AUDIT REPORT
ON
THE ACCOUNTS OF
MINISTRY OF WATER RESOURCES
AND ITS ENTITIES
AUDIT YEAR 2018-19

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AJ&K	Azad Jammu and Kashmir
BoD	Board of Directors
BOQ	Bill of Quantities
BPS	Basic Pay Scale
C&M	Coordination & Monitoring
CCC	Central Contract Cell
CCI	Council of Common Interest
CE	Chief Engineer
CEA	Chief Engineering Advisor
CFFC	Chairman Federal Flood Commission
CIMA	Chartered Institute of Management Accountants
CMTL	Central Material Testing Laboratory
CPPA	Central Power Purchasing Agency
CRBC	Chashma Right Bank Canal
CRRK	Chief Resident Representative Karachi
CTs	Current Transformers
DAC	Departmental Accounts Committee
DEC	Dongfang Electric Company
DG	Director General
DISCOs	Distribution Companies
DLC	Defects Liability Certificate
DLP	Defects Liability Period
DMBD	Diamer Basha Dam
DP	Draft Para
DSC	Dams Safety Council
DTL	Drug Testing Laboratory
ECNEC	Executive Committee of the National Economic Council
EOT	Extension of Time
FBR	Federal Board of Revenue
FFC	Federal Flood Commission
FIDIC	Federation International Des Ingenieurs-Conseils
FR	Fundamental Rules
FWO	Frontier Works Organization
GBHP	Ghazi Barotha Hydropower Project
GENCOs	Generation Companies
GFR	General Financial Rules
GM	General Manager
GMRC	Glacier Monitoring Research Centre
GoP	Government of Pakistan
GST	General Sales Tax
GWh	Gegawatt Hours
GZDP	Gomal Zam Dam Project

HDP	Hub Dam Project
HPP	Hydro Power Project
HR&A	Human Resource & Administration
HRD	Human Resource Development
ICMA	Institute of Cost & Management Accountants
ICWA	Institute of Cost & Works Accountants
IESCO	Islamabad Electric Supply Company
IPC	Interim Payment Certificate
IRSA	Indus River System Authority
IWASRI	International Water and Salinity Research Institute
JV	Joint Venture
KC	Kachhi Canal
KCP	Kachhi Canal Project
KPK	Khyber Pukhtunkhwa
KV	Kilo Volt
LAC	Land Acquisition Collector
LD	Liquidated Damages
LIM	Lower Indus Water Management
MDO	Mangla Dam Organization
MDRP	Mangla Dam Raising Project
MFDAC	Memorandum for Departmental Accounts Committee
MGC	Muzaffargarh Canal
MIV	Main Inlet Valve
MS	Medical Superintendent
MW	Mega Watt
MWh	Megawatt Hours
NEC	National Economic Council
NEPRA	National Electric Power Regulatory Authority
NHA	National Highway Authority
NJHEP	Neelum Jhelum Hydro Electric Power
NJHPC	Neelum Jhelum Hydro Power Company
NTDC	National Transmission and Despatch Company
O&M	Operation and Maintenance
P&D	Planning and Development
PAC	Public Accounts Committee
PC-I	Planning Commission Proforma-I
PCIW	Pakistan Commissioner for Indus Waters
PD	Project Director
PDP	Proposed Draft Para
PEC	Pakistan Engineering Council
PECO	Pakistan Engineering Company
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company

PMPIU	Project Management and Policy Implementation Unit
PMU	Project Management Unit
PO	Purchase Order
POL	Petrol, Oil and Lubricants
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Programme
PTESU	Power Transformers Engineering Services Unit
RBOD	Right Bank Outfall Drainage
RE	Resident Engineer
RMM	Remedial Measures for Muzaffargarh Canal
SEPCO	Sukkur Electric Power Company
SHYDO	Sarhad Hydel Development Organization
SOP	Standard Operating Procedure
SR	Supplementary Rules
TBM	Tunnel Boring Machine
TDP	Tarbela Dam Project
TOC	Taking Over Certificate
TOR	Terms of Reference
USA	United States of America
USAID	United States Agency for International Development
VO	Variation Order
WAA	Water Apportionment Accord
WAPDA	Water and Power Development Authority
WCAP	Water Sector Capacity Building and Advisory Services Project
WEC	WAPDA Environment Cell
WECHS	WAPDA Employees Cooperative Housing Society

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, Terms and Conditions of Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of any authority or body established by the Federation. The Audit Report is based on the accounts of the Ministry of Water Resources and its entities for the Financial Year 2017-18

The Directorate General of Audit Water Resources conducted audit of the Ministry of Water Resources, Water and Power Development Authority (WAPDA), Indus River System Authority (IRSA), Water Sector Capacity Building and Advisory Services Project (WCAP), Federal Flood Commission (FFC) and Pakistan Commissioner for Indus Waters (PCIW) during the year 2018-19 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of Audit Report includes only the systemic issues and audit findings carrying value of Rs.1 million and above. Relatively less significant findings have been listed in Annexure–I of this report as MFDAC. These shall be pursued with the Principal Accounting Officer at DAC level.

Audit findings indicate the need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities. Most of the observations included in this report have been finalized in the light of discussions in the Departmental Accounts Committee meetings.

The Audit Report is submitted to the President of Pakistan in pursuance of 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].

Sd/-
(Javaid Jehangir)
Auditor General of Pakistan

Islamabad
Dated: 14 FEB 2019

EXECUTIVE SUMMARY

The Directorate General Audit Water Resources carries out audit of accounts of Ministry of Water Resources and its entities i.e. WAPDA, IRSA, WCAP, FFC and PCIW on behalf of the Auditor General of Pakistan with the objective of promoting accountability, transparency, good governance in the management and use of public resources. Audit of 53 formations was conducted by utilizing 6,838 man-days incurring expenditure of Rs.92.76 million.

a. Scope of Audit

Total auditable expenditure and revenue budget pertaining to the Ministry and its entities for the Financial Year 2017-18 under the jurisdiction of Directorate General Audit Water Resources was Rs.175,533.45 million and Rs.30,420.14 million respectively. The Directorate General Audit Water Resources conducted audit of the 64 % expenditure amounting to Rs.112,822.83 million and 99 % revenue amounting to Rs.30,387.97 million on test check basis.

b. Recoveries at the instance of Audit

Recovery of Rs.6,373.20 million was pointed out at the instance of Audit and recovery of Rs.803.19 million was established during the audit year 2018-19. However, recovery of Rs.1,236.35 million was effected from January to December, 2018.

c. Audit Methodology

Audit activity started with detailed planning, development of audit programmes keeping in view available resources and time. Desk review of permanent files was done to understand the systems, procedures and environment. Field activity included review of record, site visits and discussion with management. High value and high risk items were selected on professional judgment basis for detailed audit.

d. Audit Impact

As a result of observations raised by audit and discussion with the management, the audited entities realized need for strengthening internal controls and procedures. Major issues like unjustified / excess payment to contractors on account of works measured beyond the provisions of original BOQ items came into limelight. The violation of PPRA Rules, PC-I provisions and Contract agreement clauses in various field formations / projects were reported. As a result of Audit, the management is convinced to adhere to the system in place for improving contract and financial management.

e. Comments on Internal Controls and Internal Audit Department

An effective internal control framework serves as a major tool for management to ensure effective operational and financial matters. Internal controls of the department were found weak and ineffective as various control lapses were identified during audit. There was a lack of effective monitoring and appropriate measures for major civil and electrical works. The report gives a significant insight about the ineffective internal control system due to increase in cases of violation of PPRA Rules, excess / over payment to contractors, non-recovery of LD charges and abnormal delay in completion of projects.

Internal Audit has been set up as a part of internal control system in WAPDA. It carries out audit of expenditure and income of WAPDA in addition to the physical verification of stock held at various stores. The recurrence of frequent irregularities, however, cast doubt on effectiveness of internal audit.

Audit emphasizes proper implementation of financial reporting mechanism and enforcement of laws and regulations in letter and spirit for improving the internal controls and internal audit of the department.

f. Key audit findings:

i. There were 50 cases of irregular expenditure/unjustified payments and violation of rules amounting to Rs.34,708.25 million.[1]

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[1]Para-1.4.1, 1.4.7, 1.4.9, 1.4.10, 1.4.11, 1.4.12, 1.4.13, 1.4.16, 1.4.21, 1.4.22, 1.4.24, 2.4.3, 2.4.4, 2.4.7, 2.4.8, 2.4.9, 2.4.13, 2.4.15, 2.4.16, 2.4.18, 2.4.19, 2.4.20, 2.4.22, 2.4.25, 2.4.28, 2.4.31, 2.4.34, 2.4.36, 2.4.41, 2.4.42, 2.4.44, 2.4.48, 2.4.50, 2.4.51, 2.4.53, 2.4.56, 2.4.59, 2.4.61, 2.4.62, 2.4.64, 2.4.65, 2.4.66, 2.4.68, 2.4.69, 2.4.71, 3.3.1, 3.3.3, 3.3.6, 4.2.3, 5.2.1

ii. There were 3 cases of misuse of public funds amounting to Rs.131.96 million.[2]

iii. Weaknesses of internal control systems amounting to Rs.22,448.24 million were noted in 6 cases.[3]

iv. There were 15 cases pertaining to recoveries and overpayments amounting to Rs.7,673.51 million.[4]

v. Negligence and other related instances amounting to Rs.71,218.97 million were pointed out in 31 cases.[5]

g. Recommendations

i. The management needs to expedite recovery of outstanding / overpaid amount.

ii. The management needs to be vigilant in incurring expenditure for reducing administrative and operational cost.

iii. The management needs to take necessary steps to implement accounting, financial and operational policies / rules.

iv. The management needs to evaluate and strengthen internal controls for better operational and financial management.

v. The management needs to improve the operational management for preventing the equipment and installations from damages.

vi. The management needs to devise robust mechanism for disposal of off-road vehicles / unserviceable material to avoid further deterioration and decrease in value of assets.

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[2]Para-2.4.26, 2.4.43, 4.2.2
[3]Para-1.4.2, 2.4.2, 2.4.17, 2.4.35, 2.4.37, 2.4.49
[4]Para-1.4.3, 1.4.4, 1.4.5, 1.4.14, 1.4.15, 1.4.17, 1.4.20, 2.4.11, 2.4.30, 2.4.46, 2.4.55, 2.4.57, 2.4.58, 2.4.63, 4.2.1
[5]Para-1.4.6, 1.4.8, 1.4.18, 1.4.19, 1.4.23, 2.4.1, 2.4.5, 2.4.6, 2.4.10, 2.4.12, 2.4.14, 2.4.21, 2.4.23, 2.4.24, 2.4.27, 2.4.29, 2.4.32, 2.4.33, 2.4.38, 2.4.39, 2.4.40, 2.4.45, 2.4.47, 2.4.52, 2.4.54, 2.4.60, 2.4.67, 2.4.70, 3.3.2, 3.3.4, 3.3.5

SUMMARY TABLES & CHARTS

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs. in million)

Sr. No.	Description	Entities	Formations	Expenditure Budget	Revenue Budget	Total
1	Audit Jurisdiction	6	110	175,533.45	30,420.14	**205,953.59**
2	Total Audited	6	53	112,822.83	30,387.97	**143,210.80**

Table 2: Audit Observations regarding Financial Management

(Rs. in million)

Sr. No.	Description	Amount placed under Audit Paras
1	Unsound asset management	131.96
2	Weak financial management	42,381.76
3	Weak internal controls relating to financial management	22,448.24
4	Others	71,218.97
Total		**136,180.93**

Table 3: Outcome Statistics

(Rs. in million)

Sr. No.	Description	Expenditure			Receipts	Total Current Year	Total Last Year
		Procurement	Civil works	Others			
1	Outlays audited	4,549.01	4,543.68	103,730.14	30,387.97	**143,210.80**	**110,214.48**
2	Amount placed under Observations (AIR)[1]	5,368.56	5,568.73	575,199.37	1,182.71	**587,319.37**	**143,352.25**
3	Recoveries pointed out	269.95	469.36	5,579.71	54.18	**6,373.20**	**15,883.90**
4	Recoveries established	67.72	348.63	360.56	26.28	**803.19**	**1,725.80**
5	Recoveries realized during January, 2018 to December, 2018	0.10	918.59	1.11	316.55	**1,236.35**	**67.79**

1 *Initially, Audit Inspection Report observations are issued at the instance of Audit and may involve figures / amounts of previous years.*

Table 4: Table of Irregularities pointed out

(Rs. in million)

Sr. No.	Description	Amount placed under Audit Paras
1.	Violation of rules and regulations and violation of principle of propriety and probity in public expenditure	34,708.25
2.	Reported cases of misuse of public resources	131.96
3.	Weaknesses of internal control systems	22,448.24
4.	Recoveries and overpayments	7,673.51
5.	Negligence and Others	71,218.97
Total		**136,180.93**

Table 5: Cost-Benefit

(Rs. in million)

Sr. No.	Description	2018-19	2017-18
1	Outlays Audited (Item 1 of Table 3)	143,210.80	110,214.48
2	Expenditure on Audit	92.76	91.55
3	Recoveries realized during January, 2018 to December, 2018 (Item 5 of Table 3)	1,236.35	67.79
Cost-Benefit Ratio		**1:13.33**	**1:0.74**

WATER AND POWER DEVELOPMENT AUTHORITY (WAPDA)

CHAPTER-1

WATER WING

1. WATER WING

1.1 Introduction

Water Wing of WAPDA is headed by Member (Water). This Wing is responsible for planning, designing and execution of development projects related to irrigation, drainage and hydropower sectors. Moreover, operation and maintenance of large dams and some other surface water projects also come under the ambit of this Wing.

