Rs 256.428 million on 30.06.2021 against these government buildings as detailed below:

(Amount in Rs)			
Name of Buildings	Opening Balance as on 01.07.2020	Receipt during 2020-21	Balance as on 30.06.2021
Jinnah Convention Centre	167,106,773	16,411,487	183,518,260
Pak-China Friendship Centre	51,403,125	21,506,500	72,909,625
Total	218,509,898	37,917,987	256,427,885

Audit observed that the amount collected on behalf of the Government was not deposited in the Government Treasury in violation of instructions of Cabinet Division.

This resulted in non-deposit of the Government receipt of Rs 256.428 million.

Audit pointed out the matter in May-June 2021. The Authority replied that Treasury Division, CDA opened a separate bank account titled “CDA-Pak China FC & Convention Center A/c” and Treasury Division is depositing all receipts of these buildings into this account and then remitted the receipt to government treasury on quarterly basis and since the opening of account no receipt on account of “Jinnah Convention Center” and “Pak China Friendship Center” is pending to be deposited into Govt. exchequer till close of the financial year.

The reply was not tenable because a sum of Rs 256.428 million as detailed above was still appearing in the CDA Consolidated Accounts for pending action of deposit into treasury.

DAC meeting was not convened despite requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that government receipt be deposited in the government treasury without further delay.

(DP. 49)

3.4.11 Non-imposition/recovery of fine due to non-conforming use of residential buildings - Rs 253.45 million

According to Section 2.17 of Zoning (Building Control) Regulations, 2005 (Ban on non-conforming uses), no land or building shall be put to a non-conforming use. A non-conforming use of a residential building may render the owner and occupant of the building liable on 1st conviction to pay a fine of Rs 500,000 and in case of failure to discontinue the non-conforming use within fifteen (15) days of conviction to an additional fine Rs 5,000 for every day up to three (03) months. The owner or the occupant, as the case may be, shall be liable to be evicted from the building and the allotment deed of the plot be cancelled.

An examination of the accounts record and survey conducted by the Building Control Directorate-I, and Enforcement Directorate CDA, Islamabad revealed that 488 residential buildings in different Sectors of Islamabad were being used as Hostels, Schools, Academies, Offices, Restaurants, Guest Houses, Clinics etc. on commercial basis.

Audit observed that CDA neither took any action against the owners or the occupants of these residential buildings for removal of non-conforming use nor imposed any fine as per Zoning (Building Control) Regulations, 2005. Audit further observed from Google map and on-site visit that numerous offices like Ufone call center, Uber office, workshops of big mechanics, show rooms, courier services store rooms, Beacon/Roots schools, etc. are running their commercial business in the industrial plots in Sectors I-9 and I-10 Islamabad. However, neither the non-conforming uses were removed nor the owners/occupants penalized. This resulted in non-imposition/non-recovery of fine of Rs 253.45 million, as detailed below:

(Rs in million)

DP No.	Detail/Particulars	No. of buildings	Fine
DP-61	Commercial use of Industrial Plots in Sector I-9 & I-10	80	40.00
DP-62	Hostels	59	29.50
DP-63	Private Schools/Academies	116	58.00
DP-64	Offices/Restaurants etc.	212	106.00
DP-180 to 184	Offices/Restaurants etc.	21	19.95
Total		488	253.45

Audit maintains that the violation occurred due to lapse on the part of management, poor monitoring system and weak internal controls.

Audit pointed out non-imposition/non-recovery of fine due to non-conforming use of residential buildings in July 2021. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends removal of non-conforming use of residential buildings, besides recovery of fine as per provision of Zoning (Building Control) Regulations, 2005.

3.4.12 Irregular payment for earth and asphaltic works - Rs 249.825 million

As per item 108.1 of NHA Specifications regarding formation of embankment, “the work shall consist of formation of embankment, including preparation of area for placing and compaction of embankment material in layers and in holes, pits and other depressions within the roadway area in accordance with the specifications and in conformity

with the lines, grades, thickness and typical cross-section shown on the plans or established by the Engineer.”

As per FBR Circular dated 24.07.2013, no payment should be released to the contractor against sales tax livable items until and unless, the contractor presents the sales tax invoices as a proof of legal purchase against all taxable goods.

During scrutiny of the accounts record of Director Roads (South) CDA, Islamabad, Audit noted that different earthwork and asphaltic work items were got executed and paid for Rs 249.825 million, as under:

S. No.	DP. No.	Name of work	Type of work	Amount (Rs in million)
1	73	Construction of PWD Interchange on Islamabad Highway, Islamabad	Earth work	64.20
2	74	Re-carpeting of Major Roads, VR-I Chishtiabad Road & Main Entrance in Sector I-14, Islamabad	Asphaltic work	71.919
3	75	Re-carpeting of Roads and Streets in different areas of Islamabad (Sub Head I-10, H-8, I-8, I-9 & Humak Town)	Asphaltic work	113.706
Total				249.825

Audit observed that:

- i. Payment to the contractor were made on account of earth work against items without availability of typical and RD wise x-sections containing Natural Surface Level (NSL) and Finished Road Level (FRL) etc.
- ii. The evidence of procurement of bitumen from authorized source was not on record.

- iii. Core thickness tests of asphaltic concrete and IRI tests were not conducted.
- iv. During execution of the work “Re-carpeting of Roads and Streets in different areas of Islamabad (Sub Head I-10, H-8, I-8, I-9 & Humak Town)” additional work of Rs 10,534,735 for Srinagar Highway was executed against the provisions of contract.

This resulted in irregular execution and payment of earth and asphaltic works for Rs 249.825 million.

This indicated that earthworks were executed without required X-sections. Moreover, as the contractor did not procure the material from the specified origin directly, therefore, quality cannot be assured and by virtue of this, chances of failure of the asphaltic pavement cannot be ruled out.

Audit pointed out the matter in July 2021. The Authority against earthworks replied that the road cross sections were submitted by the Contractor. These cross sections were checked and approved by the consultant of the project. The payments in running IPC's were done according to these approved cross sections. The same cross sections will be submitted for verification by the audit team. Against asphaltic works the Authority did not reply.

The reply was not accepted because tender drawings and ground levels were not prepared and contractor submitted x-sections (as replied) were considered which was not justified.

DAC meeting was not convened despite request made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry in the matter for fixing responsibility besides recovery of the amount involved.

3.4.13 Unauthorized use of buildings without Completion Certificates involving loss - Rs 198.521 million

Clause 3.12.11(b) of Residential Sector Zoning (Building Control) Regulation, 2005 provides that no person shall occupy or permit to be occupied, any such building or use or permit, to be used any part affected by the erection/re-erection, if any, of such building, until the completion certificate/permission to occupy is obtained.

Audit noted from the record of Building Control Directorate-I, CDA that 880 allottees of different plots in all Sectors of Zone-I Islamabad during fiscal year 2019-20 applied for approval of building plans but only 292 Completion Certificates of residential and commercial buildings were issued.

Audit observed that CDA did not issue the Completion Certificates of the buildings due to violations in construction drawings, usage or other reasons. However, the owners have occupied/rented out and started businesses in these buildings without obtaining completion certificates and the Building Control Directorate did not initiate any action against the violations regarding occupation of the buildings without permission.

Non-issuance of completion certificates resulted in unauthorized use and occupation of buildings without remittance of completion fee which further caused loss of revenue of Rs 198.521 million

(Rs 226.709 million approval fee received – Rs 51.027 million of completion fee received+ 13% interest/KIBOR rate for one year 2019-20) of buildings for many years.

Audit maintains that the violation occurred due to lapse on the part of the management, poor monitoring system and weak internal controls.

Audit pointed out the matter in July 2021. The Authority did not reply.

DAC meeting was not convened despite requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing responsibility for inefficiency in finalization of completion certificates, removal of non-compoundable violation/construction, besides recovery of fines/fees.

(DP. 59)

3.4.14 Loss due to non-cancellation and re-auction of commercial plot - Rs 186.600 million

Condition No. 5 of lease agreement of plot No. 3-R at G-7 Markaz Islamabad states that if any amount of arrears or interest etc. due thereon remains unpaid (whether formally demanded or not) for a period of two months from due date it shall be lawful for the authority to cancel the allotment, terminate this agreement and resume possession of the plot in accordance with the terms and conditions herein contained.

Audit noted that Director, Estate Management-II, CDA, Islamabad, leased out Plot No. 3-R G-7 Markaz, Islamabad measuring 311 Sq. Yards for the period of 33 years to M. Amin-ud-Din Asad on 21.09.1971. The lease period expired on 21.09.2004.

Audit observed that 17 years have elapsed but extension in lease agreement was neither demanded by the allottee nor initiated by the Authority till date. Audit further observed that CDA could not recover the Annual Ground Rent (AGR) since October 2004 and also failed to take any action against the defaulter. Audit is of the view that plot was required to be cancelled as per allotment policy and to be re-auctioned on current market price which was not done. Non-cancellation and non-re-auction of commercial plot resulted in loss of Rs 186.600 million.

Audit pointed out the loss in April 2021. The Authority replied that demand notices were served to the allottees regarding expiry of lease period. In this regard efforts are being made to legalize the said plot and other formation of CDA be involved to streamline the lease. The AGR will be calculated after extension of lease period. As and when it is extended the same will be intimated to Audit.

The reply was not accepted because lease expired in the year 2004 and the matter was still unresolved which showed inefficiency on the part of CDA management.

DAC meeting was not convened despite requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends cancellation/re-auction of plots.

(DP. 23)

3.4.15 Non-accountal of revenue - Rs 165.151 million

As per para 12 Chapter III, CDA procedure Manual, the directorate of accounts will maintain a cash book for the bank they are in account with. A cash book will similarly be maintained by each D.D.O in all the Directorates and Divisions. Receipt through private cheques should as far as possible be discouraged; but if any cheque is received, it must invariably be recorded in the cash book. In such cases the receipt should, however, be granted when the cheques are cleared by the banks. In case, a cheque is dishonoured by the bank, it should be immediately written back in the cash book by making a minus entry on both sides of the cash book.

Audit noted from the accounts record of Estate Management Division No-II, CDA, Islamabad that number of cheques were credited in the account of CDA being maintained in MCB under No. 0096503010000217. These cheques were subsequently debited by the

bank with the caption “cheque clearing return” as is evident from bank statement for 2017-18.

Audit observed the following:

- i) The deposited cheques were not cleared by the bank. So these were returned back to CDA and amount was debited to the account.
- ii) The returned cheques to CDA did not appear to have been re-deposited in the account as the bank statement/cash book did not show their credit.
- iii) The returned cheques either remained unattended with CDA and the same were not got re-validated from the party concerned.

This resulted in non-accountal of revenue amounting to Rs 165.151 million.

Audit pointed out loss in March 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 24.11.2020.

Audit recommends that there should be a comprehensive probe into the matter to see if any file has been cleared before clearing of cheques or otherwise. Moreover, reconciliation of last five years may be provided to Audit.

(DP. 54/2019-20)

3.4.16 Non-recovery of premium from IESCO - Rs 163.742 million

According to offer of allotment of land to Islamabad Electric Supply Company for construction of Grid Station for Sector I-11/2, Islamabad, dated 03.01.2020, where 18.6 kanal (11253 sq. yards) land allotted in I-11//2. The terms and conditions of allotment are as under:

- i. The land shall be allotted on 33 years lease basis extendable for two subsequent terms of 33 years each.
- ii. IESCO shall pay cost of land @ Rs 14,551/sq. yard and Annual Ground Rent @ Rs 6/ sq. yard.
- iii. The amount of premium may be arranged within 04 months from the date of issuance of this letter.

Audit noted that the Chief Engineer (P&E), IESCO, Islamabad, in his letter dated 23.01.2020 requested that previously CDA has allotted land to IESCO free of cost such as in Sector i.e. D-12 and I-16, so the CDA is requested to transfer the land to IESCO free of cost for construction of Grid.

Audit observed that the matter was discussed in the 2nd CDA Board Meeting dated 02.03.2020 in which Board did not accept the request of IESCO regarding transfer of land free of cost and directed Estate Management-II for recovery of premium of plot as per allotment letter. But CDA failed to recover the amount of premium land allotted to IESCO. This resulted in non-recovery of premium of Rs 163.742 million from IESCO.

Audit pointed out non-recovery in April 2021. The Authority replied that notices have been served to IESCO for recovery of the said amount. Efforts are being made to recover outstanding dues.

The reply was not accepted because recovery was still pending from IESCO.

DAC meeting was not convened despite requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery.

(DP. 29)

3.4.17 Non-recovery due to non-provision of vehicles and site facilities by the contractors - Rs 80.590 million

As per contract provision the Contractors were required to provide vehicles with repair & maintenance and POL for use in the work. No separate payment was to be made to the Contractors on account of indicated facilities. The vehicles were to become the property of the employer after completion of the project.

Audit noted that in the following works, the contractors did not provide vehicles and allied facilities of the amount of Rs 80.590 million:

(Rs in million)

DP. No.	Name of work	Name of contractor	Amount
160	Construction of Road Network, water supply and sanitary sewerage system of sub-sector E-12/2, Islamabad	M/s Mumtaz & Co and Moro Construction Solution JV	56.040
118	Const. of Khayaban-e-Margallah from GT Road to Sector D-12, Islamabad Balance work (Package-I)	M/s FWO	9.250
155	Development of Sector C-15 Islamabad (Phase-I) “Construction of Major Roads, Service Roads plot side, drainage works and culverts”	M/s Haji Aurangzeb Khan Gandapur	11.260
06	Construction of Additional Block at CDA Hospital Islamabad	M/s Zarif Khan Hussainzai & Brothers	4.040
Total			80.590

Audit pointed out recovery in January and July 2021. The Authority replied in DP. 160 that as per directions of the Employer, the contractor has provided two substituted vehicles i.e. Hyundai Porter (Mini Truck) in lieu of Toyota Hilux. The same have been handed over to Sanitation Directorate. The Authority in DP.118 replied that the contractor has been directed to provide the facilities. The Authority in

DP. 155 replied that in place of “Shahzor”, the contractor has provided other vehicle/transport facilities for exclusive use of site engineer in charge.

The reply was not accepted because provision of vehicles in the projects was against the austerity measures of the government which prohibits procurement of vehicles through contract. Recovery for the default of the contractors was also not made.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing of responsibility for violation of government policy and instructions besides recovery of the amount from the contractor.

3.4.18 Non-execution of work in conformity with the contract specifications - Rs 117.328 million

As per Nomenclature of item-1 of the BOQ, Providing/Installation and testing commissioning of Light Emitting Diode (LED) road light fixtures (make Philips, LG, GE, Siemens or equivalent), the light output ratio shall not be less than 85%. The fixture shall offer composite efficiency more than 100 lumen/watt. Useful life of the LED is 50,000 burning hours at 50° C.

Audit noted that CDA (Street Lights Division), awarded a work “Providing/replacement with LED road light fixture at various major roads in Islamabad” to M/s Philips Pakistan Limited on 22.03.2016. The work was started on 20.06.2016 and was required to be completed in 120 days. The contractor was paid Rs 117.328 million against the items of light fixture.

Audit observed from product data sheet of Philips LED lights that there was no light output ratio available. The useful life of the LED was

provided as 50,000 hours but another condition was added that 70% lumen maintenance at 35° C. A quantity of 1,866 LED lights 180 watt was procured instead of estimated/contract provision of 1,570. Excess quantity of 296 lights for Rs 15.858 million (296*73700-27.308%) was paid to the contractor. Audit further observed that accountal and disposal of 2,184 lights with fixtures dismantled and shifted from site was also not available in the record.

This resulted in non-execution of work in conformity with the contract specifications for Rs 117.328 million.

Audit holds that acceptance of non-compliant lights was due to weak internal controls.

Audit pointed out the matter in October 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 24.11.2020.

Audit recommends that matter be inquired to fix responsibility for accepting non-compliant lights besides accountal/disposal of removed lights/accessories.

(DP. 97/2019-20)

3.4.19 Non-imposition of liquidated damages for delay in completion of works - Rs 66.68 million

According to clause 47.1 of the agreement, if the contractor fails to complete the work within the stipulated time period, he shall render himself liable to pay liquidated damages equal to 0.01% of contract price for each day of delay in completion of work subject to maximum of 10% of the contract price stated in letter of Acceptance. In some cases, the maximum LD was provided up to 5%.

Audit noted that the Capital Development Authority awarded four (04) works to different contractors at their bid cost of Rs 666.818 million as detailed below:

(Rs in million)

DP No.	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
37	Construction of 2 Nos (100 men each police barracks in sector G 10 Islamabad (M/s DECON)	22.04.2008	21.10.2009	39.77	3.98
117	Dualization of Service Road (East) & (North) Sector E-11 Islamabad (M/s Techno Time Construction)	29.04.2016	28.05.2017	178.953	17.90
71	Construction of PWD Interchange on Islamabad Highway, Islamabad(M/s Maqbool JV Ch. Latif & Sons)	29.06.2020	23.04.2021	428.227	42.82
85	Rehabilitation/ Improvement of Drainage System in Blue Area Islamabad	28.01.2021	28.05.2021	19.868	1.98
Total				666.818	66.68

Audit observed that the contractors did not complete the works in their stipulated completion period and even in the extended period. Thus, the contractors rendered themselves to pay liquidated damages as per contract provisions which were not imposed by the Authority.

This resulted in non-imposition and recovery of liquidated damages of Rs 66.68 million.

Audit pointed out the non-imposition of penalty in January, July and August 2019. The Authority replied in case of DP.117 that after start of work some locals of the vicinity did not allow taking up the work on Service Road North and obtained stay order from Court. So, due to above

mentioned site possession issues, liquidated damages cannot be imposed, as the delay was not on part of the contractor.

As regards DP 71, EOT has been awarded up to 22.07.2021 duly recommended by the Project Consultant and “The Engineer” of the project and was duly approved by the “The Employer” i.e. the Chairman, CDA. The Authority did not reply in other cases.

The reply (DP 117) was not accepted because the work was not completed despite lapse of four years. The possession problem should have been resolved prior to award of work. As regards DP 71, the work was still in progress after expiry of extended period in August 2021.

The contractors failed to complete the work in extended period, therefore liquidated damages were required to be imposed and recovered.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends imposition and recovery of liquidated damages.

3.4.20 Irregular expenditure without provision in PC-I/TS Estimate - Rs 59.965 million

As per para 6.09 of CPWD Code, read with CDA Procedure Manual a properly detailed estimate must be prepared for the sanction of competent authority. It must be obtained before commencement of work.

Audit noted that Director Road (South) Division-III awarded the work “Construction of Interchange at Khanna & Sohan Intersection of Islamabad Expressway, to M/s Zahir Khan & Brothers at an agreed cost of Rs 2,186.832 million on 04.07.2016 with date of start 15.12.2016 and date of completion 14.10.2017.

During scrutiny of the accounts record of Deputy Director Road-III CDA Islamabad, it has been noted that payment of Rs 59.965 million was made to the contractor on account of purchase of Intelligent Transport System (ITS).

Audit observed that the Intelligent Transport System (ITS) was procured without provision in approved BOQ. Audit was of the view that procurement of Intelligent Transport System (ITS) without provision in BOQ was unauthorized. This resulted in irregular expenditure of Rs 59.965 million.

Audit pointed out the matter regarding procurement of equipment without provision in PC-I/TS Estimate in July 2020. The Authority replied that Intelligent Transportation System (ITS) has been provided in the approved PC-I. Furthermore, as per Clause 52.1 of COC, the Employer has accorded approval of VO of ITS on the recommendation of “The Engineer” of the project which is 3.06% of the Contract Amount.

The reply was not accepted because the execution of Intelligent Transportation System (ITS) was made without provision in the estimate and contract agreement of the work, therefore, separate tenders/estimates were required to be called/prepared for this component to achieve competitive rates. The ITS was also found to be non- functional at site.

The matter was discussed in the DAC meeting held on 18.01.2021, wherein, the Committee was apprised that provision for procurement of equipment/ITS, was made in the PC-I of pilot project on expressway. Employer approved the provision and consultant has verified the rates as per rate analysis. Audit contended that the item was not provided in TS estimate/BOQ. DAC directed the management to get the record/justification verified from Audit within two weeks. Compliance to DAC directive was not made.

Audit recommends inquiry for fixing of responsibility besides recovery of the amount involved.

(DP. 34/2020-21)

3.4.21 Excess payment due to deviations from the approved provisions - Rs 94.214 million

Para 6.07 of CPWD Code (Revised-1982) read with CDA Procedure Manual provides that revised approval of the competent authority of the “admin approval” is necessary to material deviation from original proposal, even though the cost of the same may be covered by savings by other items.

Audit observed that in the following works design review involved material deviations but approval of CDA DWP for such deviations was not obtained. The excessive work was executed just to utilize the available funds/savings. The additional work was awarded to the contractor without detailed estimate, layout plan/location of roads & streets and backup of quantities and without open tendering.

This resulted in excess payment due to deviations from the approved provisions of Rs 94.214 million as detailed below:

DP. No.	Name of work	Amount Rs in million
72	Construction of PWD Interchange on Islamabad Highway, Islamabad	59.272
116	Re-carpeting of Roads and Streets in Sector F-8, F-10 & F-11 Islamabad	18.817
03	Construction/upgradation of Mosque at Pak Secretariat Islamabad	16.125
Total		94.214

Audit pointed out the matter in July 2021. The Authority replied in DP. 72 that the material deviation or excess/decrease in the quantum of earthwork was executed as per the site requirement and after detailed material quality testing as per the project specifications. In DP. 116 replied that the deviation of quantities was got approved under COC Part-I under Clause 51.1 of the contract agreement. Authority replied that the additional work was awarded with the approval of Chairman CDA being “the Employer” as per clause 51 (2.1) (viii) and site requirement. Audit

pointed out the overpayment in January 2021. The Authority replied in DP. 03 that the quantity measured and paid was as per actual executed at site.

The reply was not accepted because approval of CDA DWP for such material deviations was required as per CDA Procedure Manual. Additional work was executed without open tendering in violation of the PPRA rules.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends probe into the matter and recovery.

3.4.22 Non-imposition of penalty due to illegal construction - Rs 58.404 million

As per Islamabad Residential Sectors, Zoning (Building Control) Regulations-2005 under chapter 6 (Schedule)-6.6-Annex-B (5), "Penalty for starting construction without approval of plans was Rs 50/Sft for commercial/residential buildings.

The management of Islamabad Club was originally allowed to construct the building on specified area of 11.4 acres out of total area of the club being 347 acres. The single storey building was to be constructed having covered area up to 20% with ample parking provided within plot of 11.4 acres.

Subsequent to the meeting of the CDA Board held on 28.05.2009, the Director Building Control-I, CDA allowed the building area of club to be increased up-to 25.74 acres with multiple storeys including basement, ground floor and two storeys making covered area up to 50% while these buildings were already constructed. The Board also relaxed rules pertaining to the penalty for construction without approval and directed to impose normal scrutiny fee for approval process without any cogent reasons.

Further, vide letter dated 08.09.2020, Building Control Directorate-I pointed out the violation of zoning regulations and indicated that the club had constructed some buildings on rear side of Wapda Rest House and construction of marquee without approval from Building Control Directorate-I, CDA.

This resulted in non-imposition of penalty of Rs 58.404 million due to illegal construction before approval and relaxation of Building Control Regulation without provision.

A) Increase in building area 11.4 acres – 25.74 acres = 14.34 acres = 624,077 Sft × Rs 50/sft penalty = Rs 31.204 million

B) construction of building on rear side of Wapda Rest House without approval, construction of marquee and encroachment of right of way of Murree/Club Road on CDA land created fence and parking area etc = 100 Kanal approximately = 544,000 Sft × Rs 50/Sft = Rs 27.200 million.

Total A + B = Rs 58.404 million.

The right of way on Murree/Club Road on CDA land was also encroached by the club by fencing and parking area.

Audit is of the view that there is no provision available in Residential Sector Zoning (Building Control) Regulation, 2005 for relaxation of penalty. Therefore, the same may be imposed for the said illegal constructions.

Audit pointed out the matter in July 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends imposition of penalty as per rules.

(DP. 58)

3.4.23 Less deposit of Advance Tax - Rs 47.08 million

Paras 4 & 5 of Bid Acceptance Letter dated 03.08.2020, state that if total premium is paid within 30 days (holidays excluded) of bid acceptance, a rebate @ 10 % of total premium will be granted, and the bidder shall be liable to pay Government applicable taxes (of total premium of bid) and as per Section 236-A of Income Tax Ordinance 2001, tax shall be collected on basis of sale price of the property.

3.4.23.1 Audit noted that Estate Management Directorate-II, CDA, Islamabad leased out three plots (No. 04, 06 and 11) at Blue Area, Sector G-9, Islamabad through open auction on 15.07.2020.

Audit observed that successful bidders of said three plots availed 10% rebate by making lump-sum payment as per condition of bid acceptance letter but income tax was paid by the successful bidder after deduction of rebate whereas it was required to be paid on total premium (before deduction of rebate) as per above referred clause.

This resulted in less deposit of Advance Tax amounting to Rs 28.712 million as detailed below:

S. No.	Plot No.	Total Premium (Rs)	Total Tax Payable (Rs)	Tax Paid (Rs)	Less Paid (Rs)
1.	04 Blue Area G-9 Islamabad	2,110,000,000	105,500,000	94,950,000	10,550,000
2.	06 Blue Area G-9 Islamabad	757,591,940	37,879,597	34,091,640	3,787,957
3.	11 Blue Area G-9 Islamabad	2,875,000,000	143,750,000	129,375,000	14,375,000
Total					28,712,957

Audit pointed out irregularity in April 2021. The Authority replied that the allottee paid the Tax on rebated amount and provided the CPR in this office. Accordingly, this office immediately approached FBR for clarification regarding deduction on total bid premium on rebated amount. Now the clarification has been received from FBR accordingly, the allottee of Plot No. 04 Blue Area Sector G-9, deposited the tax amounting to Rs 10.550 million and provided CPR No-1276346, dated 15.04.2020. Plot No.6, Blue Area Sector G-9, deposited the Tax amounting to Rs 3.788 million, CPR No.1446955, dated 23.04.2020. Hectic efforts are being made to recover the less tax. The authority considered 10% rebate as per terms and conditions of auction brochure.

The reply was not accepted because as per terms and condition of brochure, the rebate was only applicable when all premium and all Government taxes have been deposited by the allottee/successful bidders within 30 days. But successful bidders could not deposit the advance tax applicable within stipulated time period. Even against plot No.11 Blue Area G-9 Islamabad authority could not collect the advance tax till dates of Audit i.e. April 2021.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends collection of required amount of tax.

(DP. 14)

3.4.23.2 Audit noted that Estate Management Division No.II, CDA, Islamabad auctioned three (03) commercial plots to different allottees. The Advance Tax @ 10% was required to be deducted from the allottees.

Audit observed that less advance tax was deposited than required.

This resulted in less deposit of tax amounting to Rs 18.37 million.

Audit pointed out less deposit of tax in March 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 24.11.2020.

Audit recommends collection of required amount of tax.

(DP. 59/2019-20)

3.4.24 Irregular award of work to contractor - Rs 26.287 million

As per para 38(A) of PPRA Rules, 2004 amended in 2020, the procuring agencies may seek unconditional discount by incorporating the same in bid solicitation documents. The bidder may offer unconditional discount, in percentage of their quoted price or bids, before opening of the financial proposal. The discounted bid price shall be considered as original bid for evaluation being an integral part of the bid. No offer of discount shall be considered after the bids are opened.

Audit noted that the Deputy Director, Maintenance (Civil) Parliament House, CDA, Islamabad awarded a work “Renovation of Chairman Senate Office, Chairman Senate retiring room, Chairman waiting area, Deputy Chairman Senate office and Senator Service Centre at Parliament House, Islamabad” to M/s. Concrete Commitments Pvt. Ltd for Rs 26.087 million with completion period of 180 days.

Audit observed that the tender for the work was opened on 05.01.2021 and the contractor quoted his rates with 73% premium on non-schedule items. Later on, the contractor had offered an overall rebate @ 28% on his quoted rates on 05.04.2021 which was accepted by the department. The work was awarded to the contractor with 45% premium on market items on 28.04.2021. Acceptance of discount/rebate after opening of bids was clear cut violation of the quoted rules. Award of work in conflict of above quoted rules resulted in irregular award of work to contractor of Rs 26.087 million.

Audit pointed out the irregularity in July 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends action against persons responsible for irregular award of work.

(DP. 134)

3.4.25 Non-recovery on account of delayed charges/lease extension fee - Rs 23.928 million

General Financial Rule-26 provides that it is the duty of the departmental Controlling officers to see that all sums due to Government, are regularly and promptly assessed, realized and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Public Account.

Condition -05 of lease agreement of Plot No.A-6 provides that, if there is any default, breach or non-observance, any of the terms and conditions of this agreement including non-payment of any amount due from the allottee, for a period of two months, then, notwithstanding any right of action in respect of any antecedent breach, it shall be lawful for the authority to cancel this agreement and allotment and forfeit the whole or part of any amount paid by the allottee.

Audit noted that Director Estate Management-II, CDA, Islamabad could not recover an amount of Rs 23.928 million on account of lease extension charges/delayed charges and annual ground Rent (AGR) from the defaulters.

Audit observed that concrete efforts were not made by the Estate Management-II towards the recovery of outstanding dues. This resulted in non-recovery on account of lease extension charges/delay charges amounting to Rs 23.928 million.

Audit pointed out the non-recovery in April 2021. The Authority replied that outstanding dues have been calculated and further conveyed to the allottees. In this regard, efforts are being made to recover the said delay charges and lease extension fee. Now, fresh notices have also been sent to allottee for recovery of outstanding dues. As and when the recovery will be affected the same is to be produced to audit for its verification.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Authority recommends early recovery and its verification from Audit.

(DP. 19)

3.4.26 Loss of revenue due to abnormal delay in restoration of cancelled plot - Rs 20.986 million

According to Restoration Policy 2014, clause 3 (a) The authority may consider request for restoration of cancellation of allotment of plots, made with one year from the date of cancellation for non-payment of premium, 4(a) "plot cancelled due to non-payment of premium shall be restored on payment of current auction/market price, (b) any amount remitted by the allottee will be adjusted in the same percentage/ratio that has already been paid, (c) in case of current market price is less than the original bid, the original bid will be recalculated as per GPI and whichever price is higher shall be applied".

Audit noted that Director Estate Management-II, CDA auctioned plot No. 2-A, Class-III, Shopping Centre No.10 Sector I-14/4 Islamabad, measuring 133.33 Sq. yards on 17.05.2017 @ Rs 224,000 per Sq. yard comes to Rs 29.866 million. Audit further noted that successful bidder failed to deposit the installments of plot within stipulated time and authority cancelled the plot on 20.08.2018. Later on, bidder submitted an application in October 2018 for restoration of plot according to Restoration Policy 2014.

Audit observed that restoration charges were calculated for Rs 17.999 million but 30 months has lapsed, Authority could not make the restoration of said plot so far. Audit further observed that evidence regarding forfeiting the 10% of total premium of plot due to cancellation was also not recovered from the defaulter. This resulted in loss of revenue due to abnormal delay in restoration of cancelled plot amounting to Rs 20.986 million, as detailed below:

Restoration Charges (Rs)	17,999,550
10% forfeited of total premium due to cancellation of plot (10% of Rs 29,865,920) (Rs)	2,986,592
Total (Rs)	20,986,142

Audit pointed out loss in April 2021. The Authority replied that allottee applied for restoration of said cancelled Plot accordingly his request was considered and processed for restoration. In this regard committee comprising of 06 Members under Chairmanship of Member (Estate) CDA, has been constituted. As this is a procedural delay and as and when the committee is to decide accordingly action will be initiated to Audit. As pointed out by audit regarding delay in restoration of cancelled Plot is not justified and calculated a loss amounting to Rs 20.986 million is pre mature and in anticipation of committee decision. The plot will be restored at current market price.

The reply was not accepted because despite elapse of 30 months CDA did not take decision regarding restoration of plot.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends action against person (s) responsible for loss.

(DP. 28)

3.4.27 Non-recovery of income tax from the contractor - Rs 10.859 million

Section 153 of the Income Tax Ordinance 2001 provides that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person:

- (a) For the sale of goods:
- (b) For the rendering of services:
- (c) On the execution of a contract, other than a contract for the supply of goods or the rendering of professional services, shall, at the time of making the payment, deducted tax from the gross amount payable at the rate specified in Division-III of Part III of the First Schedule.

Audit noted that Director Road (North) CDA, Islamabad awarded a contract for “Construction of Khayaban-e-Margallah from GT Road to Sector D-12, Islamabad Balance work (Package-I)” to M/s FWO at an agreement cost of Rs 965.274 million on 19.05.2021 on single tender basis with completion period of twelve (12) months.

Audit observed that Mobilization advance of Rs 144.791 million (15% of contract price of Rs 965.274 million) was paid to the contractor, M/s FWO through hand receipt on 21.05.2021 but the income tax @ 7.5% for Rs 10.859 million was not deducted from the payment made to the contractor despite the fact that exemption certificate for the financial

year 2020-21 has not been provided by the contractor while accepting the amount of mobilization advance.

Audit maintains that the non-recovery of income tax from the contractor occurred due to weak financial controls.

Audit pointed out non-recovery in July 2021. The Authority replied that M/s FWO has provided exemption certificate of Income Tax vide FBR, letter No. CIR-Zone-I/F.22/2013/2642 dated 12.01.2015.

The reply was not accepted because the exemption certificate for the financial year 2020-21 was not provided by the contractor while accepting the amount of mobilization advance.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of income tax.

(DP. 120)

3.4.28 Enhancement of contract for supply of food items for indefinite period - Rs 9.727 million

As per Clause-3 of Contract Agreement the contract will remain valid for the period of two (02) years and also extendable on the same terms and conditions/rates till the finalization of new contract and excellent performance of firm subject to approval of the Executive Director, Capital Hospital, Islamabad.

Audit noted during scrutiny of account record of Capital Hospital, Islamabad that the contract for supply of food for patients for two years (from 01.8.2017 to 31.07.2019) was awarded to M/s Durran and Company at an agreement cost of Rs 18.081 million (Rs 1,225,000 per month) at 23% above on NIT rates.

Audit observed that the contract was extended from 01.08.2019 till the finalization of new contract. New tenders of the contract for supply of food for patients were not finalized up-till April 2021(till dates of audit).

This resulted into undue favour due to unjustified extension of contract for an indefinite period and payment thereof for Rs 9.727 million.

Audit pointed out irregularity in March-April 2021. The Authority replied that the bids were invited with opening date of 25.10.2019. However, due to refusal of successful bidder to execute the contract, Hospital had to re-advertise the tenders with opening date 13.05.2020. On opening day Hospital Administration received stay order from Honorable Civil Court in case titled “Farooqi & Brothers Vs Capital Hospital” and the procurement was kept pending.

The reply was not accepted because mismanagement in tendering and award process led to the Court case.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry to fix responsibility against person(s) responsible for the irregularity.

(DP. 169)

3.4.29 Heavy closing balances with DDOs - Rs 1,384.143 million

According to CDA Procedure Manual, money realized, whether in cash or cheque, should be deposited by DDOs immediately in the bank account of the Authority.

Audit noted during scrutiny of Consolidated & Compiled Account of CDA for the financial year 2019-20 compiled by the Director Accounts CDA Islamabad that there was a net balance with DDOs amounting to

Rs 249.688 million on 30.06.2020 and Rs 1,384.143 million as on 30.06.2021.

This state of affairs revealed that the money realized by various formations/divisions was not deposited/remitted by the concerned DDO to the CDA main account/treasury eight (08) No Divisions/Formations have been closed by the CDA since long but cash balances of Rs 1,043,847.20 were being shown with DDOs of the defunct/closed formation/divisions. This means that the balances of Rs 1,384.143 million with DDOs were not being reconciled before compilation of the consolidated account.

Audit pointed out the issue in May-June 2021. The Authority replied that the amount of Rs 857.197 million pertains to ninety (90) DDOs and AOs and most balances of DDOs were within the approved imprest limits whereas balances with AOs are on higher side being revolving funds. In certain cases, it is essential for DDOs/AOs to keep sufficient amount in their accounts at the end of month to disburse payment due on the 1st day of the following month like pay & allowances, refunds, land acquisition and BUP payments, Land affectees payments, pending book adjustments of amounts taken away by the FBR Authorities from CDA Accounts and imprest amounts.

The reply was not acceptable because the DDOs are retaining heavy closing balances over & above the sanctioned imprest which is financial indiscipline and violation of the financial rules.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing of responsibility besides taking an early corrective action. Audit further recommends that reconciliation of last five years, status of cheque in transit, dishonoured cheques etc., be shared with Audit.

(DP. 55, 56)

3.4.30 Inefficient utilization of development funds - Rs 692.383 million

As per rule 88 of GFR-volume-01, the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant.

Audit observed from the consolidated & compiled account of CDA that funds of Rs 114.771 million i.e. 51.20% for the year 2019-20 and Rs 577.612 million i.e. 26.10% for the year 2020-21 were lapsed under deposit works and PSDP grant, as detailed below:

Budget and Expenditure for the year 2019-20

(Amount in Rs)

Heads	Accounts	Funds Received	Expenditure	Lapsed Amount	%age
Deposit Work	07	151,817,000	61,751,118	90,065,882	59.33%
PSDP Grant	09	72,356,000	47,650,175	24,705,825	34.14%
Total	16	224,173,000	109,401,293	114,771,707	51.20%

Budget and Expenditure for the year 2020-21

(Amount in Rs)

Heads	Accounts	Funds Received	Expenditure	Lapsed Amount	%age
Deposit Work	07	260,265,000	248,117,877	12,147,123	4.67%
PSDP Grant	09	1,952,942,000	1,387,477,240	565,464,760	28.95%
Total	16	2,213,207,000	1,635,595,117	577,611,883	26.10%

Audit observed that the funds were lapsed as CDA could not utilize the allocated funds during the years 2019-20 and 2020-21 for Rs 692.383 million (Rs 114.771 million + Rs 577.612 million) due to inefficiency and poor contract management. Excessive funds were not timely surrendered for their utilization towards some other development activities of the government. Development targets set by the government were, therefore, defeated through their inefficient utilization. The users of these projects were deprived from the project benefits.

Audit pointed out the irregularity in May-June 2021. The Authority replied that the responsibility for utilization of subject funds rests with the Engineering Wing, CDA through various work executing Divisions/ Directorates and not dealt by the Treasury Division.

The reply was not accepted because the Treasury Division was responsible for preparing the accounts and funds management as per procedure in vogue. Efforts were not made for efficient utilization of funds.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry to fix responsibility for the lapse. Further, it was recommended that CDA should improve internal controls for internal coordination amongst its formations/directorate.

(DP. 54)

3.4.31 Non-obtaining insurance coverage and non-recovery of premium @ 1% of contract cost - Rs 5.93 million

Clause 21.1.25 of the agreement provides to insure the works together with materials and plant by the contractor. He was also required to get third party insurance (including Employer's property) against liabilities for death of or injuries to any person or loss or damages to the property arising out of the performance of the contract and provide such evidence to the Employer prior to start of work. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance. The sum to be insured is contract price plus 15%.

Audit noted that Capital Development Authority awarded seventy (70) projects/works to different contractors involving agreement cost of Rs 5,155.06 million.

Audit observed that the department did not obtain the required insurance policies from the contractors. Insurances were not invoked which not only tantamount to undue benefit to the contractor but also put the entire works, equipment, property and labour at risk. This resulted in non-obtaining of insurance coverage for the works valuing Rs 5,928.32 million (contract cost + 15%) and non-recovery of inbuilt cost of premium for Rs 5.928 million (1% of Rs 5,928.32 million) **(Annexure-J).**

Audit pointed out the matter in July 2021. The Authority replied (DP. 70) that the insurance coverage has been provided by the Contractor.

The reply was not accepted in view of remarks against each work as given below:

S. No	Name of Work	Further Audit Comments
1	Traffic Management Solution for Rawal Chowk and Park Road, Islamabad M/s Maqbool Calsons (JV)	Insured for Rs 1117.16 million in July- 2021 instead of July- 2020. Insurance premium payments not produced.
2	Construction of Korang Bridge on Islamabad Highway, 1.05 KM Approach Road. M/s Maqbool Calsons (JV)	Insurance policy without date of issue. Insurance premium payments not produced.
3	Construction of PWD Interchange on Islamabad Highway, Islamabad. M/s Maqbool Calsons (JV)	Insurance policy without date of issue. Insurance premium payments not produced.

The Authority replied (DP. 83) that for minor nature of works, performance guarantee has been obtained in addition to security of contractor. In other cases, the insurances have been provided by the contractors.

The reply was not accepted because insurance coverage was required as per provisions of contract to safeguard the financial risks

involved in executions of works. The insurances without premium payment evidences were not acceptable.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing of responsibility for violation of contract provisions, non safeguarding financial risk besides recovery of insurance premium for the uninsured period.

3.4.32 Non-obtaining of required insurances and guarantees against the provisions of contract

According to clause-60.12(a) and provisions of contract data, an interest free mobilization advance up to 15 % of the contract price stated in the Letter of acceptance shall be paid by the Employer to the Contractor in two equal parts upon submission by the Contractor a mobilization advance Guarantee for the full amount of the Advance in the specified form from a scheduled Bank in Pakistan acceptable to the Employer.

Clause 10.1 of particular conditions, Part-II of the contract provides that the contractor shall provide Performance Security to the Employer in the prescribed form. The performance security shall be of an amount equal to 10% of contract price or as stated in the Letter of Acceptance. Such security shall, at the option of the bidder, be in the form either (a) bank guarantee from any Scheduled Bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan or (c) an insurance company having at least AA rating from PACRA/JCR acceptable to the Employer. The cost of complying with requirements of this sub-clause shall be borne by the contractor. Clause 21.1.25 of the agreement provides to insure the works together with materials and plant by the contractor.

3.4.32.1 Audit noted that Director Road (North) CDA, Islamabad awarded a contract to M/s FWO at an agreement cost of Rs 965.274 million on 19.05.2021 on single tender basis with completion period of twelve (12) months.

Audit observed that mobilization advance of Rs 144.791 million was paid to the contractor through hand receipt on 21.05.2021 recorded in MB No. 17342 without obtaining mobilization advance guarantee as required. Moreover, the contractor did not provide performance security equal to 10% of contract price as stated in the letter of acceptance in the prescribed form within 14 days as required. Insurance policies for Rs 1,110.065 million were not obtained as required.

3.4.32.2 Audit noted that Director, Special Project Directorate, CDA, Islamabad, awarded a work “Development of low-cost Housing at Frash Town, Islamabad for the residents of Kachi Abadies of Islamabad and Beneficiaries of NAPHDA and for open auction” vide Acceptance Letter No.CDA/PD-FT-54(702)/2021/05 dated 18.05.2021 to M/s FWO with agreement amount of Rs 13,496.25 million.

Audit observed that mobilization advance of Rs 250.00 million was paid to the contractor without obtaining mobilization advance guarantee as required. Moreover, the contractor did not provide performance security equal to 10% of contract price as stated in the letter of acceptance in the prescribed form within 14 days as required. Insurance policies for Rs 15,647.594 million were not obtained as required.

Audit pointed out the matter in July 2021. The Authority replied that payments of mobilization advance were made after approval of Chairman CDA. As for as non-obtaining of guarantees and insurances, it is clarified that M/s FWO has provided exemption certificate issued by Government of Pakistan, Ministry of Defence letter No. F.47/D-18 (Coord III)/FWO/85 dated 03.12.1985.

The reply was not accepted because insurances and guarantees were required as per contract provisions referred above.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends action against person(s) responsible for non-obtaining insurance/guarantee besides corrective action as per contract agreement.

(DP. 114, 115, 119, 145, 146)

3.4.33 Irregular allotment of plots through multiple pooling basis - Rs 35 million

Para-5 of CDA Land Acquisition and Rehabilitation Regulation 2007 states that the land owners/affectees with land holdings of less than 4 kanal or more than multiple of 4 kanal may pool their land for land sharing policy. The affectee having any surplus land over and above the multiples of four will have the option to pool the same as per policy or receive payment at market rate basis to be determined by Deputy Commissioner CDA and only one pooling will be allowed.

Audit noted that the Director Land & Rehabilitation, CDA allotted two plots measuring 50x90 having No.16, St. No. 06 and Plot No.361, Sector C-14, Islamabad under Land Sharing Policy 2007 during the financial year 2019-20.

Audit observed that the authority allotted a plot to Mr. Fuad Asad Ullah S/o Muhammad Asad Ullah Khan having Plot No.16, Street No.06 in Sector C-14 measuring 50x90 on 02.02.2020 sharing with other through Land Sharing Policy 2007 through pooling. It was also observed that the authority allotted another plot No.213 in C-14 measuring 50x90 valuing approximately Rs 35 million to Mr. Fuad Asad Ullah S/o Muhammad Asad Ullah Khan on 02.09.2020 sharing with Mr. Imran

Ahmed S/o Afzaal Ahmed through pooling under the Land Sharing Policy 2007.

Audit observed that according to Land Sharing Policy 2007, only one pooling was allowed instead of multiple pooling. This resulted in irregular allotment of plots through multiple pooling systems.

Audit pointed out irregularity in May-June 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility besides taking an early corrective action.

(DP. 123)

3.4.34 Non-demolishing of illegal structures and non-lodging of FIR despite Court orders since 2017

As per Writ Petition No. 2646/2014 and 2884/2014 the Islamabad High Court decided that the CDA authorities shall assist the petitioner (resident of Bharia Phase-V) while examining main layout plan, its correctness and proper specifications, where-ever they will find contrary to the specification the said construction be immediately demolished. As a result the society be forced to abide by the layout plan earlier sanctioned in their favour. CDA officials shall adopt legal course by approaching F.I.A to lodge F.I.R against officials of the society for taking stern action against them in accordance with law. Para 11 of ibid provides that, the matter should be kept alive till directions referred above are finally implemented.

During scrutiny of the accounts record of Building Control Directorate-II, CDA, Islamabad, Audit noted that CDA after Court

decisions constituted a new Building Control Directorate-II to deal with illegal structures in violation of approved layout plan of private societies.

Audit observed that despite lapse of three (03) years, the Building Control Directorate-II CDA failed to collect proper data of violations of illegal structures that have been made by using area of parks, green area, roads width, or multi-storey buildings etc. made in 63 Nos. layout plans approved for private societies by the CDA who sold their plots after approval of CDA. A scrutiny of the record has revealed that neither any illegal structure has been demolished nor any FIR has been lodged in FIA against the illegal activities/construction and hindrance in demolishing of illegal structures despite of Court orders since 2017.

Audit maintains that the violation occurred due to ignorance of Government rules.

Audit pointed out the matter in July 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 20.01.2022.

Audit recommends collection of data and initiation of action against the illegal construction and violations of approved layout plan of the Private Societies.

(DP. 65, 67)

Metropolitan Corporation Islamabad

3.4.35 Non-recovery of outstanding dues in respect of License fee, Space charges, utilities and conservancy - Rs 1,625.87 million

Para 2 of CDA Procedure Manual, Part-II (Financial Procedure) states that all receipts must be realized and accounted for immediately.

Para 401 of CDA Procedure Manual Part-III states that estimated cost of job must be deposited in advance by the party concerned with the Machinery Pool Organization either in shape of special cheque or otherwise.

MCI awarded various licenses for advertisement rights, awarded spaces for utilization, permissions were allowed on payment of license fee/charges.

Audit observed that there were huge outstanding dues against the advertisement companies, cellular companies, other licensees and consumers involving Rs 1,625.87 million. The department failed to recover the outstanding dues, as detailed below:

(Rs in million)

DP No	Description	Amount
24	Non recovery of Trade License from defaulters	16.814
25	Non-recovery of conservancy charges from stall holders of weekly bazar	119.201
26	Non-recovery from M/S Sukh Chayn valley (Pvt) Ltd., for temporary usage of 19.28 canal land	153.135
33	Non recovery on account of open space from Erra	730.35
Para 01 AIR Revenue	Non-recovery of water and conservancy charges	134.513
Para 09 AIR Revenue	Non-recovery of water and conservancy charges	471.857
Total		1,625.87

Audit pointed out the matter of non-recovery in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery besides appropriate action against those responsible for delay.

3.4.36 Unjustified payment against idle labour manpower - Rs 774.250 million

Standard Operating Procedure (SOP) for management of field staff deployed for daily work provides that in the morning the entire field staff, daily wages worker, Regular (P) shall gather beat/block/range wise, at designated attendance points at scheduled time. Enquiry Incharge shall maintain the attendance register at each and mark the attendance of daily wages, regular (P) employees. Enquiry Incharge shall counter sign each attendance register, Deputy Director and Assistant Director shall randomly check the attendance of office by counter signing the attendance register.

Audit noted that Water Supply Directorate, MCI, Islamabad incurred an expenditure of Rs 774.250 million for the year 2019-20 on account of pay & allowances of regular (P) staff who were deployed for day-to-day repair & maintenance and to upkeep the water supply under their Division's jurisdiction.

Audit held that the Directorate carried out maintenance works during the year through contractors. It is further added that store material for day to day repair was not procured during the year in order to execute the work through the deployed staff, whereas, salaries of Rs 774.250 million for the year 2019-20 were paid to the said operational staff, which shows that the staff has not carried out the works to justify the salaries paid to them. Further, no proper attendance and progress of work

performed by these work charged staff dully authenticate/verified by the supervisory officer was found available in the record. This resulted in payment of Rs 774.250 million against idle labour workforce.

Audit pointed out the matter in April 2021. The Authority did not reply.

DAC meeting was not convened despite making repeated requests by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends appropriate measures for effective utilization of workforce.

(DP. 02)

3.4.37 Non-recovery of Water Treatment Plant charges from WASA and Cantonment Board Rawalpindi - Rs 367.399 million

Rule 8 of General Financial Rules (Vol.-I) provides that a departmental controlling officer is required to promptly assess, realize and deposit the Government revenue into Government funds.

Audit noted that Deputy Director, Khanpur Dam Division, Directorate of Bulk Water Management, CDA, Islamabad, operate & maintain water treatment plant at Sangjani and supplied treated water to Rawalpindi Cantonment Board (RCB), WASA Rawalpindi and CDA Islamabad as per their approved share. Audit observed that operating & maintenance charges and raw water charges of Rs 367.399 million incurred during financial year 2019-20 for treatment of raw water, as per share of the treated water supplied to the beneficiaries i.e. Rawalpindi Cantonment Board (RCB) and WASA Rawalpindi was not recovered from the beneficiaries.

This resulted into non-recovery of water treatment charges of Rs 367.399 million, as detailed below:

(Rs in million)

Period	RCB	WASA	Total
Amount outstanding up to June 2020	1,266.417	562.573	1,828.990
Less arrear up to June 2019	1,044.161	417.430	1,461.591
Total amount due for the FY 2019-20	222.256	145.143	367.399

Audit pointed out irregularity in April & May 2021. The Authority replied that continuous efforts are being made for early recovery of the outstanding charges. The matter was also taken up at higher level and the Secretary, Ministry of Interior has requested vide letter dated 04.09.2020 to the Secretary, Ministry of Defence and the Chief Secretary, Government of Punjab to clear the dues outstanding against RCB and WASA Rawalpindi. As and whenever the recovery of outstanding charges is made, the same will be verified to the Audit.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of outstanding dues.

(DP. 05)

3.4.38 Non-recovery on account of visa seekers' facility & Shuttle Service - Rs 269.00 million

As per CDA letter No.CDA/DMA/MCI/VSF &SS/2020/384 dated 31.12.2020, recovery was required to be made under section 79 of the land Revenue Act-1967 from defaulter contractor on account of visa seeker facility & Shuttle Service, 3rd Avenue, Diplomatic Enclave, Islamabad.

Directorate of Municipal Administration, MCI, Islamabad awarded a contract on 03.04.2017 to M/s Bilal Travel & Tours to operate a shuttle bus services for visa seekers' facility from Convention Centre to

Diplomatic Enclave at bid price of Rs 93.400 million per annum for the period of three years. Quarterly payments of Rs 23.500 million were payable by the contractor.

During the audit of DMA/MCI for the financial year 2020-21, it was noted that DMA/MCI awarded a contract to Mr. Amjid Ali Owner/CEO, of M/s Bilal Travel & Tours (Pvt) Ltd., Lahore during 2019-20. On completion of one year contract, the said contractor got stay orders from Court of Session Judge West Islamabad. Stay was vacated on 10.12.2020 and site possession was taken over from the defaulting contractor on 11.12.2020 but an amount of Rs 269.00 million excluding 10% penalty & 10% withholding tax was not recovered. Present status of running of the license was also not forthcoming from the record.

This resulted in non-recovery of Rs 269 million from the contractor which was due to weak financial controls.

Audit pointed out the matter in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing the responsibility besides corrective action.

(DP. 48)

3.4.39 Irregular handling of cash in MCI receipts - Rs 113.266 million

As per Part-III of Treasury Rules (76) moneys tendered as dues of the Government or for deposit in the custody of the Government shall not pass through the hands of a departmental officer unnecessarily. Direct payment into the treasury or into the, Bank by the person who tenders such money shall be insisted on, and direct payments arranged whenever

this is practicable. (77) i. Every officer receiving money on behalf of the Government should maintain a cash book in Form T.R. 4. ii. All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check. iii. The cash book should be closed regularly and completely checked.

During scrutiny of account record of Directorate of Municipal Administration, MCI, Islamabad, Audit noted that following amount of Rs 113.266 million was deposited in the MCI Receipt account maintained in Bank of Punjab directly by section in-charge:

Audit observed that:

- i. MCI receipts were allowed to pass through the hands of departmental officers unnecessarily. Direct payment into the treasury or into the Bank by the person who tenders such money was not insisted and no rules for Bank deposits framed.
- ii. The cash book was not prepared correctly. It was not closed regularly and completely checked. The head of the office did not verify the totaling of the cash book as required.

This resulted into irregular handling of cash receipt of MCI and improper maintenance of record for Rs 113.266 million.

Audit pointed out the matter in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility against those responsible for violation of rules besides taking correction action.

(DP. 38)

3.4.40 Illegal Kiosks due to negligence of Enforcement Directorate on CDA Land and loss of revenue - Rs 46.995 million

Para 66 (Chapter VIII Encroachment) of Municipal Byelaws CDA provides that no person shall encroach on the land under the charge of the Authority or put up an immovable structure, hut or khokha or overhanging structure under any circumstances.

During audit of Directorate of Enforcement, CDA Islamabad, it was observed that in 1992 authority issued 646 licenses for running of temporary Jumra/hotel cabin at different locations of Islamabad. After two years of construction authority stopped receiving fee demolished the said cabins. In 2009, after two years Jumra Association met with the Chairman CDA for reopening of 646 Jumras/cabin. A survey was carried out with CDA authority and Association of Khokhas and found 249 Jumras/Kiosks are still running their business without license and approval from Planning Wing of CDA. These Kiosks were declared illegal and were removed by Directorate of Enforcement by orders of Supreme Court of Pakistan.

National Assembly Secretariat in December 2015 made recommendations in context of meeting of Senate Standing Committee in Nov 2015 that CDA may restore the 485 licensees within 03 days.

House of Mayor MCI approved agenda items regarding restoration of kiosks in its 14th and 15th meeting held on 28.08.2017 and 28.09.2017, respectively. In follow up meetings in 25.05.2018 Mayor MCI, decided to issue letter to 235 stalls holders/Kiosks subject to conditions with standard size, design, site vetting by Planning Division for issuance of license.

Audit observed that these kiosks are running their business without getting formal license from CDA/MCI, Islamabad. Neither action has been taken for their removal nor recovery of Rs 46.500 million made (approximately @ Rs 500 per Sq.Yard per month from 2018 to June 2021).

This resulted in non-compliance against illegal construction and running of kiosks without payment of dues since 2018 resulting loss to CDA Rs 46.500 million.

Period	Nos of kiosks	Size	Area in Sq. yard	Rate/ Sq. yard	Amount per year for 235 kiosks	Amount (Rs) for (03) years
2018-2021	235	10' x 10'	11.11	Rs 500	15,665,100	46,995,300

Audit pointed out the matter in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends appropriate action against those responsible besides recovery of outstanding rent.

(DP. 185)

3.4.41 Non-recovery of outstanding dues from the owners of properties - Rs 39.00 million

According to Clause 106 & 111, Chapter No.III, Local Government Act-2015, Mayor MCI is competent authority to recover the Govt. dues from owner of the property.

During audit of Directorate of Enforcement, CDA Islamabad, it was observed that Revenue Directorate of CDA have accorded approval for sealing of following plots/premises, who have failed to clear outstanding dues in the light of local Government Act-2015 of MCI resulting in non-recovery of outstanding dues from owner of default properties Rs 39.00 million, as detailed below:

S. No.	Property	Property Tax (Rs)	Water/Allied Charges (Rs)
1	Plot No.66, I&T/C Sector G-8/1	2,220,847	344,275
2	18-A,Sr.No.4, Sector G-8, Markaz	748,404	264,862
3	18-A,Sr.No.7, Sector G-8, Markaz	1,878,362	264,862
4	Plot No. 3-8, Sector G-10 Markaz	2,587,660	565,172
5	Plot No. 25-A, Sector G-10 Markaz	5,090,252	882,285
6	Plot No.6, I&T/C Sector G-10/4	822,946	174,726
7	I-C I&T/C Sector G-6/1-1	2,653,619	0
8	Plot No.115, Industrial Area, I-10/3	3,832,581	934,291
9	56-F, Jinnah Avenue, F-6,/G-6	9,931,839	2,675,720
10	Plot No.118,F&V Market, I-11/4	2,798,117	336,135
Total		32,564,627	6,442,328
G. Total			39,006,955

Enforcement Directorate/MCI could not take any action regarding sealing of said premises with the coordination of ICT Area Magistrate.

This resulted in non-recovery of Govt. dues and non-sealing of defaulter's properties.

Audit pointed out the matter in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry into the matter for fixing responsibility and early corrective action/recovery.

(DP. 187)

3.4.42 Unjustified procurement and non-disposal of surplus steel - Rs 32.750 million

Rule 167 of GFR (Vol-I) provides that stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to

their value [Vide Col. (4) of Schedule V to the Book of Financial Powers]. Each order declaring stores as unserviceable should record the full reasons for condemning them and how the condemned stores are to be disposed of i. e., whether by sale, public auction or otherwise. The head of the office should record full particulars regarding all condemned stores in suitable list from which their disposal can be watched.

Audit noted during scrutiny of store ledger of steel of CDA/MCI Store, MPO Directorate, CDA Islamabad, that 297.731 metric ton steel valuing Rs 32.750 million was procured in 1991-1996.

Audit observed that the steel was procured without actual requirements. Moreover, out of total quantity, 165.770 metric ton of steel was issued during the year 2008 after 10 to 15 years of procurement without tensile strength tests.

Audit maintains that the steel valuing Rs 32.750 million was procured without actual requirements and balance quantity of 131.961 metric ton steel has not been disposed of/auctioned despite of the fact that these material were not only occupying space but deteriorating with the passage of time and weather conditions.

Audit pointed out the matter in July 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility besides corrective action.

(DP. 60)

3.4.43 Non-deduction of tax of Rs 2.919 million and irregular expenditure without observing procurement rules - Rs 18.243 million

According to Rules, 9, 10 and 12 of the Public Procurement Rules, 2014, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly, without any splitting or regrouping for procurements so planned and annual requirements thus determined would be advertised in advance on the PPRA's website.

Audit noted that DMA paid Rs 18.243 million during the year 2020-21 to the contractors through single quotation without observing procurement rules i.e. without advertisement and inviting tenders through splitting. Moreover, due to following irregularities the expenditure was held irregular.

- i. Satisfactory performance certificate was not issued by the responsible officer.
- ii. Actual payee's receipts were also not available on record.
- iii. Invoices were without number and dates.
- iv. Tax on services @16% amounting to Rs 2.919 million was not deducted.

Audit pointed out the matter in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends action against person(s) responsible for irregularity besides recovery of tax amount.

(DP. 34)

3.4.44 Delay in completion of work for a period of four years - Rs 8.164 million

According to clause-2 of the contract agreement, the time allowed for carrying out the work was to be strictly observed by the contractor. In case of his failure to comply with this condition, he was liable to pay compensation amount equal to one percent, maximum up to 10 percent of the estimated cost.

Audit noted that Director Water & Sewerage Development (Rural Area Zone) CDA Islamabad awarded a work “Providing and Laying water supply along Vehicular Road 47 to 56 in Sector I-16/4, Islamabad” to a contractor M/s Rawail Builders at a contract cost of Rs 8.164 million on 21.06.2017 to be completed in two (02) months. The contractor was last paid through 2nd Running bill for Rs 2.449 million on 29.06.2018.

Audit observed that the contractor could complete 30% of work in the stipulated period of two (02) months. The work was still incomplete despite delay of four years (June 2017 to May-2021 i.e. date of audit). The contractor was neither penalized nor the stalled work finalized/rescinded as required under the provisions of the contract.

This resulted into non-completion/finalization of accounts of the stalled work for Rs 8.164 million.

Audit pointed out the irregularity in May 2021. The Authority replied that the contractor executed the work partially as per available allocation of funds. Now the contractor has already issued 2nd notice to resume the work and mobilize at site. In case of failure, action against the firm will accordingly be taken under relevant clauses of the contract.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends completion of work besides finalization of accounts and recovery of loss due to delay in completion of work.

(DP. 19)

3.4.45 Non-handing over of laptops and vehicles by the consultant - Rs 5.745 million

As per Appendix-H of consultant agreement Part-8 Financial Proposals Para-l the Consultant was required to provide certain items and vehicles under reimbursable cost which were to become CDA property.

Audit noted that Director Structure (Services) Design Wing CDA Islamabad awarded a work of Consultancy services to carryout feasibility studies, detailed engineering design and onsite construction supervision for control of water pollution in natural streams surface reservoir and sewage treatment plants in the city of Islamabad to M/s Osmani & Company (Pvt.) Ltd Karachi at contract price of Rs 106.567 million with date of commencement on 06.05.2011 to be completed in 12 months. Last Extension in Time (EOT) was granted up to 30.06.2020. The work is still in progress. The consultant was lastly paid vide CV No. 04 dated 09.03.2020 for total updated amount of Rs 47,906,200.

The payment included Rs 5,745,200 on account of laptop computers and vehicles as under:

Sr. No.	Items	Quantity	Cost (Rs)
1.	Laptop Computers (Latest Specifications)	02	170,000
2.	Toyota corolla GLI with registration	01	1,691,200
3.	Toyota corolla GLI with registration	02	3,884,000
Total			5,745,200

Audit observed that the above items were not handed over to CDA by the consultant.

Audit pointed out the issue in May 2021. The Authority replied that the facilities procured by the Consultants were handed over to CDA.

The reply was not accepted as handing/taking over of the vehicles was not provided. The project was still in progress but these items were not traceable in CDA record.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility besides corrective action.

(DP. 18)

3.4.46 Loss of revenue due to non-collection of Car Parking/Bus Stand and shops at Daman-e-Koh Islamabad – Rs 147.60 million

Rule 26 of General Financial Rules (Vol-I) provides that it is the duty of the departmental controlling officer to see that all sum due to Government are regularly and promptly assessed, realized and duly credited in the public account.

Audit observed that MCI published locations for open auction for collection of car parking, bus stand and bid was accepted but contractor did not deposit advance payments/security and their bids were cancelled. In some cases, contractor started the work but left the contract. Neither efforts were made for-auction through competition nor securities of defaulter contractors were forfeited and contractors were blacklisted. During visit of places, it was noticed that collection is being made but record of token slip/tickets for the FY 2020-21 was not available for authenticity and assessments of collected money.

Amount received through self-collection was not shown to audit. Neither the record of ticket and receipt books printed for self-collection was maintained nor shown to audit.

Moreover, it was observed during visit of Daman-e-Koh that about 40 khokhas and restaurants have been established at Daman e Koh, Islamabad. Scrutiny of record revealed that neither the permission by competent authority was available on record nor any receipt/recovery was deposited.

Audit could not verify whether recovery was made through self-collection or by defaulter contractors. It was required to auction the places through open competition at rate of 10% above the previous auction i.e. above Rs 147.60 million.

Audit pointed out the matter in August 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 10.11.2021, 10.12.2021 followed by reminders on 22.12.2021, 31.12.2021, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends inquiry for fixing responsibility besides early corrective action.

(DP. 43)

Special Study Report on Realization of Property Tax

Special Study of Realization of Property Tax by Capital Development Authority/Metropolitan Corporation Islamabad was conducted by the Directorate General Audit Works (Federal) in April 2021. The objective of the audit was to attain reasonable assurance whether rules, regulations and due care and prudence were applied at all levels in raising demands and pursuing recoveries. Whether due process of approval/authorization was adopted while making adjustments (waivers and reduction in demands and corrections in the amounts demanded) to control loss.

The major source of income/revenue realization of the Authority is imposition and recovery of Property Tax from the owners of property within the vicinity of Islamabad. The levy of property tax is governed by rule 6 (1) of the Capital Development Authority (Imposition of Taxes). Rules, 1981, and rates circulated by the Federal Government through Gazette Notification on 20th August 1991 further amended in 1995 and 2001.

Estimated and actual receipts for the financial years 2016-17 to 2019-20 are as under:

(Rs in million)				
Year	2016-17	2017-18	2018-19	2019-20
Estimates/Target	1,200.000	860.000	870.000	1,680.000
Actuals	813.114	832.240	915.808	1,448.760

Audit findings and recommendations

Organization and Management

3.4.47 Preparing Revenue estimates without back up data analysis and raising of revenue demands on lesser side

Property tax and water charges recoveries are interlinked with reference to industrial, commercial and residential units.

During scrutiny of accounts ledgers of property tax and water/conservancy charges recovery of Directorate of revenue, CDA/MCI, Islamabad for the financial year 2019-20, Audit noted that there are total of 69,518 consumers out of which 13789 are commercial consumers as per CDA record, whereas as per IESCO billing in Islamabad, the total number of consumers is 327, 421.

Less billing of 257,903 consumers was being made which needs justification besides corrective action.

Audit further observed that there was no detail for calculation of revenue targets for recovery of property tax and water/conservancy charges. Estimates/budgeted receipts/target for the receipt of property tax was fixed on lump sum basis. It is also evident that the target receipt remains constant despite increase in number of units every year.

Four years analysis shows continuous shortfall of revenue targets as shown hereunder:

(Rs in million)				
Particulars	2016-17	2017-18	2018-19	2019-20
Estimates/ Target of revenue	1,200.000	860.000	870.000	1,680.000
Actuals revenue	813.114	832.240	915.808	1,448.760

Audit pointed out the matter in April 2021. The Authority replied that there is no comparison of IESCO connections with billing consumers

made by this office, however, most of the area of Islamabad comes in the rural area and this office is not charging taxes. This office already achieved their target for the collection of Property Tax, water and Allied Charges, as per estimated target.

The reply was not accepted because no detail relating to property tax/ water and allied charges were available in record to authenticate the achievement of their revenue targets. .

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends corrective action including development of a detailed Geographic Information System (GIS) based inventory of businesses/revenue slots within their legal/jurisdictional ambit i.e. total floor space commercial/residential/ business/institutional (approved/ unapproved) etc.

(Para-24)

3.4.48 Irregular/unauthentic issuance of 10,997 “No Objection Certificates” in Revenue Directorate CDA

As per CDA approved procedures for the transfer of Plot/Property, transfer of property to family members through gift, transfer of plot to the legal heirs of the dead allottees and change of title through sale deed, besides other requirements, NOC/Property Tax Clearance Certificate from Revenue Directorate, CDA is required/ mandatory.

During scrutiny of “No Objection Certificate Register” of Revenue Directorate, CDA, Islamabad, Audit noted that 10,997 NOCs of 8,200 residential buildings from 03.05.2018 to 17.08.2021 and 2,797 commercial building from 11.01.2019 to 17.08.2021, were issued.

Audit observed that there is no mechanism with Accounts section and no ledger of individual consumer was maintained, which could

authenticate that how much amount is outstanding against any consumer till the time of issuance of NOC. Divisional Accounts Officer/Assistant Accounts Officer concerned were giving certificates of recovered and recoverable dues without consumer data/ledgers.

Audit further observed that instead of depositing dues by the consumer in designated bank, cheques are received in Revenue Directorate and NOC is issued without verification of recovery from the bank scroll/ bank statement.

This resulted in irregular/unauthentic issuance of 10,997 no objection certificates in Revenue Directorate CDA.

Audit pointed out the matter in April 2021. The Authority replied that NOCs were being issued as per approved SOP/ Procedure. There is no irregularity involved.

The reply was not accepted because there was no consumer wise detail/ledger available with Revenue Directorate which could authenticate that how much amount is outstanding against any consumer till the time of issuance of NOC. There was no coordination between Accounts and Computer Sections. Besides, NOCs, “dues clearance certificates” were also being issued under the signatures of Assistant Revenue Officer/Revenue Officer on unauthentic recovery status. NOC/dues clearance certificate is issued without verification of recovery from the bank scroll/bank statement.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends inquiry at Ministry level for fixing responsibility against those responsible besides corrective action.

(Para-26)

3.4.49 Unreliable and unsecure Billing System - Rs 1,866.913 million

As per system in vogue, Property tax bills are issued to the consumers annually whereas water and allied charges bills are issued on quarterly basis. Property Tax is to be deposited by the owners of property in 25 designated branches of different banks whereas water and allied charges are to be deposited by the consumers in 57 designated branches of different banks in Islamabad as per practice in vogue.

During Audit scrutiny of accounts record with reference to Monthly Account for June 2020 relating to Director Revenue CDA, Audit noted that as per monthly accounts Rs 1,449.157 million and Rs 417.757 million was collected by different banks during the year 2019-20 on account of property tax and water charges.

Audit observed that there was no approved SOP in operating of property tax and water charges billing system by IT Directorate CDA and Revenue Directorate CDA. There is no Information Security/Access Control Policy/Data Integrity/Monitoring and Implementation, Disaster Recovery/Back up media, System documentation/updation of system. Bank scrolls/receipt vouchers being attached with monthly accounts.

Audit maintains that the Property Tax, Water and Allied Charges Billing System presently in vogue in Revenue Directorate CDA is unreliable and unsecure.

Audit pointed out the matter in April 2021. The Authority replied that in the year, 2014, IT Directorate was requested by Revenue Directorate for taking up EDP (Electronic Data Processing) services of Property Tax, Water & Allied Charges Billing System from the then PCB (Pakistan Computer Bureau), Ministry of IT. It was then learnt that same system was designed, developed, maintained by the then PCB in year 2015, the PCB handed over the EDP services of Property Tax, Water & allied Charges billing system to CDA's information Technology Directorate under an agreement and two modules in CDA's Billing System were handed over to IT Directorate in year 2015.

The billing system is accessible to only limited users with security features like entry of Client IP Address in server configuration to allow only specific client machine, creation of login credentials (user name/password) granted to billing users. The system maintains user wise data entry log.

The reply was not accepted because no details of these modules and contract agreement with PCB were produced in support of reply. There is no system of getting individual report/ledger of a consumer. Authorized access of users has not been notified and no log of amendments has been prepared. The system is vulnerable and open for unauthorized corrections in the raised demands.

DAC meeting was not convened despite frequent requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends Inquiry to ascertain whether the billing system was being run as per the system prepared by PCB, by checking of demands as per billing system for revenue and actuals with reference to bank statements, receipt vouchers, bank scrolls/bank statements. Total corrections made in the system with reference to authorizations/approvals and calculations of bills to be checked with reference to certified/surveyed covered areas.

(Para-11)

3.4.50 Loss/non-recovery of millions of rupees due to less/non-raising of revenue demands against 810 properties

According to Section 49-A of CDA Ordinance, 1960, any sum due to the Authority or any sum wrongly paid to any person under this ordinance shall be recoverable as arrears of land revenue.

As per Cabinet Secretariat (Cabinet Division) vide Notification S.R.O. 806 (1)91 dated 20.08.1991 certain rates of property tax in Islamabad were notified under rule 6(1) of the Capital Development Authority (Imposition of Taxes) Rules, 1981.

The rates were first revised on 28.06.1995 and final revision was made on 12.01.2001. As per Notification No. MCI-(1)/Notification-4/2018/325 Islamabad, dated 17.12.2018 in exercise of the powers conferred by Sub-Section-5, Section-88, Chapter-x of ICT Local Government Act-2015, the Metropolitan Corporation Islamabad in its 30th Meeting held on 29.11.2008, approved Revision of “Property Tax” in Islamabad Capital Territory applicable from 01.07.2019.

During scrutiny of accounts record/ledgers of Property Tax recovery registers of Directorate of Revenue, CDA/MCI, Islamabad for the financial year 2019-20 with reference to site visits of F-11 apartments and H-13 besides internet search, Audit noted that different properties were not brought under property tax billing despite admissibility as per rules and procedure. **(Annexure-K)**

Director Revenue CDA raised demand of Property tax against 413 agro farms established and situated in different areas i.e. Chak Shahzad, Murree Road, Kahuta Road, Sehana Extension and Tarlai Kalan w.e.f 01.07.2019 for Rs 44.809 million. As per physical survey of agro farms conducted by CDA in 2009 in pursuance of the decision of Honourable Supreme Court of Pakistan, there were total 605 agro farms. CDA, raised demand against 413 agro farms instead of 605 agro farms, as per survey conducted by CDA. As such 192 agro farms were not on the tax base of CDA. Moreover, demand was made from 01.07.1991 instead date of completion of these farms.

This resulted in loss/non-recovery of dues of millions of rupees to CDA.

Audit pointed out the matter in April 2021. The Authority replied that notices for recovery with reference to covered area and completion certificate issued by the BCS Directorate, CDA will be issued and Audit will be intimated accordingly.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021 and 11.01.2022.

Audit recommends early recovery of outstanding dues with surcharge besides taking appropriate action against those responsible for delay in recovery.

3.4.51 Unauthentic covered area information for Property Tax and water/allied charges billing

As per Notification No. MCI-(1)/Notification-4/2018/325 dated 17.12.2018 the annual value of buildings and lands for the purpose of this levy shall be determined by an admixture of plot area and the covered area of the buildings thereon multiplied by the respective figures shown below against each category.

During scrutiny of accounts record with reference to individual files of different commercial/residential consumers, Audit observed that billing of property tax and water/allied charges was being made on the basis of covered area without obtaining information from the Building Control Sections, CDA and without physical verification reports (in cases where completion certificates were not yet issued).

Audit further observed that no periodical review of covered area was being carried out to ascertain actual covered area due to additional construction activities by the owners of property.

Audit pointed out the matter in April 2021. The Authority replied that all the billing is being done on the basis of verified covered area from the source of building control, Estate Management and after site inspection.

The reply was not accepted because as per sanctioned strength of Revenue Directorate, there are 06 sanctioned posts of covered area/survey inspector but these posts are vacant. In the absence of these posts, the covered areas calculated for each property for billing purpose

cannot be termed as authentic. The covered area being taken for billing purpose was not authenticated by third party source either i.e. Building Control Sections CDA and also without physical verification reports.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends holding of Inquiry at Ministry level for fixing responsibility against those responsible besides corrective action.

(Para-19)

Financial Management

3.4.52 Non-recovery of Property Tax, water and allied charges from 1,338 property owners - Rs 3,409.692 million

According to Section 49-A of CDA Ordinance, 1960, any sum due to the Authority or any sum wrongly paid to any person under this ordinance shall be recoverable as arrears of land revenue. Rule 26 of General Financial Rules Vol-1 provides that it is the duty of departmental officer to see that all sums due to the government are regularly assessed, demanded, realized and remitted into the national treasury.

During scrutiny of accounts ledgers of Property Tax recovery register of Directorate of revenue, CDA/MCI, Islamabad for the financial year 2019-20, Audit noted that Director Revenue did not recover property tax from 1,338 residential and commercial property owners and in some cases, collected lesser tax than as required.

This resulted in non-recovery of Property Tax, water and allied charges from 1,338 property owners for Rs 3,409.692 million **(Annexure-L).**

Audit pointed out the matter in April 2021. The Authority replied that as pointed out, recovery notices to the defaulters shall be issued on

priority basis and recoveries when realized will be got verified from Audit.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends recovery of outstanding dues with surcharge besides appropriate action against those responsible for delay in recovery.

3.4.53 Hefty closing balance of Rs 158.650 million and non-reconciliation of remittance - Rs 1,708.263 million

As per para 12 Chapter III, CDA procedure Manual, the directorate of accounts will maintain a cash book for the bank they are in account with. A cash book will similarly be maintained by each DDO in all the Directorates and Divisions. When money is received on behalf of the Authority, it should at once be brought to account in the cash book and a receipt should invariably be granted to the payer, or the fact of the recovery having been made by deduction from the payment voucher should be clearly recorded on the receipt. As per para 20, a statement of accounts may be obtained within three days of monthly close of cash book for reconciliation purpose.

During Audit scrutiny of accounts record with reference to Monthly Account for June 2020 relating to Director Revenue CDA, Audit noted that as per monthly accounts, 1,866.913 million was collected by different banks during the year 2019-20 on account of property tax and water charges.

Audit observed that out of total Rs 1,866.913 million an amount of Rs 1,708.263 million was shown as transferred to CDA main account without evidence of monthly reconciliations. Substantial closing balance of Rs 158.650 million in current bank accounts was not only irregular but it also caused loss of interest income for the period. Cash book was not being prepared as required

Audit pointed out the matter in April 2021. The Authority replied that an amount of Rs 1,789.451 million was remitted into CDA main account which has been verified by Treasury Division, CDA. The remaining amount would be remitted into CDA main account as soon as possible. The cash books of Revenue Directorate are also maintained properly.

The reply was not accepted because reconciliation provided with reply is without bank statements in support of deposits received by Treasury Division. Massive amount lying as closing balance caused not only irregular retention of Rs 158.650 million but also resulted in loss of interest income for the period.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends appropriate action against those responsible for non-reconciliation and retaining heavy balances in current account of banks.

(Para-3)

3.4.54 Irregular maintenance of bank accounts besides keeping bank deposits in Current Accounts - Rs 389.792 million

As per para 12 Chapter III, CDA Procedure Manual, the Directorate of Accounts will maintain a cash book for the bank they are in account with. A cash book will similarly be maintained by each DDO in all the Directorates and Divisions. When money is received on behalf of the Authority, it should at once be brought.

