



**SPECIAL AUDIT REPORT ON  
PROJECT MANAGEMENT UNIT  
IN MINISTRY OF RAILWAYS**

**AUDIT YEAR 2016-17**

**AUDITOR GENERAL OF PAKISTAN**

## **PREFACE**

The Auditor General of Pakistan conducts audit in terms of Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001. The special audit of Project Management Unit in Ministry of Railways was carried out accordingly.

The Directorate General Audit Railways conducted Special Audit of Project Management Unit during audit year 2016-17 for the period 2006 to 2016 with a view to reporting significant findings to stakeholders. Audit examined the overall performance of the project. In addition, Audit also assessed, in some particular areas, whether the expenditure was incurred in compliance with applicable laws, rules and regulations. The Special Audit Report indicates specific actions that, if taken, will help the management realise the objectives of Project Management Unit. Most of the observations included in this report have been finalised without management response as no reply was provided despite best efforts. DAC meeting was also not convened by the PAO despite reminders.

The Audit Report is submitted to the President of Pakistan in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Islamabad  
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**Auditor General of Pakistan**

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## Abbreviations

ADB-TA	Asian Development Bank-Technical Assistance
CDWP	Central Development Working Party
DAC	Departmental Accounts Committee
FA&CAO	Financial Advisor and Chief Accounts Officer
FAM	Financial Audit Manual
FEC	Foreign Exchange Component
FIS/MIS	Financial Information System/Management Information System
GIS	Geographical Information System
GST	General Sales Tax
IFRS	International Financial Reporting Standards
IMU	Infrastructure Management Unit
ISSAIs	International Standards of Supreme Audit Institutions
MoR	Ministry of Railways
NTCIP	National Transport Corridor Improvement Programme
NBP	National Bank of Pakistan
PC-I	Planning Commission-I
PD	Project Director
PMU	Project Management Unit
PPP	Public Private Partnership
PR	Pakistan Railways
RFP	Request for Proposals
TA	Technical Assistance
TCBA	Thompson Cobb Bazilion and Associated
TTFP	Trade and Transport Facilitation Project
WB	World Bank

## EXECUTIVE SUMMARY

The Directorate General Audit Railways conducted special audit of Project Management Unit in Ministry of Railways during September-November 2016. The main objectives of the audit were to assess the effectiveness of establishment of Project Management Unit in Ministry of Railways. The audit was conducted in accordance with ISSAIs.

Project Management Unit was established for improvement of infrastructure within Railways to carry out the projects funded by the Asian Development Bank's Technical Assistance Loan. Pakistan Railways was the main beneficiary of this project. Original PC-I for the establishment of PMU was prepared and approved by the Central Development Working Party on 20.05.2006 with a cost of Rs 100.54 million including Foreign Exchange component of Rs 48 million. PC-I was revised and approved by CDWP on 29.06.2010 with a cost of Rs 720.77 million including Foreign Exchange component of Rs 609.99 million. Again, second revision was approved on 27.01.2015 with a cost of Rs 873.539 million against PSDP allocation, without any foreign exchange component. The Special Audit, therefore, assessed the effectiveness of this unit vis. a vis. its objectives. It was found that the overall performance was not satisfactory.

### Key audit findings

- i. Financial resources remained unutilised due to improper planning – Rs 672.243 million. <sup>1</sup>
- ii. Improper project budgeting resulted in huge savings – Rs 499.164 million.<sup>2</sup>

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<sup>1</sup> Para 4.2.1

<sup>2</sup> Para 4.2.5

- iii. Irregular award of contract in violation of PPRA Rules – Rs 404.711 million.<sup>3</sup>
- iv. Irregular payment to consultants on partial completion of deliverables – Rs 100.848 million.<sup>4</sup>
- v. Unjustified payment on account of Direct Charges to the Urban Unit – Rs 80.550 million.<sup>5</sup>
- vi. Unjustified establishment charges on execution of one new study by ignoring planned fifteen feasibility studies – Rs 66.489 million.<sup>6</sup>
- vii. Non-achievement of desired objectives from one feasibility study i.e. Public Private Partnership – Rs 48.530 million.<sup>7</sup>
- viii. Loss due to non-completion of FIS/MIS project – Rs 45.882 million.<sup>8</sup>
- ix. Staff in different categories was found excess than the sanctioned posts – Rs 3.160 million.<sup>9</sup>
- x. Time overrun on account of Land Computerization projects was observed.<sup>10</sup>

### **Recommendations**

- i. Financial resources should be utilised properly to achieve given targets within budgetary limits.
- ii. Funds allocated may either be utilised or surrendered in time to avoid blockage of capital.
- iii. Public Procurement Rules 2004 should be implemented in true letter and spirit while making procurements.

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<sup>3</sup> Para 4.3.1

<sup>4</sup> Para 4.3.6

<sup>5</sup> Para 4.3.8

<sup>6</sup> Para 4.2.2

<sup>7</sup> Para 4.6.1

<sup>8</sup> Para 4.3.9

<sup>9</sup> Para 4.1.1

<sup>10</sup> Para 4.6.2

- iv. Payments should be made as per terms and conditions of agreements by avoiding partial payments.
- v. Inclusion of clause for direct charges in the agreements may be avoided because this clause was against the interest of PR.
- vi. Canon of financial propriety may be observed in true spirit to avoid unjustified expenditure.
- vii. Desired objectives of each project undertaken should be achieved in true letter and spirit as feasibility study on Public Private Partnership policy was completed but no benefit was received on completion of this study.
- viii. Project management should focus on timely completion of all projects to avoid time and cost overrun.
- ix. Excess staff appointed over and above the provisions of PC-I may be curtailed and available staff must be utilised for PMU only.
- x. Efforts may be made to complete the projects within stipulated time to achieve desired benefits.

## **1. INTRODUCTION**

The Directorate General Audit Railways conducted special audit of Project Management Unit during September-November, 2016 for the period from May 2006 to June 2016.

The Project Management Unit headed by a Project Director was established on 20.05.2006 at Ministry of Railways, Islamabad. Its Head office has been shifted at Pakistan Railways Headquarters Office, Lahore in August 2014. PMU was established for improvement of infrastructure within Railways to carry out the projects funded by the ADB TA Loan. Therefore, Pakistan Railways was the main beneficiary of this project. Original PC-I of PMU was prepared and approved by the Central Development Working Party on 20.05.2006 with a cost of Rs 100.54 million including Foreign Exchange component of Rs 48 million. Four feasibility studies were planned but project period expired on 31.03.2010 completing only one study.