Indus Basin Projects (5 Barrages, 8 Inter-River Link Canals (1965-70), Mangla (1967) and Tarbela Dams (1976) have already been completed by Water Wing and are contributing towards national economy.

National Drainage Program in four provinces has been completed since June, 2007. Eighteen (18) million acres of land have been reclaimed by treatment of water logging and salinity in four provinces. More than 15,000 tube wells were installed and 12,000 km of surface drain and 13,000 km of pipe drain have been constructed in the water logged areas which enhanced cropping intensity from 70% to more than 110%.

Mirani Dam, Sabakzai Dam, Satpara Dam, Gomal Zam Dam, Darawat Dam, Greater Thal Canal Phase-I, Rainee Canal Phase-I and Kachhi Canal Phase-I have been completed during 2007 - 2018 for cultivation of 842,440 acres of land.

Nai Gaj Dam, Drainage Schemes RBOD-I & III and Muzaffargarh & TP Link Canal in the provinces of Sindh, Balochistan and Punjab are in progress. The infrastructure construction work of Diamer Basha Dam which includes employee’s colonies, staff offices, school etc. have been awarded and main Dam work is planned to be awarded soon.

In addition, WAPDA has initiated construction work on 12 Small and Medium Dams in four provinces of Pakistan.

1.2 Comments on Financial Statements

Financial statements of Water Wing, Power Wing and Coordination Wing are prepared separately and consolidated at WAPDA level.

According to Section-27 of WAPDA Act-1958, in the month of January each year, the Authority shall submit to the Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year.

The Authority did not finalize the financial statements of Water Wing for the Financial Year 2017-18 till January 31, 2019. Without finalized financial statements, the preparation of annual statement of the estimated receipts and expenditure may involve over / under statement of the financial position of WAPDA.

1.3 Brief comments on the status of compliance with PAC directives

Sr. No.	Name of Company	Year	No. of Directives	Status of compliance		
				Full	Partial	Outstanding
1	WAPDA	2016-17	03	-	-	03 (Para No.1.4.7, 1.4.24 & 1.4.39)

Position of compliance with PAC directives is not satisfactory.

1.4 Audit Paras

1.4.1 Unjustified payment through variation orders due to award of contract without survey and detailed designing – Rs.5,626.78 million

According to Chapter 4 (Para 4.5) of Planning Commission's Manual for Development Projects, National Economic Council (NEC) decided on July 4, 1988 that detailed design and costing should be finalized and submitted to the competent authority within six months of project approval. Implementation of such project components, which require detailed designing, should be started only when these have been finalized. As per Section-15 of WAPDA Act 1958, a scheme framed and sanctioned under this Act may be amended or modified by the Authority at any time, but if a material change (more than 15%) is made in the scheme, previous sanction of the Government shall be obtained. As per Rule 42 (c) (iv) of Public Procurement Rules, repeat orders should not exceed 15% of the original procurement.

In Kachhi Canal Project D.G. Khan, a contract No.KC-04 for Earthwork, Canal Lining & Structures was awarded to M/S Sardar Muhammad Ashraf D. Baloch Pvt. Ltd. on June 14, 2005 at a contract price of Rs.9,837 million. Additional amount of Rs.5,626.78 million was paid to the Contractor through various variation orders which showed an increase of 57% in the original contract price. This additional amount was paid on non-BOQ rates without any competition. It showed that not only the original contract was awarded without finalization of detailed designing / drawings in violation of NEC's decision but increase in contract was made in violation of Public Procurement Rules. Moreover, prior approval of the Government as required under WAPDA Act was not obtained. Hence, payment of Rs.5,626.78 million through variation orders was unjustified.

Implication

Non-adherence to the provision of WAPDA Act, NEC's decision and Public Procurement Rules resulted in unjustified payment through variation orders amounting to Rs.5,626.78 million due to award of contract without survey and detailed designing up to the Financial Year 2017-18

Management Response

The matter was taken up with the management in April, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that payment was made after approval of the Authority. Moreover, payment was covered under 2nd revised PC-I of project which was duly approved by the ECNEC. The reply is not acceptable because approval of ECNEC only connotes approval of estimates and does not absolve additional payment through variation orders at non-BOQ rates without any competitive bidding in violation of Public Procurement Rules.

Audit Recommendations

Audit recommends the management to:

a) Investigate the matter for payment through variation orders on non-BOQ rates without any competition in violation of Public Procurement Rules, and
b) Fix the responsibility for award of contract without detailed designing and costing resulting into an increase of 57% in the original contract price.

(DP No.159/2018-19)

1.4.2 Non-renewal of expired performance guarantees - Rs.2,364.18 million

According to Clause 10.2 of the General Obligations of the Contracts, "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".

In WAPDA, ten (10) performance guarantees amounting to Rs.2,364.18 million provided by four different Contractors were expired before completion of their respective Defect Liability Periods and issuance of Defects Liability Certificates. The expired performance guarantees were required to be got renewed, however, the needful was not done.

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	No. of Performance Guarantees	Amount of Performance Guarantees
1.	61/2018-19	GM (Projects) Northern Areas WAPDA, Hattian	6	1,968.45
2.	172/2018-19	GM (Projects) North WAPDA, Peshawar	4	395.73
Total			**10**	**2,364.18**

Implication

Non-adherence to the aforesaid clause resulted in non-renewal of performance guarantees amounting to Rs.2,364.18 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2017 & July, 2018, reported to the Ministry in October & November, 2018. The management replied that in case of Allai Khwar, Duber Khwar and Khan Khwar HPPs, there was no need for the extension of performance guarantees after expiry of Defect Liability Period as the projects were running satisfactorily. In other cases, the Contractor had been directed to provide renewed performance guarantees at the earliest.

The DAC in its meetings held on December 11, 2018 and January 3, 2019 was not satisfied with the reply of GM Northern Areas as it lacked clarity and directed to submit revised reply supported with relevant record to Audit within two weeks. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Implement DAC's decision besides fixing responsibility for providing undue favour to the Contractors and putting the Authority at risk, and
b) Issue standing instructions to keep the performance guarantees intact till the contractual obligations are fulfilled by renewing the same before their expiry and, in case of non-renewal before expiry, the same may be encashed.

1.4.3 Excess payment to the Contractors beyond the provisions of BOQ – Rs.2,023.38 million

According to Clause 7.5 of Planning Commission's Manual for Development Projects, "those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task". As per Contract KC-05 D of Kachhi Canal Project, there was a provision of Rs.24 million for escalation and Rs.9.6 million for general items. Moreover, in MGC-03 contract of RMM Project, there was a provision of Rs.208.85 million for drainage measures.

In Kachhi Canal & RMM Projects, contrary to provisions of KC-05 D, an amount of Rs.1,867.03 million on account of escalation and an amount of Rs.133.40 million on account of general items were paid to the Contractor. Similarly, contrary to provisions of MGC-03, an amount of Rs.265.40 million was paid to the Contractor on account of drainage measures. Thus, an amount of Rs.2,023.38 million (Rs.1,843.03 million + Rs.123.80 million + Rs.56.55 million) was paid in excess of the provisions of BOQ items, which was not justified. Most of the amount was paid on account of escalation due to delay in completion of works for which no responsibility was fixed.

Implication

Non-adherence to Planning Commission's Manual and the contract provisions resulted in excess payment of Rs.2,023.38 million to the Contractors beyond the provisions of BOQ up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in September, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the payment was made after approval of Authority and was covered under 2nd revised PC-I approved by ECNEC in case of Kachhi Canal, whereas, revision of PC-I of RMM was under process. The reply is not acceptable because approval of ECNEC only connotes approval of estimates and does not absolve negligence of the management for preparation of unrealistic estimates and delay in execution of works.

Audit Recommendations

Audit recommends the management to fix responsibility for preparation of unrealistic estimates and delay in execution of works resulting into abnormal increase in BOQ items causing extra burden on the national exchequer.

(DP No.163, 164, 166/2018-19)

1.4.4 Loss due to non-recovery of Income Tax amount deducted by FBR - Rs.1,916.25 million

According to Lahore High Court's decision dated 08-11-2017, WAPDA was entitled to benefits of exemption under clause (11A) of Part-IV of Second Schedule of Income Tax Ordinance, 2001.

In the office of General Manager (Finance) Water Lahore, an amount of Rs.1,916.25 million was drawn by FBR on May 17, 2017 from the account of WAPDA maintained at Bank Alfalah. This amount was drawn by FBR by issuing notice under Section 140 of the Income Tax Ordinance. As WAPDA was exempt from payment of Income Tax, hence, the amount so deducted by FBR was unjustified and required to be recovered, which was not done.

Implication

Unjustified deduction of Income Tax by FBR resulted in loss of Rs.1,916.25 million to the Authority up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the matter of recovery from FBR was being pursued and latest position would be intimated to Audit shortly. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Fix responsibility for non-utilization and holding of PSDP funds in commercial bank, and
b) Ensure recovery of amount of Income Tax deducted by FBR.

(DP No.171/2018-19)

1.4.5 Non-recovery of Liquidated Damages from the Contractors – Rs.1,469.44 million

According to Clause 47.1 of the special conditions of the contracts, the rate of Liquidated Damages (LD) varied from 0.05% to 0.3% for each day of delay in completion of the works subject to a maximum of 10% of contract price.

In WAPDA, seven (7) contracts amounting to Rs.14,694.40 million were awarded to different Contractors during June, 2005 to January, 2017 for execution of various works. The Contractors could not complete the works within the stipulated period, resultantly, they were liable to pay LD of Rs.1,469.44 million. However, the LD was not recovered. The detail is as under:

(Rs. in million)

Sr. No.	Draft Par No.	Name of Formation	No. of Contracts	Amount of Contracts	Amount of LD
1.	44/2018-19	GM / PD GZDP DI Khan	3	839.13	83.91
2.	146, 148 & 149/2018-19	CE/PD KCP & RMM	3	13,512.96	1,351.30
3.	240/2018-19	PD MDRP, Mangla	1	342.31	34.23
TOTAL			**7**	**14,694.40**	**1,469.44**

Implication

Non-adherence to the contracts' clauses resulted in non-recovery of LD amounting to Rs.1,469.44 million from the Contractors up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management during December, 2016 to September 2018, reported to the Ministry in October & November, 2018 & discussed in DAC meetings held on December 11, 2018 and January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that three works of GZDP and KCP were completed within stipulated / extended time. However, LD in remaining contracts would be finalized if no EOT was granted by the Authority. However, no documentary evidence was provided to substantiate the stance.

Audit Recommendations

Audit recommends the management to:

a) Provide detailed justification for granting EOT along with documentary evidence;
b) Justify the delay in finalization of EOT and providing undue favour to the Contractors by not charging the LD;
c) Ensure recovery of LD from the Contractors, and
d) Issue standing instructions regarding timelines and modalities for finalizing cases of EOT.

1.4.6 Non-adjustment of advances – Rs.527.85 million

According to Section-9.2.3 & 9.2.6 of WAPDA Accounting and Financial Reporting Manual, the advances should be for WAPDA related business activities and unused advance shall be returned to WAPDA immediately after the completion of activities. Advances made to outside parties shall be adjusted against the running bills as per terms and conditions of the agreement / contract.

In WAPDA, an amount of Rs.527.85 million was given as advance to the Contractors, sister formations and other departments for execution of different works. Some of the advances were lying outstanding since June, 2009, however, efforts were not made towards adjustment of these advances. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of Advances
1.	2/2018-19	PD RBOD-I, Sukkur	46.62
2.	62/2018-19	GM (Projects) Northern Area Hattian	481.23
Total			**527.85**

Implication

Non-adherence to the WAPDA Accounting and Financial Reporting Manual resulted in non-adjustment of advances amounting to Rs.527.85 million up to Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2017 & July, 2018 and reported to the Ministry in May & October, 2018. The management replied that partial adjustment had been received while efforts were being made for adjustment of remaining amount.

The DAC in its meeting held on December 11, 2018 directed the management to produce record of adjusted amount and pursue the matter with the concerned formations / Contractors. DAC also directed to pursue the matter with Chief Secretary Sindh through Chairman WAPDA for adjustment of advances pertaining to Sindh Government. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

1.4.7 Unjustified expenditure without provision of Bill of Quantities - Rs.431.97 million

According to Clause-2.1 of the FIDIC (Engineer's duties and authority), the Engineer shall obtain the specific approval of the Employer before carrying out his duties.

In the office of Chief Engineer Nai Gaj Dam Project Dadu, an expenditure of Rs.431.97 million was incurred against work done without provision in the Bill of Quantities (BOQ). The work done without provisions of BOQ, change in design and approval of revised PC-I was unjustified.

Implication

Non-adherence to FIDIC Clause resulted in un-justified payment of Rs.431.97 million beyond provision of BOQ up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018 and reported to the Ministry in October, 2018. The management replied that new Consultant

M/S Techno Consult International – HPE (JV) reviewed the previous design of civil works completed by M/S NESPAK and proposed drilling and grouting of holes at main dam. Moreover, engineer proposed placement of cement mortar as bedding material for lining of irrigation system in place of geo membranes.

The DAC in its meeting held on December 11, 2018 did not accept the stance of the management because it was a gross violation as work was done without provision in BOQ and directed to submit revised reply within two weeks. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision besides taking action against the original Consultant / Employer.

(DP No.96/2018-19)

1.4.8 Non-mutation of land - Rs.263.04 million

According to Section-42 of Land Revenue Act, 1967, "a person acquiring by inheritance, purchase, mortgage, gift, or otherwise, any right in an estate as a land owner, as a tenant for a fixed term exceeding one year, shall, within three months from the date of such acquisition, report his acquisition of right to the Patwari of the estate for recording such report in the record".