Audit noted that Director Revenue, CDA was maintaining following six main collection accounts for property tax and water/allied charges:

(Rs in million)

S. No.	Name of Bank	Account No.	Balance as on 07.04.2021
1	Silk (Emaan Islamic Banking) F-8 Markaz Branch	No. 5000371426	22.201
2		No. 5000371442	70.612
3	UBL (Jinnah Avenue Islamabad)	No. 000265565786	3.010
4		No. 000265565922	31.815
5	SME Bank Ltd	No. 1001-0064238-0001	62.635
6		No. 1001-0064173-0001	199.519
Total			389.792

Audit observed that there was no approval on record for opening of these bank accounts. Cash books for these accounts were not being maintained and bank statements were not being obtained. Cash balances were not transferred to CDA's main account and these balances were lying unutilized in current accounts of banks. The amount of Rs 389.792 million was not being shown in the monthly accounts. The cash balances were therefore unreported and receipt figures under stated.

Audit further noted that Director Revenue CDA has been maintaining 58 accounts for water/allied charges and 27 accounts for property tax.

Audit observed that cash books for the aforesaid charges were also not being maintained. Approval of competent authority/forum for opening of these bank accounts was also not available in the record produced for audit.

This resulted into irregular handling of receipts in Revenue Directorate and irregular maintenance of bank accounts.

Audit pointed out the matter in April 2021. The Authority replied that approval of MCI accounts that are non-operational has been obtained from Mayor of Islamabad.

The reply was not accepted because the Mayor Islamabad approved letter to Federal Government for approval of proposal of opening of Bank Accounts but no approval was on record. Cash Books for these accounts were not being maintained and bank statements were not being obtained. Cash balances were not transferred to CDA main account and these balances were lying unutilized in current accounts of banks. The amount of Rs 389.792 million was not being shown in the monthly accounts. The cash balances were therefore unreported and receipt figures under stated.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends appropriate action against those responsible besides effecting recovery of the loss that occurred on profit against deposits due to non-keeping of deposits in profit bearing accounts.

(Para-18)

3.4.55 Non-accountal of dis-honored cheques of CDA/MCI receipts - Rs 19.025 million

As per Para 12 Chapter III, CDA procedure Manual, in case, a cheque is dishonored by the bank, it should be immediately written back in the cash book by making a minus entry on both sides of the cash book. Moreover, as per instruction printed on the reverse of standard bill proforma, payments of Property Tax are accepted at Askari Bank all branches within municipal limit of Islamabad.

During Audit scrutiny of accounts record i.e. Subsidiary cash register for the year 2019-20 (up to date) with reference to Monthly Accounts relating to Director Revenue CDA/MCI, Audit noted that 178 cheques deposited by the consumers on account of Property tax for Rs 17.137 million were dis-honoured by concerned Banks and were not credited in CDA account.

Audit observed that non-cashed/dis-honored transactions were not got corrected from concerned consumers and no penal/legal action was initiated against such defaulters.

Audit further observed that the Director Revenue received cheques of property tax of Rs 7.425 million drawn on different banks outside municipal limits of Islamabad. Out of this, two (02) cheques amounting to Rs 1.888 million were dishonored but no record of re-issuance and credit of these cheques was available.

Non-adherence to rules caused irregular receipt for Rs 7.425 million and dishonored cheques of Rs 19.025 million.

Audit pointed out the matter in April 2021. The Authority did not reply.

DAC meeting was not convened despite frequent requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends appropriate action against those responsible for non-rectification of non-cashed/dis-honored cheques besides corrective action.

(Para-6, 28)

Monitoring and Evaluation

3.4.56 Unjustified retention of the Officers/Officials on the same posts beyond the normal tenure

Public Accounts Committee (PAC) Sub-Committee-I in its meeting held on 4th July, 2019 directed to the Principal Accounting Officers (PAOs) to make posting/transfers from one post to another post beyond the normal tenure of posting against one post.

ESTA Code SI.No.1 Part-I (Postings and Transfers) Transfers, Postings and Deputations, provides that the normal tenure of an officer on

the same post should be three years. Posting of an officer on the same post beyond the normal tenure will require concurrence of the competent authority.

Audit observed during review of the record of Revenue Directorate CDA/MCI, Islamabad that seventy-eight (78) Officers/Officials have been working on the same post beyond normal tenure of three years to sixteen years out of total working strength of 118 personnel.

Therefore, till the start of April 2021 (date of audit), 66% personnel against the sanctioned strength, were performing duties on same post/in same Directorate for abnormally excessive tenure. Most of the Senior Assistants, Sub-Assistants and Junior Assistants are dealing with the same Sectors since their induction in Revenue Directorate.

This indicated weakness of internal controls and deviation from the rules and procedure as well as PAC directives.

Audit pointed out the matter in April 2021. The Authority did not reply.

DAC meeting was not convened despite repeated requests made by Audit on 02.06.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends early corrective action.

(Para-20)

CHAPTER 4

CIVIL AVIATION AUTHORITY (AVIATION DIVISION)

4.1 Introduction

A. Pakistan Civil Aviation Authority (CAA) is a public sector autonomous body working under the Federal Government of Pakistan through Aviation Division, Cabinet Secretariat. CAA was established on 07.12.1982 through Pakistan Civil Aviation Authority Ordinance 1982. As per Schedule-II of Rules of Business, 1973 (amended up to January 2019) Aviation Division is responsible for administration of Civil Aviation Ordinance and development of civil aviation in Pakistan.

The purpose of establishing CAA is to provide for the promotion and regulations of Civil Aviation activities and to develop an infrastructure for safe, efficient, adequate, economical and properly coordinated Civil Air Transport Service in Pakistan. CAA not only plays the role of the aviation regulator of the country but at the same time performs the service provider functions of Air Navigation Services and Airport Services. The core functions of CAA are therefore, ‘Regulatory’, ‘Air Navigation Services’ and ‘Airport Services’. These core functions are fully supported by various corporate functions of the organization.

The general direction and administration of CAA and its affairs vests in CAA Board which exercises all powers, performs all functions and does all acts and things that need to be exercised, performed or done by the Authority. The Chairman CAA Board is the Secretary of the Division to which the affairs of the Authority are allocated. Presently, it is the Secretary Aviation. CAA Executive Committee is the highest decision-making body of the Organization. It exercises such administrative, executive, financial and technical powers as delegated to it by the Authority. Director General CAA is the Chairman of CAA Executive Committee. The Federal Government appoints the Director

General who is the Executive head of CAA and exercises such powers and performs such functions as may be specified in CAA Ordinance or delegated to him by the CAA Board from time to time. The CAA Board is assisted by CAA HR (Human Resources) Committee and CAA Audit Committee. The Director General is assisted by the Deputy Director General, Directors and Additional Directors. The Director (Finance) controls the budget and enforces the internal financial controls/checks. Internal Audit Department is headed by an Additional Director under the direct supervision of the Director General. The Headquarters of the CAA are situated at Karachi.

B. Comments on Budget and Accounts (Variance Analysis)

Financial Statements of Civil Aviation Authority for the financial year 2020-21 (unapproved) disclosed the figures of budget, revenue and expenditure as follows:

B1. Revenue

(Rs in million)				
Description	Target	Actual	Excess/ (Shortfall)	Excess/ (Shortfall) %
Aeronautical	38,811	38,936	125	0.32
Non-Aeronautical (Rent & Allied)	10,576	10,401	(175)	(1.65)
Inspection & Services	274	280	6	2.18
Return on Bank Deposits	2,010	2,230	220	10.94
Other	244	280	36	14.75
Total	51,915	52,127	212	0.40

Audit noticed that:

- i. The aeronautical revenue for the year 2020-21 was Rs 38,936 million against target of Rs 38,811 million. There was excess of Rs 125 million which constitutes 0.32% of the targeted revenue.

- ii. The non-aeronautical revenue for the year 2020-21 was Rs 10,401 million against target of Rs 10,576 million. There was a shortfall of Rs 175 million which constitutes (1.65 %) of the targeted non-aeronautical revenue.
- iii. Overall excess in revenue was Rs 212 million, which constitutes 0.40 % of the targeted revenue.

B2. Budget & Expenditure 2020-21

(Rs in million)					
Description	Original Budget	Revised Budget	Actual (Un Audited)	Excess/ (Shortfall)	Excess/ (Shortfall) %
Establishment Charges	18,754	20,481	19,175	(1,306)	(6)
Admin. Expenses	7,400	7,513	6,788	(725)	(10)
Provision for Doubtful Receivables	9,018	5,540	6,483	943	17
Provision for Pensioners	4,019	15,153	5,638	(9,515)	(63)
Repairs and maintenance	2,894	2,863	2,021	(842)	(29)
Depreciation	9,791	10,175	10,501	326	3
Bank Charges	4	3	18	15	500
Total Non-Development	51,880	61,728	50,624	(11,104)	(18)
Development					
Federal Government Fund (PSDP)	669	50	46	(4)	(8)
Annual Development Program (ADP)	20,112	16,238	12,362	(3,876)	(24)
Total Development	20,781	16,288	12,408	(3,880)	(24)
Grant Total	72,661	78,016	63,032	(14,984)	(19)

Audit noticed that:

- i. PSDP funds (Government funds) amounting to Rs 4.00 million remained unutilized representing 8% of the revised budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for PSDP projects.
- ii. In Annual Development Programme budget (CAA funds), there was a saving of Rs 3,876 million representing 24 % of the revised budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for development projects.

B3. Assets & Liabilities

a. Assets	Amount (Rs in million)
a1. Non-current assets	
Property, plant and equipment	631,990.660
Intangible asset	18.790
Investment property	119,265.808
Long-term loans	1,741.238
Long-term deposits	19.566
Deferred taxation – net	9,427.051
Sub-Total non-current assets	762,463.113
a2. Current assets	
Stores and spares	295.937
Trade debts	3,202.085
Loans and advances	33.013
Prepayments	64.319
Interest accrued	238.385
Other receivables	705.759
Taxation – net	17,662.702
Cash and bank balances	23,594.443
Sub-Total current assets	45,796.643
Total assets	808,259.756
b. Fund and liabilities	
b1. Fund and reserves	
Civil Aviation Authority Fund	257,770.106
Surplus on revaluation of fixed assets	491,058.787
Sub-Total Funds	748,828.893
b2. Non-current liabilities	
Deferred taxation – net	-
Retirement and other Services benefits	38,563.045
Government grants	9,362.837

Deferred income	-
Sub-Total non-current liabilities	47,925.882
b3. Current liabilities	
Trade and other payables	5,861.477
Retention money and security deposits	5,643.504
Sub-Total current liabilities	11,504.981
Sub-Total liabilities	59,430.863
Grand total fund and liabilities	808,259.756

- i. Net worth of property, plant and equipment is Rs 631,990.660 million after certain adjustment for re-valuation, depreciation, ijarah sukuk, etc. Out of it, major portion is of land with value of Rs 195,558.784 million (30.94%). As per draft financial statements, land measuring 3,332 acres is not mutated in the name of the Authority. Inclusion of worth of land in the assets which has not been mutated in the name of Authority tantamount to overstatement of assets in the Financial Statements to the extent of value of 3,332 acres land (Note 6.1).
- ii. Foreign Travel Tax and Government Airport Tax amounting to Rs 240.208 million and Rs 403.418 million (including Rs 382.460 million for the year 2020-21), respectively are receivable on behalf of the government (Note 13). The pendency of huge receivable government taxes with airline operators is inefficiency on the part of CAA. The collection of government dues may be matured and remitted to government without delay.
- iii. An amount of Rs 32.378 million is payable to Sindh Coal Authority on account of excess of deposit against construction of Thar Airport (Note 19.1). The account may be reconciled and corrective action be taken accordingly.
- iv. An amount of Rs 946.332 million and Rs 29.905 million is payable to government (Note 19) on account of sales tax and income tax deducted at source by CAA from different invoices. The same has not been remitted to government.

Note: Approved Audited financial statements from CAA Board for the year 2020-2021 were not produced by the Authority, however, the comments have been offered on the draft/unaudited financial statements.

C. Audit Profile of CAA

(Rs in million)

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue/ Receipts audited FY 2020-21
1	Formations	68	19	112,968.288	62,663.120
2	Assignment Accounts SDAs, RFAs (Excluding FAP)	03	03	45.80*	-

*Expenditure audited indicated against formations is inclusive of assignment accounts

Note: In addition to above, five formations audited during Phase-II of 2020-21 involving expenditure of Rs 8,204.275 million and results incorporated in this report.

4.2 Classified summary of Audit observations

Audit observations amounting to Rs 15,099.555 million were raised in this audit report. This amount also includes recoverable amount of Rs 4,719.425 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Auditor Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	HR/Employees related irregularities	1,220.571
B	Procurement related irregularities	5,197.294
C	Execution of works, contract agreement	1,711.562
2	Value for money and service delivery issues	2,175.087
3	Others	4,795.041
Total		15,099.555

4.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Civil Aviation Authority is as under:

Year	Total Paras	No. of Para Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1985-86	3	3	-	3	-
1986-87	3	3	-	3	-
1988-89	6	6	-	6	-
1989-90	01	01	01	-	100.0
1990-91	09 CAA+ 3 Ex- ADA+1 PAR (10)	12	09	3 Ex ADA+ 1 PAR	75.0
1991-92	26	26	10	16	38.46
1992-93	33 CAA+ 5 Ex- ADA+ 1 PAR (14)	38	26	07+Ex_ ADA+01 PAR	68.42
1993-94	49	49	21	28	42.85
1994-95	08	08	06	02	75
1995-96	14	14	07	07	50.0
1996-97	20	20	16	04	80.0
1997-98	91	91	82	09	90.10
	2 SAR	2	-	2	-
1998-99	46	46	36	10	78.26
1999-00	63	63	37	26	58.73
2000-01	83	83	62	21	74.69
2001-02	14	14	12	02	85.71
2002-03	10	10	04	06	40.00
2003-04	21	21	16	5	76.42
2004-05	10	10	08	02	80.0
2005-06	13	13	12	01	92.30
2006-07	09	09	05	04	55.55
2007-08	06	06	03	03	50.0
2008-09	17	17	10	07	58.82
2009-10	14	14	12	02	85.71
	56	56	26	30	53.57

Year	Total Paras	No. of Para Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2010-11	25 PAR	25	22	3	88.0
	16 PAR	16	14	2	87.5
	33 PAR	33	19	14	57.57
2012-13	38	10	01	09	2.63
2013-14	38	38	16	22	42.10
2014-15	25	8	-	8	-
2015-16	51	50	15	36	29.42
2016-17	26 (50+ M)	26	12	14	46.15
	15 (50- M)	15	04	11	26.66
2016-17 Spl study	2	2	01	01	50.0
2017-18	32	12	1	11	8.33
2018-19	38	10	1	10	-
2019-20	53	07		07	-

Note: Audit Report for 2020-21 has not been discussed by PAC till the finalization of this Audit Report.

4.4 AUDIT PARAS

4.4.1 Non-recovery of dues from M/s Pakistan International Airlines - Rs 121,250.003 million

As per Pakistan CAA Revenue Accounting Manual, it shall be the responsibility of the Air Transport (AT) Directorate for recovery of the outstanding dues which shall be authorized to take punitive action against defaulters in case of continuous default. The AT Directorate shall submit a status of the recovery made to the Billing Branch HQCAA within ten working days of the receipt of the outstanding balance position from the Billing Branch HQCAA. PCAA levies 5% surcharge on the amount payable by the operators/airlines, when they fail to credit in PCAA accounts their dues within the due date as per invoice. For outstanding dues, longer than thirty (30) days, PCAA shall levy additional surcharge @ six (06) months KIBOR + 2% of the outstanding dues per annum. Surcharge shall be accounted for in the books of account after receipt, otherwise shall be kept in memo account.

During scrutiny of accounts record of Civil Aviation Authority for the year 2019-20 and 2020-21, it was noted that an amount of Rs 121,250.003 million was recoverable from M/s Pakistan International Airlines, as detailed below:

(Rs in million)

DP. No.	Location	Outstanding Amount
52	Finance Directorate HQ	121,105.244
81	JIAP, Karachi	55.102
01	QIAP, Quetta	43.305
192	BKIAP, Peshawar	46.352
Total		121,250.003

Audit observed that Authority could not recover rent, license fee and allied charges from PIAC during the financial year 2019-20 and 2020-21. Audit further observed that no action, as required under

Authority's Manual such as punitive action, imposition and recovery of surcharge, termination of license agreement etc., was taken.

This has resulted in non-recovery of outstanding dues of Rs 121,250.003 million.

Audit pointed out the matter of recovery in January 2021. The Authority replied that matter is under consideration between higher management of PCAA and M/s PIAC. As soon as, decision is finalized in respect of recovery of outstanding dues, the same shall be implemented and progress will be shared with Audit.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. DAC directed CAA to take up the matter with the Government to resolve the issue of outstanding dues of PIAC.

Audit recommends early recovery of outstanding dues along with surcharge.

(DP. 01, 52, 81, 192)

4.4.2 Non-finalization of accounts of work/project - Rs 7,229.377 million

As per Paras 287 & 288 of CPWA Code, read with Paras 46, 52 and 99 of CPWD Code, the accounts of the works should be closed immediately after completion of the work. On completion of work, it should be seen that any adjustments of costs necessary under the rules have been duly made in the accounts.

Audit noted that CAA HQ awarded the work "Passenger Terminal Building Expansion Project at Allama Iqbal International Airport Lahore (Const. of Car Parking Area)" to M/s Izhar Const. (Pvt.) Ltd. on 22.04.2017 with the agreement cost of Rs 5,903.940 million through VO-1 Rs 7,229.377 million with completion period of 400 days. IPC No. 27 was paid to the contractor for Rs 7,445.879 million.

Audit observed that as per progress report/IPC No. 27 of the project and TOC on September 2020, the work/project was completed up to 100%, but the accounts of the work have not yet been finalized by the Authority. Due to which, the Authority is still bearing heavy expenditure on account of consultancy charges. This resulted in non-finalization of accounts of work/project amounting to Rs 7,229.377 million.

Audit pointed out non-finalization of accounts of work during July & August 2020. The Authority replied that as per Clause 60.6 of General Conditions of contract, the contractor has to submit draft final statement within 56 days from the issuance of DLP.

The reply was not accepted because taking over certificate was issued by the consultant in September 2020. A period of more than a year has been elapsed, but neither the contractor submitted final statement, nor the project management has finalized the accounts of the project.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the CAA to finalize the accounts till end of January 2022 along with completion of Punch list.

Audit recommends early finalization of accounts of the completed project to avoid further charging of expenditure to the project.

(DP. 99)

4.4.3 Unauthorized occupation of CAA land - Rs 5,175.31 million

Section 5(1) (2) of Federal Government Land & Building (Recovery of Possession) Ordinance, 1965 provides that if the Federal Government is satisfied after making such enquiry as it thinks fit that a person is an unauthorized occupant of any land or building, it may, after giving such person an opportunity of being heard, by order in writing, direct such person to vacate the land or building within the period specified in the order. If any person refuses or fails to vacate any land or building, any officer authorized in this behalf by the Federal Government may, notwithstanding anything contained in any other law for the time

being in force, enter upon such land or building and recover possession of the same by evicting such person. Further, CAA Board in 139th meeting held on 12.11.2011, expressed displeasure and directed that old encroachments at the airports be identified and concerned Airport Managers/Officers, who failed to safeguard the CAA's land from encroachment be penalized. CAA Board further directed that in future, Airport Manager be held responsible for encroachments on CAA's land and their performance be strictly monitored in this perspective.

Audit noted that CAA land at various airports was unauthorizedly occupied by ASF and other private parties as detailed below:

(Rs in million)

DP	Name of occupant	Area	Value @ Rs 14 million per acre (approx.)
243	ASF	35+4+166.27= 205.27 acres	2,873.78
79	ASF	144	2,016.00
242	Noor & Company	20.36 acres	285.040
271	Kachi Abadies at JIAP	Not available	-
229	IIAP	0.035 acre	0.49
Total		369.665 acres	5,175.31

Audit observed that APM of the concerned airports has not made any concerted efforts to vacate such encroachments. This resulted in contradiction of ibid rule as well the CAA Board's decision regarding removal of encroachments and action against the person responsible to safeguard the CAA land. This has caused in unauthorized occupation of CAA land worth Rs 5,175.31 million.

Audit communicated the irregularity in August-November 2021. The Authority replied that matter has been taken up at different levels with various Government Departments at the time of encroachment of CAA land. Some cases are in litigation in various Courts. The progress on the matter will be communicated as soon as the decision of Court is received.

The reply was not accepted because encroachments were old. The concerned Airport Managers/Officers, who failed to safeguard the CAA's land from encroachments, were to be penalized as per orders of the CAA Board. But no action against those encroachments was taken by the CAA management.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC deferred the para and directed to take corrective action at Authority level to get CAA land recovered from encroachers. DAC further directed to get the recovered land of 09 acres verified from Audit.

Audit recommends retrieval of land from encroachers at the earliest to safeguard the interests of Authority.

(DP. 243, 79, 242, 271,229)

4.4.4 Irregular payment of work done without maintenance of Measurement Books - Rs 4,574.064 million

According to item (ii) of the office memorandum of National Assembly Secretariat (Public Accounts Committee) dated 15.11.2017, it was directed to ensure compliance of recording actual/date wise measurements in the Measurement Books.

Further, Para 208 of Central Public Works Accounts Code provides that payments for all work done are made based on measurements recorded in the Measurement Book (Form 23) in accordance with the rules in Para 209 of CPWA Code. The Measurement Book (MB) should, therefore, be considered as very important accounts record. Para 209(b) states that all measurements should be neatly taken down in MB.

Audit noted that the different projects of Quetta International Airport and Allama International Airport, Lahore were awarded to different Contractors/Suppliers as detailed below:

(Rs in million)

DP. No.	Name of projects (M/s)	Payment
118	Expansion and renovation of Quetta International Airport, Quetta	2,558.292
95	Construction and up gradation of main runway of AIIAP, Lahore	1,859.042
10	Supply of furniture for Quetta Airport	156.730
Total		4,574.064

Audit observed that the Project Directors of the above noted works made payments of Rs 4,574.064 million to the Contractors/Suppliers without recording detailed measurement of each item of work done in MB. Thus, payments made without recording measurements of work executed/supply of furniture in the Measurement Books resulted in irregular payment of Rs 4,574.064 million.

Audit pointed out the irregularity in December 2020. The Authority replied that in PEC Bidding & FIDIC Conditions, there is no condition specifically for recording measurements in the Measurement Book but instead it requires to maintain the measurements in measurement sheets properly for every item being paid in IPC's. Detailed measurements of items are made on measurement sheets and the same measurements are duly attached with the abstracts of every IPC.

The reply was not acceptable because maintenance of Measurement Book on the prescribed format is mandatory.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC observed that the matter has already been discussed in the various meetings of the PAC. In the light of discussions, the PAC has already issued instructions regarding recording actual date wise measurements in the Measurement Books. Auditor General of Pakistan has also issued such instructions. However, the DAC directed CAA to take up the matter with Planning Division, Government of Pakistan and Pakistan Engineering Council for clarification.

Audit recommends maintenance of Measurement Books as per directives of the PAC and Auditor General of Pakistan and the same be shown to Audit so that it could exercise its judgment on veracity and accuracy of payments as per rules, regulations and procedures.

(DP. 10, 95, 118)

4.4.5 Non-recovery of rent and allied charges - Rs 4,307.684 million

As per Para D 14.1 of CAA Policy and Procedure regarding grant of business (concession) at Airports (2019,) it is personal responsibility of the Airport Manager concerned to ensure that all the dues are realized from the licensees as soon as they become due.

According to Clause 3(b) of agreement (standard agreement form) for licenses/concessions, if the license fee shall be in arrears for one month or more, the Airport Manager/Licensor may terminate the license agreement and the licensor may upon such termination enter into or upon the premises and take over the same without any right or remedy to the licensee or the Airport Manager/Licensor may impose financial charges at the rate of 10% of the outstanding amount or a fine of Rs 1,000 for each day of such default.

During scrutiny of accounts record of Civil Aviation Authority for the year 2019-20 & 2020-21, it was noticed that rent and allied charges amounting to Rs 4,307.684 million were recoverable from various concessionaries/allottees of CAA premises (**Annexure-M**).

Audit observed that Authority could not recover the rent, utility charges etc., from the respective departments/concessionaries/licensees/allottees during the financial year 2019-20 & 2020-2021. Audit further observed that no concrete actions/steps were taken under clauses of the agreements to effect recovery. This resulted in non-recovery of outstanding dues of Rs 4,307.684 million.

Audit pointed out the matter of recovery in July-November 2021. The Authority replied that efforts were being made to recover the

outstanding dues against the concessions but recoveries were slow due to COVID-19 situation.

The matter was discussed in the DAC meeting held on 03-05.01.2022. DAC directed the CAA to take concrete steps for recovery of long outstanding dues.

Audit recommends that disciplinary action should be taken against all the responsible officers as this observation has frequently been taken by Audit and discussed at DAC and PAC levels. Despite all this, irregularity continues with all impunity. Audit further recommends that efforts for recovery be shared with PAO as well as Audit.

(DP. 51,78,84,160,217,53,129,231,126,05,07,201,37,27,179,73, 166, 257, 258)

4.4.6 Loss due to non-finalization of Advanced Passenger Interface System - Rs 2,853.076 million

According to Request for Proposal (RFP), bids were called on “Single Stage-Two Envelop Procedure” of open competitive bidding under Clause 36 (b) of PPRA Rules. Bids were to be opened in presence of the Bidders representatives who chose to attend bid opening meeting. The bid submission date was fixed as 15.01.2020. Evaluation criteria was a combination of Technical Score (80 Marks) and Financial Score (20 Marks). The scoring was the amalgamation of both Technical and Financial Scores. Licence was to be awarded to the lowest evaluated successful bidder.

Audit observed from the Evaluation Report that Financial Bid of the technically qualified firm was opened on 10.09.2020. M/s Ace IT Solutions (Pvt) Ltd for and on behalf of M/s NADRA Technologies Ltd and M/s IDEMIA quoted per passenger charges of USD 3.80 (inclusive of taxes) and were declared lowest evaluated bidder. Audit further observed that despite finalization of tender proceedings in September, 2020, letter of acceptance has not so far been issued to the lowest evaluated bidder.

This resulted in loss of Rs 2,853.076 million to the Authority due to non-installation and implementation of the Advance Passenger Interface system:

Charges to be received from air lines	USD 5.00
Charges to be paid to the Operator of the system	USD 3.80
CAA income	USD 1.20
International Passengers (Based average data of last three years)	USD 13,985,669
Income from International passengers per year (Arrival + Departure 13,985,669 * 1.20 USD)	16,782,802 USD
Loss of one year income in Rupees (USD=Rs 170)	Rs 2,853.076 million

Audit pointed out the irregularity in November-December 2021. The Authority replied that the Aviation Minister decided to initiate E-Gate installation project through in-house resources in liaison with relevant Govt. stakeholders.

The reply of the Authority is not acceptable. The project has not been initiated despite expiry of period of more than a year.

DAC meeting was not convened despite frequent requests made by Audit on 24.12.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends an early implementation of the project which is in the best interest of the CAA.

(DP. 252)

4.4.7 Non-mutation of acquired land and non-adjustment of advance payment - Rs 1,970.636 million

Under Article 173 of the Constitution of Pakistan 1973, when land belonging to a private party has to be acquired on behalf of the Federal Government, the acquisition shall be at the expense of that Government/Authority. Clause C-2 of CAA Land Lease Policy provides

that the Estate Management Wing of CAA shall be responsible for carrying out the mutation of the acquired land in the name of the Authority. As per Para 6.3.4.1 of Accounting Policy and Procedures Manual, a monthly reconciliation of bank accounts is a necessary part of financial management and is also an effective measure for detecting and deterring fraud and irregularities

Audit noted that payments of Rs 706.102 million and Rs 1,264.534 million were made to the Land Acquisition Collector Fateh Jang, District Attock on account of land acquisition for Rama and Kasana Dam. Further, land measuring 480 acres was allotted to CAA on deferred payment basis at Muridke.

Audit observed that:

- i. Vouched accounts of the payments made to land owners were not obtained.
- ii. Reconciliations of disbursed and undisbursed amount were not made with the treasury offices.
- iii. Against the total payments of Rs 1,970.636 million for acquisition of land measuring 7,598 Kanal 07 Marlas, only land measuring 1776 Kanals 06 Marlas have been mutated in the name of CAA so far. Remaining land of 5822 Kanals 01 Marla has not been mutated in the name of CAA.
- iv. Land measuring 480 acres at Muridke has also not been mutated in the name of CAA.

Audit pointed out the irregularity in November 2021. The Authority replied that several land owners have not accepted the Awards and references have been forwarded to the Court on their behalf by the Land Acquisition Collector. As soon as, the matter comes to a conclusion and final disbursement to the land owners is made, the requisite reconciliation would be carried out accordingly.

The reply was not accepted because vouched accounts of the payments to land owners were neither obtained nor reconciliation of disbursed and undisbursed amount was made with the Treasury Offices. Record of mutation of land in the name of CAA was also not produced in support of reply.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the Authority to expedite the process of reconciliation and mutation of remaining land in the name of CAA and quarterly progress report be submitted to the PAO as well as Audit.

Audit recommends reconciliations of disbursed and undisbursed amount and early mutation of land.

(DP. 151, 244)

4.4.8 Unauthentic reimbursement of custom duty - Rs 1,734.000 million

As per Clause 73.2 of Conditions of Contract Part-II, all customs and import duties paid by the contractor on the imported equipment and materials shall be reimbursed to the contractor by the employer. Such compensation shall be limited to the defined costs assessed against imported equipment and materials for the permanent works. The title of all such equipment and materials shall be in the name of the Employer.

During scrutiny of accounts record relating to Islamabad International Airport Project, Audit noted that most of the packages of the project were complete. The Airport was operational since May 2018. The finalization of accounts of different packages of the project was in progress.

Audit also noted that an amount of Rs 1,734.00 million was reimbursed to the contractors on account of custom duties/taxes against imported items up to June 2017. Besides, hundreds of indents/requisitions were issued through project management and Aviation Division for import duty exemptions.

Audit observed that:

- i. Package-wise details of quantities of imported items, against which reimbursement of Rs 1,734.00 million and exemptions were made to different contractors, was not prepared.
- ii. The cost of import fee reimbursed or exempted against unconsumed and surplus material, which was imported for the project, has not been assessed and recovered from the contractors.
- iii. Monthly, quarterly or yearly reconciliation of imported items was not made with Aviation Division and FBR.

This resulted in non-maintenance of record of imported material against reimbursement of Rs 1,734.00 million and exemptions of import duties of billions of rupees.

Audit pointed out the matter in November 2021. The Authority replied that PCAA shall ensure the implementation of Audit's recommendations for maintenance of required record, reconciliations with approvals of Aviation Division and recovery of import duties against unconsumed and surplus & irrelevant imported items (if any). It is an exhaustive activity and the Authority will share the details with Audit on receipt from Project Management Consultants.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the Authority to complete the process of reconciliation of the imported material and exemptions within 30 days and if there is found any discrepancy, recovery be effected from the Contractors.

Audit recommends maintenance of required record, reconciliations with approvals of Aviation Division and recovery of import duties against unconsumed and surplus & irrelevant imported items.

(DP. 135)

4.4.9 Non-implementation of arbitration award and umpire decision involving recoverable amount - Rs 1,399.002 million

As per provisions of the contract agreement, Justice Ather Saeed, a former judge of the Supreme Court of Pakistan was nominated by the contractor as Arbitrator and Justice Muhammad Sair Ali, a former judge of the Supreme Court of Pakistan, was nominated by the CAA as Arbitrator. The Arbitrators agreed upon Mr. Justice Tassaduq Hussain Jillani, a former Chief Justice of the Supreme Court of Pakistan, as the Umpire whose appointment was also consented by the parties. Mr. Justice Tassaduq Hussain Jillani also consented to be an Umpire in this matter.

Arbitral Tribunal issued awards on certain issues on 28.11.2019, which were referred for final decision to the Umpire. The Umpire announced award on 03.03.2021. As per Umpire award, the contractor was to reimburse the amount of Rs 1,399.002 million from the already received amount of Rs 1,615.747 million to the Employer (CAA) within sixty days of the award.

Audit observed that despite expiry of the specified time, the contractor did not reimburse the amount to CAA. This resulted in non-implementation of Arbitration Award and Umpire decision involving recoverable amount from the contractor of Rs 1,399.002 million.

Audit pointed out the matter in November 2021. The Authority replied that the case for declaring Arbitration Award as rule of Court has been filed in the Court of Additional District Judge, Islamabad. The outcome of the Arbitration shall be shared with Audit once it is finalized.

The reply was not accepted because despite expiry of the time period after announcement of the award by the Umpire, the Contractor did not reimburse the amount to CAA.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. After detailed deliberations, the DAC pended the para being subjudice in the Court of Law.

Audit recommends vigorous pursuance of the case in the Court for early recovery from the contractor. In this regard, all the previous court proceedings, detail of representation from CAA and the outcome be shared with PAO as well as Audit.

(DP. 148)

4.4.10 Irregular/unjustified payment of Special House Building Grant - Rs 918.494 million

As per directions issued vide Finance Division O.M No.F.1 (38)-IMP-II/88, dated 11.07.1988, financial matters including revision of pay and allowances etc. cannot be decided without prior concurrence of the Finance Division. Further, Ministry of Defense issued instructions vide letter No.11-2/2002-CAA dated 08.03.2007, that financial matters including financial implications particularly, increase in pay and allowances require prior clearance of the Finance Division. It is binding on the Authority to follow directives on the policy matters issued by the Federal Government under section of Civil Aviation Authority Ordinance 1982.

Audit observed that the CAA management approved and made payment of Special House Building Grant to retired officers/officials during 2020-21 without concurrence of competent forum and in violation of codal obligations. As per approval such payment was non-recoverable contrary to the rules & regulations of House Building Advance.

This resulted in irregular payment of Rs 918.494 million (Rs 885.089+Rs 33.405 million).

Audit pointed out the irregularity in September 2021. The Authority replied that the said payment has been made with the approval of the competent authority.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. After detailed deliberation, the DAC directed to take up the matter with the Finance Division through Aviation Division for regularization of the payment of the House Building Grant.

Audit recommends regularization of the payment from Finance Division, Government of Pakistan. Moreover, further payments be stopped till clearance from Finance Division.

(DP. 196, 255)

4.4.11 Loss due to undue favour to the licensee - Rs 278.340 million

As per standard terms & conditions No.6 of license agreement, the licensor reserves the exclusive right during the currency of license agreement to revise/enhance the amount of license fee or the charges with prior notice and the licensee shall be bound to pay the revised license fee or charges from such date as may be specified prospectively by the licensor and nonpayment of such revised enhanced rate for any reason/default shall entail action under the license agreement against the licensee.

Audit noted that Airport Manager, Allama Iqbal International Airport, CAA, Lahore awarded license for Installation, Operation & Maintenance of Car Parking System on BOT basis and collection of Car Parking fee to M/s Syed Tasneem Hussain Naqvi & Company (Pvt) Limited for a period of 05 years i.e. from 22.09.2015 to 21.09.2020 on monthly fee of Rs 7.143 million with 10% cumulative enhancement each year. Further, on expiry of original agreement, license period was extended from 22.09.2020 to 30.09.2021 @ Rs 11.503 million per month.

Audit observed that during the currency of license agreement, HQ-CAA revised/enhanced the rate of Car Parking fee at CAA's Airports w.e.f. 01.08.2016. Further, a committee was constituted under the Chairmanship of Director Commercial & Estate with representation of

Finance, Legal and Audit to arrive at an equitable distribution of revenues in light of the enhanced rate. The Committee will also suggest amendments in the existing agreement if required. Further as the rates were enhanced approximately 50% hence, the license fee should have been revised accordingly but no such enhancement in license fee was made. This resulted in a loss/undue favour to licensee due to non-revision of license fee of Rs 278.340 million.

Audit pointed out the loss/undue favour to licensee in August 2021. The Authority replied that license fee was not increased as the car parking charges were not increased as revision was not implemented at AllAP Lahore in 2016, therefore, no loss occurred.

The reply was not satisfactory because in the letter of revised/enhanced rates, a committee was constituted to arrive at an equitable distribution of revenues in the light of enhanced rates and committee will also suggest amendments in the existing agreements. The Authority is required that why not the enhanced rates were implemented. Further, the referred letter still exists as the same was not withdrawn.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed that inquiry should be conducted by Director, Audit (Works) and Director, Commercial & Estates CAA and furnish report to DAC within three months.

Audit recommends finalization of the inquiry report and action within the stipulated time.

(DP. 157)

4.4.12 Irregular payment of Special Allowance and Rating Allowance - Rs 236.340 million

As per directions issued vide O.M No.F.1 (38)-IMP-II/88, dated 11.07.1988, financial matters including revision of pay and allowances etc. cannot be decided without prior concurrence of the Finance Division. Further, Ministry of Defence issued instructions vide letter No.11-2/2002-CAA dated 08.03.2007, that financial matters including financial implications particularly, increase in pay and allowances require prior

clearance of the Finance Division. It is binding on the Authority to follow directives on the policy matters issued by the Federal Government under section of Civil Aviation Authority Ordinance 1982.

During scrutiny of accounts record (Trial Balance) of Airport Managers of various airports, Audit noted that an amount of Rs 236.340 million on account of Special Allowance and Rating Allowance was paid to the employees during the financial years 2019-2020 & 2020-21.

Audit observed that payment of said allowance was made without concurrence of Ministry of Finance and in violation of codal obligations. This resulted in irregular payment of Rs 236.340 million.

Audit pointed out irregularity in September 2020. The Authority replied that 20% Special Allowance and Rating Allowance was granted to CAA employees with the approval of CAA Board.

The reply of the Authority was not accepted because payment of said allowances was made without concurrence of Ministry of Finance.

The matter was also discussed in the DAC meeting held on 03-05.01.2022, wherein, the Committee directed the Authority to take up the matter with the Finance Division through Aviation Division for regularization of the payment of the allowances.

Audit recommends regularization of the payment from the Finance Division.

(DP. 87/2020-21, 256 & 133/2021-22)

4.4.13 Irregular award of security services without calling tenders - Rs 225.185 million

According to Para 20 of Public Procurement Rule 2014, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

During scrutiny of accounts record of the Director, Human Resource, CAA Karachi for the financial year 2019-20, Audit noted that M/s Rangers Security Guards (Pvt) Ltd were deployed for security services at Jinnah International Airport Karachi and payments for security services were made to them at specified rates. From the scrutiny of the case file of M/s Rangers Security Guards (Pvt) Ltd at Jinnah International Airport Karachi, Audit also noted that their services were hired in March 2015.

Audit observed that the security services were hired initially for three months w.e.f 01.03.2015 without calling tenders. The services are being extended now. A payment of Rs 225.185 million was made up to 30.06.2020. This resulted in irregular expenditure of Rs 225.185 million.

Audit pointed out the matter in January 2021. The Authority replied that after the incident of terrorist attack at JIAP, Karachi, the services of M/s Rangers Security Guards (Pvt) Ltd, being the only firm fulfilling the criteria of providing ex-servicemen, were hired through direct contract with the approval of Competent Authority.

The reply was not accepted because Security services were hired initially for three months w.e.f 01.03.2015 without calling tenders which is continued till now. Hiring of security services and incurring of expenditure without calling of tenders is against Public Procurement Rules 2004.

The matter was also discussed in the meeting of the DAC held on 03-05.01.2022. The Committee observed that private security guards were appointed without open competition in presence of the ASF at the airport. The Committee directed the CAA to seek advice from the Law Division and take up the matter for regularization with the competent forum. Moreover, the continued availability of extra security personnel at airports be evaluated at proper forum with corrective measures.

Audit recommends vigorous implementation of DAC decision.

(DP. 45)

4.4.14 Non-recovery of defective work from the contractor - Rs 204.451 million

Board of Inquiry (BOI) conducted by Planning and Development, CAA Headquarters dated 27.04.2021 recommended that:

- a) The responsibility towards damage of custom building is shared among contractor and designer of the project.
- b) The content of financial expenditure to be incurred on the remedial measures should be recovered from the contractor and design consultant at the percentage of 38.5% and 61.5% as per 3rd part of forensic evaluation report.

Audit noted that the work, “Construction of Landside (Custom Building, & Cargo Agents Building at Islamabad International Airport, Islamabad” was awarded to M/s Amanat Hussain & Co (Pvt) Ltd at agreement cost of Rs 311.058 million on 16.11.2016. The work was started on 20.12.2016 to be completed up to 23.08.2017. The Contractor was paid Rs 204.451 million up to 14th IPC in May 2020.

Audit observed that recommendations of Board of Inquiry were not implemented and the defective work has neither been rectified nor recovery has been effected. This resulted in non-recovery of defective work for Rs 204.451 million.

Audit pointed out the non-recovery in November 2021. The Authority replied that in compliance to the Board of Inquiry report, instructions have been issued to the Contractor for execution of the remedial works.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the Authority that recommendations of Inquiry Report be implemented at the earliest and defective works be got rectified and in case of failure, the works may be got executed at the risk and cost of the Contractor.

Audit recommends early rectification of defective work or recovery as per recommendations of the BOI.

(DP. 155)

4.4.15 Irregular payment due to non-assurance of procurement of material from the specified origin - Rs 191.088 million

Special Provision-21 of Specifications stipulates that the contractor shall furnish new and unused material, standard first grade quality of the best workmanship and design. No inferior or low-grade articles will be either approved or accepted. The contractor shall provide the manufacturer or supplier with complete information as may be necessary to secure compliance to this clause and in every case. The contractor shall submit samples of materials, the Engineer shall check and approve such samples for conformance with the design.

Appendix-C to Bid - Table of Adjustment Data provides that component of Bitumen shall be procured from Attock Oils, Lahore.

Audit noted that CAA awarded the work “Construction of Access Road Network Expansion of Terminal Building at Allama Iqbal International Airport (AIIAP) Lahore” to M/s Sichuan - Sarwar Company Ltd. SCL Joint Venture (JV) at an agreement cost of Rs 1,778.445 million which was revised to Rs 1,437.333 million through Variation Orders. The work was started on 19.07.2017 and was required to be completed on 11.02.2018. Revised completion date was 06.07.2018.

Audit observed that asphalt base and wearing courses were got executed wherein bitumen of specified grade was used which is main component of these items. As per afore quoted provisions, origin of the bitumen was required to be got vetted by the consultant in order to maintain quality assurance. When the assurance of the origin of bitumen material was requisitioned, the project management could not produce the source/invoices of bitumen. This indicated that contractor did not procure the material from the specified origin directly, therefore, quality cannot

be assured and by virtue of this, chances of failure of the asphaltic pavement cannot be ruled out. Non-adherence to provision of contract agreement caused irregular/unjustified payment of Rs 191.089 million.

Audit pointed out irregularity during July-August 2021. The department replied that the bitumen has been purchased from the National Refinery Limited and Attock Petroleum Limited.

The reply was not tenable because the original invoices of bitumen procured from Attock Oils were not produced during audit, thus without confirming source of bitumen, the quality of work cannot be adjudged.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. Audit informed the Committee that the Authority could not produce procurement documents during verification. The DAC directed the CAA to comply with the instruction of the Audit and if the contractor fails to provide documents of procurement from National Refinery Limited and Attock Petroleum Limited, CAA may debar the contractor for future contracts.

Audit recommends early production of procurement documents to Audit for verification.

(DP. 103)

4.4.16 Mis-procurement of Automatic Surveillance System - Rs 165.270 million

As per rule 29 of Public Procurement Rules 2004, Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Tenders for “procurement of ADS-B complete System commissioning at Karachi, Lahore, Dalbandin, Laram Top and Hunza on Turnkey basis” were floated in Newspaper on 28.05.2018. In response, six (06) bidders offered their bids but five were qualified technically. Financial proposals of the qualified bidders were opened on 13.08.2018.

Audit noted that the corrections in the tenders were made and quoted rates of M/s Transworld Aerospace Pakistan (Pvt) Ltd. were decreased by deleting 17% sales tax cost from the bid. Items quoted by the bidder were also changed along with their item-wise cost.

The work was awarded to M/s Transworld Aerospace Pakistan (Pvt) Ltd (OEM Becker-Aero-Germany) for Rs 165.270 million vide contract agreement dated 30.01.2019. An amount of Rs 36.365 million was so far paid to the supplier vide voucher dated 01.01.2020 against 25% payment of equipment.

Audit pointed out the irregularity in January 2021. The Authority replied that PCAA tender committee, during opening, found that the financial bid of Transworld Aerospace Pakistan Pvt. Ltd (OEM Becker-Aero Germany) included GST of 17% as well as 13% SST in their submitted financial proposal. The tax rate for turnkey project is 13% and, therefore, the same was also corrected, as included by the other participating bidders. Accordingly, all the bidders were intimated that all proposals would be considered for 13% tax due on turnkey procurement.

After applicable 13% tax and deduction of 17% GST, the total cost of the submitted commercial proposal of Transworld Aerospace comes out to be Rs 165.270 million. Transworld Aerospace proposal was found to be the technically qualified & commercially lowest proposal and, therefore, cleared for finalization of contractual formalities.

The reply was not accepted because corrections in the tenders by deleting 17% tax was not covered under the rules. BOQ in the quoted bid was also changed materially after opening of bids. The original bid included cost of Rs 94.970 million of different licenses and Rs 2.481

million for ten (10) laptops, which were deleted in correction of bid process.

The matter was also discussed in the DAC meeting held on 03-05.01.2022 wherein, DAC directed CAA to take disciplinary action against the persons responsible for making changes in BOQ after opening of bid.

Compliance to DAC directive was not made till finalization of the report.

Audit recommends inquiry for fixing of responsibility for violation of Public Procurement Rules 2004.

(DP. 70)

4.4.17 Irregular procurement of furniture and medical equipment for ASF Camp - Rs 161.595 million

As per PPRA-2004 rule-9, “save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

During scrutiny of the project accounts, Audit noted that as per revised authorization for ASF accommodation at Islamabad International Airport, CDWP allowed ASF for procurement of furnishing items including medical equipment for dispensary amounting to Rs 161.65 million. Accordingly, procurement of Rs 161.595 million was made by Airport Security Force (ASF) and bills were raised which were paid by CAA in the financial year 2017-18 and 2018-19.

Audit observed the following:

- i. CAA released payments direct to venders without obtaining evidence of procurements.

- ii. 1281 numbers of wooden almirahs @ Rs 23,400 each for Rs 29.975 million were procured without provision in the revised PC-I.
- iii. Instead of consolidated procurements as required under the rules, split procurements were made.
- iv. Eight generators were procured for Rs 11.848 million against the instructions of CDWP and without provision in the revised PC-I. Further, no record pertaining to the make/ made and power of generators was found.
- v. Sales tax of Rs 23.479 million was paid to the contractors in their rates but invoices were not obtained in support of sales tax deposit.
- vi. Medical equipment including 30 beds, ACs, 100 KVA Generator etc., were procured but no evidence to authenticate the fact that the dispensary is operational was found on record
- vii. There is no evidence on record that the furniture and other equipment has been brought at Islamabad International Airport and accounted for accordingly.

This has resulted in irregular procurement of furniture and medical equipment for ASF Camp for Rs 161.595 million.

Audit pointed out the excess payment in November 2021. The Authority replied that the subject para was forwarded to ASF authorities on 09.11.2021 followed by the reminders dated 17.11.2021, 07.12.2021 and 16.12.2021, but the reply has not been received from ASF authorities till date.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed that an inquiry in the matter of irregular procurement be carried out by a Deputy Secretary of Aviation Division to verify entire procurement process. The Inquiry Report was not completed till finalization of the Report.

Audit recommends early investigation by the Ministry.

(DP. 152)

4.4.18 Non-execution of agreement and recovery from M/s PTCL- Rs 62.062 million

As per para D.7.1 of CAA Land Lease Policy, 2019, annual ground rent shall be charged upon award of lease as advance “Ground Rent”, for the period that shall commence from the date of handing over the possession of the lease land and approval of the building plan whichever is later.

Audit noted during scrutiny of record of Estate Section, Jinnah International Airport JIAP Karachi that in 1978, land measuring 11,855 Sq. Yards, was allotted to the then M/s T&T Department (Now M/s PTCL) on lease basis for a period of five years from 1978 to 1982. Audit further noted that the Chief Operating Officer/ Airport Manager, JIAP, Karachi/Revenue billing branch JIAP Karachi has billed License Fee and other allied charges to M/s PTCL to the extent of Rs 62.062 million.

Audit observed that there was no reconciliation between Revenue Billing Branch JIAP Karachi and Estate Branch JIAP Karachi to determine actual billing of premium amount and annual ground rent which was required to be recovered as per CAA Land Lease Policy. This resulted in non-billing of premium amount and annual Ground Rent of CAA JIAP Karachi land measuring 11,855 Sq. Yards since 1982, occupied by Pakistan Telecommunication Corp. Ltd.

Audit communicated the irregularity in August 2021. The Authority replied that comprehensive case has been forwarded to Competent Authority for regularization of land i.e. Telephone Exchange Building on lease basis. Outstanding recovery will be made soon after receipt of approval from Competent Authority.

The reply was not tenable because the matter has been delayed due to non-reconciliation of actual billing between Revenue Billing Branch and Estate Branch as per policy. Further, no justification of

occupation of the premises measuring 11,855 sft by the defaulter since 1982 was provided.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The Committee directed CAA to take disciplinary action against the officers responsible for delay in process of the reconciliation and occupation of the building by M/s PTCL without signing of agreement and payment of rent.

Audit recommends early finalization of the matter and investigation.

(DP. 92)

4.4.19 Irregular payment on account of rent of CAA accommodation in contradiction to the fundamental rules - Rs 56.148 million

As per directions issued vide O.M No.F.1 (38)-IMP-II/88, dated 11.07.1988, financial matters including revision of pay and allowances etc. cannot be decided without prior concurrence of the Finance Division. Further, Ministry of Defense issued instructions vide letter No.11-2/2002-CAA dated 08.03.2007 that financial matters including financial implications particularly, increase in pay and allowances require prior clearance of the Finance Division. It is binding on the Authority to follow directives on the policy matters issued by the Federal Government under section of Civil Aviation Authority Ordinance 1982.

During audit of the accounts record of Human Resources Directorate, CAA Karachi, it was noted that CAA Executive Committee in its 304th meeting held on 17.07.2019 approved standard rent of all CAA residential accommodation for CAA employees at the rate of 50% of running House Rent Allowance plus 5% maintenance charges with immediate effect as per their entitlement of category of accommodation. Accordingly, House Rent of CAA Accommodation was paid to the employees of CAA during the year 2019-20 to the extent of Rs 56.148 million.

Audit observed that according to CAA Service Regulations 2014 (Revised-2019), the approving authority to amendments in HRA and others allowances, is CAA Board. Therefore, payment of standard rent at the rate of 50% of running House Rent Allowance plus 5% maintenance require prior approval of the CAA Board. Further, as per Fundamental Rule-45 and 45 A, the allottee of Government accommodation will pay only normal rent at the rate of 5% of the emoluments. Whereas, the Authority paid 50% of the House Rent Allowance to the allottees of CAA accommodation which was against the fundamental rules. This resulted in irregular payment on account of rent of CAA accommodation in contradiction to the fundamental rules amounting to Rs 56.148 million.

Audit pointed out the matter in January 2021. The Authority replied that rate of house rent was increased from 60% to 80% due to which house rent increased. Due to increase in rent, CAA accommodation became unfeasible for its employees, and most of the senior level officers and staff vacated these houses. CAA Executive Committee in its 304th meeting held on 17.07.2019 has accorded approval for fixation of Standard Rent of all CAA residential accommodation located at all Airports/locations where available for CAA Employees @ 50% of their running house rent Allowance plus 5% maintenance charges with effect from 23.07.2019.

The reply is not acceptable because the revision was not got approved from the Finance Division, as required under the rules.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed CAA to review the accommodation policy and recommendations be presented to CAA Board for subsequent concurrence of the Finance Division, Government of Pakistan.

Audit recommends regularization from the Finance Division or recovery of house rent from the employees who are in occupation of official residences.

(DP. 39)

4.4.20 Undue benefit due to non-recovery of income tax at the time of payment - Rs 55.560 million

According to Section 153 of Income Tax Ordinance, 2001, the person authorized to make payments on behalf of government are required to deduct withholding tax at the rate of 7.5% of value of work done or payments made.

Audit noted that the work “Re-construction of rigid runway at Quetta International Airport for operations of Aircraft up to ICAO Code-4E” was awarded to M/s Umer Jan & Company Engineers & Contractors under letter of acceptance dated 28.02.2020 at bid cost of Rs 493.876 million. As per letter of acceptance, the contractor shall ensure completion of the work within 24 months from the date of issuance of acceptance letter.

Audit observed that Mobilization Advance @ 15% of contract price amounting to Rs 740.841 million was paid to the contractor in two installments on 05.05.2020 and 30.06.2020 respectively but income tax was not deducted while making payment. This resulted in non-recovery of income tax amounting to Rs 55.560 million (Rs 740.841 x 7.5%).

Audit pointed out non-recovery of dues in December 2020. The Authority replied that upon furnishing of Interim Payment Application by the Contractor, the mobilization advance is recovered and income tax is with-held on the “work done” to avoid any doubling of taxations from the Interim Payment Certificates.

The Authority admitted Audit contention and recovery.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed that remaining amount of Rs 42.560 million be recovered from next Interim Payment Certificate (IPC).

Audit recommends early recovery of Income Tax.

(DP. 15)

4.4.21 Acceptance of performance security in contradiction of agreed terms and conditions - Rs 49.387 million

Clause-10.2 of the contract agreement provides that the performance security shall be valid until the Contractor has executed and completed the works and remedied any defects therein, in accordance with the contract.

Audit noted that the work “Re-construction of rigid runway at Quetta International Airport” for operations of aircraft up to ICAO Code-4E was awarded to M/s Umer Jan & Company on 28.02.2020 at bid cost of Rs 493.876 million. The work was to be completed within 24 months from the date of issuance of Letter of Acceptance.

Audit observed that the contractor provided performance security issued by JS Bank for Rs 49.387 million which was valid up to 12.03.2021 whereas, as per clause 10.2, it had to be valid up to expiry of the maintenance period i.e. 27.02.2023.

This resulted in acceptance of performance security valuing Rs 49.387 million with lesser period of validity in contradiction of agreed terms and conditions.

Audit communicated the irregularity in December 2020. The Authority replied that the Contractor has been directed to extend the bank guarantee till 04.05.2023.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the CAA to extend performance security till Defect Liability Period.

Audit recommends recovery of the cost of performance security for the period for which the Contractor failed to comply with the provisions of the agreement.

(DP. 16)

4.4.22 Loss due to non-imposition and non-recovery of non-utilization charges - Rs 32.400 million

Clause 4 of Lease Deed between M/s Attock Petroleum and CAA signed on 13.01.2012 for 30 years provides that “the lessee shall complete the construction to meet the purpose of this lease, within two years from the date of signing of this indenture or during the specified extended period. Failure to commence construction work within 3 months or delay in operation within two years or extended period, shall either be subject to a penalty of Rs 100 to Rs 300 per square yard per month as non-utilization charges, as decided by the lessor or shall result in termination of lease and resumption of land by the lessor.

Audit noted that CAA Headquarters Karachi made a lease agreement of a plot measuring 1500 sq. yards situated near Luxury Cinema at JIAP Karachi for the purpose of petrol pump-cum-CNG station with M/s Attock Petroleum on 13.01.2012 for 30 years. Audit further noted that Directorate of Commercial and Estates HQCAA monitors the land matters of the Authority and awards the land on lease basis for commercial purposes.

Audit observed during examination of record that the lessee could not complete the construction of allied works to meet the purpose of lease, within the specified period of two years from the date of signing of this indenture or during the specified extended period. Audit further observed that construction work was not started within 3 months and launching/operation was also not started within specified period of two years. The Authority could not recover a penalty of Rs 100 to Rs 300 square yards per month as non-utilization charges for Rs 32.400 million.

Audit pointed out the irregularity in November-December 2021. The Authority replied that M/s. Attock Petroleum Ltd. has disputed imposition of non-utilization charges and has filed litigation in Civil Suit No. 1872 of 2021. The matter is sub-judice.

The reply is not tenable because plot measuring 1500 square yards near Luxury Cinema at JIAP Karachi for establishment petrol pump-cum-CNG station was allotted to M/s Attock Petroleum on 13.01.2012 for 30 years. The lessee failed to complete the construction within the specified period of two years from the date of signing of indenture or during the specified extended period. But no action was taken against the lessee. The matter is also required to be inquired in the Department.

DAC meeting was not convened despite frequent requests made by Audit on 24.12.2021, 31.12.2021 and 11.01.2022.

Audit recommends active pursuance of Court case.

(DP. 247)

4.4.23 Irregular procurement of hand baggage screening machines - Rs 32.111 million

As per rule 29 of Public Procurement Rules 2004, Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criterion in the bidding documents shall amount to mis-procurement. As per tender documents, bidder should be sole agent of OEM at least for the last two to five years.

During scrutiny of accounts record of the Logistic Center (South) Development, Pakistan Civil Aviation Authority, Karachi, for the financial year 2019-20, Audit noted that bids for procurement of hand baggage screening machines (multi view) were invited through press as well as CAA & PPRA websites 09.08.2019. In response, 17 firms purchased bidding documents, but only one bid was received. Technical offer was opened on 16.09.2019. The technical evaluation committee declared M/s KARSAZ Pvt. Ltd as technically qualified bidder and accepted financial offer of Rs 32.111 million. Audit further noted that the case was approved by CAA Executive Committee in its 179th Meeting

held on 01.08.2019. A payment of Rs 32.111 million was made to the supplier on 07.05.2020.

Audit observed that the machines were installed in February 2020. Site Acceptance Test was carried out and signed by DD Equipment ASF on 09.03.2020 with the remarks that the year of manufacture of machines is September 2017. Audit further observed that the machines were imported in January 2018 by M/s Karsaz. The machines were, therefore, not new and lack warranty also.

Audit holds that the evaluation criteria and specification of the machines was prepared and matched with the already procured machines of M/s Karsaz to minimize the competition which is evident from the fact that out of 17 bidders who purchased the tender documents, only one bidder i.e. M/s Karsaz participated in the tenders. As such criteria was biased and discriminative. Machines of latest model were to be procured. This resulted in irregular procurement of equipment for Rs 32.111 million.

Audit communicated the irregularity in January 2021. The Authority replied that the evaluation criteria for the “Procurement of Hand Baggage Screening Machine Multi View” was prepared to fulfill the requirement of PCAA and End User. Sixteen (16) out of 17 bidders were assessed on the evaluation criteria and were disqualified owing to failure in fulfilling the requirements. The manufacturer/OEM also confirmed the warranty of three (03) years as per contractual terms and the machines are covered under warranty and were new.

The reply was not accepted because the machines were manufactured in the month of September 2017 but were imported in January 2018 by M/s Karsaz.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. After detailed deliberation, the DAC directed the CAA to hold a fact-finding inquiry to check the specification of the machines with reference to the remarks of the ASF and warranty of OEM and further directed to fix responsibility.

Audit recommends finalization of the fact-finding inquiry. Audit further holds that it is case of criminal negligence and if proved, case be referred to criminal investigation agencies.

(DP. 67)

4.4.24 Non-deposit of income tax deducted at source - Rs 29.905 million

Section 160 Division-IV Part-V Chapter-X of Income Tax Ordinance 2001 explains that any tax that has been collected or purported to be collected under Division-II of this Part or deducted or purported to be deducted under Division-III of this Part 4 shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed.

Section 161(1) states that where a person-(b) having collected tax under Division II of this Part or deducted tax under Division III of this Part fails to pay the tax to the Commissioner as required under section 160, or having collected tax under section 50 of the repealed Ordinance pay to the credit of the Federal Government as required under sub-section (8) of section 50 of the repealed Ordinance).

During audit of the accounts record of Director Finance, Civil Aviation Authority HQ, Karachi, it was noted from trial balance for the year 2020-21 as under:

Account	Description	Beginning Balance	Debits	Credits	Payable
3206008	Withholding Tax (Income Tax)	(35,872,455.96)	1,906,592,595.45	1,900,625,029.65	(29,904,890.16)

Audit observed that collected withholding tax (income tax) should have been promptly deposited with respective tax commissioner as and when recovered. This resulted in non-deposit of withholding tax with concerned department amounting to Rs 29.905 million.

Audit pointed out the matter of recovery in November 2021. The Authority replied that the outstanding amount of Rs 29.905 million mainly pertained to uncollected amount under section 235-Electricity. The liability to pay will arise in case, the amount is received from the party. In this regard, Rs 10.873 million has already been deposited with the Government Treasury. The remaining amount is outstanding on account of non-receipt from the parties and will be deposited as soon as the amount is received

The reply was not tenable because it is the prime responsibility of the Authority to collect Government dues in time.

DAC meeting was not convened despite requests made by Audit on 24.12.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends that an inquiry may be conducted for improper utilization of this amount and if proved, disciplinary action should be initiated.

(DP. 259)

4.4.25 Non-deduction of General Sales Tax - Rs 17.858 million

Pursuant to the Cabinet decision dated 23.08.1997 circulated vide Finance Division Circular No. F.4 (11)/98-CPPRD-II dated 18.04.1998 read with Sales Tax General Order No. 34/2010 dated 16.09.2010 issued by the Federal Board of Revenue, all government departments, autonomous bodies, etc. are required to make purchases from an active registered person. In case of purchases made from unregistered, blacklisted and registration suspended persons, all government departments, autonomous bodies, etc. are required to withhold 17% Sales Tax of the supplies received and deposit in government exchequer. In case of purchases made from registered persons, one-fifth (1/5th) of the GST was required to be withheld by the government departments, autonomous bodies, etc. and deposit with the government.

Audit noted that the CAA management awarded different works to various suppliers during the year 2020-21.

Audit observed that the suppliers included GST in their offered rates. Audit further observed that the management made payment to the suppliers but neither deducted one fifth (1/5th) of the GST nor evidence of deposit of GST by the suppliers, was obtained. This resulted in non-deduction of GST amounting to Rs 17.858 million, as detailed below:

DP	Name of Suppliers	Amount (Rs in million)
49	Multinet Pakistan (Pvt) Ltd	8.343
17	Interwood Mobel Ltd	5.332
69	Transworld Aerospace Pakistan	4.183
Total		17.858

Audit communicated the irregularity in December 2020. The Authority replied that the work “supply of furniture for passenger terminal building at various airports (Peshawar & Quetta Airports)” is for supply and installation/fixing of furniture which includes complete assembly and placement of furniture including lounge seating, immigration counters, ladies search cabins, search desks etc. as per tender specifications and approved drawings. Further, refer FBR notification SRO.586 (I) /2017 dated 01.07.2017 for amendments shall be made in the Sales Tax Special Procedure (Withholding) Rules, 2007.

The reply of the Authority is not acceptable. The suppliers included GST in their rates which was neither directly deposited by the suppliers to FBR nor was withheld by the withholding agents.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the CAA to get deposit slips from the suppliers and provide for verification of deposit of the GST with FBR.

Audit recommends early recovery and deposit of GST.

(DP. 49, 17, 69)

4.4.26 Loss due to allotment of space at lesser rate and non-cancellation due to non-utilization of space - Rs 16.694 million

As per Civil Aviation Authority Order (CAAO) 11-4, the Civil Aviation Authority has a variety of lands, open spaces, shops, and counters, etc., which are potential source of regular income through their commercial exploitation by granting licences for their use from time to time. The policy provides separate rate for open space and paved space for operational and non-operational. In case space remains un-utilized for 30 days, cancellation of the license shall be processed,

Audit noted that space measuring 11,680 square feet located adjacent to PIA Isphani Hangar (western side) at airside of Jinnah International Airport (JIAP) was allotted to M/s Wind Speed in 2016 for five years from 25.11.2016 to 24.11.2021. The space was allotted at the rate of Rs 6.81 per square feet for a period of five years from 25.11.2016 to 24.11.2021 and handed over to the licensee.

Audit observed from the record that the space allotted was a “paved space” to be charged at the rate of Rs 25.07 per square feet. But the space was rented out as “open space” to the party at the rate of Rs 6.81 per square in violation of the CAA Policy. This resulted in loss of Rs 10.205 million.

Audit further observed that the Concessionaire failed to start business on the space measuring 11,680 square yards allotted. The management neither initiated the case for cancellation of the licence nor the matter of default and termination /taking over of the space from the defaulter was reported to the Competent Authority for action. This also resulted in non-cancellation of business licence and taking over possession of the space having agreement cost of Rs 6.489 million from 25.11.2016 to 24.11.2021.

Audit pointed out the irregularity in November - December, 2021. The Authority replied that the matter is under process of investigation by a Board of Inquiry, findings whereof will be shared with Audit.

DAC meeting was not convened despite requests made by Audit on 24.12.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends early finalization of inquiry report.
(DP. 248, 249)

4.4.27 Non-charging of rent of unauthorized use of extra space - Rs 15.071 million

According to agreement, paved space measuring 2,600 square feet in General Aviation Area of Jinnah International Airport (JIAP) Karachi was allotted to M/s Sky Wings on temporary basis for a period of one year from 01.03.2015 to 28.02.2016.

Audit noted that paved space measuring 2,600 square feet in General Aviation Area of Jinnah International Airport (JIAP) Karachi was allotted to M/s Sky Wings on temporary basis for a period of one year from 01.03.2015 to 28.02.2016 on licence basis. The licence agreement was extended for one year from 28.02.2016 to 28.02.2017.

Audit further noted that the Company, despite allotment of premises in 2015, could not make construction on the space. The company continued retention of the space without further extension and payment of space charges and even after expiry of Air Transport Permission Certificate on 10.05.2017. However, the space was taken over from the party on 20.10.2018 in presence of Board of Officers (BOO). Despite taking over possession of the space, the Company placed a container in the premises without permission and NOC from CAA. The CAA even regularized the period of violation from 21.10.2018 to 30.04.2021.

Audit observed following irregularities in award, extension and execution of agreement with M/s Sky Wings:

- i. The Company, despite allotment of premises in March 2015, could not make construction on the space.
- ii. Even, licence agreement was extended for one year from 28.02.2016 to 28.02.2017. The Company continued retention of the space without further extension and payment of space charges. Further, Air Transport Permission Certificate expired on 10.05.2017 but the space was taken over from the party on 20.10.2018.
- iii. A site survey was conducted by the Commercial officer/Inspectors of CAA and identified that the Company had utilized space measuring 11,067.21 square feet against allotted/billed space of 2,600 square feet.
- iv. No action towards removal of violation or charging as per actual space was taken which resulted in loss to the Authority due to un-authorized use of space by the Company of Rs 15.071 million $(11,067.21 - 2600 = 8,467.21 \text{ sq. feet} \times \text{Rs } 25.07 \times 71 \text{ months from March 2015 to April 2021})$.

Audit pointed out the irregularity in November - December, 2021. The Authority replied that the company filed C.P. No. D-3962 of 2021 against CAA for redressal of grievances. The petition was dismissed in September 2021 by the honorable Sindh High Court. After the dismissal of their Constitution Petition, M/s Skywing started using media propaganda to pressurize CAA. In order to avoid further complications, DGCAA directed to resolve the matter amicably in the best interest of CAA and matter was resolved amicably.

The reply was not accepted because the matter was resolved against the interest of the Authority and without consideration of the violations.

DAC meeting was not convened despite requests made by Audit on 24.12.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends investigation in the matter besides initiation of an appropriate action against the responsible person(s).

(DP. 250)

4.4.28 Less recovery of security deposit - Rs 11.592 million

As per standard clause of license agreement the licensee shall for the due performance of his obligations under the license deposit with licensor/Airport Manager, cash security equivalent to four months license fee of the last year of the license period.

Audit noted that Airport Manager, Allama Iqbal International Airport, Civil Aviation Authority granted fourteen licenses to different concessionaries.

Audit observed that the concessioners deposited security less than the required amount. This resulted in less recovery of security deposit amounting to Rs 11.592 million.

Audit pointed out the less recovery of security deposit in August, 2021. The Authority replied that efforts for recovery of deficient security were under process. Notices were being issued to the companies.

The reply was not accepted as no progress towards recovery was reported.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC reduced the amount of the para to Rs 6.508 million with direction to issue warning to the officer concerned for negligence in recouping the deficit security deposit.

Audit recommends early recoupment of deficient security deposit.

(DP. 170)

4.4.29 Non-obtaining of insurance coverage and non-recovery of premium of 1% of contract cost - Rs 11.293 million

Clause 18 & 30 of the license agreement provides, the Licensee, within fifteen (15) days of the signing of this agreement, shall obtain and maintain insurance coverage of sufficient value, as may be determined by the Licensor/Airport Manager in the name of Licensee, from a reputable insurance company or underwriters as approved by the Licensor, against all incidents, accidents, costs, expenses, charges, damages, actions, claims and demands as aforesaid. This failure of the Licensee in this respect shall result in automatic cancellation of the Licence without any prior notice by the Licensor and without any liability on the Licensor of any nature whatsoever.

Audit noted that Airport Managers, JIAP Karachi, Bacha Khan Airport, Peshawar and Faisalabad International Airport (Commercial Branches) executed various licence agreements with different concessions during the year 2020-21. The licences were awarded for a period of 01 to 05 years.

Audit observed that the department did not obtain the required insurance policies from the Licensees which not only tantamount to undue benefit to the licensee but also put the entire licensees' equipment, property and labour at risk. This resulted in non-obtaining of insurance coverage and non-recovery of premium of Rs 11.293 million at the rate of 1%, as detailed below:

DP. No.	Name of Location	1% insurance premium of contract cost (Rs in million)
89	JIAP, Karachi	8.736
204	BKIAP, Peshawar	1.557
26	FIAP, Faisalabad	1.000
Total		11.293

Audit communicated the irregularity in August 2021. The Authority replied that Concessionaires would be directed to provide remaining insurance policies.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. DAC pended the para with the instructions to issue a directive by competent authority that insurance should be obtained before signing of agreement. DAC further directed to obtain insurance for remaining period of contract and recoveries be made against un-insured period till provision of insurance.

Audit recommends recovery of un-insured period from contractor.
(DP. 26, 89, 204)

4.4.30 Irregular/unjustified payment on account of encashment of accumulated earned leave - Rs 9.589 million

Para 88-A of CAA Services Regulations-2014 (revised version-2019) provides “An employee on retirement or superannuation shall be entitled to encash his accumulated earned leave credit up to three hundred and sixty-five (365) days, if the remaining accumulated leave credit is available above three hundred and sixty-five days”.

As per directions issued vide O.M No.F.1 (38)-IMP-II/88, dated 11.07.1988, financial matters including revision of pay and allowances etc. cannot be decided without prior concurrence of the Finance Division. Further, Ministry of Defense issued instructions vide letter No.11-2/2002-CAA dated 08.03.2007 that financial matters including financial implications particularly, increase in pay and allowances require prior clearance of the Finance Division.

Audit noted that Airport Manager, Bacha Khan International Airport, CAA Peshawar made payment of Rs 9.589 million on account of encashment of accumulated earned leave to the retired employees during the financial year 2020-21 without concurrence of Finance Division.

The paid amount was in addition to payment of leave encashment in lieu of LPR. This resulted in irregular payment on account of encashment of accumulated leave for an amount of Rs 9.589 million.

Audit pointed out the irregular payment in September 2021. The Authority replied that the payment against accumulated earned leave up to limit of 365 days to a retiring employee had been paid in accordance with Para-88 (A) of CAA Services Regulations, 2014 (Revised Version-2019) and after approval of the competent authority.

The reply was not acceptable because the payment was allowed without concurrence of the Finance Division.

The matter was discussed in the DAC meeting held on 03-05.01.2022. After detailed deliberation, the DAC directed to take up the matter with the Finance Division through Aviation Division for regularization of the payment. However, after detailed deliberation the DAC referred the Para to PAC.

Audit recommends early regularization of the payment from Finance Division, Government of Pakistan or recovery.

(DP. 198)

4.4.31 Less recovery of de-escalation - Rs 9.382 million

As per Clause 70.1 of the agreement, there shall be added to or deducted from the Contract Price such sums in respect of rise or fall in the cost of labour and/or materials or any other matters affecting the cost of the execution of the Works as may be determined in accordance with part II of these Conditions.

According to Clause 70.1 (f) the weightages for each of the factors of cost given in Appendix-C to Bid shall be adjusted if, in the opinion of the Engineer, they have been rendered unreasonable, unbalanced, or inapplicable as a result of varied or additional work

executed or instructed under Clause 51. Such adjustment(s) shall have to be agreed in the variation order.

Audit noted that the Airport Manager Faisalabad International Airport Faisalabad awarded a work Improvement/Rehabilitation of Secondary Runway (Rigid) Faisalabad International Airport Faisalabad on 10.12.2019 at agreed cost of Rs 548.377 million. Audit further noted that the Authority calculated and applied factor of bitumen of 0.20.

Audit observed that as per final bill, asphaltic items were paid for a quantity of 51,683.62 tons in which bitumen of 2,492,462 Kg was used as per analysis of the items and the cost of which comes to Rs 209.367 million i.e., 36.06% of the total work done of Rs 580.545 million hence, factor for de-escalation of bitumen was to be fixed as 0.36. Further during currency of work execution, the rate of bitumen was decreased and the department calculated the de-escalation in view of bitumen factor of 0.20 instead of 0.36. This resulted in less recovery of de-escalation of Rs 9.382 million.

Audit pointed out the less recovery of de-escalation in July 2021. The Authority replied that the price adjustment clause 70.1 is included in the contract agreement to cover any change in the material cost during currency of contract. Few elements were taken only to provide representative effect of escalation or de-escalation on the contract value. At the time of contract, normally it is anticipated that escalation will occur and factors were taken in the contract agreement to adjust contract value accordingly.

The reply was not accepted because Clause 70.1 (f) provides that the weightages of each of the factor of cost given in appendix-C to bid shall be adjusted if, in the opinion of the Engineer, they have been rendered, unreasonable, unbalanced or inapplicable as a result of varied or additional work. Thus, the Authority was required to change the factor of bitumen and effect recovery.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the Authority to calculate de-

escalation as per Clause 70.1 (f) and recover the overpayment accordingly.

Audit recommends re-calculation of de-escalation and effect recovery.

(DP. 180)

4.4.32 Mis-procurement of electric scissor lifts - Rs 8.199 million

As per rule-30 of Public Procurement Rules 2004, all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Sub-clause (iv) of clause (c) of rule 36 provides that no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents. According to Rule 50, any violation of these rules constitutes mis-procurement.

Audit noted that bids were invited for procurement of two Electric Scissor Lifts (6 Meter) for Bacha Khan International Airport (BKIAP) Peshawar in October 2019. Nine (09) firms purchased bidding documents out of which five (05) firms participated in the procedure. Specialist branch carried out technical evaluation and qualified M/s Clean Tech Pvt Ltd & M/s Burhani Enterprises technically. The lowest bidder offered his rates for SKYJACK SJIII3220 Model Canada origin. The firm was declared lowest. Afterwards, the firm requested CAA that SJIII3220 Model Canada origin was not available and SJ3220 Model Canada origin would be supplied.

Audit observed that contract agreement with M/s Clean Tech Pvt Ltd was made on 14.07.2020 for Rs 8.199 million inclusive of 17% GST and model number was changed from SJIII3220 to SJ3220. Audit further observed that the equipment was not yet supplied even up to January 2021 and as per communication of the supplier, the equipment was dispatched from UK in December 2020.

Audit holds that change in specification of the equipment after evaluation of bids rendered the whole process as mis-procurement.

Audit pointed out the matter in January 2021. The Authority replied that OEM “Skyjack” informed that Model SJII13220 (quoted model) has been rendered obsolete due to change in ANSI standards, and has been replaced with equivalent model SJ3220. The newer CE certified model SJ3220 with equivalent specification was accepted being compliant to CAA specification. Machine has been delivered at the consignees i.e. BKIAP Peshawar and applicable LD charges shall be applied during billing process.

The reply was not accepted because change in specification of the equipment after evaluation of bids rendered the whole process as mis-procurement. Liquidated damages have also not been imposed.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed CAA to investigate the change of model and its equivalent specification with the direction to effect recovery of liquidated damages.

Audit recommends early completion of inquiry and recovery of LDs.

(DP. 63)

4.4.33 Inadmissible payment of price escalation - Rs 7.143 million

In the approved PC-1 of the project, “Construction & Up-gradation of main runway at Allama Iqbal International Airport (AIIAP), Rs 5,950.00 million were provided including all description of cost. In this component, the PC-1 envisages no provision for escalation. Therefore, no escalation was admissible to the contractor.

Audit noted that Planning & Development Pakistan Civil Aviation Authority, Headquarters Karachi awarded the “Construction & up-gradation of main runway at Allama Iqbal International Airport, CAA,

Lahore at agreement cost Rs 6,450.568 million to M/s CCECC-Matracon Ltd - Habib Construction services on 01.08.2020. The Project Director made payment of Rs 1,859.042 million up to 4th IPC including escalation amount of Rs 7.143 million.

Audit observed that the project management made payment of price escalation of Rs 7.143 million in violation of provisions of PC-I. Payment of escalation against the provision of PC-1 resulted in inadmissible payment of price escalation amounting to Rs 7.143 million.

Inadmissible payment was pointed out in July 2021. The Authority submitted interim reply.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC showed concern over the payment of escalation without provision in the PC-I and directed to take action against the responsible for overpayment. However, the Committee also directed the CAA to get the PC-I revised from the competent forum.

Audit recommends recovery of undue payment of escalation from the Contractor.

(DP. 104)

4.4.34 Irregular/Unjustified opening and maintenance of Project Account

As per CAA Procedure for release of funds by CAA Headquarters to Location Head, the funds are released/transferred to the separate bank account maintained on each location for its development activities. The requisition for release of funds for development activities is raised by APM/Unit head. There is no provision to draw and deposit CAA funds at the location for investment purpose.

Audit noted that Project Director, Islamabad International Airport Project (IIAP), Islamabad opened Project Bank Account No.0237CPA0068740002 in the name of “CAA Development Account

IIAP” in Bank of Punjab, Blue Area Branch, Jinnah Avenue, Islamabad on 15.12.2016.