Therefore, PC-I was revised and approved by CDWP on 29.06.2010 with a cost of Rs 720.77 million including foreign exchange component of Rs 609.99 million. Twelve (12) feasibility studies were planned but project period expired on 30.12.2013 without completing any study. During the period from 2010 to 2013 as no study was completed by the management of the PMU, therefore, another project i.e. FIS/MIS being carried out separately in Ministry of Railways was got included into the PMU through Planning Commission which also remained incomplete till 2014.

Again, second revision was made on 27.01.2015 with a cost of Rs 873.539 million against PSDP allocation, with no foreign exchange component and only two sub-projects i.e. (i) Left over work of FIS/MIS and (ii) Asset Management of Pakistan Railways Land Record by Geographical Information System were included. Hence currently, major operational activities of PMU were completion of remaining work of Financial and Management Information System of Pakistan Railways and Asset Management of Pakistan Railways Land Record by Geographical Information System based computerization and development of a Data

Base software for MIS. Work on the project of FIS/MIS had not yet been started for which PC-1 was approved in 2015 while work on the second project was due to be completed by 30<sup>th</sup> June, 2016 but the same was also still in process at the time of audit. Time overrun was observed in both the projects.

## **2. AUDIT OBJECTIVES**

Major objectives of the audit were to:-

- i. Review achievement of objectives of PMU.
- ii. Review the performance of the entity against 3 Es (Economy, Efficiency and Effectiveness).
- iii. Review compliance with applicable rules, regulations and procedures.
- iv. Assess the effectiveness of agreements made with consultancy firms.

## **3. AUDIT SCOPE AND METHODOLOGY**

### **3.1 Audit Scope:**

Special audit of Project Management Unit was conducted for the period 2006 to 2016 at Pakistan Railways Headquarters office, Lahore. The period of ten years was selected as no audit was conducted since its establishment.

### **3.2 Audit Methodology:**

- i. Review of all relevant files/documents including scrutiny of consultancy contracts executed with firms.
- ii. Analysis of financial data regarding payments made to consultancy firms.

## **4. AUDIT FINDINGS AND RECOMMENDATIONS**

### **4.1 Organization and Management**

It was observed that staff was working in excess than sanctioned strength in certain categories at PMU. Posting of staff and selection

procedure was also not found satisfactory. Significant observations in this regard are discussed below.

#### **4.1.1 Irregular expenditure on account of staff appointed over and above the provisions of PC-1 – Rs 3.160 million**

Attachment No. 3/1 of revised PC-1 provides the number of employees and cost estimate of salaries of staff required for the project. Further, in term of General Manager Personnel letter No.831-E/692 (APO-IV) dated 30.05.2009, no employee should be allowed to be utilised on job other than his own category/original posting.

During Special Audit of the Project Management Unit in September-November 2016, it was noticed that the Project authorities appointed 41 employees as against the provision of 35 posts in the sanctioned PC-1. It was also observed that appointments of 16 employees were made irregularly against those categories which were not provided in the sanctioned PC-1. Further, it was observed that the services of a female officer appointed as Admn. and Finance Officer in PMU, Lahore were being utilised in Ministry of Railways, Islamabad since the date of her appointment i.e. 01.06.2016. Her pay and allowances @ Rs 50,000 per month were being charged to the PMU Headquarters office Lahore. Thus, management paid an amount of Rs 3.160 million upto October 2016 irregularly on account of pay and allowances of the staff (detail in Annex-A). This resulted in irregular expenditure because of irregular appointments and due to mis-utilisation of services of an officer not required for PMU.

The matter was pointed out to the formation in December 2016 to which no reply was received till finalisation of this report.

Audit recommends that human resource management should be improved and all employees be appointed as per approved sanctioned strength. Corrective measures be adopted to curtail the staff according to the provisions of PC-1. Female officer should be posted back to her parent office or her services may be dispensed with. Responsibility for making excess and irregular appointments in violation of provisions of sanctioned PC-1 be fixed.

#### **4.1.2 Irregular payment to an employee appointed without proper qualification – Rs 3.150 million**

Attachment No. 3/1 of revised PC-1 stipulates that there will one post of Senior Audit and Accounts Officer/DDO and one post of Administrative officer/Accounts Officer/Public Liaison Officer for smooth working of the PMU.

During Special Audit, it was observed that qualification required for the post of Accounts Officer in advertisement dated 30.06.2009 was B.Com with irrelevant experience of Transport while that for Assistant Accounts Officer in advertisement dated 18.11.2009 was M.Com 1<sup>st</sup> Division. A candidate having B.Com was selected as Accounts Officer by giving him maximum 10 marks for irrelevant experience and compromising proper qualification of M.Com. This shows that criteria given in advertisement was just to fit in a specific person. Degrees of Mr. Saadi Saeed selected as Accounts Officer were not available in record. He was paid Rs 3.150 million as pay and allowances from 01.08.2009 to 31.12.2016. The detail is as under:-

Period of payment	No. of months	Monthly rate	Total Amount
01.08.09 to 31.12.14	63 months	30,000	1,890,000
01.01.15 to 31.12.16	24 months	52,500	1,260,000
Total payment			3,150,000

The matter was pointed out to the formation in December 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons for favouring an individual through irrelevant criteria while compromising on academic qualification be explained and action be taken against all concerned.

#### **4.2 Financial Management**

The financial management of the PMU was not found sound and financial irregularities were found on account of utilisation of financial resources. The audit observations narrated in the following paragraph clearly indicate weaknesses in the financial management of PMU.

#### **4.2.1 Non-utilisation of resources due to improper project planning– Rs 672.243 million**

The general description of approved PC-II for establishment of Project Management Unit states that the Planning and Monitoring Unit will be set up in Ministry of Railways under the Project Director who will implement and oversee the activities to be undertaken under the ADB-TA-Loan. The said unit will keep liaison with Infrastructure Management Unit in the Planning Commission through the Ministry of Railways to monitor Feasibility Studies under ADB-TA-Loan-2178-PAK.