In WAPDA, an amount of Rs.263.04 million was paid to land owners on account of acquiring / cost of land (2,479 Acre and 3 Kanals). The land was required to be got mutated in the name of WAPDA, however, the needful was not done. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Description		Amount of Land
			Acres	Kanals	
1.	32/2018-19	PD Central Material Testing Laboratory (CMTL) WAPDA, Lahore	9	3	1.67
2.	57/2018-19	PD RBOD-I, Sukkur	2,470	-	261.37
Total			**2,479**	**3**	**263.04**

Implication

Non-adherence to Land Revenue Act resulted in non-mutation of land valuing Rs.263.04 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with management in October, 2017 and August, 2018 and reported to the Ministry during September-October, 2018. The management replied that land measuring 131 Acres, 5 Kanals and 19 Marlas was transferred in the name of WAPDA while efforts were being made for early mutation of remaining land. As regard the possession of 3 Kanals land, the matter had already been taken up with WECHS.

The DAC in its meeting held on December 11, 2018 directed the Member (Finance) to constitute enquiry committee to probe the reasons for delay in taking possession / mutation by CMTL since 1993 besides fixing responsibility. DAC also directed the management to produce the record of land transferred in the name of WAPDA and pursue the matter for mutation of remaining land. No further progress was intimated till finalization of Audit Report.

Audit recommendations

Audit recommends the management to implement DAC's decision.

1.4.9 Non-fixation of responsibility for loss due to EOT cost claims of the Contractors – Rs.137.62 million

According to Clause 7.5 of Planning Commission's Manual for Development Projects, "those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task".

In WAPDA, five (5) contracts for execution of various civil / electrification works were awarded to different Contractors. These works could not be completed within the stipulated period and extension of time (EOT) along with EOT cost claims of Rs.137.62 million were granted to the Contractors. No responsibility for delay in completion of works / EOT cost claims was fixed. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	No. of Contracts	Amount of EOT cost claims
1.	137, 175 & 176/2018-19	CE/PD MDRP, Mangla	3	43.19
2.	150/2018-19	RE Civil MDO, Mangla	1	9.00
3.	162/2018-19	CE/PD KCP, DG Khan	1	85.43
Total			**5**	**137.62**

Implication

Non-adherence to the Planning Commission's Manual for Development Projects resulted in non-fixation of responsibility for loss of Rs.137.62 million due to EOT cost claims to the Contractors up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management during January to April, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that EOT cost claims were determined by the Engineer on the basis of valid delaying events and approved by the competent authority. The reply is not acceptable because no responsibility of delay in execution of projects was fixed in the light of Planning Commission's Manual.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding loss due to payment of EOT cost claim.

1.4.10 Non-disposal of off-road vehicles, unserviceable material and machinery – Rs.125.72 million

According to para-1, Chapter-XI of revised WAPDA Transport Rules, early disposal of unserviceable vehicles in accordance with the procedure laid down in the WAPDA Disposal Procedure is essential to avoid depreciation due to deterioration, devaluation due to loss/pilferage of spare parts, extra expenses on storage accommodation and pay of Chowkidars / guards etc. As per Clause

1.3.2(a) of WAPDA Disposal Procedure, "Once declared unserviceable, beyond economical repairs or dead by the competent authority, the material should be disposed off with minimum delay".

In WAPDA, forty-seven (47) off-road vehicles, unserviceable material and old heavy machinery worth Rs.125.72 million were not auctioned up to June, 2018. The vehicles and machinery were kept in the open space and exposed to the adverse environmental effect causing deterioration and decrease in value. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Description	Reserve Price
1.	3 & 73/2018-19	PD RBOD-I	3 Vehicles	2.30
2.	50/2018-19	PD HDP Karachi	4 Vehicles	1.30
3.	55/2018-19	DG IWASRI Lahore	7 Vehicles	1.72
4.	63/2018-19	GM (Projects) North Peshawar	Old Machinery	81.11
5.	74/2018	PD RBOD-III	1 Vehicle	0.74
6.	75/2018	GM (C&M) Water Lahore	8 Vehicles	1.55
7.	78/2018	PD LIM	3 Vehicles	1.40
8.	79/2018	GM (Projects) South Hyderabad	9 Vehicles	3.95
9.	86/2018	PD CRBC D.I. Khan	7 Vehicles	2.47
10.	122/2018	RE Civil Mangla	5 Vehicles & Old Machinery	29.18
Total				**125.72**

Implication

Non-adherence to disposal procedure resulted in non-disposal of off-road vehicles and machinery amounting to Rs.125.72 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management during October, 2017 to August, 2018 and reported to the Ministry during May & October, 2018. The management replied that disposal was under process.

The DAC in its meeting held on December 11, 2018 and January 3, 2019 directed the Member (Finance) to frame a comprehensive SOP for timely disposal of off-road vehicles / unserviceable material. The disposal process be completed within three months and provide record to Audit for verification. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to devise robust mechanism for disposal of off-road vehicles / unserviceable materials to avoid further deterioration and decrease in value of assets.

1.4.11 Non-deduction of Provincial Sales Tax from payments made to the Consultants / Contractor – Rs.122.68 million

According to Sindh Revenue Board Notification dated July 10, 2017, Sindh Sales Tax @ 16% was applicable on consultancy services. As per Schedule-II of Khyber Pakhtunkhwa Sales Tax on Services Act, 2013, Provincial Sales Tax @ 15% was to be levied on consultancy services and contracting services rendered by the Contractors of buildings, electro-mechanical works turn-key projects and similar other works.

In WAPDA, an amount of Rs.808.72 million was paid to the different Consultants / Contractor. Provincial Sales Tax amounting to Rs.122.68 million was required to be deducted from the payments made to the Consultants / Contractor but needful was not done. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of PST
1.	107/2018-19	CE/PD Nai Gaj Dam Project, Dadu	22.08
2.	185 & 186/2018-19	PD Kurram Tangi Dam Project, Bannu	100.60
2Total			**122.68**

Implication

Non-adherence to Provincial Sales Tax Acts resulted in non-deduction of Rs.122.68 million on account of Provincial Sales Tax from payments made to the Consultants / Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July & October, 2018 and reported to the Ministry in October & November, 2018. The matter was discussed in DAC meeting held on January 3, 2019 and the DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that case for deduction of Sales Tax from the Consultants of Nai Gaj Dam Project was sub judice. Moreover, an amount of Rs.3.62 million pertaining to Kurram Tangi Dam Project had been recovered while remaining amount would be recovered from upcoming invoices.

Audit Recommendations

Audit recommends the management to produce original record of recovered amount, ensure recovery of remaining amount and pursue the court case vigorously.

1.4.12 Loss to the public exchequer on account of escalation cost due to delay in completion of work - Rs.108.23 million

According to Clause 7.5 of Planning Commission's Manual for Development Projects, "those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task".

In Mangla Dam Raising Project, a contract No.MDRP-26 for construction of remaining works of road including water supply and sewerage was awarded to M/S CWE-TTP JV with scheduled completion date of December 07, 2010. The work was delayed due to default of WAPDA in making timely payments to the Contractor for which no responsibility was fixed. As a result, an amount of Rs.108.23 million had to be paid on account of escalation cost to the Contractor which was loss to the public exchequer.

Implication

Non-adherence to the Planning Commission's Manual resulted in a loss of Rs.108.23 million on account of escalation cost due to delay in completion of work up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in February, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that increase in prices was due to extended period of contract based on valid delaying events. The reply is not acceptable as no responsibility for delay in execution of contract was fixed.

Audit recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides making the loss good.

(DP No.174/2018-19)

1.4.13 Non-deduction of Income Tax from the Contractors – Rs.103.65 million

As per clarification issued by the office of the Assistant Commissioner (IR) Banuu vide No.481, dated June 16, 2017, under the law, M/S FWO-DESCON JV (Contractor) was a new independent legal entity having a status of "association of person" and they have not obtained National Tax Number. Contractor was non-filer and Income Tax @ 10% was required to be deducted from running bills and previous payments (if not deducted).

In Kurram Tangi Dam Project, an amount of Rs.1,658.48 million (Rs.888.59 million and Rs.769.88 million) was paid as mobilization advances to M/S DESCON & M/S FWO respectively. At the time of making payments, Income Tax amounting to Rs.62.20 million instead of Rs.88.86 was deducted from the claims of M/S DESCON whereas Income Tax amounting to Rs.76.99 million was not deducted from the claims of M/S FWO. Hence, Income Tax aggregating to Rs.103.65 million (Rs.22.66 million and Rs.76.99 million) was not deducted.

Implication

Non-adherence to Income Tax Rules resulted in non-deduction of Income Tax amounting to Rs.103.65 million.

Management Response

The matter was taken up with the management in November, 2017 and reported to the Ministry in May, 2018. The management explained that an amount of Rs.53.89 million had been deducted from the invoices of M/S FWO and deposited with FBR.

The DAC in its meeting held on December 11, 2018 directed the management to produce recovery record of whole amount for verification to Audit within two weeks. No record was produced till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to deduct tax @ 10% instead of @ 7% as JV of M/S DESCON and FWO was non-filer and get the record verified from Audit.

(DP No.4/2018-19)

1.4.14 Irregular payment on account of separate charges on haulage of stone – Rs.88.39 million

According to Para 10.6 of Specifications & Technical Provisions of the Contract (KC-5), "the work to be done under stone apron consists of furnishing, transporting materials and placing them in stone apron at locations shown on the drawings or designated by the Engineer in accordance with the specifications and Engineer's instructions".

In Kachhi Canal Project D.G. Khan, an amount of Rs.88.39 million was paid to the Contractor on account of extra haulage of stone for stone apron work. The said work was contractually required to be completed within the BOQ in which transportation charges of material and its placing in stone apron was included. Hence, separate payment of Rs.88.39 million on account of carriage of stone from Sakhi Sarwar was irregular.

Implication

Non-adherence to the contract clause resulted in irregular payment of

Rs.88.39 million to the Contractor on account of separate charges for haulage of stone during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in January, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the said claim had already been approved by ECNEC under revised PC-I. The reply is not acceptable because as per original contractual provisions, transportation was the responsibility of the Contractor.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides recovery of irregular payment on account of separate charges for haulage of stone from the Contractor.

(DP No.147/2018-19)

1.4.15 Non-recovery of Operation & Maintenance cost from Governments of Sindh and Balochistan – Rs.60.48 million

According to a letter issued by Member (Water) on December 9, 2013, Operation and Maintenance (O&M) cost of Hub Dam Project was be to be borne by Government of Sindh and Government of Balochistan in the ratio of 63.3 % & 36.7 % respectively.

In the office of the Project Director Hub Dam, an amount of Rs.60.48 million was recoverable from Government of Sindh and Balochistan on account of share of O&M cost. However, needful was not done.

Implication

Non-adherence to the aforesaid instructions resulted in non-recovery of Rs.60.48 million from Government of Sindh and Balochistan during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in October, 2018. The management replied that the matter was under correspondence with the concerned Provincial Governments and progress would be informed accordingly.

The DAC in its meeting held on December 11, 2018 directed the management to pursue the matter vigorously and outcome achieved in the matter be reported to Audit. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

(DP No.51/2018-19)

1.4.16 Irregular payment of security arrangements & preventive measures to the Contractor – Rs.42.56 million

As per summary of cost / Bill of Quantities of contract No KC-05, there was no provision of security arrangements & preventive measures.

In Kachhi Canal Project D.G. Khan, an amount of Rs.42.56 million was paid to the Contractor on account of security arrangements & preventive measures without any provision in the BOQ / Contract. The payment without provision in BOQ was irregular and required to be recovered.

Implication

Non-adherence to the contract provisions resulted in irregular payment of Rs.42.56 million to the Contractor on account of security arrangements & preventive measures up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in January, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the payment was made after the approval of the Authority and included in 2nd revised PC-I. The reply is not acceptable because the payment was made without BOQ provision in original contract.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides recovery of payment from the Contractor.

(DP No.161/2018-19)

1.4.17 Non-recovery from the Contractor – Rs.40.26 million

According to Clause 63.1 of the Contract No.MDR-32, the Employer may, after giving 14 days' notice to the Contractor, enter upon the Site and the Works and terminate the employment of the Contractor without thereby releasing the Contractor from any of his obligations or liabilities under the contract.

In Mangla Dam Raising Project, a contract No.MDR-32 awarded to M/S Friends Engineering Company at a cost of Rs.408 million was terminated on August 29, 2013. However, an amount of Rs.40.26 million paid under ESCROW Account and interest thereon was recoverable from the Contractor at the time of termination of contract which was not recovered so far.

Implication

Non-adherence to the contract clauses resulted in non-recovery of Rs.40.26 million from the Contractor up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in February, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that an amount of Rs.22.93 million had been recovered while balance amount would be recovered /

adjusted from the Contractor's due amount determined by the Engineer.

Audit Recommendations

Audit recommends the management to provide the recovery record for verification and expedite the recovery of balance amount from the Contractor.

(DP No.136/2018-19)

1.4.18 Loss to the public exchequer on account of delayed payment charges – Rs.26.55 million

According to Clause 60.10 of Conditions of Contract No.MDR-26A, the amount due to the Contractor under any Interim Payment Certificate, issued by the Engineer, be paid by the employer to the Contractor within 28 days after such Interim Payment Certificate has been delivered to the Employer. In the event of the failure of the Employer to make payment within the time stated, the Employer shall pay to the Contractor compensation @ 8% per annum in local currency upon all sums unpaid.