Audit observed that:

- i. The above said Project Bank Account was opened for the purpose of investment instead of project payments.
- ii. No Payments/Transactions were made from this Bank Account for the purpose of IIAP Development Project.
- iii. Authority already maintained CAA Development Current Account with HBL. Justification is required for another opening of Project Bank Account.

Project Director gave the approval for closure of above mentioned account. A Cheque was issued vide No. 805687229 amounting to Rs 9.484 million to transfer the funds in favour of CAA Development A/c No. 0024807000000501 HBL IIAP, Islamabad.

Audit pointed out the irregularity in November 2021. The Authority replied that CAA Development Account IIAP (Corporate Premium A/C) in Bank of Punjab was opened with the authorization of competent authority (i.e. Director Finance HQCAA) under the provisions of Item-2, Group-2 of Delegation of Administrative Powers to have an alternate/secondary development account besides opportunity to get better profit.

The reply was not acceptable because the maintenance of project accounts without a transaction over the years show that the account was opened for investment purpose. Opening and maintenance of an investment account for development project was not justified and against CAA rules and procedures.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed the Authority to conduct inquiry against the said Director, Finance CAA who have given approval for

opening of such account and fix the responsibility against the person at fault.

Audit recommends early compliance of the directives of the DAC besides transfer of funds. Financial effect in terms of interest of both accounts be compared and loss if any, be recovered from the salary of the responsible officer(s).

(DP. 136)

4.4.35 Irregularities in execution of contract of Common Use Passenger Processing System and Baggage Reconciliation System

As per clause 4.12.3 of concession agreement for Deployment, Operations and Maintenance of CUPPS & BRS facility at PCAA airports (Islamabad International Airport, Jinnah International Airport Karachi, Allama Iqbal International Airport, Lahore, Bacha Khan International Airport, Peshawar, Multan, Faisalabad, Quetta International Airports) with M/s Reliance Aviation Tech Services Pvt. Ltd. (RATSPL), the licensee was required to furnish performance guarantee from AA+ rating scheduled bank for USD 75,000 valid up to 60 days after expiry of the term of the contract. As per clause 4.16, the licensee was to be penalized up to 10% of the monthly charges for default as explained in clause 4.16.2.

The services are provided to CAA stakeholders (i.e. airlines and GHAs) under the Operating Regulations issued by CAA against a specified per passenger service charge USD 1.25 per departing passenger excluding transit passengers, USD 0.625 per transit passenger. The Airport Managers on periodical basis will provide a Performance Appraisal Report for deployment and thereafter a service levels appraisal report as per Appendix-6 during the term.

Audit noted that CAA executed the agreement on 01.02.2019 for five years from the date of commencement. As per scope of the agreement for Deployment, Operations and Maintenance of CUPPS &

BRS facility at PCAA airports, CAA is procuring services from, M/s Reliance Aviation Tech Services Pvt. Ltd. (RATSPL) against which CAA pays the following quoted per passenger charge to M/s Reliance Aviation Tech Services Pvt. Ltd., USD 0.66 per departing passenger excluding transit passengers, USD 0.33 per transit passenger.

During scrutiny of the accounts record of APM Islamabad International Airport, Islamabad for the financial year 2020-21, Audit noted that the contract was in operation at the Airport.

Audit observed as under:

- i. There is no evidence on record that the licensee provided Bank Guarantee for USD 750,000 valid up to March 2024.
- ii. The Airport Managers did not provide on periodical basis a Performance Appraisal Report for deployment and thereafter a service levels appraisal report. No penalty during the period under audit was imposed/recovered from the licensee.
- iii. There is no evidence/certification on record that the licensee provided equipment as per BOQ.

Audit pointed out the matter in November 2021. The Authority replied that agreement of CUPPS and BRS has been executed at HQCAA level for various PCAA airports and therefore APM IIAP is not the licensor in this case.

The reply was not accepted because APMs were the Office of Prime Interest (OPI) for this contract and commercial section of these airports were responsible to see whether all formalities have been complied by the contractor. The chargeable rates of the contractor for CUPPS were subject to provision of required facilities.

DAC meeting was not convened despite requests made by Audit on 24.12.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends early confirmation/certification of the provision of bank guarantees and periodical appraisal reports.

(DP. 219)

4.4.36 Irregular appointments and extension in retainership period for more than six months

Para -2 (1) (jj) “Temporary employee” means an employee who has been appointed against a temporary post sanctioned for a specific period or appointed on temporary basis against a permanent post; (kk.) “Temporary post” means a post other than a permanent post;

CAA Service Regulations 2014 (Revised 2019) state that: 18(1) in cases where the Competent Authority is of the opinion that it is necessary in the interests of the Authority to immediately fill a post falling vacant, may fill the post on ad-hoc basis after forwarding the requisition to the prescribed Selection Board through Human Resource Directorate, for a period not exceeding six months.

During audit of the accounts record of Civil Aviation Authority, it was noted that skilled, unskilled labour, Drivers, janitors, trolley retrievers, painters, masons and helpers were appointed on retainership basis for a period of two months at different rates of salary with the approval of DG CAA. Audit further noted that their period of service was extended on so many times without wide publicity in the press.

Audit observed that the appointments on retainership were made through advertisement on local notice boards instead of advertisement of all such posts in newspapers of nationwide circulation. Audit further observed that their services were extended for more than six months without observing rules. Moreover, the temporary posts have not been created under the approval of competent Authority. This resulted in irregular appointment of individuals on retainership basis and extension in retainership period in violation of policy.

Audit pointed out irregularity in November 2021. The Authority replied that retainer-ship was introduced in CAA in 2012 to cater for the urgent requirement of manpower as well as to support the growing business need which at times do not have the approved establishment but requires to be manned on immediate basis till establishment is approved or any other alternate solution is worked out. The mechanism for retainer-ship was approved by the CAA Executive Committee in its 273rd meeting held on 19.01.2012. The reply was evasive. The appointments were made through local notice boards instead of nationwide open advertisement and services were extended for more than six months without observing rules.

The matter was also discussed in the DAC meeting held on 03-05.01.2022. The DAC directed CAA to constitute a Committee comprising of representatives from Aviation and CAA for making recommendations to resolve the matter of the appointments made without open advertisement and irregular extensions beyond six months.

Audit recommends early resolution of the matter.

(DP. 235, 177, 34, 43, 41, 42)

4.4.37 Allotment of land to Pakistan Customs in violation of CAA Ordinance worth billions of rupees

As per Clause D 9.1.2 of CAA Land Lease Policy, 2019, the land for aviation projects will be leased through direct allotment; when the land is required by Government/semi Government agencies in furtherance of their operational or semi operational rent to be charged as per the terms and conditions of the Lease Deed termed as a Special Lease Deed.

Audit noted that FBR requested PCAA for allotment of 25 acres of land for construction of customs residential complex at Islamabad International Airport on 27.10.2020. Audit further noted that CAA Board in its 188th meeting held on 29.07.2021 accorded approval for allotment of 06 acres of land at Islamabad International Airport, Islamabad (IIAP)

on lease without any land rent to construct Customs Complex for accommodating their staff deployed at IIAP.

Audit further noted that FBR requested PCAA for allotment of at least 10 to 15 thousand square yards (2.5 to 3 acres) of land for establishment of airport, Custom House Complex in the vicinity of IIAP, Karachi on 19.07.2019. Audit further noted that DG CAA/Executive Committee accorded approval for allotment of CAA land in the vicinity of CAA Colony IIAP, Karachi to Custom Department for construction of their own residential accommodations for officers/staff working at IIAP, Karachi. However, alternately, Bungalow No. B-05 at CAA Colony IIAP Karachi was allotted to Custom Department.

Audit observed that there is no provision in CAA Ordinance, 1982 or any CAA Policy & Procedure to provide non-operational spaces like residential accommodation, etc. to Government Department on gratis basis. This resulted in irregular allotment of land and house worth millions of rupees.

Audit pointed out the irregularity in November-December 2021. The Authority replied that under the Customs Act, 1969, airport authority, which in this case is CAA, shall provide at its own cost inter alia residential accommodation to Customs Staff and shall pay utility bills, rent and taxes in respect of such accommodation. The Customs Act 1969 takes precedence over CAA Commercial and Lease Policies. CAA Board, which has full administrative and financial powers under Section 7(1) of CAA Ordinance 1982, has approved allotment of land to Pakistan Customs at IIAP Islamabad.

The reply is not acceptable because it has been submitted in the light of provisions of Customs Act while CAA Land Lease Policy, 2019 and Policy & Procedure for Grant of Business Licence does not allow such allotment of land for residential purposes. CAA land can only be leased out through direct allotment to Government/semi Government agencies for their operational or semi-operational requirement on rent to be charged as per terms and conditions of the Lease Deed termed as a

Special Lease Deed. Thus, allotment of land is termed a violation of CAA Land Lease Policy.

DAC meeting was not convened despite requests made by Audit on 24.12.2021, 31.12.2021, 11.01.2022 and 20.01.2022.

Audit recommends investigation of the matter besides initiation of action against those responsible.

(DP. 241)

4.4.38 Recurring loss of millions of rupees due to unused open land of CAA measuring 612 Acres for commercial purpose

Para A1 of Land Lease Policy 2019 of Civil Aviation Authority Order (CAAO) describes, that “Civil Aviation Authority (PCAA) has been established to promote and regulate the civil aviation activities and to develop airport infrastructure within Pakistan to ensure safe, efficient, adequate, economical and properly coordinated air transport services. Airports owned and controlled by PCAA are mostly sited in cities, which are hub of diversified commercial activities. It is vital to effectively utilize land to achieve sustainable economic development, up gradation of aviation services, adoption of upcoming aviation technologies, etc.

An examination of accounts record/information provided to Audit revealed that out of 3,144 acres of land at the Jinnah International Airport, Karachi, open land measuring 612 acres was available for commercial use.

Audit observed that CAA management has not taken concrete steps for effective commercial use of the open land available at the airport. Effective use of CAA land was vital to achieve sustainable economic development, up gradation of aviation services, adoption of upcoming aviation technologies, etc. This resulted in recurring loss of millions of rupees due to non-utilization of 612 Acres open land available for commercial use.

Audit communicated the matter of recurring loss in August 2021. The Authority replied that Airport Management JIAP has already forwarded proposal to HQCAA regarding land available for future commercialization /utilization as per PCAA Land Lease Policy. In this regard as and when approved by the Competent Forum, the spaces will be advertised as per CAA Land Lease Policy to earn revenue for CAA.

The reply was not accepted because the proposals have not been finalized due to poor management despite lapse of considerable period of 3 years since the initiation of the matter.

The matter was also discussed in the meeting of the DAC held on 03-05.01.2022. The Committee directed the Authority to review the policy in line with the directions of CAA Board.

Audit recommends early finalization of the matter

(DP. 82)

CHAPTER 5

PAKISTAN PUBLIC WORKS DEPARTMENT AND ESTATE OFFICE (MINISTRY OF HOUSING AND WORKS)

5.1 Introduction

A. (i) Pakistan Public Works Department

Pakistan Public Works Department (Pak PWD) is an attached department of the Ministry of Housing and Works (Housing and Works Division). As per Rules of Business, 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division and Ministry of Foreign Affairs. Exemption is also allowed to Ministry of Foreign Affairs for the maintenance of Foreign Office Buildings and the allied buildings.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. It is headed by a Director General. The Director General is assisted by a Chief Administrative Officer who deals with administrative matters. There are four Chief Engineers for North, South, West and Central Zones in the country. They are assisted by Superintending Engineers and Executive Engineers/Assistant Executive Engineers. The matters relating to planning are dealt by the Chief Engineer (Planning). The accounts of the Pak. PWD are departmentalized. The Budget and Accounts matters are dealt with by the Director, Budget and Accounts. Appropriation Account and Finance Accounts are prepared annually by Director, Budget and Accounts. Divisional office is the basic accounting unit of the department and is headed by the Executive Engineer. All payments relating to work done and supplies are made in the divisional offices.

Detailed estimates are prepared at the sub-divisional level and technically sanctioned by the Executive Engineers, Superintending Engineers or the Chief Engineers according to their competency. Pre-audit is carried out by the Divisional Accounts Officers on behalf of the Director, Budget and Accounts who is responsible for maintaining the accounts of the department. Divisional Accounts Officers are also co-signatory of the cheques with the Executive Engineers.

(ii) Estate Office

Estate Offices situated at Islamabad, Lahore, Karachi, Quetta and Peshawar are under the administrative control of the Ministry of Housing and Works. These offices deal with allotment of government-owned accommodations, properties, recovery of rent, etc. from the allottees/occupants. The Estate Office management includes an Estate Officer assisted by Joint Estate Officers at the four provincial offices. Grant 52 relates to Estate Offices.

B. Comments on Budget and Accounts (Variance Analysis)

(i) Pakistan Public Works Department

Grant 76- Civil Works

The Grant includes establishment budget for the regular employees of the Department and maintenance budget for office/residential buildings of the Federal Government. In addition, the expenditure on annual/special repair, utility charges of these buildings are met from this Grant. The Department also maintains V.I.P buildings such as Prime Minister's House, Prime Minister's Secretariat, State Guest House, etc. The position of the Grant for the last two years is summarized below:

	(Rs in million)	
	2020-21	2019-20
Final Grant	4,662.900	3,819.000
Actual Expenditure	5,586.665	4,470.017
Excess/Saving(-)	923.765	651.017
Percentage	19.81%	17.05%

Supplementary Grant amounting to Rs 1,024.622 million sanctioned after 15.05.2021 was not accounted for in the printed Appropriation Accounts. A sum of Rs 4.070 million was added through re-appropriation of funds. After taking into account the said amount, the final grant worked out to Rs 5,691.592 million and the excess converted into saving of Rs 104.927 million, which is 1.84 %.

Grant 76 Federal Lodges

The Department is also responsible for the maintenance and running of Federal Lodges all over the country. At present, thirteen Federal Lodges located at Islamabad/Rawalpindi, Lahore, Quetta, Karachi and Peshawar are being maintained by the Department. These Lodges provide economical and quality lodging facilities to the officers of the Government and Members of the Parliament. Expenditure relating to the operation of these lodges is met from this Grant. The allotment and the expenditure for the last two years under this Grant is given below:

(Rs in million)

	2020-21	2019-20
Final Grant	113.728	107.000
Actual Expenditure	112.686	105.646
Excess/Saving (-)	1.042	1.354
Percentage	0.91%	1.27%

Supplementary Grant amounting to Rs 5.824 million were sanctioned after 15.05.2021 was not accounted for in the printed Appropriation Accounts. A sum of Rs 3.070 million was withdrawn through re-appropriation of funds. After taking into account the said amount, the final grant worked out to Rs 116.482 million against which the expenditure amounting to Rs 112.686 million had been incurred with saving of Rs 3.796 million which is 3.26 % of the Final Grant.

Grant 188 Capital Outlay on Civil Works

The Grant is meant for original works financed through Annual Development Programme (ADP) of the Works Division. In addition to Housing & Physical Planning Sector, Development Schemes of other Ministries/Divisions are included in this Grant. During the year, 308 schemes pertaining to 03 Sectors were executed by the Department. Position of allotment and expenditure of this Grant for the last two years is as follows:

	(Rs in million)	
	2020-21	2019-20
Final Grant	20,469.436	6,710.023
Actual Expenditure	24,397.727	5,515.037
Excess/Saving (-)	3,928.291	1,194.986
Percentage	19.19%	17.81%

Supplementary Grant amounting to Rs 7,250.431 million were sanctioned after 15.5.2021 was not accounted for in the printed Appropriation Accounts. A sum of Rs 1,241.74 million was surrendered within target date and Rs 415.000 million was also surrendered after target date. An amount of Rs 49.787 million was with-held during the year. After taking into account the said amount, the Final Grant comes to Rs 26,341.341 million and excess converted into saving of Rs 1,615.604 million which is 6.21 % of the Final Grant.

(ii) Estate Office

Budget allocation and expenditure of Estate Offices for the year 2020-21 is tabulated below:

(Rs in million)				
Original Grant	Final Grant	Expenditure	Excess/ (Saving)	%
186.800	193.168	207.172	14.004	7.25

Receipts

(Rs in million)

Head & Description	Estimated Receipt	Actual Receipt	Excess/ (Shortfall)	%
C 02701 – Works Building Rent	500.000	662.204	162.204	32.44

C. Audit Profile of Pak PWD

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue Audited FY 2020-21
1	Formations	58	15	15,134.726	4.047

Note: In addition to above, 16 formations audited during Phase-II of 2020-21 involving expenditure of Rs 5,329.099 million & revenue of Rs 46.565 million and results incorporated in this report.

Audit Profile of Estate Office

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue/ Receipts audited FY 2020-21
1	Formations	05	02	19.659	3.797

Note: In addition to above, results of one formation audited during Phase-II of 2020-21 involving expenditure of Rs 107.916 million & revenue of Rs 850.00 million have also been incorporated in this report.

5.2 Classified summary of Audit observations

Audit observations amounting to Rs 11,687.674 million were raised in this audit report. This amount also includes recoveries of Rs 2,120.125 million, pointed out by the audit. Summary of the audit observations classified by nature, is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	HR/Employees related irregularities	22.330
B	Procurement related irregularities	617.706
C	Execution of works, contract agreement	9,227.790
2	Value for money and service delivery issues	115.026
3	Others	1,704.822
Total		11,687.674

5.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Pakistan Public Works Department/Estate Offices are as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1985-86	06	06	01	05	16.67
1986-87	02	02	01	01	50
1987-88	09	09	01	08	11.11
	1 SAR	1 SAR	-	1 SAR	0
1988-89	1 PAR	1 PAR	01	-	100
1989-90	37	37	13	24	35.13
	1PAR	1PAR	-	1PAR	0
1990-91	17	17	15	2	88.24
	1 PAR	1 PAR	-	1 PAR	0
1991-92	63	63	18	45	28.57
	1 PAR	1 PAR	-	1 PAR	0

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1992-93	50	50	45	05	88.23
	1 PAR	1 PAR	-	1 PAR	0
1993-94	64	64	31	33	48.44
1994-95	24	24	15	09	62.5
1995-96	24	24	15	09	62.5
1996-97	69	69	50	19	72.46
1997-98	176	176	128	48	72.72
	1 SAR	35	33	02	94.29
1998-99	175	175	89	86	50.85
1999-2000	106	106	69	37	65.09
2000-01	60	60	48	12	80
2001-02	32	32	28	04	87.50
2002-03	9	9	3	6	33.33
2003-04	21	21	14	07	66.66
2004-05	18	18	07	11	38.89
2005-06	38	38	19	19	50
2006-07	45	45	17	28	37.77
2007-08	27	27	10	17	37.03
2008-09	29	29	21	08	72.41
2009-10	09	09	04	05	44.44
2010-11	64	64	27	38	42.18
2013-14	77	77	16	61	20.77
2014-15	18	08	01	17	5.55
2015-16	39	39	04	35	10.25
2016-17	146	146	03	143	02
2017-18	58	06	0	06	0
2018-19	36	12	02	34	5.55
2019-20	51	5	0	51	-

Note: Audit Reports for 2011-12 and 2012-13 were not discussed by PAC till the finalization of this Audit Report. Audit Reports for 2017-18, 2018-19 and 2019-20 have been partially discussed.

5.4 AUDIT PARAS

Pakistan Public Works Department

5.4.1 Non-preparation of PC-IV and non-handing over the projects - Rs 2,427.302 million

Para 3.33 of Project Management Guidelines provides that the final stage of the project is its completion. The project is considered to be completed/closed when all the funds have been utilized and objectives achieved or abandoned due to various reasons. At this stage, the project has to be closed formally, and reports to be prepared on a proforma PC-IV.

Executive Engineers of six divisions of Pakistan Public Works Department awarded sixty-seven works to different contractors at a cost of Rs 2,427.302 million (**Annexure-N**).

Audit observed that the department did not prepare PC-IV of the said works although the works were finalized. The completed works were also not handed over to the quarters concerned.

Audit holds that non-finalization of accounts occurred due to non-adherence to the above referred provision and weak financial controls.

This resulted in non-preparation of PC-IV and not handing over of works valuing Rs 2,427.302 million.

Audit pointed out the irregularity in September-December 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The Committee directed the department to finalize the accounts of the completed works within 30 days, otherwise, reasons may be made known to the Ministry for appropriate action. Compliance report may be submitted to Audit.

Audit recommends early preparation of PC-IV and handing over the schemes/projects to the quarters concerned besides taking remedial measures for the delay.

(DP. 127, 143, 164, 226, 290, 318)

5.4.2 Execution of projects without obtaining non-duplication certificates - Rs 1,774.385 million

DDWP in its meeting held on 26.12.2019 directed that Pak PWD will ensure non-duplication of the projects and get non-duplication certificates and O&M Certificates from Provincial Government.

Executive Engineer Central Civil Division-II Pak PWD, Quetta awarded 26 PSDP projects for the year 2019-20 & 2020-21 at a contract cost of Rs 1,774.385 million.

Audit observed that the projects were executed without obtaining non-duplication certificates or without ensuring that no other executing agency had undertaken or was undertaking the same scheme/project in the area. This has manifold increased the probability of duplication of expenditure.

Audit maintains that irregularity occurred due to non-adherence to the directions of chairman DDWP and weak administrative controls.

This resulted in irregular execution of work without obtaining/ensuring non-duplication certificates of schemes amounting to Rs 1,774.385 million.

Audit pointed out the matter of non-obtaining the non-duplication certificates of projects in December 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The department took the stance that non-duplication certificate was not required. Audit contended that it was clearly provided in the DDWP

minutes that the department will get non-duplication certificates from the provincial government. The DAC emphasized to get this certificate on priority.

Audit recommends probe into the matter besides obtaining non-duplication certificates for projects from provincial executing departments concerned.

(DP. 319)

5.4.3 Irregular payments due to execution of works beyond permissible limit - Rs 1,644.329 million

Para 6.17 of Pak. PWD Code provides that when the expenditure upon a work exceeds or is found likely to exceed the approved cost by more than 15%, a revised approval must be obtained from the authority competent to approve the cost, as so enhanced. Further, Para 6.19 ibid provides that revised estimate must be prepared where the sanctioned estimate is likely to be exceeded by more than 15%.

Executive Engineers of various divisions of Pak PWD awarded different works to different contractors at cumulative T.S amount of Rs 813.556 million. The department made payment of Rs 2,457.885 million to the contractors on account of work done against the approved cost of TS estimates Rs 813.556 million. **(Annexure-O)**

Audit observed that excess over technically sanctioned estimates was Rs 1,644.329 million (Rs 2,457.885 million – Rs 813.556 million). Considerable increase from 17% to 442% just after award of works affected the competitive rates. The department was required to stop making further payments till revision of estimates with proper justification.

Audit holds that irregularity occurred due to improper estimation and weak technical controls.

This resulted in irregular payments for Rs 1,644.329 million due to execution of works beyond the approved T.S. Estimates.

Audit pointed out irregularity in December 2020, August & November 2021. In DP 12&13, the department replied that during execution of work, some variation in quantities of items of work took place as per actual requirement at site. Revision of estimate was under process and would be got approved from the competent authority before finalization of accounts. In case of DP-56, the department stated that the case for revision of PC-I was taken up with Federal Board of Revenue by sister Division being combined PC-1. The Federal Board of Revenue advised to pend it being premature. However, on completion of all components the case for revision of PC-I will be initiated. The revision of Detailed Estimates of this work was still under process. In case of DP-64, the department replied that the work was at running stage and revised estimate would be forwarded upon actualization of final quantities of work. In case of DP-206, the department replied that revised PC-I of the subject work was approved by the competent authority and the revised technical sanction estimate of both the works were under process for approval from the competent authority. In another DP-266 & para 4 (Certification Audit Report) the department did not reply.

The matter was discussed in the DAC meeting held on 08.12.2021 and 26.01.2022. The DAC deferred the DP. 12, 13 and 206 for verification of revised TS estimates and PC-I. In case of DP-56, the committee directed that the payments to the contractor should be made only after approval of revised TS Estimate and revised PC-I. Para was pended. As regards DP-64, the committee directed to impose liquidated damages for non-completion of work. Further payment to the contractor be made after revision of TS Estimate and PC-I.

DP. 266 was discussed in DAC meeting held on 26.01.2022, wherein DAC was informed that on a similar subject, an inquiry has been ordered by the PAC. The DAC directed to finalize the inquiry at the earliest and share the outcome of the inquiry along with action with Audit.

Compliance to the DAC directives was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision besides making recoveries and regularization.

(DP. 12,13,56,64,206, 266 & Para 4 of CAR)

5.4.4 Excess payment due to execution of excess quantities without approval - Rs 1,430.883 million

As per conditions 1 & 2 of the acceptance letters, the works should be executed strictly in accordance with the specifications/standards stipulated in the agreements and no excess over the quantities given in the BOQ should be permitted in respect of all items of work.

Audit noted that various divisions of Pak PWD awarded infrastructure projects/works relating to construction of buildings, roads and drinking water supply schemes during the year 2020-21.

Audit observed that Pak PWD formations paid quantities of certain items of works in excess of the approved BOQ, estimate and revised PC-I of works for Rs 1,430.883 million without approval of the competent authority.

This resulted in excess payment of Rs 1,430.883 million.
(Annexure-P)

Audit pointed out the excess payment during July-December 2021. The department replied in 07 paras that quantities of items were enhanced as per site requirements and the contractors were paid for actual work done. The department did not furnish reply for remaining paras.

The reply was not accepted because execution of excessive quantities and extra/substituted items beyond provision of T.S Estimates/

BOQs showed that the estimates were technically unsound and based on inaccurate data. These items were got executed without approval of the competent authority.

The matter was discussed in DAC meeting held on 08.12.2021. The DAC directed the department in DP-21 to get the TS estimate verified with the final bill of contractor. Whereas for DP-42&59, direction to verify the revised estimate and revised PC-I of works from Audit was given

DAC in its meeting held on 26.01.2022 directed:

- a. The department to provide the reasons in these cases along with supporting record. (163, 179, 185)
- b. The DAC was informed that excess quantities were added by the consultant. When probed, the department informed that the PC-I was prepared by the department itself. However, in view of the requirement of the Planning Commission an independent consultant was appointed. The Audit emphasized that an independent inquiry should be conducted and excess, if found unjustified, be recovered from the consultants. The DAC also recommended the review of policy of appointment of consultants. (DP. 151)
- c. The DAC referred the case to Internal Audit Pak PWD to examine the issue and put up report to the DG Pak PWD for further necessary action. Outcome with action may be shared with Audit. (DP. 328)
- d. All the variations be put up to the competent forum for scrutiny and necessary approval. (DP. 208, 210, 220, 221)
- e. The DAC directed the department to get the record verified from Audit. (DP. 243, 213)

Compliance of DAC directives was not made till the finalization of this Report.

DAC meeting on remaining paras was not convened despite frequent requests made by Audit on 22.12.2021, 31.12.2021, 04.01.2022 and 11.01.2022.

Audit recommends for fixing responsibility against those responsible besides recovery of the excess quantities.

(DP. 163, 220, 179, 138, 328, 21, 151, 42, 185, 243, 208, 59, 221, 213, 197, 210 and Para 96 of CAR)

5.4.5 Non-insurance of works for Rs 1,021.291 million and non-recovery of premium - Rs 10.213 million

Clauses 21.1 – 21.5 of contract agreement state that the contractor shall insure the works, together with materials and plant to the full replacement cost till expiry of defect liability period. Costs of such insurances shall be borne by the contractor. The contractor was required to submit insurance within 28 days of issuance of letter of acceptance.

Pakistan Public Works Department awarded different works to different contractors at the contracts cost of Rs 1,021.291 million **(Annexure-Q)**.

Audit observed that the department did not obtain the required insurance coverage from the contractors. Insurance clauses were not invoked which not only tantamount to undue benefit to the contractors but also put the entire works, materials, property and labour at risk.

Audit holds that irregularity occurred due to weak internal controls and weak contract management.

This resulted in non-obtaining of insurance coverage for the works valuing Rs 1,021.291 million and non-recovery of inbuilt cost of premium of Rs 10.213 million (1,021.291 x 1 %).

Audit pointed out the irregularity in September-November 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The committee directed the department to get the record verified from Audit.

Audit recommends probe into the matter besides recovery of premium for the un-insured period and obtaining of the insurances for the remaining contract duration from the contractor.

(DP. 218, 232, 262, 311)

5.4.6 Unauthorized expenditure due to execution of extra/substituted items without approval - Rs 838.873 million

As per condition of the Acceptance Letter of the Chief Engineer (North Zone) Islamabad dated 29.06.2016 and dated 24.06.2020, no extra/substitute items should be allowed to be executed at site without prior approval of the competent authority.

Audit noted that various divisions of Pak PWD executed infrastructure projects/works relating to construction of buildings, roads and drinking water supply schemes during the year 2020-21.

Audit observed that during execution of the works, the department paid different extra and substitute items without approval of the competent authority and without expressed consent of client department. The execution of these items without approval of the competent authority was not justified. This was also against the objective of competitive bidding process.

This resulted in unauthorized payment of extra/substituted items of Rs 838.873 million (**Annexure-R**).

Audit maintains that absence of an oversight mechanism for exercise of internal control caused the excess expenditure.

Audit pointed out the unauthorized expenditure in July-December 2021. The department replied in four cases that the extra/substituted

items were executed as per site requirements. In one para, the department replied that 4 HVAC chillers, installed in 2011, remained unattended due to court case and sunk in flood water in 2015. M/s NESPAK decided to change the defective material. In another para, department replied that leftover work of tiles (civil work) was required to be carried out for proper operation of the building. The department did not reply in remaining paras.

The reply was not accepted because the department replaced newly installed equipment before completion of work. The tiles work was carried out under Electrical and Mechanical works instead of civil work.

The matter was discussed in DAC meeting held on 08.12.2021. The DAC expressed its dis-satisfaction for substantial variation and directed the department (in DP. 27, 41) to get verified the extra /substituted items, original & revised estimate, revised PC-I of works and client requirements from Audit. In DP. 67, the committee directed the department to effect recovery from contractor, as it was the responsibility of the contractor to replace the damaged item at own cost instead of claiming extra item. In DP-68, the Chair directed the department to take appropriate action against the person(s) responsible.

DAC in its meeting held on 26.01.2022 directed the department to put up the case to the competent forum for justification and approval. (DP. 154, 292, 265)

Compliance of DAC directive was not made till the finalization of this Report. The DAC on remaining paras was not convened despite repeated requests.

Audit recommends for early compliance of DAC directives and recovery besides appropriate action against the person(s) at fault
(DP. 27, 292, 68, 41, 154, 67, 224, 265, 205, 169, 230 and Para 99 CAR)

5.4.7 Irregular transfer of development funds to other divisions - Rs 712.873 million

Rule 95 of General Financial Rules (Vol-1) provides that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case.

Audit noted that Central Civil Division, Pak PWD, Sialkot and Project Civil Division Pak PWD Peshawar received development funds amounting to Rs 2,646.690 million for PSDP works during 2020-21 and kept in PLA-I meant for PSDP funds.

Audit observed that out of said released funds, an amount of Rs 712.873 million was transferred to other divisions of Pak PWD, as detailed below, in the last week of June, just to avoid their lapse. This indicated that divisional office had no genuine need for development funds during currency of the financial year. Audit observed that transfer of funds at the closing days of the financial year is mismanagement and may result in hasty expenditure.

DP. No.	From	Transferred to	Amount (Rs in million)	Date of transfer
165	CCD Sialkot	CCD-V, Islamabad	293.531	24.06.2021
		CE/M, Quetta	250.000	24.06.2021
		CCD, Sargodha	76.056	29.06.2021
139	PCD-Peshawar	CCD-II Peshawar	8.512	29.06.2021
		E/M Peshawar	84.774	
Total			712.873	

Audit holds that transfer of development funds to other divisions in the last week of June was due to non-observance of rules and weak financial controls.

This resulted in irregular transfer of development funds to other divisions amounting to Rs 712.873 million.

Audit pointed out the matter in August and September 2021. The department replied that out of total funds of Rs 2,646.690 million, an amount of Rs 1,868.962 million was utilized till the closing of the fiscal year and saving foreseen to the tune of Rs 943.952 million was conveyed to the competent authority. The competent authority had approved re-appropriation to some other matured schemes and conveyed the transfer of funds amounting to Rs 712.873 million to other divisions of Pak. PWD.

The reply was not accepted because funds allocated through legislation as PSDP/ADP for specific schemes should not have been re-appropriated for other scheme without approval of the Finance Division.

The matter was discussed in DAC meeting held on 26.01.2022, DAC directed Deputy Director (Internal Audit), Pak PWD to look into the factors of delayed transfer of funds, which resulted in lapse of fund. The emphasis should be given to examine why the instructions of transfer of funds were issued on 24.06.2021 and 29.06.2021 which could not be materialized. In addition, explanation to the recipient division for non-utilization of funds may also be issued (DP. 139) besides obtaining status of utilization of funds by recipient division (DP. 165).

Audit recommends action against the person(s) responsible besides seeking proper authorization for utilization of unspent funds.
(DP. 165, 139)

5.4.8 Unauthorized payment without execution of work at site - Rs 620.425 million

Para 209 (d) of CPWD Code states that all the payments for works and supplies will be on the basis of the quantities recorded in the MB. It is incumbent upon the person taking the measurement to record the quantities clearly and accurately. He will also work out and enter in the MB the figures for the contents and area column.

Public Accounts Committee Secretariat issued Office Memorandum vide No.F.10(1)/2016-17-PAC dated 15.11.2017 to all Principal Accounting Officers for strict compliance of the PAC directives regarding compliance of recording actual/date-wise measurement in the Measurement Books, otherwise they will be held responsible by the Public Accounts Committee.

Audit noted that Executive Engineers of various divisions of Pakistan Public Works Department awarded different works to contractors and made payment of Rs 620.425 million after 22nd of June 2021.

Audit observed that the department did not record the detailed measurements of each item of work in Measurement Books.

Payment made without recording detailed measurements of works in the Measurement Books resulted in unauthentic payment of Rs 620.425 million, as detailed below:

(Rs in million)

Name of Formation	DP. No.	Amount	Date of payment
CEM-II, Islamabad	Para-2 (CAR)	4.418	25.06.2021
PCD-II, Islamabad	Para-2 (CAR)	0.454	24.06.2021
CCD Gwadar	Para-2 (CAR)	7.46	28.06.2021
CCD-II Quetta	Para-2 (CAR)	4.45	28.06.2021
CCD D.G Khan	Para-2 (CAR), 291, 299, 310, 313	422.796	24.06.2021, 29.06.2021
CCD-II Peshawar	227	133.060	28.06.2021 30.06.2021
CCD Bahawalpur	245	47.787	22.06.2021 to 29.06.2021
Total		620.425	

Audit maintains that non-recording of detailed measurements in MBs was due to weak internal controls.

Audit strongly believes that these works have not actually been executed at site and it is a paper adjustment. It is, therefore, requested that a committee be constituted for physical examination of works as well as completion of all documents as per rules and regulations. Otherwise, responsibility be fixed.

Audit pointed out the matter in September and October 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The Committee directed that Ministry's monitoring teams should visit schemes physically and submit a report on existence of works/ completion status, defects alongwith timely completion of documents, MBs, internal/inspection checks, etc.

Audit recommends compliance of DAC directives.

(Para-2 CAR, DP. 291, 227,245,299, 310, 313)

5.4.9 Irregular award of additional work without calling fresh tenders - Rs 504.872 million

Rule 12 (2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. Rule 42 (c) (iv) of ibid rules provides that a procuring agency shall only engage in direct contracting if the repeat orders do not exceed fifteen percent (15%) of the original agreement.

Audit noted that the Executive Engineer, Central Civil Division Pak. Public Works Department, Sargodha awarded the work "Widening/Rehabilitation of Road from Quaidabad to Warchha Via

Fatehpur District Khushab” to a contractor on 16.02.2021 for Rs 185.597 million.

Audit observed that the department enhanced the work up to Rs 504.872 million on the ground that administrative approval/ PC-I had been revised. The enhancement was 272% more than the original scope of work, which was against the competitive bidding. Audit further observed that the contractor was eligible for execution of works up to Rs 500 million as per PEC registration certificate but he was awarded the work more than his eligibility.

Audit holds that irregularity occurred due to weak internal controls and non-observance of existing rules

This resulted in irregular award of additional work without calling of tenders amounting to Rs 504.872 million.

Audit pointed out the irregularity in October 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The Committee directed the department to provide justification for extra ordinary increase.

Audit recommends fixing responsibility against the person (s) at fault besides taking up the case with PPRA for appropriate action.

(DP. 182)

5.4.10 Irregular payment of mobilization advance - Rs 425.776 million and non-recovery - Rs 135.327 million

As per clause 60.11(a) of the conditions of contract, an interest-free mobilization advance @ 10% of the contract price shall be paid to the contractor in two equal parts upon submission of bank guarantee/bond by the contractor from a scheduled bank in Pakistan or an insurance company acceptable to the employer. First part is payable within 14 days after signing of the contract agreement or date of receipt of Engineers

notice to commence, whichever is earlier. Second part is payable within 42 days from the date of payment of the first part subject to the satisfaction of the Engineer and to the state of mobilization of the contractor. This advance shall be recovered in equal installments; first installment at the expiry of third month after the date of first part of advance and the last installment two months before the date of completion of the work.

Executive Engineer Central Civil Division-IV Pak PWD, Islamabad awarded a work “Construction of Islamabad High Court Constitution Avenue G-5/1, Islamabad” to the contractor with agreement cost of Rs 2,474.049 million on 15.06.2015 and paid mobilization advance in lump sum for Rs 247.404 million instead of two installments on 26.06.2015. In another case, Executive Engineer CCD Pak PWD Faisalabad awarded the work “Construction of Bridge over River Ravi at Mal Fatiyana District Toba Tek Singh” at the contract cost of Rs 1,189.153 million and paid advance of Rs 178.372 million.

Audit observed that in former work, mobilization advance was paid against the conditional bank guarantee, operative only upon receipt of funds being the amount of the mobilization advance in the account. The guarantee did not become effective and thus the advance was unsecured. In the latter case, advance was given without any guarantee. Audit further observed that an amount of Rs 68.057 million against former contractor and Rs 67.070 million against later was still recoverable even after lapse of a considerable period.

Audit holds that acceptance of conditional bank guarantee and lump sum payment of mobilization advance occurred due to weak financial controls.

This resulted in irregular payment of mobilization advance of Rs 425.776 million and non-recovery of Rs 135.327 million.

Audit pointed out the matter in December 2020. The department replied in first case that the condition inserted by the Askari Bank in bank

guarantee was oversight at the time of grant of mobilization advance. Major part of mobilization advance had been recovered leaving meager amount of Rs 60.057 million which will be recovered within validity period of guarantee. As regard grant of Mobilization Advance in one installment instead of two, the contractor had already mobilized at site with regard to execution of work. Keeping in view his progress at site it was considered feasible to allow the mobilization advance in single installment against the requisite bank guarantee. In latter case, it was stated that mobilization advance was outstanding due to non-completion of the project despite lapse of more than 10 year.

The reply was not accepted because this was the breach of contract clauses to pay the advance in lump sum and against invalid bank guarantee or even without it. Mark up for release of advance 42 days prior to becoming due should have been recovered from the persons responsible.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee took serious notice of the acceptance of conditional guarantee in violation of contract agreement and directed to get irrevocable and unconditional bank guarantee besides appropriate action against the persons at fault. The status of recovery of mobilization advance also be got verified from Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance of the DAC decision.

(DP. 29, 33/2021-22) (DP. 96/2020-21)

5.4.11 Non-revalidation of the performance securities in shape of bank guarantee/performance bond - Rs 409.774 million

Clause 10.1 of CoC Part-II & Appendix -A to Bid states that the contractor shall provide performance security to the employer in the prescribed form. The said security shall be furnished or caused to be

furnished by the contractor within 28 days after the receipt of the letter of acceptance. The performance security shall be of an amount equal to 10% of the contract price stated in the letter of acceptance. Such security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any schedule bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a schedule bank in Pakistan or an insurance company having at least AA rating from PCRA/JCR.

Audit noted that Executive Engineers of various Pak PWD divisions awarded several works to different contractors.

Audit observed that Performance Securities in shape of bank guarantees/performance bonds provided by the contractors, as per contract clauses had lost their validity period but the same were not got revalidated by the contractors because the works were in progress. Thus, in absence of valid performance securities, prospects of successful completion of projects are jeopardized.

Audit holds that non-revalidation of performance securities occurred due to weak financial controls.

This resulted in non-revalidation of performance securities of Rs 409.774 million, as follows:

(Rs in million)			
S. No.	DP No.	Name of Division	Amount
1.	18	CCD, Pak PWD, Abbottabad	23.659
2.	43	CCD, Pak PWD, D.G Khan	147.146
3.	135	CCD, Pak PWD, Faisalabad	118.920
4.	152	CCD-III Karachi	45.539
5.	222	CCD-II, Pak PWD, Peshawar	2.883
6.	258	Stores & Workshop Division, Pak PWD, Islamabad	48.544
7.	303	CCD, Pak PWD, D.G Khan	23.083
Total			409.774

Audit pointed out non-revalidation of performance securities in October-December 2020 and during July to October 2021 also. The department replied in case of DP-18, that the contractors had already been pursued vigorously for re-validation of requisite performance security along with risks insurance. In response to DP-43, department replied that the concerned contractor had submitted revalidated/extended Performance Security Bond with validity up to 30.06.2021. In case of DP-135, department stated that the contractors were asked for revalidation of performance securities. No reply was given in case of DP-222, 258 and 303.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee pended the DP-43 for verification of performance guarantee covering the Defect Liability Period (DLP) along with final bill. For DP-18, DAC meeting was held on 08.12.2021 wherein, the committee directed the department to get the performance security bond revalidated and provide to Audit for verification.

DAC in its meeting held on 26.01.2022, directed the department to take necessary disciplinary action against the responsible persons.

(DP.135, 152, 222, 258 & 303).

Compliance to the DAC directives was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision besides making due recoveries and obtaining of re-validated performance securities. Moreover, responsibility be fixed for failure to protect the interest of the government and putting work at financial risk.

(DP. 18/2020-21) 43, 135, 152, 222, 258, 303/2021-22)

5.4.12 Unauthentic payment of escalation - Rs 311.617 million

As per clause 70.1 of contract agreement the amount payable to the contractor, pursuant to Sub Clause 60.1 shall be adjusted in respect of the rise or fall in the cost of labor, materials, and other inputs to the

works, by applying to such amount the formula prescribed in this sub clause. Further the sources of indices shall be those listed in Appendix-C to Bid as approved by the engineer. As the proposed basis for price adjustment, the contractor shall have submitted with the bid the tabulation of weightages and source of indices if different than those given in Appendix-C to Bid which shall be subject to approval by the Engineer

Audit noted that Executive Engineer, Central Civil Division Pak PWD, Faisalabad awarded a work “Construction of Bridge Over River Ravi at Mal Fatyana District Toba Tek Singh (NA-94)” to M/s Sh. Abdul Razzaq & Co at agreement cost of Rs 1,189.153 million.

Audit observed that the department paid price escalation of Rs 311.617 million to the contractor. The payment was made without detailed calculation of factors given in appendix-C and notifications for base/current rates. Audit further observed that escalation paid from February to June 2021 for IPC-21, was on the basis of factor-C of 1.488 and for IPC-22 for June 2021 with factor of 1.734.

Audit pointed out the unauthentic payment of escalation in July 2021. The department replied that matter will be got clarified from M/s Nespak (Pvt) Ltd who was the consultant of the project.

The matter was discussed in DAC meeting held on 26.01.2202, wherein the Committee directed that the Deputy Director (Internal Audit) Pak PWD would verify all the components of the audit observation and put up a comprehensive report to PAO through DG Pak PWD for further necessary action.

Audit recommends that escalation be reviewed in the light of contract clauses and recovery be made accordingly.

(DP. 131)

5.4.13 Non-imposition of liquidated damages for delay in completion of works - Rs 281.712 million

Clause-47, Conditions of Contract of agreement provides that if the contractor fails to complete the work within Time for Completion, the contractor's only liability to the Employer for such failure shall be to pay the amount 0.1% of contract price for each day of delay in completion of the works subject to a maximum of 10% of the contract price. If the Contractor's progress is not as per approved programme of works, the contractor shall be liable for liquidated damages.

Audit noted that Pak PWD awarded twenty two infrastructure works relating to construction of buildings, roads and water supply schemes to different contractors at bid cost of Rs 2,817.17 million.

Audit observed that the contractors failed to complete the works in stipulated completion periods and even in the extended period. Thus, the contractors rendered themselves to pay liquidated damages as per contract provisions which were not imposed and recovered by the department. This resulted in non-imposition and recovery of liquidated damages of Rs 281.712 million as under:

(Rs in million)				
DP No.	Division	Number of works	Contract cost	Liquidated Damages
109	CCD-IV Islamabad	04	2,378.344	237.833
06	PCD-III Islamabad	03	172.501	17.250
237	CCD Bahawalpur	12	171.237	17.121
215	CCD Abbottabad	03	95.088	9.508
Total		22	2,817.17	281.712

Detail is given at Annexure-S.

Audit pointed out the matter of non-imposition of penalty in July-December 2021. The department replied in two cases that works were delayed due to non-release of funds and local disputes of public while in other cases, the department did not reply.

The reply was not accepted because the contractors failed to complete the works even in extended period, therefore liquidated damages were required to be imposed and recovered.

The matter was discussed in DAC meeting held on 08.12.2021. The DAC directed the department in two paras (DP. 6, 109) to verify the record pertaining to date of award of works, work wise release of funds and their utilization from Audit.

In DAC meeting held on 26.01.2022, the department was directed to provide the record for verification at the earliest. (DP. 215). In case of DP. 237, the DAC directed the Deputy Director Internal Audit Pak PWD to submit a comprehensive report on the matter.

Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directives and recovery of liquidated damages.

(DP. 109, 06, 237, 215)

5.4.14 Irregular award of works in violation of PPRA rules - Rs 267.619 million

Rule 38-B of PPRA Rules 2004 provides that the procuring agency shall consider single bid in goods, works and services if it- (a) meets the evaluation criteria, ensures compliance of specifications and other terms & conditions expressed in advertisement or bid solicitation documents; (b) is not in conflict with any provision of the Ordinance; (c) conforms to the technical specifications; (d) has financial conformance in terms of rate reasonability.

Executive Engineer, Central Electrical & Mechanical Division Pak PWD, Quetta awarded eight (8) development works regarding drilling and bore with solar energy system and provision & installation of

home solar kits to M/s Al-Wattan Associates for Rs 267.619 million in District Chagi during 2020-21.

Audit observed that the works were awarded to the contractor with 249% premium on NIT amount (based on PWD E/M Schedule of Rates 2004). As per tender opening register, the contractor was the single participant in tendering process. While accepting the single bid, the reasonability of the rates as per above rules was not evaluated and the bid was accepted with higher premium at 249% (contractor's profit already included in estimate/rate analysis).

Audit holds that irregular award of works occurred due to non-implementation of PPRA rules and weak internal controls.

This resulted into irregular award of work to contractor of Rs 267.619 million.

Audit pointed out the irregularity in November 2021. Authority did not furnish any reply.

The matter was discussed in DAC meeting held on 26.01.2022, wherein the Committee directed the department to obtain and examine analysis of rate and report be submitted to Audit.

Audit recommends probe into the matter for appropriate action.

(DP. 189)

5.4.15 Unjustified lapse of development funds - Rs 260.71 million

Rule 95 of General Financial Rules (Vol-I) provides that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case.

Para 4.6 of Planning Commission Guidelines provides that the last date for surrendering of funds from a scheme is 15th May of each year. The surrender order has to be communicated to AGPR and Finance

Division with the approval of FA Organization of the respective Ministry/ Division.

Executive Engineers of various divisions of Pak PWD received development funds amounting to Rs 3,643.669 million on account of ADP Schemes and Deposit works (**Annexure-T**).

Audit observed that out of said released funds, an amount of Rs 3,382.959 million was spent by the end of the financial year leaving unspent balance of Rs 260.71 million. These funds were lapsed due to non-surrendering the same by the target date. This indicated that divisional offices could not utilize development funds efficiently during currency of the financial year and attempted to retain the funds irregularly. As per rule, the anticipated saving was required to be surrendered in timely manner in order to utilize the funds in another weighty project.

Non-adherence to rules caused unjustified lapse of development funds of Rs 260.71 million.

Audit pointed out the matter during September-December 2020 and July-November 2021. The department replied that the funds could not be utilized due to multiple issues.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee directed to take appropriate action against the person responsible for mismanagement. As regard DP-72, the committee expressed its concern for lapse of considerable amount of funds. The committee directed for appropriate action against the person at fault.

Compliance to the DAC directives was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 01, (43, 49/ 2020-21), 72, 122, 145, 159, 202, 261/2021-22)

5.4.16 Irregular variation without approval of competent authority due to change in design - Rs 242.882 million

Planning Division letter No. 20(1)DA/PC/79-Vol.XIV dated 22.06.1980 provides that if the total estimated cost, as sanctioned increases by a margin of 15% or more or if any significant variation in the nature/scope of the project has been made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/competent authority shall be obtained in the same manner as in the case of the original scheme without delay.

Audit noted that in approved PC-I, of the Project “Construction of Model Prison at H-16, Islamabad, an item of work “Isolated Foundation” was provided.

Audit observed that Executive Engineer, PCD-IV Pak PWD, Islamabad, changed the design of the project from Isolated Foundation to Raft Foundation and paid VO-I for Rs 117.085 million & VO-II for Rs 125.797 million, without approval of competent authority/forum. The concurrence of consultant on change of design was also not available.

This resulted in irregular approval of variation orders amounting to Rs 242.882 million.

Audit pointed out irregularity in December 2020. The department replied that due to revision of foundation design as per site requirement, the variation orders 1 & 2 were approved by the competent authority on 20.05.2020 & 22.06.2020 respectively. Also a proposed revised PC-I of the project amounting to Rs 9,944,695 million was submitted to Interior Division through the Superintending Engineer/Project Director, Project Civil Circle, Pak PWD, Islamabad on 04.09.2020 which was in progress.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee sought clarification from the department regarding revision of foundation design just after award of work which

was against comparative bidding process and provisions of the PC-I and TS Estimate. Para was deferred.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 106)

**5.4.17 Unjustified payment due to execution of works at higher rates
- Rs 205.104 million**

Para 6.09 of Pakistan Public Works Department Code states that a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. This sanction was known as the Technical Sanction to the estimate and must be obtained before the construction of work was commenced.

Audit noted that Executive Engineer, Central Civil Division Pak. PWD, Sialkot awarded two works (Construction of Industrial Area Link Road from GT Road to Ghazi Chak including bridge on Bhimber Nullah and Upper Jhelum Canal Gujrat and Construction of Service More Flyover to contractor on 23.02.2021 and 07.04.2021 with agreement amount of Rs 732.371 million and Rs 467.460 million, respectively.

Audit observed that the item “making earthen embankment” was paid to a contractor for increased quantity of 8,760,398 cft and at enhanced rate of Rs 1,860 % cft against approved quantity of 4,479,174 cft @ Rs 822.95 % cft increasing lead from 400 feet to 6 miles. Further, compaction was paid separately against this item for Rs 26.356 million, whereas, the compaction had already been included in the item. Therefore, no separate payment of compaction was to be made. In other work, the contractor was paid additional rate of Rs 1,174.45 % cft for a quantity of 1,345,758 on account of extra lead for 6 miles over the agreed lead of 400 feet.

Audit holds that irregularity occurred due to non-adherence to financial controls.

This resulted in unjustified payment, due to execution of costly item of earth work to the contractors amounting to Rs 205.104 million.

Audit pointed out overpayment in August 2021. The department replied against the former work that the site of work was situated inside the city area and around is built area. The adoption of lead of 6.0 kilometer was quite correct and justified as there was no earth available to be taken within 6.0 kilometer. The extra/substitute item will be got approved as per final quantum of work. For compaction, it was contended that payment of earthen embankment was made without compaction. So the payment of compaction was made through another item measured separately. In the later work, it was stated that the estimate was prepared on rough cost basis while preparation of estimates, the local villagers refused to allow excavation.

The reply was not tenable because the agreed lead as a result of tendering process was changed irregularly. Further, the item 'earthen embankment' included cost of compaction, therefore, no separate payment was to be made.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed the department to conduct an inquiry through Deputy Director Internal Audit, Pak PWD and report be submitted through Ministry to Audit.

Audit recommends investigating the case at appropriate level for fixing responsibility and taking appropriate action against the person(s) at fault besides recovery.

(DP. 153, 156 and para 36 of CAR)

5.4.18 Unauthentic payments made due to doubtful execution of work - Rs 141.936 million

According to Rule-10(i) and (ii) of GFR (Vol-I) regarding standards of financial propriety, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

Audit noted that Executive Engineers of various divisions of Pakistan Public Works Department awarded various development works to different contractors during financial year 2020-21 and made payment of Rs 141.936 million. **(Annexure-U)**

Audit observed that measurement was recorded on the dates when letter of award was issued or within 7 to 14 days. This resulted in unauthentic payment of Rs 141.936 million.

Audit maintains that execution of work in short span of time was just to utilize the available funds in anticipation of the actual execution of works.

Audit pointed out the unauthentic payment in October 2021. The department did not reply.

DAC meeting was not convened despite request made by Audit on 22.12.2021, 31.12.2021, 04.01.2022 and 11.01.2022.

Audit recommends that matter be investigated for fixing responsibility and taking action against the person (s) at fault.

(Para-3 of CAR)

5.4.19 Irregular award of work over and above the PC-I provision - Rs 139.536 million

According to PC-1 approved by the CDWP on 24.05.2018, total cost for Replacement and Up-Gradation of HVAC Plant Room Equipment and Allied works at PIMS Islamabad was provided as Rs 725.00 million.

Audit noted that Executive Engineer Central E&M–III Pak PWD, Islamabad awarded a work Replacement and Up-Gradation of HVAC Plant Room Equipment and Allied works at PIMS Islamabad for Rs 864.538 million to M/s DWP Technologies PVT Ltd. on 16.09.2019.

Audit observed that the total cost of Replacement and Up-Gradation of HVAC Plant Room Equipment and Allied works at PIMS Islamabad was provided in the Admin Approval/PC-I of the project, as Rs 725.00 million whereas, the department awarded the HVAC work to the contractor at 19% above the provision of Admin Approval/ PC-I. The department should have either resorted to re-tendering or get the PC-1 revised before tendering process. Award of work beyond the Admin approval/PC-I amounting to Rs 139.538 million was unjustified.

Audit holds that irregularity occurred due to weak financial controls.

This resulted in irregular award of the contract over and above Admin approval/ PC-I of Rs 139.538 million.

Audit pointed out irregularity in November 2020. The department replied that the Chief Engineer (North) while accepting the bid imposed condition that the PC-I will be got revised from the competent authority in consultation with the client department. Accordingly, the expenditure had been incurred amounting to Rs 716.00 million within PC-1 against the provision of Rs 725.00 million of approved PC-1.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee directed for verification of revised TS Estimate and PC-I.

Compliance to the DAC directives was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 95)

5.4.20 Unjustified expenditure on the services of maintenance staff - Rs 115.026 million

Para 2.03 of Pak PWD Code describes that engagement of work charged establishment shall be subject to the rules laid down by the government. Work charged staff shall not be engaged on any work unless provided for in the estimate as a separate sub-head of the estimate for that work. As per practice in vogue, annual maintenance cost comprises 65% work by contractor, 25% labour and 10% material costs.

Audit noted that Executive Engineers Central Civil Division, Pak. PWD Mirpur Khas and Central Civil Division- VI Islamabad booked expenditure on account of payment of salaries to maintenance staff for the financial years 2018-19 and 2019-20 amounting to Rs 115.026 million (Rs 5.359 million + Rs 109.667 million).

Audit observed that maintenance staff remained idle during the entire period without executing any maintenance work. It was further observed that there exists no approved sanctioned strength (inquiry wise) with the divisional officer. This resulted in unjustified expenditure of Rs 115.026 million.

Audit maintains that unjustified expenditure was due to inadequate oversight mechanism and weak financial/internal controls.

Audit pointed out the matter in August and December 2020. The department replied in one case (DP-24) that the formal approval was delayed due to routine work.

The reply was not accepted because 100% maintenance funds were spent on salary of staff while no maintenance activity was carried out during the period.

The para was discussed in the DAC meeting held on 08.12.2021 wherein the committee observed that huge payment was made to work charge staff without provision in PC-I, engineer estimate and without observance of procedure. Committee directed to conduct inquiry by the CF&AO of the ministry within 15 days.

Compliance of DAC directives was not reported till finalization of report.

Audit recommends for early compliance of DAC directives.

(DP. 24, 31)

5.4.21 Irregular award of work to ineligible contractor - Rs 112.834 million

According to Rule 29 of Public Procurement Rules 2004, procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement. According to PEC Registration Categories, a bidder holding C-3 registration was eligible to a work not more than Rs 100 million.

Audit noted that the Executive Engineer Central Civil Division Pak PWD Bahawalpur awarded the work Widening/ Improvement of M/ Road from Jetha Bhutta Feroza Road to Channi Goth Akhtar Nagar Doshakha Road Distt. R.Y Khan for Rs 112.834 to the contractor M/s Ch.

Shafqat & Co. on 18.06.2010 who was registered under category C-3 having limit of contracts valuing Rs 100 million only.

Audit observed that the contractor having PEC registration under category C-3 was awarded a contract that was beyond his eligibility in violation of rules.

This resulted in irregular award of work to ineligible contractor for Rs 112.834 million.

Audit pointed out irregularity in December 2020. The department replied that tenders were called on 18.06.2010 from registered government contractors through leading newspapers and estimated cost put to tender was Rs 45.293 million. Because rate of premium “Above or Below” to be quoted by the contractor cannot be foreseen; ,therefore, tenders forms alongwith others were also issued to M/s Ch: Shafqat who at that specified time was eligible to participate in tendering process having value amounting to Rs 100.000 million and secured 1st lowest position. Therefore, his lowest Bid obtained through transparent tendering being most economical and competitive, was accepted by the competent authority.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein the committee observed that award of contracts to the contractors having low category of PEC registration were irregular. The committee deferred the para for appropriate action.

Compliance of DAC directives was not reported.

Audit recommends for early compliance of DAC directives.

(DP. 51)

5.4.22 Non-credit of lapsed deposits to the revenue of the Government - Rs 112.805 million

According to para-399 of Central Public Works Accounts Code (CPWA), balances of security deposits unclaimed for more than three complete years were required to be credited to Government as lapsed deposits.

Audit noted that Executive Engineers, CCD Pak PWD, Sargodha and Store & Workshop Division, Pak PWD, Islamabad deducted security deposit from various contractors from 2003 to 2016, as detailed below:

DP No.	Division	Works	Amount (Rs in million)	Period
264	Store and Workshop, Islamabad	238	11.882	May 2005 to January 2016
61	CCD Sargodha	191	100.923	November 2003 to January 2016
Total		429	112.805	

Audit observed from the Deposit Register that the security deposits had not been claimed by the contractors despite lapse of more than three years. The Divisional authorities had not credited the amount to Government as lapsed deposits.

Audit maintains that irregularity occurred due to non-adherence to the provisions of codal rules and weak financial controls.

This resulted in non-credit of lapsed deposits of the contractors to the Government worth Rs 112.805 million.

Audit pointed out the matter in November 2020 and 2021. In case of DP-61, the department replied that Security Deposits amounting to Rs 56.992 million were available up to June 2020 and not Rs 100.923 million which were against completed as well as running projects/works.

The retained security deposits had to be refunded to the concerned contractors after finalization of accounts. In other case DP-264, the department did not reply.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, against DP-61, the committee directed for verification of breakup of security deposits to ascertain their credit to revenue account. DP-264 was discussed in DAC meeting held on 26.01.2022, wherein the department informed that a sum of Rs 2.969 million out of Rs 11.882 million has been transferred to Directorate of Budget & Accounts on 14.01.2022. The Committee directed the department to provide breakup of Rs 11.882 million alongwith justification and aging of deposits.

Compliance to the DAC directives was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision besides credit of lapsed deposits to Government.

(DP. 61, 264)

5.4.23 Irregular appointment of consultant - Rs 78.5 million

Rule 15 of Public Procurement Rules 2004, provides that a procuring agency, prior to the floating of tenders, invitation to proposal or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil work, Trunk projects, and in case of procurement of expensive and technical complex equipment to ensure that only technical and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

As per clause 4-1, Appendix-C, of special conditions of the contract agreement with M/s Sikandar Ajam Associates that all the key personals appointed by the consultant as well as by sub consultant shall be by name with qualification, experience and valid PEC registration.

Audit noted that Consultancy Services Agreement for Construction of Model Prison in Sector H-16, Islamabad was awarded to M/s Sikandar Ajam Associates on 08.06.2017 at a contract cost of Rs 78.5 million (2% of PC-I Cost Rs 3928.523 & 1.75% of cost work done).

Audit observed that M/s Sikandar Ajam Associates had no valid registration certificate of PEC to work as a consultant for Civil Work.

This resulted in irregular appointment of consultant amounting to Rs 78.5 million.

Audit pointed out irregularity in December 2020. The department replied that approved sub-consultants' consultancy services under para C-2 were engaged in the design portion of the services only. No payment was made to those sub-consultants as the consultant M/s Sikander Ajam Associates was responsible for payments regarding the services of sub-consultants. Eight key personnel for construction supervision were deployed which included Resident Engineer and Assistant Resident Engineer having valid membership certificate of PEC.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee took serious note of the fact that the main consultant did not hold the required eligibility. This was mis-procurement, the committee directed for appropriate action against the persons at fault.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 111)

5.4.24 Undue retention of government income tax - Rs 64.488 million

Section 182 of Income Tax Ordinance provides that any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160, in addition to and not in derogation of any punishment to which he may be liable under this Ordinance or any other law, such person shall pay a penalty of forty thousand rupees or the 10% of the amount of tax which-ever is higher. Tax deducted shall be paid to the Commissioner by way of credit to the Federal Government, where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted.

Audit noted that Executive Engineer, Central Civil Division-II Pak PWD, Quetta deducted income tax for Rs 17.181 million from 01.07.2019 to 30.06.2020 which was deposited in Government treasury in September 2020. Another sum of Rs 47.307 million deducted from gross payments on account of work done and salaries to officers and staff during July 2020 to June 2021 was deposited in Government Treasury in August 2021.

Audit observed that deducted income tax was not deposited within due course of time which resulted in undue retention of government money for Rs 64.488 million in violation of the rules.

Audit holds that undue retention of income tax occurred due to non-implementation of rules and weak internal/financial controls.

This resulted in undue retention of income tax of Rs 64.488 million.

Audit pointed out undue retention of income tax in December 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed the department to provide aging of income tax

collection and its remittance to Government, to Audit for further examination.

Audit recommends probe into the matter to ascertain reasons for non-remittance of tax to Government in time with reference to availability of funds and action be taken against the persons responsible for violation.

(DP. 315)

5.4.25 Execution of works without obtaining performance security in shape of bank guarantee/insurance bond - Rs 58.640 million

Clause 10.1 of CoC Part-II & Appendix -A to Bid states that the contractor shall provide performance security to the employer in the prescribed form. The said security shall be furnished or caused to be furnished by the contractor within 28 days after the receipt of the letter of acceptance. The performance security shall be of an amount equal to 10% of the contract price stated in the letter of acceptance.

Audit noted that the Executive Engineer, Central Civil Division Pak PWD DG Khan awarded various works to contractors for Rs 586.398 million to different contractors during the financial year 2020-21.

Audit observed that the contractors did not furnish the performance security which was a contractual obligation to ensure successful completion of work. This resulted in execution of works without obtaining of performance security for Rs 58.640 million.
(Annexure-V)

Audit pointed out the matter in October 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed the department to conduct regular inquiry in this case.

Audit recommends that performance security be obtained from the contractors or it be ensured through deduction of the premium amount from the bills of contractors.

(DP. 302, 298)

5.4.26 Less recovery of security deposit from contractors - Rs 57.009 million

As per Appendix-A to Bid, special stipulations, condition of contract for larger works No. 11, the percentage of retention money will be 10 % of the amount of interim payment certificate and as per condition No. 12, limit of retention money will be 10 % of contract price stated in the letter of acceptance.

Audit noted that the Executive Engineers, Central Civil Division Pak. Public Works Department, Sargodha and Bahawalpur awarded works to different contractors.

Audit observed that the department made payments to the contractors and deducted the security deposit @ 5 % instead of 10 % of payment.

This resulted in less recovery of security deposit from contractors of Rs 57.009 million as detailed below:

DP No.	Formation	Works	Amount Rs in million
178	CCD Pak PWD Sargodha	01	49.401
181	CCD Pak PWD Sargodha	01	6.858
247	CCD Pak PWD Bahawalpur	02	0.750
Total		4	57.009

Audit pointed out the less recovery of security deposit in September and October 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed the department to take corrective action in the light special stipulation of the agreement through the relevant forum.

Audit recommends for early recovery of balance security deposit.
(DP 178, 181, 247)

5.4.27 Unauthentic collection of rent revenue of Federal Government lodges/hostels - Rs 42.622 million

As per rule 38(1) & (2) of GFR, it is primary responsibility of the departmental authorities to see that all revenues or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realised and credited to public account and any investigation by Audit must be so conducted as not to interfere with this executive responsibility.

Audit noted that Executive Engineer, PCD-III, Pak PWD, Islamabad collected Rs 42.622 million on account of rent from the occupants of Federal Lodges/Hostels located at Islamabad and the same was remitted to DBA.

Audit could not ascertain the authenticity of the revenue collections due to non-provision of complete record pertaining to allotment of rooms and recovery of rent thereof. The detail of total number of facilities, including family suites and rooms, available to be extended to the government servants was not available for estimation of due rent amount. The facility/ lodge wise register showing recovery/ recoverable amount from each family suite/room had not been maintained. This made the booking and recording of rent receivable from each occupant doubtful. The rent due from occupants had not been recorded for the recovery and no such communication to their parent departments was on the record. The copies of CNIC and service card along with the request from the parent department to ascertain the genuineness of credentials of the occupants as government servants, and

resultant applicability of corresponding rates, was not provided to the audit.

This resulted into unauthentic collection of revenue of Federal Government Lodges/Hostels amounting to Rs 42.622 million.

Audit pointed out unauthentic collection and non-recovery of rent in December 2020. The department replied that all the rent collected was deposited in State Bank of Pakistan by the Assistant Comptroller of Federal Lodges/Hostels. Moreover, Ministry of Housing & Works took over the control of Federal Lodges on 02.12.2020 and accordingly all the record was handed over to Assistant Comptroller of Federal Lodges /Hostels on 14.12.2020.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein, the committee deferred the para with the directions to CF&AO to conduct inquiry and report on this account.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 88)

5.4.28 Unauthentic payment to the contractor without approval of job mix formula - Rs 36.558 million

As per Standard Specification/Engineering practice, a Job Mix Formula (JMF) for the asphaltic hot mix bitumen concrete pavement, mixture or mixtures to be used for the project, shall be established jointly by the Engineer and the Contractor. Prior to final approval, the proposed job mix, with a bitumen content at the permissible upper percentage limit determined in JMF, shall be compacted and air voids in the mix shall not be less than two (2)%. The Contractor shall prepare a trial section before the start of work in light of the prescribed procedure.

Audit noted that Executive Engineer, Project Civil Division Pak. PWD Peshawar awarded various 03 road works at an agreed cost of Rs 63.078 million during the year 2020-21 to various contractors.

Audit observed that the item hot-mix bituminous concrete pavement laid with mechanical paver was executed with 2-1/2" (64 mm) thickness for a quantity of 4845.92 tons and paid to the contractor @ Rs 7,544.05 per ton. But Job Mix Formula was not prepared by the Engineer to assure the authenticity of bituminous work executed at site. In the absence of JMF, record measurement of trial section and lab test reports, incurring of expenditure was unauthentic.

Non-adherence to rules caused unauthentic payment to the contractor without the approval of Job Mix Formula amounting to Rs 36.558 million.

Audit pointed out irregularity in September 2021. The department replied that Job Mix Formula (JMF) for the asphaltic hot mix bitumen concrete pavement was established before production. Moreover, the source of bitumen was Attock Refinery limited. Letters have already been issued to contractors for a lab test of bitumen.

In the reply the department admitted that lab tests have not yet been conducted.

The matter was discussed in DAC meeting held on 26.01.2022. The committee directed the department to get the JMF and lab test reports verified from Audit.

Audit recommends appropriate action for non-conducting lab test.
(DP. 142)

5.4.29 Overpayment due to execution of hot-mix bituminous concrete item of below specification - Rs 35.677 million

According to Rate Analysis of respective hot-mix bituminous concrete item (Item No. 78, Code-127) of Pak. PWD Schedule of Rates

2012, 5.39 % bitumen was to be used in 100 tons mix material and item was to be paid @ of Rs 7,544.05 per ton plus 0.20% approved premium.

Audit noted that the Executive Engineer, Central Civil Division Pak. Public Works Department, Sargodha awarded a work on 02.02.2021 and paid the item i.e. "Providing and laying hot-mix bituminous concrete runway pavement laid with mechanical paver and mixed in central mixing plant in required thickness and density, rolled hot with different types of rollers complete as per specifications and Job-mix formula and design in double layer up to 2-1/2" (64 mm) thickness" for a qty. of 45889 ton @ Rs 7,544.05/ton for Rs 450.046 million (346,188,910 + 30 % premium) by using 4.70% bitumen as evident from the respective job mix formula.

Audit observed that the contractor used the bitumen of 60/70 grade instead of 80/100 grade as per nomenclature of item. In this way 0.69% less bitumen (5.39% - 4.70%) was used but paid full rate of Rs 7,544.05 per ton instead of reduced rate of Rs 6,946.00 per ton. This resulted in overpayment of Rs 35.677 million.

Audit maintains that the overpayment was due to non-adherence to rate analysis and inefficient oversight mechanism for implementation of financial and internal controls.

Audit pointed out the overpayment in October 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed that the matter should be examined by Deputy Director Internal Audit, Pak PWD and report be submitted to Audit through Ministry.

Audit recommends recovery.

(DP. 180)

5.4.30 Overpayment to maintenance and operational staff beyond contract provision - Rs 22.330 million

Special provision 8 of the contract agreement provides that contractor shall include the maintenance and guarantees of the whole of the Contract Works as laid down in the General and Special Conditions. During this term, the contractor shall remedy and /or replace all defective parts or items and correct any omissions certified by the Engineer and continuous service shall be provided on a routine weekly basis. Emergency service shall be available on short notice. Service shall be performed by skilled personnel under the supervision of an experienced supervisor. Clauses 9, 10, 11 and 12 provide that after testing and commissioning contractor shall provide experienced supervisor with staff for running and maintenance of all the works and no separate payment should be made to the contractor

Executive Engineer, Store & Workshop Division Pak PWD Islamabad awarded a work “Construction of New Pak Secretariat Block Constitution Avenue Islamabad (S.H Lift Work)” for Rs 298.666 million to the contractor M/s Riaz & Sons & Merin Pvt. Ltd (JV) on 22.06.2016.

Audit observed that the staff provided by the contractor was paid through extra items for Rs 22.330 million showing outsourcing of the services, whereas, it was responsibility of the contractor to provide staff for running and maintenance of the lifts during maintenance period free of cost.

Audit maintains that overpayment occurred due to non-adherence to contractual provision and weak financial controls.

This resulted in overpayment of Rs 22.330 million to the contractor.

Audit pointed out the matter in November 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. DAC directed that inquiry should be initiated at the Ministry level and recovery be made from the consultant if found responsible for the overpayment otherwise, Division be held accountable.

Audit recommends recovery of overpaid amount.

(DP. 257)

5.4.31 Irregular procurement/award of the work without fair competition - Rs 20.169 million

Rule-12 (1 to 4) of PPRA Rules provides that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. In cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.

Rule-4 of the ibid rules states that the procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Audit noted that Executive Engineer Central Civil Division Pak PWD Sargodha awarded the work, "Construction of Inland Revenue Office at Mianwali" on 19.05.2020 at a contract cost of Rs 20.169 million.

Audit observed that notice for inviting tenders of the said work was published only in the Daily Dunya Sargodha on 20.04.2020 as evident from the relevant record. The tenders were not uploaded on PPRA/executing agency's website in violation of the rules. Audit further observed that publication of the Daily Dunya Newspaper was only in

Lahore, Islamabad, Karachi, Multan, Faisalabad and Gujranwala while no publication from Distt. Sargodha exists. Moreover, rates for percentage above/below the Schedule of Rates in the bids of 1st and 2nd lowest bidders appeared to have been quoted with the same hand writing and even with same ink. This led to non-transparent tendering process and mis-procurement due to non-observance of Public Procurement Rules.

This resulted in irregular award of work amounting to Rs 20.169 million.

Audit pointed out the irregularity in July 2020. The department replied that the Tender Notice for the instant works was sent to PID, for advertisement in leading newspapers and also sent to PPRA for advertisement on PPRA's website. PID allocated the publication to the newspapers as per policy vide PID No. PID(L)3238 to Daily Dunya (Urdu) and daily Pakistan Today (English).

The reply was not accepted because uploading on PPRA website was to be done through Public Procurement Authority instead through PID. Also, no advertisement in any English newspaper was found on record. Further, no justification was given for quoting rates with same handwriting.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein the committee deferred the para for inquiry to be conducted at Ministry level within one month.

Compliance of DAC directives was not reported till finalization of report.

Audit recommends early compliance of DAC directives.

(DP. 62)

**5.4.32 Non-utilization/non surrender of development funds -
Rs 19.737 million**

The Finance Division (Budget Wing), Government of Pakistan vide letter No. F-3(20)BR/II/94-B-VoI-I/313 dated 15.04.1997 allowed operation of following Personal Ledger Accounts (PLA) in Pak PWD with zero balances operative from 01.07.1997.

PLA-I	Annual Development Programme	Lapsable
PLA-II	Maintenance only	Lapsable
PLA-III	Deposit Works	Non-lapsable
PLA-IV	Other Deposits such as Contractor's Securities GP Funds receipts, etc.	Non-lapsable

Audit noted that Project Civil Division, Pak PWD, Sahiwal received development funds PWP-II amounting to Rs 19.737 million during 2012-13. These funds remained unspent as observed from the accounts of June 2021. This resulted in non-utilization/ non surrender of funds for Rs 19.737 million since 2012-13.

Audit pointed out the irregularity in December 2020. The department replied that unspent balances were lying in the accounts as per directions of Honorable Supreme Court of Pakistan in writ petition 20/2013. Furthermore, Director General Pak PWD Islamabad also directed the divisional office not to surrender the unspent balances as the Courts were pressing hard for making payments to decree holders.

The reply was not accepted because the department did not make payments against matured liabilities as per order of the apex Court. These funds remained unspent since 2013.

The mater was discussed in the DAC meeting held on 08.12.2021 wherein the Committee directed that the record containing order of the apex Court, payments made against the matured liabilities in pursuance of Court order and final disposal of unspent balances be got verified from Audit.

Compliance of DAC directives was not reported till finalization of report.

Audit recommends early compliance to DAC directives.

(DP. 02)

5.4.33 Overpayment beyond provisions of revised estimates and non-recovery - Rs 19.374 million

According to detail measurement sheet in the Revised Technical Sanctioned Estimate approved by the Chief Engineer West Zone regarding work Construction of Musa Khail Tunsu Road (35 KM) Package II an item no. 3 Excavation or cutting in hard rock by hammering and chiseling including sorting and stacking was provided as 7,301.50 Cu.m. For other work making earthen embankment from borrow excavation with the quantity 27,517 Cu.m @ 235.99 per Cu.m.

As per condition i & ii of acceptance letter the work should be executed strictly in accordance with the specification/standard stipulated in the agreement and no excess over the quantities given in the BOQ shall be executed in respect of all items of work.

Executive Engineer, Central Civil Division, Pak PWD D.G Khan awarded two works “Construction of Musa Khail Tunsu Road (35 KM) stretch to be constructed and linked with Zhob (Package-II) & Package-III” to two different contractors on 14.09.2017 at the contract cost of Rs 296.813 million and Rs 230.825 million including premium 18.40% and 13.69% above NIT respectively.

Audit observed that in 1st work, authority made payment to the contractor for Rs 25.135 million against BOQ item No. “3/3 Excavation or cutting in hard rock with the quantity 16,112 Cu.m @ Rs 1,317.52 per Cu.m against approved quantity in the revised T.S estimate for 7,301 Cu.m. Recovery of sorting/stacking was also not effected. In the 2nd work the authority made payment to the contractor

for Rs 7.383 million against approved quantity in the revised T.S estimate for 10729.12 Cu.m. Since quantities were approved in revised estimate, therefore no excess was required to be made. But the divisional officer paid the item 120% and 156% above the revised provision irregularly.

This resulted in overpayment due to excessive measurement of item without requirement beyond revised estimate and non-recovery of sorting/staking for Rs 19.374 million.

Audit pointed out overpayment in December 2020. The department replied against DP. 40 that quantities of the items had been executed as per site requirements. In DP. 48, it was replied that enhancement up to @ 15% was permissible without revision of technical sanction under para 6.19 of Pak PWD code. Further, the detailed estimate technically sanctioned by the competent authority under objection was original and not revised estimate so no irregularity has been committed. The department further replied that the working space at site is extremely narrow and the road space is being created by cutting adjacent rocks of different characteristic. So, if the cut material is not properly removed simultaneously it becomes hurdle in further execution of work. Therefore, the contractor executed this item in absolute commensuration with its nomenclature by sorting and stacking serviceable material, besides lifting/stacking the excavated material at a distant place beyond the contemplated distance without any additional payment.

The para was discussed in the DAC meeting held on 08.12.2021 wherein para was deferred for verification of the classification of rock as head rock and soft rock, recovery effected to the extent of hard rock and status of balance recovery.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance of DAC directives.

(DP. 40, 48)

5.4.34 Overpayment due to non-deduction of sorting and stacking cost - Rs 18.783 million

Item 28.1.11 of Pak PWD Specifications provides that the actual number of per hundred cft of quarry stone excavation acceptable, performed and /or compacted shall be measured. The material obtained from blasting and rock cutting will be closed stacked. The stacks will be measured and the gross measurement reduced by 33% to allow for voids to arrive at the quantity payable under these items. As per specification if the excavated material was found unserviceable then 50% of the quoted rate for the item is payable.