During Special Audit, it was observed that according to the original and revised PC-II approved on 20.05.2006 and 29.06.2010 respectively (detail in Annex-B) three feasibility studies were required to be done during the period 2006 to 2010 and twelve feasibility studies were to be carried out from 2011 to 2014. The studies involved consultancy contracts for the improvement of Pakistan Railways. The total cost of these studies was Rs 720.773 million including foreign exchange component of Rs 609.99 million under ADB-TA Loan-2178 and World Bank TTFP-2-4577 Loan which were to expire on 31.03.2010 and 31.12.2013 respectively. The management of the PMU failed to undertake any of the above-mentioned proposed studies within the specified time period. Owing to the negligent and casual attitude of the management of PMU, the loan periods were expired. In the meanwhile a foreign consultancy firm also abandoned the study due to prevailing law and order situation of the country at the relevant time. However, another feasibility study i.e. “Public Private Partnership” was got approved and undertaken at a cost of Rs 48.530 million out of the sanctioned amount of Rs 720.773 million upto 2010. This resulted in non-utilisation of funds amounting to Rs 672.243 million which depicted that the project was proposed without examining its necessity, utility and capacity.

The matter was pointed out to the formation in December 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons be explained for non-completion of all fifteen feasibility studies as approved in PC-II and responsibility be fixed against the persons at fault.

#### **4.2.2 Unjustified expenditure on new study ignoring planned fifteen feasibility studies –Rs 66.489 million**

Para 807 of State Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money.

During Special Audit, it was observed that four PC-II/PC-I having collective value of Rs 953.010 million (Rs 100.54 + 48.530 + 720.773 + 83.166) were got approved by the PMU management during the period from 2006 to 2014 for execution of sixteen number of studies/projects. But out of the proposed sixteen studies/projects, only one study valuing Rs 48.530 million could be completed. On the other hand, an expenditure of Rs 66.489 million was incurred on establishment charges i.e. Rs 20.790 million for the period from 2006 to 2010 and Rs 45.699 million for the period from 2011 to 2014 (detail in Annex-C). The whole exercise was carried out merely for the existence/survival of PMU. Thus, the aforementioned expenditure on establishment charges was not only wasteful but also unjustified.

The matter was pointed out to the formation in October 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons be explained for non-execution of all fifteen studies which were got approved in PC-II. Responsibility for incurrence of a huge amount on establishment charges without achieving the desired results be fixed.

#### **4.2.3 Loss due to double payment for incomplete FIS/MIS Project – Rs 0.605 million**

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and

clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During Special Audit, it was observed that contract agreement signed with M/s Riaz Ahmad and Company on account of FIS/MIS project expired on 30-11-2010. But, work could not be completed upto 2014 even after expiry of four years. Resultantly, an Addendum was prepared and signed between both the parties on 15.04.2015 in continuation of earlier contract agreement. An amount of Rs 2.620 million was agreed for additional services to be completed in four months. Under the umbrella of this Addendum, an amount of Rs 0.605 million was paid to the firm on account of submission of final short listing of bidders for software and final version of request for proposals of software (detail in Annex-D). The payment was unjustified because payment for these services had already been made in original agreement vide Sr. No. 5 (a and b) of schedule of activities. This caused loss to Pakistan Railways due to double payment of the same activities.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons be explained for issuing Addendum as all these activities had already been performed by the firm, recovery be made from the persons held responsible and remedial measures be adopted to stop remaining payment to the firm.

#### **4.2.4 Unjustified expenditure on account of actuarial study without permission – Rs 0.575 million**

Para 807 of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money.

During Special Audit, it was observed that an amount of Rs 0.575 million was paid to M/s Sidat Hyder Morshed Associates on account of study of actuarial evaluation of employee benefits conducted by the said

firm. The Planning Commission refused to make payment from World Bank loan as the said study was included without prior permission. It was advised that the same should be paid from PSDP allocation of FIS/MIS project. Actually, this study should have been included in the contract agreement made with M/s Riaz Ahmad & Company but the same was not done and a separate contract agreement was made. This resulted in unjustified expenditure of Rs 0.575 million due to the negligence of the management of PMU.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons for non-inclusion of said study in the contract agreement made with M/s Riaz Ahmad & Company be explained and responsibility be fixed against the persons held responsible besides recovery be made from their salaries.

#### **4.2.5 Failure to undertake feasibility studies and non-utilisation of funds – Rs 499.164 million**

The General Description of approved PC-II for establishment of Project Management Unit states that the Planning and Monitoring Unit will be set up in Ministry of Railways under the Project Director who will implement and oversee the activities to be undertaken under the ADB-TA-Loan. The said unit will keep liaison with IMU in the Planning Commission through the Ministry of Railways to Monitor Feasibility Studies.

During Special Audit, it was observed that due to non-completion of fifteen studies, financial resources remained unutilised for the period from 2006 to 2014. On 2<sup>nd</sup> revision in January 2015, it was decided that only two projects will be undertaken with a sum of Rs 873.539 million. Out of this, an amount of Rs 737.00 million was allocated for the period from January 2015 to June 2016. However, only an amount of Rs 237.836 million was expensed out upto June 2016 leaving a balance of Rs 499.164 million (detail in Annex-E). This resulted due to improper budget planning and inefficiency of the management of PMU.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons for non-incurrence of expenditure according to the allocated budget as approved in revised PC-1 be explained and internal controls be strengthened for completion of all works within timelines.

#### **4.2.6 Unjustified payment of rent due to injudicious decision – Rs 0.748 million**

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During Special Audit of the Project Management Unit in September-November 2016, it was observed that PMU was established in Carriage Factory Islamabad in 2006 where no rent was paid. On receiving vacation notice from GM/M&S in 2012, management of the PMU executed rental agreement @ Rs 24,000/- per month with M/s Railcop Islamabad on 1<sup>st</sup> November 2012 including utilities. In February 2013, just after three months, rent was enhanced by Rs 10,000 to cater cost of utility charges w.e.f 1<sup>st</sup> November, 2012. Management of the PMU paid an amount of Rs 0.748 million for the period from 01.11.2012 to 31.08.2014 to M/s Railcop as rent (detail in Annex-F). In August 2014, office was shifted in Headquarters office Lahore. This amount could be saved by taking decision at an early date as no project/study was under process during this period.

The matter was pointed out to the formation in December 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons for execution of contract agreement with M/s Railcop be explained as no feasibility study/project was in process at that time. Further, Rs 10,000 increased on account of rental charges after signing the contract agreement may also be explained.

#### **4.2.7 Fraudulent payment on account of pay and allowances to ex- employees – Rs 0.06 million**

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During Special Audit, it was observed that fraudulent payment on account of pay and allowances amounting to Rs 0.06 million was made to ex-employees. The comparison of columns 4 and 5 (Annex-G) clearly showed that employees were paid even when their services were terminated. It showed poor financial management on the part of PMU management and loss to Pakistan Railways.