In Mangla Dam Raising Project, a compensatory amount of Rs.26.55 million was paid to the Contractor due to inordinate delay in payment of Contractor's claims. In fact, the project management was required to ensure timely processing and payment of Contractor claims to avoid excess payment in terms of compensation charges. Due to delay in payment of Contractors' claims, the public exchequer had to suffer huge financial loss of Rs.26.55 million for which no responsibility was fixed.

Implication

Violation of the aforesaid Contract Clauses resulted in a loss of Rs.26.55 million to the public exchequer on account of delayed payment charges up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on

January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the payment was delayed due to non-release of funds from PSDP. The reply is not acceptable because no documentary evidence was provided to substantiate the stance.

Audit Recommendations

Audit recommends the management to produce documentary evidence to substantiate the stance besides fixing responsibility of inordinate delay.

(DP No.138/2018-19)

1.4.19 Non-pursuance of pending recovery suits – Rs.23.86 million

According to a letter of Legal Wing of WAPDA dated May 07, 2015, all formations stationed outside Lahore must have a meeting with Director (Legal) after every two months besides sending monthly litigation status.

In the office of General Manager (Projects) North WAPDA, Peshawar, two recovery suits regarding non-encashment of performance bond amounting to Rs.13.56 million and non-payment of Rs.10.30 million agreed by the Contractor in Memorandum of Settlement were filed by WAPDA during 1990-1997. These suits were lying pending due to non-pursuance.

Implication

Non-adherence to aforesaid instructions resulted in non-pursuance of pending recovery suits involving an amount of Rs.23.86 million along with markup up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2017, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that one case had been decided against WAPDA and decision had been sent to Legal Directorate WAPDA for opinion, while second case was under trial.

Audit Recommendations

Audit recommends the management to pursue the matter with the Court / Director Legal WAPDA vigorously besides fixing responsibility.

(DP No.141/2018-19)

1.4.20 Non-recovery of cost of repair & maintenance works from the Contractors – Rs.16 million

According to Clause 30.5(a) of the Contract No. AE-06 & KE-04 of Allai Khwar Hydropower Project and Khan Khwar Hydropower Project respectively, if the Contractor fails to remedy a defect or damage within a reasonable time, "the Employer may carry out the work himself or by the others at the Contractor's risk and cost,…the costs incurred by the Employer in remedying the defect or damage shall be deducted from the Contract Price".

In the office of General Manager (Projects) Northern Areas, water leakages were observed in Operation Seals of Main Inlet Valves of Allai Khwar & Khan Khwar power houses during Defect Liability Period (DLP) of the Contracts, however, the defects were not rectified by the Contractors. The matter was discussed with Contractors in meetings held in December, 2017 & March, 2018, wherein, both the parties (Employer / Contractors) agreed that the fault would be rectified by the Operation & Maintenance staff of WAPDA and an amount of Rs.16 million would be deducted from the claims of the Contractors but the same was not recovered so far.

Implication

Non-adherence to the minutes of meetings resulted in non-recovery of cost of repair & maintenance works amounting to Rs.16 million from the Contractors during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018 and reported to the Ministry in October, 2018. The management replied that recovery would be made from final bills of the Contractors after issuance of Defect Liability Certificates.

The DAC in its meeting held on December 11, 2018 directed the management to recover the amount within 3 months and produce the recovery record to Audit for verification. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision besides fixing responsibility.

(DP No.58 & 59/2018-19)

1.4.21 Unjustified payment of premium to the Contractor on fuel and labour escalation - Rs.5.49 million

As per Sub Clause-70.1(c) of FIDIC Condition of contract, in determining the amount of any adjustment to the contract price pursuant to this clause, no account shall be taken of any overheads or profit.

In Kachhi Canal Project, an amount of Rs.5.49 million was paid to the Contractor on account of premium @ 10% on fuel and labour escalation against variation order No.05 of the Contract KC-05. This payment was made contrary to the provisions of the contract which was not justified.

Implication

Violation of the contract clause resulted in unjustified payment of premium amounting to Rs.5.49 million on fuel and labour escalation to the Contractor up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in January, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the calculations were made by applying a premium of 10% in the contract price in accordance with WAPDA Composite Schedule Rates. The reply is not acceptable because calculation of escalation by including premium was not justified in terms of FIDIC's clauses.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding unjustified payment of premium on fuel and labour escalation besides ensuring its recovery from the Contractor.

(DP No.167/2018-19)

1.4.22 Irregular grant of appointment and special allowances to employees – Rs.3.75 million

According to Finance Division's office memorandum dated June 26, 1999 regarding revision of salaries, allowances and perquisites of the supervisory and executive staff of public sector corporations, Autonomous/Semi Autonomous Bodies, such revisions may be carried out by the respective Board of Directors / Governors of these organizations and clearance from Finance Division would, however be necessary to ensure a rational basis and a degree of uniformity in such revisions.

In the office of General Manager (Finance) Water Lahore, an amount of Rs.3.75 million was paid to the employees on account of different types of allowances (Appointment allowance & Special WAPDA allowances). These allowances were granted to the employees without clearance from the Finance Division which was not justified.

Implication

Non-adherence to Finance Division's Office Memorandum resulted in irregular grant of allowances amounting to Rs.3.75 million to employees up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that allowances were granted with the approval of competent authority under the provisions of WAPDA Act. The reply is not acceptable because special WAPDA allowance and qualification pay on the basis of ICMA cannot be drawn simultaneously. Moreover, clarification from Finance Division (GoP) was not obtained.

Audit Recommendations

Audit recommends the management to seek clarification from the Finance Division (GoP).

(DP No.177/2018-19)

1.4.23 Unjustified expenditure on account of Operation & Maintenance of vehicles – Rs.1.73 million

According to Rule-10(i) of GFR, "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".

In the office of Resident Engineer (Civil) Mangla, an amount of Rs.1.73 million was paid to the Contractor on account of Operation & Maintenance of vehicles pertaining to the Khaliqabad work (Package-I). As no vehicle was procured under this contract against provisions of two vehicles, hence, the expenditure incurred on account of Operation & Maintenance of vehicles was not justified.

Implication

Non-adherence to the General Financial Rules resulted in unjustified expenditure of Rs.1.73 million on account of Operation & Maintenance of vehicles upto the Financial Year 2017-18.

Management Response

The matter was taken up with the management in January, 2018, reported to the Ministry in December, 2018. The management replied that one private vehicle was provided by the Contractor to the Consultant for which payment was made under BOQ item 1.2.

The matter was discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding unjustified expenditure besides ensuring its recovery.

(DP No.294/2018-19)

1.4.24 Non-forfeiture of performance security of defaulter supplier – Rs.1 million

According to Clause 8 of Rate Contract for the supply of tyre, tubes & flaps entered into between Chief Engineer (Purchase & Disposal) WAPDA and M/S Haji Ghulam Rasool & Sons on February 02, 2017, "the security shall be liable for forfeiture in case of failure to execute the Purchase Order against this Rate Contract or non-supply of stores to the Consignee".

In the office of Resident Engineer (Civil) Mangla, a purchase order for supply of tyres and tubes amounting to Rs.0.14 million was awarded to M/S Ghulam Rasool & Sons on December 19, 2017 with a delivery period of twenty days. The supplier could not supply the material despite lapse of seven months, therefore, performance security amounting to Rs.1 million deposited with Chief Engineer (Purchase & Disposal) was required to be forfeited; whereas, the same was not forfeited.

Implication

Non-adherence to contract clauses resulted in non-forfeiture of performance security of defaulter supplier amounting to Rs.1 million during the Financial Year 2017-18.

Management Response

The matter was taken up with management in August, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the matter had been taken up with the Director General (Purchase & Disposal) for forfeiture of performance security. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure forfeiture of performance security of the supplier besides blacklisting the firm.

(DP No.151/2018-19)

CHAPTER-2

POWER WING

2. POWER WING

2.1 Introduction

Power Wing of WAPDA is headed by Member (Power). After re-structuring during 2007, Power Wing was split up into 15 companies i.e. NTDC, 10 DISCOs & 4 GENCOs and separated from WAPDA. Power Wing now looks after hydropower generation, Operation & Maintenance of power stations, technical monitoring of electrical & mechanical works of new projects and training activities for capacity building.

WAPDA is operating 22 hydel power plants having total installed capacity of 9,386.86 MW contributing a vital role to provide the cheap hydel energy to the National Grid. Chashma (184 MW) & Ghazi Barotha (1450 MW) Hydropower Projects (HPPs) have been functioning since 2001 & 2003. Khan Khwar (72 MW), Allai Khwar (121 MW), Jinnah (96 MW), Duber Khwar (130 MW), Satpara Dam (17.3 MW), Golen Gol (106 MW), Neelum Jhelum (969 MW) and Tarbela 4th Extension Hydropower Project (1410 MW) became fully operational during 2008-2018.

Diamer Basha Dam (4,500 MW), Dasu (4,320 MW), Mohmand Dam Project (800 MW), Keyal Khwar (128 MW), Kurram Tangi (83.4 MW) and Mangla Refurbishment Project (1,000 to 1,310 MW) are under process.

2.2 Comments on Financial Statements

Financial statements of Water Wing, Power Wing and Coordination Wing are prepared separately and consolidated at WAPDA level.

According to Section-27 of WAPDA Act-1958, in the month of January each year, the Authority shall submit to the Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year.

The Authority did not finalize the financial statements of Power Wing for the Financial Year 2017-18 till January 31, 2019. Without finalized financial statements, the preparation of annual statement of the estimated receipts and expenditure may involve over / under statement of the financial position of WAPDA.

2.3 Brief comments on the status of compliance with PAC directives

Sr. No.	Name of Company	Year	No. of Directives	Status of compliance		
				Full	Partial	Outstanding
1	WAPDA	2002-03	02	-	01	01 (Para No.10 GBHP)
2	WAPDA	2013-14	01	-	-	01 (Para No.2.3.3)

Position of compliance with PAC directives is not satisfactory.

2.4 AUDIT PARAS

2.4.1 Non-mutation of acquired land - Rs.55,375.88 million

According to Section-42 of West Pakistan Land Revenue Act, 1967, "a person acquiring by inheritance, purchase, mortgage, gift, or otherwise, any right in an estate as a land owner, as a tenant for a fixed term exceeding one year, shall, within three months from the date of such acquisition, report his acquisition of right to the Patwari of the estate for recording such report in the record".

In the office of General Manager Diamer Basha Dam Project Chillas, an amount of Rs.55,375.88 million was paid to land owners through Deputy Commissioner/Land Acquisition Collector on account of acquiring 31,925 Acers of land. The acquired land was required to be got mutated in the name of WAPDA. However, the needful has not been done yet.

Implication

Non-adherence to Land Revenue Act resulted in non-mutation of land valuing Rs.55,375.88 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with management during October, 2017 &

October 2018 and reported to the Ministry during September & December, 2018. The management replied that ownership certificate of land valuing Rs.54,767.20 million had been received from Deputy Commissioner / Land Acquisition Collector, Chillas while efforts were being made for mutation of remaining land.

The DAC in its meeting held on December 11, 2018 and January 3, 2019 directed the management to produce original record of mutation of land within two weeks and pursue the mutation of remaining land vigorously. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Fix responsibility for delay in mutation of land exposing the Authority's assets at risk, and
b) Produce the original record for verification in terms of the DAC's decision.

(DP No.14 & 281/2018-19)

2.4.2 Non-realization of electricity sales revenue due to delay in tariff determination – Rs.19,491.49 million

According to Regulation of Generation, Transmission & Distribution of Electric Power Act, 1997, NEPRA is empowered to determine tariffs, rates and other terms, conditions for supply of electric power services by the generation, transmission, and distribution companies and recommend to the Federal Government for notification.

In Neelum Jhelum Hydropower Company, 1,336.11 million units were generated and sold to CPPA during April, 2018 to September, 2018. Due to delay in determination of tariff by the NEPRA, electricity sales revenue of approximately Rs.19,491.49 million could not be realized from CPPA.

Implication

Delay in determination of tariff by NEPRA resulted in non-realization of electricity sales revenue of Rs.19,491.49 million during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that PC-I of Neelum Jhelum was approved subject to third party validation which had not been done by the Planning Commission; therefore, tariff could not be approved by NEPRA. However, issue regarding grant of provisional tariff was under process with NEPRA and progress achieved in the matter would be intimated to Audit accordingly. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for:

a) Failure in getting the tariff approved from NEPRA;
b) Non-determination of exact electricity sales revenue putting veracity of financial statements of the Company in question, and
c) Blockage of funds due to non-realization of electricity sales revenue.

(DP No.287/2018-19)

2.4.3 Unjustified payment to the Contractors on account of excess execution of BOQ – Rs.7,860.23 million

According to Clause 3.1.1 of Consultancy Service Agreements, the Consultants shall perform and carry out the services with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods.

In WAPDA, an amount of Rs.7,860.23 million was paid to the Contractors on account of works that were executed in excess of BOQ. Abnormal increase in estimated quantities on a later stage was a result of unrealistic preparation of the Engineer's estimates which was not justified. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount
1.	41/2018-19	PD Tarbela 4th Extension HPP	3,886.37
2.	269 & 297/2018-19	GM/PD NJHPC, Muzaffarabad	3,973.86
Total			**7,860.23**

Implication

Poor contract management resulted in unjustified payment of Rs.7,860.23 million to the Contractors on account of excess execution of BOQ up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August & November, 2018 and reported to the Ministry in October & December, 2018. The management replied that quantities set in BOQ were estimated and payment was made as per actual execution of quantities. The reply is not acceptable as abnormal increase in BOQ quantities was due to unrealistic preparation of estimates by design consultants.