Executive Engineer, CCD-II Pak PWD, Peshawar awarded works Development schemes in District Shangla N-31(Sub-Head: Improvement Construction of roads) to contractors.

Audit observed that the item of work “excavation or cutting in soft rock by blasting including sorting and staking the excavated stuff complete” was paid for a quantity of 3,610,698 cft @ Rs 1,040.46 per % cft but material obtained by blasting was not sorted and stacked on site to arrive at the quantity payable to the contractor. The full quantity of blasting was paid to the contractor without applying the conversion factor to arrive at net measurements. The payment was required to be made @ 50% of quoted rate as material could not be stacked. This resulted in overpayment to contractor for Rs 18.783 million.

Audit holds that the irregularity occurred due to non-adherence to specification and lack of internal controls.

Audit pointed out recovery in November 2020. The department replied that 10% recovery was made. The description of item of soft rock as described in specification book cannot be used as serviceable material.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein DAC directed for verification of the classification of rock as

hard rock and soft rock, recovery effected to the extent of hard rock and status of balance recovery.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance of DAC directives.

(DP. 03)

5.4.35 Non-recovery of 16% Punjab Sales Tax and non-remittance to revenue department - Rs 18.641 million

According to schedule -1 of Punjab Revenue Authority Rules, with-holding agents are required to deduct 16% sales tax while making payments to consultants for services rendered. According to Clause 1.7 unless specified in the special conditions, the Consultants shall pay such taxes, duties, fee and other impositions as may be levied under the applicable law, the amount of which is deemed to have been included in the contract price.

Audit noted that the Executive Engineers of different Public Works Divisions made payments to the consultants for their design and supervisory services.

Audit observed that an amount of Rs 134.554 million was paid to the consultants till June 2020 for Design and Construction supervision but the department did not deduct 16% PST from the payment of the consultants.

This resulted in non-recovery of sales tax on services, as the detailed below:

(Rs in million)

Name of Division	Payment made	PST due	PST deduct	Less	DP. No.
CCD DG Khan	13.123	2.099	-	2.099	47/2021-22
Store & Workshop Islamabad	33.277	5.324	3.036	2.288	75/2020-21

Name of Division	Payment made	PST due	PST deduct	Less	DP. No.
CCD VIII, Islamabad	89.154	14.254	-	14.254	87/2020-21
Total	135.554	21.677	3.036	18.641	

Audit pointed out non-recovery in November/December 2020. The department replied in one case (DP. No. 47) that PST @ 16% was not included in analysis of any item of Composite Schedule of Rates and accordingly, the consultancy agreement was executed. In the 2nd case (75/2020-21) the department replied that balance recovery will be effected in the next bill. In the 3rd case (DP. No. 87/2020-21), the department did not reply. The reply was not accepted because disbursing Authority being withholding agent was required to deduct the tax and remit to the concerned department.

Audit maintains that non-recovery from consultants was due to inadequate oversight mechanism and ineffective implementation of financial controls.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein the committee directed to effect recovery on account of Punjab sales tax as per provision of PRA Rules.

Compliance to DAC directives was not reported till finalization of report.

Audit recommends early compliance to DAC directives.

(DP. 47/2021-22, 75, 87/2020-21)

5.4.36 Doubtful reconciliation between Division and DBA resulted in overbooking of expenditure - Rs 15.615 million

As per rule 89 (4) (VIII) of GFR Volume-I, the Head of department and Accountant General will be jointly responsible for reconciliation of the figure given in the accounts which should be made monthly.

Audit noted that as per reconciliation between Project Civil Division-I Pak PWD Karachi and Directorate Budget and Accounts Pak PWD there was a difference in figures for Rs 15.615 million. **(Annexure-W).**

Audit observed that no record was available with division regarding the difference in booking of expenditure.

Audit maintains that difference in figure was due to weak financial controls.

Audit pointed out the matter in October 2021. The department did not reply.

DAC meeting was not convened despite request made by Audit on 22.12.2021, 31.12.2021, 04.01.2022 and 11.01.2022.

Audit recommends probe into the matter and recovery of extra booking.

(Para-48 of CAR)

5.4.37 Unauthorized payment for delayed charges without provision in revised PC-I - Rs 12.642 million

According to para 10 (i) of GFR (Vol-I), every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Audit noted that Executive Engineer, Central Civil Division Pak PWD, Faisalabad awarded a work “Construction of Bridge Over River Ravi at Mal Fatyana District Toba Tek Singh” to M/s Sh. Abdul Razzaq at agreement cost of Rs 1,189.153 million. The contractor was paid Rs 1,277.512 million up to 30.06.2021. Audit further noted that the

department made payment of Rs 12.642 million on account of compensation to contractor for delayed payment.

Audit observed that the payment for delayed charges was not admissible as there was no provision even in the 2nd revised PC-1.

Audit holds that irregularity occurred due to non-adherence to the contract provision.

This resulted in unauthorized and irregular payment of Rs 12.642 million

Audit pointed out the unauthorized payment in July 2021. The department gave interim reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed that the Deputy Director (Internal Audit) Pak PWD would verify all the components of the audit observation and put up a comprehensive report to PAO through DG Pak PWD for further necessary action.

Audit recommends compliance of DAC directives.

(DP. 132)

5.4.38 Overpayment due to measurement of excessive thickness/ width of earthwork embankment - Rs 10.580 million

According to typical cross section and detailed estimate of a work “construction of Black Top road from Bazar to Chakul District Washuk, thickness of the embankment was to be measured as 1.83 ft and in another work “construction of Block Top road from Kalag to Ragi District Washuk, width and thickness of the embankment was to be measured as (24+31/2) ft and 2.55 ft respectively.

Similarly, according to detailed T.S. Estimate of another work “construction/rehabilitation of Black Top road from Camp Jaow District

Awaran, quantity of pipe culvert was required to be deducted from earth work embankment.

Audit noted that Executive Engineer CCD Pak PWD, Gwadar awarded three (03) works to different contractors at agreement cost of Rs 45.568 million, Rs 45.521 and Rs 91.123 million respectively while the Executive Engineer CCD-II Pak PWD, Quetta awarded different works of construction of Block Top Road to different contractors.

Audit observed that the Executive Engineer, CCD Pak PWD, Gwadar measured and paid the earth work embankment with excessive width and thickness contrary to the provision of the respective typical cross sections and technical sanctioned estimates. Due to this the contractors were overpaid for Rs 2.691 million (1,679,993 + 1,011,040). Audit further observed that Divisional Management measured and paid earth work embankment (in the third work) without deduction of quantity of pipe culverts from the quantity of earth work contrary to the provision of T.S. Estimate.

Audit further observed that Executive Engineer CCD-II Pak PWD, Quetta paid the item of Sub-Base, Base, earthwork & premix on the RDs where pipe culvert & causeway items was executed whereas, according to Administrative Approval and detailed estimate sanctioned by the Chief Engineer, the Sub-Base, Base, earthwork & premix were not required where the Pipe culvert executed. This resulted in overpayment of Rs 10.580 million.

Audit maintains that the overpayment occurred due to non-adherence to the measurement instructions/T.S.E provision and ineffective implementation of technical/financial controls.

Audit pointed out the overpayment in October-December 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC was informed that the due recovery has been effected which

would be got verified from Audit (DP. 194, 327). In DP. 195, DAC directed the department to provide the record for verification to the Audit.

Audit recommends recovery of the amount involved from the persons at fault besides strengthening of technical and financial controls.
(DP. 194, 195, 327)

5.4.39 Loss due to misplacement of two road rollers and non-auction of condemned vehicles - Rs 7.950 million

According to rule 159 of GFR Vol-I, a physical verification of all stores should be made at least once in every year under rules prescribed by competent authority, and subject to condition that the verification is not entrusted to a person, who is the custodian, the ledger keeper, or the accountant of stores to be verified. The verification should never be left to low paid subordinates and in the case of large and important stores, it should be as far as possible, entrusted to a responsible officer who is independent of the superior executive officer in charge of the stores.

Audit noted that the Executive Engineer Central Civil Division, Pak PWD Bahawalpur declared 04 vehicles and two road rollers condemned in 2018.

Audit observed that vehicles and Road Rollers were required to be put to auction but these were found untraceable due to non-maintenance of stock register by the division. In the absence of non-taking over of assets in the stock register and non-conducting of physical verification, the assets were mis-placed. This resulted in loss of Rs 7.950 million due to non-auction of condemned vehicles.

Audit maintains that loss was due to weak internal controls.

Audit pointed out loss in December 2020. The department replied that all the six condemned vehicles (03 Jeeps, 01 Pickup, 02 Road Rollers) were recorded /taken in Divisional T&P register. Moreover,

Survey Reports of these condemned vehicles were under process of approval.

The para was discussed in the DAC meeting held on 08.12.2021 wherein, the committee directed that inquiry be conducted at Ministry level within one month regarding misplacement of road rollers/vehicles.

Compliance to DAC directives was not reported till finalization of report.

Audit recommends early compliance to DAC directives.

(DP. 57)

5.4.40 Overpayment due to incorrect measurement of excessive asphalt wearing course than embankment - Rs 6.997 million

Admn Approval of the Project “Construction of Black Top Road from Brapsha-Karez to FC Check Post in District Chaghi” issued by Ministry of Housing & Works vide No. F.60(DDWP-II)/2019-20/AEA dated 20.01.2020 for Rs 120.0 million duly approved by DDWP in its meeting held on 26.11.2019 provides the length of road 6.24 km, pipe culvert, metal and carpet road, causeway 2100 rft (640.080 meter).

Executive Engineer, CCD-II Pak PWD, Quetta awarded a project “Construction of Black Top Road from Brapsha-Karez to FC Check Post in District Chaghi” at an agreement cost of Rs 104.310 million against estimated cost of Rs 71.020 million. The contractor was paid 8th & final bill for Rs 103.242 million in June 2021.

Audit observed that overpayment of Rs 2.178 was made to contractor regarding the item of sub-base (6219 meter), base course (5775.67 meter) and 2" wearing course black top (5522.7 meter) which was paid more than the length of embankment (5400 meter). Audit further observed that the item of asphalt wearing course comes to (21,381 rft= 0342100 sft/16 ft) while earlier item of embankment was executed

for 17,712 ft (17712 ft=5400 meter *3.28) which caused overpayment of Rs 4.819 due to measurement and payment of asphalt wearing course.

Audit holds that overpayment occurred due to non-implementation of technical, internal and financial controls.

This resulted in overpayment of Rs 6.997 million.

Audit pointed out overpayment in December 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC ordered a fact-finding inquiry.

Audit recommends recovery of overpaid amount.

(DP. 326)

5.4.41 Non-encashment of performance securities due to default of contractor - Rs 6.335 million

As per clause 3 of the Letter of Acceptance dated 19.02.2021, the Contractor was also required to submit three copies of Technical Submittal showing offered model with complete detailed specifications/ standards of makes as mentioned in BOQ to ensure strict compliance which has already been undertaken and assured by the firm for the approval of the competent authority. In case of failure, it will constitute sufficient ground for annulment of acceptance of tender and forfeiture of bid security vide clause 4 of the letter of acceptance.

Executive Engineer, Store & Workshop Division, Pak PWD Islamabad awarded two works “Replacement of old and unserviceable elevators with new elevators at Shaheed-e-Millat Secretariat Building, Islamabad” and “Replacement of existing 01 passenger lift at Supreme Court of Pakistan Building, Islamabad” to M/s Riaz & Sons at agreement cost of Rs 52.650 million and Rs 13.582 million respectively on

19.02.2021. The works were to be completed within 6 months from the date of issue of Letter of Acceptance.

Audit observed that the bidder submitted Technical Submittal of “Orona” brand of Spain which was not included in the list of recommended manufacturers of equipment/material (Schedule-I to the Bid). Audit further observed that the Technical Submittal had not been approved as it was not in full compliance of BOQ. Hence, as per appraisal report, Technical Submittal was not appropriate and contractor was asked to submit new technical submittal of recommended brands. Audit also observed that new technical submittal had not so far been submitted by the contractor and resultantly, execution of work had been delayed for more than 9 months but no action towards encashment of Performance Securities had been initiated against the contractor.

This resulted in non-encashment of Performance Securities of Rs 6.335 million.

Audit pointed out the matter in November 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. During the discussion, it transpired that the delay was on the part of insurance company. The DAC directed to initiate process of blacklisting of insurance company alongwith recovery of claim.

Audit recommends compliance of DAC directives.

(DP. 255, 260)

5.4.42 Overpayment due to incorrect conversion of weight of steel - Rs 5.688 million

According to Para-209 (d) of CPWA Code all Payments for work done or supplies are made on the basis of quantities recorded in the Measurement Book. It is incumbent upon the person taking measurements to record the quantities clearly and accurately. He would

also work out and enter in the measurement book the figure for the contents or area column.

The Executive Engineer Central Civil Division Pak PWD, Gujranwala awarded the work Widening and Improvement of Road from Ghuman wala to Baigpur to M/s Chatta & Brothers at the agreement cost of Rs 404.786 million. The department made payment of Rs 10.624 million on account of item providing and laying ribbed deformed steel reinforcement etc.

Audit observed that quantity of steel 25840 lbs was converted into 56952 kg by multiplying the lbs with 2.204 instead of dividing it by 2.204 for conversion of lbs into kg.

This resulted in overpayment of Rs 5.688 million on account of incorrect conversion of weight of steel.

Audit holds that overpayment occurred due to mismanagement and lack of oversight mechanism for implementation of internal and financial control.

Audit pointed out overpayment in December 2020. The department replied that the steel item used in the RCC Road was erroneously multiplied. The overpayments, if any, shall be adjusted at the time of finalization of contractor's account. The department admitted the recovery.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein it was decided that final outcome of the recovery of Rs 5.688 million be got verified from Audit. Para was deferred.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends for taking appropriate action against the person (s) at fault besides early recovery of overpayment.

(DP. 80)

Estate Offices

5.4.43 Loss due to occupation of government accommodations by the employees of non-entitled departments - Rs 605.425 million

According to rule 3(1) of Accommodation Allocation Rules, 2002 (Eligibility), all married FGSs in the Ministries or Divisions and their Attached Departments except those maintaining their own pool of accommodation or funds for hiring of houses, shall be eligible for accommodation from the Estate Office.

Audit noted from the record of Estate Office, Islamabad that 2017 government owned accommodations were under occupation of the employees of non-entitled departments.

Audit observed that the allottees were not entitled for official accommodations from Estate Office as their departments were not at the pool of Estate Office.

This resulted in loss of Rs 605.425 million approximately (2017 houses x Rs 25,000 per month x 12 months).

Audit maintains that allotments in violation of rules were due to weak internal controls.

Audit pointed out the matter in April 2021. The management replied that in fact these allottees were on deputation to autonomous bodies and they were eligible to retain the accommodation.

The reply was not tenable because record provided to Audit did not support the contention.

The matter was discussed in the DAC meeting held on 08.12.2021 wherein department explained that ceiling rent was being recovered in case of non-entitled employees while normal rent in case of entitled

employees. Committee directed to apprise break up of allotment and recovery from these employees alongwith treasury challans duly verified.

No compliance of DAC directives was reported till finalization of report.

Audit recommends early compliance of DAC directives.

(DP. 06)

5.4.44 Non-recovery of outstanding dues from defaulters of Government accommodation - Rs 458.206 million

Rule 25 (2), (3) & (4-b) of Accommodation Allocation Rules 2002 provides that the ejection of trespassers from the government or hired accommodation shall be carried out by the concerned Estate Office, immediately without serving any notice to the trespasser and First Information Report shall be lodged against the trespassers by the Estate Office. In order to expedite the eviction, the Estate Office shall arrange the disconnection of services like water supply, gas, electricity and telephone of the house under illegal occupation. In case an accommodation is occupied or retained without legitimate allotment or is trespassed, the Estate Office shall charge rent at the rates equivalent to two rental ceilings of the category of his entitlement or the category of the house occupied, whichever is more.

Audit noted from the record of Estate Office Islamabad and Quetta that 548 government accommodations were unauthorizedly retained by the various Federal Government Employees.

Audit observed that Estate Office Islamabad and Quetta did not get five hundred forty eight (548) government accommodations vacated from the trespassers since long. Similarly, a house No.1/3-E, Street No.52 F-6/4 Islamabad was retained by occupant's daughter after his retirement two category above. Audit further observed that the Estate Offices took steps neither for ejection of the Government accommodations nor for recovery of Government dues from occupants.

Audit maintains that non-ejectment and non-recovery of government dues from defaulters was due to ineffective implementation of financial internal controls.

This resulted in non-ejectment of Government accommodations from the trespassers and non-recovery of Government dues amounting to Rs 458.206 million as detailed below:

DP. No.	Estate Office	Houses	Amount Rs in million
07	Estate Office Islamabad	350 houses @Rs 50,000 for one year	210.00
15	Estate Office Islamabad	Different non-entitled departments	96.414
22	Estate Office Islamabad	Single case	1.857
46	Estate Office Quetta	Different non-entitled departments	149.935
Total			458.206

Audit pointed out the matter in April 2021. The department replied that the case bearing No.1846/2018 was pending before the Supreme Court of Pakistan. The accommodations that were found trespassed/ unauthorized occupation were got vacated and allotted to the eligible FGS. The recovery of rent was being received from the allottees as per rules. The reply was not accepted because nothing was reported about the vacation of each accommodation and recovery from trespassers. In para 46, department did not reply.

The matter was discussed in DAC meeting held on 08.12.2021, wherein, the DAC directed the ministry to look into the issue of 166 flats explaining purpose of construction, its ultimate ownership either with CDA or Estate Office, their current status of occupation/allotment. Estate

Office will provide record of 184 houses allotted to eligible employees. In DP No.22, DAC directed EO to effect recovery of balance amount of Rs 657,438.

DP. 46 regarding Estate Office, Quetta, was discussed in DAC meeting held on 26.01.2022. The Committee observed that issue has been discussed in PAC on 24.11.2021 (Para 5.33, AR 2006-07 and it was directed to take up the matter with Chief Secretary, Balochistan for resolution. However, the issue is yet to be resolved. DAC directed to pursue the matter actively.

Audit recommends that Government accommodations be got vacated from the unauthorized occupants besides recovery of dues.

(DP. 07, 15, 22, 46)

5.4.45 Loss due to non-allotment of 445 vacant government owned accommodations - Rs 113.293 million

Accommodation Allocation Rules provide:

- i. the allotment of Government owned accommodation shall be made to the most senior FGS on GWL of a particular class or category of accommodation.
- ii. Allotment of pool accommodation of Ministry of Foreign Affairs and ISI only be made by the Estate Office on the recommendation of the relevant department.
- iii. Allotment in each class and category shall be made subject to the terms and conditions laid down in the form of allotment letter.
- iv. In case a house of his entitlement is not available, a FGS may be allotted an accommodation of a class or category lower than his entitlement on payment of normal rent on maturity of his turn on the basis of GWL of that category.

Audit noted from the record of Estate Office Islamabad that a total number of 445 government owned accommodations were lying vacant with the worth of ceiling rent amounting to Rs 113.293 million.

Audit observed that the most senior FGS as per GWL were deprived of the timely allotment of houses besides sustaining loss of Rs 113.293 million during a financial year on account of payment of rent for hiring of private houses.

Audit maintains that houses were lying vacant due to negligence on the part of the management and non-adherence to government rules and procedures.

Audit pointed out the matter in April 2021. The management replied that the allotment of accommodations was subject to receipt of the information about vacation of accommodation from the Enquiry Office concerned. The allotments were made in advance on subject to vacation basis.

The reply was not accepted because failure of Enquiry office for timely reporting of vacant house caused loss to govt.

The matter was discussed in DAC meeting held on 08.12.2021, wherein, the DAC directed the Estate office to provide house wise date of vacation and date of possession, total period under which house remained vacant, reasons for vacation, responsibility for non-allotment and the extent of loss to government.

No compliance of DAC directives was conveyed till finalization of report.

Audit recommends early compliance of the directives

(DP. 08)

**5.4.46 Loss to Government due to non-completion of D-type quarters
- Rs 48.841 million**

As per Rules of Business, 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division and Ministry of Foreign Affairs.

Audit noted that 24 D-type accommodations undertaken for construction by the Public Works department in 2010 were to be handed over to the Estate Office Peshawar after completion and allotment to the federal government employees.

Audit observed that these quarters were not completed since 2010 and final completion was pending for want of installation of doors, windows, electric and allied works.

Pak PWD did not make efforts for completion of remaining works of these quarters.

Audit is of the view that due to weak internal control of Pak PWD federal government employees have been deprived of the facility of government accommodation on one side and on the other side, federal government is also sustaining loss of Rs 48.841 million in shape of ceiling payments to the employees of BS-11 to BS-14, as detailed below:

Description	Calculation on the basis of ceiling of BS-11 to 14 for 24 quarters	Loss for nine years	Total amount (Rs)
House rent allowance	18,843xx12x24= 5,426,784	5,426,784x9=	48,841,056

Audit maintains that irregularity occurred due to weak internal control.

Audit pointed out the matter in September 2021. The Department stated that detailed reply would be furnished later on.

The matter was discussed in DAC meeting held on 26.01.2022. The DAC directed that the Ministry may take steps to complete the project and handover the quarters to Estate Office for allotment to the Federal government employees.

Audit recommends probe into the matter for appropriate action.

(DP. 42)

5.4.47 Loss due to non-auction of government owned shops after expiry of lease period - Rs 14.578 million

Policy guidelines issued by Ministry of Housing and Works vide letter No. F.No.4(24)/97-E-III (Pt), dated 27.03.2017 for rental auction of the shops owned by the Ministry of Housing & Works at Lahore, Peshawar, Karachi and Quetta provides that the existing rent may be enhanced at the rate of 25% after every three years and should be a regular feature. The available shops will be allotted/rented out in auction through advertisement and open tendering in line with the PPRA rules. The present occupants may be given chance to accept the enhanced rates by signing revised lease agreements with payment of one year advance rent. In case the present lessee/occupant fails to accept the offer, ejection proceedings may be initiated against him under Federal Government Land and Building recovery of Pakistan Ordinance 1965 to get the shop sites vacated to rent out through auction under guidelines of PPRA rules.

Audit noted that Estate Office, Peshawar allotted shops located at Federal Government Colony, Hassan Gharri, Peshawar at monthly rent of Rs 3,125 per month with effect from 01.01.2015. The shops were allotted on lease for a period of three years. The lease periods of the shops expired.

Audit observed that a shop-20 located in the Federal Government Colony, Hassan Gharri, Peshawar was leased out through open auction held on 06.03.2017 to the highest bidder at monthly rent of Rs 18,170 whereas the allotment of other 19 shops were neither cancelled nor allotted through open auction after expiry of lease period.

Non-allotment of shops after expiry of lease period through open auction resulted in loss of Rs 14.578 million as detailed below.

No. of Shops	Monthly rent being charged (Rs)	Rent accepted through open auction	Diff	Period			Loss (Rs)
				From	To	Months	
19	3,125	18,170	15,045	01.04.17	30.06.21	51	14,578,605

Audit maintains that irregularity occurred due to weak internal controls.

Audit pointed out the matter in September 2021. The Department stated that detailed reply would be furnished later on.

The matter was discussed in DAC meeting held on 26.01.2022. The Committee was informed that matter is subjudice in Peshawar High Court. The Committee pended the para with direction that Court case may be pursued actively.

Audit recommends recovery of the rent at enhanced rate from the occupants.

(DP. 35)

5.4.48 Unauthorized allotment of 28 Government accommodations beyond entitlements - Rs 13.046 million

Rule 5 of AAR, 2002, describes classification and entitlement of FGS for Govt. owned accommodation of various categories and classes at Islamabad and Rawalpindi.

Audit noted that Estate Office Islamabad, allotted 28 government accommodations to the FGS as per their entitled categories prior to 2011.

Audit observed that Estate Office re-allotted accommodations to 28 employees in categories beyond their entitlement irregularly. Audit further observed that the allottees did remit 5% normal rent and difference of the rent for relevant categories.

This resulted in loss of Rs 13.046 million.

Audit maintains that allotment of higher category houses were made due weak implementation of internal controls.

Audit pointed out the matter in April 2021. The department replied that allotments were made in relaxation of rules prior to the orders of the Supreme Court in CP.1849/2011 and policy decision for cancellation of allotments dated 15.04.2013.

The reply was not accepted because these allotments were required to be reviewed as per orders of the apex Court.

The matter was discussed in DAC meeting held on 08.12.2021, wherein, the DAC directed that case-wise details with justification, status of recovery and status of court case, may be provided to Audit for verification.

Audit recommends that allotments be reviewed as per orders of the apex Court and effect recovery of the difference of rent ceiling.

(DP. 04)

5.4.49 Unauthorized allotment of quarters beyond the entitlement and non-recovery of outstanding dues - Rs 8.865 million

As per Rule 15(2) Accommodation Allocation Rules 2002, if the accommodation allotted is higher than the entitlement of the spouse or children, he may apply in writing for the allotment of accommodation in

accordance with his eligibility, in lieu of the occupied accommodation. The spouse or children shall not be eligible for allotment of accommodation of higher category.

Further Rule-21 of ibid rules states that where an allottee is in arrears of rent for four consecutive months, the allotment of accommodation shall be liable to cancellation and the allottee shall be evicted thereafter provided that such allottee shall be given one month's notice before eviction provided further that the cancellation order and notice may be withdrawn if the allottee produces documentary evidence within the notice period to the effect that he had been paying rent regularly or had not paid the same for reasons beyond his control and that he has paid his outstanding dues.

Audit noted that Estate Office, Islamabad allotted various quarters to a number of FGSs beyond their entitlement category, as detailed below:

S. No.	AIR Para No.	Name of FGS	Particulars of Quarter	Amount (Rs)
1	34	Ishtiaq Ahmed	5/3 Cat-III, I-9/4	1,212,000
2	36	Ijaz Ahmed	33/1, St No.22-C, G-10/2	864,000
3	37	Samina Qamar	26/4-F, (New 10/1-F), St No.50, F-6/4	720,000
4	38	Rai Safar Kharal	7/11-F, St No.55, F-6/4	1,363,113
5	39	Tariq Mustafa	25/4-F, St No.50, F-6/4	392,613
6	40	Zahid Pervez	92-G (New 16-G), St No.1, G-6/3	3,820,161
7	41	Akhtar Munir	House No.10, Cat-II, G-10/3	494,076
Total				8,865,963

Audit observed that all the above allotments were made beyond the entitled category of the FGSs and change of accommodation from one to another without record i.e. approval of competent forum.

This resulted in non-recovery of difference of rent of Rs 8.865 million.

Audit maintains that allotment of above category houses were made due to non-adherence to the provision of respective rules and regulations and negligence on part of the management.

Audit pointed out the matter in April 2021. The management replied that allotments were made with the approval of competent authority and in relaxation of rule 29(A).

The reply was not accepted because no sufficient record was provided in support of reply.

The matter was discussed in DAC meeting held on 08.12.2021 wherein the Committee directed to effect complete recovery. No compliance of DAC directives was reported till finalization of report.

Audit recommends recovery besides appropriate action.

(DP. 19)

5.4.50 Irregular allotment of government owned accommodation to non-entitled employee beyond the seniority list

General Financial Rule –23 (Vole-I) further provides that every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Rule 7(1) of the AAR 2002 provides that the allotment of Government owned accommodation shall be made to the most senior Federal Government Servant on General Waiting List (GWL) of a particular class or category of accommodation.

Audit observed during the review of the allotment of houses that Joint Estate Officer, Peshawar allotted the House No. B-05(Cat-II), to Muhammad Iqbal SSP Police Service Pakistan.

Audit noted that house was allotted ignoring the revised seniority list issued on 29.03.2017 in which name of the said allottee was at serial number 11. The allotment was therefore, made bypassing 10 (ten) applicants on waiting list.

This resulted in irregular allotment of government owned accommodation to non-entitled employee beyond the seniority list.

Audit pointed out irregular allotment in September 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The management explained that offer letters were issued to ten applicants lying before the allottee in GWL. DAC directed the department to conduct a fact-finding inquiry to see whether offer letters were issued to ten officials standing senior on GWL.

Audit recommends compliance of DAC directives.

(DP. 39)

5.4.51 Irregular allotment of six government owned accommodations to non-entitled employees

Rule 7(1) of the AAR 2002 provides that the allotment of Government owned accommodation shall be made to the most senior Federal Government Servant on General Waiting List (GWL) of a particular class or category of accommodation.

General Financial Rule –23 (Vole-I) further provides that every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Audit observed during the review of the allotment of houses that Joint Estate Officer, Peshawar allotted the following Houses/Quarter Nos, Hassan Gharry Peshawar to occupants mentioned against each ignoring the seniority list. This resulted in irregular allotment of houses, as detailed below:

S.No	Quarter No& Colony	Ex. Allottee Name	Date of Allotment	Vacation date
1	A-41, Hassan Ghari Colony	Basharat Hussain	18.01.1994	01.06.2021
2	A-51, Hassan Ghari Colony	Husssain Khan	13.07.2018	21.09.2020
3	A-100, Hassan Ghari Colony	Sahibzada	07.03.1990	01.04.2021
4	A-102, Hassan Ghari Colony	Jaffar Shah	27.01.2017	01.03.2021
5	A-110, Hassan Ghari Colony	Ghulab Shah	29.11.2010	01.08.2021
6	A-111, Hassan Ghari Colony	Dawa Khan	30.05.2000	07.04.2021

The allotment of government accommodation thus made to employee without observing seniority list was irregular.

Audit pointed out matter of irregular allotment in September 2021. The department did not reply.

The matter was discussed in DAC meeting held on 26.01.2022. The management explained that allotment will be made when status quo

is lifted by the Peshawar High Court. The DAC directed that a fact finding committee may be constituted at the Ministry level to ascertain whether these house are actually vacant.

Audit recommends compliance of DAC directives.

(DP. 44)

CHAPTER 6

NATIONAL CONSTRUCTION LIMITED (MINISTRY OF HOUSING AND WORKS)

6.1 Introduction

A. National Construction Limited (NCL) was incorporated on 16.11.1977 under the Companies Act, 1913 later on replaced with Companies Ordinance, 1984 as unlisted public company. As per Schedule-II of Rules of Business, 1973 (amended up to January 2019), Housing and Works Division is responsible for matters relating to NCL.

The principal activities of the Company are to carry out the business of construction as consultant, advisor, structural engineer, builder, architect, contractor, job contractor and designer and to engage in other allied activities. The authorized share capital of the Company is Rs 200.00 million. Issued subscribed and paid-up capital is Rs 199.13 million.

B. Comments on Budget and Accounts (Variance Analysis)

The working results (Profit & Loss Account) of the Company for the year 2020-21 along with comparison with previous two years, are tabulated below:

(Rs in million)

Description	2019-20	2020-21	% Increase/ (Decrease)
Contract income	228.399	220.560	(3.43)
Cost of work done (Direct cost)	220.510	212.801	(3.50)
Gross Profit	7.889	7.759	(1.65)
General & Administrative/ indirect cost	47.977	40.581	(15.41)
Operating Profit/(Loss)	(40.088)	(32.822)	(18.125)
Other income	32.785	34.540	5.35
Profit/(Loss) before taxation	7.303	1.718	76.47

- i. The contract income decreased from Rs 228.399 million to Rs 220.560 million (3.43% decrease). It shows that the company undertook a few projects for execution as compared to previous year's projects.
- ii. The progress and pace of projects/contracts was too slow to complete the work within stipulated time. Therefore, in the last two years, the Company is continuously facing operating loss i.e. Rs 40.088 million and Rs 32.822 million respectively.
- iii. General & Administrative/ indirect cost decreased from Rs 47.977 million in 2019-20 to Rs 40.581 million in 2020-21. Despite decrease in indirect cost the company still faced operating loss in two years.

C. Audit Profile of NCL

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20*	Revenue/ Receipts audited FY 2019-20
1	Formations	1	1	253.382	34.540

*Audit of the accounts for the financial year 2019-20 during Phase-II of Audit Year 2020-21.

6.2 Classified summary of Audit observations

Audit observations amounting to Rs 134.148 million were raised in this audit report. This amount also includes recoveries of Rs 91.940 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	91.940
2	Others	42.208
Total		134.148

6.3 Brief comments on the status of compliance with PAC's directives

The Directorate General Audit Works (Federal) conducted audit of the accounts of NCL for the first time during 2013-14. Previously the entity was under the audit jurisdiction of Directorate General Commercial Audit. Compliance position of PAC's directives, as adopted from Audit Report of Public Sector Enterprise is as under:

Audit Report	Total Paras	Compliance made	Compliance awaited	Percentage of compliance
1990-91	01	01	-	100
1991-92	01	01	-	100
1992-93	05	05	-	100
1993-94	03	02	01	67
1995-96	01	01	-	100
1996-97	02	02	-	100
1999-00	07	03	04	43
2000-01	01	01	-	100
2001-02	01	01	-	100
2003-04	05	04	01	80
2005-06	05	05	-	100

Audit Report	Total Paras	Compliance made	Compliance awaited	Percentage of compliance
2006-07	08	06	02	75
2007-08	02	0	02	0
2008-09	04	03	01	75
2009-10	05	05	0	100
2010-11	01	01	0	100
2013-14	06	-	06	-

Note: Audit Reports for the year 2011-12, 2012-13, 2014-15, 2015-16, 2016-17 and 2017-18 are yet to be discussed by PAC.

6.4 AUDIT PARAS

6.4.1 Increase in bad debts provision due to mismanagement - Rs 321.128 million

As per Clause-91 of the Memorandum and Articles of Association of the National Construction Limited, “Once at least in every year the accounts of the company shall be examined, and the correctness of the Profit and Loss Account and Balance Sheet be ascertained”.

Audit noted that Financial Statements and Balance Sheet of the National Construction Ltd. for the financial year 2019-20 was finalized by the Chartered Accountants.

Audit observed that financial statements contained provision for bad debts increasing every year because of un-verified/un-recovered old claims. This reflected that the company/Project Management was unable to recover the amount and resolve the issues/disputes diligently.

This resulted in increase in the provision of bad debts for Rs 321.128 million.

Audit maintains that considerable amount of bad debts was mainly because of weak financial controls and mismanagement.

Audit pointed out the matter in June 2021. The management replied that provisions were made as per International Accounting Standard (IAS-37) and advice of NCL Auditors after aging analysis of old receivables. The old unverified bills/claims becoming overdue for more than 05 years were provided for in order to present factual position. The provisions were accumulated since inception of the Company, being carried forward every year in order to fulfill disclosure requirement of (IAS-37).

Further, Chairman NCL/Secretary Ministry of Housing & Works had also taken up the matter of outstanding NCL’s receivable relating to

Quetta project with Chief Secretary, Balochistan in a meeting held on 07.07.2021 and it was decided to reconcile the withheld amount with record. In reply, the Company admitted long outstanding un-verified claims.

The matter was discussed in DAC meeting held on 08.12.2021. The management of NCL explained that addition to bad debts for the respective current year was only Rs 4.021 million. The overall provision of bad debts is Rs 321.128 million which includes Rs 253.053 million withheld by clients and is under litigation. A sum of Rs 68.020 million pertains to old claims. NCL provided the approval of Board. The Board directed that NCL should make provisions of receivable as per best accounting practices and as per accounting standards. No such policy framed by the NCL was provided besides justification of increase of accounts receivable/bad debts. Efforts for recovery and detail of court cases were also not provided. DAC pended the para till compliance.

Audit recommends that efforts may be made to recover the long outstanding admitted claims and observe strict financial controls to save the organization.

(DP. 7)

6.4.2 Non-imposition of penalty due to non-completion of work in stipulated time - Rs 91.940 million

According to Clause-47.1 of the contract agreement signed between NCL and PIEAS (Pakistan Institute of Engineering and Applied Sciences) read with item 7 of Special Stipulations, Conditions of Contract, liquidated damages @ 0.05% of contract price for each day of delay in completion of the work subject to maximum of 10% of contract price, stated in the letter of acceptance, shall be charged for delay in completion of the work.

Clause 4 of the contract agreement signed with the sub-contractors provides that the sub-contractor shall complete the work within 30 months of the written order to commence work. The sub-

contractor shall be liable to pay to the company liquidated damages at half of one percent of the estimated total cost of the work per day for each day beyond completion date up to a maximum of ten percent. These damages shall be payable at the company's discretion and may be reduced or waved off if in the opinion of the company's Engineer the work has been delayed for reasons beyond the control of the sub-contractor.

Audit noted that construction works/projects were awarded to National Construction Limited Islamabad by different clients during the year 2017, which were to be completed in the year 2019.

Audit observed that the projects were still in progress despite expiry of planned completion period as per contract provision which shows that the progress of NCL was far behind the work schedule.

This resulted into non-imposition of penalty of Rs 91.940 million for non-completion of work within stipulated period.

Audit pointed out the matter in June 2021. The management replied that when projects are not completed within stipulated time period, a formal application is forwarded to Client through Consultant indicating reasons for non-completion of the project. After assessing genuineness of the reasons, the Consultants recommended time extension. Accordingly, time extension is passed on to the sub-contractors. If liquidated damages are imposed on NCL then this would also be imposed on the Subcontractors.

The reply was not tenable because the Company did not give reasons for abnormal delay. The works were not completed even in the extended period for which imposition of liquidated damages should have been imposed.

The matter was discussed in DAC meeting held on 08.12.2021. DAC directed that responsibility may be fixed for delay in verification of work done in case of Construction of Kitchen & Atrium at PITAD

Islamabad and non-issuance of completion certificate in other cases. Para was pending till issuance of completion certificate and revalidation of performance security. DAC further directed that responsibility may be fixed for delay in completion besides recovery of LD charges.

Audit recommends that appropriate action be taken against the person(s) responsible besides effecting recovery.

(DP. 4, 5)

6.4.3 Loss to company due to mis-management - Rs 21.469 million

Clause 42 of Company's Ordinance 1984 provides that where it is proved to the satisfaction of the Commission that an association capable of being formed as a limited company has been or is about to be formed for promoting commerce, art, science, religion, sports, social services, charity or any other useful object, and applies or intends to apply its profits, if any, or other income in promoting its objects, and to prohibit the payment of any dividend to its members, the Commission may grant a license and direct that the association be registered as a company with limited liability.

Audit noted that basic functions of the National Construction Company were to provide quality work, earn profit and increase capital of the Company.

Audit observed from financial statements that the contract revenue of the company was decreasing in the last three years from Rs 768.359 million in 2017-18 to Rs 228.399 million in 2019-20. The Company was facing loss in the financial years 2017-18 and 2019-20. This showed mismanagement on the part of the executives which resulted in a loss of Rs 21.469 million during financial year 2019-20.

Audit holds that the mis-management was due to weak technical and internal controls and willful negligence by the company management.

Audit pointed out the issue of mismanagement in June 2021. The management replied that the Audit did not account for “Other Comprehensive Income” in the profit. The Company was in net profit during 2017-18 & 2018-19 whereas sustained a loss in 2019-20. Further, the company earned gross profit and operating profit in last 03 years, however, profit trend was declining alongwith reduction in work done due to the fact that NCL was neither having new work in hand nor having working capital and future of NCL is a question mark.

In reply, the Company admitted that company sustained loss due to gradual decrease in work done. The company had been facing cash flow constraints for last many years due to which the company was unable to get new business. The financial health of the Company was deteriorating since many years due to mismanagement. Due to this very reason, the clients of running projects in PAEC forced to open ESCROW accounts to complete their projects.

The matter was discussed in DAC meeting held on 08.12.2021. DAC pended the para till finalization of process of merger and to provide detail of current establishment to Audit for verification.

Audit recommends compliance of DAC directives.

(DP. 1)

6.4.4 Non-remittance of income tax deducted at source from the contractors/suppliers - Rs 20.739 million

According to Income Tax Ordinance, 2001, the Income Tax deducted at source under Section 152 (A1) read with rule 43 of Income Tax Rules 2002 (Collection and Deduction of tax at source - Tax Payers’ Facilitation Guide) was required to be deposited in the government treasury within seven days.

Audit noted during review of Trial Balance of National Construction Limited, Islamabad for the financial year 2019-20 that an amount of Rs 20.739 million was shown deducted on account of income

tax from the sub-contractors and suppliers for procurement of construction material and execution of different construction activities on the ongoing projects for the financial year 2019-20, as detailed below:

Income Tax deducted from the Suppliers	= Rs	2,756,683
Income Tax deducted from the sub-contractors	= Rs	17,981,827
Total Rs		20,738,510

Audit observed that NCL deducted income tax of Rs 20.739 million from the invoices/bills of the suppliers and sub-contractors but the amount deducted was not remitted to the concerned income tax authorities.

Audit pointed out non-remittance of income tax in June 2021. The management replied that out of total amount of Rs 20.739 million NCL deposited Rs 2.510 million and made correction of wrong entries of Rs 0.900 million leaving a balance of Rs 17.330 million to be remitted to Government.

In reply, the company admitted non-remittance of income tax deducted at source.

The matter was discussed in DAC meeting held on 08.12.2021 DAC was informed that a sum of Rs 3.013 million has been deposited and verified by Audit. Tax amounting to Rs 8.021 million pertaining to K-2 project will be deducted after final payment of escalation. A suit has been filed by NCL in Civil Court Balochistan and matter has been taken up with Chief Secretary Balochistan for recovery of Rs 782 million. No further progress for recovery of tax and remittance of due amount of tax was shown to Audit. DAC pended the para till compliance.

Audit recommends that income tax be remitted at the earliest.

(DP.03)

CHAPTER 7
FEDERAL GOVERNMENT EMPLOYEES HOUSING
AUTHORITY
(MINISTRY OF HOUSING AND WORKS)

7.1 Introduction

A. Federal Government Employees Housing Authority (FGEHA), prior to July 2019 was functioning as Foundation since 1989 as a Public Company registered with the Securities and Exchange Commission of Pakistan under Section 42 of the Companies Ordinance, 1984. The Authority was established under Ordinance No. VIII of 2019 dated 16.07.2019. Subsequently, Act No. IV of 2020 dated 15.01.2020 was passed to establish the Authority.

FGEHA is a body corporate, headed by Director General with an Executive Board for general administration, supervision and control of the affairs of the Authority.

FGEHA is under the administrative control of Ministry of Housing and Works. The Secretary of the Ministry is the Principal Accounting Officer of the Authority.

Objective of the Authority is to plan and develop housing schemes to eradicate shelterlessness for federal government employees serving and retired to have a house at the time of retirement or earlier and his dependents in case of his/her death before retirement, on such terms as the Authority may determine for serving and retired Federal Government employees and other specified groups.

B. Comments on Budget and Accounts (Variance Analysis)

- i. Budget allocation, expenditure and receipts of FGEHA for the financial year 2020-21 is as under:

Expenditure

(Rs in million)

Nature	Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	1,037.448	973.133	(64.315)	(6.199)
Development	81,494.310	7,864.514	(73,629.796)	(90.349)
Total	82,531.758	8,837.647	73,694.111	(89.291)

Receipts

(Rs in million)

Description	Estimated Receipts	Actual Receipts	Variation Excess/ (Shortfall)	Variation in %
Operational income	2442.677	1,886.267	(556.41)	(22.778)
Development	38,791.133	8,832.369	(29,958.764)	(77.230)
Total	41,233.81	10,718.636	(30,515.174)	(74.005)

- ii. According to Section 11(4) of the Act, Authority was required to make regulations for budget and accounts preparation and utilization of funds. But the Authority did not devise any regulations on this account. Allocations are made without any need assessment. That's why considerable variance can be seen under non development and development heads.
- iii. A sum of Rs 1,037.448 million was allocated for operational expenses for the financial year 2020-21 whereas actual expenditure of Rs 973.133 million was incurred involving

saving of Rs 64.315 million which constitutes 6.199 % of the budget allocation.

- iv. A sum of Rs 81,494.310 million was allocated for development activities for the financial year 2020-21 against which an expenditure of Rs 7,864.514 million was incurred involving saving of Rs 73,629.796 million, which was 90.349 % of the budget allocation. This indicated that the physical progress of development projects was considerably slow.
- v. Authority has generated an income of Rs 1,886.267 million through investments, etc. as evident from the table which is 23% less than the estimated receipts. In 2019-20, the Authority had earned income of Rs 2,326.234 million. Considerable reduction in the income shows that the Authority did not earmark its revenue receipts objectively.
- vi. Authority realized development receipts for Rs 8,832.369 million only against the estimated amount of Rs 38,791.133 million which is 77.230 % less than the provision of the estimate. This shows that response from allottees was very poor and short realization of receipts is met through bridge financing.

C. Audit Profile of FGEHA

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue/ Receipts audited FY 2020-21
1	Formations	1	1	8,837.647	10,718.636

7.2 Classified summary of Audit observations

Audit observations amounting to Rs 6,919.201 million were raised in this audit report. This amount also includes recoveries of

Rs 465.728 million as pointed out by the audit. Summary of the audit observations classified by nature is as follows:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement related irregularities	165.423
B	Works	2,106.601
2	Others	4,647.177
Total		6,919.201

7.3 Brief comments on the status of compliance with PAC's directives

Directorate General Audit Works (Federal) conducted audit of the accounts of FGEHA during 2011-12 for the first time. This office prepared a Special Audit Report covering the period from 2008-09 to 2010-11 and Regularity Audit Reports for the years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20.

Audit Reports for the year 2013-14, 2014-15 and 2015-16 have been discussed by PAC, while rest of the reports (2011-12, 2012-13, 2016-17 and 2018-19) are yet to be discussed. Compliance position of PAC's directives is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2013-14	10	07	02	05	71.42
2014-15	04	02	-	02	-
2015-16	05	05	-	05	-
2017-18	15	05	-	05	-
2018-19	14				
2019-20	-	-	-	-	-
2020-21	03	-	-	03	-

7.4 AUDIT PARAS

7.4.1 Discriminatory allotment criteria and holding of funds - Rs 47.578 billion

The Federal Government Employees Housing Foundation was incorporated in 1989 as a Public company under companies Ordinance, 1984. Para iii (a) of Memorandum & Articles of Association describes its objectives as to eradicate shelterlessness for federal government employees serving and retired and for other specified groups of people as decided by the Foundation from time to time and assist, as far as possible each of them to have a house at the time of his retirement or earlier and his dependents in case of his/her death before retirement, on such terms as the Foundation may determine. This transpires that seniority in term of date of birth was the principal criterion to achieve this objective perpetually.

Audit noted that this memorandum was later replaced by the Act of Parliament in January 2020, when Foundation became Authority with the same objective.

Audit observed that Federal Government Employees Housing Authority did not remain aligned with this objective particularly after 2008 and each scheme was launched with its own specific criterion as evident from following instances:

- i. In 2009, Drive-I/ Phase-I commenced with the criteria, “First Come First Serve” wherein 35893 employees got themselves registered with the Authority, out of which about 3200 members were accommodated. The membership of remaining employees became dormant because they were not carried forward for the next schemes while the Authority was enjoying profit over their deposits.
- ii. In 2015, another Phase (Drive-II) was launched with seniority-based criterion and registration for fresh

membership started leaving the fate of employees in Drive-I undecided.

- iii. Thalian scheme launched in 2015 became defunct at its outset due to mismanagement. An amount of Rs 2,540.486 million deposited by its members was being utilized by the Authority.
- iv. Kashmir Avenue Apartments G-13 started with another unique criterion i.e. 50% on first come first serve and 50% on seniority after having dual membership (one general, other for scheme specific with registration fee Rs 100,000 each). As per its previous practice, Authority again collected huge amount of Rs 2,665.344 million from federal employees against 1653 apartments.

Presently, about 150,000 federal employees registered with the Authority were waiting for their fate despite depositing huge amount of Rs 47.578 billion (financial statements Rs 4.753+Rs 42.825 advances + allottees account). This was mainly because of non-adoption of uniform criteria and non-adherence to objective of the Authority regarding provision of housing facility at the time of retirement.

Audit pointed out the issue in July-August 2021. The Authority replied that the membership for allotment of plot on the basis of 'first come first serve' called Membership Drive-I was initially approved by the Executive Committee in its 107th meeting dated 01.07.2009 and thereafter approval of the Prime Minister was also solicited on 30.12.2009. This membership was closed on 28.02.2014. The Membership Drive-II for allotment on the basis of 'age wise seniority' was launched in the year 2015 with the approval of Executive Committee in its 131st meeting held on 25.06.2014 on 'age wise seniority' basis. There were approximately 1 Lac 50 thousand members registered in this drive. To accommodate the registered members of Phase-I and Phase-II in apartment scheme the competent authority approved 50% share to registered members of Phase-I and 50% share to registered members of Phase-II in apartment schemes. Since, FGEHA was working on 'No

profit no loss basis' without any financial patronage from the Federal exchequer, hence, deposit of the members were utilized to carry out business of FGEHA.

The reply was not accepted because the Authority merely referred the approval of the criteria but no rationale was given to change the criterion on each occasion which affected the employees particularly in general quota.

The matter was discussed in the DAC meeting held on 28.12.2021, wherein the Authority informed that membership/registration of all employees was being streamlined on the basis of the orders of Islamabad High Court. Para was kept pending. No compliance was made till finalization of report.

Audit recommends to re-cast the seniority ab-initio on the basis of Court Orders for fair allotments.

(DP. 35)

7.4.2 Irregular/faulty JV agreement for Rs 8,855.754 million and loss to the Authority - Rs 885.575 million

According to para 6 (a)(b) of Joint Venture policy for FGEHA land bank approved by Federal Cabinet in August 2016, the JV partner shall agree to provide possible developed apartments/plots to Housing Authority at subsidized rates on no profit no loss basis. No financial risk shall be undertaken by the Authority. The modification in the JV policy approved in July 2019 by the federal cabinet states that contract with JV partner will be for finished product i.e. apartments on turnkey basis against final cost including cost of land, infrastructure cost, utilities, construction cost etc. The quota/share of both the parties may be decided mutually.

Audit noted that FGEHA (Party - A) entered into JV agreement with M/s Best construction & Rakhshani Builders (Party-B) for provision of land, designing and construction of Life Style Residency apartments

and allied infrastructure work Bedian Road, Lahore in November 2019 with a share of 90% & 10% for residential/commercial apartments. The construction contract was made at a cost of Rs 8,855.754 million payable on percentage basis for the finished product of 1427 apartments.

Audit observed that the Development/Technical wing of the Authority did not make appropriate provisions in the contract agreement to charge the cost of finished product to both the parties concurrently in relation to the share of apartments i.e. 90:10. Resultantly, an amount of Rs 885.575 million to be borne by the Party-B as 10% of the construction cost of Rs 8,855.754 million was being paid by the Authority.

Audit maintains that this happened due to weak financial controls.

Irregular and faulty JV agreement for construction of apartments in violation of approved procedure resulted in loss of Rs 885.575 million to the Authority.

Audit pointed out the irregularity in July-August 2021. The Authority replied that Project collection accounts were operated by FGEHA wherein amounts against quota of party A and Party B were received separately. Construction cost was to be paid to the contractor from both accounts of party A and party B.

The reply was not accepted because no amount in project collection account was received as share of Party-B till June 2021 and 100% payment of each IPC was being paid by the Authority. Total amount generated from allotment was Rs 165.145 million till June 2021 and payments to the contractor were made through bridge financing.

The matter was discussed in DAC meeting held on 28.12.2021. The committee directed to conduct inquiry by CF&AO of the Ministry as to why the terms of contract regarding payment of the share of JV partner were not enforced.

Audit recommends probe and appropriate action besides recovery of the share of Party-B.

(DP. 27)

7.4.3 Unauthorized withdrawal of money from FGEHA bank accounts on closing of financial year - Rs 7,800.000 million

According to Section-11(3) of FGEHA Act 2020, the funds of the Authority shall be kept in the scheduled banks and shall be utilized and regulated in such manner as may be prescribed by the Executive Board.

Audit noted that an amount of Rs 6,000.000 million and Rs 1,800.00 million was debited from Account No. 1650510644 and No.1480800147 Askari Special Deposit Account on 30.06.2020 through online transfer and the same was credited back on 02.07.2020 by banker cheque liquidation as evident from financial statements.

Audit observed that an amount of Rs 7,800.000 million (6000+1800) was debited from two bank accounts by the bank without any lawful authority because any withdrawal from the accounts required specific authorization.

Audit maintains that this was due to weak financial controls.

This resulted in deprival of profit to the Authority.

Audit pointed out the irregularity in January 2021. The Authority replied that the subject matter was taken up with the concerned authorities of Askari Bank Ltd. Finance wing issued an explanation letter to the bank to submit its justification of transferring the funds of FGEHA without intimation of FGEHA. However, amount of interest was credited to the respective collection accounts of the FGEHA.

The reply was not accepted because the matter was required to be investigated at appropriate level to ascertain factual position.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Committee directed to get the matter inquired/ investigated at an appropriate level.

Audit recommends investigation into the matter for fixing responsibility and taking appropriate action against the person at fault besides recovery of the due interest.

(DP. 09)

7.4.4 Payment of mobilization advance against invalid bank guarantee - Rs 2,134.092 million

According to clause-60.12 (a) read with Appendix- A of the construction agreement of Apartments FGEHA, Islamabad, an interest free mobilization advance up to 15 % of the contract price of phase/work package being executed shall be paid by the employer to the contractor in two equal parts upon submission by the Contractor an irrevocable and unconditional mobilization advance guarantee for the full amount of the advance in the specified form from a scheduled Bank in Pakistan.

Audit noted that Development Wing of FGEHA made following construction agreements for three different apartment projects and acceptance letters were issued to contractors. Mobilization Advance (@15%) was paid in two parts, as detailed below:

Project	Contractor	Mobilization Advance (Rs in million)
Construction of Kashmir Avenue Apartment G-13	M/s King concrete Pvt. Limited	1,862.468
Skyline Apartments, near IIAP, Islamabad	M/s Aryan Land Linkers	250.000
Chaklala Heights Residential apartments	M/s Zafar & Co	21.634

Audit observed that bank guarantees were issued by the banks on the condition that guarantees will become operative only after receipt of the amount in the account maintained by banks. Audit further observed that the FGEHA released an amount of Rs 2,134.092 million as evident from bank statement against these conditional guarantees. Hence, revocable and conditional guarantees were accepted for the advance because no revalidation of the guarantee after issuing cheque of mobilization advance to the contractor was obtained from the bank/guarantor. Hence, the guarantees did not appear to have enforced and become operative. This resulted in grant of mobilization advance against invalid guarantees.

Audit pointed out the irregularity in July-August 2021. The Authority replied that the guarantees were validated from the bank.

The reply was not accepted because a simple letter was issued by the bank manager instead of getting the fresh unconditional and irrevocable bank guarantee.

The matter was discussed in DAC meeting held on 28.12.2021. The committee directed to get fresh unconditional guarantees from the contractors besides appropriate action for release of mobilization advance against invalid guarantees.

No compliance of the DAC directive was reported till finalization of report.

Audit recommends compliance of DAC directives.

(DP. 69)

7.4.5 Potential loss on account of expenditure on the sick projects - Rs 1,502.327 million

According to the Clause 6 (a) & (b) of the JV Policy approved by Federal Cabinet in August 2016, JV partner shall agree to provide plots/apartments at subsidized rates on no profit & loss basis.

No financial risk shall be undertaken and feasibility of the scheme and response of allottees shall automatically determine success of the scheme.

Audit noted that Federal Government Employees Housing Authority launched two projects under JV agreements namely, “Skyline Apartments, Near IIAP, Islamabad and Life Style Residency Bedian Road Lahore” at a cost of Rs 23.782 billion and Rs 8.824 billion in May 2020 and June 2020 respectively. Detail of receipt & expenditure on apartments in both the projects till June 2021 was as under:

(Rs. in million)

Name of Project	No of Apartments	Receipt from allottees	Expenditure	Excess Expenditure
Skyline New Islamabad Airport	3945	28.288	980.395	952.107
Life Style Bedian Road	1258	165.145	715.365	550.220
Total	5203	193.433	1,695.760	1,502.327

Audit observed that the both projects yielded far less receipts despite lapse of one year while the expenditure in substantial amount for construction was being met through bridge financing. The expenditure in excess of the receipts was Rs 1,502.327 million till June 2021. The expenditure was apparently a potential loss to the Authority because of meager response from allottees. In case lack of response persists for another one or two years, the Authority will have to sustain a substantial loss which will adversely affect development activities of the Authority.

Audit holds that feeding sick projects through bridge financing might affect progress of other projects.

Audit pointed out the issue in July-August 2021. The Authority replied that prospective allottees were offered to deposit down payment. In case of failure, opportunity will be provided to the next applicant.

The reply was not accepted because there was a trend of withdrawal of down payment by the prospective allottees.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Committee directed to recoup the funds taken from the accounts of other projects as bridge financing and decide the fate of these projects according to the provisions of agreement. Committee also directed for a probe with reference to feasibility of these projects.

No compliance of DAC meeting was reported till finalization of report.

Audit recommends compliance of DAC directive regarding probe.
(DP. 18)

7.4.6 Irregular bridge financing - Rs 1,497.758 million

FGEHA (then Foundation) entered into JV agreement with M/s Progressive Resort & Motels (Pvt) Ltd and incorporated a new authority, namely EHF-PRO (Pvt) Ltd. in May 2010. The entity holds 50% shares of the Authority.

Audit noted that FGEHA released funds to the subsidiary entity M/s EHF-PRO amounting to Rs 1,497.758 million with the approval of Director General as bridge financing.

Audit observed from financial statements that M/s EHF-PRO was a special purpose vehicle (SPV) which undertook construction of apartments in G-13. Therefore, cash flow arrangement was its exclusive responsibility. Extending financial assistance to the SPV from the funds of the schemes of the FGEHA was irregular.

Audit pointed out the irregularity in July-August 2021. The Authority replied that funds were released with the approval of the Executive Board.

The reply was not accepted because there was no provision in the JV agreement for such financial arrangements.

The matter was discussed in the DAC meeting held on 28.12.2021 wherein the committee directed the Authority to examine the issue with reference to the provisions of the JV agreement and original financial plans of the SPV and recover the amount alongwith markup. No compliance was reported till finalization of the report.

Audit recommends that recovery be made alongwith markup.

(DP. 64)

7.4.7 Irregular provision on account of PRA tax in the bid - Rs 1,132.505 million

FGEHA entered into JV agreement in November 2019 with M/s Aryan Land Linkers & contractors (Pvt) Limited for provision of land, development & construction of Skyline apartments near Islamabad International Airport. According to para 5(v) of the agreement, installments received in project collection account by party A (FGEHA), according to the schedule of payment, as given in the brochure of the scheme will be released to party B (M/s Aryan Land Linkers) in their designated account for payment of raw land and development expenditure excluding taxes (on actual work done basis as per verification of engineering consultants of party A), in accordance with the terms & conditions of the construction agreement to be executed between “Party A” and “Party B”.

Audit noted that construction agreement was executed between Party ‘A’ and Party ‘B’ at a cost of Rs 23,782.605 million and acceptance letter was issued to M/s Aryan Land Linkers (Party B) on 13.03.2020.

Audit observed that the construction cost includes an amount of Rs 1,132.505 million on account of Punjab Revenue Authority (PRA) tax which was in violation of the provision of JV agreement.

Audit pointed out the irregularity in July-August 2021. The Authority replied that agreement between FGEHA & M/s Aryan Land Linkers & Contractors was signed on 13.03.2020 and an amount of Rs 1,132.505 million was added in Construction Contract on account of Punjab Revenue Authority (PRA) tax whereas Clause 5(v) of Joint Venture Agreement did not support to add such amount in the agreement. PRA tax was not deducted from the contractor's IPC.

The Authority in reply admitted that agreement did not support to add such amount. So this was required to be excluded from agreement cost to avoid its re-imbursement to contractor at later stage.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Authority informed that the decision regarding PRA tax is yet to be taken. The Committee pended the para and directed to expedite the matter.

Audit recommends for appropriate adjustment.

(DP. 19)

7.4.8 Irregular payment due to execution of JV agreement in contravention of the approved JV policy - Rs 923.332 million

According to para 6 (a)(b) of Joint Venture policy for FGEHA land bank approved by federal Cabinet in August 2016, the JV partner shall agree to provide not less than 50% possible developed apartments/plots to Housing Authority at subsidized rates on no profit no loss basis. There shall be no upfront payment of land by the Authority. No financial risk shall be undertaken. The modification in the JV policy approved in July 2019 by the federal cabinet states that contract with JV partner will be for finished product i.e. apartments on turnkey basis against final cost including cost of land, infrastructure cost, utilities, construction cost etc. The quota/share of both the parties may be decided mutually.

Audit noted that FGEHA entered into JV agreement with M/s Aryan Land Linkers & Contractors for Skyline Apartments, near Islamabad International Airport in November 2019 with a residential share of 90% & 10% and commercial share of 60% and 40% respectively. The construction contract was made at a cost of Rs 23.782 billion payable on percentage basis for the finished product of 3945 apartments.

Audit observed that the Development Wing of the Authority made an upfront payment of Rs 427.5 million as cost of land which was 95% of 225 kanal acquired land. The upfront payment was in violation of JV policy as this was to be included in the finished cost of the apartment payable on percentage basis instead of upfront payment. Further, the Authority made another payment of Rs 495.832 million on account of mobilization advance. The total payment till June 2020 was Rs 923.234 million made through bridge finance. The objective of provision of residential apartments at subsidized rates remained unaccomplished as the tentative cost chargeable from employees has been shown as Rs 28,577 million in JV agreement, which is in excess of the finished construction cost plus cost of land.

This resulted in irregular execution of JV agreement amounting to Rs 923.332 million, in contravention of the approved JV policy.

Audit pointed out the irregularity in July-August 2021. Authority did not reply.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Committee noted that the cost of land should have been included in the construction cost as per approved JV policy. This was an upfront payment being over and above the approved percentage between both the parties. Para was kept pending either for regularization or recovery.

Audit recommends for appropriate adjustment.

(DP. 13)

7.4.9 Unproductive expenditure due to declining performance of the Authority - Rs 781.907 million

Federal Government Employees Housing Foundation was formed in 1989 as public Ltd. company under Section-42 of the Companies Ordinance 1984. Memorandum of Association states its objectives as to eradicate shelterlessness of serving and retired Government employees and other specified groups of people and assist as far as possible to have a house at the time of retirement or earlier and his dependents in case of death. The Foundation was enacted as Authority through an Ordinance in July 2019 followed by Act in January 2020 as a body corporate. Preamble of the Act describes that purpose of the Authority will be planning and developing of housing schemes for serving and retired Federal Government employees.

Audit noted that the FGEHA's establishment & administrative expenses have been increasing during last 03 years as shown below:

(Rs in million)

Year	Working strength (Numbers)	Estt. & Admn Exp.	Percentage increase/ decrease	Project in progress	Percentage Increase/ decrease
2018		541.290	-	23,155.183	-
2019	451	631.107	16.59	28,990.643	25.20
2020	550	781.907	44.45	17,389.974	(-) 24.898

Audit observed an inverse relation between operational expenditure and degree of corresponding service delivery and performance of the Authority. The employees of the Authority are drawing additional allowances equal to 100% of the basic pay and utility allowance, etc the cost of which is met from the income generated from the deposits of the members. The Authority was, therefore, required to emerge into an outcome-oriented entity through innovative decisions for better client treatment and client satisfaction. Contrarily, the Authority was yet in the conventional system of manual business leading to uncertainty in

decisions with little outcome. Peshawar Scheme and Thalian Scheme became dormant.

Audit pointed out the matter in July-August 2021. The Authority replied that the main reason for delaying development activities of housing projects in 2019-20 was the litigation between the affectees and Housing Authority. Peshawar Development Authority (PDA) was dealing with the Regilalma Scheme Peshawar. FGEHA allotted all plots as per allocations and allottees have cleared their all dues. Further the allottees of Thalian scheme would be accommodated in the next schemes.

The reply was not accepted because the Authority gave interim reply in the instances highlighted by Audit. Nothing was stated about the steps for service delivery and client satisfaction.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Committee appreciated the points taken by Audit pertaining to the performance of the Authority and directed to take concrete steps for the improvement of the performance especially with reference to client satisfaction and service delivery.

Audit recommends that a committee be constituted at PAO level to devise concrete steps to improve performance of the Authority in relation to the benefits being availed by the employees.

(DP. 12)

7.4.10 Irregular payment on account of making JV agreement against disputed land - Rs 723.76 million

According to Joint Venture agreement dated 11.10.2019 between Federal Government Employees Housing Authority (1st Party) and M/s Commoners Sky Garden (Pvt) Ltd (CSG) (2nd Party), Para 1(i) the 2nd party is bound to settle all its affairs in respect of the proposed land with the courts/investigation agencies/applicants, if any, of M/s Commoners

Sky Gardens and, 2nd Party will mutate land in favour of 1st party free from physical, financial & legal encumbrances, if any.

Audit noted that the JV partner 2nd Party was bound to provide 11,000 Kanal land for Green Enclave-II Bara Kahu out of which provision of 6000 Kanal land as Part-A land was required to be made within 60 days of signing of JV agreement to start the development work. Clause VII of the JV agreement envisaged an amount of Rs 1,083,491,300 as cost of work done incurred by 2nd party and 50% of this amount equal to Rs 541.746 million was payable to 2nd party on transfer of 800 Kanal land to 1st party.

Audit observed that M/s Commoners Sky Garden (Pvt) Ltd (CSG) provided 6021 Kanal, 13 Marla land which was mutated in the name of Authority. Expenditure for mutation and registration amounting to Rs 40.569 million was incurred for this land by the Authority. It was further observed that DC Rawalpindi reported to FGEHA vide letter dated 11.04.2019 that the title of the land exists as Shamilat Deh and M/s CSG had no locus standi for the land. So, he did not recommend the offered land for govt. project. The DC also recommended for disqualification of M/s CSG for the housing project. The Authority instead of giving due weightage to this report incurred expenditure of Rs 40.569 million for mutation of 6021 Kanal land and released an amount of Rs 683.191 million even in excess of 50% of work done. The Authority took no collateral to recover amount of Rs 40.569 million and Rs 683.191 million from M/s CSG. Audit further observed that construction contract was required to be made within 180 days of JV agreement which was lying pending despite laps of two years (till finalization of report) due to disputed land. Obviously, the delay was due to encumbered land.

Audit pointed out the irregularity in July-August 2021. The Authority replied that land parcel of 6021 Kanals was mutated in the name of FGEHA which was not shamilat as per report received from Assistant Commissioner Murree vide letter dated 28/09/2019. Clear land of 6021 kanal was sufficient collateral for recovery of expenses incurred

on mutation. The construction agreement was under review by Technical and Steering Committee on the directions of Executive Board in the month of August 2020 but NAB Rawalpindi initiated an inquiry against JV Partner (M/s CSG) pertaining to land issues in the same month. Therefore, the matter of finalization of construction agreement was deferred.

The reply was not accepted because land was got mutated on the basis of letter from Assistant Commissioner received subsequent to the letter of Dy. Commissioner. NAB took up this case as admitted in the reply. So, the mutated land was disputed and no payment should have been made till clearance of all land from encumbrances.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Committee expressed its concern for making JV agreement for the disputed land as Shamilat Deh. Hence, the mutation was irregular. The Committee directed to give basis for incorporation of amount Rs 1,083.491 million in JV agreement detail measurements made by consultants, breakup of the payment of Rs 683.191 million, breakup of the land i.e. land having clear title, land in dispute and status of the remaining land out of 11,000 kanal.

Audit recommends that fact finding inquiry be conducted for making JV agreement without proper verification of the title of land and for making payments.

(DP. 15, 23)

7.4.11 Irregular payment through variation order - Rs 422.275 million

Rule 42 (c) (iv) of Public Procurement Rules 2004, provides that a procuring agency shall only engage in direct contracting if the repeat orders do not exceed fifteen percent (15%) of the original agreement.

Audit noted that Federal Government Employees Housing Authority awarded a work, “Infrastructure Development and

Rehabilitation Works in Sector G-13, Islamabad” to M/s Zafar & Co. at a cost of Rs 946.518 million. The work started on 22.08.2016 with completion period of 24 months in August 2018. The period was extended for 28 months till December 2020 which was even beyond the original completion period.

Audit observed that initial contract cost Rs 946.518 million through competitive bidding process was substantially increased to Rs 1,368.793 million through variation order which was 44.61% above the original contract cost. Extra ordinary increase even beyond 15% permissible limit falsified the spirit of competitive bidding. Such practice is not endorsed by the PPRA.

This resulted into irregular payment of Rs 422.275 million.

Audit pointed out the irregularity in July-August 2021. The Authority replied that the Engineer Incharge/Consultant of the project determined the quantities required to be executed as per site requirement and recommended the VO for approval by the Employer. Subsequently DWP and Executive Committee in 155th meeting unanimously agreed for variation in quantities. All the works were executed as per standard operating procedure and as per clause 51.1 of the contract agreement.

The reply was not accepted because variation under clause 51.1 of the agreement was restricted to 15% as per Public Procurement Rules and Planning Commission’s instructions. Substantial variation up to 45% negated the competitive process. Further Executive Committee of the Authority in its 155th meeting did not approve quantities and amount of variations.

The matter was discussed in DAC meeting held on 28.12.2021. The committee took serious note of ill planning and irregular execution of the varied quantities beyond permissible limit. The Authority was directed to explain its position before the PAO for appropriate action.

Audit recommends probe into the appropriateness of VO with reference to the relevant rules besides regularization of varied work executed without competitive bidding.

(DP. 25)

7.4.12 Non-recovery from the contractor due to non-observance of sharing formula - Rs 219.516 million

According to para 7(i)(a)(b) of Joint Venture agreement with FGEHA and Best Construction & Rakhshani Builders for Life Style Apartments, Bedian Road Lahore, the quota of developed constructed residential and commercial apartments between Party-A and Party-B was 90% & 10% respectively. The first down payment was to be made by the contractor after six months of commencement of work as stated in para 10(iii) of JV agreement between party A & B.

Audit noted that FGEHA awarded design and construction contract to M/s Best construction & Rakhshani Builders amounting to Rs 8,824.867 million vide acceptance letter dated 13.03.2020 in consequence of the JV agreement mentioned above.

Audit observed that 100% of value of work done for Rs 439.032 million was paid to the contractor till IPC-3 but down payment and 10% shares (total 50%) of the value of work executed was not recovered.

Non-adherence to provision resulted in non-recovery of Rs 219.516 million from the contractor.

Audit pointed out the irregularity in July-August 2021. The Authority replied that the recovery would have been 66% of the total work done amounting to Rs 439.032 million till IPC-3. Recovery of pending amount will be made in upcoming IPC as soon as the quota is finalized.

The matter was discussed in DAC meeting held on 28.12.2021, wherein the Authority admitted about the extra payment.

Audit recommends appropriate action and early recovery.

(DP. 49)

7.4.13 Non-recovery of inbuilt premium due to non-obtaining of insurance coverage - Rs 173.339 million

Clause 21.1 to Clause 25 of the agreement provides to insure the works together with materials and plant by the contractor from the start of the work at the site until the date of issue of the relevant Taking Over Certificate. He was also required to get third party insurance (including Employer's property) against liabilities for death of or injuries to any person or loss or damages to the property arising out of the performance of the contract and provide such evidence to the Employer prior to start of work. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance. In case of failure of the contractor to keep enforced any of the insurances required, the Employer was to effect and keep enforced the insurances by paying premium and recovery from the payments due to the Contractor.

Audit noted that Chief Engineer/Director Technical awarded following works at the cost mentioned against each.

Name of Work	Contractors	Amount Rs in million	Date
Life Style Apartment Bedian Road Lahore	Best Construction & Rakhshani Builders	8,855.753	13.03.2020
Chaklala Heights Residential Apartments at Chaklala Rawalpindi			
Package I	M/s GHC International	2,242.131	July 2020
Package II	M/s Expertise Pvt Ltd	2,515.52	July 2020
Package-III	M/s GHC International	3,720.54	July 2020
Total		17,333.944	

Audit observed that the Authority did not obtain the required insurance policies from the contractors from its start. Insurance clauses were not enforced timely which put the entire works, equipment, property and labour at risk. The employer was required to deduct the amount from contractor's IPCs and get the insurances enforced. But neither contractor nor the employer did any action. This resulted into non-obtaining of insurance coverage for the works valuing Rs 17,333.944 million and non-recovery of inbuilt cost of premium Rs 173.339 million (1% of contract cost).

The issue was reported to the Authority in August 2021. The Authority admitted non enforcement of contract clause pertaining to insurance coverage for which recovery of the premium was admitted to be effected.

The matter was discussed in DAC meeting held on 28.12.2021. The committee directed to make recovery of the un-insured premium and obtain insurance for the remaining contract duration.

Audit recommends to ensure compliance of DAC directions besides appropriate action.

(DP. 51, 56, 60)

7.4.14 Unjustified enhancement of bid cost - Rs 165.423 million

According to clause IB.27 of standard form of bidding document pertaining to Development & Rehabilitation work in G-13, Islamabad, bid determined to be substantially responsive will be checked by the Employer for any arithmetic errors which will be corrected by the Employer as follows:

- a) Where there is discrepancy between the amounts in figures & words, the amount in words will govern;
- b) Where there is a discrepancy between the unit rate & the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern, unless in the opinion of the

employer there is an obviously gross misplacement of decimal point in the unit rates, in which case the line item total as total will govern and the unit rate will be corrected.

Audit noted that Federal Government Employees Housing Authority awarded a work, “Infrastructure Development and Rehabilitation Works in Sector G-13, Islamabad” to M/s Zafar & Co. at cost of Rs 946.518 million through open bidding process.

Audit observed that in Appendix-D to bid i.e. bill of quantities, several corrections were made without considering aforementioned criteria. No amount in words was given in the BOQs. The total amount changed from Rs 781.095 million to Rs 946.518 million without following the criteria. This resulted in unjustified enhancement of bid cost for Rs 165.423 million.

Audit pointed out the irregularity in July-August 2021. The Authority replied that as per clause IB. 27.2, PEC guidelines the corrections were made by the Employer and the same was reflected by the evaluation committee as notified by the competent authority. The Employer scrutinized the quoted rate and checked arithmetical calculations.

The reply was not accepted because the rates in words were not quoted in the bid. So, the bid was non responsive and was required to be rejected. The corrections were not admissible under clause IB-27.

The matter was discussed in DAC meeting held on 28.12.2021. The committee directed for inquiry as to why the quoted figures were not reproduced in words. The inquiry officer should expressly rule out that no undue favour was given to the contractor by manipulation of rates.

Audit recommends an appropriate action and examining veracity of changes in bid followed by enhancement of bid amount.

(DP. 28)

7.4.15 Irregular payment on account of variations - Rs 86.093 million

According to clause-5 Appendix - D of the construction agreement of Kashmir Avenue Apartments, Islamabad, whole cost of complying with the provisions of the contract shall be included in the items provided in the priced BOQ, and where no items are provided, the cost shall be deemed to be distributed among the rates and prices entered for the related items of the works.

Audit noted that FGEHA awarded a contract “Construction of Kashmir Avenue Apartment G-13 Islamabad” to M/s King concrete Pvt. Limited on 19.03.2020 at a cost of Rs 12,416.457 million.

Audit observed that following non-scheduled/non-BOQ items were measured and paid to the contractor.

S. No.	Item Description	Unit	Quantity	Rates	Amount (Rs)
1	P/L shortcrete average 4” thick	Sft	34,547.00	1,100.00	38,001,700
2	P/L shortcrete average 4” thick full rate	Sft	34,547.00	248.78	8,594,602
3	Testing of RCC piles under static load	Ton	1,920.00	2,100.00	4,032,000
4	Testing of RCC piles under static load full rate	Ton	1,920.00	1,767.19	3,393,004
5	RCC using approved quantity crushed stone aggregate $\frac{3}{4}$	Cft	27,821.00	926.00	25,762,246

S. No.	Item Description	Unit	Quantity	Rates	Amount (Rs)
6	Fixing & removal of retaining wall form work	Sft	28,297.00	223.00	6,310,231
Total					86,093,784

Based on the tender drawings and specifications, these items were part and parcel of the contract and whole cost thereof stood included in the contract irrespective of whether or not the same existed in the BOQ. The contractor was bound to execute the work without separate cost for extra items. This resulted into irregular payment of Rs 86.093 million.

Audit pointed out the irregularity in July-August 2021. The Authority replied that as a result of hard rock excavation, capacity of foundation piles was technically reviewed and pile load test at 480-tons (Non-BOQ, Non-Schedule) was executed. Hence, after the pile load test at 480-Tons the number of foundation piles were reduced. Also seeing the nature of strata sufficiently self-supporting, the protection piles were eliminated from the design and only shotcreting activity for slope stabilization was carried out.

The reply was not accepted because geo tech report finalized in December 2019 concluded pile load test at 400 tons. Similarly, shortcrete items were part of tender drawing. Hence it was the responsibility of the contractor to carry out these items without extra cost. Further, the elimination of protection piles and substantial reduction in foundation piles after tendering process falsified the competitive bidding which was entirely based on the defective design.

The matter was discussed in DAC meeting held on 28.12.2021. The committee directed that variation order with justification be provided to Audit. Moreover, the role of consultant as to the adequacy and completeness of its work be discussed thoroughly and recovery be made as per contract.

Audit recommends appropriate action with regard to defective design besides recovery of the cost of extra items.

(DP. 38)

7.4.16 Non-deduction of income tax - Rs 51.239 million

According to Section 153(1)(c) of Income Tax Ordinance 2001, “every prescribed person making payment on the execution of a contract (other than goods or services) shall at the time of making payment, deduct tax from the gross amount payable @ 7.5% as prescribed in Division III of Part III of the First Schedule”.

Audit noted that development wing of FGEHA entered into JV agreement on 11.10.2019 with M/s Commoners Sky Garden for provision of land and construction of infrastructure for Green Enclave –II (Phase-I) scheme. As per clause–vii of the JV agreement, FGEHA being 1st Party was responsible to release 50% of the value of work previously executed by the 2nd Party M/s CSG equal to Rs 541.746 million.