The matter was pointed out to the formation in December 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons for variation between both the positions be explained and internal controls with regards to payment of salaries be strengthened to avoid recurrence. Responsibility be fixed against the person(s) at fault besides making recoveries from their salaries.

#### **4.3 Procurement and Contract Management**

Public Procurement Rules-2004 are applicable to the Pakistan Railways Project Management Unit. These rules provide 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. Pakistan Railways Project Management Unit had entered into different agreements with different firms for execution of sub-projects/studies. These agreements were studied with emphasis to see whether these were executed effectively for betterment of Pakistan Railways. Many irregularities in procurement and contract management were noticed which are narrated in the following paragraphs.

#### **4.3.1 Irregular award of contract to M/s Urban Sector Unit –Rs 404.711 million**

PPRA Rule 4 stipulates 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. Further Rule 40 of Public Procurement Rules 2004 states that there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.

During Special Audit, it was observed that a contract for computerisation of land record valuing Rs 404.711 million was awarded to the M/s Urban Sector Planning and Management Services Unit (Pvt) Ltd. in March 2015. The contract was awarded without following the advertisement process. Negotiation was also made with the firm. The firm demanded total contract price amounting to Rs 560.479 million. After negotiations, price was decreased to Rs 428.90 million. On further negotiations, contract price was decreased to Rs 404.711 million by the contracting firm. This resulted in irregular award to the firm.

The matter was pointed out to the formation in October 2016. Management replied in November 2016 that as it related to National Security, therefore, advertisement was not required. As per Rule 3 (d)(i) PPR-2004 single source or direct selection stipulates that this method would be used only in exceptional cases, where it provides clear advantage over competition. The reply was not satisfactory because Rule 3(ii)(a) of the above mentioned SRO also states that the justification for single sources selection method should be examined in the context of overall interests of the procuring agency to ensure economy and efficiency and provide equal opportunity to all eligible consultants. Therefore, the decision to use the single source selection method should be approved by the PAO concerned, on recommendation by a Committee.

Audit therefore recommends that responsibility for violation of PPRA Rule be fixed against those held responsible.

#### **4.3.2 Non-execution of contract on account of FIS/MIS project – Rs 367.308 million**

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During Special Audit, it was observed that re-revised PC-1 was approved in January 2015 to carry out the left over work of FIS/MIS project valuing Rs 367.308. It was approved in PC-1 that work would be completed within thirty six (36) months i.e. upto December 2017. However, it was noticed that even after lapse of eighteen (18) months, contract could not be assigned to any firm. This resulted in inordinate delay in finalisation of contract and loss to PR on account of establishment charges to run the office as well.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons be explained for non-execution of agreement and responsibility be fixed against the persons for such an inordinate delay.

#### **4.3.3 Unjustified payment for unverified procurement made by M/s Urban Sector Unit – Rs 18.266 million**

Para 807 of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money.

During Special Audit, it was observed that on award of contract to M/s Urban Unit, an amount of Rs 58.514 million was agreed for payment on account of reimbursables. M/s Urban Unit made procurement amounting to Rs 23.607 million for which two invoices were submitted to Pakistan Railways for re-imburement. PD/PMU vide letter dated 21.12.2015 requested M/s Urban Unit that Maj (R) Imran Khan Sector

Specialist/IT may be included in the Inspection committee. During inspection, procurement amounting to Rs 18.266 million could not be verified due to issuance of procured items to field officers. Resultantly, verification process remained incomplete. On this account, a committee was constituted to verify the whole procurement. In spite of frequent visits of the committee to office of the M/s Urban Unit, procured items/equipment could not be got verified. This showed incompetence on the part of the management of PMU.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons for non-inclusion of above named officer in the Inspection committee by the Urban Unit be explained. Responsibility be fixed against the persons at fault under intimated to Audit.

#### **4.3.4 Irregular procurement from non-registered sales tax suppliers – Rs 0.578 million**

As per extent rules, procurement of material/articles/items in the public sector is required to be made from the registered Shops/suppliers of General Sales Tax (GST) and paying GST to the Government, and their GST numbers are also required to be printed on the cash memos.

During Special Audit, it was observed that equipment/material valuing Rs 0.506 million were purchased by M/s Riaz Ahmad & Company from non-registered sales tax suppliers in violation of above mentioned rule. The claims of procurement were got re-imbursed from Pakistan Railways however, GST numbers were not printed on the cash memos (detail in Annex-H).

The matter was pointed out to the formation in November 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons regarding purchase of equipment from un-registered suppliers be explained and responsibility be fixed against the persons found at fault. Internal controls be strengthened before all kinds of procurements.

#### **4.3.5 Undue favour to contractors due to non-obtaining/revalidating performance guarantees – Rs 10.414 million**

As per terms and conditions of agreements, the contractors were required to submit bank guarantees equal to 10% of the contract value.

During Special Audit, it was observed that 3 contracts as (detail in Annex-I) were executed with different contractors. Against 2 contracts 10% bank guarantees valuing Rs 6.37 million for performance securities were not obtained. In case of the 3<sup>rd</sup> contract, the validity period of bank guarantee amounting to Rs 4.040 million got expired which was not revalidated. This resulted in putting the interest of Pakistan Railways at risk due to negligence of management.

The matters were pointed out to the management in October 2016. The management replied application of 10% advance performance guarantee on consultant was not approved by the World Bank, therefore, the same was not obtained. The reply was not acceptable as the agreement executed between both the parties clearly stated that the contractor would pay equal to 10% as performance guarantee. Regarding non-validation of expired bank guarantee no reply was received till finalization of the report.

Audit recommends that responsibility for non-obtaining/revalidation of bank guarantees be fixed and action be taken against the persons held responsible.

#### **4.3.6 Irregular payment on partial completion of deliverables – Rs 100.848 million**

Clause 6.4 of agreement made between Riaz Ahmed & Company and Ministry of Railways states that payments shall be made according to the schedule mentioned in the agreement. Clause 6.3 of agreement made between M/s Urban Unit also states the same.

During Special Audit, it was observed that two contracts amounting to Rs 40.400 million and Rs 404.711 million were awarded to M/s Riaz Ahmad & Company for execution of FIS/MIS project and M/s Urban Unit for computerisation of Land Records respectively. According to payment schedule of both the above mentioned agreements,

payments were required to be made on completion of deliverables. However, management of the PMU made partial payments amounting to Rs 100.848 million to both the firms on partial completion of deliverables (detail in Annex-J). This resulted in irregular payments and showed favouritism to the consultants.