The DAC in its meeting held on December 11, 2018 and January 3, 2019 directed the management to provide assurance on adequacy of geotechnical investigation of the project at the time of designing. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility regarding excess execution of BOQ items due to unrealistic preparation of estimates and poor geotechnical investigation.

2.4.4 Unjustified payment on account of unapproved variation orders – Rs.5,354.49 million

According to Clause-2.1 of the FIDIC (Engineer’s duties and authority), the Engineer shall obtain the specific approval of the Employer before carrying out his duties.

In Neelum Jhelum Hydropower Company, an amount of Rs.5,354.49 million was paid to the Contractor for work done against various variation orders. This payment was made without getting approval from the Employer / competent authority which was not justified.

Implication

Non-adherence to FIDIC provisions resulted in unjustified payment of Rs.5,354.49 million on account of unapproved variation orders up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that ‘on account payments’ had been made on the certification of the Engineer to the Contractor for the work actually done as per contract clause. However, finalization / approval of Variation Orders were in process. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding payment of variation orders without approval.

(DP No.290/2018-19)

2.4.5 Generation loss due to forced shutdown – Rs.4,580 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of Resident Engineer Jinnah Hydel Power Station Kalabagh, the powerhouse could not produce the required generation of electricity during 2017-18 due to forced shutdown / hidden defects in the electrical & mechanical equipment. Resultantly, 458.02 million electricity units amounting to Rs.4,580 million were less generated causing loss to the Authority for which no responsibility was fixed.

Implication

Non-adherence to the Authority's instruction resulted in generation loss of Rs.4,580 million due to forced shutdown of Powerhouse during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018 and reported to the Ministry in October, 2018. The management replied that the Contractor carried out substandard work during erection leaving behind major design deficiencies. However, as a result of amicable settlement, the Contractor had paid US$ 8.30 million to WAPDA and O&M work was being carried out by WAPDA.

The DAC in its meeting held on December 11, 2018 did not accept the stance of the management and directed to provide consent of the Consultants regarding approval of sub-standard design and status of bad works of M/S DEC be intimated to Public Procurement Regularity Authority for initiating action against the Contractor. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding approval and execution of substandard works resulting into generation loss besides implementing DAC's decision.

(DP No.97/2018-19)

2.4.6 Unauthorized increase in project cost beyond permissible limits – Rs.3,923.35 million

According to Clause 4.12 of Planning Commission's Manual for Development Projects, "Once approved by the competent authority, the executing agency is supposed to implement the project in accordance with the PC-I provisions. It has no authority to change and modify the main approved parameters of the project on its own, beyond permissible limit of 15%".

In Jinnah Hydropower Project, as per approved PC-I, original cost of the project was Rs.13,546.80 million, whereas, actual expenditure was Rs.17,470.15 million which showed an increase of 28.96 % in the original cost. The excess expenditure beyond the permissible limits was unauthorized in the absence of approved revised PC-I.

Implication

Non-adherence to the aforesaid instructions resulted in unauthorized increase in project cost beyond permissible limits amounting to Rs.3,923.35 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that Member (Finance) in a meeting held on June 19, 2017 decided that there was no need of preparation / approval of revised PC-I at completion stage of the project. The reply is not acceptable because expenditure was incurred in excess of permissible limit without having any authorization from competent forum.

Audit Recommendations

Audit recommends the management to:

a) Fix responsibility for unauthorized increase in expenditure and causing undue financial burden on the public exchequer;
b) Justify the increase in cost to Audit and get it regularized from the competent forum, and
c) Explain the source of funds beyond the limit of approved PC-I.

(DP No.145/2018-19)

2.4.7 Non-levy of Sales Tax on construction services – Rs.3,586.05 million

As per Azad Jammu and Kashmir Sales Tax Act, 2015, tax on services provided by persons engaged in contractual execution of works is to be levied at the rate of sixteen percent.

In Neelum Jhelum Hydropower Company, an amount of Rs.10,007.75 million and US $93.27 million was paid to the Contractor (CGGC-CMEC Consortium) for execution of civil works. However, Sales Tax on services amounting to Rs.3,586.05 million @ 16% was required to be deducted from the invoices of the Contractor but needful was not done.

Implication

Non-adherence to the Azad Jammu and Kashmir Sales Tax Act resulted in non-levy of Sales Tax on services amounting to Rs.3,586.05 million during the year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that it was not a service contract but a contract for execution of civil, electro-mechanical and hydraulic works at composite unit rates. Execution of work at composite BOQ rates did not fall within the meaning of construction services, therefore, Sales Tax was not levied. The reply is not acceptable because as per AJK's Sales Tax Act, Sales Tax @ 16% was to be levied on services provided by persons engaged in contractual execution of works.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding non-levy of Sales Tax besides ensuring its recovery from the Contractor.

(DP No.275/2018-19)

2.4.8 Irregular release of funds to Government of AJ&K on account of mitigation measures without agreement – Rs.2,984.50 million

According to 4th revised PC-1, an amount of Rs.5,237 million against mitigation measures was required to be incurred under a tripartite agreement between Govt. of Pakistan, Govt. of AJ&K and WAPDA.

In Neelum Jhelum Hydropower Company, an amount of Rs.2,984.50 million was released to Government of AJ&K on account of mitigation measures. The fund was released without tripartite agreement among Government of Pakistan, Government of AJ&K and WAPDA which was irregular.

Implication

Non-adherence to the 4th revised PC-I resulted in irregular release of funds amounting to Rs.2,984.50 million to Government of AJ&K on account of mitigation measures up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that as per PC-1, funds of Rs.2,984.50 million was not linked with the signing of tripartite agreement. Cost of mitigation measures has been provided in the PC-1 and released with the approval of competent authority / BOD NJHPC. The reply is not acceptable because funds were released to Govt. of AJ&K without tripartite agreement.

Audit Recommendations

Audit recommends the management to provide justification regarding irregular release of funds without tripartite agreement.

(DP No.292/2018-19)

2.4.9 Unjustified release of retention money to the Contractor - Rs.2,786.55 million

According to Particular Condition 33.1.2 (a) pertaining to Payment of Retention Money of the Contract Agreement for procurement, design and commissioning of 132 KV Double Circuit Transmission Lines of Package-1, "upon the issue of the Taking Over Certificate with respect to the whole of the Works, one half of the Retention Money, or upon the issue of a Taking Over Certificate with respect to a Section or part of the permanent works only such proportion thereof shall be certified by the Engineer for payment to the Contractor".

In Neelum Jhelum Hydropower Company, an amount of Rs.2,786.55 million on account of retention money was released to the Contractor. As per contract agreement, one half of the retention money was required to be released upon issuance of taking over certificate whereas whole amount was released in violation of contract which was not justified.

Implication

Non-adherence to the contractual conditions resulted in unjustified release of retention money amounting to Rs.2,786.55 million to the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the TBM related works were completed and TBMs were dismantled / brought out from the tunnel, therefore, retention money relating to TBMs was released as recommended by the Engineer. The reply is not acceptable because retention money was released in violation of the contract clause.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides recovery of excess released amount of retention money with interest.

(DP No.263/2018-19)

2.4.10 Non-adjustment of advances – Rs.2,283.34 million

According to Section-9.2.3 & 9.2.6 of WAPDA Accounting and Financial Reporting Manual, the advances should be for WAPDA related business activities and unused advance shall be returned to WAPDA immediately after the activities completion. Advances made to outside parties shall be adjusted against the running bills as per terms and conditions of the agreement / contract.

In WAPDA, an amount of Rs.2,283.34 million was given to different WAPDA formations / other departments / employees as advance for land / crops compensation and execution of different works. The advances were lying outstanding but no efforts were made towards adjustment of these advances. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Purpose of Advance	Amount of Advances
1.	22/2018-19	CE/PD Golen Gol (HPP), Chitral	Land / Crops / Properties compensation	39.78
2.	82/2018-19	CE / PD Keyal Khwar Power Project, Pattan	Land compensation	374.71
3.	108/2018-19	RE Power Station, Mangla	Advance to employees / departments	77.84
4.	274/2018-19	PD NJHPC, Muzaffarabad	Land / Crops compensation / AJ&K Departments	1,781.88
5.	282/2018-19	GM Diamer Basha Dam Project, Chillas	Land Acquisition	9.13
Total				**2,283.34**

Implication

Non-adherence to the WAPDA Accounting and Financial Reporting Manual resulted in non-adjustment of advances amounting to Rs.2,283.34 million up to Financial Year 2017-18.

Management Response

The matter was taken up with the management during August to November, 2018 and reported to the Ministry during September to December, 2018. The management replied that the matter was being pursued with the concerned departments.

The DAC in its meetings held on December 11, 2018 and January 3, 2019 showed its concern over non-pursuance of the matter and directed to take up the matter with high-ups for early submission of adjustment accounts of advances. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision besides provision of adjustment account of advances for verification.

2.4.11 Non–recovery of Neelum Jhelum Surcharge from SEPCO and IESCO – Rs.1,944.23 million

As per Notification of decision of the Ministry of Water & Power dated January 04, 2008, monthly collection of Neelum Jhelum Surcharge (NJS) is required to be remitted by the DISCOs directly into ESCROW Account.

In Neelum Jhelum Hydropower Company, an amount of Rs.1,425.81 million and Rs.518.42 million on account of Neelum Jhelum Surcharge was recoverable from IESCO and SEPCO respectively. These outstanding balances were required to be recovered but needful was not done.

Implication

Non-adherence to the Decision of the Ministry of Water & Power resulted in non-recovery of Rs.1,944.23 million on account of Neelum Jhelum Surcharge from SEPCO and IESCO up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that Chairman WAPDA had sent a letter to the Secretary (Power Division) to instruct DISCOs to release funds. The reply of Secretary was awaited and progress achieved in the matter would be informed to Audit accordingly. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure recovery of Neelum Jhelum Surcharge from IESCO and SEPCO.

(DP No.262/2018-19)

2.4.12 Unjustified expenditure on foreign training of WAPDA officers - Rs.1,734.64 million

According to Rule-10(i) of GFR, "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".

In Neelum Jhelum Hydropower Company, an amount of US$ 16.52 million (equivalent to Rs.1,734.64 million) was incurred on foreign training of forty-five officers in China. Only seven out of forty-five officers were nominated from Neelum Jhelum Hydropower Project whereas remaining thirty-eight officers were nominated from other formations of WAPDA and age of three officers was between 56-57 years. Moreover, an expenditure of Rs.38.55 million was incurred on one month training of every officer which was not rational / justified.

Implication

Non-adherence to the aforesaid rules resulted in unjustified expenditure of Rs.1,734.64 million on foreign training of WAPDA officers up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018 and reported to the Ministry in December, 2018. The management replied that as per WAPDA's decision, the officers who were posted at different projects were trained for NJHEP O&M works with presumption that when O&M of NJHEP would start, they would subsequently be transferred to NJHEP O&M setup. Thirty out of forty-five officers had already been transferred to NJHEP O&M. As far as the age limit was concerned, the competent authority finalized the nomination for the said training. The reply is not acceptable as no justification for incurring huge expenditure on training was given.

The matter was discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to justify exorbitant per head cost of Rs.38.55 million on one month training.

(DP No.296/2018-19)

2.4.13 Unjustified payment on account of remuneration to the Consultants – Rs.1,427.46 million

As per Clause 3.1.1 of Consultancy Service Agreement, "the Consultants shall perform the Services and carry out the Services and carry out their obligations with all due diligence, efficiency, and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices and employ appropriate advanced technology and safe methods. The Consultants shall always act, in respect of any matter relating to this Contract or to the Services, as faithful advisers to the Client and shall at all times support and safeguard the Client's legitimate interests in any dealings with the sub-consultants or third parties".

In Neelum Jhelum Hydropower Company, an amount of Rs.1,427.46 million was paid to the Consultants beyond the provisions of man-months. Abnormal increase in months beyond the provisions of agreement was due to non-performing of duties with due diligence which was not justified.

Implication

Non-adherence to the Consultancy Service Agreement resulted in unjustified payment of Rs.1,427.46 million to the Consultants up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that utilization of man-months and cost was within the provisions of Amendment No. 3 to Consultancy Services Agreement. However, the Consultants (NESPAK) had not updated the provision as per Amendment No.3 in their invoice. The reply is not acceptable because neither justification for abnormal increase nor documents to substantiate the stance were given.

Audit Recommendations

Audit recommends the management to provide justification for abnormal increase in amount of consultancy services.

(DP No.293/2018-19)

2.4.14 Unjustified award of contract to new consultants -Rs.1,317.74 million

According to Section-II (2) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982, “the cardinal principle governing the assessment of responsibility in such cases is that every employee should exercise the same vigilance in respect of the Authority's expenditure and funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money”.

In the office of Chief Engineer / Project Director Refurbishment & up-gradation of Mangla Power Station, a consultancy agreement for feasibility study (Phase-I) was awarded to a JV of M/S MWH & NESPAK at a contract price of Rs.163.61 million on April 27, 2011. The contract was further extended several times up to September 30, 2017 due to increase in scope of work (preparation of tender documents & technical evaluation for packages V, VI, VII, VIII & IX). Later on, a new consultancy agreement for an amount of Rs.1,317.74 million was awarded to a new JV of MWH, NESPAK & ACE on October 30, 2017 for contract process, bids evaluation, engineering, schedule management, technical engineering expertise & construction supervision of units 1-6. The scope of work in Task–1 of new consultancy agreement was almost same as of already awarded consultancy agreement, therefore, award of new consultancy agreement including assignment of previous consultancy agreement was unjustified.