Audit observed that Development wing of the Authority made payment of Rs 683.191 million as 50% share of already completed work. However, income tax of Rs 10.608 million @ 7.5% was deducted only on the amount of Rs 141.445 million vide Voucher No. 2248 dated 04.02.2020 while the remaining amount of Rs 541.746 million was released without deduction of income tax as evident from Vr. No. 2287 and 2288 dated 06.02.2020. Subsequently, an amount of Rs 9.906 million from deducted tax was refunded back to the JV partner on the premise that M/s CSG had already deposited the tax. This refund was irregular because withholding agent was supposed to deduct the tax at source instead of entertaining refund. Hence, no tax was deducted on the paid amount of Rs 683.191 million. This resulted in non-deduction of tax Rs 51.239 million (Rs 683.191 x 7.5%).

Audit maintains that this was due to weak financial controls.

Audit pointed out the irregularity in July-August 2021. Authority replied that according to the agreement, Authority was required to make payment on account of cost of development to the partner for already developed. Therefore, Authority was not required to deduct withholding tax under Section 153(i).

The reply was not accepted because the Income Tax Ordinance had precedence over the contract provisions. Further, no such exemption existed in the Ordinance.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the Committee was of the view that the Authority was required to deduct withholding tax under Section 153(1). The Committee directed recovery.

Audit recommends appropriate action besides recovery.

(DP. 16)

7.4.17 Irregular grant of extension of time and non-imposition of liquidated damages - Rs 21.634 million

Clause 44.1 of the contract agreement pertains to Extension of Time for Completion under the circumstances beyond the control of both the parties. These are (a) the amount or nature of extra or additional work, (b) any cause of delay referred to in these Conditions, (c) exceptionally adverse climatic conditions, (d) any delay, impediment or prevention by the Employer, or (e) other special circumstances which may occur, other than through a default of or breach of contract by the Contractor or for which he is responsible, being such as fairly to entitle the Contractor to an extension of the Time for Completion of the Works, or any Section or part thereof, the Engineer shall, after due consultation with the Employer and the Contractor, determine the amount of such extension and shall notify the Contractor accordingly, with a copy to the Employer.

Audit noted that Development Wing of FGEHA made construction agreement for Rs 216.343 million and acceptance letter was issued to M/s Zafar & Co on 03.07.2020. Letter of commencement was issued on 06.07.2021. The work was required to be completed within 273 days from the date of commencement i.e. 06.04.2021.

Audit observed from progress reports that the consultants repeatedly pointed out the slow progress of work by the contractor from July 2020 to June 2021 and indicated clear default of the contractor in timely completion of work. The extension was therefore required to be given by invoking clause 47 of the contract and for imposing liquidated damages. Contrarily, extension of time for 8 months was granted under clause of 44.1 of the contract agreement to save the contractor from the recovery of liquidated damages for Rs 21.634 million.

Audit pointed out the irregularity in July-August 2021. The Authority replied that “The Engineer” recommended an Extension in Time for completion for a period of 08 (Eight) months by citing the reasons of additional earth work, adverse weather conditions, revised levels in Sector A & Sector E and effect of apartment works on road activities in Sector A, B & D on Road activities. The said recommendation is based upon the relevant provision of the Contract Agreement.

The reply was not accepted because the consultants in their monthly progress reports pointed out fault of the contractor i.e. deployment of less workforce and machinery. Therefore, clause-44.4 was not applicable for extension.

The matter was discussed in the DAC meeting held on 28.12.2021, wherein the Committee directed the Authority to conduct an inquiry, identify the person(s) at fault for the delay and impose liquidated damages.

Audit recommends appropriate action besides recovery.

(DP. 62)

7.4.18 Execution of JV agreement in violation of approved policy of Cabinet

The Federal Employees Housing Authority (former Housing Foundation) placed a proposal in 158th meeting of the Executive Committee of the Foundation in March 2019 for establishment of private educational institutions and health facilities in Sector G-13 on joint venture basis. The Committee approved the proposal in principle through joint venture agreement under the approved JV Policy of the Foundation subject to observance of rules and regulations. According to the JV Policy approved by the Federal Cabinet in August, 2016 followed by modification in July 2019, the Authority was authorized to enter into JV agreement with those developers willing to provide land and development of infrastructure.

Audit noted that FGEHA floated advertisement in Daily 'Dawn' dated 12.04.2019 for pre-qualification of individuals, firms, companies to establish state of the art school in Sector G-13. Out of three intended bidders, two namely M/S Roots International School and American Lycetuff School System were pre-qualified. While opening financial proposals, M/S Roots International was excluded on the ground that the bid was not in accordance with the financial bidding documents. Consequently, sole bid of M/S American Lycetuff School (ALS) was accepted and JV agreement was made on 30.07.2019 with Dr. Nadeem Kayani proprietor of M/s ALS whereby the Authority handed over its plot having size of 9750 sq. yard in Sector G-13/1 for 20 years @12.5% of the gross receipts to be paid to the Authority.

Audit observed that the JV agreement was irregular as there exists no provision in the JV policy approved by the federal cabinet to hand over the Authority's land to private party. The ECNEC had approved annual ground rent @ Rs 750 per sq. yard for the amenity plot handed over to FED. But the Authority fixed no reserve price before initiating tender process. Advertisement was given only in English daily 'Dawn' while as per rule-12 of PPRs, advertisement was required to be given in

at least two national dailies, one in Urdu and the other in English. This lost the spirit of competitive bidding process. Under the JV agreement, M/s ALS was required to deposit amount of monthly fee which was not done.

This resulted in irregular execution of JV agreement beyond approved policy and non-deposit of the share @12.5%.

Audit pointed out the irregularity in July-August 2021. The Authority replied that Federal Directorate of Education had been unable to provide educational facility to the inhabitants of Sector G-13, Islamabad. FGEHA was compelled to resort to Joint Venture with private educational institutions. Prequalification Notice was published in DAWN and uploaded on PPRA's official website. Three (03) firms submitted their documents. Pre-Qualification Committee pre-qualified two (02) firms who were asked to submit financial proposals. Financial proposals were analyzed and M/s American Lycetuff School System was recommended as the successful bidder by the committee. The same was approved by the Executive Board of the Authority. An amount of Rs 976,186 had been received from M/s ALS on account of 12.5 % of fee by FGEHA.

The reply was not accepted because JV agreement was drawn in July 2019 prior to promulgation of FGEHA Act when the Authority had no rules for leasing. Executive Committee had accorded approval for JV agreement instead of leasing. However, leasing of land to private owner was required to be got approved from federal cabinet which approved JV policy in 2016. Further the Authority disclosed that only a meager amount of Rs 976,186 was received from M/s ALS as 12.5% of fee charged. Thus, the allotment was in fact free of cost.

The matter was discussed in the DAC meeting held on 28.12.2021 wherein the Audit contended that special privilege was given to a private education system. JV policy did not allow lease of land for educational purpose, whereas agreement was enforced with a party as JV. No reserve price was determined before execution. Process of bidding, besides

recovery mechanism was not provided to Audit. FGEHA explained that the opportunity was advertised in newspaper and after proper evaluation and shortlisting, one out of four participating school systems, was approved. After detailed discussion, conclusive decision could not be made and DAC decided to place the matter before PAC. The DAC further directed the department to provide record regarding advertisement, prequalification criteria, evaluation of property for leasing, comparative statement, revenue sharing/recovery mechanism for verification.

Audit recommends early compliance of DAC directives

(DP. 24)

7.4.19 Issuance of offer letters to the allottees without confirmation of the earlier allotment of plot/house by any Government Agency

According to the eligibility/seniority criteria approved by the Executive Committee of the FGEHF (now FGEHA) in its 142nd meeting held on 28.09.2016, only those federal government employees are eligible for allotment of plots who have not earlier been allotted any plot/house in Islamabad/Rawalpindi by FGEHF/CDA or any government agency. Further, if it is found that allotment has been secured by giving false information, the same will be withdrawn and plot along with entire deposited amount till that date will be forfeited by FGEHF.

Audit noted that Director, Estate Wing, FGEHA issued 4370 provisional offer letters to the federal government employees in sector F-14/15 and 956 provisional offer letters in Park Road scheme.

Audit observed during scrutiny of the 38 allotment files pertaining to FGEHA and M/o Housing & Works quotas that provisional letters were issued to the employees on the basis of affidavit given by the employee as forwarded by the concerned administrative department to FGEHA instead of getting the earlier allotment of plot/house in Islamabad/Rawalpindi confirmed from the CDA/PHA or any

government agency besides certification by the Estate Wing of FGEHA. Thus, the chances of the allotment of more than one plot to the government employee could not be ruled out.

Audit observed that the irregularity was due to weak financial and administrative controls.

Audit pointed out the irregularity in January 2021. The Authority replied that the provisional letters were issued to the officers of Ministry of Housing & Works as well as FGEHA after checking/verification of previous allotments if any made to them, through our database. Besides this, affidavits were provided by the officers concerned about non-allotment of a plot in the past.

The reply was not accepted because this was the requirement of eligibility criteria approved by Executive Committee which was required to be adhered to.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein, the committee directed to take NOC from CDA and PHA regarding allotment of plots. Para was kept pending.

Audit recommends that allotments be reviewed after taking NOC as per approved policy/criteria.

(DP. 05)

7.4.20 Formulation of allotment policy 2016 in violation of Prime Minister's Instructions

Allotment Policy 2016 submitted to the Prime Minister of Pakistan was returned back on 01.09.2016 to FGEHA with the direction that the policy should be decided by the FGEHA at its own level considering the following points.

- i) Any such policy should comply in letter and spirit with the provision of Abolition of Discretionary Quota in Housing Schemes Act-2013 and
- ii) There should be no special quota for any group/ service or organization at all, as a matter of principles of equity and fairness.

Audit noted that Federal Government Employees Housing Authority while approving Allotment Policy 2016 in its 142nd Executive Committee meeting held on 28.09.2016 allocated separate quotas to different Government Offices/Organizations/Authorities for allotment of plots to the employees of federal government who have been registered in different categories.

Audit observed that the Authority allotted plots to the federal government employees under these quotas from 2016 onward in violation of the directions of the Prime Minister. This deprived federal government employees who fall under the general quota from their legitimate right of plots.

Audit observed that the irregularity was due to weak financial and administrative controls.

Audit pointed out the irregularity in January 2021. The Authority replied that the status of the employees of Ministries, Divisions, Attached Department, Sub-Ordinate Offices, /Autonomous Bodies, Corporations, Authorities and constitutional Bodies is different as defined in Civil Servant Act, 1973. Therefore, the Authority tried its best to accommodate the serving, retired and widows of the employees of all categories of the departments allocating different quotas.

The reply was not accepted because the status given in the Act was in terms of functions and responsibilities of the Ministries, Divisions, attached departments etc. It did not debar the employees from applying for housing facility in the Authority. Rather, this in fact provide

basis to get housing facility at fast track by persons with little length of service through these quotas.

The matter was discussed in the DAC meeting held on 08.12.2021, wherein the committee directed the department to implement the decision of the Cabinet as well as High Court regarding abolition of quota.

Audit recommends that policy be reviewed being inconsistent with the directions of the Prime Minister and re-cast the allotments made thereunder.

(DP. 06)

7.4.21 Non-production of record for audit

Section 14 (2) of Auditor General's Ordinance, 2001, states "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 complete form as possible and with all reasonable expedition".

Audit observed that the FGEHA (then Foundation) entered into JV agreement with M/s Progressive Resort & Motels (Pvt) Ltd and incorporated a new authority namely EHF-PRO (Pvt) Ltd. in May 2010. The entity holds 50% shares of the Authority. Audit further observed that Authority handed over its land in G-13 to EHFPRO for construction of Life Style Residency Apartments in 2016. Audit for 2019-20 & 2020-21 was taken in June 2021 and following auditable record pertaining to this JV agreement and subsequent process was requisitioned on 23.06.2021, 15.07.2021, 28.07.2021 and 11.08.2021.

- JV agreement alongwith original business plan /revised plan.
- All addendum to agreement
- Annual Budget showing allocation of funds for Development/ Maintenance works undertaken by the Entity
- Feasibility Reports
- Registration of EHFPRO as SPV
- Detail of funds transfer to FHFPRO

- Terms & conditions for transfer of land G-13 to EHFPRO.
- Approved variation orders
- Detail of receivables of the Authority against the Entity
- Detail of revenue/receipts collected by the Entity
- Minutes of Board of Governors of the Entity
- Status of FHFPRO after conversion of Foundation into Authority under Act of Parliament.
- Pre-qualification of consultants and contractors made by the Entity
- PC-I of the projects approved by the Entity
- Bidding documents of the projects
- Contract Agreements of Contractors/ Consultants, and case files
- IPCs/EPCs
- MBs of project
- Details of price escalation paid to contractor of project
- Approved procedure for payment by the entity
- Monthly/ Physical Progress Reports of all projects
- Allotment criteria

The Authority instead of producing above record for audit forwarded the requisition of record to EHF-PRO on 06-08-2021. This was apparently an attempt to avoid the production of record because all processes right from initiation of JV agreement rests with the Authority.

Audit pointed out the irregularity in July-August 2021. The Authority did not reply.

The matter was discussed in DAC meeting held on 28.12.2021 wherein the committee took serious note of the matter and directed the Authority to produce the record immediately failing which action be taken against the person (s) at fault.

No compliance of DAC directives was made till finalization of report.

Audit recommends that complete record be produced to Audit for scrutiny.

(DP. 65)

CHAPTER 8

HIGHER EDUCATION COMMISSION

(INFRASTRUCTURE DEVELOPMENT EXPENDITURE OF FEDERALLY CHARTERED UNIVERSITIES)

8.1 Introduction

A. Higher Education Commission (HEC), formerly University Grants Commission, was established through Higher Education Commission Ordinance 2002, for improvement and promotion of higher education, research and development. The Commission is a corporate body having perpetual succession and a common seal with power, subject to the provisions of the Ordinance, to acquire, hold and dispose of property, both moveable and immovable. The Headquarters of the Commission is located at Islamabad. The Executive Director, HEC is the Principal Accounting Officer.

The Commission, for the evaluation, improvement and promotion of higher education, research and development, may:

- i. Formulate policies, guiding principles and priorities for higher education institutions to promote socio-economic development of the country.
- ii. Review and examine the financial requirements of Public Sector Institutions and provide funds to these institutions on the basis of annual recurring needs as well as development projects and research, based on specific proposals and performance.
- iii. Approve funds for the Public Sector Institutions ensuring that a significant proportion of the resources are allocated for promoting research, establishing libraries and executing projects within the ceiling specified for Departmental Development Working Party (DDWP) and Executive Committee of National Economic Council (ECNEC).

Directorate General Audit Works (Federal) is responsible for audit of infrastructure development (PSDP) expenditure of federally chartered universities/institutions under Higher Education Commission. Further, as per Auditor General of Pakistan policy decision, issued vide letter No. AP&SS/C/Audit Jurisdiction/2015/106 dated 20.03.2015, the Directorate General Audit Works (Federal), has also been assigned the responsibility to comment upon the overall status of Federal Government Grants utilization by HEC on infrastructure development projects.

B. Comments on Budget and Accounts (Variance Analysis)

Budget allocation and expenditure relating to 144 Infrastructure Development Projects of PSDP of Universities/Institutes under Higher Education Commission, Islamabad for the financial year 2020-21 is as under:

(Rs in million)

Type of Funds	Budget Allocation	Funds Released	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) in %age
<i>Federal PSDP (HEC)</i>	29,470.00	29,470.00	24,558.89	4,912.00	16.67

Audit evaluated overall performance of HEC with reference to utilization of development budget. Audit observed as follows:

1. A sum of Rs 29,470 million was allocated and released for Higher Education Commission in Federal Public Sector Development programme (PSDP), against 144 development schemes. An expenditure of Rs 24,559 million was incurred during the period. This reflected that funds amounting to Rs 4,912 million i.e. 16.67% remained un-utilized.
2. As against 81 Projects, an expenditure worth Rs 11,477.349 million was incurred against the released amount of

Rs 18,489.116 million resulting in less utilization of funds for Rs 7,023.767 million which constitutes 62%.

3. Against an allocation of Rs 400 million for 11 projects, an expenditure of Rs 1.63 million was incurred. This visualized that the progress of execution of works was not in line with the targets set in the PC-I and approved work plan and management could not utilize available funds which led to non-achievement of planned objective due to ineffective financial/monitoring control.
4. The savings of Rs 7,023.767 million were not surrendered to government as required.
5. In 53 cases, HEC released funds of Rs 10,650.865 million during the year 2020-21 but different Universities/Institutions incurred expenditure of 13,540.804 million. This showed that these Universities/Institutions incurred expenditure of Rs 2,886.513 million out of the savings of the previous years. The excessive funds were, therefore, not surrendered in the respective financial years. Funds were retained unspent during the previous year and utilized in the subsequent year.

C. Audit Profile of HEC

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue/ Receipts audited FY 2019-20
1	Formations	18	04	1,570.008	-

Note: In addition to above, seven formations audited during Phase-II of 2020-21 involving expenditure of Rs 2,991.409 million and results incorporated in this report.

8.2 Classified summary of Audit observations

Audit observations amounting to Rs 1,336.008 million were raised in this audit report. This amount also includes recoveries of

Rs 1.015 million, as pointed out by the audit. Summary of the audit observations classified by nature is as follows:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement related irregularities	335.419
B	Execution of works, contract agreement	1,020.589
Total		1,356.008

8.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2013-14	14	14	02	12	14.29
2014-15	08	08	02	06	25.00
2015-16	09	09	01	08	11.11
2016-17	12	03	0	03	0
2017-18	11	11	03	08	27.27

Note: Audit Report for 2016-17 was partially discussed while Audit Reports for the year 2012-13, 2018-19 and 2019-20 are yet to be discussed by PAC.

8.4 AUDIT PARAS

8.4.1 Irregular construction of buildings without mutation of land/NOC/building plan from the CDA - Rs 2,918.537 million

Regulation 2.2.2 of Islamabad Residential Sectors Zoning (Building Control) Regulations, 2005 provides that no building or structure shall be constructed or any additional/alteration made thereon except (a) with the prior approval of the Authority, and (b) Minor internal repairs; in accordance with the Building and Zoning Regulations, or instructions issued by the Authority in this behalf from time to time.

Audit noted that Project Management, Establishment of Main Campus of Federal Urdu University of Arts, Science & Technology (FUUAST) at Islamabad awarded a work, “Construction of Administration and Academic Blocks at Main Campus of FUUSAT Islamabad” to M/s JASPAL Construction Co. on 20.03.2018 at contract cost of Rs 602.884 million with date of start on 04.05.2018 and stipulated completion period of 637 days. The work was to be completed on 31.01.2020. The EOT was granted up to 17.11.2020. The work was still in progress. The contractor was last paid in 22nd IPC for Rs 596.944 million on 21.05.2020.

Audit observed that the university purchased 80 kanals land for Main Campus at Islamabad which was not in compact position. The record showed that land measuring 34 kanals & 19 marlas was located outside of boundary of the university. Construction work was started without attaining ownership/mutation of the land measuring 34 kanals & 19 marlas and in absence of prior approval of Building Plan from CDA.

Audit further observed that following building construction works for Rs 2,315.653 million were also started without approval of building plans:

S. No.	DP. No.	Name of work	Amount (Rs in million)
1	30	NUST Campus Quetta	1,958.744
2	64	Construction of Academic Block for Departmental of Pharmacy and Construction of 300-Seater Capacity Girls Hostel at Quaid-e-Azam, University Islamabad	356.909
Total			2,315.653

Audit pointed out the irregularity in December 2020. The management of FUUAST replied that the mutation of land has been completed. In 2017, the University has started the execution of the project as per the order of the Honorable Supreme Court of Pakistan for the construction of the campus and vacation of the rented building of WAPDA. Now the matter is under consideration of CDA for issuance of NOC. Other institutions did not reply.

The reply was not accepted because Regional Planning Directorate, CDA Planning Wing, vide its letter dated 29.07.2020 intimated that the university purchased 80 Kanals land wherein only 45 Kanals- 01 marla was inside the boundary of the project and land measuring 34 kanals & 19 marlas was located outside the boundary. Further, the land measuring 45 Kanals was not contiguous and in disconnected parts.

The matter was discussed in DAC meeting held on 14.12.2021. The management of FUUAST informed that issues under DP.01&05, have been under consideration of National Assembly Standing Committee on Federal Education and Professional Training, which in its 8th meeting held on 02.09.2020 constituted a sub-committee.

DAC directed the management to resolve the land issues within four weeks. A comprehensive case regarding approval of building plan may be submitted to Capital Development Authority (CDA) through HEC and report may be submitted to Audit. Compliance to DAC decision was not reported till finalization of the Report.

Audit recommends early compliance of DAC's decision.

(DP. 01, 03, 05, 30, 64)

8.4.2 Non-surrender of PSDP development funds - Rs 1,695.675 million

Rule 95 of GFR (Vol-I) provides that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than cut date fixed by the Government each year in any case unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

Audit noted that Project Management of different Universities awarded contracts/works to different contractors for establishment campuses.

Audit observed that Development funds were allocated by Federal Government during the financial year 2019-20 and 2020-21 for different works. The Federal Government allocated and released funds for the said projects but the management could not utilize the sum leaving a balance of Rs 1,695.669 million unspent and record showed that the PSDP funds were not surrendered rather retained in current accounts for utilization in next year, which was irregular. This resulted into non-surrender of development funds of Rs 1,695.669 million, as detailed below:

S. No.	DP No.	Name of Division	Amount (Rs in million)
1.	06	Federal Urdu University of Arts, Science & Technology, Islamabad	3.873
2.	24	National University of Science & Technology Islamabad	911.825
3.	36	International Islamic University, Islamabad	132.506

S. No.	DP No.	Name of Division	Amount (Rs in million)
4.	59	Quaid-e-Azam University, Islamabad	45.661
5.	74	International Islamic University, Islamabad	233.567
6.	94	Karakorum International University	283.63
7.	106	Federal Urdu University of Arts, Science & Technology, Islamabad	84.607
Total			1,695.669

Audit pointed out the irregularity in June-November 2021. The department replied that the universities opened current account as per instructions of the funding agency, Higher Education Commission. The reply of the department was not tenable. Unutilized funds were required to be surrendered.

The matter was discussed in DAC meetings held on 14.12.2021, 11.01.2022, 21.01.2022 and 15.02.2022. The management explained that Ministry of Finance has given waiver regarding maintenance of assignment account on running projects till December 2021. Audit contended that all the logic and arguments are unjustified as it was an issue of lapse of fund which comes under financial mismanagement. DAC discussed the para in detail and directed that matter be examined at an appropriate level in HEC besides fixing responsibility, taking disciplinary action against persons responsible for financial mismanagement and also directed to obtain ex-post facto approval.

Audit recommends compliance of DAC directives.

(DP. 06, 24, 36, 59, 74, 94, 106)

8.4.3 Unauthentic payment due to non/improper maintenance of measurement books - Rs 1,301.101 million

Para 208 of Central Public Works Account Code provides that payments for all work done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB) form 23, in accordance with the Rule in Para 209. The MB should, therefore, be

considered very important account record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

Public Accounts Committee Secretariat issued Office Memorandum vide No.F.10(1)/2016-17-PAC dated 15.11.2017 to all Principal Accounting Officers for strict compliance of the PAC directives regarding compliance of recording actual/date-wise measurement in the Measurement Books, otherwise they will be held responsible by the Public Accounts Committee.

Audit noted that three (03) Educational Institutions awarded works to the different contractors for the construction of buildings and paid an amount of Rs 1,301.101 million on account of work done to the contractors, as detailed below:

S. No	DP No.	Name of Division	Amount (Rs in million)	Remarks
1.	20	Shaheed Zulfiqar Ali Bhutto, Medical University, PIMS, Islamabad.	615.301	Improper Maintenance
2.	27	National University of Science & Technology Islamabad (Quetta Campus)	156.418	Non-maintenance
3.	50	Bahria University, Islamabad	529.382	Improper Maintenance
Total			1,301.101	

Audit observed that payment was made to the contractors without recording of detailed measurements and without proper entries in the measurement book. Further, no date wise measurements were taken, the person measuring the work done was unknown, no test checks were carried out, no pass order was fixed on the MB and consultants did not authenticate measurements on MB.

This resulted in unauthentic payment due to non/improper maintenance of measurement books of Rs 1,301.101 million.

Audit pointed out irregularity in 2020-21. The department replied in DP. 20 that Measurement Books are being maintained as per the prescribed rules and instructions. No reply was furnished for DP. 27 and for DP. 50, department responded that the payments were made through IPCs duly certified by the consultant.

The reply was not acceptable because measurement books were not being prepared as per rules and without properly recorded MBs, veracity of work done and expenditure could not be ascertained.

The matter was discussed in DAC meeting held on 14.12.2021 and 15.02.2022. For DP. 20 & 50, DAC directed the university management to conduct a Fact-Finding Inquiry, fix responsibility and share the outcome with Audit through HEC. Compliance to DAC decision was not reported till finalization of the Report.

Audit recommends early compliance of DAC's decision.

(DP. 20, 27, 50)

8.4.4 Non-adoption of PEC standard bidding documents for construction works - Rs 557.815 million

As per Planning and Development Division, letter No. 1(780) PP&H/PC/2007/Vol-II dated 24.12.2009, the deadline of 01.07.2009 was fixed for the departments to adopt the PEC bidding documents, failing which, Planning Commission and Finance Division shall not make the releases.

Audit noted during scrutiny of accounts record of "Establishment of NUST Campus, Quetta" that four works of the project were awarded and executed during the financial year 2019-2020 for total cost of Rs 557.815 million as under:

Project	Contractor	Contract cost (Rs)
Construction of Academic Block at NUST campus Quetta	M/s Khan Traders Constructors & Designers	182,550,038
Construction of administration block, auditorium hall and library at NUST campus Quetta	M/s Jaffar Estate & Builders (Pvt)Ltd	199,130,045
Construction of Boys Hostel at NUST Campus Quetta	M/s Origin Enterprises	87,061,499
Construction of 3X Beds faculty staff apartments (category-II)	M/s A.Z Brothers (Pvt) Ltd	89,073,873
Total		557,815,455

Audit observed that revised PEC Standard Bidding/Contract Documents were not implemented/adopted with regard to the contracts of the said works. Whereas, contract agreements were being executed on MES adopted contract agreement forms in violation of the decision of ECNEC.

This resulted in non-adoption of PEC bidding documents for construction works for Rs 557.815 million.

Audit pointed out the irregularity in January 2021. The management did not reply.

DAC meeting was not convened despite request made by Audit on 19.12.2021, 31.12.2021, 03.01.2022, 04.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing of responsibility for showing deviation from the approved procedure of contract documents and further proposed HEC to ensure implementation of the decision of ECNEC for adopting standard bidding and contract documents.

(DP. 29)

8.4.5 Loss due to award of work at higher rates - Rs 76.992 million

As per “Guidelines for Project Management” issued by Planning Commission, Government of Pakistan in August 2008 para 11 (Implementation Stage) Sl. No.15, at the time of award of contract if it is found that the cost of project would exceed the approval limit by 15%, the project be got revised and approved by the competent forum before implementation.

Audit noted that IIUI awarded the work “Construction of i) Library block, ii) Shariah Hostel iii) Medical Center (Package-IV) at H-10 campus Islamic International University Islamabad, to M/s Sarhad Engineering & Electric Co at an agreement cost of Rs 384.660 million vide acceptance letter No. P&D (04) PC-I/21/IIU-1549 dated 29.01.2021 with a completion period of 17 months.

Audit observed that total allocation against civil work for the above-mentioned package was Rs 307.668 million (civil works & external development) but work was awarded at Rs 384.660 million with excess of Rs 76.992 million i.e. 25% beyond the approved PC-I provision.

This resulted in irregular award of works of Rs 76.992 million at higher rates beyond PC-I.

Audit pointed out the matter in August 2021. The management replied that the work in question was awarded in the line of the provisions of the PC-I, hence there was not a major change in the scope of work of the project. The total Civil Works awarded cost is within the sanctioned amount of the PC-I.

The reply was not acceptable because the work was awarded at higher cost without revision of PC-I as required.

The matter was discussed in DAC meeting held on 21.01.2022 wherein DAC discussed the para in detail and directed that a fact-finding inquiry committee may be constituted by HEC (M&E Division) regarding irregular award of work beyond approved PC-I provision and report be shared with Audit.

Audit recommends fixing of responsibility for award of work beyond PC-I provision besides recovery of higher rates at the earliest.
(DP. 84)

8.4.6 Excess payment due to excessive quantities without approval of the competent forum - Rs 196.244 million

As per Government of Pakistan, Planning and Development Division letter No.20 (1)DA/PC/79-Vol.XIV dated 22.06.1980 “If the total estimated cost as sanctioned increases by a margin of 15% or more or if any significant variation in the nature of scope of the project has been made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/competent authority shall be obtained in the same manner as in the case of the original scheme without delay”.

Audit observed that in the following cases, Management of the Universities made payment of Rs 196.244 million against excessive quantities of items of works than those provided in BOQ/TSE and for extra/substituted items without approval of the competent authority:

S. No.	DP No.	Name of Division	Amount (Rs in million)
1.	13	Shaheed Zulfiqar Ali Bhutto, Medical University, PIMS, Islamabad.	114.397
2.	53	Bahria University, Islamabad	81.847
Total			196.244

Audit pointed out the irregularity in December 2020 and June 2021. The management of Shaheed Zulfiqar Ali Bhutto, Medical University, PIMS, Islamabad, replied that the approval of revised estimate from the competent authority is not required. Bahria University

management replied that the excess quantities have been executed and paid to the contractor as per actual requirement of work at site. Necessary approval of competent authority i.e. Rector BU with justification would be obtained on completion of the work.

The reply was not accepted because material deviations from the approved provisions require approval of the competent forum, which accorded administrative approval of the work, which was not obtained.

The matter was discussed in DAC meeting held on 14.12.2021 wherein for DP. 13, DAC directed the university management that a comprehensive fact-finding report with full justification and documentary evidence may be prepared and provided to Audit through HEC. DP. 53 was discussed in DAC meeting held on 15.02.2022 wherein DAC directed the university management to submit the case to HEC for examination of variations and approval.

Audit recommends fixing of responsibility for poor estimation besides taking corrective action.

(DP. 13, 53)

8.4.7 Award of work without open tendering - Rs 182.550 million

Rule 12(2) & (3) of Public Procurement Rules 2004, provides that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency: All procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation.

Audit noted that the Director PMO, NUST "Establishment of NUST Campus, Quetta" invited bids for "Construction of Academic Block at NUST campus Quetta" on 03.04.2019. As per advertisement, the bids were to be opened on 18.04.2019. Audit further noted that the scope

of the work was increased before opening of the bids and accordingly, estimates of the work were revised from Rs 146.360 million to Rs 175.913 million through addendum No. 1 dated 16.04.2019. Date of bid opening was also revised from 18.04.2019 to 19.04.2019 (one day). The work was awarded to M/s Khan Traders Constructors & Designers at agreement cost of Rs 182.550 million

Audit observed that the management intimated the prospective bidders (who already purchased the bidding documents) about the change of scope of work and revision of bid opening date on 15.04.2019 through letters on 16.04.2019 instead of open advertisement regarding revised scope of work from Rs 146.360 million to Rs 175.913 million. This resulted in award of work without open competition amounting to Rs 182.550 million.

Audit maintains that the irregularity occurred due to non-adherence to the bid evaluation criteria and public procurement rules.

Audit pointed out the irregularity in January 2021. The management did not reply.

DAC meeting was not convened despite frequent requests made by Audit on 19.12.2021, 31.12.2021, 03.1.2022, 04.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends fixing of responsibility for award of work in violation of Public Procurement Rules 2004.

(DP. 34)

8.4.8 Unauthorized change in design/scope resulted in increase in outlay - Rs 149.656 million

Annexure 2 of Planning Commission Project Guideline provides that if any significant variation in the nature and scope of the project has been made irrespective of whether or not it involved an increase in

outlay, the approval of CDWP/Competent forum shall be obtained in the same manner as in the case of original scheme without delay.

Audit noted that PC-I of the project “Expansion & Upgradation of International Islamic University Islamabad was approved by CDWP in its meeting held on 06.10.2016 (Administrative Approval was issued on 15.09.2017) with execution period of 48 months. Total cost of the project was 2,524.358 million along with Foreign Exchange Component of Rs 398.852 million.

Audit observed during scrutiny of record that management while executing various works deviated from approved PC-I in terms of covered area without approval from competent forum i.e. CDWP (**Annexure-X-1**).

Audit holds that deviation from approved PC-I without approval caused increase in cost of Rs 149.656 million (**Annexure-X-2**).

Audit pointed out the matter in August 2021. The department replied that at the time of execution of the project and designing, some imperative adjustments are done in the building design in the line of end user requirements, where minor deviation occurred. Similarly, cost of all civil works awarded comes to Rs 1707.437 million which is Rs 17.13 million less against the PC-I provision for Rs 1,724.567 million.

The reply was not accepted because deviations from the approved scope of work were made without approval of the competent forum.

The matter was discussed in DAC meeting held on 21.01.2022 wherein the Committee was directed that a fact-finding inquiry committee may be constituted by HEC (M&E Division) regarding irregular/ unauthorized change in design/scope of works and report be shared with Audit.

Audit recommends early finalization of the fact-finding report besides initiating an appropriate disciplinary action against the responsible officers.

(DP. 86)

8.4.9 Higher cost due to delay in execution of approved works - Rs 106.644 million

According to Rule-10(i) and (ii) of GFR (Vol-I) regarding standards of financial propriety, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

PC-I of the project “Expansion & Upgradation of International Islamic University Islamabad was approved by CDWP in its meeting held on October, 06, 2016 with execution period of 48 months. Total cost of the project was Rs 2,524.358 million along with Foreign Exchange Component of Rs 398.852 million.

Audit observed that despite approval of CDWP in the year 2016, following components of the project were awarded with a delay of four years:

(Rs in million)					
S. No.	Sub-head	PC-I cost dated 06.10.2016	Date of award of work	Contract Cost	Higher cost
1	Construction of Library for female students, Hostel for Shariah academy and medical center for students Package-IV	307.668	29.01.2021	384.660	76.992

S. No.	Sub-head	PC-I cost dated 06.10.2016	Date of award of work	Contract Cost	Higher cost
2	Construction of shared block for Center of Research in advance Electronics, Center of Inter disciplinary research, Clinical psychology and Economics	416.705	12.11.2020	446.357	29.652
Total					106.644

Delay in implementation of the approved project caused cost escalation of Rs 106.644 million.

Audit pointed out the matter in August 2021. The department replied that the PC-I had a provision of Rs 1724.567 million for the Civil Works Component whereas the cost of all civil works comes to Rs 1707.437 million (which is Rs 17.13 million less against the PC-I provision of Civil Works component). The spread of Covid-19 and the countrywide lockdown imposed from March 2019 till June 2019 adversely hampered the progress of all activities. Later also the partial lockdowns adversely effected the progress.

The reply was not accepted because delay in project implementation resulted in additional cost of the approved project.

The matter was discussed in DAC meeting held on 21.01.2022 wherein the Committee directed that a fact-finding inquiry committee may be constituted by HEC (M&E Division) regarding extra ordinary delay in preparation of estimates/execution of work and report be shared with Audit.

Audit recommends early finalization of the fact-finding report and initiation of appropriate disciplinary action against the responsible officers.

(DP. 83&85)

8.4.10 Undue benefit to suppliers due to not opening of LC - Rs 101.630 million

Condition No. 9 (a) Incoterms (Internationally recognized sale terms): CPT-Islamabad, (b) 100% LC at sight with condition to deposit 10% performance security in the form of CDR by local supplier within 10 days and 10% of the total invoice amount in form of CDR after delivery of ordered equipment as Guarantee Money covering risk for warranty period. Or (c) 10% Advance payment through TT with condition of 110% of total invoice amount to be deposited by Local Supplier within 10 days after issuance of Purchase Order as security and Performance Guarantee in the form of CDR or Bank Guarantee and will be released after successful delivery of the equipment and 10% of the total invoice amount in form of CDR after delivery of ordered equipment as Guarantee Money covering our risk for warranty period.

Audit noted that Project Director International Islamic University Islamabad issued supply orders on 20.02.2020 and 03.04.2020 for procurement of lab equipment worth Rs 101.630 million. 10% Performance Security was deposited in shape of CDR by suppliers only. Opening of Letters of Credit and other expenditure was incurred by International Islamic University Islamabad. Payment made against LC Margin was Rs 101.630 million.

Audit observed that Project Director International Islamic University Islamabad opened LC for procurement of lab equipment against manufacturer's bank instead of supplier who submitted and won the bid. Suppliers deposited only 10% performance security and all amounts of procurement and processes of opening of LC and other expenditures like custom clearance, insurance, air cargo etc. were paid by

procuring agency. This resulted into undue benefit to suppliers due to non-opening of LC for Rs 101.630 million, as detailed below:

S. No.	Lab Equipment	Name of supplier	Adjustment of LC Margin + LC charges
1	Cyclic Voltmeter	M/s Analytical Measuring Systems (Pvt) Ltd.	1,574,016
2	Machine Trainer	M/s Rastek Technologies	2,017,760
3	Confocal Laser Scanner Microscope	M/s Global Marketing Services	23,905,827
4	Refrigerator Double Door	M/s Irfan Enterprises	1,181,589
5	Film / Coating Thickness Profilometer	M/s Shah Scientific Solution Pvt Ltd.	4,916,178
6	Power system Trainer	M/s Intermark Pvt Ltd.	23,498,113
7	Multi-Function Film Coater and DC/RF Dual Head Magnetron Plasma Sputtering coater	M/s Ariston Tradelink's	11,128,539
8	PECVD Split tube Furnace	M/s Ariston Trade links	3,988,575
9	Vibrating sample magnetometer	M/s AIDL Associated Instrument distribution (Pvt) Ltd	29,419,878
Total			101,630,475

Audit maintains that undue benefit was given to supplier due to weak internal control and non-adherence to rules and regulations.

Audit pointed out the matter in August 2021. The management replied that different supply orders for procurement of sophisticated lab equipment on LC basis were issued to receive maximum benefit, for which Lab Equipment Committee was constituted. Direct import of the lab equipment instead of local purchase through supplier attracts more benefit as guaranteed original products with all accessories as per International Standards and no middle man commission would be paid. IIU being a public sector university is exempted from taxes. It would also reduce equipment cost almost by 50 to 60%.

The reply was not acceptable because it was not mentioned in advertisement nor in terms and condition regarding opening of LC by IIUI. Had the opportunity been advertised it would have fetched more competitive rates. Thus, undue benefit was given to contractor.

The matter was discussed in DAC meeting held on 21.01.2022, wherein DAC directed that a fact finding inquiry committee may be constituted by HEC (M&E Division) for extending undue benefit to suppliers and report be shared with Audit.

Audit recommends compliance of DAC directives.

(DP. 89)

8.4.11 Unjustified payment due to below specification work - Rs 73.974 million

As per BOQ / agreement of the work “Construction/Establishment of school of dentistry at SZAB, Medical University, PIMS, Islamabad” The contractor quoted the rate for item of work i.e. Supply and installation of 6 passenger elevator (Lift) manufactured by Hitachi, Hyundai, Mitsubishi, LG) with Machine Room above, speed 1.0 M/Sec, 8 stops, General Drive, Microprocessor Controlled, Steel finish inside walls, Automatic two panel center opening door with all communication, protection and safety features and the required civil works with vibration isolators, counter weight & AC unit for Machine Room complete in all respect as per drawings, specifications and instructions of the Engineer In-charge.

As per contract agreement for “Network Infrastructure for NCMS/Engineering Block at Bahria University Karachi Campus” awarded to M/s Silicon Technologies on 03.10.2019, the items of work to be supplied by the supplier, were to be of specific make/made.

Audit noted that the Management of Universities awarded 02 works, “supply installation of Elevator and equipment” to different contractors. The works were awarded to the contractors by specifying the required make/made and specification of equipment.

Audit observed that the contractors failed to provide/execute the items as per specification. Audit further observed that there were no

evidences available in record, which could substantiate that the equipment was of the required make/made as per contract agreement. This resulted in un-justified payment due to below specification work amounting to Rs 73.974 million, as under:

S. No.	DP No.	Name of Division	Amount (Rs in million)
1.	15	Shaheed Zulfiqar Ali Bhutto, Medical University, PIMS, Islamabad.	11.540
2.	56	Bahria University, Islamabad	62.434
Total			73.974

Audit pointed out un-justified payment in 2020-21. The department replied in DP. 15 that the capacity of elevators is measured on certain standards expressed in kg/persons. Since the weight of persons varies a lot the authenticity is judged on basis of capacity in kg. The lifts installed are for 630 kgs and as per standards this capacity in kgs is equal to 8 persons and in DP. 57 a committee of Technical experts was formed by Competent Authority Bahria University to check each and every item delivered by the company in accordance with specifications given in the contract. The Committee carried out complete inspection and accepted the items through user acceptance certificate.

In first case, the reply is not acceptable because contractor quoted extra ordinary low rates against elevators, therefore, it was very difficult for him to execute the elevators on his quoted rates. Thus six (06) passenger elevators were replaced with eight (08) passengers without any justification. Moreover, elevators installed were not according to specification, for which payment was made to the contractor. And in the second case, as the Committee did not mention the make/made against each item in their report, hence the reply is not tenable.

The matter was discussed in DAC meeting held on 14.12.2021. DAC directed the university management regarding DP.15 to conduct a Fact-Finding Inquiry. The inquiry committee will comprise one or two

member(s) from HEC. Report of the inquiry committee may be shared with Audit through HEC. DP. 56 was discussed in DAC meeting held on 15.02.2022, wherein the committee directed the university management to produce import documents and inspection reports to Audit for scrutiny.

Compliance to DAC decision was not reported till finalization of the Report.

Audit recommends an early compliance of the DAC decision.

(DP. 15, 56)

8.4.12 Payment of price adjustment against unjustified weightages of input material - Rs 61.405 million

Part-2, para 4 of PEC Standard Procedure and Formula for Price Adjustment 2009 states that the co-efficient for each specified element shall be calculated and given in the bidding/tender documents. Part-1 part B.1, states that in determining the weightages, Base Data Price alone of an element based on market rate shall be considered excluding cost of construction/ installation, overheads and profit. Engineer's Estimate shall be prepared for complete project. Appropriate Rate analysis of Engineer's estimate shall be made to determine cost of the basic elements.

The work "Construction of Strengthening of Academic and Research Programme Sector H-11/4, Islamabad" was awarded by Bahria University to M/s Capital Builders on 18.01.2018 for agreement amount of Rs 544.547 million with 18 months completion period. The contractor was paid price adjustment for Rs 61.405 million against three sub-heads of works.

Audit observed that during pre-bid meeting of the tendering process, Appendix-C which was provided in original bidding documents, was revised through addendum, as detailed below:

Description	Original Weightages	Revised Weightages
Fixed Portion	0.53	0.35
Local Labour	0.15	0.25
Cement-in bags	0.10	0.10
Reinforcing steel	0.12	0.18
High Speed Diesel	0.05	0.05
Bricks	0.05	0.07
Total	1.00	1.00

Audit observed that the backup calculations for original as well as revised weightages were not available in the record produced.

This resulted in payment of price adjustment against unjustified weightages of input material for Rs 61.405 million.

Audit pointed out the irregularity in June 2021. The Authority replied that the coefficients were fixed on preliminary estimate and adjusted at time of bids. Since the scope of work continued changing and after start of work, some revisions were made to the project. The coefficients need to be adjusted, as per clause 70.1 (f). However, final adjustment if required can only be done after completion of project.

The reply was not accepted because the university management did not produce the backup calculations for original as well as revised weightages in support of reply.

The matter was discussed in DAC meeting held on 15.02.2022, wherein the Committee directed HEC to conduct fact finding inquiry and submit report within two weeks.

Audit recommends compliance of DAC directives.

(DP. 51)

8.4.13 Excess payment due to excessive quantities without approval of the competent forum - Rs 46.991 million

Annexure 2 of Planning Commission Project Guideline provides that if any significant variation in the nature and scope of the project has been made irrespective of whether or not it involved an increase in outlay, the approval of CDWP/Competent forum shall be obtained in the same manner as in the case of original scheme without delay.

Project Director, Establishment of Main Campus of Federal Urdu University of Arts, Science, & Technology (FUUAST) at Islamabad awarded a work, “Construction of Administration and Academic Blocks at Main Campus of FUUSAT Islamabad” to M/s JASPAL Construction Co. vide acceptance letter No. PM/FUU/386/2018 dated 20.03.2018 at contract cost of Rs 602.884 million with date of start on 04.05.2018 and stipulate completion period of 637 days. The contractor was last paid 22nd IPC for Rs 596.944 million vide CV 199 dated 21.05.2020.

Audit observed that excessive quantities of various items of work were executed and payments were made to the contractor beyond the provision of TS Estimate/contract agreement without approval of the competent authority.

This resulted in execution and payment for excessive quantities of Rs 46.991 million without approval.

Audit pointed out excess payment in December 2020. The department replied that the approval of increased quantities in BOQ have been granted and also got approved in the revised PC-1 under the head of civil works.

The reply was not accepted because deviations from the approved scope of work were made without approval of the competent forum. Approved PC-I as stated in reply was shared by the University management with the audit.

The matter was discussed in DAC meeting held on 14.12.2021. The University management informed that a notice has been served to consultant to explain/clarify poor performance. Action will be taken after receiving response from the consultant and shared with Audit accordingly. The DAC directed the management to conduct a Fact-Finding Inquiry and submit report to Audit through HEC.

Audit recommends early finalization of the fact-finding report besides initiation of an appropriate disciplinary action against the responsible officers.

(DP. 02)

8.4.14 Irregular award of procurement of lab equipment costing US\$ 188,000

Rule 36(d)v of PPRA 2004 provides that the technical proposal shall be discussed with the bidders with reference to the procuring agency's technical requirements; and (vi) those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals. Rule 35 of PPRA 2004 describes that the procuring agency shall announce the result of bid evaluation, in the form of final evaluation report giving justification for acceptance or rejection of bids at least fifteen days prior to the award of procurement contract. Provided that in case where technical proposal is to be evaluated separately, prior to opening of financial proposal, the technical evaluation report shall be announced before opening of the financial proposal.

Audit noted that five bids for procurement of Vibrating Sample Magnetometer were received by Project Director International Islamic University Islamabad from three respondents. The names of respondents are Innovative Power Engineering (submitted two proposal), Professional systems (submitted two proposals) and Associated Instrument Distribution. Out of these five bids, both bids of Innovative Power Engineering were technically disqualified. While one bid submitted by Professional systems was technically disqualified for not meeting the desired temperature range criteria whose bidding cost was US\$ 180,400

and contract was awarded to M/s Associated Instrument Distribution at cost of US\$ 188,000.

Audit observed that contract was awarded to M/s Associated Instrument Distribution at cost of US\$ 188,000 whereas bid cost US\$ 180,400 of M/s Professional systems was rejected due to un-desired temperature range. Audit view point is that there was no discussion with the rejected bidders with reference to temperature range as per PPRA rules to give opportunity to revise their technical proposals. Audit further observed that there was no announcement of the results of bid evaluation with justification of acceptance or rejection of bids. This resulted in irregular award of procurement of Lab equipment costing US\$ 188,000.

Audit maintains that irregularity occurred due to inadequate oversight mechanism and ineffective implementation of financial controls.

Audit pointed out the matter in August 2021. The management replied that final evaluation report was posted on PPRA website on 06.02.2020 as per rule 35 of PPRA 2004. It is stated that upon the receipt of demand from CAEPE for purchase of Lab equipment with required specifications duly verified by the Project Director, bids were invited through open tender with the prior approval of competent authority by placing tender notice along with tender documents on PPRA & IIU websites as well as two daily national newspapers (one in English and other in Urdu).

After tender opening, bids were sent to concerned department for technical evaluation. Thereafter, evaluation report prepared by DTC was further evaluated by the Lab Equipment Committee (LEC). The recommendations of the DTC and LEC were placed before Purchase Committee No. 1. As per recommendations of the purchase committee, result of bid evaluation was announced on the PPRA's Website. After passing of prescribed time, supply order was issued to the lowest evaluated firm i.e. M/s Associated Instruments Distribution as per their

quoted price US\$ 188,000 with the prior approval of the competent authority.

The reply was not tenable because there was no discussion with the bidders nor any announcement of the results of bid evaluation thereof giving justification or rejection in final bid evaluation report.

The matter was discussed in DAC meeting held on 21.01.2022 wherein committee directed HEC to probe the matter to fix responsibility and take appropriate action.

Audit recommends compliance of DAC directives.

(DP. 88)

8.4.15 Mis-procurement of consultancy contract - Rs 19.279 million

Rule-4 of Public Procurement Rules 2004 provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical. As per rule-30(3) of PPRA-2004, a bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.

As per rule-29 of PPR-2004, procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Audit noted that expression of interest for pre-qualification of architectural and engineering consultancy services for planning, designing and construction supervision of project of HEC/ Bahria University Islamabad/Karachi, advertisement was given on PPRA website on 17.06.2016 and in two Newspapers (one in Urdu Jhang and in English The News) on 17.06.2016.

In response, 36 technical quotations from all Pakistan were received and technical bids opened on 14.07.2016 by the committee constituted by Registrar. Technical quotations were vetted and scrutinized by the committee. Out of 36, only 12 firms were found responsive and shortlisted. Shortlisted firms were approached on phone to submit financial bids on 15.08.2016. The Standing Purchase Committee (SPC) opened financial bids on 15.08.2016. The M/s Hasan Associates quoted lowest rates and stood lowest bidder with bid cost of 1.84% (@.45% of the project cost for preparing drawings, BOQs tender documents, PC-I&II, etc. and 1.39 % of the project cost for construction supervision).

Later, it was decided for operational viability to select separate consultants for Karachi and Islamabad and evaluation was redone keeping in view the Head Offices of the consultant firms and following consultants were considered for Islamabad and Karachi:

Sr. No.	Station	Consultants	Acceptance date	Rate	Amount paid so far (Rs)
1.	Islamabad	M/s Development Consultancy Services- Main Block	18.01.2018	2.45%	11,522,344
		M/s Development Consultancy Services- Girls Hostel			747,428
2.	Karachi	M/s Qaizar Colombowala-Engineering Block	23.09.2016	2.45%	5,072,050
		M/s Qaizar Colombowala-Engineering Block- Girls Hostel			1,936,815
Total					19,278,637

Audit maintains that the evaluation criteria was changed after opening of bids and lowest bidder with rate of 1.84% was not considered and consultants with bid rate of 2.45% were awarded consultancy contracts.

Audit further observed that as per consultancy contracts, only one Project Manager and one diploma holder was required at site of work for construction supervision. Provision of such a meager staff for construction supervision needs justification.

This resulted in irregular award of consultancy contracts of Rs 19.279 million.

Audit pointed out the irregularity in June 2021. The Authority replied that the matter as pointed out by audit would be replied after detailed scrutiny/review of record and after consultation with President of the Consultant selection Committee (Director Finance BUHO) and then Director (P&D).

The matter was discussed in DAC meeting held on 15.02.2022 wherein the Committee directed HEC to conduct inquiry, fix responsibility and take action against persons responsible within two weeks.

Audit recommends fixing of responsibility for award of work in violation of Public Procurement Rules 2004.

(DP. 54)

8.4.16 Non-insurance of works of Rs 1,015.252 million and non-recovery of insurance premium - Rs 1.015 million

According to special stipulations of contract, minimum amount of third-party insurance should be Rs 500,000 per occurrence with number of occurrences unlimited. As per clause 21.1 of the contract agreement, the contractor shall insure the works, together with materials and plant to the full replacement cost, with an additional sum of 15 per cent of such

replacement cost, to cover any additional costs of and incidental to the rectification of loss or damage.

As per clause 25.3, if the contractor fails to provide the policies to the employer, then the employer may effect and keep in force any such insurances and pay premium and recover the same from the contractor.

Audit noted that three (03) Universities under the Higher Education Commission approved PC-I for construction of different works and awarded the works to different contractors for construction of buildings for Rs 1,015.252 million in 2017 and 2018.

Audit observed that the management accepted contracts without obtaining third-party insurance of works or contractor provided insurance after three years of the agreement.

This resulted in non-obtaining of third-party insurance of works worth Rs 1,015.252 million as detailed below:

S. No	DP No.	Name of Division	Amount (Rs in million)
1.	31	National University of Science & Technology Islamabad	6.500
2.	52	Bahria University, Islamabad	626.229
3.	58	Bahria University, Islamabad	382.523
Total			1,015.252

Audit maintains that third party insurance was not obtained due to non-adherence to contract provision and weak internal control.

Audit pointed out the irregularity in January/June 2021. The management replied in DP. 52 that the contractor provided insurance and in DP. 58 management responded that the contractor is being asked to provide insurance. No reply was furnished for DP.31.

The reply provided for DP.52 was not acceptable because work was awarded in 2018 and contractor provided insurance in 2021 For DP. 58, department admitted that contractor has not provided insurance.

The matter was discussed in DAC meeting held on 15.02.2022, wherein the Committee directed the university management to recover the amount of premium for uninsured period (DP. 52, 58). Remaining DP. 31, could not be discussed in DAC meeting despite frequent requests made by Audit on 19.12.2021, 31.12.2021, 03.01.2022, 04.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that the insurances be obtained from the contractor for remaining period and recovery of premium of un-insured period be made at the earliest.

(DP. 31, 52, 58)

CHAPTER 9
MINISTRY OF PLANNING, DEVELOPMENT AND
SPECIAL INITIATIVES
(SPECIAL PROJECT CELL)
PRIME MINISTER'S PROGRAMME FOR RECONSTRUCTION
& REHABILITATION OF AFGHANISTAN

9.1 Introduction

A. Prime Minister's Programme for Reconstruction & Rehabilitation of Afghanistan was launched during the financial year 2001-02. Initially the Programme was started with a donation of US\$ 100 million which was subsequently increased to US\$ 300 million. The Programme is being implemented through Ministry of Planning, Development and Special Initiatives (Special Project Cell-Afghan Projects).

A Committee for Reconstruction and Rehabilitation of Afghanistan (CRRA) was constituted to provide for institutional base in Government of Pakistan to coordinate its efforts for Reconstruction and Rehabilitation of Afghanistan by Planning and Development Division on 04.12.2001. The Terms of Reference of the CRRA as envisaged in Chief Executive Secretariat U.O. No. 1(32)/DS(D-3)/2001 dated 29.11.2001 are as under:

- i) Identification of Sectors and Public/Private sector companies which can participate.
- ii) Sector-wise need assessment with the help of data available on Afghanistan and preparation of a strategy.
- iii) Assessment of shortcomings of the companies especially, in their capacity to compete in international bidding and rectification thereof.
- iv) Revival of bilateral and multilateral projects where MOU/agreement has already been signed with Afghanistan.

The Projects were being executed through National Logistic Cell, Frontier Works Organization, National Highway Authority, Ministry of National Health Services Regulations and Coordination (NHSR&C), NESPAK, Ministry of Foreign Affairs and Pakistan Public Works Department. As per procedure, payments for work done, supplies made or services rendered are processed on submission of bills by the contractors to Planning, Development & Special Initiative Division (Special Project Cell - Afghan Projects). After scrutiny, Planning Development and Special Initiatives Division forwards the claims to Ministry of Finance which issues surrender order. Planning, Development & Special Initiatives Division releases claims as per surrender order against which AGPR issues cheques after pre-audit.

Directorate General Audit Works (Federal), Islamabad conducted audit of the Programme as per direction of Auditor General of Pakistan in pursuance of the request of Planning & Development Division vide their letter No. 11(52)Afg/PC/2013 dated 03.07.2013. Eleven (11) projects under the Prime Minister's Programme were subject to the audit. Nine projects relate to infrastructure development while two relate to trainings of Afghan officials and scholarships for Afghan students.

B. Comments on Budget and Accounts (Variance Analysis)

Audit was conducted during 2020-21 (Phase-II) covering accounts for the financial years 2018-19 & 2019-20. During the financial years 2018-19 & 2019-20 budget and expenditure figures were as under:

(Rs in million)			
Financial year	Budget	Allocation	Expenditure
2018-19	3,000.00	2,937.688	1,708.868
2019-20	5,000.00	5,000.00	2,724.615
Total	8,000.00	7,937.688	4,433.483

C. Audit Profile of Prime Minister's Programme of Reconstruction and Rehabilitation of Afghanistan

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19 & 2019-20	Revenue/ Receipts audited FY 2018-19 & 2019-20
1	Formations	1	1	4,433.483	-

Note: Entity audited during Phase-II of 2020-21 and results incorporated in this report.

9.2 Classified summary of Audit observations

Audit observations amounting to Rs 2,779.559 million were raised in this audit report. This amount also includes recoverable amount of Rs 68.44 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	2,779.559

9.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Prime Minister's Programme for Reconstruction & Rehabilitation of Afghanistan is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2013-14	20	20	12	08	60
2016-17	01	01	01	-	100

Note: Audit Reports for the year 2018-19 and 2019-20 are yet to be discussed in PAC.

9.4 AUDIT PARAS

9.4.1 Excess expenditure beyond the cost approved by Chief Executive - Rs 2,682.529 million

As per Prime Minister Secretariat letter dated 06.09.2006, Prime Minister approved the cost of Rs 2,484.150 million of three projects to be executed in Afghanistan, as per detail given in following paragraphs.

Audit noted that Special Project Cell, Ministry of Planning Development and Special Initiatives for the Prime Minister Program for Re-construction and Rehabilitation of Afghanistan awarded three works to the contractors to be executed in Afghanistan.

Audit observed that the management incurred expenditure of Rs 5,166.679 million against the approved cost of Rs 2,484.150 million.

This resulted in excess expenditure of Rs 2,682.529 million, as detailed below:

(Rs in million)

S No	Name of Work	Cost approved by PM	Contract Cost	Expenditure incurred	Excess	%age
1	Construction of 200 beds Jinnah Hospital at Kabul	1,200.00	1,087.369	2,102.554	902.554	75.21
2	Construction of 1000 students Hostel for Rehman Baba School Kabul	840.000	951.56	1,786.787	946.787	112.71
3	Construction of Naeb Amin Ullah Khan Logari Hospital Logar Afghanistan	444.150	1,077.508	1,277.338	833.188	187.59
Total		2,484.150	3,116.437	5,166.679	2,682.529	

Audit further observed that the per square foot construction cost of the above projects was on higher side as compared to standards.

Audit holds that excess expenditure was due to weak internal controls.

Audit pointed out the excess expenditure in May 2021. The management did not reply.

The matter was discussed in DAC meeting held on 31.01.2022. In case of DP. 4, the management explained that excess was due to escalation payment claim and exchange rate claim, which was approved by the competent authority. Further, projects were executed in Kabul, which involves higher material cost as it was to be transported from Pakistan. Audit contended that payment of exchange rate claim through post-bid amendment was undue favour to the contractor. DAC directed that record will be thoroughly verified by Audit and if any overpayment is established then recovery will be made in final bill. Other two paras (DP. 5&6) could not be discussed due to non-availability of concerned department.

Audit recommends that excess expenditure be got regularized from the competent forum besides appropriate action against the persons responsible.

(DP. 04, 05, 06)

9.4.2 Less recovery of secured advance - Rs 68.442 million

As per Clause 60.11 of Standard Bidding Documents of PEC, the Contractor shall be entitled to receive from the Employer, Secured Advance against an indemnity bond acceptable to the Employer of such sum as the Engineer may consider proper in respect of non-perishable materials brought at the site but not yet incorporated in the Permanent Works. The recovery of Secured Advance paid to the Contractor under

the above provisions shall be effected from the monthly payments on actual consumption basis.

Audit noted that the Special Project Cell (Afghan Projects) paid Secured Advance of Rs 201.835 million (Secured Advance Rs 133.393 + Exchange rate claim on secured advance Rs 68.442 million) to M/s FWO against the work “Construction of Naeb Amin ullah Logari Hospital Logar Afghanistan”.

Audit observed that while making recovery of Secured Advance, only the amount of the original advance of Rs 133.393 million was recovered whereas exchange rate claim (ERC) of Rs 68.442 million was not recovered. This resulted in less recovery of secured advance of Rs 68.442 million.

Audit pointed out the less recovery in May 2021. The management did not reply.

DAC meeting was not convened despite requests made by Audit on 28.10.2021 and 31.12.2021.

Audit recommends recovery of the amount besides action against the person responsible for less recovery.

(DP. 07)

9.4.3 Excessive and unjustified execution of work - Rs 28.590 million

According to Para 56 of CPWA Code, a properly detailed estimate must be prepared for the sanction of competent authority; this sanction is known as the technical sanction to the estimate and must be obtained before the construction of the work is commenced. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

Audit noted that the Executive Engineer, Central Electrical & Mechanical-II Division, Pak PWD Islamabad (on behalf of Special Project Cell) awarded the work “200 Bed Jinnah Hospital at Kabul Afghanistan (HVAC Works)” to contractor at agreement cost of Rs 211.474 million on 28.09.2015. The work was commenced on 28.09.2015 and was to be completed within nine (15) months. The contractor was paid Rs 270.901 million up to 14th final bill.

Audit observed that extra items for Rs 28.590 million were paid to the contractor. Audit further observed that:

- i. The amount includes Rs 4.648 million on account of dismantling and replacement of false ceiling. This indicated poor planning and defective execution of work.
- ii. An amount of Rs 9.620 million was paid on account of HVAC item, Rs 4.600 million on account of steel shed, Rs 6.111 million on account of 1500 KVA Transformer. This also showed poor planning and estimation on the part of the management.

Audit observed that the design of the project was prepared without proper site survey/determination of requirements causing additional cost. Instead of recovery from the original contractor/consultant due to execution of items beyond the original design, cost of dismantling was paid to the contractor.

This resulted into excessive expenditure of Rs 28.590 million.

Audit pointed the loss in May 2021. The management did not reply.

DAC meeting was not convened despite requests made by Audit on 28.10.2021 and 31.12.2021.

Audit recommends inquiry for fixing of the responsibility besides recovery of the amount.

(DP. 10)

CHAPTER 10
SINDH INFRASTRUCTURE DEVELOPMENT
COMPANY LIMITED
(MINISTRY OF PLANNING, DEVELOPMENT AND
SPECIAL INITIATIVES)

10.1 Introduction

A. Pursuant to the approval of PSDP Scheme i.e. “Green Line Rapid Transit System Karachi” by ECNEC on 04.12.2014, under the Prime Minister’s Directives, Ministry of Communications established Special Project Management Unit (SPMU) on 24.12.2014 to execute the project according to provision of the PC-1. Subsequently, the unit was changed into Karachi Infrastructure Development Company Limited (the Public Sector Company) incorporated under Companies Ordinance, 1984 on 02.06.2015 with the approval of the Prime Minister.

The Company obtained certificate for commencement of business under section 146(2) of Companies Ordinance, 1984 on 23.11.2015. The name of Company changed from Karachi Infrastructure Development Company Limited to Sindh Infrastructure Development Company Limited in the year 2018-19 under section 32 of Companies Act-2017 by extending the jurisdiction of the Company up to entire province of Sindh. Alongside the changing of name of company, administrative ministry was also changed from Ministry of Communication to Cabinet Division. Ministry changed from Cabinet to Planning Development and Special Initiatives in on 26.10.2020.

The principal objective of the Company was to carry out the business of infrastructure and development, expansion and planning, designing, implementation, construction and execution of infrastructure and development in the province of Sindh.

Presently, the following projects were under construction, operationalization and consideration by the company:

1. Green line Bus Rapid Transit System (BRTS) Karachi.
2. Reconstruction of Manghopir Road from Jam Chakro to Banaras
3. Re-Construction of Nishtar Road & Mangho Pir Road
4. Rehabilitation/ Upgradation of existing Fire Fighting System of KMC
5. Construction of Interchange over Malir Link Road to M-9 at KM 13+050
6. Construction of Road over Malir Bund from Dada Bhoy Town / Expressway up to Limits of PNS Mehran, District East, Karachi (Remaining Portion)
7. Operationalization of Green Line BRTS and Installation of Integrated Intelligent Transport System Equipment

B. Comments on Budget and Accounts (Variance Analysis)

- i. The working results of the Company for the year 2020-21 are given below:

(Rs in million)

Particular	FY 2020-21	FY 2019-20	FY 2018-19
Service revenue net	42.983	50.752	100.621
Administrative expenses	(172.827)	(135.508)	(95.675)
Operating Profit/(loss)	(129.844)	(84.756)	4.946
Other income	139.553	114.365	19.399
Profit/(loss) after taxation	9.709	29.609	24.345

(Source: Annual Audited Accounts)

- ii. Administrative expenses have become an area of concern for SIDCL, which took a massive increase by 27.54%, from Rs 135.508 million in 2019-20 to Rs 172.827 million in 2020-21.
- iii. Final budget allocation and expenditure incurred for the financial year 2019-20 of SIDCL was as under:

(Rs in million)

S. No.	Project Name	Non-Development		Development	Revenue	Total
		Salary	Non salary			
1	Greenline BRTS	-	-	1,582.16	-	1,582.16
2	Re-construction of Mangho Pir Road from Jam Chakro to Banaras	-	-	316.95	-	316.95
3	Reconstruction of Nishtar Road and Manghopir Road	-	-	255.00	-	255.00
4	Rehab / Upgradation of Existing Fire Fighting System of KMC	-	-	297.68	-	297.68
5	Const. of Interchange over Malir Link Road to M-9 at KM13+050	-	-	500.00	-	500.00
6	Construction of Road over Malir Bund from Dada Bhoy Town / Expressway up to Limits of PNS Mehran, District East, Karachi (Remaining Portion)	-	-	10.33	-	10.33
7	Operationalization of Green Line BRTS and Installation of Integrated Intelligent Transport system Equipment	89.55	96.85	4,266.63	139.55	4,592.59
Total		89.55	96.85	7,228.75	139.55	7,554.71

C. Audit Profile of SIDCL

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue/ Receipts audited FY 2020-21
1	Formations	01	01	7,415.16	-

10.2 Classified summary of Audit observations

Audit observations amounting to Rs 5,087.390 million were raised in this audit report. This amount also includes recoveries of Rs 439.259 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	127.842
2	Value for money and service delivery issues	4,520.289
3	Others	439.259
Total		5,087.390

10.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Sindh Infrastructure Development Company Limited is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2016-17	05	02	01	04	20
2017-18	04	04	03	01	75

Note: Audit Reports for the years 2018-19 and 2019-20 are yet to be discussed in PAC.

10.4 AUDIT PARAS

10.4.1 Acceptance of buses in violation of PC-I Provision/ specification - Rs 3,612.311 million

Rule 4 of Public Procurement Rules 2004 provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Audit noted that Sindh Infrastructure Development Company Ltd. Karachi opened tenders for supply of goods and performance services of the Bus Rapid Transit System of the Orange and Green Lines in Karachi on 07.10.2020. Four bidders participated in the technical bidding and all were qualified. The Financial Bids were opened on 16.10.2020 and M/s Zhonhtong Bus Holding Co. Ltd. Stood 1st lowest with bid cost of US\$ 28.116 million and work was awarded to them accordingly.

Audit observed that as per approved PC-I, the minimum number of passenger seats (including preferential seats but excluding flip down seats) was 40, whereas the agreement was made with the minimum capacity of 36 seats. Audit further observed that in the fuel/energy system, there was requirement of at least 200 KW electric motor that will provide the power for electric portion of the vehicle's propulsion system, whereas, the accepted buses have the capacity of 180 KW. Moreover, there was a minimum distance capacity of 30 KM provided in the PC-I on Hybrid batteries, whereas, the specifications of accepted buses were silent about this aspect.

This resulted in acceptance of buses with reduced capacity in violation of PC-I provisions US\$ 22.494 million (equal to Rs 3,612.311 million).

Audit pointed out the matter in October 2021. The management replied that the buses have been procured in line with the RFP/tender

documents. PC-I was prepared on estimated basis whereas, RFP was on actual need basis.

The reply was not accepted because deviation from PC-I was not justified with reference to evidence of PC-I and RFP based estimation/quotations.

The matter was discussed in DAC meeting held on 17.01.2022. The management explained that in PC-I, 40 seats, 200 KWA motors and 30 km battery were included as initial estimate. After that, consultants were hired and accordingly in RFP, specifications of 36 seats, 180 KWA motors and 50 Km battery were provided for procurement. They further explained that system is operational now. DAC directed the management to explain the variation from PC-I through a detailed report of the consultants for further audit scrutiny.

Audit recommends that change in specifications be inquired at appropriate level and report be submitted for audit scrutiny.

(DP. 25)

10.4.2 Unauthentic quality of escalators - Rs 907.978 million

As per addendum No. 02 to bid, the country of manufacturing elevators/escalators shall be Western Europe, USA, Japan.

Clause 53 of Contract agreement Part II states that upon manufacturing completion, the equipment shall be tested at the manufacturer's facility in the presence of minimum 03 representatives of the Employers and Engineers.

Audit observed that sixty-five (65) escalators were installed at various bus stations and an amount of Rs 907.978 million was paid up to IPC No. 10.

However, a manufacturer's certificate regarding origin of the escalators and manufacturer's warranty was not produced to Audit.

Therefore, authenticity of the procurement of said equipment and subsequent installation thereof could not be ascertained.

This resulted in unauthentic quality of escalators for Rs 907.978 million.

Audit pointed out the matter in October 2021. The management replied that manufacturer's certificate regarding origin of the escalators and manufacturer's warranty certificate were obtained. Moreover, pre-shipment inspection of the escalator at China was also carried out and duly verified by the engineer.

The reply was not accepted because the country of origin of escalators was China instead of Western Europe, USA, Japan. Moreover, bill of lading/import documents of the escalators were not produced in support of reply.

The matter was discussed in DAC meeting held on 17.01.2022. The Committee directed the management to provide record to Audit for verification within two days. Compliance of DAC directive was not made till finalization of report.

Audit recommends compliance of DAC directives.

(DP. 14)

10.4.3 Non-utilization of development funds due to mis-management - Rs 614.835 million

Para 2.1 of Guidelines for Project Management provides that policy of the Government of Pakistan is to utilize natural and economic resources of the country efficiently for socio-economic welfare of the people.

According to Para 95 of GFR (Vol-I), all anticipated savings should be surrendered to Government immediately they are foreseen but

not later than 15th May of each year. No savings should be held in reserve for possible future excesses.

Audit noted that PSDP Funds worth Rs 11,706.019 million were released to SIDCL, Karachi for construction of Green Line BRTS Karachi and other road works under Karachi Package during financial year 2020-2021.

Audit observed that SIDCL received Rs 10,050.00 million against two PSDP funded project and utilized Rs 6,032.165 million during the year 2020-21. A sum of Rs 4,300.00 million was surrendered, while a sum of Rs 614.835 million lapsed to Government at the end of the financial year, as detailed below:

(Rs in million)

S. No.	Name of Work	Year	Allocation	Release	Utilization	Surrender	Lapse
1.	Green Line Bus Rapid Transit System Karachi	2020-21	3,000.00	2,100.00	1,582.165	900.00	517.835
2.	Operational of Green Line BRTS and installation of ITS system Karachi	2020-21	7,950.00	7,950.00	4,450.00	3,400.00	97.00
Total			10,950.00	10,050.00	6,032.165	4,300.00	614.835

The cogent reasons for non-utilization of the available funds were not on record. Audit was, therefore, of the view that had the funds been surrendered in time (before 15th May of the financial year), the Government would have been able to re-appropriate these funds to other prioritized projects.

Non-utilization of allocated/released development budget worth Rs 5,395.929 million reflects financial indiscipline.

Audit pointed out the irregularity in October 2021. The Authority did not reply.

The matter was discussed in DAC meeting held on 17.01.2022, SIDCL management explained that SIDCL surrendered Rs 4,300 million on timely basis. Remaining amount of Rs 614.00 million was not utilized as per plan because Government of Sindh imposed restrictions due to Covid-19. DAC directed SIDCL management to submit revised reply with full justification and complete record for further audit comments. Compliance of DAC directive has not been made till finalization of the report.

Audit recommends compliance of DAC directives.

(DP. 21)

10.4.4 Loss due to payment of varied quantities - Rs 63.530 million

Preamble to pricing and method of measurement of the contract agreement (Volume 3) states that the quantities contained within Bill of Quantities may not accurately reflect the quantities of works as indicated in drawings, specification and package scope. The contractor is to satisfy himself for the accuracy of all quantities. No claims will be entertained for difference in quantities between the tender drawings, specification and bills of quantities.

Audit observed that quantities for items of work 14a and 14b under bill “Structure Work (Pedestrian Bridge)” were enhanced against provision in the BOQ, which resulted in payment of extra quantities amounting to Rs 63.530 million as detailed below:

Sr No.	Desc. Of item	Unit	Quantity Paid	Quantity Payable	Diff	Rate	Amount (Rs)
1	14 a	Kg Type C	841734	689500	152234	Rs 232	35,318,288
2	14b	Kg Type C	165004	116200	48804	Rs 238	11,615,352
3	14a	Kg Type D	166324	105550	60774	Rs 232	14,099,568
4	14b	Kg Type D	33430	23025	10405	Rs 240	2,497,200
Total							63,530,408

Audit holds that the varied quantities were not payable under the contract agreement clause referred above.

Audit pointed out the extra payment/loss in October 2021. The management replied that quantities were paid as per actual site situation and approved variation order will be provided to Audit.

The reply was not accepted. Audit contended that estimates were wrongly prepared and recovery may be made.

DAC in its meeting held on 17.01.2022 directed that approved variation order with justification may be provided to Audit within two days for further audit scrutiny. Compliance of DAC directive was not made.

Audit recommends compliance of DAC directive/recovery of overpaid amount.

(DP. 17)

10.4.5 Overpayment on account of income tax to exempted firm - Rs 47.265 million

FBR vide its letter dated 11.05.2105 declared NLC exempted from income tax being Government Department.

Audit observed that the contractor M/s NLC charged income tax for the equipment procured under the contract agreement. On the other side, the contractor was declared exempted from the income tax by FBR. This resulted in undue charge of income tax amounting to Rs 47.266 million.

Audit pointed out the matter in October 2021. The management explained that contractor quoted customs duties/other taxes in his bid instead of income tax. Detail of custom duties will be provided to Audit.

DAC in its meeting held on 17.01.2022 directed that entire process/record will be submitted by SIDCL to Ministry for review and further deliberation.

Audit recommends inquiry for fixing responsibility besides early recovery of income tax.

(DP. 13)

10.4.6 Unjustified payment due to non-accountal of dismantled material - Rs 12.030 million

Item No. 510.2 of General Specifications (NHA) provides that salvaged pipe culverts or other structures shall be stored at designated and accessible points on the project as approved by the Engineer and shall be the property of the Client. Dismantling shall be carried out either manually or with approved equipment. Structures to be dismantled may include plain or reinforced concrete, brick, stone masonry or any other such construction item.

Audit observed that an item of work “Dismantling of Structures” was measured to the extent of 4013.996 Cu.m up to IPC 19 and paid @ Rs 2,997 per Cu.m for Rs 12.030 million, but serviceable material like steel was not accounted for further disposal. Audit also observed that item of work 404b Reinforcement of Steel Grade 60 was measured and paid by the SIDCL for a quantity of 7.078 ton.

Audit holds that expenditure of Rs 12.029 million was incurred on account of reinforced steel but no adjustment against serviceable steel obtained from dismantled material was made.

Non-adherence to contract specification and provision of construction methodology caused non-accountal of the dismantled material amounting to Rs 12.029 million.

Audit pointed out the matter in October 2021. The Authority did not reply.

The matter was discussed in DAC meeting held on 17.01.2022. SIDCL management explained that estimated one ton steel was extracted in excavation which will be auctioned and reported to Audit. DAC directed that RD wise detail of excavation may be provided to Audit for verification. Compliance of DAC directive was not made till finalization of report.

Audit recommends that steel obtained from dismantling may be auctioned and proceeds be verified from Audit.

(DP. 10)

10.4.7 Overpayment due to allowing higher rate - Rs 5.017 million

As per prevailing standards (NHA Schedule of Rates) 25% contractor's profit and overheads are allowed on cost of material, labour and equipment.

Audit noted that the SIDCL measured and paid extra items variation orders amounting to Rs 130.463 million up to IPC 14 in the work Package No. KAR/BRTS/GL-07.

Audit observed that the SIDCL while calculating the rate of non-BOQ items, the competent authority allowed 30% contractor profit and overhead instead of 25%. Allowing of higher percentage than admissible resulted into the overpayment of Rs 5,017,789 (Rs 130,462,539 - Rs 130,462,539 x 100/130 = Rs 100,355,800 x 1.25 = Rs 125,444,750).

Audit pointed out the overpayment in October 2021. The management replied that the contractor was allowed 30% overheads in accordance with the provisions of contract for Day work schedule.

The reply was not accepted because 25% was allowed as overheads on non-BOQ items without breakup analysis of overheads.

The matter was discussed in DAC meeting held on 17.01.2022, wherein SIDCL management explained that 30% day work was included in bid documents as part of day work and SIDCL is bound to fulfill the obligation. Audit contented that as the template of all documents was followed as per NHA CSR-2014, therefore, 25% overheads were applicable and amount may be recovered from contractor. DAC directed that amount may be recovered from contractor.

Audit recommends early recovery of overpaid amount.

(DP. 15)

CHAPTER 11

GWADAR PORT AUTHORITY

MINISTRY OF MARITIME AFFAIRS

11.1 Introduction

A. Gwadar Port Authority (GPA) was established under Gwadar Port Authority Ordinance 2002. Eastbay Expressway Project (a CPEC project) is being executed by GPA. The project “Construction of Eastbay Expressway of Gwadar Port” has been under consideration since 2006, however, due to design, alignment, and non-availability of finances, it could not be executed. CDWP approved the project on 11.10.2011 for submission to the ECNEC with the condition that its design and alignment be vetted through a third party. Presently two projects under CPEC namely Gwadar Eastbay Expressway and Construction of Pak China Technical & Vocational Institute are under audit jurisdiction of this office.

Gwadar Eastbay Expressway

ECNEC in its meeting on 11.01.2015 approved PC-I for Rs 14,061.79 million (EPC Construction cost Rs 13,800.557 million). Revised PC-I of the Project was approved by ECNEC in its meeting on 02.10.2019 for Rs 17,369.84 million (including FEC portion Rs 16,435.55 million).

Execution

The Project “Construction of Eastbay Expressway of Gwadar Port”, on EPC Contract basis was awarded to M/s China Communications Construction Company Ltd.(CCCC) on 19.09.2017 at agreement cost of Rs 15,088.155 million. The work was started on 12.10.2017 and was to be completed on 11.10.2020. Extension of Time was granted up to 11.04.2022. Total payment against work done was made to the contractor up to 30.06.2021 as Rs 13,579.34 million.