The matter was pointed out to the formation in October 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons be explained for partial payments on partial completion of deliverables.

#### **4.3.7 Non-obtaining of bank guarantee due to non-inclusion of clause in the contract agreement – Rs 40.471 million**

PPRA Rules 39 states that where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount.

During Special Audit, it was observed that a contract amounting to Rs 404.711 million was awarded to M/s Urban Sector Unit for Land Record in March 2015. PMU management did not include the clause regarding deposit of 10% bank guarantee in the agreement. Resultantly, firm did not deposit 10% of total contract price i.e. Rs 40.471 million as bank guarantee. This was against the above mentioned rule and showed favouritism to the contractor.

The matter was pointed out to the formation in October 2016. It was replied in November 2016 that clause 3 of SRO dated 31.12.2001 states that in case of participation of public sector manufacturers, the requirement of furnishing earnest money or tender guarantee, security deposit, etc. shall be waived and instead a letter to this effect from the parent Ministry confirming its public sector entity shall serve the purpose. Performance bond or bank guarantee shall be provided by the manufacturer or, as the case may be by the contractor. The reply was not convincing as latter part of the rule clearly states that bank guarantee shall be provided by the contractor.

Audit recommends that reasons be explained for non-inclusion of 10% bank guarantee clause in the agreement. Action be taken against those held responsible.

#### **4.3.8 Unjustified payment on account of Direct Charges – Rs 80.550 million**

Clause 6.1.1 of agreement executed with M/s Urban Unit states that direct charges shall be paid by the client based on fixed monthly invoices submitted by the Consultant amounting to Rs 5.555 million per month.

During Special Audit, it was noticed that direct charges clause included in the agreement in addition to reimbursables and service charges, was entirely against the interest of PR. Management of the PMU paid an amount of Rs 80.550 million on this account for the period from 16.03.2015 to 31.05.2016 (detail in Annex-K). It was further observed that eighty percent payment on account of Direct Charges was made, although work was completed only upto 50% as only three (03) out of nine deliverables were completely submitted by the consultants. This showed financial mismanagement on the part of PMU.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons be explained for inclusion of direct charges clause in the agreement. Responsibility be fixed against the persons at fault.

#### **4.3.9 Loss due to non-completion of FIS/MIS project – Rs 45.882 million**

As per clause 2.3 of special conditions of contract between Riaz Ahmad & Company and Ministry of Railways, “the time period shall be eighteen months”.

During Special Audit, it was observed that a contract valuing Rs 47.620 million was awarded to M/s Riaz Ahmad and Company for execution of FIS/MIS project on 30.05.2009. The project was required to

be completed within eighteen months i.e. upto 30.11.2010. But it could not be completed and implemented upto 2014 even after expiry of four years. Total expenditure incurred on this account was Rs 45.882 million. This resulted in loss to PR due to inefficiency of PMU management who failed to get the project completed and implemented for the betterment of Pakistan Railways.

The matter was pointed out to the formation in October 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons be explained for non-completion and non-implementation of this project for which responsibility be fixed.

#### **4.3.10 Irregular running/extension of contract on account of FIS/MIS project**

As per clause 2.3 of special conditions of contract between Riaz Ahmad & Company and Ministry of Railways, the time period was eighteen months.

During Special Audit, it was observed that completion period of FIS/MIS project expired in November 2010. Due to incomplete work, extension was granted upto 31.12.2013. However, record revealed that work remained in process till 2015 without any approval. On 15.04.2015, an addendum for left over work was signed between both the parties irregularly. This resulted in irregular running and extension of agreement.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalization of this report.

Audit recommends that reasons for non-completion of work within due and extended date be explained. Responsibility be fixed against the persons for irregular addendum and non- closing of project accounts.

#### **4.3.11 Non-compliance of terms and conditions agreed in addendum – Rs 2.620 million**

Appendix “L” of Addendum No. 2 of FIS/MIS project states that four (4) months period will start from 15-04-2015 for additional work.

During Special Audit, it was observed that Addendum No. 2 was signed for left over work of FIS/MIS project on 15.04.2015 for which completion period was four months. Record revealed that only 20% of required deliverables was completed upto 30.06.2016 even after expiry of twenty months. This showed inefficiency on the part of PMU management.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons be explained for non-completion of work within due date and responsibility be fixed against those found at fault.

#### **4.5 Asset Management**

Service buildings and plant & machinery etc. are very essential for any commercial organisation. Proper maintenance of these facilities is necessary for smooth working. There are many other assets like cash, inventory, hardware/software which need proper monitoring and control in order to avoid any mis-appropriation and mis-utilisation. All the above said assets are required to be utilised efficiently to achieve the given targets and avoid any blockage and wastage of government money.

Audit of PMU revealed that assets were not being utilised properly. Irregularities relating to the assets management were noticed which are narrated in the following paragraphs.

##### **4.5.1 Non-return of equipment and non-imparting of training – Rs 0.578 million**

Appendix “D” Note No. 2 of agreement states that, “Equipment, instruments, materials, supplies, etc (non-consumable items) shall be returned by the consultant to the client at the end of the contract. Further,

“training of the client’s personnel including training material and entertainment” would be imparted to 200 officials against reimbursables.

During Special Audit, it was observed that equipment/material valuing Rs 0.506 million were purchased by M/s Riaz Ahmad & Company for FIS/MIS project against reimbursables. This equipment was required to be returned to PMU but the same was not done. Further, an amount of Rs 0.072 million was paid to the firm on account of training material and entertainment charges but no record of trained personnel was provided (detail in Annex-H). The irregularity valuing Rs 0.578 million occurred due to non-completion of project.

The matter was pointed out to the formation in November 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons be explained for non-receipt of equipment from the firm. List of trained personnel along with detail of training material be provided to Audit.

#### **4.6 Sustainability**

Project Management Unit was established for improvement of infrastructure within Railways to carry out the projects funded by the ADB-TA-Loan. For this purpose, PMU had several contracts with third parties in respect of execution of sub-projects/feasibility studies e.g. Public Private Partnership policy, completion of balance work of Financial and Management Information System of Pakistan Railways and Asset Management of Pakistan Railways Land Record During Special Audit, many audit observations pertaining to sustainability of PMU were noticed which are discussed in the following paragraphs.

##### **4.6.1 Non-achievement of objectives resulting in loss – Rs 48.530 million**

Clause 4 of approved PC-II for the study of Public Private Partnership policy states that this study will formulate a policy on private participation through finance in the rail sector in Pakistan focusing on freight and passenger trains and railway infrastructure, promoting growth

and reducing poverty and elaborating procedures based on international best practices.