Implication

Non-adherence to the Authority's instructions resulted in unjustified award of contract amounting to Rs.1,317.74 million to new Consultants during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the new Consultants were selected for construction supervision through international competitive bidding and during negotiation, the new Consultants were directed to exclude the scope of already completed work. Moreover, some tasks were remaining, which were transferred to new Consultants in order to close the previous consultancy contract. The reply is not acceptable because no justification for appointment of previous Consultants as new Consultants, comparison of tasks, rates and completion percentage of assignments was provided. Moreover, no action was taken for non-completion of tasks under previous consultancy agreement.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding award of new consultancy agreement including previous tasks.

(DP No.169/2018-19)

2.4.15 Unjustified payment to the Contractors through variation orders - Rs.1,151.65 million

According to Para 4.5 (Chapter 4) of Planning Commission's Manual for Development Projects, National Economic Council (NEC) decided on July 4, 1988 that detailed design and costing should be finalized and submitted to the competent authority within six months of project approval. Implementation of such project components, which require detailed designing, should be started only when these have been finalized.

In Diamer Basha Dam Project, three contracts for construction of roads, public buildings & additional buildings in composite model village were awarded to different Contractors at a cumulative contract price of Rs.1,095.62 million. Additional amount of Rs.1,151.65 million was paid to the Contractors through various variation orders. It showed that the works were commenced without finalization of detailed designing / drawings in violation of decision of NEC. Hence, payment of Rs.1,151.65 million through variation orders was not justified.

Implication

Non-adherence to the National Economic Council's decision resulted in unjustified payment of Rs.1,151.65 million through variation orders up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2017, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the Consultants had not carried out the proper estimation of quantities of almost all the contracts of DBDP due to which some of the BOQ quantities had been abnormally increased. The increase in quantities was based on the actual work done at site and payment was made accordingly to the Contractor. The reply is not acceptable as the Contracts were awarded without detailed designing and costing before bidding.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding preparation of unrealistic estimates which caused abnormal increase in contract cost.

(DP No.197/2018-19)

2.4.16 Undue favour to the Contractor on account of payment of cost of providing performance guarantee and insurance – Rs.759.09 million

According to Rule-10(i) of GFR, "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". As per Contract documents Clause 10.1, cost of providing Performance Security was the responsibility of the Contractor which was substituted and lump sum amount was provided for making payment to the Contractor by the employer.

In Neelum Jhelum Hydropower Company, an amount of Rs.759.09 million was paid to the Contractor on account of cost of providing performance security and insurance for additional works by subsequent amendment in the conditions of contract. The amendment was made only to extend undue favour to the Contactor which caused heavy loss to the company which needs justification.

Implication

Non-adherence to the aforesaid rules and contract clauses resulted in undue favour to the Contractor amounting to Rs.759.09 million on account of providing cost of performance security and insurance up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the clause was an essential part of the contract based on standard FIDIC practices and Clause 10.1 part-II (A) was superseded by Clause 10.1 part-II (B) as agreed by all the stakeholders. Moreover, the amount was paid on the condition of foreign financing agencies i.e. Islamic Development Bank, Saudi Fund for Development etc. as they linked disbursement of foreign loan with provision of performance securities for varied works. The reply is not tenable because amendment was made to extend undue favour to the Contractor.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding undue favour extended to the Contractor besides making the loss good.

(DP No.270/2018-19)

2.4.17 Non-renewal of expired performance guarantees - Rs.540.36 million

According to General Condition 10.2 of the contract regarding period of validity of performance security, "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. No claim shall be made against the performance security after the issuance of the defects liability certificate and the performance security shall be returned to the Contractor within 14 days of the issue of the defects liability certificate".

In WAPDA, six (6) performance guarantees amounting to Rs.540.36 million provided by the different Contractors were expired before completion of the relevant works / issuance Defect Liability Certificates (DLC). The expired performance guarantees were required to be got renewed, however, needful was not done. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	No. of Performance Guarantees	Amount of Performance Guarantees
1.	25/2018-19	CE/PD Golen Gol HPP, Chitral	3	384.82
2.	101/2018-19	RE Jinnah Hydro Power Station Kalabagh	1	76.92
3.	133/2018-19	CE/PD Refurbishment Project, Mangla	1	63.66
4.	278/2018-19	GM Diamer Basha Dam Project, Chillas	1	14.96
Total			**6**	**540.36**

Implication

Non-adherence to the contract clauses resulted in non-renewal of performance guarantees amounting to Rs.540.36 million during the Financial Year 2017-18.

Management Response

The matter was taken up with the management during July to October, 2018 and reported to the Ministry during September to December, 2018. The management replied that in four (4) cases, the Contractors had been directed to renew the expired performance guarantees immediately, while in remaining two (2) cases, the Contractor had provided the extended performance guarantees up to Defect Liability Period.

The DAC in its meetings held on December 11, 2018 and January 3, 2019 directed the management to ensure early extension of expired performance guarantees and take action against the Contractors in the light of contractual provisions. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Implement DAC's decision besides fixing responsibility for providing undue favour to the Contractors and putting the stakes of the Authority at risk, and
b) Issue standing instructions to keep the performance guarantees intact till the contractual obligations are fulfilled by renewing the same before their expiry and, in case of non-renewal before expiry, the same may be encashed.

2.4.18 Loss of revenue due to less generation of electricity – Rs.431.57 million

According to revised PC-I of Golen Gol Hydropower Project approved in September, 2016 ''Annual output of 436 GWh was required to be generated from three units".

In Golen Gol Hydropower Project Chitral, Unit One of powerhouse having installed capacity of 36 MW started commercial operation on January 23, 2018. In accordance with PC-I, 61.67 million units were required to be produced from this unit up to June, 2018 against which only 18.51 million units were produced. Thus, 43.16 million units amounting to Rs.431.57 million were less generated than envisaged capacity causing loss to the Authority.

Implication

Non-adherence to the PC-I provisions resulted in loss of Rs.431.57 million due to less generation of electricity during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that unit-1 was operated on partial load due to non-availability of transmission line for connection to National Grid and limited demand of Chitral and Drosh grid stations.

The DAC in its meeting held on December 11, 2018 was not satisfied with the reply of the management as the project execution lacked proper planning and directed to submit revised reply within two weeks. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for lack of proper planning resulting into generation loss due to non-operation of power plant at its full capacity despite its availability.

(DP No.28/2018-19)

2.4.19 Loss due to leakages of substandard Penstock Dewatering Valves - Rs.425.60 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In Tarbela 4th Extension Hydropower Project, three valves of plant leaked within 5 days of its first operation, whereas, the expected life of the valves was supposed to be above 30 years. Due to leakage of valves, silt accumulated on upstream of Main Inlet Valve and at draft tube causing stoppage of Unit-17 of T-4. This resulted in non-generation of electricity causing a loss of Rs.425.60 million including cost of removal of silt and establishment expenditure. No inquiry was conducted to fix the responsibility of loss.

Implication

Non-adherence to the Authority’s instructions resulted in loss of Rs.425.60 million due to leakage of substandard penstock dewatering valves during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in October, 2018. The management replied that the Contractor had made interim arrangements to control leakages as the work was under Defect Liability Period. As regard, financial loss due to no operation of units, matter had already been taken up with the Contractor.

The DAC in its meeting held on December 11, 2018 was not satisfied with the management’s reply and directed to submit revised reply supported with relevant record to Audit within a month. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Fix responsibility of using substandard Penstock Dewatering Valves causing generation loss;

b) Ensure early replacement of substandard Penstock Dewatering Valves at the risk and cost of the Contractor, and
c) Ensure recovery of loss from the Contractor.

(DP No.43/2018-19)

2.4.20 Non-disposal of off-road vehicles, unserviceable material and machinery – Rs.391.32 million

According to para-1, Chapter-XI of revised WAPDA Transport Rules, early disposal of unserviceable vehicles in accordance with the procedure laid down in the WAPDA Disposal Procedure is essential to avoid depreciation due to deterioration, devaluation due to loss/pilferage of spare parts, extra expenses on storage accommodation and pay of Chowkidars / guards etc. As per Clause 1.3.2(a) of WAPDA Disposal Procedure, "Once declared unserviceable, beyond economical repairs or dead by the competent authority, the material should be disposed off with minimum delay".

In WAPDA, sixty four (64) off-road vehicles, unserviceable material and old heavy machinery worth Rs.391.32 million were not auctioned up to June, 2018. The vehicles, unserviceable material and machinery were kept in the open space and exposed to the adverse environmental effect causing further deterioration and decrease in value. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Description	Amount
1.	5 & 119/2018-19	RE Power Station, Mangla	3 Vehicles, 1 Power T/F and unserviceable material	56.42
2.	48/2018-19	GM Training WAPDA, Lahore	Unserviceable material	0.41
3.	52/2018-19	GM/PD TDP, Tarbela	Unserviceable material	33.82
4.	83/2018-19	RE Power Station, Warsak	Unserviceable material	1.07
5.	100/2018-19	RE JHPS, Kalabagh	2 Vehicles and unserviceable material	10.19
6.	182/2018-19	CE (Power) GB-Barotha	2 Vehicles and unserviceable material	1.47
7.	219/2018-19	CE Power Station, Tarbela	4 Vehicles and unserviceable material	11.38

8.	250/2018	GM (P&D) WAPDA, Lahore	47 Vehicles and unserviceable material / machinery	268.26
9.	271/2018	PD NJHPC, Muzaffarabad	6 Vehicles and unserviceable material	8.30
Total				**391.32**

Implication

Non-adherence to the WAPDA Disposal Procedure resulted in non-disposal of off-road vehicles, unserviceable material and machinery amounting to Rs.391.32 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management during February, 2018 to November, 2018 and reported to the Ministry during May to December, 2018. The management replied that disposal was under process.

The DAC in its meetings held on December 11, 2018 and January 3, 2019 directed the Member (Finance) to frame a comprehensive SOP for timely disposal of off-road vehicles / unserviceable material. The disposal process be completed within three months and provide record to Audit for verification. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to devise robust mechanism for disposal of off-road vehicles / unserviceable materials to avoid further deterioration and decrease in value of assets.

2.4.21 Non-removal of cofferdam by the Contractor- Rs.313.30 million

In scope of work delineated in Clause 9.1 of the Contract Agreement of Tarbela 4th Extension Hydropower Project, the Contractor was responsible for initial construction of downstream cofferdam at the power house and its removal after completion of work.

In Tarbela 4th Extension Hydropower Project, cofferdam was constructed at a cost of Rs.313.30 million. After construction of powerhouse, cofferdam was required to be removed from the site for smooth drainage of water and silt, whereas, it was not removed. As per letter of Project Director, one of the reasons of silt accumulation could be attributable to uneven / non-removal of cofferdam, which stopped the plant and resulted in non-generation of electricity. No inquiry was conducted to fix the responsibility.

Implication

Non-adherence to the contract clause resulted in non-removal of cofferdam amounting to Rs.313.30 million by the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in October, 2018. The management replied that there was no loss to the Authority due to non-removal of cofferdam as it had successfully served the purpose to reclaim land for construction of T4 Powerhouse.

The DAC in its meeting held on December 11, 2018 was not satisfied with the management’s reply and directed to submit revised reply supported with relevant record to Audit within two weeks. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Fix responsibility for providing undue favour to the Contractor by not removing the cofferdam causing accumulation of silt resulting into generation loss, and
b) Ensure removal of cofferdam as per contractual provisions.

(DP No.42/2018-19)

2.4.22 Non-deduction of Provincial Sales Tax and Default Surcharge from the Contractor – Rs.267.15 million

According to Schedule-II of Khyber Pakhtunkhwa Sales Tax on Services Act 2013, “Provincial Sales Tax @ 15% was to be levied on contracting services rendered by the Contractors of buildings, electro-mechanical works turn-key projects and similar other works”. As per Rule 65(1)(a) of Khyber Pakhtunkhwa Sales Tax on Services Act 2013, “if a registered person does not pay the tax due or any part thereof, liable to pay any amount of tax or charge shall pay default surcharge at the rate of inter-bank rate plus three percent per annum on the amount of the tax due”.

In Tarbela 4th Extension Hydropower Project WAPDA, an amount of Rs.756.49 million and US $8.67 million was paid to the Contractor (M/S Power Construction Corporation of China Ltd). However, Provincial Sales Tax amounting to Rs.241.70 million @ 15% was not deducted from the invoices of the Contractor. Due to non-deduction of Khyber Pakhtunkhwa Sales Tax, Default Surcharge amounting to Rs.25.45 million (241.70 million X 10.53%) was also to be levied, however, neither the Sales Tax was deducted nor Default Surcharge was recovered from the Contractor.

Implication

Non-adherence to the Khyber Pakhtunkhwa Sales Tax on Services Act 2013 resulted in non-deduction of Provincial Sales Tax and Default Surcharge amounting to Rs.267.15 million during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that it was not a service agreement but purely civil work contract and fell under execution of contract. The reply is not acceptable because Sales Tax was also chargeable on contracting services rendered or provided by the Contractors of buildings, electromechanical works and turnkey projects.

The DAC in its meeting held on December 11, 2018 directed the management to submit revised reply to Audit within two weeks. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure deduction of Sales Tax and Default Surcharge in accordance with Khyber Pakhtunkhwa Sales Tax Act, 2013 from the Contractor besides fixing responsibility.

(DP No. 9/2018-19)

2.4.23 Loss due to payment of idle claim charges to the Contractor – Rs.250 million

According to Minutes of Authority's Meeting held on April 30, 2018, the KKH Shatial-Thor Nullah Bypass was to be constructed by National Highway Authority (NHA) as WAPDA's deposit work in pursuance of ECNEC's decision dated August 20, 2009.