Contract for Consultancy Services for the project management and supervision of Gwadar Eastbay Expressway was awarded to M/s Techno-Consultant International (Pvt) Ltd for Rs 89.975 million on 20.03.2015. The consultant was paid an amount of Rs 130.15 million up to June 2021.

China-Pak Technical & Vocational Institute at Gwadar

There is no such institute in Pakistan to provide technical education especially in port related fields. China-Pak Technical & Vocational Institute at Gwadar was proposed to be constructed within City area to fulfill the future technical manpower requirements for the Port city in Gwadar in particular and generally for the whole country. Pak.-China Technical & Vocational Institute would be the 1st technical institute in the country to have a vast field of technologies in industrial as well as in Port and Shipping sectors having all allied structures required for a sophisticated technical institute.

The original PC-I was approved by the CDWP in its meeting held on 20.10.2014 and approved at a cost of Rs 2,099.262 million with the foreign assistance of Rs 1,921.83 million by Government of China Pakistan Economic Corridor (CPEC).

The revised PC-I was approved by the CDWP in its meeting held on 25.05.2021 at a revised cost of Rs 2,230.273 million with Rs 2061.72 million Grant in Aid with the provision that in three months the sponsors will submit the modified PC-I with the Governance Model and the O&M Mechanism for sustainability of the project. It will be presented to the CDWP with the expenditure plan.

The letter of Exchange (LoE) and Implement Agreement (IA) was signed by both governments in 2018 and 2019 respectively, with a foreign assistance of 87 million RMB as Grant-in-Aid. The foreign part of payment is being made directly to Chinese Contractor and payment details are available in GPA.

B. Comments on Budget and Accounts (Variance Analysis)

Expenditure during the year 2020-21 is as under:

(Rs in million)

Description	Budget	Expenditure
China Development Bank Corporation, Interest-free loan Account No.2016/1 (Civil Works)	3,772.04	3,772.04
GoP (Establishment charges, land, etc.)	200.00	200.00
China Grant in Aid GR-2020 Construction of Pak China Technical & Vocational Institute	250	0*
GoP (Establishment charges, land, etc.)	62.13	42.85
Total	4,284.17	4,014.89

*Payments are being made as per direct payment procedure to the contractor.

C. Audit Profile of GPA Projects

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21	Revenue/ Receipts audited FY 2020-21
1	Foreign Aided Projects (CPEC)	02	02	4,014.89	-

11.2 Classified summary of Audit observations

Audit observations amounting to Rs 857.703 million were raised in this audit report. This amount also includes recoveries of Rs 190.443 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	707.703
2	Others	150.00
Total		857.703

11.3 Brief comments on the status of compliance with PAC's directives

The results of audit of the project “Construction of Eastbay Expressway of Gwadar Port” are included in the Audit Report for the first time.

11.4 AUDIT PARAS

11.4.1 Non-provision of indemnity bond by the contractor against the design services - Rs 403.525 million

Clause 5.1 of particular conditions of contract provides that the contractor shall bear the full responsibility for the adequacy of the design. The contractor is liable for the consequence of error and omission on their part or on the part of their employees in so far as the design of the Project is concerned. The professional indemnity bond for design services to be provided shall either be covered in Contractor's security bond or separately arranged. The cost of total design inputs is covered in accepted contract amount.

Audit noted that the Project "Construction of Eastbay Expressway of Gwadar Port", was awarded to M/s China Communications Construction Company Ltd (CCCC) on EPC Contract basis on 19.09.2017 at agreed cost of Rs 15,088.155 million. The contract cost was enhanced up to Rs 16,105.258 million by including the scope of work of additional three bridges and excluding five underpasses as per Employer's Requirements through VO No.1 approved in February 2020 for Rs 1,017.103 million. IPC-6 was prepared/dispensed up to total value of work done of Rs 13,579.300 million (equivalent to US\$ 129.371 million) in April 2021.

Audit observed that the contractor did not provide the indemnity bond against the design services.

This resulted in non-provision of the indemnity bond for design services of Rs 403.525 million.

Audit pointed out the irregularity in October 2021. The Authority replied that the contractor submitted a Performance Bank Guarantee for an amount equal to 10% of contract price, which includes the design cost. No separate indemnity bond was required.

The reply was not accepted because as per contract, indemnity bond was to be furnished by the contractor.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends obtaining of required indemnity bond from the contractor.

(DP. 10)

11.4.2 Non-obtaining of vouched account against advance payment made for land acquisition - Rs 150.000 million

According to Federal Treasury Rules (Responsibility for the money withdrawn (Rules 205 to 216) “Every Government officer entrusted with the payment of money should obtain for every payment he makes a voucher setting forth the full and clear particulars regarding the claims and all relevant information necessary for its proper identification and classification in accounts. Every voucher must bear to have attached to it an acknowledgement of payment signed by the person by whom or on whose behalf the claim is put forward”.

As per para-72 of Central Public Works Accounts Code, every payment for whatever purpose must be supported by a voucher setting forth full and clear particulars of the payment/claim.

During examination of the accounts record of the Project “Construction of Eastbay Expressway of Gwadar Port” for the financial year 2020-21, Audit noted that a payment of Rs 150.00 million was made to the Deputy Commissioners Gwadar (Balochistan) on account of land acquisition on 04.05.2021.

Audit observed that vouched account of the same has not been obtained from the Deputy Commissioner Office. Audit further observed

that mutation of land in the name of Gwadar Port Authority was also not forthcoming from the produced record.

Audit pointed out the matter in October 2021. The Authority replied that Deputy Collector Gwadar would issue vouched account after completing all legal codal formalities.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends early corrective action.

(DP. 12)

11.4.3 Non-provision of proof regarding deduction of personal income tax from the contractor's key personnel - Rs 90.390 million

Clause 22.2 of particular conditions of contract regarding personnel, taxes and duties provides that the Contractor or his personnel shall pay all personal income tax or other taxes due in Pakistan, if any, for the personnel employed by the contractor for implementation of the work or any other activity required by the contract.

Audit noted that the Project "Construction of Eastbay Expressway of Gwadar Port", was awarded to M/s China Communications Construction Company Ltd.(CCCC) on EPC Contract basis on 19.09.2017 at agreed cost of Rs 15,088.155 million. The contract cost was enhanced up to Rs 16,105.258 million by including the scope of work of additional three bridges and excluding five underpasses as per Employer's Requirements through VO No.1 approved in February 2020 for Rs 1,017.103 million. IPC-6 was prepared/disbursed up to total value of work done Rs 13,579.300 million (equivalent to US\$ 129.371 million) in April 2021.

The project management could not produce the proof of deduction of personal income tax by the contractor from his key personnel (15 key personnel given as schedule-B to Bid) and deposit in the government exchequer. Exact detail of salaries and wages of key personnel, being paid by the contractor, was not available on produced record. However, Audit worked out an amount of the tax for Rs 90.390 million (approximate) @ 7% of Rs 1,291.280 million provided in Schedule L to Bid against salaries and wages of personnel.

Audit pointed out the matter in October 2021. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends recovery/remittance of the due amount of income tax in government treasury.

(DP. 11)

11.4.4 Irregular replacement of consultant's staff without approval of the competent authority - Rs 73.792 million

Clause 4.5(a&c) of the consultancy contract agreement provides that no change shall be made in the Key Personnel. If, for any reason beyond the reasonable control of the consultants, it becomes necessary to replace any of the Key Personnel, the Consultants shall provide as replacement a person of equivalent or better qualification. Any of the Personnel provided as a replacement, the rate of remuneration applicable to such person as well as any reimbursable expenditure (including expenditure due to the number of eligible dependents) the Consultants may wish to claim as a result of such replacement, shall be subject to the prior written approval by the client.

Audit noted that contract of consultancy services for project management and supervision of Gwadar East-bay Expressway was

awarded to M/s Techno-Consultant International (Pvt) Ltd for Rs 89.975 million on 20.03.2015. Invoice No. 58 was paid to the consultants in May 2021 with total consultancy services fee amounting to Rs 130.15 million (salary/remuneration cost Rs 126.45 million + Direct/Non-salary Cost of Rs 3.70 million).

Audit observed that consultancy staff was replaced and salaries/remuneration worth Rs 73.792 million were allowed to them. However, evidence in support of equivalence in qualification/experience/salary and approval of the competent authority was not found available on record.

This resulted in irregular payment of salary/remuneration amounting to Rs 73.792 million.

Audit pointed out the irregularity in October 2021. The Authority replied that the commencement of services started from signing of the contract agreement from 04.05.2015 and to be completed by 01.01.2019, however, project execution was delayed due to pre-award activities. The bidding process was started in June 2017 as loan agreement was finalized on 15.05.2017. Due to this lapse of time, certain design and management staff committed for the project could not be retained on the project. To overcome this situation, the consultants arranged alternate staff which was equally good or better in terms of their qualification and experience in their relevant field of expertise. The alternate staff was selected as a result of mutual consultation between the Employer and the Consultant and employed only after acceptance of the Employer.

The reply was not acceptable because the project management could not substantiate the replacement of alternate staff with reference to equivalence of qualification/experience/salary and approval of the competent authority.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends early justification/ regularization of the matter by the competent authority besides strengthening of the internal controls.
(DP. 02)

11.4.5 Non-recovery of cost of unexecuted pedestrian overhead bridges from EPC contractor - Rs 51.783 million

According to PC-I, Tender Drawings, Priced BOQ and revised PC-I of the Project “Construction of Eastbay Expressway of Gwadar Port”, four (04) pedestrian overhead bridges were required to be constructed under the project.

Audit noted that an amount of Rs 51.783 million was provided in the BOQ for construction of four (04) pedestrian overhead bridges. The contractor neither constructed the bridges nor any provision made in the approved detailed design.

Audit observed that recovery of the cost of un-executed item included in the lump sum/EPC contract cost was not made from the contractor.

This resulted into non-execution/non-recovery of pedestrian overhead bridges valuing Rs 51.783 million (665 m² @ Rs 84,788 per sq. meter - 8.16% rebate).

Audit pointed out matter of non-recovery in October 2021. The Authority replied that bridges have not been executed so far as their locations were tentative and it is under discussion with the local residents.

The reply was not accepted because the project is nearing its completion stage, and unfinalized locations and construction drawings of the pedestrian bridges reflect weak contract management.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends execution of pedestrian overhead bridges' work or recovery of its cost.

(DP. 06)

11.4.6 Non-adjustment of the cost of deleted scope of work from EPC contract - Rs 48.270 million

Rule-28 of GFR (Vol-I) provides that no amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment, must be sought.

Audit noted that the Project "Construction of Eastbay Expressway of Gwadar Port", was awarded to M/s China Communications Construction Company Ltd (CCCC) on EPC Contract basis on 19.09.2017 at agreed cost of Rs 15,088.155 million.

The contract cost was enhanced up to Rs 16,105.258 million by including the scope of work of additional three bridges and excluding five underpasses as per Employer's Requirements through VO No.1, approved in February 2020. IPC No. 06 was prepared/ disbursed up to total value of work done Rs 13,579.300 million (equivalent to US\$ 129.371 million) in April 2021.

Audit observed that cost of five underpasses amounting to Rs 231.982 million was adjusted, but the cost of the prime coat and asphaltic concrete wearing course against the 90-meter road portion where three additional bridges were to be constructed was not adjusted.

This resulted into non-adjustment of cost of Rs 48.270 million.

Audit pointed out the matter in October 2021. The Authority replied that the item of Asphalt Prime Coat and Wearing Course remained undeleted which has been correctly pointed out by Audit. However, this mistake would not affect overall agreed cost of Variation Order.

The reply was not accepted because the cost impact as admitted in reply was not given in the approved variation order and was recoverable from the contractor.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends early adjustment of the amount involved besides strengthening of internal controls.

(DP. 01, 03)

11.4.7 Unauthentic payment due to unrecorded measurements in the Measurement Book - Rs 39.943 million

Para 208 of Central Public Works Account Code provides that payments for all work done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB) form 23, in accordance with the Rule in Para 209. The MB should, therefore, be considered very important account record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

Public Accounts Committee Secretariat issued Office Memorandum vide No. F.10(1)/2016-17-PAC dated 15.11.2017 to all Principal Accounting Officers for strict compliance of the PAC directives regarding compliance of recording actual/date-wise measurement in the Measurement Books, otherwise they will be held responsible by the PAC.

Audit noted that Project Director awarded four (04) infrastructure support works of Pak-China Technical & Vocational Institute, GDA, Gwadar for Rs 35.31 million.

Audit observed that the payment of Rs 39.943 million was made to the contractors without recording detailed measurements in the MB. Moreover, detailed measurement sheets were also not found on record. Due to this, authenticity of the executed/measured/paid works could not be ascertained.

This resulted in unauthentic payment of Rs 39.943 million.

Audit pointed out the irregularity in October 2021. The Authority replied that the payments were made to the contractors against work done recorded in the detailed sheets.

The reply was not accepted because record entries of the executed works were not made in the Measurement Book. Moreover, the reply by the Authority was supported with copies of BOQ/Abstract of quantities of the Contractor's bills instead of measurement sheets with details (length, breadth and thickness) of the quantities.

DAC meeting was not convened despite request by Audit on 03.12.2021, 09.12.2021, 22.12.2021, 31.12.2021, 06.01.2022 and 11.01.2022.

Audit recommends fixing of responsibility for violation of rules.

(DP. 18)

CHAPTER 12
FEDERAL BOARD OF REVENUE (FBR)
(CENTRAL ASIA REGIONAL ECONOMIC COOPERATION
REGIONAL IMPROVING BORDER SERVICES (RIBS)
PROJECT)

12.1 Introduction

A. Torkham and Chaman are the major transit stations for the Afghan transit trade (84% of cargo flows via Torkham and the rest via Chaman). Traffic volume at Torkham/Chaman border crossing points amounts to 1000 vehicles per day. However, both border points face some challenges to meet the demand of its quality service, such as non-availability of modern and sufficient physical infrastructure; non-availability of suitable information and communication technology (ICT) infrastructure; poor logistics for staff/officers; lack of equipment/scanners to detect explosives; and insufficient facilities to manage the movement of people (estimated to be more than 25,000 for Torkham and 15,000 for Chaman people per day respectively). Currently, the trade volume between India and Pakistan is less than \$3 billion. With full normalization of political and trade relationships, potential trade volume between the countries can grow manifolds within a few years. If trade with India is normalized, Wagha, the only open land route to connect South Asia to Central Asia, will hardly be sufficient to handle the trade and traffic volumes mainly because of no infrastructure in place to permit containerized cargo handling by road transport. According to the Central Asia Regional Economic Cooperation (CAREC) Corridor Performance Measurement and Monitoring studies, the major bottleneck for transport and trade in the CAREC region is border crossing points. It shows that for a typical 500-km journey by a 20-ton truck, more than three-quarters of the total stopping time, or 24 hours, occurs at border crossing points. Of these, more than 18 hours are spent waiting for the start of border-crossing formalities. A significant portion of delays is attributable to poor physical infrastructure, low utilization of information and communication technology for efficient border control, and limited supporting trade

logistics facilities at the border crossing points. Pakistan is not an exception. Border crossing points pose the severest bottleneck for cross-border transport and trade, mainly caused by poor infrastructure at the border points such as poor customs facilities, insufficient and outdated office/cargo handling equipment, limited parking space for vehicles near border crossings, frequent power failures, insufficient and unplanned supporting infrastructure, poor ICT infrastructure, difficult hilly terrain and uncertain road security conditions.

The proposed project will (i) improve border crossing point infrastructure and facility at Torkham, Chaman, and Wagha to the standard that meets users' demand for quality border crossing services; and (ii) establish a border point management regime and enhance knowledge and skills of border point operating agencies.

Execution

FBR, awarded the Engineering Procurement and Construction (EPC) contract of "Central Asia Regional Economic Cooperation Regional Improving Border Services (RIBS) Project" for Torkham Border Crossing Point (BCP) to M/s National Logistics Cell (NLC) with the agreement amount of Rs 16,471.574 million (Rs 12,281.393 million & USD 31,335,483 @ 133.72 = Rs 4,190.181 million) on 18.12.2018 and for Chaman BCP for Rs 18,610.201 million (Rs 12,576.501 million & USD 36,807,908 @ 163.924 = Rs 6,033.700 million) on 19.08.2019.

Construction works for Torkham Border Crossing Point contract commenced on 21.02.2019 and the completion date will be 19.07.2022 (1245 Calendar days). Construction works for Chaman Border Crossing Point are ongoing. Wagah BCP construction's contract is yet to be awarded.

Project implementation and administration are ongoing. The PMC consultant mobilized in May 2017. The construction supervision consultants mobilized in August 2017. Recruitment of Pakistan Land Port Authority (PLPA) mobilized in December 2020.

B. Comments on Budget and Accounts (Variance Analysis)

Expenditure during the year 2020-21 is as under:

(Rs in million)

Description	Budget	Expenditure
Asian Development Bank Loan 3344 and 3345	6,194.15	6,194.15
GoP (Establishment charges, land, etc.)	847.24	847.24
Total	7,041.39	7,041.39

C. Audit Profile of FBR Project

The scope of audit was ADB funded project “Central Asia Regional Economic Cooperation Regional Improving Border Services (RIBS) Project” for the financial year 2020-21, executed by Federal Board of Revenue. Besides financial attest audit to express an opinion on financial statements of the project as per requirement of the development partner’s requirements, compliance audit was also conducted. Audit scope in monetary terms was as under:

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2020-21
1	Foreign Aided Project	01	01	7,041.39

12.2 Classified summary of Audit observations

Audit observations amounting to Rs 2,652.628 million were raised in this audit report. This amount also includes recoveries of Rs 819.420 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Overview of Audit Observations

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Planning, Execution of works, contract agreement	2,652.628

12.3 Brief comments on the status of compliance with PAC's directives

The results of audit of the project “Central Asia Regional Economic Cooperation Regional Improving Border Services (RIBS) Project” are included in the Audit Report for the first time.

12.4 AUDIT PARAS

12.4.1 Award of work to contractors/sub-contractors without calling tenders and estimate/rate analysis - Rs 35,081.774 million

According to rule 4 of Public Procurement Rules 2004, procuring agencies while engaging in procurements shall ensure that the procurements are conducted in a fair and transparent manner. According to rule 20 *ibid*, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Audit noted that the Project Director (PMU), FBR, awarded the contract of “Central Asia Regional Economic Cooperation Regional Improving Border Services (RIBS) Project” for Torkham Border Crossing Point (BCP), on Engineering Procurement and Construction (EPC) basis to M/s National Logistics Cell (NLC) at a cost of Rs 16,471.574 million (Rs 12,281.393 million & USD 31,335,483 @ 133.72 = Rs 4,190.181 million) on 18.12.2018 and for Chaman BCP for Rs 18,610.201 million (Rs 12,576.501 million & USD 36,807,908 @ 163.924 = Rs 6,033.700 million) on 10.08.2019. Value of work done paid to the contractor was Rs 5,368.753 million and Rs 5,126.685 million respectively.

Audit observed that FBR awarded the work directly to NLC without competitive bidding process and accepted the bid of NLC without detailed estimates and rate analysis to compare the bid rates. Instead of payment by NLC its sub-contractor FBR made 70% of the payments directly for opening of LCs. M/s NLC, therefore, saved overheads on such investment cost which they included in their contract cost. NLC sublet the work to the sub-contractors M/s KARSAS Pvt. Ltd and M/s Pronet Pvt. Ltd. of an Rs 3,390.477 million and Rs 4,073.124 million for purchase of security and ICT equipment for BCP Torkham and BCP Chaman respectively. M/s NLC engaged sub-contractors for the execution of major components of the work i.e. earthwork and structure work without prior approval of the Employer. PMU had no record

relating to the appointment of subcontractors and the detail of the sublet agreements along with payments because same was not made available to Audit despite various requisitions.

Audit pointed out the irregularities in November 2021. The Department replied that the project is financed by ADB (91% of the total amount) and hence PPRA rules are not applicable as superseded by the ADB procurement policy. The works under ITTMS Project were to be carried out at Torkham, Chaman and Wagah borders with Afghanistan and India. NLC was already working as Terminal Operator at all the border crossings of Pakistan. It was accordingly decided at Project Steering Committee level that works should be awarded to NLC.

In case of ICT equipment M/s Karsaz and Pronet were selected through open competitive bidding. Payments for ICT/Security equipment have been released to NLC. This audit observation should be pointed out during audit of NLC. No sub-contractors/sub-consultants have been appointed by NLC except those already included in the Contract documents at the time of signing of the Contract. All payments under the contract are being made to NLC and no direct payment is being made to any sub-contractor/sub-consultant by FBR.

The reply was not accepted because procurement process of the contract to NLC was not adhered by FBR. M/s NLC also did not observe Public Procurement Rules 2004 for hiring of sub-contractors and sublet the ICT works beyond the limit of 500 million as agreed in the contract. The basis of cost estimation in the engineer's estimate/PC-I, employer's requirements, etc., were not prepared to compare/evaluate NLC rates.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that:

- i. the basis of single bid for proper evaluation be reviewed and the matter be got regularized from the relevant forum in line with the Public Procurement Rules.

- ii. the basis of cost estimation in the engineer estimate/PC-I, employer's requirements be re-examined and cost difference of NLC rates and sub-contractors rates be recovered.
- iii. inquiry be conducted regarding subletting of works in excess of the approved limit and action be taken in the light of contract provisions.

(DP. 1, 12, 17)

12.4.2 Unauthentic payment without recording detail measurement and test checks in the MB - Rs 10,495.438 million

Para 208 of CPWA Code provides that unless in any case, the administration after consultation with Accountant General, direct otherwise, payments for all work done are to be made on the basis of measurements recorded in the MB. The supervisory officer is required to record date-wise activity and mandatory tests at the site. Para 209 (d) of the CPWD Code provides that all the payments for works and supplies are based on the quantities recorded in the MB.

Public Accounts Committee Secretariat issued Office Memorandum, vide No. F.10(1)/2016-17-PAC dated 15.11.2017, to all Principal Accounting Officers, for strict compliance of the PAC directives, regarding compliance of recording actual/date-wise measurement in the Measurement Books, otherwise they will be held responsible by the PAC.

Audit noted that payments for value of work done for Torkham Border Crossing Point were made to the contractor for Rs 5,368.753 million and for Chaman BCP for Rs 5,126.685 million up to June 2021.

Audit observed that PMU made payments to the contractor on account of work done without recording detailed measurement of work in Measurement Books in violation of codal rules. Consequently the prescribed checks by the engineers at various levels in support of the correctness of executed works were not exercised. The department was required to make payment after recording the execution in detail on

Measurement Books and to test check by the authority to ascertain the accuracy of work. This resulted in unauthentic payment of Rs 10,495.438 million without recording detailed measurement along with test checks.

Audit pointed out irregularity in November 2021. The Department replied that the works were awarded on the basis of Lump-sum Milestone Payment Schedule. The contract is, therefore, not an ad-measured contract. Necessary/requisite details of works executed are provided in the Interim Payment Certificates (IPCs), as per format agreed with ADB.

The contention of department was not accepted because milestone percentages were derived from the BOQ quantities. Therefore, recording of the quantities in detail in measurement book was mandatory to ascertain the payment percentage as per rules and as well as Public Accounts Committee directives referred above.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that work executed be certified by the Engineers/ PMU that the work was executed in accordance with the specifications, design, drawings besides ensuring maintenance of MB as per rules.

(DP. 02)

12.4.3 Unjustified payment due to inclusion of superfluous components in the construction cost - Rs 1,761.266 million

PC-I of the Project for “Development of Integrated Transit Trade Management System (ITTMS) Central Asia Regional Economic Corridor (CAREC) Regional Improving Border Service (RIBS), having cost US \$ 300 million (ADB Share US \$ 250 million and GOP Share the US \$ 50 million) equivalent to Rs 31,686.2 million was approved by the ECNEC in September 2015.

Audit noted that the Federal Board of Revenue awarded a contract for “Development of Integrated Transit Trade Management System (ITTMS) Central Asia Regional Economic Corridor (CAREC) Regional Improving Border Service (RIBS) at Torkham Border” to M/s National Logistics Cell (NLC) on single bid (Direct Contracting) at an agreement cost of Rs 12,281.393 million & US \$ 31,335,483 in December 2018 on EPC/Turnkey basis with the date of start on February 2019 required to be completed on 20.07.2022 with the following breakup of bid cost:

S. No.	Description	Amount (Rs)
1	Infrastructure Civil Works (including Escalation Cost)	5,837,709,618
	Market Variation	262,696,932.82
	Quantity Variation	175,131,288.54
	Consultancy	175,131,288.54
2	Building Works (including Escalation Cost)	4,682,417,249
	Market Variation	238,007,938.86
	Quantity Variation	158,671,959.24
	Consultancy	158,671,959.24
3	Security & ICT	107,505,981.84
4	EMP Cost	44,140,000
5	Security Charges	441,309,230
	Total Bid Price	12,281,393,446.08

Audit observed that the construction cost was provided in contract/BOQ as Rs 10,520.127 million including future escalation. But additional cost was added as market variation and quantity variation. Resultantly, the bid cost accepted at Rs 12,281.393 million. It is worth mentioning that PC-I cost was based on Engineer Estimate prepared based on NHA CSR-2014 + 11% above. While making payment to the contractor, percentage of a milestone of the EPC contract should have been applied on the Construction Cost of Rs 10,520.127 million, which included cost of escalation as well. Instead, the component of Market Variation Cost, Quantity Variation Cost, Design Services Cost, EMP

Cost and Security Charges, etc.), were added without their actual execution requirement for Rs 1,761.267 million.

This resulted in unjustified payment of Rs 1,761.267 million (Rs 12,281.393 million - Rs 10,520.127 million).

Audit pointed out the matter in November 2021. The Department replied that the works at Torkham were awarded to NLC in December 2018. The rates of various work items were agreed with NLC on the basis of MES Schedule 2014 (for building works) and NHA Schedule of Rates 2014 (for infrastructure works). Escalation up to 28 days prior to submission of final Bid (2014 to 2018) was included in NLC bid. However, escalation during the execution of Works was not catered for in NLC bid. During negotiations for Torkham work, it was mutually agreed to delete Sub-Clause 13.8 and instead pay escalation/Price Adjustment at a fixed percentage of 4.5%.

The cost of these services provided by the contractor through his consultants had to be paid to the Contractor which was included @ 3% of the works price.

EMP is a very important component of all funded projects. The cost of EMP compliance is not covered anywhere else and a separate provision was made in the Contract for this purpose. Security is a very important component for works to be carried out in border areas, in particular, the threat of terrorist acts. A comprehensive security plan was prepared and an amount had to be provided for purchase of vehicles, weapons, ammunition, jammers and bullet proof jackets and therefore an amount was allocated for fulfillment of tasks under the Security Plan.

The reply was not accepted because price escalation was already included in the cost of civil and infrastructure work then separate inclusion 4.5% market variation was inadmissible, EPM cost is also inadmissible because no environmental activity was found, security charges were also not justified because army has already deployed on border, quantity variations cost and other were also provided in the

contract without backup calculations. It was a contractor driven contract cost without competition. Security charges were included by M/s NLC but the major portion of works were being carried out by private contractors.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends deletion of superfluous components from the contract cost and payments as per actual work done at site without extra overheads.

(DP. 4, 22)

12.4.4 Excess payment beyond the PC-I provisions - Rs 1,354.293 million

PC-I of the Project for “Development of Integrated Transit Trade Management System (ITTMS) Central Asia Regional Economic Corridor (CAREC) Regional Improving Border Service (RIBS) having cost US \$ 300 million (ADB Share US \$ 250 million and GOP Share the US \$ 50 million) equivalent to Pak Rupees 31,686.2 million was approved by the ECNEC in September 2015. The PC-1 contains provision of Security for Rs 2,948.80 million.

Audit observed that payment of Rs 4,277.910 million was made on account of security against the provision of Rs 2,948.80 million in PC-I. This excess was 45% of the PC-I provision.

Audit further observed in 2nd case that an expenditure of Rs 89.198 million incurred against approved PC-I cost of Rs 64.015 million under various heads of accounts up to 30.06.2021. This resulted in excess expenditure of Rs 1,354.293 million from the provision of approved PC-1.

Audit pointed out excess payment in November 2021. The Department replied that the loan amount from ADB is 250 million

Dollars. The conversion rate of Dollar to Rupees at the time of PC-I preparation was around Rs 103/Dollar and the PC-I amount in Pak Rupees was calculated on that basis. There is no head of security in the PC-I. Audit may be referring to the head for procurement/installation of ICT/Security equipment under the ITTMS Project. All payments released by ADB against the ICT/Security equipment procurement head are in US Dollars. ADB has converted these US dollar payments in to Pak Rupees at current exchange rate of US Dollars to Rupees. Since the Rupee has depreciated against the US Dollar to around Rs 178, any conversion at this rate will result in increase of amount in Pak Rupees as compared to PC-I. FBR has not exceeded any payment against ICT/Security equipment procurement in US dollars so far which is the currency of the Loan Agreement. There is thus no overpayment on this account in US Dollars.

The reply was not accepted because expenditure has exceeded the permissible limits in the different components of the project, which requires the approval of the competent forum.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends regularization of excess expenditure or recovery/adjustment.

(DP. 16)

12.4.5 Unjustified/unauthentic payment to the contractor on account of provisional sum - Rs 915.574 million

Clause - 13.5 of Contract Agreement provides that Provisional Sum means a sum included in the contract and so designated in Bill of Quantities for the execution of any part of the works for the supply of goods, materials, plant or services. The contractor shall produce to the Engineer all quotations, invoices, vouchers and accounts or receipts in connection with the expenditure in respect of Provisional Sum.

Audit noted that the Project Director (PMU) (CAREC) Regional Improving Border Services Project Torkham and Chaman (FBR- ADB Loan) awarded the EPC contract of work to M/s NLC (National Logistics Cell) with the agreement amount of Rs 12,281.393 million & USD 31,335,483 @ 133.72 (Rs 4,190.181 million) = Rs 16,471.574 million on 18.12.2018 and Rs 12,576.501 million & USD 36,807,908 @ 163.924 (Rs 6,033.700 million) = Rs 18,610.201 million on 19.08.2019.

Audit observed during the review of the interim payment certificates that the Project Director, Project Management Unit (PMU) ITTMS made payment of Rs 366.028 million and Rs 549.546 million to the contractor on account of Provisional Sum for the establishment of laboratories, shifting of utilities, Environmental Management Plan (EMP), Security Plan and Demolition of Existing Building up to IPC-04 for both sites without supporting accounts, receipts, vouchers, etc. This resulted in unauthentic payment of Rs 915.574 million.

Audit pointed out unjustified/unauthentic payment in November 2021. The Department replied that all the requisite supporting documents pertaining to the construction of site laboratory, EMP Compliance, shifting of utilities, security plan and demolition of buildings have been annexed with the relevant IPCs and can be produced for verification by Audit.

The reply was not accepted because provisional sums are paid on actual expenditure basis therefore, requisite supporting documents pertaining to the construction of site laboratory, EMP Compliance, shifting of utilities, security plan and demolition of buildings were not available in the record produced for audit. The same have also not been produced with reply.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends that vouched accounts of the expenditure met out of provisional sum be obtained or recovery be effected.

(DP. 21)

12.4.6 Non-deduction of income tax from contractors/sub-contractors - Rs 787.158 million

According to General Condition of contract 14.1, the contractor, Sub-contractors and their employees shall be responsible for payment of all their income tax, super tax and other taxes on income arising out of the contract and the rates and the prices stated in the Contract shall be deemed to cover all such taxes.

According to PEC Standard Document Para-3 Appendix-D to Bid of contract agreement, the rates and prices entered in the priced Bill of Quantities shall include, except insofar as it is otherwise provided under the contract include all costs of contractor's plant, labour, supervision, materials, execution, insurance, profit, taxes and duties, together with all general risks, liabilities and obligations set out or implied in the contract. Furthermore, all duties, taxes and other levies payable by the contractor under the contract, or for any other cause, as on the date 28 days prior to the deadline for submission of bids, shall be included in the rates and prices and the total bid price submitted by the bidder.

According to Income Tax Ordinance, income tax shall be deducted at source from the payments to contractor w.e.f 01.07.2017 @ 7% for Filer Company and @7.5% for other than company.

Payments for value of work done for Torkham Border Crossing Point were made to the contractor for Rs 5,368.753 million and for Chaman BCP for Rs 5,126.685 million up to June 2021.

Audit observed that the PMU did not deduct the income tax from the payments made to the contractor although maximum work was sublet to the subcontractors. In case of exemption from such deductions, the cost included in the contract on this account as per above referred clause was required to be deducted.

This resulted in non-deduction of income tax from the contractors and subcontractor amounting to Rs 787.158 million (10,495,439,228 *7.5%).

Audit pointed out non-deduction of tax in November 2021. The Department replied that NLC has been exempted from payment of withholding income tax by the Federal Board of Revenue. No payment is being made to the sub-contractors of NLC by PMU FBR and they are being paid by NLC itself. Whether withholding tax is being deducted from the sub-contractors by NLC or not should be raised during audit of NLC (being subject to audit as it is a government organization). PMU FBR has no jurisdiction in this regard.

The reply was not accepted because withholding tax was included in the bid rates. Furthermore, the sub-contractors included in the contract agreement were also liable to pay the income tax.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of the amount of tax from the contractor/subcontractors.

(DP. 03)

12.4.7 Unjustified and excessive payment of security staff - Rs 478.915 million

According to Clause-13.5 of the General condition of Contract, each Provisional Sum shall only be used, in whole or in part in accordance with the Engineers' instructions, and the contract price shall be adjusted accordingly. The total sum paid to the contractor shall include only such amounts, for the work, supplies or services to which the Provisional Sum relates. According to Annex-A&B of the Security Plan approved for Torkham and Chaman Border, security staff of 124 and 146 persons along with responsibilities, were to be provided by NLC respectively.

Audit observed that the Project Director paid an amount of Rs 275.515 million and Rs 203.400 million for Torkham and Chaman Border contracts respectively on account of 124 and 146 security personnel. The consultant, however, reported that only 20 persons were physically deployed on Torkham Border for security while NLC did not share any detail of duty persons for both works. The PMU was, therefore, required to make the payment only for 20 personnel whereas full payment was made to the contractor ignoring report of the consultants.

This resulted in overpayment of Rs 478.915 million.

Audit pointed out overpayment in November 2021. The Department replied that the payment for the monthly security charges is being made in accordance with the Payment Schedule. The contractor NLC, in addition to his own security personnel has obtained the services of Frontier Corps to ensure proper security of the project. Chaman is a very sensitive location and the locals on both sides of the border are not happy with the construction of BCP as well as the fence being erected on the border between Pakistan and Afghanistan as it will curb smuggling and unauthorized border crossing. There have already been riots and demonstrations held by locals in the area. Security is also provided by NLC between Quetta and Chaman to ensure smooth flow of materials and movement of personnel. Payment to NLC on this account is being made strictly in accordance with the Contract provisions and on-ground situation. Payment has been made only against the actual number of security personnel present and verified by the Resident Engineer. There is, therefore, no overpayment.

The reply was not accepted because evidence/verification of security charges as against paid amount was not on record. The details of deployed security personnel were not found attached/available in the record produced to Audit. Further, the consultant also pointed out less deployment of security personals but payment was made without deduction.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of the overpaid amount.

(DP. 08)

12.4.8 Overpayment on account of extra/inadmissible construction supervision consultancy fee to contractor - Rs 328.261 million

According to PPRA Question 12 (Answer) ii. Whenever a procuring agency is confronted with such a situation whereby the rate quoted by the single bidder cannot be compared so as to declare it as the lowest rate or otherwise it may make a prudent decision. While making a decision, the following factors may be kept in view:

- a. The comparison of the price of the goods, works, or services, if procured during the current financial year.
- b. Market price of the goods works, and services to be procured.

The Project Director (PMU) (CAREC) awarded the EPC contract for work Regional Improving Border Services Project Torkham Peshawar (FBR- ADB Loan) to M/s NLC (National Logistics Cell) with the agreement cost Rs 16,471.574 million along with 3% consultancy fee.

Audit noted that the Project Director (PMU) (CAREC) Regional Improving Border Services Project Chaman (FBR- ADB Loan) awarded the EPC contract of work to M/s NLC (National Logistics Cell) with the agreement amount of Rs 12,576.501 million & USD 36,807,908 @ 163.924 (Rs 6,033.700 million) = Rs 18,610.201 million on 19.08.2019.

Audit observed that M/S NLC included consultancy charges @ 3% of the bid cost for the work (CAREC) Regional Improving Border Services Project at Torkham. However, the contractor included 6% consultancy charges in the bid for the Chaman project (3%+3% design &Construction supervision) on the bid cost as Rs 994.759 million and the amount of Rs 656.523 million was paid up to the 4th IPC. Construction

Supervision was the responsibility of the Department for which M/s SMEC was already hired for construction supervision of the both projects (Torkham and Chaman) with agreement cost Rs 969.238 million.

This resulted in overpayment to the contractor on a/c of extra fee for construction supervision @ 3% for Rs 328.262 million (Rs 656,523,329/6%*3%).

Audit pointed out overpayment in November 2021. The Department replied that NLC's bid against Lot 2 BCP Chaman was submitted to the FBR dated 25.07.2019 about one and half year later than Torkham original bid claiming 6.5% consultancy charges on total works cost being an EPC premium. NLC was asked to substantiate his claim which was substantiated by the NLC as follows:

- a. NLC's expenses made against consultancy (design and supervision) are not being compensated with the agreed rate of 3% at BCP Torkham and therefore cannot be taken as workable in BCP Chaman bid.
- b. Contracts agreement made between the NLC and their consulting firms at Chaman BCP were produced by the NLC to support their claimed premium of 6.5%.

NLC's above submission was reviewed by the FBR based on NLC's contracts made between their consultants, after verification of 5.38% cost observed against remuneration and 0.64% cost was observed against out of pocket and reimbursable expenses. Total premium of 6% was worked out against NLC's substantiation for design, consultancy and management cost at Chaman BCP.

The reply was not accepted because payment of 6% (3+3) for Chaman Border as design & construction supervision fee as compared to 3% for Torkham Border for the same nature of work, to same contractor under the same loan, was unjustified. Further construction supervision

was the responsibility of the consultant M/s SMEC already hired by the FBR instead of contractor.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery of the overpayment of construction supervision fee from the contractor.

(DP. 26)

12.4.9 Overpayment due to common material filling beyond the quantity in detail measurement sheet - Rs 182.892 million

According to the General summary of BOQ, bill no. 1 Earthwork provided with a cost of Rs 1,941.547 million in which item no. 108a formation of embankment from roadway excavation in common material was provided as Rs 444.143 million against the quantity 885,753 Cu.m @ NLC rate Rs 501.43 per Cu.m.

Further, according to the detailed measurement/calculation sheet of earthwork, total excavation of material was to be excavated with the quantity of 2,320,953 Cu.m consisting of 40% hard rock 10% soft rock and 50% common material as 1,160,476 Cu.m out of which was to be used for filling as 870,961 Cu.m as common material.

Audit noted that the Project Director (PMU) (CAREC) Regional Improving Border Services Project Torkham Peshawar (FBR- ADB Loan) awarded the EPC contract of work to M/s NLC (National Logistics Cell) with the agreement amount of Rs 12,281.393 million & USD 31,335,483 @ 133.72 (Rs 4,190.181 million) = Rs 16,471.574 million on 18.12.2018 and the stipulated time for completion was 1245 days. . Value of work done paid up to 4th IPC was Rs 5,368.754 million excluding mobilization advance.

Audit observed that the Project Director measured and paid an amount of Rs 627.035 million on account of filling of common material

of quantity 1,250,494 Cu.m @ 501.43 P/Cu.m NLC rate up to the 4th IPC against the provided quantity 885,753 Cu.m with the amount of earth filling of Rs 444.143 million in the detail measurement sheet/BOQ. The Department was required to pay the filling quantity as calculated in the BOQ detail measurement sheet of earth filling provided with the agreement. Payment of common material filling on the excessive side has resulted in overpayment Rs 182.892 million (Rs 627.035 million - Rs 444.143 million).

Audit pointed out overpayment in November 2021. The Department replied that the Contract to NLC has been awarded on the basis of lump sum milestone payment and not on measurement of actual quantities. Payments under the contract are being verified as per Payment Schedule which is based on lump sum milestones. Audit is mixing up the mode of payment on ad measured basis instead of the Payment Schedule. All payments have been verified by the Resident Engineer (RE) on percentage basis against the costs provided in the Payment Schedule and are being certified by the Engineer accordingly. There is no measurement of actual quantities involved in this contract. All payments so far certified and paid are in accordance with the Payment Schedule milestones and there is no over payment.

The reply was not accepted because the contract cost was based on a BOQ carrying certain quantities of work. Any deviation to the agreed quantities is adjustable as per value engineering clause of standard EPC contract. Further, milestone was to be calculated/prepared on the basis of BOQ amounts.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery/adjustment of the overpaid amount.

(DP. 06)

12.4.10 Overpayment due to acceptance of higher rates of earthworks - Rs 156.734 million

According to section 6 of the agreement Employer requirement, the quoted rates of the EPC contract will be checked against the approved CSR of NHA and the Public Works Department for comparison purposes. In the absence of CSR and MES Rates, EPC shall provide Market Rate analysis sustained with supplier quotations.

According to the General summary of bid cost, bill no. 1 Earthwork consisting of different items was provided with the NLC rates as Rs 1,941.547 million.

Audit noted that the Project Director (PMU) (CAREC) Regional Improving Border Services Project Torkham Peshawar (FBR- ADB Loan) awarded the EPC contract of work to M/s NLC (National Logistics Cell) with the agreement amount of Rs 12,281.393 million & USD 31,335,483 @ 133.72 (Rs 4,190.181 million) = Rs 16,471.574 million on 18.12.2018

Audit observed that the rates of Earth Work bill-1 consisting of different items of subject BOQ were provided/ available in the NHA CSR 2014 including permissible premium @ 11% and amount came to Rs 1,784.812 million. Whereas the Department accepted the earthwork on NLC rates of Rs 1,941.547 million and being paid accordingly but the same items were available in NHA CSR 2014 including permissible premium with low cost than NLC rates. The Department was required to accept the compared rates as per codal obligation but the Department accepted single-quoted rates without any comparison/competition in violation of the above rule. This resulted in overpayment due to acceptance of higher rates on earthwork Rs 156.734 million (Rs 1,941.547 million – Rs 1,784.813 million).

Audit pointed out higher rates in November 2021. The Department replied that during pre-bid negotiations with NLC, it was agreed between PMU FBR and NLC that 11% premium will be payable

over the rates given in NHA CSR 2014 for infrastructure works. NLC's accepted bid includes different categories of infrastructures works i.e., Earthworks, Sub Base & Base, Surface Courses, Retaining Walls, Culverts and Bridges etc. NLC quoted rates for these items of infrastructure works with varying premium percentages. However, the rate analysis of all categories of infrastructure works combined together shows that the average premium is 11% above NHA CSR 2014 rates.

The reply was not accepted because higher rates were paid as NLC's quoted rates than the agreed 11% on NHA CSR.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery/adjustment of the overpaid amount.
(DP. 05)

12.4.11 Inadmissible payment to the contractor due to execution of temporary roads beyond the provision of contract agreement - Rs 57.919 million

Clause 4.23, Section 6 - Particular Conditions Part B - Special Provision provides that the contractor is fully responsible for ensuring that the border crossing is fully operational during the works and the contractor is also responsible for the payment and execution and maintenance in good working order of the temporary re-location of existing border services and circulation roads.

Para 15, Section 020 - Technical Specification of contract agreement further provides that the contractor shall prepare and maintain such temporary roads as to be necessary from the site to the nearest roads and also within the plot. Such roads shall be positioned strictly in accordance with the instructions of the Engineer and the contractor shall reduce or control any dust nuisance by spraying with water as directed.

Audit noted that the Federal Board of Revenue awarded a contract for “Development of Integrated Transit Trade Management System (ITTMS) Central Asia Regional Economic Corridor (CAREC) Regional Improving Border Service (RIBS) at Chaman Border” to M/s National Logistics Cell (NLC) at an agreement cost of Rs 12,576.501 million & US \$ 36,807,908 on August 2019. The work was started on 24.09.2019 which was required to be completed on 20.07.2022.

Audit observed during the review of the record that the Project Management Unit (PMU) Federal Board of Revenue (FBR) made a payment to the contractor amounting to Rs 5.329 million on account of the construction of diversions up to IPC No.04. Subsequently, certain items have also been measured for Rs 52.590 million on account of Cargo Dirt Track (N-25 to FC Yard and FC Yard to FS Gate another diversion of the road). Moreover, the contractor was required to execute/construct the temporary roads at his own cost as per contract provisions, whereas, the project management made payment to the contractor.

Non-adherence to contract provisions caused inadmissible payment to the contractor due to execution of temporary roads beyond the contract provision for Rs 57.919 million (payment of Rs 5.329 million + Rs 52.590).

Audit pointed out the inadmissible payment in November 2021. The Department replied that the construction of a dirt track was originally included as a provisional sum under PS-05. However, during the execution of works, it was noted that the movement of existing import/export traffic was interfering with the construction activities. The Southern Command, Quetta agreed to provide their land on the eastern side of the BCP for shifting of all the facilities involved (customs, Immigration, FC etc) on that side in order to facilitate movement of all import/export traffic on one side of BCP and to allow unhindered execution of works within the BCP. Accordingly, the dirt track originally catered for as a PS item was included in the Contract as a mettalled road diversion to take the volume of import/export traffic under an Engineer’s

instruction for variation pursuant to Sub-Clause 13.1 of General Conditions of Contract. This will be regularized as a VO to the Contract with approval of the Employer and concurrence of ADB. The Variation Order is currently under preparation.

The reply was not accepted because such arrangement was not to be paid to the contractor as per contract provision referred above.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery besides fixing responsibility against the person (s) at fault.

(DP. 33)

12.4.12 Overpayment due to non-utilization of available structural excavation common material for embankment - Rs 32.762 million

According to NHA specification item 108 Formation of Embankment: - Embankment material shall consist of suitable material excavated from borrow, roadway excavation, or structural excavation and shall include all lead and lift. Borrow material will be used only when material obtained from the roadway or structural excavation is not suitable or is deficient for embankment formation and shall include all lead and lift.

Further according to NHA specification item 108-5 formation of embankment from borrow excavation. Measurement shall be made as under:

Formation from Borrow = Total Embankment Quantity (minus) Roadway excavation Quantity (minus) structural excavation Quantity.

Audit noted that the Project Director (PMU) (CAREC) Regional Improving Border Services Project Chaman (FBR- ADB Loan) awarded the EPC contract of work to M/s NLC (National Logistics Cell) with the

agreement amount of Rs 12,576.501 million & USD 36,807,908 @ 163.924 (Rs 6,033.700 million) = Rs 18,610.201 million on 19.08.2019 and time was allowed 1034 days for completion. Value of work done was paid up to 4th IPC Rs 5,126.686 million, excluding mobilization advance.

Audit observed that the quantity of BOQ item no.107a Structural Excavation under the Retaining Wall, Drain, Nullah Works bill no. 4A was provided in the BOQ with the quantity 77,679 Cu.m @ Rs 572.09 with the amount of Rs 44.439 million. Whereas the authority measured and paid said BOQ items for retaining Walls 1, 2 and 3 with the amount of Rs 33.925 million with the quantity of 59,300 Cu.m (33,925,200/572.09) up to 4th IPC which will not be used for the backfilling because item no 107d Granular Backfill was provided for backfilling of retaining walls with the quantity 38709.3 Cu.m @ Rs 3944.66 per Cu.m.

It was further observed that the quantity of BOQ item no.108c (Formation of Embankment from Borrow Excavation) under the Earthwork bill no.1 was provided in the BOQ as 488,412 Cu.m @ 552.49 P/Cu.m. Whereas the authority measured and paid said BOQ item on export/ passenger yard and R1&R3 filling of nullah with the amount of Rs 160.544 million with the quantity of 290,583 Cu.m @ 552.49 up to 4th IPC.

Audit is of the view that structural excavation common material from retaining wall with quantity 59,300 Cu.m was available which was to be adjusted /utilized for embankment under the Formation of Embankment from Borrow Excavation. But the authority did not adjust /deduct the quantity of structural excavation common material in violation of the codal rule. This has resulted in overpayment due to the non-utilization of available structural excavation common material for the embankment of Rs 32.763 million (59,300 *552.49).

Audit pointed out the overpayment in November 2021. The Department replied that the BOQ has been provided for reference only and has nothing to do with the mode of payment. The Contract payments

are based on lump sum milestone payments in accordance with the Payment Schedule. The material obtained from structural excavation was found to be unsuitable for use in embankment formation and was disposed of accordingly. As regards the Contractor's negligence for not getting the approval for the dumping areas and not maintaining the record, 15% cost has already been deducted on the overall quantity which will be released once substantiating documents are provided.

The reply was not accepted because the contract cost was based on a BOQ carrying certain quantities of work. Any deviation to the agreed quantities is adjustable as per value engineering clause of standard EPC contract.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends recovery besides fixing responsibility against the person (s) at fault.

(DP. 31)

12.4.13 Inadmissible payment due to execution of superfluous item of work beyond the drawing/design - Rs 30.002 million

As per typical cross-sections and Drawing No.TW-08, there was no provision of an Item of work Improved Sub-grade in every Center Lane Roads (CL) as well as Import/Export Yard Parking, hence the said item was not required to be laid.

Audit noted that the Federal Board of Revenue awarded a contract for "Development of Integrated Transit Trade Management System (ITTMS) Central Asia Regional Economic Corridor (CAREC) Regional Improving Border Service (RIBS) at Torkham Border" to M/s National Logistics Cell (NLC) on single tender (Direct Contracting) at an agreement cost of Rs 12,281.393 million & US \$ 31,335,483 in December 2018 on EPC/Turnkey basis with the date of start in February 2019 which was required to be completed on 20.07.2022.

Audit observed during the review of the Interim Payment Certificates that an “Item No.110 - Improved Sub-grade” was measured and paid to the contractor for Rs 30.003 million on Center Lane Roads as well as Import/Export Yard Parking up to IPC No.04. A review of the record indicated that the said item was not provided in the drawing/design as material obtained for filling in the embankment had sufficient CBR strength about 10 to 20%.

This resulted in inadmissible payment of Rs 30.003 million.

Audit pointed out the matter in November 2021. The Department replied that all payments under the contract are to be made as per milestone-based payment schedule. Payment against activity pertaining to Import Yard road network has been made as per the work executed on site. It is the prerogative of the Engineer/his assistants to decide the extent to which a certain item is required to be used. However, being a lump sum contract, payment has to be made as per the provision in the payment schedule. The Engineer will review the entire payments made before the Final Payment Certificate is issued.

The reply was not accepted because the contract cost was based on a BOQ carrying certain quantities of work. Any deviation to the agreed quantities is adjustable as per value engineering clause of standard EPC contract. Further, said item was not provided in the drawing/design and seems not to be executed yet that payment was made.

DAC meeting was not convened despite request by Audit on 03.01.2022, 07.01.2022, 11.01.2022 and 20.01.2022.

Audit recommends early recovery besides appropriate action.

(DP. 23)

CHAPTER 13

THEMATIC AUDIT

1. SUSTAINABLE MANAGEMENT OF WATER AND SANITATION IN ISLAMABAD

1.1 Introduction

Sustainable water management means ensuring the capacity to fulfill the present-day requirements of water, while facilitating the future generations to have an affordable access to water as per their needs. The rapidly emerging climatic changes are one of the biggest threats to the sustainability of life on Earth. In Pakistan, climatic changes are expected to have wide-ranging impacts including increased variability of water availability.

1.2 Background

The capital city Islamabad is facing a number of urban development challenges due to its rapid urban growth, which is also creating eco-environmental problems, including drinking water safety and sanitation. Ministry of Environment, in line with provisions of the National Environment Policy and Vision 2030, has formulated the National Drinking Water Policy 2009. The Policy aims to provide a guiding framework to address the key issues and challenges faced by Pakistan in provision of sustainable access to safe drinking water. Similarly, National Sanitation Policy was formulated in 2006 with primary focus on safe disposal of liquids and solid waste and promotion of health and hygiene practices in the country. National Water Policy 2018 has also been framed with the objective to take cognizance of the emerging water crisis and provide an overall policy framework and guidelines for a comprehensive plan of action.

1.3 Establishing the Audit Theme

1.3.1 Reasons of selection

This theme is current, as it is a part of Pakistan Vision 2025 under Pillar-VI i.e. Energy, Water and Food Security. Major targets include:

- i. increase water storage capacity, in line with defined strategic needs and international benchmarks,
- ii. invest in proven methods and technologies to minimize wastage (e.g. in the agricultural sector), promote conservation and gain efficiencies through rationalization of pricing,
- iii. enable more effective allocation with direct reference to national & provincial priorities and related social and economic considerations,
- iv. establish institutional mechanisms (e.g. a National Water Commission) to effectively manage all sources of water (surface, subsurface, rain) and their sectoral and regional allocations (agriculture, industry, urban) and
- v. provision of access to a minimum baseline of suitable water to every person in Pakistan.

It is relevant to SDG-6 (Clean water and sanitation for all). The Sustainable Development Goals Report 2019 states that accelerated action is needed to provide people with safely managed drinking water and sanitation.

The Directorate General Audit Works (Federal) conducted thematic audit of “Sustainable Management of Water and Sanitation in Islamabad” as a part of approved Audit Plan 2021-2022.

1.3.2 Purpose/Objectives

Theme incorporates an analysis of audit findings and the impact on resources and operations of CDA/MCI. It is envisaged that the theme will be used by policy makers and implementing organizations to assess the effectiveness of the internal controls and operational management i.e. role and performance of the organizations, as well as, guide them in identifying appropriate solutions for inherent weaknesses.

The audit findings and recommendations provided with theme are intended as a guide for implementing agencies to assess and improve their performance. The possible benefits of the Audit Theme to the stakeholders are as follows:

- i. The Public Accounts Committee and the Public Administration can use the theme to inform Parliament of the systemic weaknesses in the public sector that may require legislative changes.
- ii. The legislature and implementing arms can use the theme in the formulation of policies and procedures to ensure consistency, transparency and accountability.
- iii. Executive Board of CDA can direct investigations to determine how well their entities are addressing the risks identified in the theme.
- iv. Accounting Office may use the theme to develop internal controls and strengthen risk management processes.
- v. Internal auditors can use the theme to assist in choosing the operational areas to audit.

1.3.3 Scope

Planning and operational activities of following entities during the year 2020-21 were subject to audit analysis:

- i. Planning & Design Wing, CDA

- ii. Engineering Wing, CDA
- iii. Environment Wing, CDA

The scope of audit covered analysing strategic planning, policies, procedures, goals, achievements, surveys and researches conducted by various Directorates of CDA/MCI for the purpose of sustainable management of water and sanitation in Islamabad. These Directorates included Water Supply Management, Water and Sewerage Development, Bulk Water Management, Bulk Water Management Cell, Sanitation and Sewerage Treatment Plant. Outlays audited were Rs 785.220 million.

Audit examined following:

- i. Principles of governance on the subject matter and their status
- ii. Relevant Policy objectives and their achievements
- iii. Relevant Policy directions and implementation
- iv. Follow-up mechanism at top level management
- v. Implementation arrangements and their effectiveness
- vi. Project planning, financing, execution, benchmarks/ performance yardsticks and their achievements
- vii. Roadmap (timelines) and status of implementation

Audit analysed working and planning of CDA/MCI not only in the light of national policies, but also international guidelines laid by World Health Organization.

Audit examined water testing reports, water supply and demand along with the projected population growth, strategic planning and financial management in this regard.

Audit further analysed the sustainability of both quantity and quality along with the ability of said organizations to meet global standards of potable water.

Audit observed serious violations of National Water Policy of 2018 along with the dearth of surveys and researches conducted by CDA/MCI. Average shortage of 80 Million Gallons per Day as indicated by CDA, coupled with a projected population growth rate of 5% can lead to serious consequences. No proper policy or mechanism was found for recycling or billing of industrial and domestic water usage. Furthermore, delayed water supply scheme from Tarbela Dam can further aggravate the water situation in Islamabad.

2. Legal framework governing the theme

There are number of policy interventions, programmes, guidelines, etc. regarding Water Management and Sanitations, as follows:

- National Sanitation Policy 2006
- National Water Policy 2018
- ICT Municipal Bylaws, 1968
- Performance Based Budgeting (Three-year framework for budgetary planning)
- The Islamabad Laws
- National Environment Policy 2006
- SOP for Management of Sanitation Services in Islamabad 2008

3. Stakeholders and Governmental organizations identified as directly/indirectly involved

Following Ministries and autonomous bodies are involved in the theme:

Ministry/Division	Implementing department/Autonomous body
Ministry of Interior	Capital Development Authority
	Metropolitan Corporation Islamabad

Capital Development Authority (CDA) was established in 1960 under Capital Development Authority Act, 1960 and since then it is responsible for providing municipal services to the Capital. However, in 2016, Islamabad Metropolitan Corporation (MCI) was formed and some municipal activities were transferred from CDA to MCI.

4. Role of important organizations

The Capital Development Authority has the responsibility for the overall planning, provision and supervision of public health services, covering adequate sanitation and garbage disposal within the territorial limits of the Islamabad Capital Territory (ICT). It also has the responsibility for the coordination of public health services with other relevant agencies. Within CDA, the Directorate of Sanitation has the functional responsibility for sanitation and management of solid waste within the municipal limits of Islamabad. This includes collection, transportation and safe disposal of solid waste collected from residential areas, commercial areas, open spaces etc.

5. Organization's Financials

CDA is an autonomous body having its own financial resources for its operations and accounting/payment procedures. However, Federal Government also provides funds on accounts of certain PSDP projects and maintenance of government buildings. Major resources of receipt of CDA include:

- Revenue generated from sale of plots, municipal receipts, sanitation receipts, environmental/horticulture receipts, property tax, water charges, conservancy charges,

interest/markup, commercial receipts (rent from shopping centres, bus stands, parking areas), etc.,

- Grant-in-aid from federal government for development purpose through Public Sector Development Programme,
- Grant-in-aid from federal government for maintenance of specified government buildings (Maintenance Grant).

6. Field Audit Activity

6.1 Methodology

Audit methodology included data collection, determination of objectives and audit criteria, analysis/consultation of record, discussion with staff, site visits, etc. Following steps were involved:

- i. Understanding the auditee/activities;
- ii. Defining audit objectives;
- iii. Developing audit procedures;
- iv. Conducting audit as per audit procedures; questionnaire, performance measurement;
- v. Evaluating results;
- vi. Reporting.

6.2 Audit Analysis

6.2.1 Review of Internal Controls

Within CDA, the Directorate of Sanitation has the functional responsibility for sanitation and management of solid waste within the municipal limits of Islamabad. A Standard Operating Procedure (SOP) has been framed by CDA for management of sanitation services in Islamabad. This SOP aims to institute better management, execution and monitoring practices as regards CDA's responsibilities for sanitation and solid waste management. Monitoring the solid waste collection and

disposal operation through on site or off site visits, is one of the internal controls which is responsibility of Director, Deputy Director and other levels. However, this function has not been performed optimally. Final disposal site of waste has been the issue in Islamabad as in absence of an appropriate landfill sites, Nullahs and other places receive this garbage. Integrated waste management system has not been planned and garbage generated in the city is dumped without any treatment.

Water Supply Directorate is responsible for production, treatment, conduction and distribution of potable water from different surfaces as well as ground water resources to the consumer end. Water is supplied to the city through, Simly & Sangjani Water Treatment Plants, Shahdara, Saidpur, Korang & Noorpur Water Works, Poona Faquiran Augmentation scheme and Tube Wells. Supplies from all these resources are managed up to the consumer end through a system of conduction, service reservoirs, sumps/intermediate pumping stations and distribution network. Audit observations indicate that internal controls are weak as water supply services are not satisfactory.

6.2.2 Critical Review

- i. The Project for water conducting to Islamabad was not timely initiated to overcome the water shortages in the city which not only deprived the inhabitants of basic necessity of clean water facility.
- ii. CDA has not established any permanent landfill facility for solid waste management for Islamabad. Various sites in D-12, H-10, H-11, and I-12 remained in use of CDA as landfill sites. In 2011, dumping site was allotted in Sector I-12 Islamabad on temporary basis which was inappropriate for waste disposal being situated in close vicinity of the residential section, posing threats to human health.
- iii. 60% cost of electricity could be reduced by using solar energy in accordance with National Water Policy, 2018 but the policy

was not adopted by CDA which put an extra burden on public exchequer for Rs 261.323 million (total electricity cost of Rs 435.538 x 60%).

- iv. The two concrete digesters and generator installed in 1998, were non-functional. CDA neither made any proper efforts in the last 20 years to introduce a latest technology nor any international contractor/consultant was hired to generate electricity for the whole Sewerage Treatment Plant and surrounding street light of I-9 sector whose huge bill is being paid by CDA.

6.2.3 Significant Audit Observations

6.2.3.1 Extra-ordinary increase in PC-I cost due to delay in initiation of the project - Rs 34,679.96 million

A consultant, M/s MMP Pakistan was hired for conducting feasibility study of water from River Indus (Tarbela Dam) and River Jhelum (Up-Stream Mangla Dam to Islamabad) and a sum of Rs 18.885 million was paid for the purpose. The consultant completed the final feasibility study for the scheme during the year 2009 wherein the project phase-I cost was worked out as Rs 44,841.88 million. However, it was noticed that the management initiated the project during 2009.

Audit observed that after lapse of 7 years, the management decided to initiate the project in 2017 with a revised PC-I cost of Rs. 79,521.84 million that resulted in an increase of Rs. 34,679.96 million than previous cost. Audit is of the view that this state of affairs occurred due to inordinate delay of the project which not only put an extra burden of Rs 34,679.96 million on government exchequer but also deprived the inhabitants of the intended benefits of the facility.

(Para 15)

6.2.3.2 Inappropriate selection of the Waste Dumping Site in I-12 without fencing/boundary walls and non-availability of dumping site on long-term basis

Since the establishment of CDA, the Authority has not established any permanent landfill facility for solid waste collected from the city of Islamabad. In 2011, dumping site was allotted in Sector I-12 Islamabad.

Audit observed that the allotted dumping site was inappropriate for waste disposal being situated in close vicinity of local population. The dumping site without boundary wall provides the scavengers an easy access to the site, besides giving an unpleasant sight to the passersby. In addition, emission of foul odors, dotting of the adjacent localities with the littered garbage and precipitated breeding of rodents, mosquitoes and other pests at the dumpsite is posing a threat to human health.

Keeping in consideration the aforementioned facts, an appropriate landfill site needs to be selected in conformity with the required standards to avoid any potential harm to the environment and human population. Currently the Authority is facing problems due to non-availability of waste disposal site on long-term basis.

(Para 60)

6.2.3.3 Extra burden on public exchequer on account of electricity charges due to non-adaptation of renewable energy use - Rs 261.323 million

As per para 3.4 of National Water Policy 2018, with appropriate policies and subsidies, a large percentage of tube wells in Pakistan, can be converted to solar energy to provide additional water at lower cost.

Audit noted that, Water Supply Directorate, MCI Islamabad paid an amount of Rs 435.538 million on account of electricity charges for running of tube wells and other pumps for supply of water in Islamabad during 2020-21.

Audit observed that 60% cost of electricity could be reduced by using solar energy but the policy was not adopted by CDA for the last 11 years, which put an extra burden on public exchequer for Rs 261.323 million (Rs 435.538 x 60%).

(Para 42)

6.2.3.4 Loss due to non-functioning of digester since last 20 years - Rs 210.000 million

During site visit of Sewerage Treatment Plant Directorate, CDA, audit noted that two digesters were installed for production of biogas in 1998.

Audit observed that concrete digesters and generator were non-functional and no proper record was provided to Audit to authenticate expenditure incurred on their installment. Audit further observed that Authority neither made any proper efforts in the last 20 years to introduce a latest technology nor any international contractor / consultant was hired to generate electricity for the whole Sewerage Treatment Plant and surrounding street light of I-9 sector whose huge bill is being paid by CDA.

Audit further observed that in the year 2020-21, a sum of Rs 9.360 million was paid on account of electricity charges. This resulted into loss due to non-functioning of digester since last 20 years Rs 210.000 million (approximate Rs 8.000 million electricity charges × 20 years + approximate Rs 50.000 million installation charges of digester).

(Para 03)

6.2.3.5 Loss due to non-achievement of revenue target as per PC-I since last 15 years - Rs 180.000 million

As per para 24(b) of revised PC-I of Improvement/ Refurbishing of existing Sewerage Treatment Plants (STP) Phase-I, II & III and Construction of Sewerage Plant (Phase-IV) and procurement of

contingent items at Islamabad, approved by ECNEC on 14.03.2006, approximately, Rs 8.76 million could be earned by sale of manure from plant. Further, para 15 provides that, annual recurring maintenance expenditure was Rs 51.389 million.

During scrutiny of accounts record of Sewerage Treatment Plant Directorate, CDA, Audit noted that in the year 2020-21, an expenditure of Rs 93.440 million was made on recurring maintenance head on account of STP.

Audit observed that from above criteria percentage of annual revenue earned from the sale of manure produced in the plant to annual recurring maintenance expenditure at the time of PC-I was 17%. (i.e. approx. estimated revenue by sale of manure Rs 8.76 million ÷ 51.389 million expenditure × 100)

Audit further observed that no data regarding sale of manure was provided to Audit. This resulted into loss due to non-achievement of revenue target as per PC-I during last 15 years for Rs 150.000 million (approximate average 17% revenue proportional to expenditure of Rs 12.000 million per year × 15 years)

(Para 02)

6.2.3.6 Non-harvesting of rain water and allowing boring for water in residential and commercial areas

As per para 2.15 of National Water Policy 2018, executing and managing agencies/departments should promote appropriate technologies for rain water harvesting in rural as well as urban areas. As per para 2.16, one of the policy objectives is regulating ground water withdrawals for curbing over-abstraction and promoting aquifer recharge.

Audit requested Directorate of Bulk Water Management Cell, CDA to provide policies framed/studies for rain water harvesting carried out by CDA or measures taken in compliance of National Water Policy, but no such record or policy was available with the management of CDA.

Audit observed that average precipitation /rain fall in Islamabad is 39.9 inch per year. Most of the rain water in the city and ICT passes through buildings and asphaltic roads and almost 90% of rain water in the city gets disposed of in big nullahs without proper catchment system.

No proper policy was adopted by CDA management to use residential/commercial building roofs for catchment of rain water.

Further, no survey carrying details of number of houses, shops and factories which were taking underground water through boring was available when requisitioned by Audit.

Audit further observed that policy for stoppage of such practices was not made by CDA management. This practice of self-boring is affecting underground water table severely resulting in violation of National Water Policy.

(Para 18, 19)

6.2.3.7 Non-usage of flood water for irrigation in Zone-IV and for ground water table improvement programs

As per para 2.21 of National Water Policy 2018, one of the policy objectives is profitable use of flood water towards promotion of local irrigation practices.

Audit requested Directorate of Bulk Water Management Cell, CDA to provide policies framed/studies for rain water harvesting carried out by CDA or measures taken in compliance of National Water Policy, but no such record or policy was available with the management of CDA.

Audit observed that absence of policy action for flood water usage for irrigation purposes in Zone-IV which is farm housing Zone and for improvement of ground water table by moving the flood water through channels to dry empty grounds is resulting in loss of precious resource of clean water.

(Para 20)

6.2.3.8 Failure in adaptation of Public Private Partnership for urban water and sewage system works

As per Para 2.19 of National Water Policy 2018, all Government executing departments should encourage beneficiary participation and public private partnerships.

Further, as per para 28.11, sectors that can benefit from PPP modalities and private sector participation (like urban water and sewage) should immediately be opened up for investment through appropriate policies. The introduction of private capital and discipline in project execution will not only introduce cost savings and efficiency during implementation but will also save time and create a competitive environment.

Audit observed that no record or policy was available regarding execution of work through public private partnership which shows that management of CDA is not considering National Water Policy 2018 in strategic planning which resulted into non-adaption of public private partnership for urban water and sewage system works.

(Para 21)

6.2.3.9 Provision of unsafe drinking water at Filtration Plants

As per Para 21.4 of National Water Policy 2018, a study shall be initiated to establish water quality standards for different uses and for surface and groundwater, develop standards and regulations for effluent disposal, develop a comprehensive programme of water quality monitoring, support development of an Information Management System for data storage and assessment.

According to WHO Guidelines for Drinking-Water Quality, Para 2.2.1 for microbial water quality, verification is likely to include microbiological testing. Verification of the microbial quality of drinking-

water may be undertaken by the supplier, surveillance agencies or a combination of the two.

While conducting audit at Water Supply Directorate, CDA, Audit noted from data of water quality test reports of CDA Lab to appraise the quality of drinking water being supplied to the inhabitants of Islamabad from Simly Dam. It was revealed that the water being supplied from Simly Dam even at Aiwan-e-Sadar was found unsafe as the test results showed presence of many contaminants in supplied water.

Audit observed that fifty-six (56) drinking water filtration plants were installed in different sectors of Islamabad. The replacement registers of filter, cartridge, and media of filtration plant during 2020-21, showed that frequency of majority of replacement of this equipment was between 3 to 6 months. In some cases, these are not replaced for whole years.

Furthermore, water quality tests were not conducted from any other WHO certified water quality testing laboratory to cross check the results of CDA Lab.

Audit further observed that no record is available regarding make, company warranty and time for replacement of filters. As per DAWN News 31.07.2013, when tests of 33 plants were conducted by Pakistan Council of Research in Water Resources (PCRWR), twenty-seven (27) filtration plants in Islamabad were found providing unsafe drinking water to the consumers, which indicated poor management of clean drinking water supply.

Audit holds that supply of unsafe potable water to the targeted local population was established but the management record was silent regarding any actions/measures in this regard.

(Paras 24, 26, 34)

6.2.3.10 Non-implementation of National Water Policy 2018 for 100% metering of water, reduction in wastage, and theft cases

As per para 12.2 National Water Policy 2018, full financial sustainability shall be aimed at for the Urban Water Supply and Sanitation Systems through effective reduction in wastage, theft and non-revenue water allocation and 100% metering, with effective safety-nets for the urban and peri-urban poor. Similarly, urban water tariffs must be revised to ensure financial sustainability.

During scrutiny of record of Water Supply Directorate, CDA Islamabad, Audit requested to provide metering policy/plan, theft and leakage data and its remedial measures for proper implementation of National Water Policy in Islamabad.

Audit observed that no on-ground effort is yet made for 100% water metering system. Audit further observed that data regarding water theft cases, especially in industrial area and farm houses was not being maintained. Metering is necessary in order to control excessive usage and wastages, which resulted into non-implementation of National Water Policy 2018 in letter and spirit.

(Para 45)

6.2.3.11 Untreated sewerage water in residential Sectors

As per Para 7.4 of National Water Policy 2018, Water Conservation Plans shall include “re-use and recycling of municipal and industrial waste water effluent after appropriate treatment at source.”

According to the provision of Revised PC-I of Improvement/ Refurbishing of Existing Sewerage Treatment Plants (STP) Phase-I, II & III and Construction of Sewerage Plant (Phase-IV) and Procurement of contingent items at Islamabad, approved by ECNEC on 14.03.2006 for Rs 2,727.006 million, the Sewage Treatment Plants have a capacity to treat 18.00 million gallon discharge (MGD) per day. Reportedly, STP Phase-IV is capable of treating 10 MGD sewage per day.

Audit observed that Sewerage Treatment Plant Directorate, CDA, was made functional in Sector I-9 with a capacity of sewerage water treatment of 18 MGD, Audit observed following discrepancies in the processing of water treatment plant:

- i) The plant has been treating 3 to 3.5 MGD sewage against its capacity of 18 MGD due to broken network of sewerage line since its establishment.
- ii) The population of Islamabad urban area as per Pakistan Bureau of Statistics was 529,180 in 1998 and in 2017 it reached to 1,009,003 which is double but the plant is still not used at its optimum production level.
- iii) The plant is disposing of effluent in Nullah Lai instead of usage for gardening, horticulture, and forestry, etc. in violation of National Water Policy 2019. The treated water (effluent) gets polluted immediately after falling into the Nullah Lai. Thus, the main objectives of the project to reduce water pollution and water borne diseases that promote flora and fauna is not achieved.
- iv) The plant was built in 4 phases to process sewerage water from sectors 5 to 11 of D, E, F, G, H and I series. CDA failed to link existing sewage network, which was choked and broken down at various places of these sectors since last 20 years of its completion.
- v) CDA also failed to make new sewerage treatment plants for new sectors 13 to 16 of different series in violation of above National Water Policy 2018.

(Para 01, 04)

6.2.3.12 Failure of the consultant to complete the assignment on solid waste management system - Rs 36.018 million

Clause 3.4 of consultant agreement provides that if the client suffer any losses or damages as a result of proven faults, errors or

omission in the design of a project, the consultant shall make good such losses or damages subject to the condition that maximum liability as aforesaid shall not exceed twice the total remuneration of the consultants for design phase.

Audit noted that Sanitation Directorate, MCI/CDA awarded consultancy service 'Hiring of consultant/transaction advisory (consultant/firm) to Develop Smart & Integrated Municipal Solid Waste Management System in Islamabad' to M/s NESPAK (JV) at agreement cost of Rs 36.018 million on 19.02.2021.

Audit observed that the consultant M/s NESPAK was required to complete the assignment within 6 months up to 19.08.2021 but the consultant failed to complete the assignment. Audit held the expenditure as loss/infructuous based on following observations:

- i. Authority did not take any action against the Consultant for its failure to complete the assignment within stipulated time.
- ii. Professional liability insurance was not obtained from the consultant in violation of PEC standard agreement clauses resulting in non-recovery of premium cost @ 1% for Rs 360,180.
- iii. As per remarks of the Authority, the consultant has provided decades old data in his inception report which are not workable/implementable on the basis of old data.
- iv. The firm M/s NESPAK has no past experiences and technical specialty/capabilities in the field of Solid Waste Management due to which the consultant seems unable to generate a comprehensive report on SWM System.

(Para 55)

6.2.3.13 Non-availability of waste management mechanism/practices as per modern standards and non-recycling of wastes

As per CDA Byelaws, there was no proper mechanism for solid waste management in Islamabad.

Policy and Regulations on SWM-Pakistan (2010), provides following guidelines for the land filling operations:

- i. Wastes subjected to land filling shall be compacted in thin layers using landfill compactors to achieve high density of the waste
- ii. Wastes shall be covered immediately or at the end of each working day with minimum 10 cm of soil, inert debris or construction material till such time waste processing facilities for composting or recycling or energy recovery are set up.
- iii. Prior to the commencement of monsoon season, an intermediate cover of 40-65 cm thickness of soil shall be placed on the landfill with proper compaction and grading to prevent infiltration during monsoon. Proper drainage beams shall be constructed to divert run-off away from the active cell of the landfill.
- iv. After completion of landfill, a final cover shall be designed to minimize infiltration and erosion.
- v. Diversion of storm water drains to minimize leachate generation and prevents pollution of surface water and also for avoiding flooding and creation of marshy conditions.
- vi. Construction of a non-permeable lining system at the base and walls of waste disposal area
- vii. Provisions for management of leachates collection and treatment shall be made. The treated leachates shall meet the NEQS.

- viii. Prevention of run-off from landfill area entering any stream, river, lake or pond

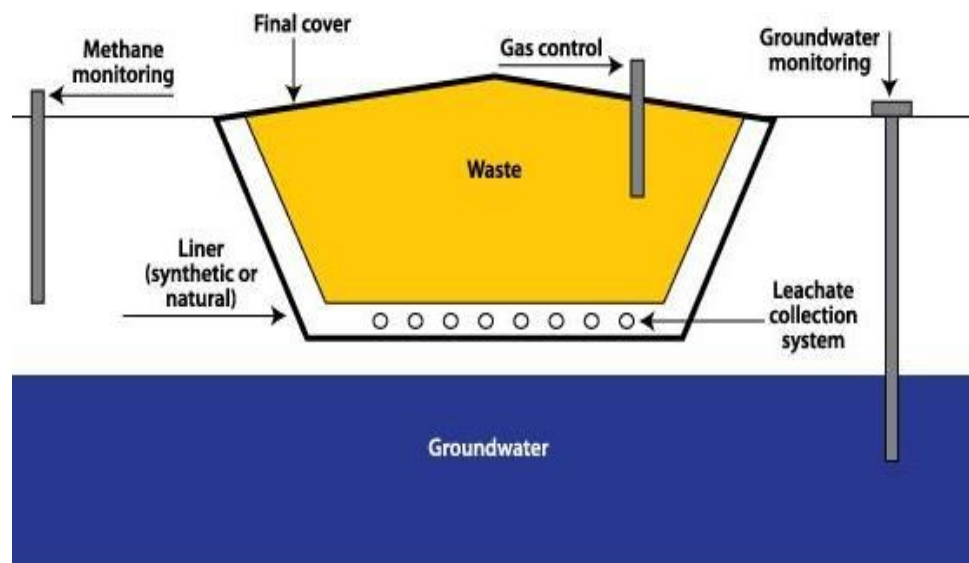


Fig. A typical modern landfill (Vesilind et al. 2002)

Audit observed that the CDA management has not adopted the modern practices for solid waste management in Islamabad city. The management while carrying out operations of the waste dumping and disposal was not found to be complying with the guidelines of SWM guidelines-2010.

In absence of the appropriate waste disposal mechanism, severe health hazards for the local population are likely to crop up besides the significant risks of contamination being posed to the surrounding atmosphere. Furthermore, no recycling mechanism of solid wastes was introduced and implemented by the CDA management.

Non-compliance of standard policies on SWM by the department was due to absence of a policy framework to carry out operations of waste dumping and disposal.

(Para 61)

6.2.3.14 Non-implementation of feasibility study of water supply - Rs 18.885 million

Audit noted that Bulk Water Management Cell, CDA has awarded a consultancy service contract for “Conducting of Water from River Indus (Tarbela Dam) & River Jhelum (Up-Stream Mangla Dam to Islamabad)” to M/s MMP Pakistan at the cost of Rs 18.885 million on 27.04.2005.