During Special Audit, it was observed that only one study i.e. Public Private Partnership was completed by the PMU for the period 2006 to 2010 by incurring an expenditure of Rs 48.530 million. The report was submitted by M/s Mott Macdonald in 2010 as per requirement of agreement. The report was required to be submitted to the ADB through Planning Commission for final approval being donor agency but the same was not done. Further, no policy was developed in the light of such a valuable study for Public Private Partnership in Pakistan Railways. This resulted in loss on account of non-achievement of pre-defined objectives.

The matter was pointed out to the formation in October 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons be explained for non-implication of such a valuable study.

#### **4.6.2 Time over run on account of Land computerisation project**

Clause 2.4 of contract agreement between M/s Urban Unit and management of PMU states that the period of completion of Services shall be eighteen (18) months from the commencement date of the Services.

During Special Audit, it was observed that as per agreement executed between M/s Urban Unit and Pakistan Railways for computerisation of Land Record on 16.03.2015, contractor was bound to complete the work within eighteen months. The completion period expired on 15.09.2016 while almost 50% work was completed (detail in Annex-L). This showed poor performance of the PMU management who failed to complete the project within the stipulated time period.

The matter was pointed out to the formation in November 2016. It was replied that no doubt, completion period for this project was eighteen months. However, due to unforeseen and unexpected hurdles, project work was delayed in all the provinces. The reply was not convincing as all these hurdles are kept in view while preparing PC-1 and executing agreement with the consultant. The Urban Sector Unit was hired without any

competition being specialist in this field but failed to complete the project within stipulated timelines. Further, the project of FIS/MIS undertaken by PMU since 2005 was also incomplete to-date.

Audit recommends that responsibility be fixed against those found at fault and agreement clause be applied to penalize the contractor.

#### **4.6.3 Poor performance/deviation from objectives of establishment of PMU**

The General Description of approved PC-II for establishment of PMU states that the Planning and Monitoring Unit will be set up in Ministry of Railways under the Project Director who will implement and oversee the activities to be undertaken under the Asian Development Bank-Technical Assistance-Loan. The said unit will keep liaison with Infrastructure Management Unit in the Planning Commission through Ministry of Railways to monitor feasibility studies under ADB-TA-Loan-2178-PAK.

During Special Audit, it observed that PMU was established to achieve the aforesaid objectives. After establishment in 2006, PMU completed only one feasibility study i.e. Public Private Partnership out of fifteen planned studies during the period 2006 to 2014. This showed poor performance of this Unit which failed to achieve its objectives. In January 2015, PC-1 was re-revised and only two sub-projects were decided to be undertaken by PMU under Public Sector Development Programme (PSDP) funds only. Basically, PMU was established to implement and oversee the activities to be undertaken under ADB-TA-Loan but it failed to achieve this objective and deviated from foreign loan PSDP funds.

The matter was pointed out to the formation in December 2016 to which no reply was received till finalisation of this report.

Audit recommends that reasons of failure to achieve its objectives in 2010 and 2014 as well as deviation from its objectives be explained.

#### **4.7 Overall Assessment**

The overall performance of this Unit was not satisfactory as PMU was established to manage the work of projects/feasibility studies for improvement of infrastructure in Pakistan Railways. For this purpose, PC-II was approved in 2006 for conducting three feasibility studies during the period from 2006 to 2010. It failed to execute planned three feasibility studies except completing only one study under ADB/WB loan during this period. This study was not included in original PC-II. For this purpose, another PC-II was got approved in 2008 to keep the PMU alive. Establishment charges amounting to Rs 20.790 million on account of pay and allowances were incurred during the said period.

In 2011, PC-II was got revised and twelve studies were planned to execute during the period from 2011 to 2014 however, none of them was completed. Establishment charges amounting to Rs 45.699 million were incurred without undertaking any activity which resulted in loss to PR. In 2015, PC-1 was re-revised by curtailing the scope of work and decided to execute only two sub-projects i.e. i) left over work on account of FIS/MIS project and ii) computerisation of Land Record of Pakistan Railways having budget allocation of Rs 367.308 million and 404.711 million respectively. It was noticed that no agreement with any party could be executed for completion of FIS/MIS project till finalisation of this report even after expiry of two years. However, 50% work was completed on Land Record project for which completion period had expired on 15.09.2016. This shows poor performance on the part of PMU management. The working of PMU has been proved ineffective over the years which need to be improved or this Unit may be closed in the best interest of Pakistan Railways.

#### **5. CONCLUSION**

PMU was established in 2006 to manage the work of projects/feasibility studies for improvement of infrastructure in Pakistan Railways. But no any kind of improvement was made to infrastructure of PR since its establishment. The project resulted only in wastage of resources on account of establishment charges and payments to

consultants. Finally, the working of PMU has been proved ineffective over the years which need to be improved or this unit may be closed in the best interest of Pakistan Railways.

### **5.1 Key Issues for the Future**

Pakistan Railways Project Management Unit was established with a view to carry out projects funded by ADB-TA-Loans for improvement of infrastructure in Pakistan Railways. The project was started without proper planning therefore, no study was completed except one during the whole cycle by the project management. It is emphasized that projects should be started after proper home work so that envisaged benefits could be achieved.

### **5.2 Lesson Identified**

Project Management Unit was started without proper planning and ascertaining ground realities. Due to that, no any sincere efforts were made to achieve the benefits by launching this project. No one was held responsible for failure of working of this Unit over the years. FIS/MIS project was started in 2005 in Pakistan Railways for correct reporting of revenue earnings and preparation of financial statements in accordance with the provisions of IFRS which has not yet been completed and implemented. Project of computerisation of Land Record was initiated in 2015 upon which only 50% work was completed. Lack of proper supervision and due care by project management led to financial mismanagement and incorrect payments.

## **ACKNOWLEDGEMENT**

We wish to express our appreciation to the Management and staff of Pakistan Railways Project Management Unit for the assistance and cooperation extended to the auditors during this assignment.