In Diamer Basha Dam Project, NHA awarded a contract for construction of Shatial-Thor Nullah Bypass (Relocation of KKH including link Road to Existing KKH) to M/S Hakas at a cost of Rs.3,518.133 million as WAPDA's deposit work. The completion date of work was September 22, 2014, however, due to land acquisition disputes between Gilgit Baltistan & Khyber Pakhtunkhwa Governments, the work remained suspended and could not be completed. WAPDA Authority in its meeting dated November 30, 2017 authorized NHA to terminate the agreement with the Contractor and NHA forwarded idle claims charges of the Contractor amounting to Rs.250 million for the period from June, 2013 to July, 2017 which was paid in May, 2018. The idle claim charges had to be paid due to delay in termination of contract and non-settlement of land acquisition disputes well before award of work which caused loss to the public exchequer.

Implication

Award of work without clearance of land resulted in loss of Rs.250

million due to payment of idle claim charges to the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that idle claims were paid because the work was stopped by the locals due to land acquisition disputes. This amount was paid to M/S NHA for payment to Contractor as per verification of claims by the Engineer i.e. M/S NESPAK and by the Committee constituted by GM Diamer Basha Dam Project. The reply is not acceptable as the contract was awarded before site clearance and cancelled after a delay of about four years.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides making the loss good.

(DP No.276/2018-19)

2.4.24 Blockage of funds due to purchase of irrelevant electrical equipment/ spare parts - Rs.216.44 million

According to WAPDA's office memorandum dated January 19, 1978, "purchases should be made only of such items and in such quantities as are required for a specific work. In no case, should these purchases be made for storing an item for an indefinite period".

In Hydel Power Station Jabban, electrical equipment / spare parts worth Rs.216.44 million were lying idle in store since purchase. These items were not in accordance with requirement of the Power House as per noting approved by Member (Power) for purchase of new spare parts. Hence, new items had to be purchased and these irrelevant equipment remained idle in store. This scenario indicated that the procurement was made without assessing actual requirements. However, no responsibility was fixed for irrelevant procurement in violation of

WAPDA's OM referred above.

Implication

Non-adherence to the Authority's instructions resulted in blockage of funds of Rs.216.44 million due to purchase of irrelevant electrical equipment / spare parts up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018 and reported to the Ministry in October, 2018. The management replied that the spare parts / equipment lying at the powerhouse was the property of Contractor and no formal handing / taking over of these parts had been made. Moreover, new spare parts were being purchased for timely restoration of fault.

The DAC in its meeting held on December 11, 2018 did not accept the stance of the management and directed to submit revised reply along with documentary evidences to Audit within two weeks. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for purchase of irrelevant equipment / spare parts causing blockage of funds and extra financial burden in the shape of purchase of new spare parts.

(DP No.37/2018-19)

2.4.25 Unjustified payment on account of variation orders of residential colony – Rs.110.76 million

As per Clause 3.1.1 of Consultancy Service Agreement, "The consultant shall perform the Services and carry out the Services with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods. The consultant shall always act in respect of any matter relating to this Contract or to the Services, as a faithful adviser to the Client and shall at all times support and safeguard the Client's legitimate interests in any dealings with sub-Contractor or third parties".

In Neelum Jhelum Hydropower Company, an amount of Rs.110.76 million was paid to the Contractor on account of variation orders of the residential colony. This payment was made without approval of drawings, rate analysis of material and variation orders from the Employer, which was not justified.

Implication

Non-adherence to aforesaid agreement resulted in unjustified payment of Rs.110.76 million on account of variation orders of residential colony up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018 and reported to the Ministry in December, 2018. The management replied that structural changes were made in its design to make the buildings earthquakes resistance and some additional works were also included as per recommendations of the Engineer. The reply is not acceptable as the work was executed without prior approval of drawings, rate analysis and variation orders.

The matter was discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding unjustified payment without prior approval of drawings, rate analysis and variation orders from competent authority.

(DP No.295/2018-19)

2.4.26 Irregular additional payment to the Contractor due to non-achievement of milestone – Rs.105 million

According to Authority's Minutes of Meeting held on December 21, 2016, completion date for item No.8 under revised Milestones Payment Schedule was March 19, 2017 and the Contractor was assured an additional payment of Rs.105 million for completing the work for the scheduled date.

In Tarbela 4th Extension Hydropower Project, an additional amount of Rs.105 million (equivalent to US$ 1 million) was paid to the Contractor M/S Sino Hydro Group Ltd, China on account of Milestones Payment of Item No.8. Despite the fact that the work could not be completed on scheduled date of March 19, 2017 and completed on April 29, 2017 but still an additional amount of Rs.105 million was paid to the Contractor in contravention of Authority's decision. Therefore, the payment was irregular.

Implication

Non-adherence to the Authority's decision resulted in irregular additional payment of Rs.105 million to the Contractor due to non-achievement of Milestones Payment Schedule up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in December, 2017 and reported to the Ministry in September, 2018. The management replied that the payment was made as a precondition by the Contractor for holding negotiations with WAPDA to agree on coordinated construction schedule. The reply is not acceptable as the payment was made without achievement of milestone.

The DAC in its meeting held on December 11, 2018 directed the management to submit revised reply to Audit within one week. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to:

a) Fix responsibility for devising a mechanism of additional payment after award of contract jeopardizing the spirit of Public Procurement Rules;

b) Fix responsibility for making irregular additional payment without achievement of Milestones Payment Schedule, and

c) Ensuring its recovery from the Contractor.

(DP No.34/2018-19)

2.4.27 Loss due to levy of commitment charges on undrawn loan – Rs.98.44 million

As per agreement with National Bank of Pakistan, 0.25% per annum was payable quarterly on the daily undrawn balance of each issue and will be applicable from the facility effective date till the expiry of available period. Commitment charges shall only be applicable in case disbursement schedule deviates from the table presented in issue account.

In Neelum Jhelum Hydropower Company, an amount of Rs.98.44 million was paid to National Bank of Pakistan as commitment charges on the undrawn loan. This amount was paid due to delay in completion of project and non-utilization of loan efficiently which was loss to the Authority.

Implication

Poor financial management resulted in loss of Rs.98.44 million on account of commitment charges on undrawn loan during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the project completion date was extended due to several construction issues. The reply is not acceptable because commitment charges were paid due to poor project / financial management.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding poor financial management besides making the loss good.

(DP No.260/2018-19)

2.4.28 Loss on account of payment of delayed payment charges to the Contractors - Rs.67.82 million

As per Clause 60.10 of Particular Conditions of Contract Agreement, "The amount due to the Contractor under any Interim Payment Certificate, issued by the Engineer, be paid by the employer to the Contractor within 28 days after such Interim Payment Certificate has been delivered to the Employer. In the event of the failure of the Employer to make payment within the time stated, the Employer shall pay to the Contractor compensation @ 8% per annum in local currency upon all sums unpaid".

In WAPDA, a compensatory amount of Rs.67.82 million was paid to three Contractors due to inordinate delay in their actual payments. In accordance with contract provision cited above, the project management was required to ensure processing and payment of Contractors' claims in project office as well as with the donors to avoid excess payment in terms of compensation charges. The Authority suffered huge financial loss amounting to Rs.67.82 million due to inordinate delay in making actual payments to the Contractors. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount
1.	26/2018-19	CE/PD Golen Gol HPP, Chitral	24.78
2.	265/2018-19	PD NJHPC, Muzaffarabad	43.04
Total			**67.82**

Implication

Non-observance of the contract clauses resulted in loss of Rs.67.82 million on account of delayed payment charges to the Contractors during the

Financial Year 2017-18.

Management Response

The matter was taken up with the management in August & November, 2018 and reported to the Ministry in September & December, 2018. The management replied that the delay was on the part of Donor Agency, which was beyond the management's control.

The DAC in its meetings held on December 11, 2018 and January 3, 2019 directed the management to submit justification and efforts made by the project office for timely release of funds. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility for delay in processing of payment claims.

2.4.29 Loss due to negligence of the Contractor and the Consultants – Rs.59.37 million

According to Clause – 4.1 of the Contract Agreement of Tarbela 4th Extension Hydropower Project, "the Contractor shall design (to the extent specified in the contract), execute and complete the works in accordance with the contract and with the Engineer's instructions and shall remedy any defects in the works". As per clause 3.1.1 of the Consultancy Agreement of Tarbela 4th Extension Hydropower Project, "the Consultant shall perform the services and carry out their obligations hereunder with all due diligence, efficiency and economy".

In Tarbela 4th Extension Hydropower Project, an expenditure of Rs.59.37 million (equivalent to US$ 0.57 million) was incurred for the modification of Isolated Phase Bus Bars (IPBs) Vide Change order No.15. The change order No.15 was issued after finding discrepancy during opening of Isolated Phase Bus Bars in civil structure of Unit No.17. An Inquiry Committee was constituted by Member (Power) to probe into the causes and fixing responsibility of inconsistency found in the opening of IPBs. As per findings of inquiry committee, the Contractor and the Engineer (Consultants) were held responsible. No action was taken against the Contractor and the Consultants for causing loss to the public exchequer.

Implication

Non-adherence to the Contract Agreement resulted in loss of Rs.59.37 million due to negligence of the Contractor and Consultant up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in December, 2017 and reported to the Ministry in September, 2018. The management replied that the Contractor provided the openings for IPBs which were not matching with IPB and the Consultants approved shop drawings without noticing discrepancy occurred by the civil work Contractor. The matter had been taken up with the Engineer and the Contractor and it would take some time to decide.

The DAC in its meeting held on December 11, 2018 directed the management to make recovery primarily from the Consultant and proportionately from the Contractor. DAC also directed to initiate criminal proceeding against the Consultant who approved shop drawings without noticing discrepancy by the civil Contractor. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

(DP No. 8/2018-19)

2.4.30 Non-recovery of Liquidated Damages from the Suppliers and Contractors – Rs.57.60 million

According to Para 11.10 of WAPDA Procurement and Contracts Manual, “the provision of delivery period in purchase orders for service and supplies should be realistic while initially fixing the delivery periods, the purchasing agencies should take into account the normal time required for the bidder to supply the material. In the event a supplier / Contractor fails to deliver any or all of the goods, works or services within the period agreed in the contract, the procuring agency either shall allow an extension in the contract period pursuant to a written request by the Contractor with justification or deduct the amount.

In WAPDA, four purchase / work orders for supply of various items and civil work were awarded to different Suppliers / Contractor during May, 2015 to July, 2017. The suppliers / contractors could not supply the material / complete the works within the stipulated period and were liable to pay the LD of Rs.57.60 million but the same was not recovered. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	No. of Purchase / Work Orders	Amount of LD
1.	110/2018-19	GM/PD TDP, Tarbela	1	0.95
2.	217/2018-19	CE Power Station, Tarbela	3	55.65
Total			**4**	**57.60**

Implication

Non-adherence to the WAPDA Procurement & Contracts Manual resulted in non-recovery of LD amounting to Rs.57.60 million from the Suppliers / Contractors up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2017 & October, 2018, reported to the Ministry in October & December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that in two cases, LD was not imposed due to extension of time granted by the competent authority. In remaining cases, the office of CRRK was responsible for deduction of LD and this office had requested to provide the status which would be intimated to Audit. The reply is not acceptable because extension of time was granted on unjustified grounds.

Audit Recommendations

Audit recommends the management to ensure recovery of LD besides fixing responsibility.

2.4.31 Excess refund of retention money to the Contractor – Rs.54.49 million

According to Particular Condition 33.1.2 (a) pertaining to payment of retention money of the Contract Agreement for procurement, design and commissioning of 132 KV Double Circuit Transmission Lines of Package-1, "upon the issue of the Taking Over Certificate with respect to the whole of the Works, one half of the retention money … shall be certified by the Engineer for payment to the Contractor".

In Golen Gol Hydropower Project, a section of work of 132 KV Transmission Line & Grid Station, was completed and taken over by the department from the Contractor. As per contract clause, one half of retention money amounting to Rs.149.07 million and US $ 116,402/- was required to be refunded, however, retention money amounting to Rs.198.76 million and US$ 155,202 was refunded to the Contractor. Thus, an amount of Rs.54.49 million (Rs.49.69 million and US$ 38,800 equivalent to PKR 4.80 million) was excess refunded which was irregular.

Implication

Non-adherence to the contract clause resulted in excess refund of retention money amounting to Rs.54.49 million to the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that the retention money was refunded as per clause 33.1.1 of the contract agreement.

The DAC in its meeting held on December 11, 2018 did not accept the stance of management and directed to submit revised reply with reference to interpretation of retention money clauses provided in the contract. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix the responsibility for providing undue favour to the Contractor besides ensuring its recovery.

(DP No.21/2018-19)

2.4.32 Loss due to damage of electrical equipment and non-finalization of insurance claims – Rs.51.70 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of Resident Engineer Power Station Mangla, three electrical equipment valuing Rs.51.70 million (approx.) were damaged during May & June, 2018. As per rules, inquiry committees were required to be constituted to dig out the causes of damages and fixing responsibility of loss, which was not done. The insurance claims of the said equipment were also pending for want of inquiry reports.

Implication

Non-adherence to The Authority's instructions resulted in loss of Rs.51.70 million due to damage of electrical equipment during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that inquiries had been finalized and insurance claims were being pursued. The reply is not acceptable as inquiry reports duly vetted by the competent authority were not provided.

Audit recommendations

Audit recommends the management to provide inquiry reports duly vetted by the competent authority besides pursuing insurance claims vigorously.

(DP No.207/2018-19)

2.4.33 Loss due to excess payment of local transport charges to the Contractor – Rs.31.14 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals 1982, "Every employee should exercise the same vigilance in respect of the Authority's expenditure and funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money".