Audit observed that the consultant M/s MMP Pakistan was hired for conducting feasibility of Water from River Indus (Tarbela Dam) and River Jhelum (Up-Stream Mangla Dam to Islamabad) and paid Rs 18.885 million in this regard. The consultant completed the Final Feasibility Study for the scheme during the year 2009, wherein the project phase-I cost was worked out as Rs 44,841.88 million. However, it was noticed that the management did not make further progress and the feasibility was not implemented. After incurring an expenditure of Rs 18.885 million the management left the scheme unattended till date. Consequently after lapse of a period of more than 10 years, the feasibility study did not remain workable. Audit is of the view that this state of affairs not only put the government at loss of Rs 18.885 million in shape of feasibility cost but also delayed the facility to overcome the water shortage in the city.

(Para 14)

7. Departmental Responses

Audit pointed out the issues in November-December 2021. The Authority furnished replies to certain Audit Observations, which are narrated hereunder. DAC meeting was not convened despite request by Audit on 07.01.2022, 11.01.2022 and 20.01.2022.

- The Authority replied that the dumping site in I-12 was on temporary basis and construction of boundary wall over the temporary site is wasteful expenditure. However,

matter is under process with Rawalpindi Waste Management Company (RWMC) for arrangement of landfill site. Authority has admitted for non-availability of landfill area for permanent basis and boundary walls. (Para 6.2.3.2)

- Authority is trying to adapt necessary measures for use of renewable energy / solar system but facing some financial constraints. Steps, therefore, needs to be taken to adapt renewable energy. (Para 6.2.3.3)
- The Authority admitted that digesters were not properly maintained and operated which caused damage to them. Mishandling of the biogas plant resulting in loss needs to be probed besides taking proper steps for making biogas plant functional with new technology. (Para 6.2.3.4)
- The Authority admitted that no manure was sold from day first due to less accumulation of manure due to short supply of sewerage at STP. The reply was not tenable as the current treatment is 3.5 to 40 MGD in 2019-20, but not sale of manure is present on the available record. (Para 6.2.3.5).
- Water samples collected from various location / points were got tested by the WQCC round the clock in order to monitor the quality of water. In case water sample / result are found unsafe, the necessary measures are being adopted for improvement of water quality.
The reply was not tenable as no third party/WHO recognized lab tests were present on the record. (Para 6.2.3.9)
- The Authority is charging a flat rate as per covered area of plot/building; however a special notice / challan served to the violators who waste water frequently.

The Authority admitted irregularity of not having proper metering. (Para 6.2.3.10)

- At the time of completion of the project the plant was receiving 10 to 12 MGD which was supposed to increase with the passage of time. Unfortunately the sewerage network of the capital city was broken from different areas and gradually the influent amount was reduced to 3.5 to 4 MGD. Further there was no provision of using the tested effluent. The prime purpose was to store the environment of the capital city.

The irregularity was admitted that plant was not working with its optimum level from day first. The Authority not only failed to make it functional for 18 MGD per day since its installation but also failed to create new STP plants as per actual usage of water in ICT i.e. 70 MGD including new sectors. (Para 6.2.3.11)

- The Authority replied that the consultant firm failed to proceed as per timelines framed in the contract agreement for carrying out studies/preparation of the report etc. Hence matter is in process for cancellation as per TORs of the contract agreement.

The Authority has admitted the failure. Audit recommends action against the consultant as per rules. (Para 6.2.3.12)

- The Authority replied that the matter is under process with Rawalpindi Waste Management Company for development of Engineered Sanitary Landfill Site at Mandra Chakwal Road as per National Environmental Quality Standards.

The Authority has admitted the para. Matter need to be finalized at the earliest. (Para 6.2.3.13)

8. Conclusion

The main issues are inefficient management of water resources and inadequate treatment of sewage. Water availability and water quality, both are not up to the desired level. Water management practices were not properly followed in accordance with National Water Management Policy, 2018 with reference to rain water harvesting, ban on water boring to maintain underground water level, utilization of flood water for irrigation, introduction of water & sewage system on PPP mode, unsafe drinking water and metering for water consumption etc. Projects for water conduction/production was not timely initiated.

Sanitation services also require major improvement to ensure proper collection and disposal of waste. No landfill area was allocated on permanent basis for disposal of solid wastes collected from the city of Islamabad. The present landfill site was already filled and was an inappropriate site for waste disposal, being situated in the residential sector. CDA management has not adopted the modern practices for solid waste management and no recycling mechanism of solid wastes was introduced/implemented in complying with the guidelines of Solid Waste Management Guidelines-2010. A consultant was hired to ‘Develop Smart & Integrated Municipal Solid Waste Management System in Islamabad’ but the consultant failed to complete the assignment due to no past experiences and technical specialty/capabilities in the field of Solid Waste Management. Internal controls are also not effectively enforced to reduce wastage of water, littering and abuse of water and clearance of nullah, streams, etc, besides taking measures for public awareness.

Critical review suggests that though policies have been framed at Government level, CDA and MCI, being regulatory body and implementing arm, have not taken appropriate steps for achievement of policy objectives. The policy directives are not being properly guided/

monitored at higher level which impedes the actualization of policy objectives.

9. Recommendations

Audit recommends that:

- i. An appropriately designed dump/disposal site in compliance of the technical specifications be established. Modern waste disposal techniques and landfills providing a protective shield to the surrounding environment from the harmful impacts of the waste disposal activities be adopted.
- ii. STP be operationalized with its optimum levels besides establishing new STPs for treatment of sewerage water of new sectors and proper usage of treated water.
- iii. Meters be installed users level to control excessive usage and wastage of water.
- iv. Investment opportunities be exploited through PPP mode for execution of projects for improvement of water facilities.
- v. Appropriate measures for flood water storage for purposes of irrigation and improving water table be taken.
- vi. A private boring policy be framed besides compilation of data of private normal/rotatory machine borings and to forestall the wrong practice by ensuring proper distribution of water supply in every sector.
- vii. Measures be taken for renewable energy projects.
- viii. A proper site for solid waste management with the required standards be allocated.
- ix. Measures be taken for public awareness to reduce wastage of water and sanitation issues besides improving complaint management system.

Annexure-1: MFDAC

One thousand forty-six (1,046) Proposed Draft Paras of under-mentioned departments/organizations have been placed in MFDAC for further follow up and compliance on the part of Principal Accounting Officers which are to be complied through Departmental Accounts Committee/verification within a year. In case of non-compliance and after further improvement, paras deemed appropriate will be included in next Audit Report.

S. No.	Name of Department/Organization	No. of PDPs
1.	National Highway Authority	293
2.	Capital Development Authority/Metropolitan Corporation Islamabad	182
3.	Civil Aviation Authority	192
4.	Pakistan Public Works Department	194
5.	Estate Office	34
6.	National Construction Ltd.	02
7.	Federal Government Employees Housing Authority	34
8.	Higher Education Commission	58
9.	Afghan Projects Cell – PD&SI	09
10.	Sindh Infrastructure Development Company Limited	19
11.	Gwadar Port Authority (CPEC)	11
12.	Federal Board of Revenue	18
	Total	1,046

LIST OF MFDAC PARAS

NATIONAL HIGHWAY AUTHORITY

S. No.	PDP No.	Subject of the Para
1.	1	Non-enforcement of the Building Line in pursuance of NHA Act and Rules caused huge extra expenditure on account of compensation of land
2.	5	Un-authentic payment to contractor for Rs 91.972 million and non-deduction of voids from stone - Rs 22.993 million
3.	6	Un-due provision in the consultancy contract of higher percentage of non-salaried cost and separate overheads - Rs 39.483 million
4.	9	Unjustified payment due to non-utilization of available earth - Rs 15.884 million
5.	10	Unauthentic measurement caused undue advance payment without work done at site – Rs 16.124 million
6.	11	Non-imposition of penalty due to non-procurement of vehicles provided in the contract – Rs 10.080 million
7.	12	Award of works at higher percentage against the trend - Rs 8.823 million
8.	13	Non-imposition of liquidated damages due to delay - Rs 5.334 million
9.	15	Overpayment due to execution of wearing course on shoulders through revised design - Rs 12.461 million
10.	16	Overpayment due to excessive milling than filling - Rs 7.753 million
11.	17	Non-finalization of accounts of completed Periodic Maintenance works
12.	18	Loss of revenue due to non-operation of weigh station - Rs 4.80 million
13.	20	Overpayment due to non-deduction of inbuilt component included in analysis of rate - Rs 6.924 million
14.	21	Overpayment due to allowing higher rate – Rs 2.706 million
15.	22	Non-obtaining of insurance guarantees – Rs 23.960 million
16.	24	Non-execution/non-construction of toll plaza in violation of contract agreement valuing Rs 126.375 million and caused yearly loss of revenue/toll collection – Rs 12.00 million (approx.)
17.	25	Unjustified expenditure on account of land compensation of Balelai Toll Plaza – Rs 24.045 million
18.	26	Overpayment due to non-deduction of inbuilt cost of income tax in the CSR – Rs 184.092 million
19.	27	Non-recovery on accounts receivables from contractors for past 11 years resulting into suspected loss of Rs 127.589 million and annual simple interest thereon – Rs 140.349 million.
20.	31	Undue excess payment on account of land compensation due to improper feasibility - Rs 162.437 million
21.	33	Non-reconciliation of Bank Account and Difference in cash balance - Rs 212.092 million.
22.	34	Improper maintenance of 'Inter Office Accounts and its non-reconciliation
23.	35	Irregular award of works without detailed quantities in BOQ Rs 412.297 million
24.	45	Likely wasteful expenditure due to already executed work inclusion in PC-I approved by ECNEC – Rs 402.076 million
25.	50	Unjustified payment without conducting roughness test - Rs 6.422 million
26.	52	Unauthorized expenditure over and above the allocation
27.	54	Non-execution of 51 projects under PSDP despite of allocation of fund
28.	55	Non-preparation/production of audited financial statement for 2019-20
29.	57	Unjustified payment on salaries and other establishment without actual execution

S. No.	PDP No.	Subject of the Para
		of work – Rs 14.821 million
30.	58	Non-recovery of cost of old steel Rs 5.029 million
31.	62	Noncredit of recovery effected to the Project due to less thickness of pavement – Rs 204.814 million
32.	65	Un-justified payment on account of Design and Feasibility Studies Rs 208.332 million
33.	68	Non-adjustment of TA/DA advances - Rs 3.095 million.
34.	69	Non-Recovery from the contractor on account of electricity charges - Rs 10.854 million.
35.	70	Un-warranted Expenditure of Rs 9.439 million
36.	72	Short recovery of Income Tax Rs 1,471.802 million.
37.	77	Deprival from revenue Rs 248.10 million due to Un-operational Toll Plazas
38.	87	Unjustified contract of weigh stations on account of operational/maintenance charges Rs 230.282 million
39.	89	Irregular payment of Rs 21.551 million on account of services beyond the contract
40.	90	Un-authentic expenditure from imprest Rs 6.272 million for operation and maintenance of Weigh station through M/S Toll Link
41.	91	Un-authentic maintenance of imprest Rs 153.952 million and non-adjustment Rs 37.895 million
42.	92	Extra payment Rs 10. 220 million due to duplication of the cost of Allied Services
43.	96	Loss of revenue Rs 59.744 million due to irregular addendum in lease agreement
44.	97	Short revenue realization due to un-justified continuation of existing faulty lease agreements Rs 288.20 million per annum.
45.	107	Acceptance of unworkable rates for Asphaltic Base Course Rs 900.118 million and irregular change of item specifications at the time of tendering against the approved PC-I resulted in excess expenditure of Rs 64.165 million
46.	108	Deprival of local contractors due to non-implementation of PEC guidelines and award of work to foreign firm without forming joint venture
47.	109	Extra ordinary delay in procurement of consultancy for GIS Survey & development of Geo Database for NHA Network - Rs 133.469 million
48.	110	Mis-procurement due to undue disqualification of a qualified firm - Rs 61.178 million
49.	111	Non-provision of professional indemnity bond involving Rs 122.356 million
50.	113	Irregular acceptance of consultancy contract without breakdown of overhead and social charges and payment of less salary to consultant staff - Rs 438.745 million
51.	114	Lack of competition of award of consultancy work and irregular approval/award in violation NHA Code Rs 9.804 million
52.	115	Unjustified procurement of consultancy due to non-awarding civil works and non-completion of tasks - Rs 246.741 million
53.	116	Non-observance of PEC instructions for gauging previous performance of the contractors while evaluating/awarding the contracts - Rs 3,115.788 million
54.	117	Irregular award of Periodic Maintenance Contracts to a firm having same manpower and equipment for different works - Rs 208.095 million
55.	118	Abnormal delay in award of Periodic Maintenance Works for 2016-17
56.	119	Irregular award of Periodic Maintenance Works Rs 455.860 million
57.	120	Loss due to improper planning of hiring of vehicles on rental basis instead of

S. No.	PDP No.	Subject of the Para
		procurement/purchase Rs 8.730 million
58.	122	Non-recovery of mobilization advance Rs 62.409 million
59.	123	Un-due financial benefit to the contractor due to payment of IPC's below from the specified limit Rs 97.859 million
60.	124	Overpayment due to non-deduction of weep holes quantity from plum concrete - Rs 3.626 million
61.	126	Overpayment due to less deduction from surplus material - Rs 1.799 million
62.	127	Overpayment due to application of higher rate – Rs 12.883 million
63.	129	Inadmissible payment on account of borrow earth for item No. 108-c without following NHA specification Rs 11.476 million
64.	130	Overpayment due to execution of item against the NHA specification Rs 1.032 million
65.	131	Overpayment to the contractor due to allowing excessive thickness than provision in the VO- Rs 1.531 million
66.	132	Abnormal defective Engineer's Estimates for the works Rs 1,739.004 million
67.	133	Additional expenditure through variation orders due to change of design/defective estimation involving Rs 64.543 million
68.	134	Un-justified payment due to spreading of aggregate base course in one layer instead of two layers as per specification - Rs 11.459 million
69.	135	Non-recovery of mobilization advance –Rs 49.158 million
70.	139	Non finalization/closure of completed schemes/projects
71.	141	Non-procurement of works under annual maintenance plan 2018-19
72.	142	Irregular payment to National Highway and Motorway Police in violation of RMA rules Rs 954.466 million
73.	144	Non deduction/recovery of ICT tax @ 16% from contractors payments Rs 1.122 million
74.	145	Award of Periodic Maintenance works to debarring firm by concealed the facts Rs 181.470 million.
75.	146	Un-necessary provision of provisional sum for spare parts Rs 200.00 million
76.	148	Non-adjustment/submission of vouched accounts - Rs 9.300 million.
77.	149	Non deduction of Income Tax Rs 23.940 million
78.	150	Irregular withdrawal/bridge financing from Road Maintenance Account
79.	151	Wasteful/unjustified payments to consultants from RMA Rs 145.313 million
80.	152	Excess payment on account of escalation beyond the provision of PC-I - Rs 423.979 million.
81.	153	Unjustified payment due to non- conducting the classification of soil/rock from Geological Survey of Pakistan (GSP) Department – Rs 256.028 million.
82.	154	Suspected overpayment due to acceptance of higher rates – Rs 135.550 million.
83.	159	Non-deduction of trimming charges from the formation of embankment – Rs 21.414 million.
84.	161	Un-justified payment due to non-recording the detail measurement of Steel – Rs 469.342 million.
85.	162	Overpayment due to non-deduction of royalty – Rs 22.705 million.
86.	163	Overpayment due to measured and paid excess width of Granular Material Platform Rs 3.870 million.
87.	165	Un-justified payment to the contractor due to spreading of crushed aggregate base course in one layer instead of required Two layers – Rs 14.518 million.
88.	167	Unjustified payment on account of price escalation Rs 35.601 million.

S. No.	PDP No.	Subject of the Para
89.	168	Overpayment due to incorrect measurement Rs 1.212 million.
90.	169	Overpayment due to measured and paid 30-meter length of test pile instead of admissible length of 20-meter Rs 488,090
91.	172	Overpayment due to measured and paid item beyond the PC-I provision Rs 37.678 million.
92.	173	Un-justified payment due to measured and paid non-schedule items Rs 5.948 million.
93.	174	Overpayment due to paid higher rate for steel Rs 9.015 million.
94.	176	Non-remittance of gain on foreign currency in NHA main account
95.	177	Loss of Rs 44.940 million due to improper management decision
96.	178	Overpayment due to execution of emulsified asphalt for prime/tack coat against the cut back asphalt Rs 5.783 million
97.	179	Non-Achieving objectives of AMP 2019-2020
98.	180	Non achievement of planned targets of RMA works due to non-utilization of releases-Rs 253.348 million
99.	181	Unjustified expenditure against routine maintenance works of AMP 2018-19 from releases for the financial year 2020-2021 -Rs 144.317 million
100.	182	Irregular expenditure out of the Budget of NHA(HQ) instead of utilization of the undisbursed balances of the Regional Office -Rs 126.408 million
101.	183	Unjustified withholding of approved expenditure without provision in the Rules - Rs 34.322 million
102.	185	Unjustified award of work as well as unjustified accumulation of liability to the extent of -Rs. 9.026 million
103.	186	Unjustified financial assistance in shape of Mobilization Advance prior to one month from the expiry of stipulated date of completion-Rs 8.395 million
104.	188	Non implementation of Car Monetization Policy
105.	189	Non-revalidation of contractors all risk insurances and performance securities/bonds
106.	192	Non-accountal of vehicles procured through contracts – Rs 29.100 million
107.	193	Non-deposit of GST to the Balochistan Revenue Authority – Rs 53.501 million
108.	194	Non-revalidation of contractors all risk insurances and performance securities/bonds
109.	195	Non-deposit of Income tax deducted at source – Rs 2.055 million
110.	197	Irregular payment of mobilization advance –Rs 26.387 million.
111.	198	Overpayment due to incorrect measurement of ACWC (Class-B) Rs 5.159 million.
112.	201	Un-justified payment due to non-recording of detail measurement Rs 48.213 million.
113.	205	Non-recovery due to non-rectification of defectives works Rs – 1.545 million.
114.	206	Extra expenditure due to approved costly item instead available economical item – Rs 1.943 million.
115.	207	Overpayment due to measured and paid excessive quantity of Rs – 1.935 million.
116.	212	Non-recovery due to missing pavement studs and angle reflectors at different locations – Rs 2.194 million
117.	216	Unjustified payment on account of an inbuilt item – Rs 15.562 million
118.	218	Likely loss to the structure/embankment of the road due to non-execution of item of grass sodding/sprigging on the side slopes of the embankment
119.	220	Non-maintenance/non-handing over of Inventory/Stock/Assets Register of

S. No.	PDP No.	Subject of the Para
		moveable & fixed assets and Lab Equipment – Rs 6.00 million
120.	225	Un-authorized/Irregular expenditure due to payment of liability of previous years' contracts without provision in AMP 2020-2021 Rs 120.109 million
121.	226	Duplicate execution/award of Routine Maintenance contract for same reaches Rs 19.235 Million
122.	227	Overpayment due to non-execution of the roughness survey - Rs 11.143 million
123.	228	Unjustified/extra expenditure due to change in scope of work and Design/Drawing - Rs 6.873 million
124.	229	Inadmissible payment due to execution of costly item -Rs 3.669 million
125.	230	Overpayment due to non-deduction of the cost of components not used during execution of the work - Rs 3.276 million
126.	231	Overpayment due to non-deduction of cost of rock included in the item rate - Rs 1.051 million
127.	233	Overpayment due to extra provision/ consumption of structural steel in estimate for Rs 6.973 million
128.	234	Overpayment due to preparation of rate analyses of the item on higher side Rs 2.953 million
129.	235	Inadmissible acceptance/allowing premium on market-rate based items Rs 3.265 million
130.	240	Loss of revenue due to Non-auction of vehicle – Rs8.00 million
131.	242	Non-obtaining of additional 10% Bank Guarantee from the contractor - Rs 3.57 million
132.	244	Non-release of funds by NHA to LAC of Rs 525.736 million and resultant litigation for enhancement of rates
133.	245	Pending Court Cases due to non-taking of steps for improvement in legal wing of NHA and delay in mutation of land in the name of NHA
134.	247	Non-charging of Interim Delay Damages due to slow progress of the contractor against the estimated progress - Rs 3.095 million
135.	248	Irregular replacement of key personnel provided in the consultancy contract
136.	249	Execution of the work without approval of design by the Employer – Rs 18.619 billion
137.	250	Undue financial aid to the contractor due to non-recovery of advance payment from the contractor – Rs 72.813 million
138.	252	Irregular provisional payment of Rs 577.894 million
139.	254	Non-obtaining of Performance Guarantee - Rs 351.813 million
140.	255	Irregular replacement of key personnel provided in the consultancy contract
141.	256	Non-revalidation of Performance Security Bond of work – Rs 36.286 million
142.	259	Wasteful expenditure due to execution of work of special maintenance without provision of work in annual maintenance plan of Rs 8.736 million
143.	260	Overpayment to contractor due to using prime coat instead of tack coat – Rs 1.179 million
144.	261	Overpayment due to execution of items on excess area than specified width of carriageway Rs 2.924 million
145.	267	Excess payment due to execution of items beyond approved annual maintenance plan of Rs 2.231 million
146.	268	Irregular/un-authorized deletion of items of work approved under AMP/TS of Rs 10.362 million
147.	271	Overpayment for an item of work due to incorrect record measurements -

S. No.	PDP No.	Subject of the Para
		Rs 3.592 million
148.	272	Irregular award of works without detailed quantities in BOQ Rs 305.36 million
149.	275	Overpayment due to deviation from specification and incorrect calculation Rs 1.043 million
150.	276	Irregular payment of previous works of Annual Maintenance Plan during current financial year
151.	277	Overpayment due to non-considering the economical items for hot recycling in violation of NHA code and CSR Rs 50.164 million
152.	278	Overpayment due to execution of emulsified asphalt for tack coat against the cut back asphalt Rs 1.466 million
153.	280	Irregular execution of Periodic Maintenance work activities through Special Maintenance by splitting the works Rs 122.196 million
154.	281	Inadmissible expenditure on janitorial and security services through RMA Rs 4.045 million
155.	282	Non-implementation of Annual Maintenance Plan 2019-20 and non-completion of works involving Rs 305.37 million
156.	283	Non-auction of valuable material – Rs 2.20 million
157.	285	Irregular payment due to execution of ACWC before approval of Job Mix Formula (JMF) Rs 17.786 million.
158.	286	Extra expenditure due to paid costly item instead of available economical item – Rs 1.501 million.
159.	287	Non-revalidation of mobilization advance guarantees –Rs 42.239 million.
160.	288	Unnecessary creation of huge volume of liabilities due to non-finalization/closure of works
161.	292	Less collection of Police fine Rs 8.148 million during interim period
162.	293	Mis-procurement due to award of works by splitting -Rs. 661.626 million.
163.	294	Extra expenditure due to approved costly item instead available economical item – Rs 4.019 million.
164.	296	Overpayment due to non-utilization of available earth – Rs 3.890 million
165.	297	Irregular payment due to execution of Asphaltic Base Course (ABC) item prior to approval of Job Mix Formula Rs 34.063 million.
166.	298	Non-recovery of mobilization advance –Rs 4.036 million.
167.	300	Irregular award of work without open competition -Rs. 45.354 million.
168.	303	Irregular award of work after expiry of bid validity period – Rs 134.209 million.
169.	306	Execution of sub-standard work due to occurring rutting valuing Rs 77.954 million
170.	310	Abnormal defective Engineer's Estimation
171.	311	Irregular/unauthentic acceptance of bids on the basis of un-workable/un-realistic rates offered and accepted by the NHA for Maintenance Work Rs 177.232 million
172.	316	Non-recovery of mobilization advance – Rs 104.596 million
173.	318	Non-maintenance of site facilities by Contractor - Rs 9.680 million
174.	321	Interest claims of Consultants for delayed payments of EUR 1.400 million and Rs 29.686 million
175.	322	Increase in cost due to imprudent decisions and delay in completion of project
176.	327	Unauthentic execution of stone masonry/Rip Rap works – Rs 67.653 million
177.	329	Payment without execution of work – Rs 7.670 million
178.	330	Irregular award of works without TS Estimates – Rs 137.491 million

S. No.	PDP No.	Subject of the Para
179.	332	Irregular approval of variation order involving irregular execution of work – Rs 8.540 million
180.	333	Non-revalidation of performance guarantee – Rs 5.094 million
181.	335	Non-revalidation of performance guarantee – Rs 11.199 million
182.	336	Irregular payments to Consultants without evidence of disbursements to concerned Personnel as per prescribed rates - Rs 31.304 million
183.	339	Excessive expenditure on security services than approved in PC-I – Rs 54.584 million
184.	340	Non-deduction of trimming charges from the formation of embankment – Rs 30.448 million
185.	341	Un-justified payment due to non-recording the detail measurement of Steel – Rs 1,453.575 million
186.	343	Non-finalization of accounts due to abnormal delay in issuance of TOC
187.	345	Irregular bidding of consultancy services
188.	348	Overpayment/ un-authentic payment to the contractors without conducting survey/enquires for borrow areas/ payment of royalty /malkana Rs 22.310 million
189.	349	Overpayment due to multiplication beyond the X section area Rs 5.541 million
190.	351	Non-deduction of trimming charges due to non-execution of trimming work from the formation of embankment Rs 2.231 million
191.	352	Unjustified charging of extra expenditure to Bill No.07 twice - Rs 2.459 million
192.	354	Unjustified payment due to non-accounting/recovery of dismantled material - Rs 9.419 million
193.	355	Unjustified/unauthorized payment due to non-obtaining of the comprehensive training program - Rs 2.236 million
194.	358	Non-obtaining of updated/valid performance securities of Rs 2,781.798 million and non-recovery of inbuilt cost of Rs 278.178 million.
195.	360	Defective estimation due to extra ordinary deviation in estimation of earth works for Rs 105.014 million and superfluous expenditure of Rs 4.115 million
196.	361	Non-construction/non-execution of important components of side drains, box culverts and road lighting in violation of PC-I provisions
197.	362	Irregular/inadmissible separate payment for re-compaction item without its requirement and Rate Analysis – Rs 12.665 million
198.	363	Non-recovery of loss due to fault on part of the consultant - Rs 6.967 million
199.	364	Non-recovery due to non-provision of employer's office & residence by the contractor - Rs 6.951 million
200.	365	Execution of project works without addition of Environmental Mitigation Measures in the bidding documents/contract agreement and without NOC from EPA - Rs 452.884 million.
201.	366	Undue addition of new DPs after finalization of LARP initial survey/inventory - Rs 9.710 million
202.	369	Unjustified payment without obtaining sales tax invoices and without penetration test of bitumen
203.	370	Over payment due to execution of inadmissible item of work for - Rs 11.051 million
204.	372	Less deduction of retention money/security deposits - Rs 152.364 million.
205.	374	Unjustified/unauthentic payment to consultant without proper record – Rs 14.801 million
206.	375	Non-remittance of sales tax to Sindh Government for Rs 8.315 million and non-

S. No.	PDP No.	Subject of the Para
		deduction of sales tax from consultant's payment – Rs 1.064 million
207.	376	Unauthentic payment on account of shifting/maintenance of public utilities without proper engineer estimate and vouched account - Rs 49.606 million
208.	378	Overpayment due to improper adjustment of actual time spent by the consultant on work – Rs 11.318 million
209.	379	Loss due to non-rationalization of tender and construction drawings – Rs 60.060 million
210.	380	Unauthentic payment of Asphalt Base Course – Rs 552.736 million
211.	386	Un-authentic/un-justified release of withheld amount without recording reasons of withheld and fulfillment of codal rules on release Rs 119.280 million
212.	387	Unjustified payment without conducting roughness test
213.	389	Non-accountal/Non-recovery of cost of dismantled material Rs 259.130 million
214.	390	Irregular expenditure without execution of flyovers replaced with underpasses beyond the Engineer's Requirement
215.	391	Overpayment to the contractor due to inbuilt component – Rs 26.141 million
216.	392	Unjustified/unauthorized payment due to non-obtaining of comprehensive training program - Rs 36.080 million
217.	398	Non achievement of Project objective and benefits
218.	400	Unauthorized release of withheld amount Rs 4.00 million.
219.	401	Less deduction of security deposit Rs 14.478 million.
220.	402	Excess payment of Rs 18.951 million.
221.	403	Non deduction of income and PRA tax Rs 2.340 million.
222.	404	Unauthorized adjustment of security deposits Rs 149.758 million.
223.	405	Non finalization of accounts of completed works.
224.	409	Non deduction of income tax Rs 11.231 million.
225.	411	Overpayment due to payment of Grouted Rip Rap at different rate - Rs 25.708 million
226.	412	Loss due to delay in completion of project of worth Rs 1,197.75 million
227.	413	Overpayment due to non-deduction of trimming charges – Rs 19.079 million
228.	417	Loss due to irregular provision of an item of work having higher rate without genuine requirement – Rs102.257 million
229.	419	Irregular award of contract of Rs 2,496.085 million
230.	420	Irregular amendment to contract caused undue financial aid to the contractor - Rs 245.405 million
231.	422	Unjustified /Irregular payment on account of security - Rs 408.662 million
232.	423	Payment of price escalation in excess of the provision of approved PC-1
233.	424	Irregular charging of expenditure to the project - Rs 50.00 million
234.	425	Procurement of vehicles in violation of the austerity measures - Rs 13.00 million
235.	427	Non-bridging of missing fence gaps on different locations on Right of Way (ROW) of Motorway M-2 – Rs 5.982 million
236.	428	Non-recovery of income tax from contractor – Rs 7.856 million
237.	429	Irregular enhancement of work without open tendering – Rs 7.875 million
238.	430	Irregular enhancement of work after award of work through variation order – Rs 5.204 million
239.	434	Irregular award of work through negotiation with the first lowest bidder after opening of bids – Rs 35.573 million
240.	439	Non execution of remaining works of Periodic Maintenance Works even passing of a long time since issuance of substantial/ taking over certificates - Rs10.257

S. No.	PDP No.	Subject of the Para
		million
241.	440	Non-implementation of the Annual Maintenance Plan and incurring expenditure on clearance of liabilities of previous years - Rs 566.154 million
242.	441	Irregular award of works without preparation/approval of detailed Engineer's Estimates/BOQs – Rs 328.726 million
243.	446	Non disposal/ auction of three off road vehicles parked in Regional Office Gwadar since long
244.	447	Irregular award of works beyond the limit of acceptance by Zonal Member for Rs 165.875 million
245.	453	Excess payment to contractor due to non-execution of work as per provision of typical X-section for Rs 40.671 million
246.	454	Un-authorized payment due to execution of an item of work beyond contract limit of Rs 14.603 million
247.	455	Non rectification of defective/sub-standard work of Rs 5.629 million
248.	459	Overpayment due to excessive measurement than x-section of Rs 2.006 million
249.	461	Recoverable amount from operators of toll plazas for unjustified expenditure of maintenance works incurred by NHA for Rs 2.986 million
250.	464	Irregular award of work in violation of PPRA Rules Rs 20.555 million
251.	465	Unauthentic payment for pavement marking Rs 10.824 million
252.	466	Irregular/unauthentic acceptance of bid beyond the directions of the NHA Executive Board Rs 220.168 million
253.	467	Un-authentic/unjustified expenditure without cross section for execution work- Rs73.425 million
254.	468	Irregular award of works without detailed quantities in BOQ Rs 407.205 million
255.	470	Non achievement of revenue targets causing less recovery of Rs 134.997 million.
256.	471	Irregular execution of work through defective Estimation Rs 19.793 million
257.	472	Non recovery of inbuilt component cost- Rs 2.443 million
258.	473	Non procurement and implementation of data based system by consultants and non- recovery of procuring and operative cost by NHA-Rs 5.205 million
259.	474	Non maintenance and operation of project account and non-deposit of 1% share by consultants JV -Rs 7.913 million
260.	475	Unjustified payment to consultants due to variation of key persons - Rs 31.193 million and non-imposition and recovery of penalty of Rs 1.644 million
261.	476	Excess payment of direct charges to consultants of Rs 4.413 million
262.	477	Unjustified delayed payment to contractor on account of design phase for Rs 1582.701 million
263.	479	Overpayment due less construction of structure than employer minimum requirement provided under contract of Rs 3,453.200 million
264.	481	Over payment in violation of contract provision of Rs 659.458 million
265.	482	Non-rectification/restoration of damaged and stolen fence by contractor valuing Rs 63.664 million
266.	483	Excess payment due to extra ordinary quantity of an item of work included in EPC bid price of Rs 1075.031 million
267.	496	Overpayment due to higher rates – Rs 11.691 million
268.	500	Non-imposition of liquidated damages for delay in completion of work
269.	504	Excess payment on account of design charges Rs81.760 million.
270.	505	Non-deduction of Security Deposit Rs 208.956 million
271.	506	Unjustified expenditure on appointment of Chief Resident Engineer in violation

S. No.	PDP No.	Subject of the Para
		of contract agreement – Rs 5.400 million.
272.	508	Non-obtaining of insurance of vehicles and third-party liabilities insurance - Rs 1.1 million
273.	509	Non conduction/ preparation of Monitoring & Inspection Report.
274.	511	Less assessment of police fine in revenue envelope summery of annual maintenance plan 2020-21 – Rs 3,317.89 million.
275.	512	Irregular payment to National Highway and Motorway Police in violation of RMA rules - Rs 618.923 million.
276.	517	Less deduction of Income Tax Rs 22.876 million.
277.	518	Non-adjustment/submission of vouched accounts of advance payments made for relocation of utilities – Rs 44.649 million.
278.	519	Overpayment due to non-deduction of rebate on complete operational cost - Rs 38.00 million
279.	520	Irregular charging of Development Expenditure to Road Maintenance Account through bridge financing Rs 1,319.409 million.
280.	521	Irregular enhancement in consultancy agreement through Variation Order- Rs 69.902 million.
281.	522	Unjustified payment to the consultant due to provision of transport facility beyond the consultancy agreement - Rs 11.00 million
282.	524	Unjustified payment due to non-accountal of dismantled material- Rs 31.862 million.
283.	525	Unjustified payment due to execution of Asphaltic Base Course (Class-B) beyond the BOQ provision - Rs 4.615 million.
284.	527	Execution of works without Environmental Mitigation Measures – Rs 16.666 million
285.	529	Unjustified expenditure on account of hiring of security/FC - Rs 91.755 million
286.	530	Non-remittance of deducted income tax-Rs 13.489 million
287.	531	Non-deduction of KPK Govt Revenue Sale Tax on services - Rs 242.605 million
288.	532	Unjustified blockage of land compensation money due to non-disbursement /lapse of funds – Rs 386.594 million
289.	533	Overpayment due to non-deduction of quantity of steel from sub-structure works of bridges including piles Rs 147.009 million
290.	534	Overpayment due to application of incorrect base rate for payment of escalation on steel - Rs 560.992 million
291.	535	Overpayment due to inclusion of non-BoQ/contractor's lucrative item of plum concrete instead of grouted rip rap or stone masonry - Rs 150.977 million
292.	536	Overpayment due to inclusion of contractor's lucrative item of grouted rip rap instead of grouted stone pitching - Rs 35.007 million
293.	537	Less deduction of General Sales Tax of Punjab and KPK Province from invoices of consultant for Rs 107.288 million

CAPITAL DEVELOPMENT AUTHORITY

S. No.	PDP No	Subject of Para
1.	1	Miss-procurement of contracts due to improper Technical Evaluation
2.	2	Unauthentic payment of Price escalation without detail calculation and beyond the completion period Rs 31.947 million
3.	4	Overpayment due to allowing higher rate as premium on Schedule items

S. No.	PDP No	Subject of Para
		without provision in NIT/BOQ Preamble – Rs 13.780 million
4.	5	Non recovery of secured advance for Rs 8.305 million.
5.	7	Over payment due to full payment of deformed bars Grade-60 in the agreement - Rs 6.079 million
6.	8	Non-imposition of interim Liquidated Damages due to slow progress of work – Rs 20.022 million
7.	9	Non-deduction of 1% CST - Rs 4.102 million
8.	10	Non-obtaining Performance Guarantee - Rs 5.546 million
9.	11	Unauthentic/doubtful payment to the contractor without observing Lab test reports of material from independent Lab Rs 14.753 million
10.	12	Undue financial benefit to contractor due to payment of IPCs less than agreed limit of - Rs 25.376 million
11.	13	Non-accountal of serviceable material/earth – Rs 3.673 million
12.	15	Non-deduction of amount of Rs 211.00 million and non-cancellation of plot due to irregular approval of building plan.
13.	17	Non-forfeiture of Rs 158.695 million due to non-depositing the balance instalments of premium.
14.	20	Non-forfeiture of token money due to non-payment of instalments Rs25.00 million.
15.	25	Non-compliance of Honourable Supreme Court Orders due to non-conducting the complete survey of 539 Agro farming plots.
16.	26	Irregular grant of rebate
17.	27	Loss to authority due to grant of rebate on full premium of plots instead of 75% remaining premium Rs 266.704 million.
18.	30	Overpayment beyond contract provision -Rs 3.004 million
19.	31	Excess payment beyond approved provision -Rs 1.203 million
20.	32	Unjustified payment without getting approval of time extension after lapse of seven years-Rs 4.289 million
21.	33	Award of work without competitive bidding - Rs 63.341 million
22.	34	Unjustified/irregular payment of secured advance of -Rs 5.274 million and non-recovery of GST -Rs 0.897 million
23.	35	Non-conducting of fact finding report and non-completion of contract within revised PC-I cost - Rs 119.16 million caused loss to Govt- Rs 34.763 million
24.	36	Overpayment beyond the contract provision –Rs 4.187 million
25.	38	Non surrendering of un spent balance since last 7 years -Rs 28.802 million
26.	39	Overpayment due to incorrect weightages for price adjustment - Rs 1.325 million
27.	40	Overpayment due to incorrect application of base rate and price adjustment in extended period – Rs 1.246 million
28.	41	Overpayment due to incorrect weightages for price adjustment – Rs 2.200 million
29.	42	Unauthentic payment to Janitorial Services firms Rs 4.30 million
30.	43	Ineffective utilization of grant and unjustified lapse of funds for Rs 45.432 million
31.	44	Non preparation of annual comprehensive maintenance plan caused irregular charge of capital expenditure by incurring expenditure from maintenance grant on major/special repairs for Rs 177.442 million
32.	45	Financial indiscipline due to rush of expenditure – Rs 71.214 million

S. No.	PDP No	Subject of Para
33.	46	Non-adoption of PEC Standard Bidding Documents for award of contracts valuing Rs 132.907 million
34.	47	Unauthentic payment of maintenance charges to the contractor without availability of proof of work done Rs 1.532 million
35.	48	Non-recovery of overpayment made on account of arrears to the CDA pensioners fraudulently without valid authorization – Rs 1.771 million
36.	50	Utilization of balances of security deposits of the contractors on other heads
37.	53	Non-reconciliation of expenditure incurred out of Cash Development Loan – Rs 248.948 million
38.	57	Non-reconciliation of receipts from book of accounts/one window operation register
39.	60	Unauthorized issuance of approval, NOC and completion certificate despite court case due to usage of green area for construction of house
40.	66	Unauthentic resolution of Prime Minister's portal 122 Nos complaints
41.	68	Improper constitution of Building Control Directorate-II without any proper human and official resources resulted into creation of another BCD-III
42.	69	Non-conducting of survey for non-conforming use in private societies
43.	76	Unjustified payment of RCC Pipe work without connecting, testing – Rs 5.896 million
44.	77	Un-authorized/irregular acceptance of insurance guarantees instead of bank guarantees in violation of PAC directive – Rs 87.554 million
45.	78	Un-authorized/irregular acceptance of insurance guarantees instead of bank guarantees in violation of PAC directive – Rs 220.465 million
46.	79	Non-recovery of price de-escalation from the contractor
47.	80	Unjustified expenditure due to non-utilization of services of maintenance (Regular–P Staff) staff - Rs 180.855 million.
48.	81	Un-justified payment – Rs 5.026 million.
49.	82	Unjustified payment due to execution of work beyond the approved locations - Rs 2.810 million.
50.	84	Irregular award of work without revision of T.S Estimate - Rs 19.868 million.
51.	86	Un-justified payment due to execution of NSI items without approved analysis of rates – Rs 3.309 million.
52.	87	Un-justified payment due to non-recording of detail measurement – Rs 5.399 million.
53.	88	Extra expenditure due to execution of costly item instead available economical item – Rs 3.382 million.
54.	89	Irregular release of security deposits to the contractors without observing the contract clause – Rs 8.737 million
55.	90	Un-justified payment due to release of withheld quantities without recorded any reason– Rs 3.923 million.
56.	91	Irregularity in procurement process - Rs 41.208 million
57.	92	Loss to Authority due to non-forfeiture of earnest money of contractors - Rs 6.567 million
58.	93	Non finalization of accounts of works/projects amounting to Rs 23.738 million
59.	94	Non obtaining of performance security of works from contractors of Rs 3.248 million
60.	95	Irregular/unauthentic payment without detail estimate of demand notice for

S. No.	PDP No	Subject of Para
		energy meters of Rs 157.419 million
61.	96	Un- justified/un-authentic payment due to change the demanded amount on demand notices without detail estimate/breakups of the actual cost of Rs13.656 million
62.	97	Over payment to M/s IESCO on account of digging charges payable to CDA of Rs 5.430 million
63.	98	Un-due payment to M/s IESCO on account of inadmissible escalation of Rs 2.680 million
64.	99	Un-authentic payment of Electricity bills for street lights without confirming actual consumption through effective energy meters
65.	100	Unjustified payment on account of income tax to FBR against advance payment of demand notices to M/s IESCO for Rs 12.859 million
66.	101	Non – installation of power meters/transformers against payment of demanded amount of Rs 191.891 million and non-obtaining vouched accounts there against
67.	102	Irregularity in procurement process - Rs 25.625 million
68.	103	Loss to authority due to non-forfeiture of earnest money of contractors - Rs 1.342 million
69.	104	Irregular award of work to in-eligible contractor - Rs 6.182 million
70.	105	Unauthentic expenditure without detailed TS estimates of the work – Rs 1.865 million
71.	106	Irregularity in procurement process - Rs 15.539 million
72.	107	Loss to authority due to non-forfeiture of earnest money of contractors - Rs 3.066 million
73.	108	Unjustified expenditure due to allowing premium on current market items of Rs 1.455 million
74.	109	Irregular posting of employees without observing of rotation policy
75.	110	Non-Conducting of Physical Verification of Store/Assets
76.	111	Un-authorized occupation of Cafeteria by the Contractor without extension of License agreement and payment of rent and utility charges Rs 4.485 million
77.	112	Un-authorized installation of BTS towers top floors of commercial buildings
78.	113	Non-disposal of dismantled material – Rs 8.704 million
79.	121	Irregular award of additional work without open tendering – Rs 20.208 million
80.	122	Irregular award of additional work without open tendering – Rs 21.903 million
81.	124	Excess payment due to execution of items of work other than the approved Brands of Rs 10.653 million
82.	125	Excess payment due to allowing excess quantity of an item of work beyond contract provision of Rs 2.086 million
83.	126	Excess payment due to separate payment for an item of work inbuilt in other items of Rs 1.397 million
84.	127	Irregularity in procurement process - Rs 14.544 million
85.	128	Non-obtaining of performance security of works - Rs 2.222 million
86.	129	Excess payment due to execution of work in violation of provisions of detailed TS estimates of the work – Rs 2.303 million
87.	130	Irregularity in procurement process - Rs 23.934 million
88.	131	Non obtaining of performance security of works from contractors of Rs 3.696

S. No.	PDP No	Subject of Para
		million
89.	132	Irregular award of works to contractors - Rs 9.989 million
90.	133	Un-authorized/irregular expenditure and creation of liabilities – Rs 20.279 million
91.	135	Non provision of site facilities by the contractor to employer amounting to Rs 1.165 million
92.	136	Non- deposit of retention money in retention money account deducted from contractors of Rs 3.713 million
93.	137	Un- authentic expenditure of Rs 96.162 million due to similar repair maintenance works executed by National Assembly Secretariat in parliament house
94.	138	Loss due to acceptance of premium on market rate items in addition to admissible provision of overhead and profit - Rs 11.750 million
95.	139	Non-taking/handing over of Office Furniture procured, on Stock Register - Rs 2.960 million
96.	140	Non-deduction of Sale Tax on services from the payment made on account of Janitorial/Cleaning Services – Rs 1.782 million
97.	141	Irregular enhancement of contract cost without approval from the competent authority – Rs 6.323 million
98.	142	Non-recovery of lease amount and delay charges from the contractor – Rs 0.766 million
99.	143	Non-verification and non-Maintenance of Cash Book Rs 381.368 million
100.	144	Financial Indiscipline due to non-maintenance of work register containing details of payments mode Rs 375.698 million
101.	147	Irregular execution of the items of work without carrying Laboratory Test from Independent/authentic Laboratories– Rs 3.421 million
102.	148	Overpayment due to execution of extra item beyond the scope of contract agreement - Rs 3.084 million
103.	149	Non-annulment of work amounting to Rs 862.616 million and non-forfeiture of Bid Security Rs 11.286 million
104.	150	Unjustified payment of price adjustment - Rs 8.386 million
105.	151	Non-adoption of PEC Standard Bidding Documents - Rs39.737 million
106.	153	Less deduction of Water Charges Rs 15.916 million
107.	154	Non-Provision of Vehicles - Rs 32.225 million
108.	156	Irregular payment of Mobilization Advance – Rs 17.684 million
109.	158	Non-adjustment of Secured Advance – Rs 50.072 million
110.	159	Award of additional work without calling of open tenders – Rs 37.142 million
111.	161	Non-obtaining of additional 10% Performance Guarantee from the contractor- Rs 58.26 million
112.	162	Irregular payment due to non-approval of contract agreements - Rs 22.667 million
113.	164	Non-obtaining insurance coverage Rs 35.858 million and non-recovery of premium @ 1% of contract cost - Rs 0.358 million
114.	165	Un-justified award of work by acceptance the imbalanced bid without workable rate analysis – Rs 6.853 million
115.	166	Non-conducting of Internal Audit of the consultant's expenditure - Rs 12.270 million
116.	167	Irregular/unjustified release of Security Deposit without completion/TOC of

S. No.	PDP No	Subject of Para
		works and finalization of Accounts Rs5.552 million
117.	168	Non-opening/non-maintaining of separate Bank Account with minimum balance by the Panel Chemists – Rs 2.00 million
118.	170	Non-conducting/preparation of inspection report of medicines and surgical disposals/instruments Rs 317.302 million
119.	171	Non-adjustment of advance payment made on account of medical fee to other hospitals/institutes – Rs 1.575 million
120.	172	Unauthorized retention of accommodation by Medical officers in CDA Doctor's Hostel
121.	173	Non-imposition of penalty/non-forfeiture of security due to poor performance of contractors for Rs 1.200 million
122.	174	Loss due to award of contract at higher rates – Rs 0.468 million
123.	175	Loss due to payment on account of MRI/CT Scan Test fee to other Hospitals/Institutes in the presence of in-house facility of MRI/CT Machine – Rs 140,000
124.	176	Non-recovery of Air Conditioning Charges from the allottees of the CDA Doctor's Hostel – Rs 0.611 million
125.	177	Irregular expenditure on service charges of Rs 1.620 million due to non-repair of vehicles from CDA, M.P.O workshop worth – Rs 13.598 million
126.	178	Non-condemnation of off-road old Machinery/Vehicles and wasteful expenditure of Rs 1.133 million on repair
127.	179	Un-authorized deposit of auction money of confiscated material in current account of DDO Enforcement –Rs 4.305 million
128.	186	Less collection from fines and sale of confiscated material due non-evolving of proper fine imposition/collection mechanism -Rs 4.3 million
129.	188	Irregular/Unjustified expenditure on rental machinery Rs 1.411 million and non-recovery of ITC tax on rent of machinery - Rs 249,452
130.	189	Irregular/ Expenditure on repair of vehicles without fulfilling codal formalities Rs 3.964 million
131.	190	Non action against illegal huts in front of Quaid- E- Azam University

METROPOLITAN CORPORATION ISLAMABAD

S. No	PDP No	Subject of Para
1.	01	Non preparation of annual comprehensive maintenance plan Rs 85.939 million
2.	03	Unauthentic payment made on account of Electricity Charges to IESCO, WAPDA, Islamabad beyond actual consumption/measurement of electricity in units Rs 379.465 million
3.	04	Unauthentic payment on account of water charges Rs 22.750 million
4.	06	Loss due to award of work at higher rate - Rs 1.768 million
5.	07	Unauthentic payment of raw water charges for Sangjani Treatment Plant to WAPDA without authentic measurement - Rs 38.083 million
6.	08	Non-obtaining of insurance cover of the work for Rs 13.346 million and non-recovery of premium of Rs 0.133 million from the contractor
7.	09	Non reconciliation and non-obtaining of vouched accounts of payments made on account of estimated cost of Engineering Services for the surveillance of Simly Dam to WAPDA – Rs 9.687 million

S. No	PDP No	Subject of Para
8.	10	Non-finalization of accounts of work for surveillance & monitoring of the Simly Dam Project – Rs 144.984 million
9.	11	Un-justified inclusion in the contract agreement and payment of overhead charges @ 25 % to WAPDA - Rs 2.558 million
10.	12	Non-reconciliation/settlement of accounts of cost of salaries and allowances paid with the actual expenditure incurred by WAPDA – Rs 15.980 million
11.	13	Non-imparting Training to the CDA deputed staff by the WAPDA site staff at Simly Dam
12.	14	Non-deduction of Sale Tax on Services from the payment made on account of consultancy services – Rs 1.532 million
13.	15	Non-obtaining/maintaining of comprehensive insurance coverage for motor vehicles, machinery and equipment by the consultants – Rs 106.567 million
14.	16	Non-recovery of liquidated damages due to non-completion of consultancy work in stipulated period by the consultant – Rs 5.328 million
15.	17	Non-revalidation of expired performance guarantee by the consultant for the design phase – Rs 5.072 million
16.	20	Non-payment of loan (Principal + Interest) due to financial indiscipline
17.	21	Unjustified expenditure on establishment without execution of development work during the financial year 2019-20 – Rs 15.298 million
18.	22	Non-recovery of rent for open space illegally utilized by IESCO since long – Rs 15.616 billion
19.	23	Un-authorized opening of bank account and illegal deposit of receipts
20.	27	Non-recovery of Annual License Fee from Cellular Operators - Rs 175.103 million
21.	28	Non-maintenance of permanent record/inventory and licenses record of B.T.S Towers causing recurring loss of revenue – Rs 137.540 million
22.	29	Non-obtaining of bank Guarantee from Cellular Operators Warid-Rs 51.502 million
23.	30	Un-due favor to Cellular Operators for issuance of fresh NOC for new Installation of Towers without fulfilling the codal formalities
24.	31	Less recovery of ITC tax- Rs 6.355 million
25.	32	Non-recovery of withholding tax- Rs 50.578 million
26.	35	Irregular expenditure on repair of vehicles – Rs 2.626 million
27.	36	Late deposit of MCI receipts - Rs 4.301 million
28.	37	Irregular appointment of daily wages without codal formalities
29.	39	Non auction of condemned store –
30.	40	Doubtful collection and late deposit of Bazar receipt & Encroachment/fine charges Rs 4.368 million
31.	41	Irregular award of license for establishment of restaurant (Des Pardes) without open auction and Non-recovery of rent – Rs 9.440 million
32.	42	Non-recovery of license fee collected departmentally for Intra City Wagon Stands Islamabad - Rs 70.600 million
33.	44	Non-reconciliation of DMA receipts for the financial year 2019-20 -
34.	45	Non-Maintenance of record resulting misappropriation
35.	46	Misappropriation/Loss to the Authority due to non-authenticity and validity of the record of advertisement
36.	47	Non forfeiture of 10% Security and earnest money of defaulter contractor of visa seeker facility - Rs 15.260 million

S. No	PDP No	Subject of Para
37.	49	Non recovery on account of Fascia display by M/S Pakistan Mobile Communication /JAZZ Rs
38.	50	Consumption of Diesel/Petrol without details - Rs 433.288 million
39.	51	Unjustified/Advance payment to the oil companies and non-adjustment there against through vouched account – Rs 49.048 million
40.	52	Irregular expenditure due to execution of work without Technical Sanction – Rs174.920 million
41.	53	Non-recovery of cost of Premix Asphalt Concrete from CDA formations - Rs 23.656 million
42.	54	Non-recovery of Hire Charges of machinery – Rs243.48 million
43.	55	Non-preparation of Performa Accounts to review the Financial results of the organization - Rs1,219.254 million
44.	56	Non-disposal of Condemned Machinery/Vehicles – Rs 9.257 million
45.	57	Loss due to non-utilization of repair shops up-to its optimal level Rs 28.008 million
46.	58	Unjustified payment of overtime Allowance of Rs14.739 million
47.	59	Non-Conduction of Physical Verification of Store/Assets
48.	61	Non-disposal of Condemned Machinery/Vehicles – Rs 1.610 million
49.	62	Irregular payment under Prime Minister Assistance Package - Rs 13.7 million
50.	63	Financial indiscipline due to rush of expenditure – Rs 26.239 million
51.	64	Unjustified payment of overtime Allowance of Rs 2.366 million

CIVIL AVIATION AUTHORITY

S. No.	PDP No.	Subject of the Para
1.	2	Non-Compliance of Contractual obligations resulted unjustified expenditure -Rs 13.483 million
2.	3	Understatement in expenditure statement -Rs. 8.327 million
3.	4	Compromise on risk due to acceptance of invalid work's insurance coverage policies-Rs. 5.681 million
4.	6	Excess expenditure than Budget Allocation -Rs.3.021 million
5.	8	Non-credit of unclaimed Security Deposit of the contractors/ concessions to revenue account -Rs 970,621
6.	9	Overpayment on account of Balochistan Sales Tax on services - Rs 850,714
7.	11	Non -re-evaluation of performance bank guarantee -Rs 257.54 million
8.	12	Excess payment due to execution of excess quantity than provided in BOQ/VoRs - Rs 98.027 million
9.	13	Non re-evaluation of Third Party Insurance -Rs 77.204 million
10.	14	Non-obtaining of insurance cover for Rs 69.634 million and non-recovery -Rs 0.696 million
11.	18	Overpayment to the contractor due to excessive measurement-Rs 4.339 million
12.	19	Overpayment to the contractor on account of cartage for disposal of debris-Rs 3.392 million
13.	20	Non-recovery due to non-training of CAA engineers abroad - Rs 2.000 million

S. No.	PDP No.	Subject of the Para
14.	21	Undue favour to the contractor by accepting less performance security Rs 27.419 million
15.	22	Non-accountal/disposal of old AFL system Rs 18.839 million approximately
16.	23	Overpayment due to higher/expensive specification beyond site requirement and improper adaptation of Pak.PWD and FAA specifications for runways Rs 133.123 million
17.	24	Overpayment due to non-calculation of de-escalation – Rs 3.326 million
18.	25	Irregular award of contract without approval of PC-I from competent forum
19.	28	Irregular award of license on single tender basis – Rs 1.234 million
20.	29	Loss due to extension of license without calling fresh tenders - Rs. 7.804 million
21.	30	Irregular operations of flying school without any agreement - Rs 2.358 million
22.	31	Irregular expenditure on outsource contracts and general items without tendering –Rs 45.418 million
23.	32	Irregular award of work due to non-advertisement on different Authorities websites - Rs 548.378 million
24.	33	Irregular/unjustified expenditure beyond agreement/BOQ provision without approval of Competent Authority – Rs 2.658 million
25.	35	Unjustified outstanding credit balance in locations balances account credit - RS 923.484 million
26.	36	Irregular award of Licenses without calling of open bids – Rs 19.625 million
27.	38	Irregular award of works through splitting without calling tenders in press - Rs 14.837 million
28.	40	Irregular extension/award of additional contracts without calling tenders in press
29.	44	Irregular execution of outsourcing contract
30.	46	Irregular expenditure on security services - Rs 5.005 million
31.	47	Irregular expenditure without calling tenders - Rs 12.884 million
32.	48	Non-finalization of recruitment process despite expenditure on press advertisements and NTS – Rs 6.990 million
33.	50	Irregular extension of contract –Rs 19.110 million
34.	54	Unauthentic quality of supply of Diesel Generator – Rs 10.526 million
35.	55	Irregular expenditure on hiring of Bungalows and equipment – Rs 8.994 million
36.	56	Unauthentic quality of Airfield Lighting System work – Rs 11.255 million
37.	57	Unauthentic quality of Paver work – Rs 5.025 million
38.	58	Unauthentic quality of executed work – Rs 55.269 million
39.	59	Irregular award and payment of consultancy fee – Rs 21.00 million
40.	60	Irregular expenditure on Sports Complex by Splitting - Rs 85.479 million
41.	61	Irregular Procurement of Mini Buses for Sports Section – Rs 19.240 million
42.	62	Mis-procurement of spares of equipment - Rs 7.083 million
43.	64	Irregular award of work without cost analysis of estimate and without healthy competition - Rs 49.995 million

S. No.	PDP No.	Subject of the Para
44.	65	Mis-procurement due to ambiguous evaluation criteria - Rs 7.909 million
45.	66	Un-authentic payment without sales tax invoice - Rs 4.666 million
46.	68	Non-imposition and recovery of liquidated damages – Rs 16.527 million
47.	71	Irregular extension in contract in violation of rules resulted irregular expenditure- Rs 10.898 million
48.	72	Irregular award of contract due to lack of competition Rs 6.912 million
49.	74	Non-deployment of in-house/available instructors to CATI resulted in extra expenditure on contract instructors Rs 8.775 million
50.	75	Non-achievement of assigned tasks and targets despite incurring huge expenditure of Rs 650.391 million
51.	76	Loss to Authority due to non-recovery of rent of family accommodations and non-utilization of vacant accommodation- Rs 20.520 million
52.	77	Undue engagement in agreements with the private companies for employees to get equipment on installment
53.	80	Mishandling of outstanding dispute of land leased to Shaheen Air International Ltd
54.	83	Unauthorized expenditure -Rs 180.670 million
55.	85	Non forfeiture withheld amount - Rs 2.300 million
56.	86	Non-availability of 36 numbers Board of Inquiry/Fact finding Reports and implementation/compliance thereof
57.	87	Extension of agreement instead of calling fresh tender - Rs 193.908 million
58.	88	Non recovery of advance income tax in violation of contractual obligation - Rs 33.460 million
59.	90	Non-maintaining accounts of Space-wise Budget Allocation, Revenue Realization and outstanding against the lessees
60.	91	Non-resolving 25 complaints by CAA Feed Back & Suggestion Cell JIAP Karachi/CAA Prime Minister Delivery Unit JIAP Karachi during the financial year 2020-2021
61.	93	Irregular Award of work to an ineligible contractor without registration of JV with PEC and Pre-Qualification of the contractors
62.	94	Non-imposition of Advance Liquidated Damages for slow progress of work – Rs 245.881 million
63.	96	Overpayment due to measurement of excessive thickness of an item Rs 103.165 million
64.	97	Irregular payment to the contractor without approval of borrow area Rs 171.538 million and overpayment due to non-payment of Royalty Rs 127.007 million
65.	98	Loss to authority due to non accountal/non auction/ non classification excavated material Rs 85.743 million
66.	100	Undue financial benefit to the contractor due to less recovery of Mobilization Advance – Rs 306.402 million
67.	101	Irregular/unjustified payment due to replacement of Key Personnel - Rs 28.981 million

S. No.	PDP No.	Subject of the Para
68.	102	Overpayment due to measurement of items beyond provision in VO-I Rs 15.966 million
69.	105	Less recovery of income tax from the consultant's invoices - Rs 3.438 million
70.	106	Improper-Implementation of Enterprise Resource Planning ERP Financials in Regulatory Directorate since 2007
71.	107	Non-ensuring to all aircrafts compliant with fog landing system
72.	108	Non revision/updating of Enforcement Manual with reference to current Air Navigation Orders, (ANOs) Civil Aviation Authority Pakistan
73.	109	Likely loss due to non-provision in the rules and regulations to seek NOC from billing section for de-registration of aircraft involving Rs 1,332.002 million
74.	110	Irregular acceptance of insurance coverage of the work/schemes with NICL -Rs 148.121 million
75.	111	Irregular practices to award of works -Rs 75.234 million
76.	112	Compromise financial risk due to less deduction of Security deposit -Rs 1.577 million
77.	113	Non-capitalization of the works -Rs 191.482 million PC-IV & V Performa
78.	114	Non-execution of approved scheme
79.	115	Irregular execution of work -Rs. 18.664 million
80.	116	Unauthentic execution of item of work -Rs. 2.595 million
81.	117	An act to compromise financial and defect risk of the items/ equipment work -Rs 5.681 million
82.	119	Un-authentic quality of Passenger Boarding Bridges – Rs 402.56 million
83.	120	Un-authentic execution of work of Electrical Traction Passenger Elevators and Escalators – Rs 92.000 million
84.	121	Non-finalization of accounts/Capitalization of Assets of completed project
85.	122	Non-disposal of surplus equipment obtained from dismantling – Rs 4.431 million
86.	123	Non-maintenance of Measurement Books - Rs 529.758 million
87.	124	Unauthentic insurance cover due to non-provision of insurance premium payment receipts
88.	125	Excess payment due to excessive quantities of items of work – Rs 78.553 million
89.	127	Non-deduction of Balochistan Revenue Authority Sales Tax - Rs 5.092 million
90.	128	Irregular payment due to deviation from the consultant agreement provisions – Rs 39.041 million
91.	130	Undue benefit to the existing concessionaires in the shape of irregular award without competition – Rs72.334 million
92.	131	Loss due to non-allotment of vacant spaces – Rs 36.401 millions
93.	132	Irregular grant of extensions of agreement without calling of tenders of Rs 156.792 million
94.	134	Non-recovery of Income Tax Rs 7.233 Million.
95.	137	Non-achievement of revenue targets of PC-I causing loss of revenue

S. No.	PDP No.	Subject of the Para
96.	138	Excess payment without approval of competent forum – Rs 63.458 million
97.	139	Payments against work done without record measurements in the measurement books
98.	140	Irregular and unjustified expenditure on variation orders – Rs 284.394 million
99.	141	Irregular expenditure in excess of approved cost in the 2nd revised PC-I – Rs 212 million
100.	142	Unjustified payment of salary to expatriate consultant staff \$ 562,361 (USD) equivalent to Rs 98,750,520
101.	143	Anticipated extra expenditure due to non-construction of approved Staff accommodation and APM residence - Rs 94 million
102.	144	Unauthentic payment without details and submittals – Rs 431.399 million
103.	145	Non-maintenance of important accounts record
104.	146	Excess payment without approval of competent forum – Rs 146.661 million
105.	147	Excess payment without approval of competent forum – Rs 168.473 million
106.	149	Excess payment without approval of substituted and extra items of work – Rs 176.123 million and USD 58,704
107.	150	Excess payment of Rs 4.923 million without approval and non-recording measurements of work in the measurement book – Rs 158.672 million
108.	153	Excess payment due to unauthorized execution of work – Rs 56.188 million
109.	154	Non- forfeiture of security deposit and non-imposition of Penalty due to non-completion of work – Rs 1.876 million
110.	156	Less collection of throughput charges
111.	158	Loss/undue favour to licensee Rs21.371 million.
112.	159	Undue favour to contractor due to collection of license fee at less rate for extended period Rs19.450 million.
113.	161	Excess adjustment of license fee/space rent Rs34.710 million.
114.	162	Loss to authority due to waive of License fee Rs 121.679 million
115.	163	Less revenue due to induction of faulty clause in the policy for the commercial concessions Rs4.684 million.
116.	164	Non recovery of book value
117.	165	Loss of revenue due to delay in tendering process Rs 3.834 million
118.	167	Loss due to grant of mobilization period Rs 550,000.
119.	168	Non recovery of liquidated damages – Rs 986,827
120.	169	Non forfeiture of all rights of the license
121.	171	Loss due to award of space at less rate Rs 3.102 million.
122.	172	Undue favour to contractor Rs 3.493 million.
123.	173	Non recovery of outstanding dues- Rs 5.169 million.
124.	174	Non recovery of dues and non-execution of contract agreement Rs 3.244 million

S. No.	PDP No.	Subject of the Para
125.	175	Undue financial aid due to waive of license fee and late payment surcharge Rs 3.358 million.
126.	176	Mis-procurement due to extension in contract agreement instead of calling fresh tenders Rs 19.644 million
127.	178	Loss to authority Rs2.793 million
128.	181	Unauthentic expenditure Rs 18.754 million
129.	182	Booking of huge expenditure under the head Repair & Maintenance
130.	183	Non revision of PC-I/Administrative Approval Rs750 million.
131.	184	Overpayment of Rs1.064 million.
132.	185	Unauthentic payment due to non-recording measurements in the Measurement Books Rs214.036 million.
133.	186	Unjustified expenditure of - Rs 82.254 million
134.	187	Overpayment of - Rs 7.592 million
135.	188	Non-pursuing vigorously the court case caused to non-recovery of - Rs 38.514 million
136.	189	Non-generating liabilities for the financial year 2020-2021 - Rs 1.535 million
137.	190	Unjustified procurement beyond requirement amounting to Rs 12.108 million
138.	191	Irregular expenditure due to piece meal quotations - Rs 64.161 million.
139.	193	Irregular hiring of manpower on Retainer-ship basis without advertisement-Rs 88.739 million
140.	194	Non-utilization of valuable CAA land and unjustified expenditure of Rs 2.417 million
141.	195	Irregular award of concession without open competition Rs 46.374 million
142.	197	Irregular award of concession without fulfilling codal formalities – Rs 36.631 million
143.	199	Unjustified expenditure on account of outsource contract services Rs 4.569 million
144.	200	Non-recovery of Income Tax Rs 14.695 million
145.	202	Non recovery due to non-obtaining of insurance coverage amounting to Rs 3.565 million
146.	203	Undue benefit due to unjustified extension in 20% acting charge allowance-Rs 1.152 million
147.	205	Irregular/un-justified handing/taking over of Project without conducting Monitoring and Inspection Report
148.	206	Non-obtaining of insurance coverage for the enhanced work Rs 1187.333 million and non-recovery of cost of premium Rs 33.677 million
149.	207	Non obtaining of insurance coverage from the consultant Rs 242.132 million
150.	208	Loss to authority due to non-procurement of furniture through original contractor Rs 164.674 million
151.	209	Overpayment due to allowing enhanced rates by converting the BOQ items into Non-BOQ items Rs 73.604 million.

S. No.	PDP No.	Subject of the Para
152.	210	Award of procurement contract without Administrative Approval/PC-I - Rs 171.275 million.
153.	211	Excess expenditure due to deviation from approved scope of work resulted in utilization of saving - Rs 61.178 million
154.	212	Loss to the Government due to non- execution of the agreed BOQ item Rs 10.153 million
155.	213	Non-provision of spare parts, Guarantees/warranties, manuals and drawings Rs 4.347 million
156.	214	Non-obtaining of Additional Performance Guarantee Rs 103.247 million
157.	215	Appointment of Project Director on NGIA Project with additional charge of Director Airport Services in violation of Planning Commission Guidelines for Project Management
158.	216	Incurrence of expenditure Rs71.278 million and commencement of the execution of work by Chinese side without approval of the 2nd Revised PC-I
159.	218	Irregular extensions in License Agreements on six monthly basis -Rs 28.066
160.	220	Irregularities/shortcomings in licenses of Ground Handling Agents at Islamabad International Airport
161.	221	Unauthentic and irregular recovery of Throughput charges - Rs 367.272 million
162.	222	Irregular award and execution of work – Rs 11.722 million
163.	223	Irregular replacement of parts of Rs 234.759 million and Non-obtaining of sales tax deposit invoices from the contractor – Rs 34.110 million
164.	224	Irregular waiver of dues of the commercial licensees – Rs 104.930 million
165.	225	Irregular extension of outsourcing contract in violation of Public Procurement Rules - Rs 261.353 million
166.	226	Irregular Procurement of material through splitting supply orders – Rs 18.017 million
167.	227	Non-imposition and recovery of liquidated damages - Rs 5.035 million
168.	228	Unjustified Procurement of Indoor Decorative Plant and Allied Material – Rs 7.419 million
169.	230	Unauthentic exemptions of Throughput charges – Rs 41.920 million
170.	232	Expenditure on account of 2 nd inauguration ceremony for New Terminal Building Quetta Airport - Rs 5.725 million
171.	233	Irregular/unjustified expenditure of road work – Rs 2.488 million
172.	234	Irregular waiver of revenue recoverable from the commercial licensees - Rs 3.119 million
173.	236	Non-recovery of ICT charges– Rs 11.00 million
174.	237	Preparation of defective estimates and acceptance of imbalance rates for Rs32.310 million
175.	238	Award of contract to a single bidder – Rs 27.130 million
176.	239	Acceptance of Performance Bonds having value of 5% instead of 10%
177.	240	Payment to the Supplier without specified inspection of stores – Rs18.062 million

S. No.	PDP No.	Subject of the Para
178.	245	Non-obtaining of vouched account/adjustment against advance payments of land acquisition and non-mutation of land in the name of CAA - Rs 1,324.252 million
179.	246	Transfer of CAA costly land at Walton, Lahore measuring 52 acres to Lahore Central Business Development Authority
180.	251	Loss of revenue due to grant of waiver to the CAA Concessions
181.	253	Non-utilization of Development Funds due to Mis-management
182.	254	Non-Recovery of aeronautical charges Rs 5,341.155 million and Rs 275.944 million on account of CUPPs & BRAs from M/s Pakistan International Airlines-
183.	260	Non-Recovery of dues from customers on account of CUPPs & BRS - Rs 16.516 million
184.	261	Non maintenance of required level of advance by Authorized Flight Permission Agent (AFPA)-Rs 5.188 million
185.	262	Shortage of officers & officials against approved establishment and deployment of officials without approved establishment.
186.	263	Non-recovery of outstanding dues – Rs 2.00 million
187.	264	Slow progress of critical requirement of infrastructure for ASF at Gwadar International Airport.
188.	265	Non-Demarcation/Fencing of Turbat, Panjgur and Hyderabad Airports
189.	266	Mis-procurement of Security Equipment/Security Infrastructure Up-gradation
190.	267	Lack of hierarchical and integrated system in PCAA Directorate of Security
191.	268	Non- Compilation/finalization of data before approval of ADP Security Schemes
192.	269	Non- execution of work as per Survey Report conducted by Senior Vigilance Officer AIIAP Lahore
193.	270	Lack of coordination between Directorate of Security and Directorate of commercial & Estate

PAKISTAN PUBLIC WORKS DEPARTMENT

S. No.	PDP No.	Subject of the Para
1.	4	Unjustified inclusion of 45% market fluctuation in the engineer estimate without any cogent reasons/basis Rs 129.599 million
2.	8	Irregular execution of Additional E/M Works involving Rs 13.965 million
3.	10	Non-obtaining of Performance Security in the form of Bank Draft or Bank Guarantee – Rs 1.199 million
4.	14	Irregular execution of work due to non-revision of T.S. Estimate - Rs11.834 million.
5.	15	Non recovery of rebate items- Rs 1.446 million
6.	16	Overpayment of Rs 1.923 million
7.	17	Overpayment due to execution of excessive quantities than provision of estimate Rs.16.829 million
8.	23	Irregular/Pre-Mature Release of Security Deposit - Rs 6,375,156
9.	28	Non-revalidation of Performance Security from last two - Rs 494.809 million.