**Annex-A**

**Statement showing the detail of irregular payment on account of pay and allowances paid to the staff over and above the provisions of PC-1 upto October, 2016. (Para 4.1.1)**

<b>Sr. No.</b>	<b>Name of the Officer/official M/s</b>	<b>Des.</b>	<b>Date of Appointment</b>	<b>No. of months paid</b>	<b>Salary per month Rs</b>	<b>Amount paid Rs</b>
1	Aisha Bibi	Admn. & Finance Officer	01.06.2016	05	50,000	250,000
2	Aslam Pervaiz	Asstt: A&FO	01.05.2016	06	25,161	150,966
3	Usama Maqsood	GIS expert	02.05.2016	06	43,548	261,288
4	Noraiz Ahmad	GIS Supervisor	17.05.2016	06	45,000	270,000
5	AwaisNaseem	-do-	11.07.2016	04	38,709	154,836
6	Muhammad Shoaib	-do-	09.05.2016	06	35,000	210,000
7	ZaheebUllah	-do-	02.05.2016	06	33,870	203,220
8	Fahad Sikandar	-do-	26.02.2016	08	29,032	232,256
9	GulzaibKhadim	GIS Assistant	06.05.2016	06	27,096	162,576
10	Anees Ahmad	Supporting Staff	19.10.2015	12	14,032	168,384
11	Hafiz Usman	-do-	01.12.2015	11	15,000	165,000
12	Khadim Hussain	-do-	01.02.2016	09	14,415	129,735
13	Muhammad Sadiq	-do-	01.07.2016	04	15,000	60,000
14	Muhammad Abbas	-do-	02.05.2016	06	15,000	90,000
15	Abdur Raheem	-do-	01.08.2016	03	12,580	37,740
16	Mehran	N/Q	25.08.2014	26	14,000	364,000
17	Aisha Bibi (posted in MoR irregularly.	Admn. & Finance Officer	01.06.2016	05	50,000	250,000
<b>Total</b>						<b>3,16,000</b> <b>3.16 (m)</b>

**Annex-B****Detail of Budget allocated and actual expenditure against Feasibility Studies in Original and Revised PC-II (Para 4.2.1)**

## Original PC-II from 2006 to 2010

<b>Sr. No.</b>	<b>Name of Study</b>	<b>FEC Cost (Rs in million)</b>	<b>Local Component (Rs in million)</b>
1	Study for separation of non-core activities (manufacturing Units) from the core activities (Railways operation) of PR	48.00	52.541
2	Study for doubling of track from Shahdra Bagh to Rawalpindi, including realignment of route		
3	Study for viability of electric traction vs diesel traction on main line (Phase-I)		
Total approved budget for all three studies			100.541

## Revised PC-II from 2010 to 2013

<b>Sr. No.</b>	<b>Name of Study</b>	<b>FEC Cost (Rs in million)</b>	<b>Local Component (Rs in million)</b>
1	Study for electrification VS Dieselization on Lahore-Karachi section of PR (Phase-I).	609.99	110.783
2	Study for preparation of detailed design and the related documents for electrification on the selected section over PR network. (Phase-II).		
3	Study for corporatization of PR manufacturing units into new entities.		
4	Study for optimization of earning potential of low revenue Railways sections.		
5	Study for assessing the residual life of		

	bridges and plan their rehabilitation and emergency restoration of traffic in case of failure of major bridge.		
6	Study for enhancing the productivity of Moghalpura Workshops and bridge workshops.		
7	Study for promulgation and implementation Track Assess Charges.		
8	Revision and promulgation of Pakistan Regulatory Ordinance.		
9	Capacity building and productivity enhancement of Human Resource.		
10	Complete Mechanization of Track Maintenance.		
11	Optimization of Line capacity of a) Primary A routes b) Sibi-Quetta section c) Kundian-Attock city section d) Lalamusa-Rawalpindi section.		
12	Evaluation of Railway property and land not required by PR for its operational use.		
<b>Total approved and revised budget for fifteen studies</b>			<b>720.773</b>
<b>Less expenditure incurred on one study i.e. PPP</b>			<b>(48.530)</b>
<b>Unutilised Balance</b>			<b>672.243(m)</b>

**Annex-C****Unjustified establishment charges for the period from  
2006-07 to 2013-14 (Para 4.2.2)**

<b>Sr. No.</b>	<b>Year</b>	<b>Expenditure incurred (Rs in million )</b>
1	2006-07	3.452
2	2007-08	3.420
3	2008-09	5.697
4	2009-10	8.221
5	2010-11	9.962
6	2011-12	14.607
7	2012-13	11.926
8	2013-14	9.204
<b>Total</b>		<b>66.489(m)</b>

**Annex-D****Loss due to double payment made to M/s Riaz Ahmad & Company  
(Para 4.2.3)**

<b>Sr. No.</b>	<b>Description</b>	<b>Amount incurred (Rs)</b>	<b>Bills in which amount of column 3 was already paid</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1	Ninth Running Bill on submission of final short listing of bids for software after evaluation.	234,320	6th Running Bill. i) 5% i.e. Rs 2.02 million for preparation of tender documents for procurement of software.
2	Tenth Running Bill on submission of final version of RFT.	371,175	7th Running Bill. ii) 2.5 % i.e. Rs 1.01 million for assistance in evaluation of software bids.
<b>Total</b>		<b>605,495 0.605(m)</b>	

**Annex-E****Year-wise detail of allocation in revised PC-1 and actual expenditures incurred. (Para 4.2.5)****(Rs in million)**

<b>Sr. No.</b>	<b>Name of Sub-project</b>	<b>Allocation as per PC-1 for Jan-June 2015</b>	<b>Actual Exp. Incurred for Jan-June 2015</b>	<b>Allocation as per PC-1 for 2015-16</b>	<b>Actual Exp. Incurred for 2015-16</b>
1	Balance work of FIS/MIS of PR.	73.46 (20%)	68.517	156.47 (40%)	169.319
2	Asset management of PR land record by Geographical Information System (GIS) Based Computerization and Development of a Data Base Software for MIS.	128.68 (30%)		319.78 (70%)	
3	Expected expenditures on running of PMU.	30.916 (40%)		24.70 (30%)	
<b>Total</b>		<b>233.056</b>	<b>68.517</b>	<b>503.95</b>	<b>169.319</b>

**(Rs in million)**

Total allocation	737.00
Less total expenditure	237.836
<b>Savings from 2015 to June 2016.</b>	<b>499.164 (m)</b>

**Annex-F****Statement showing the details of rental charges made to M/s Railcop  
for the period from 01-12-2012 to 31-08-2014 (Para 4.2.6)**

<b>Sr. No.</b>	<b>Period of Payment</b>	<b>Rent Rs per month</b>	<b>No. of months</b>	<b>Amount paid Rs</b>
1	01.11.2012 to 30.04.2013	34,000	6	204,000
2	01.05.2013 to 31.07.2013	34,000	3	102,000
3	01-08-2013 to 31-10-2013	34,000	3	102,000
4	01-11-2013 to 31-01-2014	34,000	3	102,000
5	01-02-2014 to 30-04-2014	34,000	3	102,000
6	01-05-2014 to 31-07-2014	34,000	3	102,000
7	01-08-2014 to 31-08-2014	34,000	1	34,000
<b>Total amount paid</b>			<b>22 months</b>	<b>748,000/- 0.748 (m)</b>

**Annex-G****Statement showing the details of fraudulent payment made to ex-employees (Para 4.2.7)**

<b>Sr. No.</b>	<b>Name of officer/official M/s</b>	<b>Date of last payment of salary</b>	<b>PD Letter dated 28.09.2016 issued to Accounts Office showing date of leaving service</b>	<b>Amount (Rs)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Mohsin Ali, Supporting Staff	31.08.2016	01.08.2016	15,000
2	Ali Raza, Supporting Staff	31.08.2016	01.08.2016	15,000
3	Muhammad Usman, Supporting Staff	31.08.2016	01.08.2016	15,000
4	Muhammad Abbas, Supporting Staff	31.08.2016	01.08.2016	15,000
<b>Total</b>				<b>60,000</b>

**Detail of equipment purchased month-wise through reimbursables  
and not returned by the M/s Riaz Ahmed & Company.  
(Para 4.3.4 and 4.5.1)**

<b>Sr. No.</b>	<b>Month</b>	<b>Amount (Rs)</b>
1	August, 2009	31,100
2	September, 2009	210,000
3	November, 2009	24,050
4	December, 2009	10,000
5	February, 2010	1,380
6	March, 2010	37,850
7	April, 2010	4,450
8	May, 2010	7,100
9	July, 2010	2,200
10	September, 2010	178,000
Total		506,130
<b>Cost of training/entertainment charges</b>		
11	November, 2009	53,228
12	February, 2010	18,314
Total		71,542
<b>Grand total</b>		<b>0.506 + 0.072 = 0.578 (m)</b>

**Annex-I****List of contracts reflecting non obtaining/revalidating of performance guarantees. (Para 4.3.5)**

<b>Sr. No.</b>	<b>Name of Contractor</b>	<b>Project</b>	<b>Effect</b>	<b>Amount of Bank Guarantee @ 10% of Contract Price. (Rs in million)</b>
1	M/s Mott Macdonald (UK based firm)	for conducting feasibility study	Bank guarantee for Performance Security not Submitted	2.77
2	M/s Thompson Cobb. Bazilion and Associated (TCBA, a USA based firm)	on account of execution of FIS/MIS project on 23.09.2006.	Bank guarantee for Performance Security not Submitted.	3.600
3	M/s Riaz Ahmad & Company (Chartered Firm)	on account of execution of FIS/MIS project	Bank guarantee for Performance Security not extended	4.04
<b>Total</b>				<b>10.414(m)</b>

**Annex-J**

**Detail of partial payments made to the firms. (Para 4.3.6)**

<b>Del No.</b>	<b>Description of Deliverable</b>	<b>age of total amount to be paid on completion of each deliverable</b>	<b>Amount required to be paid on completion (Rs in million)</b>	<b>Amount actually paid on partial completion. (Rs in million)</b>
<b>M/s Riaz Ahmed &amp; Company</b>				
6	Preparation of tender documents for procurement of Hardware and Software (a, b and c).	15%	6.06	2.02
7	Submission of Draft Codes and Manuals for the new Financial and Cost Accounting System for approval (a and b)	25%	10.10	4.04
<b>M/s Urban Sector Unit</b>				
1	On submission of Inception Report.	10%	24.620	19.696
2	On provision of Hard Disk containing soft copies of scanned Digitized Satellite Imagery and;	10%	24.620	19.696
3	Upon submission of Hard Disk containing of Scanned processed soft copies of Railway Land plans and Yard plans.	10%	24.620	19.696
4	Upon submission of Hard Disk containing of soft copies of Scanned copy of Provincial Revenue Record.	10%	24.620	9.848
				7.386
5	Upon submission of Hard	10%	24.620	9.233

	Disk containing of soft copies of Scanned copy of provincial Revenue Record,			
6	Original filed survey work data on the prescribed formats duly signed by IOW of PR.	15%	36.931	9.233
<b>Total amount payable and partially paid</b>			<b>176.470(m)</b>	<b>100.848(m)</b>

**Annex-K****Detail of Direct expenditures paid to the M/s Urban Unit upto  
30.06.2016. (Para 4.3.8)**

<b>Sr. No.</b>	<b>Month</b>	<b>Amount Paid (Rs in million)</b>
1	March 2015	2.778
2	April 2015	5.555
3	May 2015	5.555
4	June 2015	5.555
5	July 2015	5.555
6	August 2015	5.555
7	September 2015	5.555
8	October 2015	5.555
9	November 2015	5.555
10	December 2015	5.555
11	January 2016	5.555
12	February 2016	5.555
13	March 2016	5.555
14	April 2016	5.555
15	May 2016	5.555
<b>Total amount paid</b>		<b>80.550</b>
<b>Total amount payable</b>		<b>99.993 (m)</b>

## Annex-L

### Detail of Deliverables completed upto 30.06.2016. Total amount of deliverables to be paid to the firm Rs 246.204 million (Para 4.6.2)

Del No.	Description of Deliverable	Stage of completion of each Deliverable in %age.	Amount paid (Rs in million)
1	On submission of Inception Report.	100%	24.620
2	On provision of Hard Disk containing soft copies of scanned Digitized Satellite Imagery and;	100%	24.620
3	Upon submission of Hard Disk containing of Scanned processed soft copies of Railway Land plans and Yard plans.	100%	24.620
4	Upon submission of Hard Disk containing of soft copies of Scanned copy of Provincial Revenue Record.	75%	18.465
5	Upon submission of Hard Disk containing of soft copies of Scanned oc synchronized Railways and Revenue Plans on satellite imagery.	--	--
6	Original filed survey work data on the prescribed formats duly signed by IOW of PR and team leader of survey team consultant and one soft copy of the same.	50%	18.465
7	Upon submission Data Base Software with MIS attributes as per TOR.	--	--
8	Establishment of Data base Center and Disaster Management Center at HQ office, Lahore.	--	--
9	Upon submission of Two hard and one soft copies of Training/operational Manual + Two weeks training to the nominated staff.	--	--
<b>Total amount paid</b>			<b>110.790(m)</b>
			110.79/246.20 4*100 =45%