S. No.	PDP No.	Subject of the Para
10.	29	Non-recovery of Mobilization Advance – Rs 68.057 million
11.	30	Non-recovery of liquidated damages for delay in completion of work - Rs 247.404 million
12.	32	Overpayment due to execution of items higher rates Rs 35.157 million.
13.	34	Non-adoption of PEC Standard Bidding Documents for award of contract valuing Rs 1.501 million.
14.	35	Unauthentic payment of price escalation due to non-revision of Factor-C - Rs 38.985 million.
15.	37	Overpayment due payment of dismantled of defective work Rs 2.769 million.
16.	38	Unauthentic/irregular withholding of funds and transferred to non-Lapsable PLA - Rs 457.452 million
17.	39	Irregular award of work at higher rates Rs 13.979 million
18.	44	Non-conducting of internal Audit of the consultants expenditure - Rs 13.123 million
19.	45	Non-insurance of works costing of Rs 30.947 million and recovery of premium about 2% of contract cost amounting to Rs 0.619 million and Non-obtaining of Performance Security Bond Insurance Company – Rs 3.095 million
20.	46	Non-imposition/recovery of liquidated damages due to non-completion of work in stipulated time - Rs 53.845 million
21.	49	Overpayment due to double measurement of items Rs3.961 million
22.	50	Unauthentic/irregular withholding of funds and transferred to non-lapsable PLA Rs 306.888 million
23.	52	Irregular award to contractor due to having less tender limit in specialized field - Rs 110.279 million
24.	53	Miss-procurement of contracts due to improper Technical Evaluation Rs 36.102 million
25.	54	Irregular payment without acceptance of contract agreement Rs 13.034 million
26.	55	Non-imposition of liquidated damages due to slow progress and by the default of the contractor - Rs 2.164 million.
27.	58	Undue financial aid/benefits to the contractor due to non-recovery of Mobilization Advance - Rs 4.011 million.
28.	60	Non-execution of 06 SAP schemes and non-surrender of funds - Rs25.400 million.
29.	63	Irregular award of work to the contractor having non specialization in civil work execution - Rs 22.343 million
30.	65	Irregular award of work to ineligible contractor for - Rs 71.149 million
31.	66	Irregular award of work at higher rates Rs 72.324 million
32.	69	Over payment beyond the agreement/BOQ Provision - Rs 43.942 million
33.	70	Non-revalidation of the performance security in shape of bank guarantee/ Insurance bond Rs 48.544 million.
34.	71	Over payment due to acceptance/ allowing premium on market rate base items of E&M work Rs 29.680 million
35.	73	Non-recovery of inbuilt cost due to non-provision of pre-shipment inspection facilities at abroad for imported Lifts Rs 3.00 million
36.	74	Overpayment due to execution of extra items beyond agreement without prior approval Rs 14.603 million.
37.	76	Overpayment of Rs 2.184 million
38.	77	Overpayment of Rs 3.630 million

S. No.	PDP No.	Subject of the Para
39.	78	Irregular Payment of Rs 59.807 Million
40.	79	Overpayment of Rs1.278 million.
41.	81	Undue favour to the contractors about Rs 1.731 million due to non-obtaining insurance policies from the contractor against the works valuing Rs 173.155 million
42.	82	Unjustified execution of work due to non-revision of technical sanctioned estimate for Rs 53.110 million
43.	83	Overpayment due to excess measurement of murum than requirement for Rs 1.098 million.
44.	84	Irregular advance payment without work done by extending undue financial favor to the contractor – Rs 11.415 million
45.	85	Irregular expenditure due to execution of excessive quantities beyond agreement – Rs 9.572 million.
46.	89	Overpayment due to incorrect application of rate in BOQ for Rs 2.303 million
47.	90	Non-obtaining performance guarantees of works costing Rs 1.297 million and non-validation of guarantees – Rs 1.725 million.
48.	91	Non-imposition/recovery of liquidated damages due to delay in completion of work – Rs 2.463 million.
49.	92	Unauthentic/unjustified expenditure of imported material without pre-shipment inspection/test reports – Rs541.565 million
50.	93	Over payment due to acceptance/ allowing premium on Non schedule items of E&M work Rs 22.462 million
51.	97	Overpayment due to excessive execution of an item - Rs 5.564 million.
52.	98	Non provision of vehicle and non-handing over/non transferred to the department of - Rs 5.400 million
53.	99	Non-recovery of inbuilt cost due to non-provision of pre-shipment inspection facilities at abroad for imported material Rs 3.50 million
54.	100	Excess payment to the contractor due to non-revision of T.S. Estimate – Rs 1.535 million
55.	102	Non-remedying /completion of damaged work – Rs 5.163 million
56.	103	Unauthentic payment due to non-provision of sales tax invoices – Rs 152.914 million
57.	105	Non-recovery of mobilization advance –Rs 42.853 million
58.	107	Irregular approval of VOs involving overpayment – Rs 6.136 million
59.	108	Overpayment due to Excess Quantities paid beyond the provision of BOQ/TS Estimate without approval from the competent forum - Rs 9.375 million
60.	112	Unauthentic payment of price escalation due to applying average current rate – Rs 4.913 million
61.	113	Non-recovery of premium - Rs 0.704 million due to non-obtaining of insurance of work with NICL for - Rs 70.365 million
62.	114	Unauthorized allotment of funds due to non-preparation of E/M work plan with the consultation of civil division involving -Rs 127.096 million
63.	116	Non-account for E/M procurement/Equipment in fixed assets register for the work involving - Rs 70.365 million
64.	118	Non recovery on account of compensation for delay - Rs 4.421 million
65.	120	Irregular execution of work due to non-revision of Technical Sanction Estimate Rs 32.637 million
66.	121	Unjustified execution/enhancement of scope of work- Rs 6.654 million

S. No.	PDP No.	Subject of the Para
67.	123	Non-recovery due to non-obtaining of works insurances – Rs 2.541 million for the works value Rs 254.114 million
68.	124	Unjustified/unauthorized payment due to execution of extra/substitute items – Rs 4.270 million
69.	125	Overpayment due to execution of single item of BOQ insignificantly- Rs 1.257 million
70.	126	Non-imposition/ deduction of liquidated damages from the contractors due to non-completion of works timely - Rs 13.400 million
71.	128	Unjustified/unauthorized payment due to execution of extra/substitute items – Rs 28.895 million
72.	129	Unjustified payment due to procurement of inadmissible items – Rs 2.183 million
73.	130	Overpayment due to execution of excessive quantities then BOQ Rs 1.382 million
74.	133	Overpayment of Rs 1.768 million.
75.	134	Loss due to non-provision of vehicle/registration
76.	136	Non-confiscated of security deposits amounting to Rs 25.456 million.
77.	137	Non revision of Technical Sanctioned Estimate.
78.	140	Overpayment on account of excessive measurement beyond provision - Rs 1.808 million
79.	141	Overpayment due to execution of superfluous item in contravention of the specification – Rs 2.408 million
80.	144	Non-extension/revalidation of the Performance Security Bonds - Rs 8.326 million
81.	146	Non remittance of income tax to FBR and security deposit to proper head of account PLA-IV of Rs 10.974 million
82.	147	Undue benefit to the contractors due to non-deduction of income tax from 1st running bills and less deduction from the contractors - Rs 6.426 million
83.	148	Overpayment due to higher rate for pre-stressing wire strand Rs 1.919 million
84.	149	Provision of item at higher market rates without complete specification which may result in overpayment of Rs 7.122 million
85.	150	Overpayment due to unjustified inclusion of cartage upto 5KM in the cost of earthen embankment Rs 11.419 million
86.	155	Non-obtaining of vouched accounts from Land Acquisition Collector–Rs 154.738 million
87.	157	Undue benefit to contractor due to less deduction of security deposit Rs 71.207 million
88.	158	Unauthorized/unjustified expenditure without provision in PC-I/Administrative Approval Rs 26.817 million
89.	160	Unjustified/unauthorized extra payment beyond provision of PC-I/Administrative Approval Rs 76.052 million
90.	161	Unauthorized payment without approval of contract agreements - Rs 1042.241 million
91.	162	Non-recovery due to non-provision of a car for Rs 1.600 million
92.	166	Non-recovery of mobilization advance - Rs 20.406 million
93.	167	Unjustified/unauthentic payment to contractor due to non-conducting of lab tests during execution of work Rs 74.988 million
94.	168	Irregular award of consultancy services to single bidder without competition of Rs 57.67 million

S. No.	PDP No.	Subject of the Para
95.	170	Non-recovery due to non-obtaining of work insurance – Rs 7.324 million for the work value Rs 732.371 million.
96.	171	Unjustified/unauthentic payment to contractor due to non-conducting of lab tests during execution of work Rs 5.122 million
97.	172	Financial indiscipline due to rush of expenditure
98.	173	Irregular/unjustified expenditure on account of administrative overheads – Rs 3.305 million
99.	174	Irregular award of work in violation of PPRA Rules of Rs 456.774 million
100.	175	Undue financial assistance to contractor due to unjustified payment of mobilization advance Rs 68.516 million
101.	176	Undue payment to contractor without obtaining of performance security of the work for Rs 42.928 million
102.	177	Undue financial assistance to contractor of Rs 19.000 million
103.	183	Undue financial assistance to contractors due to unjustified payment of mobilization advances Rs 20.958 million
104.	184	Overpayment due to execution of excessive quantities than provision in BOQ Rs 9.314 million
105.	186	Irregular award of consultancy works of Rs 11.913 million
106.	187	Financial indiscipline due to rush of expenditure
107.	188	Irregular/unauthorized withheld and transfer of lapsable development funds of PLA-I to non-lapsable PLA-IV
108.	190	Unjustified payment of secured advance without authentic purchase receipts of Rs 95.641 million
109.	191	Loss due to non-observance of financial propriety/allowing higher rates for solar kits of Rs 33.628 million
110.	192	Un-authorized expenditure due to less execution/installation of solar kits than PSDP/PC-I of Rs 482.878 million
111.	193	Non-preparation of rate analysis of non-schedule item of Rs 227.240 million
112.	196	Undue financial aid to the contractor due to allowing 15% mobilization advance in one step instead of in two parts- Rs 36.919 million
113.	198	Loss on account of stamp duty due to non-execution of contract agreements on appropriate value of stamp paper - Rs 2.029 million
114.	199	Wasteful expenditures due to non-completion of whole project costing Rs 113.245 million
115.	200	Irregular tendering process due to non-fulfillment of prescribed criteria for bid opening for SAP schemes costing Rs 121.341 million
116.	201	Irregular tendering process due to accepted non-responsive bids for SAP schemes costing Rs 154.927 million
117.	203	Undue benefit to contractor due to award/execution of additional works without tenders in violation of PPRA- Rs 8.679 million
118.	204	Undue benefit to contractor due to award/execution of additional works without tenders in violation of PPRA- Rs 8.552 million
119.	207	Overpayment due to non-deduction of cost of available stone from the rate of stone masonry- Rs 1.634 million
120.	209	Unauthorized payments made without approval of contract agreements Rs. 75.176 million
121.	211	Non-obtaining of non-duplication certificates of 62 Nos SDGs Schemes from provincial department for operation & maintenance - Rs 240.00 million

S. No.	PDP No.	Subject of the Para
122.	212	Non-handing over and non-finalization of accounts of completed 25 Nos SDGs Schemes to provincial department for operation & maintenance – Rs 73.915 million
123.	214	Non utilization of component due to non-construction of causeway for Rs 1.178 million
124.	216	Overpayment due to non-deduction of cost of available stone from the rate of stone masonry - Rs 2.332 million
125.	217	Non-obtaining of work insurances for the works and non-recovery of premium-Rs. 9.472 million
126.	219	Unauthorized Expenditure without approval of contract agreements - Rs 892.938 million
127.	223	Non-deduction of Liquidated Damages on delay - Rs 2.883 million
128.	225	Payment of almost 100% cost without completion of works and non-preparation of PC-IV Rs 742.50 million
129.	228	Non-conducting of internal Audit of the consultant's expenditure - Rs 9.255 million
130.	229	Overpayment to the consultant beyond the consultancy requirement - Rs 4.499 million
131.	231	Irregular expenditure for construction of metaled road without JMF report Rs 17.824 million
132.	233	Non recovery of mobilization advance Rs 1.907 million
133.	234	Non obtaining of Bank Guarantee for works worth Rs 66.402 million
134.	235	Irregular award of work
135.	236	Overpayment due to payment of excess quantity beyond detail estimate Rs 1.635 million and less execution Rs 2.014 million
136.	238	Non deduction/deposit of PRA tax Rs 45.500 million
137.	239	Irregular payment on account of earth work allowing lead of one mile in village area Rs 3.039 million
138.	240	Non obtaining of certificates from end users of completed schemes Rs 940.123 million
139.	241	Non deposit of Income Tax Rs 20.494 million
140.	242	Irregular award of work due to item wise acceptance of rates instead of lump sum percentage above or below worth Rs 864.107 million
141.	244	Non-obtaining of additional performance security of works valuing in shape of bank guarantee/insurance bond for Rs 37.317 million
142.	246	Non-obtaining insurance policy for the work worth Rs 86.135 million (Rs 74.900 million + 15%) and recovery of premium Rs 1.72 million (2% of Rs 86.135 million) from the contractor.
143.	248	Overpayment due to excess execution Rs 1.700 million
144.	249	Overpayment due to due to usage of excess bricks in construction of soling than required Rs 1.463 million
145.	250	Unauthorized payment for Rs 4.074 million due to irregular execution of item of work beyond specified requirement
146.	251	Incomplete work showing 100% completion Rs 30.380 million
147.	252	Overpayment due to allowing extra lead to a single item of BOQ beyond TS Rs 1.517 million
148.	253	Irregular payment for execution of berms in earth work due to already available berms around the existing road Rs 2.112 million

S. No.	PDP No.	Subject of the Para
149.	254	Undue benefit to contractor due to total payment made in advance costing Rs 15.201 million and overpayment of Rs 2.913 million.
150.	256	Unauthentic/ unjustified expenditure of imported material without pre-shipment inspection/test reports Rs 332.757 million
151.	259	Payment without testing & commissioning – Rs 5.856 million
152.	263	Loss due to acceptance of premium on market rate items of E&M works - Rs 177.078 million
153.	267	Irregular award of contract violating PPRA Rs 186.921 million
154.	268	Doubtful verification of work done due to irregular appointment of consultant (Non finalization of agreement) Rs 300.00 million and advance payment to consultant Rs 10.370 million
155.	269	Inadmissible and overpayment on account of Clearing and grubbing Rs 2.583 million
156.	270	Doubtful payment of Rs 275.559 million without verification of record entries on MBs million & without Test Reports
157.	271	Excess execution beyond Technical Estimates /Overpayment of Rs 80.617 million
158.	272	Defective preparation of Estimates/ Overestimation for likely usage of saving for other purpose Rs 104.053 million
159.	273	Overpayment due to non-deduction of structural excavation material -Rs. 40.489 million
160.	274	Non obtaining of Additional Performance Guarantee Rs 7.665 million
161.	275	Doubtful Expenditure of Rs 42.154 million and Overpayment of Rs 2.179 million over and above TS estimates
162.	276	Doubtful payment due to cutting of MBs Rs 48.919 million.
163.	277	Delay in obtaining of all risk policy of work worth Rs115.670 million
164.	278	Un-authorized use of more than one MBs for one Scheme and without affixing photograph of work Rs 78.644 million
165.	279	Charging of higher rates item of work 1:2:4 Rs 871,337
166.	280	Non deduction of income Tax Rs 540.00 million
167.	281	Defective Estimation caused enhancement of earthworks - Rs 211.15 million
168.	282	Overpayment due to higher rates Rs 3,644,916
169.	283	Unjustified payment due to non-accountal of dismantled material (Scarifying) - Rs 30.809 million
170.	284	Non- accountal/disposal of trees Rs 75.00 million approximately
171.	285	Non deduction of income Tax Rs 479.898 million
172.	286	Doubtful earth filling in contrary to drawing and actual measurement Rs 2.837 million
173.	287	Irregular/Defective award of work
174.	288	Non deduction/deposit of PRA tax Rs 161.412 million
175.	289	Unauthorized Expenditure without approval of contract agreements - Rs 236.41 million
176.	293	Excess payment due to excess execution beyond the BOQ Rs 5.738 million
177.	294	Non-imposition/recovery of Liquidated Damages due to delay in completion of work - Rs 29.681 million
178.	295	Excess measurement due to non-deduction of shrinkage factor from item of work for Rs 1.235 million
179.	296	Excess payment due to excess execution beyond the BOQ Rs 12.753 million

S. No.	PDP No.	Subject of the Para
180.	297	Unjustified expenditure/ with-drawl of funds Rs 258.053 million
181.	300	Excess execution of quantity of work and beyond the agreement Rs 18.167 million
182.	301	Irregular inviting tender without availability of funds Rs 16.314 million
183.	304	Overpayment to contractor due to inbuilt cost of item of work for Rs 3.209 million
184.	305	Overpayment made to contractor due to double measurement of steel for Rs 4.301 million
185.	306	Overpayment made due to execution of superfluous item – Rs 1.057 million
186.	307	Overpayment due to non-deduction of cost of available stone from the rate of stone masonry Rs 12.447 million
187.	308	Non-Imposition/recovery of Liquidated Damages due to delay in completion of work - Rs 29.600 million
188.	309	Non-Imposition/recovery of Liquidated Damages due to delay in completion of work - Rs 23.083 million
189.	312	Undue benefit to contractor due to less deduction of security deposit Rs 4.162 million
190.	314	Undue financial aid through granting excess mobilization advance -Rs. 89.220 million and unjustified payment of mobilization advance Rs 267.661 million
191.	316	Irregular advance payment without work done by extending undue financial favor to the contractor – Rs 118.542 million
192.	317	Unauthentic/irregular withholding /retention of funds and transferred to non-Lapsable PLA-IV - Rs 183.451 million
193.	320	Unauthorized expenditure without approval/singing of contract agreements - Rs 484.668 million
194.	321	Non-adoption of PEC Standard Bidding Documents for award of contract valuing Rs 24.336 million
195.	322	Unauthentic payment due to non-availability of test reports non-conducting of site inspection by the Superintending Engineer
196.	323	Irregular closing of project without physical completion of work– Rs 76.425 million
197.	324	Irregularities in award of works
198.	325	Overpayment due to measurement excessive quantity, below specification work due to construction of causeway, asphalt wearing course on shoulders Rs 35.866 million

ESTATE OFFICE

S. No.	PDP No.	Subject of the Para
1.	01	Illegal restoration of seniority in general waiting list with retrospective effect (96 number of cases) in violation of AAR, 2002
2.	03	Loss of Rs 5.959 million due to unauthorized setting up of Deeni Madris in 28 Nos of government accommodations
3.	05	Non-cancellation/ vacation of 497 government accommodations from retired government servants
4.	09	Non-taking actions for possessing more than one accommodation and non-recovery of rental ceiling - Rs 857,470

S. No.	PDP No.	Subject of the Para
5.	10	Un-Authentic Receipts due to Non-reconciliation with AGPR and less realization of revenue than target by Finance Division for Rs 222.627 million
6.	11	Unauthorized recruitment due to non-observance of provincial quotas resulting into excess payment for a year Rs 8.400 million
7.	12	Unauthorized occupants and non-recovery of government dues from defaulters - Rs 29.100 million
8.	13	Unauthorized out of turn allotment of Govt. Accommodations to the FGS
9.	14	Suspicious bogus allotment to Estate Office own employee, non-cancellation of allotment and non-recovery of ceiling and house rent for Rs 1.188 million
10.	16	Bogus restoration of seniority in GWL by Estate Office
11.	17	Non-ejectment of the Govt. accommodations from the trespassers/illegal occupants and non-allotment of already vacant houses/flat resulted into loss of Rs 19.800 million
12.	18	Possession through bogus allotment letter and non-recovery of rent - Rs 1.08 million
13.	20	Unauthorized recruitment due to non-observance of rules resulting into unjustified payment to employee since last 8 years Rs 5.760 million approximately and promotion to additional estate officer without any sanctioned post
14.	21	Non-ejectment of trespasser from the Govt. accommodation and non-recovery of government dues from trespasser - Rs 10.450 million
15.	23	Allotment of Government accommodation by violating GWL rule resulting in discriminatory situation for FGS (Federal Government Servants)
16.	24	Non-maintenance of proper record on website and non-maintenance of monthly progress reports/returns by high ups of Estate Office
17.	25	Unauthorized retaining of Government houses/quarters by unauthorized organizations in violation of accommodation rule 2002 and non-recovery of rent from occupants for F.Y 2019-20 Rs 32.240 million
18.	28	Unjustified/irregular payment on services rendered Rs 1.059 million
19.	30	Doubtful expenditure on procurement without recording stock entry, inventory, and disposal of purchased material – Rs 6.903 million
20.	31	Non-Categorization of Abandoned Property Houses (Apo Houses) And Their Allotment Without Any Criteria
21.	32	Unauthorized Designation Of 16 Government Houses as Secretary Houses Without Any Legal Authority
22.	33	Missing/difference in 18 number Government Owned Accommodations
23.	34	Improper maintenance of Government quarters/flats/houses from last 40 years despite revenue collection in single F.Y 2019-20 Rs 627.373 million
24.	36	Irregular allotment of government owned accommodation employees of non-entitled department and non-recovery of penal rent Rs 1.705 million.
25.	37	Non-ejectment/non-recovery of dues from unauthorized occupant of government owned accommodation – Rs 524,578
26.	38	Less/Non recovery of house rent on account of allotment of government owned accommodation to employees one step above category Rs 177,528
27.	40	Non recovery of 5% house rent on account of allotment of government owned accommodation to employees one step above category Rs 1.240 million

S. No.	PDP No.	Subject of the Para
28.	41	Non-cancellation of allotment and non-recovery of penal rent on account of unauthorized subletting Rs 414,936
29.	43	Non-recovery of rent from lessees of government owned shops-Rs 1.775 million and non-cancellation of lease agreement/vacation of defaulting properties
30.	45	Non verification of receipt/paid challan house rent deposit from treasury – Rs 1.773 million
31.	47	Suspicious bogus allotment of Government accommodation for transfer of accommodation to other city by violating General Waiting List Rule resulting in discriminatory situation for Federal Government Servants
32.	48	Allotment of Government accommodation by violating General Waiting List Rule resulting in discriminatory situation for Federal Government Servants.
33.	49	Non-maintenance of proper record on website and non-maintenance of monthly progress reports/returns by high ups of Estate Office
34.	50	Excess payment to claimant due to reluctantly in scrutinizing the record properly before signing or countersigning a bill

NATIONAL CONSTRUCTION LTD

S. No.	PDP No.	Subject of the Para
1.	2	Non-renewal of License of the Company from Pakistan Engineering Council
2.	6	Non-payment of Employees Provident Fund contribution by the Company for the financial year 2019-20 – Rs 23.032 million

FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY

S. No.	PDP No.	Subject of the Para
1.	1	Irregular allotment of additional residential plots to the Federal Government Employees BPS-22 in Sector D-12 Islamabad on out of turn basis under PM Package in violation of prevailing allotment policy/eligibility criteria.
2.	2	Non cancellation of consent letter/passing on candidature on the next senior most members as per waiting list due to non-deposit of down payment in favor of Federal Government Employees Housing Authority-Rs.10.50 million.
3.	3	Issuance of the consent letter for allotment of plot under Prime Minister package scheme beyond the eligibility criteria
4.	4	Allotment of 331 No. plots to the BPS-20 to BPS-22 officers beyond the approved eligibility criteria in Sector F-14/15 and Park Road Islamabad
5.	7	Irregular allotment of two plots in F-14/15 from retiree's quota without approval of the competent forum
6.	8	Non recovery of Advance Tax from the bidders at the time of auctions- Rs 5.442 million

S. No.	PDP No.	Subject of the Para
7.	11	Unjustified transfer of funds from Bank Account of Rs 70.000 million and loss of profit/mark-up - Rs 5.600 million
8.	14	Excess payment of Rs 296.42 million due to non-observance of sharing formula
9.	17	Overpayment to contractor on account of land – Rs 475.000 million
10.	20	Unjustified payment of Rs 56.525 million to JV partner for access road land
11.	22	Unjustified payment of Rs 44.658 million
12.	26	Unjustified payment to consultant on account of slack services Rs 21.384 million
13.	29	Irregular release of retention money – Rs 31.650 million
14.	31	Unwarranted Acquisition of Stores Rs 55.459 million
15.	32	Irregular payment on account of price escalation of Rs 78.469 million
16.	33	Approval of Budget in violation of statutory provision
17.	34	Non-extension and non-encashment of performance security - Rs 268.746 million
18.	37	Unjustified relaxation for allotment of plots to the Employees of the Authority
19.	39	Double expenditure on account of irregular procurement of project vehicle beyond contract provision - Rs 36.791 million
20.	40	Unjustified approval of non-BOQ item resulting in irregular payment of Rs 74.235 million
21.	42	Unauthorized expenditure
22.	43	Irregular Award of work to 3rd lowest bidder Rs 3.520 million
23.	44	Irregular allotment of space to private party for establishing facilitation center without calling tender
24.	45	Non-maintenance of service book/service statements
25.	46	Irregular and nontransparent appointment and irregular payment of Rs 4.374 million
26.	47	Non- verification of Antecedents/character of the officer on First appointment
27.	50	Irregular appointments/recruitments resulting in irregular payments.
28.	52	Short store/stock items amounting to Rs 1.661 million
29.	53	Un-reliable accountal of store/stock of machinery & equipment Rs 80.877 million
30.	58	Non-imposition of liquidated damages or cancellation of the contract – Rs 22.42 million
31.	61	Non-obtaining of insurance coverage Rs 248.794 million and non-recovery of inbuilt premium of uninsured period - Rs 3.732 million
32.	63	Overpayment on account of price adjustment due to application of incorrect rates and allowing on ineligible construction input – Rs 607,291
33.	66	Non-obtaining of Performance Guarantee under contract agreement and non-recovery of inbuilt premium- Rs 23.78 million

S. No.	PDP No.	Subject of the Para
34.	70	Irregular execution of contract without approval of lay out plan/building plan

HIGHER EDUCATION COMMISSION

S No.	PDP No	Subject of Para
1.	4	Non-maintenance of Assignment Account for PSDP funds - Rs 303.983 million
2.	7	Excess payment due to execution of item of deformed bar Grade-60 beyond the provision of Technically Sanctioned Estimate/Detailed Engineer Estimate/ Contract Agreement - Rs 14.604 million
3.	8	Non-imposition/non-recovery of penalty due to poor performance of the consultant - Rs 0.850 million
4.	9	Excess payment due to execution of PVC Pipes beyond the provision of Technically Sanctioned Estimate/Detailed Engineer Estimate/ Contract Agreement - Rs 1.578 million
5.	11	Overpayment due to paid higher rate for non BOQ item - Rs 1.421 million.
6.	16	Irregular payment due to installation of bed elevator beyond the PC-I provision Rs9.105 million.
7.	18	Wasteful expenditure due to execution of in-admissible items - Rs 7.132 million.
8.	23	Non-opening of Separate Assignment Account for project - Rs 1,958.744 million
9.	25	Unauthentic payment due to non-obtaining of sale tax invoice – Rs 156.418 million
10.	26	Overpayment due to non-deduction/unjustified reimbursement of Sales Tax – Rs 40.282 million
11.	28	Non- revalidation of Performance Security - Rs 1.749 million
12.	32	Procurement without provision in PC. I - Rs 6.105 million
13.	33	Non-deduction of income tax while making payment of secured advance to contractor - Rs 1.241 million
14.	35	Unauthentic payment due to non-conducting laboratory test – Rs 30.948 million
15.	37	Mismanagement due to Non utilization of Foreign Exchange for Mega Project million Rs 77.00 million in the same Financial Year
16.	38	Non deduction of Income tax at source Rs 5.211 million
17.	39	Non recovery of penalty @Rs2% per month due to late delivery of lab equipment Rs 5.017 million
18.	40	Non-recovery of mobilization advance - Rs 10.014 million
19.	41	Unauthentic payment due to excess quantities paid over and above the Technical Sanctioned Estimate/ BOQ of the work – Rs 15.641 million
20.	42	Non-transfer/remittance of profit earned on bank balances in the Federal Consolidated Fund - Rs 2.745 million
21.	43	Non-imposition/recovery of Liquidated Damages due to delay in completion of work - Rs 2.304 million

S No.	PDP No	Subject of Para
22.	44	Non-imposition/recovery of Liquidated Damages due to delay in completion of work - Rs 1.82 million
23.	45	Overpayment of Rs2.925 million.
24.	55	Unauthentic deposit of sales tax by the supplier – Rs 8.976 million
25.	57	Non-imposition of liquidated damages
26.	62	Non-deduction of General Sales Tax from the payment made on account of consultancy services to the consultant – Rs 1.787 million
27.	63	Unauthorized enhancement of contract through post bid amendment for Rs 5.328 million
28.	67	Undue benefit to contractor due to irregular payment on account of 2nd part of mobilization advance –Rs 1.306 million
29.	71	Mis-procurement due to wrong tendering process Rs 383.174 million
30.	75	Irregular award of work/contracts without technical sanction estimates for Rs 1,707.438 million
31.	76	Irregular payment made on account of Price escalation for Rs 12.717 million
32.	77	Undue favour to contractor due to payment on account of Mobilization Advance for Rs 33.477 million
33.	78	Ineffective implementation of PC-I due to non-appointment of Project Coordinator
34.	79	Non-imposition of LD – Rs 87.645 million
35.	80	Overpayment to contractor on account of steel reinforcement for construction of additional overhead water tank beyond the provision in BOQ of the contract agreement for Rs 1.717 million
36.	81	Undue benefit to contractor due to award/execution of additional works without open competition tenders in violation of PPRA- Rs 2.490 million
37.	82	Non-imposition/non-recovery of penalty due to poor performance of the consultant – Rs 2.388 million
38.	87	Irregular award of procurement due to preparation of poor evaluation criteria list and acceptance of optional bid EURO 121,000 and US\$ 9,831
39.	90	Loss to government due to late procurement of lab equipment Rs 14.420 million
40.	91	Non-procurement of Campus Management System due to poor evaluation and inefficiency Rs 58.060 million
41.	92	Excess payment due to execution of item of work in violation of TS Estimate/BOQ - Rs 14.091 million
42.	93	Non deduction of income tax on mobilization advance Rs 7.072 million
43.	95	Non-imposition and recovery of liquidated damages for delay in completion of work - Rs 9.612 million
44.	96	Non-revalidation of Bank Guarantee against Mobilization Advance - Rs9.561 million
45.	97	Non-recovery of mobilization advance - Rs 13.857 million

S No.	PDP No	Subject of Para
46.	98	Non-imposition and recovery of liquidated damages for delay in completion of work - Rs 16.577 million
47.	99	Non-maintenance of Cash Book in prescribed format
48.	100	Non-recovery of Secured Advance for Rs 23.00 million
49.	101	Overpayment due to execution of items of BOQ insignificantly- Rs 8.838 million
50.	102	Undue financial assistance to contractor due to unjustified payment of mobilization advance Rs 10.089 million
51.	103	Unjustified payment of difference of base rates due to insertion superfluous provision in the contract/agreement– Rs 6.431 million
52.	104	Non-maintenance of Assignment Account for PSDP funds - Rs 320.351 million
53.	105	Unjustified/unauthorized payment due to execution of extra items of work without provision in Technically Sanctioned Estimate/BOQ– Rs 20.239 million
54.	107	Unjustified payment due to defective estimation/variation in scope of work Rs 16.900 million
55.	108	Less deduction of retention money of Rs 3.161 million
56.	109	Unjustified payment due to execution of excessive quantities beyond the provision of T.S Estimate/BOQ without approval of the competent authority - Rs 48.114 million
57.	110	Unjustified payment of Rs 4.00 million
58.	111	Irregular construction of General Facilities, Residential Block and External Development of Main Campus valuing Rs 201.784 million without prior approval of Building Plan causing imposition of fine/penalty of Rs 1.117 million

PD & SI (AFGHAN PROJECTS)

S. No.	PDP No.	Subject of the Para
1.	1	Overpayment of Rs 4.781 million due to release of retention money at current rate instead of IPCs paid rates
2.	2	Overpayment of Rs 6.389 million due to release of retention money at current rate instead of IPCs paid rates
3.	3	Overpayment of Rs 40.252 million due to release of retention money at current rate instead of IPCs paid rates
4.	8	Non-recovery of built-in cost of pre-shipment inspection of HVAC system - Rs 2.00 million
5.	9	Non-recovery of built-in cost of pre-shipment inspection of HVAC system - Rs 2.00 million
6.	11	Loss due to execution of civil works items – Rs 4.317 million
7.	12	Unjustified payment of Rs 106.647 million due to allowing ERC twice and non-observance of financial propriety
8.	13	Unjustified payment of Rs 183.542 million due to allowing ERC twice and non-observance of financial propriety

S. No.	PDP No.	Subject of the Para
9.	14	Unjustified payment of Rs 194.04 million due to allowing ERC twice and non-observance of financial propriety

SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LTD

S. No.	PDP No.	Subject of the Para
1.	1	Excess payment due to excessive measurement of an item of work beyond PC_I Provision – Rs 9.467 million
2.	2	Irregular execution and measurement of items without approval – Rs 14.390 million
3.	3	Non-obtaining insurance coverage for the works valuing Rs 848.90 million and non-recovery of cost of premium Rs 8.48 million (1% x 848.90 million)
4.	4	Non-imposition of Liquidated Damages due to Slow Progress –Rs 8.800 Million
5.	5	Overpayment of price escalation due to allowing escalation on bitumen without use - Rs 3.002 million
6.	6	Overpayment due to non-utilization of available WBM – Rs 27.556 million
7.	8	Excess payment to the contractor due to excessive measurement of item than TS Estimate - Rs 11.070 million
8.	9	Excess payment to the contractor due to excessive measurement of steel than TS Estimate - Rs 24.794 million
9.	12	Unjustified Payment of additional work without approval Rs 8.835 million involving Overpayment - Rs 1.059 million
10.	18	Overpayment due to non-deduction of inbuilt component cost – Rs 11.326 million
11.	20	Unauthentic payment for non-BOQ item of Boring involving Rs 7.725 million
12.	22	Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed work Rs 8,097.636 million
13.	23	Non-deduction of Income Tax from the Joint Venture firm Rs 3.436 million
14.	24	Excess payment against LC for import of buses - Rs 439.259 million
15.	26	Undue deduction and payment of Sindh Sales Tax Rs 6.303 million
16.	27	Award of work at higher rates beyond PC-I provisions Rs 486.963 million
17.	28	Non-obtaining insurance coverage for the works valuing Rs 5,137.147 million and US\$ 26.168 million
18.	29	Loss due to payment of varied quantities – Rs 242.795 million
19.	30	Overpayment due to application of higher rate for BOQ item – Rs 10.730 million

GWADAR PORT AUTHORITY

S. No.	PDP No.	Subject of the Para
1.	04	Non-recovery of due cost saved as a result of non-preparation of trial sections before commencement of execution work under item No.201,202a & 203b - Rs 3.872 million

S. No.	PDP No.	Subject of the Para
2.	05	Non-recovery of cost of new Jersey barrier drainage openings - Rs1.433 million
3.	07	Non-implementation of approved Environmental Impact Assessment (EIA) by the BEPA against the EBEW Project
4.	08	Non-obtaining of indemnity bond from the consultants against the design review services – Rs 20.018 million
5.	09	Less deposit of income tax by the Contractor –Rs. 172.578 million
6.	13	Non- surrendering of surplus/unutilized PSDP funds timely – Rs 19.276 million
7.	14	Execution of sub-standard work due to laying hot mix bituminous concrete without applying prime coat there under - Rs 2.834 million
8.	15	Loss to the government due to splitting of the similar nature of works into two portions – Rs 513,347
9.	16	Overpayment due to measuring/paying excessive quantities of Sub-Base and Base-Course - Rs 902,208
10.	17	Unjustified payment due to measurement/payment of the quantity of block masonry item beyond the provision of TS Estimate/BOQ – Rs 637,500
11.	19	Unauthentic payment of final bills to the contractors without issuance of substantial completion/ taking over certificate/defect liability certificate – Rs 39.943 million

FEDERAL BOARD OF REVENUE

S. No.	PDP No.	Subject of the Para
1.	7	Unjustified payment without actual price and registration of project security vehicles
2.	9	Loss to Govt. due to acquisition of leased land on higher rate - Rs 128.54 million annually
3.	10	Overpayment due to allowing 25% premium on Provisional Sum items beyond the agreement provision - Rs 30.850 million
4.	11	Overpayment due to non-deduction of material cost from item Improved Subgrade - Rs 21.421 million
5.	13	Unjustified accrual of commitment charges due to slow progress of work - Rs 14.332 million
6.	14	Non-charging of Interim Delay Damages due to slow progress of the contractor
7.	15	Unjustified hiring of consultants in addition to already hired construction supervision consultants - Rs 376.294 million
8.	18	Overpayment due to purchase without construction requirement - Rs 9.738 million
9.	19	Overpayment due to non-sorting and stacking of available hard rock material – Rs 196.121 million
10.	20	Non-effective utilization of available stone in the interest of Employer by non-recovery of cost of stone charged by the contractor in stone consuming item – Rs 13.436 million
11.	24	Non-crediting the saving due to non-deduction of cost components not used in the work - Rs 26.299 million
12.	25	Unjustified payment without actual price and registration of project security vehicles

S. No.	PDP No.	Subject of the Para
13.	27	Inadmissible payment on account of escalation beyond the provision of PC-I and contract - Rs 19.876 million
14.	28	Overpayment due to non-deduction of material cost from the rate paid for excavation from borrow - Rs 96.333 million
15.	29	Overpayment due to higher rate of CSR items - Rs 153.916 million
16.	30	Overpayment due to non-deduction of conduit quantity and weep holes from the boundary wall and retaining walls - Rs 17.697 million
17.	32	Non-deduction/recovery of the cost of facilities/services not provided by the contractor to the Engineer - Rs 16.485 million
18.	34	Overpayment to the contractor due to execution of item of work beyond the drawing/design - Rs 9.283 million

Annexure-2: Status of previous years' outstanding MFDAC paras

Status of MFDAC paras of previous six years is as under:

S. No.	Audit Year	No. of Outstanding MFDAC paras	Amount (Rs in million)
1.	2020-21	788	61,653.704
2.	2019-20	601	75,061.700
3.	2018-19	507	36,400.130
4.	2017-18	602	52,494.710
5.	2016-17	328	20,332.640
6.	2015-16	688	33,190.18
Total		3,514	279,133.064

Annexure-3: Comments on Internal Controls

Internal controls are the set of rules, regulations, technical memos, policy instructions and standard operating procedures which have been prescribed by the departments/organizations to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The management of NHA, CDA, MCI, CAA, Pak. PWD, Estate Office, NCL, FGEHA, HEC, Ministry of Planning, Development & Special Initiatives and FBR did not take adequate measures for the effective implementation of internal controls in their respective organizations. Audit observed recurrence of many irregularities, reported over the last many years, generally stemming either from absence of an effective oversight mechanism or the weak implementation of internal controls. The major recurring irregularities are:

- i. Non-adherence to Public Procurement Rules while procuring works, services, goods, awarding concessions, leases, etc.
- ii. Execution of works over and above the provisions of approved PC-I without approval of deviation by competent forum
- iii. Non-adherence to Pakistan Engineering Council's standard procedure and formula for price adjustments
- iv. Non-obtaining insurance policies from the contractors to safeguard works, equipment, labour, etc.
- v. Non-recording detailed measurements of work done in Measurement Books
- vi. Grant of additional Mobilization Advance to contractors through post-bid amendment

The organizations did not avail the services of their internal audit wings to create effective internal controls environment. The workload of external audit could have been reduced by utilizing existing internal audit capacity of the departments in addition to the enforcement of financial discipline. It is proposed that prior to the start of external audit, the internal audit reports should be made available to the external auditors help them in delineating the potential audit risk areas. Hence, Audit emphasizes to enhance the role of internal audit wings of these Ministries/organizations and suggests establishment of independent internal audit wings under the direct supervision/control of PAOs/heads of the departments.

Significant breach of internal controls included:

- Weak internal controls often result in loss to government. Such cases occurred due to failure of laid down controls like acquisition/safeguard of assets, performance reviews, monitoring process, financial and administrative delegation of powers, information technology system, pre-audit checks, internal audit, maintenance of record, budgeting, accounting process, reconciliation, tendering for grant of lease/award of concessions and works, invoking of contract clauses/specifications, etc.
- There are cases of non-transparent bidding process, award of works/consultancy without tendering, non-retrieval of encroached land, execution of projects without approval of competent forum, non-insurance of works, post-bid amendments to the contracts, undue financial aid to contractors, defective execution of work, improper planning, payments without recording detailed measurements of work done in MBs, wasteful expenditure, etc.
- There are cases of overpayment due to allowing higher/incorrect rates, allowing excessive quantities, separate payment for built-in items, incorrect escalation, etc.

- During the audit on a test check basis, cases of non-recovery on account of licence fee, commercialization charges, rent, penalty, taxes, risk and cost charges, mobilization advance, etc. were noticed which have been highlighted in this Audit Report.

Annexure-A
Ref to Para 2.4.4

Non-adjustment/submission of vouched accounts of advances

DP No.	Formation/Project	Particulars	Amount (Rs in million)
56	GM B&A	Paid to Deputy Commissioner/LAC for Land Acquisition	5,754.805
67	GM B&A	Payment for shifting of utilities	186.126
166	GM Construction KPK	Paid to Deputy Commissioner/LAC for Land Acquisition	2,645.225
208	GM Maintenance KPK	Advances to firms/employees	12.597
238	GM M-I, Burhan	Paid to Deputy Commissioner/LAC for Land Acquisition	76.580
289	GM Punjab South Multan	Payment for shifting of utilities	2.755
290	GM Punjab South Multan	Advances to firms/employees	38.905
337	Basima-Khuzdar project	Paid to Deputy Commissioner/LAC for Land Acquisition	1,000.00
338	Basima-Khuzdar project	Payment for shifting of utilities	42.300
356	GM Construction Punjab Lahore	Paid to Deputy Commissioner/LAC for Land Acquisition	28.533
488	Thakot-Havelian	Paid to Deputy Commissioner/LAC for Land Acquisition and shifting of utilities	11,333.583
490	Hakla-DI Khan Motorway	Paid to Kala-Bagh Head Works Division	1,900.00

DP No.	Formation/Project	Particulars	Amount (Rs in million)
491	Hakla-DI Khan Motorway	Paid to Deputy Commissioner/LAC for Land Acquisition	220.481
515	GM RAMD	Paid to NH&MP on account of operational charges	647.89
2	GM (Construction) Punjab North Lahore	Non-adjustment of advances of LAC	5,222.259
DP. 71&76/ 2020-21	Improvement, Up-gradation and Widening of Jaglot - Skardu Road on Supplier/Buyer Credit Basis (EPC/Turnkey)	Non-obtaining of vouched account.	803.472
DP.152/ 2020-21	Project Pindi Gheb-Jand-Kohat Road, Upgradation/ Dualization of Motorway Link	Non-obtaining of vouched account	278.385
DP. 247/ 2020-21	“Construction of Lahore-Sialkot Motorway”	Non-obtaining of vouched account	268.74
Total			30,462.636

Annexure-B

Refer to Para 2.4.9

Non-recovery of defective and unexecuted items of work - Rs 9,211.551 million

DP No	Project	Description	Amount (Rs in million)
28	Kuchlak Bypass	Non-recovery on account of less compaction of Asphaltic Base Course and Wearing Course	31.062
29	Kuchlak Bypass	Non-recovery from contractor on account of less value of sand equivalent than minimum - Rs 9.039 million	9.039
30	Kuchlak Bypass	Non-recovery on account of more IRI value than required standards	7.797

DP No	Project	Description	Amount (Rs in million)
32	Kuchlak Bypass	Non-recovery due to less installation of Electric Poles	1.763
36	PM-2017-18-PS-70-01	Non-recovery due to less thickness of Asphaltic Wearing Course	5.588
39	PM-2016-17-PS-05	Non-recovery due to less thickness of Asphaltic Base Course	3.455
43	PM-2015-16-PS-03	Non-recovery due to less thickness of Asphaltic Wearing Course	4.098
47	PM-2015-16-PS-01	Non-recovery due to less thickness of Asphaltic Wearing Course and Base Course	7.877
49	PM-2017-18-PS-70-02	Non-recovery due to less thickness of Asphaltic Wearing Course and Base Course	4.574
213	M-4 Package-III-B	Non-recovery due to non-execution of granular material on service road	95.760
214	M-4 Package-III-B	Non-recovery due to non-execution of BOQ item of Grass Sprigging	8.961
215	M-4 Package-III-B	Non-rectification of due to IRI beyond tolerance limit	0
219	M-Package-II A	Non-recovery on account of defective grouted rip rap work	1.853
221	M-4 Package-II-B	Non-recovery due to non-execution of BOQ item of Grass Sprigging	50.160
222	M-4 Package III A	Non-recovery on account of defective work	1.465
223	M-4 Package-III-A	Non-recovery due to non-execution of BOQ item of Grass Sprigging	9.366
224	M-4 Package-III-A	Non-recovery on account of defective work	0.868
241	PM-2015-16-PS-01	Execution of Substandard work	77.954
317	LTP Access Road (Package-I)	Non-recovery on account of substandard work of stone masonry	20.020
324	LTP Access Road (Package-II)	Non-recovery of defective work	60.142
325 & 328	LTP Access Road (Package-II)	Non-recovery due to execution of work against the design	215.371
326	LTP Access Road (Package-II)	Non-recovery due to non-rectification of damaged shotcrete	7.836
357	CAREC Section-3	Non-recovery of defective work	26.975

DP No	Project	Description	Amount (Rs in million)
382	Sukkur-Multan Motorway	Non-recovery due to excessive percentage of payment against short bridges than requirement in agreement	5,109.162
383	Sukkur-Multan Motorway	Non-recovery due to due to excessive percentage of payment against Subways than required	1,870.937
384	Sukkur-Multan Motorway	Non-recovery due to undersize underpass than Employer's requirement	109.978
385	Sukkur-Multan Motorway	Non-recovery due to payment of excessive percentage of pipe culverts	440.034
388	Sukkur-Multan Motorway	Non-recovery against un-executed work	119.539
393	Sukkur-Multan Motorway	Non-recovery against un-executed work	248.139
480	Thakot-Havelian Ph-II	Non-recovery due to execution of less underpass than required	163.935
486	Thakot-Havelian Ph-II	Non-recovery on account of plating of grass	291.954
392 /2020-21	Shaheed Benazir Bhutto Bridge Package-IIA and IIB	Non-recovery on account of sub-standard work of riprap class-B	119.734
173/ 2020-21	Rakhi Gajj-Bewata N-70 Japan Loan Pk-P57 (Package I-A)	Irregular payment of defective works	86.155
Total			9,211.551

Annexure-C

Ref to Para 2.4.11

Non-realization of revenue from operators/lessees and bus-bay operators - Rs 7,620.119 million

DP No	Location	Description	Amount (Rs in million)
80	GM Revenue	Non-recovery from OM&MC	127.997
81	GM Revenue	Non-recovery from OM&MC	2,327.141
82	GM Revenue	Non-recovery from OM&MC	2,484.466

DP No	Location	Description	Amount (Rs in million)
94	GM ROW	Non-recovery from Bus Bay Operators	211.728
95	GM ROW	Non-recovery from Service Area Operators	251.460
99	GM ROW	Non-recovery from Service Area Operator	72.923
101	GM ROW	Non-recovery from Lessee	37.55
102	GM ROW	Non-recovery from Advertisement Agencies	59.696
257	GM NA's Abbottabad	Non-recovery from business operators	88.298
291	GM Punjab South Multan	Non-recovery from business operators	58.860
426	GM M-2	Non recovery from M/s MORE	1,900.00
516	GM RAMDS	Non-recovery of NHA revenue Rs 3703.103 million (Amount included in above paras)	-
Total			7,620.119

Annexure-D**Refer to Para 2.4.16****Non-imposition of liquidated damages for delay in completion of work - Rs 1,596.293 million**

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost (Rs in million)	Liquidated Damages (Rs in million)
147	Supply I/C, TS, M&M of Automatic Vehicle Classification (AVC) Based ETTM Package-I	17.06.2019	31.12.2019	986.326	98.632
	Supply I/C, TS, M&M of Automatic Vehicle Classification (AVC) Based ETTM Package-I	17.06.2019	31.12.2019	883.140	88.314
199	PM-KP-17-18-N-90-01	18.05.2020	17.11.2020	219.820	21.982
253	Construction of Shatial – Thur Nullah Bypass	23.09.2012	22.09.2014	3,518.133	351.813
270	PM-2015-16-01	02.05.2019	27.10.2019	61.163	6.116
	PM-2015-16-02 (N-125)	02.05.2019	31.07.2020	142.882	14.288
295	PM-PS-2015-16-PS-04	11.02.2018	31.03.2020	207.482	20.748
301	BS-PS-17-18-05A-05	16.12.2020	15.03.2021	20.121	2.012
315	Lowari Tunnel – Access Road (Package-II)	08.03.2017	07.03.2019	2,216.141	221.614
334	BC-2017-18-BS-03	15.01.2021	14.06.2021	24.175	2.417
346	Const. of Bridge over Ravi River at Syedwala Pattan District Okara	16.10.2012	16.04.2014	892.329	33.365

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost (Rs in million)	Liquidated Damages (Rs in million)
371	CAREC-Tranche-I, Petaro to Sehwan N-55 (Section-2)	16.01.2019	15.01.2021	7,156.195	715.695
432	RM-401-18/19 to RM-404-18/19	20.03.2020	19.03.2021	11.620	1.162
442	SW-BW-2017-18-009 & SW-BW-2017-18-009	27.10.2020	30.04.2021 & 26.01.2021	13.617	1.361
462	RH-BN-2018-19-01	21.09.2020	19.03.2021	167.738	16.774
Para 8 of AIR M-9 May-June 2021	Conversion of existing 4-lane Karachi to Hyderabad superhighway into 6-lane motorway	17.10.2015	18.04.2018	44,251.00	2,212.510
Total				60,771.882	3,808.803

Annexure-E

Refer to Para 2.4.39

Overpayment due to excess measurement of corresponding items and excess width than required - Rs 312.694 million

DP No	Name of Project	Particulars	Amount (Rs in million)
03 & 04	Syedwala Bridge, Lahore	Confinement of sandy material was not separately measurable and payable in pursuance of provisions of specification resulted overpayment.	8.221
48	PM Work	Authority enhanced the depth from 70 mm to 80 mm while re-measuring the item at page 14 and paid accordingly.	6.868
51	PM-2015-16-PS-02	Item of TST was measured from 9.760 meter to 10.80 meter instead of actual standard width of carriageway i.e. 7.3 meter.	3.171

DP No	Name of Project	Particulars	Amount (Rs in million)
42	No. PM-2017-18-PS-05-07 (Km 747+000 to 756+000)	Authority paid cold milling of 0.50 mm in 3 layer of 15 cm for a quantity of 156,132.40 m ² against admissible quantity of 133,825 m ² (13 cm thick) already measured	2.652
125	PNHRP Package-I, Lot-02 Chimargarh-Asrit	Prime Coat was measured for 47,634 sq.m and ABC, AWC and Tack Coat was to be measured on the area, whereas the items were measured and paid excessive than actual.	1.599
128	PNHRP Package-5 Lot-3	Tack Coat was measured for 192,492.500 sq.m (for ACBC & ACWC) which means that an area of 96,246.25 was to be considered for ABC and ACWC each, whereas these items were measured and paid excessive than actual.	1.499
158	Old Bannu Road Package-III	Granular sub-base and aggregate base course for shoulders was measured and paid by taking the width of 2.80 meter instead of admissible width of maximum 2 meter.	9.520
184	PM-2015-16-SS-07 & PM-2016-17-SS-14	ACWC was executed beyond the primed area and DST was measured twice at same RDs.	16.316
187	NHA Sindh (South) Karachi (Karachi unit) 55 RM works	Work done were not included in BOQ items as evident from record measurements.	8.265
202	PS-KP-16-3004(K)	Cold milling was executed up to the depth of 50 mm, whereas DST 20mm and ACWC 50mm was measured and paid volume against 50 mm “milling” 70mm filling. Hence 20mm excess measured.	32.058
217	Construction of motorway M-4 Package-II-A (Gojra-Jamani km 58+200 – km	Prime Coat was measured in MB No. 5396 at Pages 75–76 as per average width at certain RDs but the corresponding item of work No. 203b Asphaltic Base Course was measured in	3.301

DP No	Name of Project	Particulars	Amount (Rs in million)
	89+200)	MB 5396 at Pages 70 – 71 on the same RDs with excess area as compared to the area of the Prime Coat.	
232	PM-2015-16-PN-03	Cold milling was executed up to the depth of 120 mm, whereas ABC and ACWC was measured as 130mm. Hence 20mm excess measured.	8.148
236	PM-AJK-18-75-01	Excessive milling than filling area	2.236
264	PM-2018-19-NA-01	Cold milling was executed up to the depth of 150 mm, whereas ABC 70mm in 2 layers and ACWC 50mm was measured and paid volume against 150 mm “milling” 190mm filling. Hence 40mm thick Asphalt excess measured.	1.364
265	PM-2018-19 NA-04(GM-NA)	Cold milling was executed on KM 120+500 to 122+100, whereas ABC was executed on KM 120+525 to 123+500	4.535
266	PM-2014-15/N-35/05	Cold milling was executed up to the depth of 100 mm, whereas filling was done with 150mm. Hence 50mm thick Asphalt excess measured.	1.052
273	PM 218-18-PN-05 1411+000 to 1425+000 NBC	Allowed excessive area of Tack coat 10,607.65 sq.m instead of actual area of 6,828.8 sq.m	2.400
274	PM-2018-19-PN-06 at KM 1411+00 to 1425+00 (SBC)	Authority carried forward full quantity of 7,009.18 sq.m instead of admissible quantity of 5,036.68 sq.m	1.989
416	Yakmach Kharan Road Project Section-III	Cutback bituminous prime coat was measured on area where no further treatment was done.	6.145
204	PS-KP-16-3004(K)	Items of DST, tack coat, ACWC class-B And cold milling were measured and paid excess than provision provided in approved BOQ	67.648

DP No	Name of Project	Particulars	Amount (Rs in million)
304	PM-2016-17-PS-05-06	Quantities of various items were executed beyond the BOQ.	3.857
307	PM-215-16-PS-01	Items of Tack Coat and Cold Milling were paid beyond the BOQ	4.836
308	PM-2016-17-PS-05-05	Quantities of various items were executed beyond the BOQ.	18.524
347	Bridge over Ravi River at Syedwala Pattan District Okara	Additional work of Retardation of J Head Spur & Ext. of Guide Bank was executed beyond the VO-2/BOQ without approval	33.161
353	Improvement & Widening of the road from Thakkar Niaz Baig to Hudyara Drain Multan Road	Quantities of various items were executed beyond the BOQ.	23.122
431	M4-Maintenance Patrolling Contracts	Authority did not recovery the penalty amount due to theft of fence.	3.340
444	Special Maintenance work for Pak Iran Border (250)	Overpayment due to measurement of quantities with excessive length as compared to distance in between chainages– Rs 4.236 million	4.236
449	PM-2017-18/BN-03 N-25 (structural overlay Km 717 to 746)	Item measured and paid beyond approved scope of V.O No. 1	2.038
450	No-BSHS-2014-15-BN-QTA	Non-obtaining of inbuilt items of contractor caused overpayment.	7.55
456	PM-2015-16-BN-08	The Authority did not deducted rebate quoted in original bid from the additional scope of work on non-BOQ CSR items.	6.745
457	PM-2015-16-BN-07	A quantity of 13448.75 sq.m in patch spot which was not admissible as the entire length of contract on existing bitmac road average thickness was 53 mm and cold milling 100 mm over 53	1.521

DP No	Name of Project	Particulars	Amount (Rs in million)
		mm existing bitmac.	
460	PM-2017-18-BN-08 N-50 PM-2017-18-BN-07 N-50 PM-BN-2018-19-04	Cost of inbuilt items were neither executed nor was recovered from the contractors.	8.066
463	No.RH-BN-2018-19-01	Higher thickness of ACBC measured and paid caused overpayment.	6.711
Total			312.694

Annexure-F

Refer to Para 2.4.41

Excessive expenditure due to execution of expensive item - Rs 279.743 million

DP No	Formation	No. of Works	Amount (Rs in million)
14	GM Sindh North Sukkur	01	28.587
210	that GM (Maintenance), NHA KPK Peshawar	01	17.924
269	GM NA's Abbottabad	01	20.910
284	GM Punjab South Multan	01	13.989
312	GM Punjab South Multan	01	20.346
331	GM Balochistan South Khuzdar	01	33.421
438	GM Balochistan West Gwadar	01	76.870
469	GM Sindh North Sukkur	03	67.696
Total			279.743

Annexure-G**Refer to Para 2.4.46****Non-recovery of premium due to non-obtaining/revalidation of insurance guarantees - Rs 201.300 million**

DP No	Project/formation	No. of contracts	Cost of works to be insured	Premium recoverable (Rs in million)
38	GM Punjab South Multan	04	857.189	17.144
41	GM Punjab South Multan	06	948.636	18.972
44	GM Punjab South Multan	03	628.400	12.570
211	GM Maintenance KPK	19	2,725.528	54.510
246	GM Gilgit Baltistan	01	87.263	0.873
359	GM CAREC	02	7,793.527	67.769
408	Construction of SBBB Package-III (Not revalidated)	01	593.425	5.934
421	GM Yakmach Khara (not revalidated)	02	6,053.096	6.053
458	GM Balochistan North Quetta	05	1,371.974	17.475
Total		43	21,059.038	201.3

Annexure-H**Refer to Para 2.4.55****Non-accountal/recovery of removed trees - Rs 134.061 million**

DP No	Name of Project	Description	Amount (Rs in million)
157	Northern Bypass Package-3A and dualization and improvement of Old Bannu Road Package-III	1,899 trees were removed but no accountal was found	14.051
171	Dualization of Indus Highway (N-55) Package-I&II	Payment was made for removal of trees however the same was responsibility of Forest Department	16.835

DP No	Name of Project	Description	Amount (Rs in million)
190	Up-gradation, Widening & Improvement of Qila Saifullah-Loralai-Waigum Rud Section of NHA N-70, Lot-1	2,965 trees were removed but no accountal was found	37.935
191	Up-gradation, Widening & Improvement of Qila Saifullah-Loralai-Waigum Rud Section of NHA N-70, Lot-II	1,669 trees were removed but no accountal was found	23.760
528	Project Director E-35 Burhan-Havelian	19,204 trees were removed but no accountal was found	41.480
Total			134.061

Annexure-I

Refer to para 2.4.78

Overpayment due to higher/incorrect rates - Rs 9.998 million

DP No.	Name of Project	Particulars	Amount (Rs in million)
279	BC-PN-16-17-05-02-Bakrala bridge	Rates of Gujrat District were allowed for the work which were on higher side, whereas the work pertains to District Jhelum	1.029
406	SBBB - Package-3	A quantity of 48,750 cu.m of Granular Subbase was to be paid at original BOQ rate of Rs 1765 per cu.m and remaining quantity of 11,606 cu.m @ 2271.12 per cu.m was to be paid at enhanced rate whereas the department paid the quantity of 22,856 at enhanced rate.	5.694

DP No.	Name of Project	Particulars	Amount (Rs in million)
436	N-10 (AMP-2018-19) BW-01 & sq.m work from chainage KM 120 to KM 210	Rates of Gwadar District were allowed for the works which were on higher side, whereas the works pertains to District Lasbela.	2.154
437	N-10 (AMP-2018-19) BW-01, Site Protection Work & sq.m Work for Const. of Side Drain	The Authority executed the item 305a but paid the rate of 305b which was on higher side	1.121
Total			9.998

Annexure-J

Ref to Para 3.4.31

Non-obtaining insurance coverage and non-recovery of premium @ 1% of contract cost - Rs 5.928 million

(Rs in million)

DP No.	Name of work	Agreement Cost	Insurance Required
70	Traffic Management Solution for Rawal Chowk and Park Road, Islamabad (M/s Maqbool Calsons (JV))	1,117.16	1,284.73
70	Construction of Korang Bridge on Islamabad Highway, 1.05 KM Approach Road.(M/s Maqbool Calsons (JV))	659.27	758.16
70	Construction of PWD Interchange on Islamabad Highway, Islamabad.(M/s Maqbool Calsons (JV))	428.23	492.46
83	35 Works	120.17	138.20
83	26 Works	97.63	112.27
152	Development of Infrastructure work of Sector I-15/4, CDA, Islamabad	579.63	666.57

DP No.	Name of work	Agreement Cost	Insurance Required
152	Development of Infrastructure work of Sector I-15/1, CDA, Islamabad	778.98	895.83
152	Development of Infrastructure work of Sector I-15/3, CDA, Islamabad	862.62	992.01
157	Development of Sector D-12 (left over work) asphaltic carpeting, rehabilitation of roads & drainage (Phase-I) (M/s Muhammad Afzal & Brothers)	157.44	181.06
157	Development of Sector I-12 (Construction of Service Road (North, East & West including Box Culvert and drainage system), Islamabad. (M/s Zafar & Co.)	189.69	218.14
163	Construction of additional block at Capital Hospital Sector G-6/2, Islamabad (M/s Zarif Khan Hussain Zai & Brothers and Evershine Constructor (JV))	164.24	188.88
Total		5,155.06	5,928.32

Annexure-K

Ref to Para 3.4.50

Loss/non-recovery of millions of rupees due to less/non-raising of revenue demands against 810 properties

Para No.	Subject of Para	Consumers /owners
5	Non-recovery of Property Tax from owners of Warda Hamna Residencia Tower, Islamabad worth millions of rupees	Warda Hamna Residencia Tower G11
8	Non-recovery of Property Tax from owners of Residential Towers in Sector H-13, Islamabad worth millions of rupees	Residential Towers in Sector H-13
14	Non-recovery of millions of rupees of Property Tax and Water/allied Charges from owners of various hotels and Restaurants of Islamabad	194
15	Non-recovery of millions of rupees of Property Tax and Water/allied Charges from owners of various	63

Para No.	Subject of Para	Consumers /owners
	hospitals of Islamabad	
16	Non-recovery of millions of rupees of Property Tax and Water/allied Charges from owners of various Schools/Colleges/Universities of Islamabad	82
17	Non-recovery of millions of rupees of Property Tax and Water/allied Charges from owners of various Industries of Islamabad	92
23	Non-recovery of property tax and water/allied charges from the owners of Agro Farms	192
29	Non-recovery of millions of rupees on account of Property Tax and Water/allied Charges from owners of various marquees/marriage halls of Islamabad	49
30	Non-recovery of millions of rupees on account of Property Tax and Water/allied Charges from owners of various Petrol Pumps/CNGs	72
31	Non-recovery of millions of rupees on account of Property Tax from different sites of Islamabad Expressway and Private Housing Societies of Islamabad	64
Total		810

Annexure-L

Ref to Para 3.4.52

Non-recovery of Property Tax, water and allied charges from 1,338 property owners - Rs 3,409.692 million

Para No.	Subject of Para	Consumers	Amount (Rs in million)
2	Non-recovery of Property Tax from residential property owners	54	65.081
4	Non-recovery of Property Tax from owners of 18-West Residencia Towers, Islamabad	18-West Residencia Towers (01)	17.333

Para No.	Subject of Para	Consumers	Amount (Rs in million)
7	Non-recovery of Property Tax from residential property owners	15	39.304
10	Non-recovery of Property Tax from property owners	1263	2,451.744
21	Un-authentic recovery of Rs 99.238 million and less recovery of Property Tax and Water & Allied Charges from M/s Serena Hotel, Islamabad	Serena Hotel(01)	62.857
22	Non-recovery of water charges and property tax from Ramada Hotel management	Ramada Hotel (01)	9.741
25	Non-recovery on account of Property Tax and Water/allied Charges from the owners	Executive Heights & Al-Safa Height (02)	61.085
27	Non-recovery of water charges and property tax from Marriot Hotel management	Marriot Hotel (01)	92.163
Total		1,338	3,409.692

Annexure-M

Ref to Para 4.4.5

Non-recovery of rent and allied charges - Rs 4,307.684 million

DP No	Location/ concession	Amount (Rs in million)
51	Shaheen Air International	2,020.759
84	JIAP	1,001.256
160	AIAP	466.218
217	IIAP	288.921
53	Finance Directorate	131.802
129	Multan Airport	89.221
231,126, 05, 07	QIAP	65.784
201	BKIAP	65.778
37	CAA HR Directorate	55.414

DP No	Location/ concession	Amount (Rs in million)
257	Embassy (Military/Civil)	45.606
258	Billing Finance Directorate	32.549
27,179 &173	FIAP	32.335
166	AIAP- M/s Bundu Khan	10.820
78	CATI, Hyderabad	1.221
Total		4,307.684

Annexure-N

Refer to Para 5.4.1

**Non-preparation of PC-IV and non-handing over the projects -
Rs 2,427.302 million**

PDP No	Name of Division	Name of Project	Agreement/ Completion Cost (Rs in million)
127	CCD-I, PPWD, Lahore	05 works	432.868
143	PCD, PPWD, Peshawar	31 works	344.136
164	CCD, PPWD Sialkot	21 Works	518.660
226	CCD-II, PPWD Peshawar	Construction Federal Tribunal Court complex Hayatabad, Peshawar	515.848
290	CCD, PPWD D.G Khan	Construction/Rehabilitation of Flood Affected Road From KAPCO to Muhammadi Chowk Tehsil Kot Addu District MuzaffarGarh.	47.554
		Construction/Rehabilitation of Flood Affected Road From Noor Shah Talai Chowk to Peer Jaggi Mor District MuzaffarGarh.	119.510
		Construction/Rehabilitation of Flood Affected Road From Pull Klasra to Pull 88 District MuzaffarGarh.	83.421
		Construction/Rehabilitation of Flood Affected Road From Tariq Chowk to Basti Pirhar District MuzaffarGarr	34.432
318	CCD-II,	Construction of Black top extension from	85.850

PDP No	Name of Division	Name of Project	Agreement/ Completion Cost (Rs in million)
	PPWD Quetta	NH-40 Kargoshkhan District Chaghi	
		Construction of Black top Road from Brapsha-Kariaz to FC check post in District Chaghi	104.310
		Construction of Black top Road from Chaghi road to Padi-Gheban-Karazi District Chaghi	43.120
		Construction of Black top Road NH-40 to Killi Shareef Khan Kapook & Killi Sangery and killi bahadur khan padag District Ghaghi.	43.880
		Construction of Black top Road from Main RCD Road Noshki to Zangi Abad District Noshki	53.713
Total			2,427.302

Annexure-O

Refer to Para 5.4.3

Irregular payments due to execution of works beyond permissible limit - Rs 1,644.331 million

(Rs in million)

Sr. No.	PDP No.	Name of Division	Name of Work	Name of Contractor	Amount paid to contractor	T.S Amount	Excess payment beyond TS	%age of Excess payment
1	12	CCD-II Pak PWD, Islamabad	Renovation of Federal Treasury Office at G-6 Near Lal Masjid, Islamabad	M/s Taj Nawab Construction Co.	12.702	10.826	1.878	17.33
2	13	CCD-II Pak PWD, Islamabad	Const. of office building for NAB H/Q at G-5/1, Islamabad	M/s Recent Construction	100.417	71.214	29.203	41.01

Sr. No.	PDP No.	Name of Division	Name of Work	Name of Contractor	Amount paid to contractor	T.S Amount	Excess payment beyond TS	%age of Excess payment
3	64	Stores & Workshop, Islamabad	Const. of New Pak Secretariat Block, Islamabad	JV M/s Riaz & Sons and Merin Pvt. Ltd.	332.757	199.776	132.981	66.57
4	206	CCD, Pak PWD, Abbottabad	Const. of RCC Pre-stressed bridges	M/s Abid & Co.	84.562	60.963	23.599	38.71
5	266	Stores & Workshop, Islamabad	HVAC work at New Pak Secretariat Block, Islamabad	M/s Riaz & Sons	242.579	108.595	133.984	123.38
6	56	CCD, Pak PWD, Bahawalpur	Const. of Inland Revenue Office at Ahmad Pur East	M/s Abdul Khalid Gill	22.468	18.220	4.248	23.32
7	Para 4 of CAR	CCD-II Peshawar	Const. Of Drinking water supply etc.	M/s Sana ullah Khan	58.00	47.962	10.038	20.93
		CCD DG Khan	Const. Of Musa Khel to Tonnsa Road	M/s Habib Construction Company	1,604.40	296.00	1,308.40	442.027
Total					2,457.885	813.556	1,644.329	

Annexure-P

Refer to Para 5.4.4

Excess payment due to execution of quantities in excess of BOQ and estimate/PC-I items without approval

(Rs in million)

DP No	Formation	Particulars	Amount
163	CCD Sialkot	Excessive Quantities than BOQ	116.769
220	CCD-II Peshawar	Excessive Quantities than BOQ	23.172

DP No	Formation	Particulars	Amount
179	CCD Sargodha	Excessive Quantities than BOQ/Revised PC-I	19.388
138	CCD Faisalabad	Excess Quantities than 2 nd revised PC-I	17.905
328	CCD-II Quetta	Excessive Quantities than BOQ	17.011
21	CCD-II Islamabad	Excessive Quantities than estimate	13.540
151	CCD-III Karachi	Excessive Quantities than BOQ	11.565
42	CCD D.G Khan (Old Muzaffargarh)	Excessive Quantities than revised estimate	10.313
185	CCD Sargodha	Excessive Quantities than BOQ	8.350
243	CCD Bahawalpur	Excessive Quantities than estimate	7.515
208	CCD Abbottabad	Excessive Quantities than BOQ	5.271
59	CCD Bahawalpur	Excessive Quantities than estimate	3.972
221	CCD-II Peshawar	Excessive Quantities than BOQ	3.671
213	CCD Abbottabad	Excessive Quantities than BOQ	2.606
197	CCD Gwadar	Excessive Quantities than BOQ	1.761
210	CCD Abbottabad	Excessive Quantities than estimate	1.546
Para 96 (CAR)	CCD-DG,Khan, Sialkot, CCD-V-Islamabad, CCD-II Peshawar, Abbottabad, CEM-III Islamabad, PC Peshawar, CCD Bahawalpur, CCD Faisalabad, CCD Gujranwala, CCD Quetta, CCD Hyderabad, CCD-IX Karachi, PCD-I Karachi, CCD Mirpur Khas, CCD Sargodha	Different work	1,166.528
Total			1,430.883

Annexure-Q

Refer to Para 5.4.5

Non-insurance of works for Rs 1,021.291 million and non-recovery of premium - Rs 10.213 million

(Rs in million)

DP No	Formation	Description	Agreement Cost Rs	Premium cost Rs
218	CCD-II, Pak PWD Peshawar	Construction of comp offices for Federal Sharriat Courts, Peshawar	147.787	1.478
		Construction Pilgrims Residential Block in Hajj Directorate, Peshawar	28.834	0.288
311	CCD Pak PWD, D.G Khan	Construction and Rehabilitation of Flood Road from Phatak # 40 walipur District Muzaffargarh	72.679	0.727
		Construction and Rehabilitation of Flood Road from Tariq Road to Phatak District Muzaffargarh	33.040	0.33
		Construction and Rehabilitation of Flood Road from Noor Shah Talai to Peer Jaggi Mor District Muzaffargarh	119.510	1.195
		Construction and Rehabilitation of Flood Road from Mohammadi Chowk to Pull 88 District Muzaffargarh	76.249	0.762
232	CCD Pak PWD, Bahawalpur	Const. of Inland Revenue Office Sadiq abad	21.640	0.216
		Const. of Inland Revenue Office At Chistian	19.451	0.195
		Inland Revenue Office At Khanpur	16.651	0.167
262	CCD Pak PWD S&W, Islamabad	Construction New Pak Secretariat Block, Islamabad (S.H Lift Work)	298.666	2.987
		Construction New Pak Secretariat Block, Islamabad (S.H HVAC Work)	186.784	1.868
Total			1,021.291	10.213

Annexure-R**Refer to Para 5.4.6****Unauthorized expenditure due to execution of extra/substituted items without approval - Rs 838.873 million****(Rs in million)**

DP No.	Division	Name of work	Amount
27	CCD-IV Islamabad	Construction of Islamabad High Court at constitution Avenue G-5/1, Islamabad and Up-lift of Lok Virsa Premises into a professional Gender friendly safe space at lok virsa Shakar Parian, Islamabad	401.036
292	CCD D.G Khan	Construction of Musa Khail Tunsu Road (35 KM) Stretch to be constructed and linked with Zhob (Package-I) Mousa	49.656
68	Store & workshop Division PWD Islamabad	Construction of New Pak Secretariate Avenue Islamabad (S.H Lift work)	34.090
41	CCD D.G Khan (old Muzaffargarh)	Construction of Musa Khail Tunsu Road (35 KM) Stretch to be constructed and linked with Zhob (Package-II) Mousa	32.096
154	CCD Sialkot	1 Work	30.753
67	Store & workshop Division PWD Islamabad	Construction of New Pak Secretariate Avenue Islamabad (S.H HVAC Work)	23.461
224	CCD-II Peshawar	Construction of road at PARD Campus Peshawar	17.461
265	Store & workshop Division PWD Islamabad	Supply installation testing and commissioning of remaining HVAC work of new Pak Secretariate Block Constitution Avenue Islamabad	11.929
205	CCD Abbottabad	Water Supply scheme at Morree Baffa Kalan Khurd Bandibalhag Bala UC Lassan Thakral Tehsil & District Mansehra	11.692
169	CCD Sialkot	2 Works	8.327
230	CCD Bahawalpur	3 Works	1.946

DP No.	Division	Name of work	Amount
Para 99 (CAR)	CCD Gujranwala, Sialkot, Hyderabad, DG. Khan and Sargodha	7 works	216.426
Total			838.873

Annexure-S

Ref to Para 5.4.13

Non-imposition of liquidated damages for delay in completion of works

DP. No.	Division	Name of Work	Name of Contractor	Stipulated date of Completion / EOT	Agreement Amount (Rs in million)	10 % Liquidated Damages (Rs. in Million)
109	CCD-IV, Islamabad	Construction of Model Prison at H-16, Islamabad: - Sub-Head: Construction of Administration Block)	M/s NCL-CMES (JV)	09.09.2018 (546 Days) EoT upto 26.12.2020	260.510	26.051
		Construction of RCC Compound & Boundary Walls	M/s NCL-CMES (JV)	09.09.2018 (546 Days) EoT upto 26.12.2020	490.312	49.031
		Construction of Infrastructure Road Walk Ways Strom Water Sewerage and Water Supply	M/s Hasas-Riaz & Sons (JV)	25.03.2019 (546 Days) EoT upto 16.11.2019	884.729	88.472
		SH: Male barracks and Santry posts (24 Nos)	M/s Sultan Mehmood & Co	EoTuotp 15.08.2019	742.793	74.279
DP. 6	PCD-III, Islamabad	SH : Const of Soldier Barracks	M/s Raja Muhammad Haroon & Co	27.10.2016 to 27.07.2017	45.554	4.555
		SH : Const of Married Officer Quarter	M/s Malik & Bro Nake (Pvt) Ltd	19.10.2016 to 19.07.2017	56.040	5.604
		SH : Extension of Landing	M/s Raja Builders	27.01.2017 to	70.907	7.091

DP. No.	Division	Name of Work	Name of Contractor	Stipulated date of Completion / EOT	Agreement Amount (Rs in million)	10 % Liquidated Damages (Rs. in Million)
		Strips		27.07.2017		
DP 237	CCD Bahawalpur	Const. of Inland Revenue Office Sadiq abad	Hashmat Ali Ch	02.02.18 to 01.02.19	21.640	2.164
		Const. of Inland Revenue Office At Chistian	M/s Ch. Shafqat	10.05.19 to 05.09.20	19.450	1.945
		Inland Revenue Office At Khanpur	M/s Ch. Shafqat	10.05.19 to 05.09.20	16.650	1.665
		Installation of water filtration plant at NA-172, Yazman		13.01.21 to 12.05.21	16.548	1.654
		Water supply scheme at Chak No.54/DB, yazman		13.01.21 to 12.05.21	9.593	0.959
		Providing water supply scheme at chak No.55/DB yazman		13.01.21 to 12.05.21	11.698	1.170
		Providing water supply scheme at chaq No.42/DNB, Yazmin		13.01.21 to 12.05.21	9.155	0.915
		Installation of four nos of water filtration plant ...uc-71,72,73,74 tehsil yazman		13.01.21 to 12.05.21	6.417	0.642
		Providing sewerage scheme from karachi more to sutlaj river,		13.01.21 to 12.05.21	3.204	0.320

DP. No.	Division	Name of Work	Name of Contractor	Stipulated date of Completion / EOT	Agreement Amount (Rs in million)	10 % Liquidated Damages (Rs. in Million)
		Installation of 14 Nos of water filtration plant tehsil yazman		--	20.156	2.015
		Construction of Metalled Road from 18wan Mile to Basti Sanghera Tehsil Yazman District Bahawalpur		07.12.2020 to 06.06.2021	11.823	1.182
		Rehabilitation of metaled road from chk No.143/DB to Chk No.113/DB		07.12.20 to 30.06.21	24.903	2.490
215	CCD, Abbottabad	Water supply scheme Morre Baffa Kalan Khurd Bandi balhag Bala U/C Lassan Thakral Tehsil & Dist Manshra	M/s Hi Star Associate	24.10.2016 to 23.10.2017	52.514	5.251
		Water supply scheme Lassan Thakral U/C Lassan Thakral Tehsil Oghi Dist Manshra	M/s Hi Star Associate	24.10.2016 to 23.10.2017	33.668	3.366
		Water supply scheme Pubble Bala Pubble Payeen U/C Sher Garh Tehsil Oghi Dist Manshra	M/s Sami Ullah Khan	24.10.2016 to 23.10.2017	8.906	0.891
	Total					281.712

Annexure-T

Para 5.4.15

Unjustified lapse of development funds - Rs 260.71 million

(Rs in million)

Sr. No.	PDP No.	Name of Division	Amount of Funds released	Amount of Unspent balance
1	1	PCD, Pak PWD, Sahiwal	4.500	3.219
2	43/ 2020-21	CCD, Pak PWD, Sialkot	56.00	11.103
3	49/ 2020-21	CCD-I Pak PWD, Lahore	375.159	33.773
4	72	Stores & Workshop, Pak PWD Islamabad	218.810	29.122
5	122	CCD-I Pak PWD, Lahore	274.402	1.906
6	159	CCD, Pak PWD, Sialkot	1,953.272	64.388
7	202	CCD, Pak PWD, Abbottabad	51.374	8.103
8	261	Stores & Workshop, Pak PWD Islamabad	625.378	24.322
9	145	Central E/M, Pak PWD, Peshawar (Note: Funds received from PCD Peshawar through draft dated 29.06.2021)	84.774	84.774
Total			3,643.669	260.710

Annexure-U

Ref to Para 5.4.18

Unauthentic payment

(Rs in million)

Division	Name of work	Agreement cost	Date of award	date of payment	Amount
CE/M Peshawar	Construction of Drinking water supply SH boring for tube well and installation of solar energy based	39.629	10.12.2020	24.12.2020	39.629

Division	Name of work	Agreement cost	Date of award	date of payment	Amount
	submersible pumping machinery at UC Sharkot Gilloti and wand Khan Muhammad District D.I. Khan				
CCD Hyderabad	Construction of Metaled Road from Bhudho Dasti link road to village Ganwar Junejo District Badin	8.561	23.06.2021	28.06.2021	7.707
CCD-I Karachi	PL Tuff paver in UC 12,13, & 29 at dist. central Karachi sector 11-F, 11-G, 11-J new Karachi, UC-12, & UC-13 various streets of block-21, UC 29, NA-254	26.10	18.06.2021	28.06.2021	26.06
	Construction of metaled road from D-11 bus stop to license branch Mehran town Korangi Karachi	12.10	18.06.2021	18.06.2021	12.45
	Providing and laying RCC sewage line at Mehran Town, District Korangi, Karachi	20.50	16.06.2021	28.06.2021	20.57

Division	Name of work	Agreement cost	Date of award	date of payment	Amount
	Construction and Rehabilitation of Alfalah Ground Park Near Raza-e-Mustafa Korangi 2-1/2, Sector 32-E Korangi, Karachi to M/s King Enterprises	15.88	16.06.2021	28.06.2021	16.32
PCD-I Karachi	Construction of metaled road in UC 28 dist. east Karachi near khatam-e-nabowat chowk hijri road NA-243 under SAP	14.809	04.06.2021	22.06.2021	19.2
Total					141.936

Annexure-V

Refer to Para 5.4.25

Execution of works without obtaining performance security in shape of bank guarantee/insurance bond - Rs 58.638 million

(Rs in million)

S. No.	DP No.	Name of Work	Name of contractor	Contract Cost	Amount of performance
1		Construction and Rehabilitation of Flood Road from Phatak # 40 Walipur District Muzaffargarh	M/s Dawn Construction	72.679	7.268
2		Construction and Rehabilitation of Flood Road from Tariq Road to Pharak District Muzaffargarh	M/s Ramzan & Co	33.040	3.304
3		Construction and Rehabilitation of Flood Road Noor Shah Talai to Peer Jaggi Mor District Muzaffargarh	M/s Dawn Construction	119.510	11.951

S. No.	DP No.	Name of Work	Name of contractor	Contract Cost	Amount of performance
4	302	Construction and Rehabilitation of Flood Road from Mohammadi chowk to Pull 88 District Muzaffargarh	M/s Nayab Khokar & Co	76.249	7.625
5	298	Construction/Rehabilitation of Flood Affected Road From KAPCO to Muhammadi Chowk Tehsil Kot Addu District MuzaffarGarh.	M/S Abdul Waheed Khan & Co	47.554	4.755
6		Construction/Rehabilitation of Flood Affected Road From Noor Shah Talai Chowk to Peer Jaggi Mor District MuzaffarGarh.	M/S Dawn Const.Co	119.510	11.951
7		Construction/Rehabilitation of Flood Affected Road From Pull Klasra to Pull 88 District MuzaffarGarh.	M/S Abdul Waheed Khan	83.421	8.342
8		Construction/Rehabilitation of Flood Affected Road From Tariq Chowk to Basti Pirhar District MuzaffarGarh.	M/S Al-Rehmat Buildzer	34.435	3.444
Total:				586.398	58.640

Annexure-W

Refer to Para 5.4.36

Doubtful reconciliation between division and DBA resulted in overbooking of expenditure -Rs 15.615 million

(Amount in Rs)

Month	Nature		D.C 6.5% on PSDP	Total	As per DBA	Difference
	SAP	PSDP				
July 2020	-	-	-	-	-	-
Aug 2020	-	-	-	-	-	-
Sep 2020	-	-	-	-	-	-
Oct 2020	-	-	-	-	-	-
Nov 2020	-	-	-	-	-	-
Dec 2020	430,683	-	-	430,683	436,683	(6,000)
Jan 2021	5,991,656	-	-	5,991,656	5,991,656	-
Feb 2021	10,926,196	-	-	10,926,196	10,926,196	-
Mar 2021	94,378,921	-	-	94,378,921	94,378,921	-
Apr 2021	67,968,428	-	-	67,968,428	67,968,428	-
May 2021	53,707,371	-	-	53,707,371	53,707,371	-
June 2021	401,656,173	-	-	401,656,173	1,417,265,143	15,608,970)
Total	1,635,059,428	-	-	1,635,059,428	1,650,674,398	(15,614,970)

Annexure-X-1**Ref to Para 8.4.8****Unauthorized change in design/scope resulted in increase in outlay**

Contract Name	Covered area as per approved PC-I (sft)	Covered area as per actual execution (sft)	Difference (sft)
Construction of academic block for Department of Civil Engineering & Faculty of Social science (male)	120,204	130,673	10,469
Construction of Academic block for faculty of Management Sciences and Faculty of Social Science (Women campus)	120,204	125,000	4,796
Construction of shared block for Center of Research in advance Electronics, Center of Inter disciplinary research, Clinical psychology and Economics	120,204	114,678	(5,526)
Construction of i) Library block, ii) Shariah Hostel iii) Medical Center (Package-IV) at H-10 campus Islamic International University Islamabad	81,908	81,160	(748)
Total	442,520	451,511	8,991

Annexure-X-2**Ref to Para 8.4.8****Unauthorized change in design/scope resulted in increase in outlay**

Contract Name	Cost as Per PC-I Rs in million	Cost as Per Agreement Rs in million	Difference Rs in million
Construction of academic block for Department of Civil Engineering & Faculty of Social science (male)	416.705	450.277	33.572
Construction of Academic block for faculty of Management Sciences and Faculty of Social Science (Women campus)	416.705	426.145	9.440
Construction of shared block for Center of Research in advance Electronics, Center of Inter disciplinary research, Clinical psychology and Economics	416.705	446.357	29.652
Construction of i) Library block, ii) Shariah Hostel iii) Medical Center (Package-IV) at H-10 campus Islamic International University Islamabad	307.668	384.660	76.992
Total	1,557.78	1,707.439	149.656