In Golen Gol Hydropower Project, an amount of Rs.50.23 million was paid to M/S NETRACON-NEIE/Holley Consortium on account of local transport charges for 220 KV towers material of Package-II. In Original BOQ of Package-II, only 132 KV Towers were included, however, 220 KV towers were proposed in revised drawings and their local transport rates were taken from rates of Package-I. A comparison of transportation charges of Package-I and Package-II revealed that there was difference of about 62% in paid local transportation cost of Package-I and Package-II keeping in view less distance of Package-II. The Contractor himself has admitted this fact vide his letter dated November 15, 2016 that transportation cost can be decreased due to less distance and decline in POL prices. Thus, the Authority suffered loss of approximately Rs.31.14 million due to excess payment of local transport charges which need to be probed for fixation of responsibility.

Implication

Non-adherence to the Authority's instructions resulted in loss of Rs.31.14 million due to excess payment of local transport chargers to the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that the Contractor provided 220 KV towers from China instead of M/S PECO, hence, the mileage concession was withdrawn by the Contractor due to increase in mileage. The reply is not acceptable, as neither rate analysis of transportation charges for 220 KV towers nor source of supply of 220 KV towers for lot 4.1 was provided.

The DAC in its meeting held on December 11, 2018 directed the management to submit revised reply supported with relevant record to Audit. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for providing undue favour to the Contractor besides ensuring its recovery.

(DP No.16/2018-19)

2.4.34 Irregular deduction of withholding tax by Banks - Rs.24.58 million

As per Federal Board of Revenue's (FBR) letter dated July 08, 2009, the profit and gains derived by the Electric Generation Companies are exempt from tax under Clause-132 of Part-I of Second Schedule of the Income Tax Ordinance, 2001. FBR also granted exemption to WAPDA from deduction of withholding tax for the period from July1, 2017 to June 30, 2018.

In Neelum Jhelum Hydropower Company, withholding tax of Rs.24.58 million was deducted by the different banks from profits earned on bank deposits during July 01, 2017 to June 30, 2018. As WAPDA was exempt from deduction of withholding tax on profits, hence, deduction of withholding tax by the banks was irregular.

Implication

Non-adherence to the instructions of FBR resulted in irregular deduction of Rs.24.58 million on account of withholding tax by banks during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that exemption given to generation companies in Income Tax Ordinance was not a blanket exemption and it covered only generation and interest income. Therefore, tax authority had not issued exemption certificate and after the adjustments, refunds, if any, would be claimed from tax authority. The reply is not acceptable because withholding tax was not to be deducted by banks as per instructions of FBR.

Audit Recommendations

Audit recommends the management to ensure recovery of irregular deduction of withholding tax by banks.

(DP No.259/2018-19)

2.4.35 Loss due to unmetered consumption of electricity at power houses – Rs.23.02 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In WAPDA, 63.97 million energy units were lost on different power stations besides metered auxiliary consumption. Due to unmetered power stations consumption, the Authority sustained a loss of Rs.23.02 million for which no responsibility was fixed. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of units
1.	102/2018-19	RE Jinnah Hydel Power Station, Kalabagh	2.09
2.	209/2018-19	RE Power Station, Mangla	3.23
3.	246/2018-19	SE Small Hydel Power Stations, Mangla	17.70
		Total	**23.02**

Implication

Non-adherence to the Authority's instructions resulted in loss of Rs.23.02 million due to unmetered consumption of electricity at power houses during the Financial Year 2017-18.

Management Response

The matter was taken up with the management during July to November, 2018 and reported to the Ministry during October to December, 2018. The management replied that station losses were under permissible limit.

The DAC in its meeting held on December 11, 2018 and January 3, 2019 directed the management of Jinnah Hydro Power Station to conduct inquiry through two inspectors to be nominated by Member (Power) to probe consumption data of every house, usage of free supply facility of employees and breakdown of auxiliary consumption. Moreover, in other cases, documentary evidence in support of permissible limit of technical losses may be provided to Audit. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

2.4.36 Irregular expenditure due to hiring of consultants in violation of Public Procurement Regulations – Rs.21.21 million

According to Para-5 of Procurement of Consultancy Services Regulations, 2010, "a request for expression of interest shall be advertised by giving applicants at least fifteen calendar days for national competition and thirty calendar days for international competition to submit their interest to provide consultancy services".

In the office of General Manager Tarbela Dam Project, ten Consultants (foreign &local) were hired for periodic inspection of Tarbela Dam in violation of Consultancy Services Regulations issued by Public Procurement Regularity Authority. An amount of Rs.21.21 million was paid on account of remuneration including salary cost and direct costs which was irregular.

Implication

Non-adherence to Procurement of Consultancy Services Regulations resulted in irregular expenditure of Rs.21.21 million due to hiring of Consultants during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that panel of experts was hired through direct contracting under Public Procurement Rules after obtaining approval of WAPDA Authority. The reply is not acceptable because the consultants were hired in violation of Procurement of Consultancy Services Regulations.

Audit Recommendations

Audit recommends the management to justify the hiring of Consultants besides fixing responsibility for violation of Procurement of Consultancy Services Regulations.

(DP No.187/2018-19)

2.4.37 Loss due to non-finalization of specifications and drawings before bidding- Rs.21.19 million

According to Pakistan Engineering Council's (PEC) letter dated June 11, 2007 regarding standard form of bidding documents for procurement of Electrical and Mechanical Works, a set of precise and clear specification is a prerequisite for bidders to respond realistically and competitively to the requirements of the user without qualifying their bids. Only if this is done objectives of economy, efficiency, and fairness in procurement will be realized and responsiveness of bids can be ensured and subsequent task of bid evaluation can be facilitated.

In the office of Chief Engineer (Power Station), Tarbela, a contract for design, manufacturing, supply, erection, testing and commissioning of 220 KV SF6 circuit breakers, associated 220 KV disconnect switches, current transformers and 220 KV bus bars at 500/220 KV switchyard, Tarbela Power Station valuing Rs.984.98 million was awarded to Transmark International (Pvt.) Ltd on January 10, 2017. Later on, the Contractor was directed to make changes in specifications of one of the item i.e. Current Transformers (CTs) which showed that specifications were not finalized before bidding. Due to changes in specifications, the Contractor claimed extra amount of Rs.21.19 million which was loss to the Authority.

Implication

Non-adherence to Pakistan Engineering Council's guidelines resulted in loss of Rs.21.19 million due to non-finalization of specifications and drawings before bidding up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the specifications were changed as per advice of Chief Engineer Design NTDC. The reply is not acceptable as finalization of specifications was the responsibility of management before start of bidding process.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility of loss due to revision of specification besides making the loss good.

(DP No.254/2018-19)

2.4.38 Wasteful expenditure on procurement of unnecessary material – Rs.19.94 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In Golen Gol Hydropower Project, Turbine Flow Meters valuing Rs.19.94 million (US$ 189,829.63) were procured and supplied by the Contractor for installation at Main Turbine for monitoring water flow. Later on, the Contractor M/S Andritz Hydro vide letter dated April 04, 2018 informed that installation of these meters for flow measurement would not be useful, hence, meters were not installed. Therefore, the expenditure incurred on procuring these meters had gone waste, thereby, causing loss to the Authority, for which no responsibility was fixed.

Implication

Non-adherence to the Authority’s instructions resulted in wasteful expenditure of Rs.19.94 million due to unnecessary procurement of material up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that a negative variation order regarding non-installation of turbine flow meter would be initiated.

The DAC in its meeting held on December 11, 2018 directed the management to submit revised reply justifying unconditional acceptance of negative variation order by the Contractor. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to expedite recovery of cost water flow meter from the Contractor.

(DP No.29/2018-19)

2.4.39 Wasteful expenditure due to substandard repair of damaged power transformer – Rs.18.18 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Resident Engineer Power Station Mangla, an expenditure of Rs.18.18 million was incurred on repair of damaged power transformer. The said power transformer was again damaged on June 18, 2017 in just six hours of installation. It showed that either power transformer was not repaired satisfactorily or was not repairable. Thus, expenditure incurred for repair of damaged power transformer had gone waste for which no responsibility was fixed.

Implication

Non-adherence to the Authority’s instructions resulted in wasteful expenditure of Rs.18.18 million on account of repair of damaged power transformer up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in February, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the matter was inquired through technical committee and as per findings of inquiry committees, the power transformer was damaged due to aging factor and repeated local repairs. The reply is not acceptable because no responsibility for substandard repeated local repairs was fixed.

Audit Recommendations

Audit recommends the management to fix responsibility besides making the loss good.

(DP No.208/2018-19)

2.4.40 Loss due to illegal encroachment of WAPDA land – Rs.18.08 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of General Manager Tarbela Dam Project (TDP), a piece of land acquired under award No.25 dated November 11, 1973 was illegally occupied by Mr. Ilyas Qadri, a local resident of the area. The court had decided the matter in favor of WAPDA, whereas, the occupant had constructed a hospital on this piece of land which was running, since 1993 without any lease agreement with WAPDA. Due to illegal encroachment of land, the Authority sustained a loss of Rs.18.08 million (approximately) in terms of cost of land and recoverable rent. No action was taken by the department to fix responsibility of loss.

Implication

Non-adherence to aforesaid instructions resulted in loss of Rs.18.08 million due to illegal encroachment of WAPDA land up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the case was sub judice.

Audit Recommendations

Audit recommends the management to pursue the court case vigorously.

(DP No.142 /2018-19)

2.4.41 Unjustified payment due to abnormal increase of BOQ item – Rs.17.87 million

According to BOQ item No. 13.2.1, (expansion joint complete in all respect for Steel Penstock) a quantity of 2.2 metric ton was provided.

In Diamer Basha Dam Project, BOQ quantity for item No. 13.2.1 was increased by 839 % resulting (18.45 metric ton) an excess payment of Rs.17.87 million. The said payment was irregular as the same was made without any justification and approval from competent authority.

Implication

Non-adherence to the contractual provisions resulted in unjustified payment of Rs.17.87 million on account of abnormal increase in BOQ item up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2017, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the Consultants had not carried out the proper estimation of quantities of almost all the contracts of DBDP due to which some of the BOQ quantities had been abnormally increased. The increase in quantities was based on the actual work done at site and payment was made accordingly to the Contractor. The reply is not acceptable as no responsibility for preparation of unrealistic estimates was fixed.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding preparation of unrealistic estimates which caused abnormal increase in BOQ item.

(DP No.196/2018-19)

2.4.42 Irregular payment due to hiring of Chartered Accountants firm in violation of Public Procurement Rules – Rs.17.42 million

According to Rule 21 of Public Procurement Rules, 2004, subject to the provisions of Rules 22 to 37, the procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit which is applicable under sub-clause (i) of Clause (b) of Rule 42 i.e. one hundred thousand rupees. As per Rule 50 "any unauthorized breach of these rules shall amount to mis-procurement".

In the office of General Manager (Finance) Power WAPDA, an amount of Rs.17.42 million was paid to M/S Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants firm for conducting audit of WAPDA hydroelectric. The said firm was hired without using open competitive bidding in violation of Public Procurement Rules, hence, the payment made to the firm was irregular.

Implication

Violation of aforesaid rules resulted in irregular payment of Rs.17.42 million due to hiring of Chartered Accountants firm during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the said firm was selected out of three firms nominated by NEPRA (the Regulator). The reply is not acceptable because NEPRA was regulator for tariff determination and selection of Chartered Accountants firm was beyond its scope of services.

Further Audit Comments

Audit recommends the management to fix responsibility of violation of Public Procurement Rules.

(DP No.225/2018-19)

2.4.43 Unjustified and extravagant expenditure on inauguration ceremonies – Rs.16.97 million

According to Rule 10 (i) of General Financial Rules (GFR), "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". As per Finance Division's (GoP) notification regarding austerity measures to be adopted during Financial Year 2017-18, "serving of official lunches/dinners should be restricted".

In WAPDA, an amount of Rs.16.97 million was spent on inauguration ceremonies (catering, dining, refreshment, filming the event and publicity) of Tarbela 4th Extension & Neelum Jhelum Hydropower Projects. Such a huge expenditure on inauguration was unjustified and against the GFR and austerity measures. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount
1.	10/2018-19	PD Tarbela 4th Extension Hydropower Project	7.60
2.	288/2018-19	PD NJHPC, Muzaffarabad	9.37
Total			**16.97**

Implication

Non-adherence to aforesaid rules / instructions resulted in unjustified and extravagant expenditure of Rs.16.97 million on inauguration ceremonies during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August & November, 2018 and reported to the Ministry in September & December, 2018. The management replied that mega inauguration events were organized in larger interest of WAPDA and future hydropower projects in the country. The reply is not acceptable because expenditure was incurred in violation of GFR and austerity measures.

The DAC in its meeting held on December 11, 2018 and January 3, 2019 directed the management to submit item-wise detail of expenditure besides justification for not calling tenders. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for incurring huge expenditure in violation of Public Procurement Rules besides justifying the extravagant expenditure.

2.4.44 Irregular payment of special WAPDA allowance despite payment of qualification pay on the basis of same qualification- Rs.14.28 million

As per Director Finance (Regulation) WAPDA office letter dated January 25, 2006, "the qualification allowance for the qualification of ICMA/ACMA/CA is in lieu of the pay for the same purpose as admissible in Government Office. It is the employees' choice either to avail the pay along with its pensionery benefits or enjoy the allowance at higher rate without its post retirement benefit.

In the office of General Manager (Finance) Power WAPDA, Lahore, eighteen officers were drawing both special WAPDA allowance @ Rs.10,000

P.M for ICMA qualification and qualification pay for the same qualification as approved by the Government of Pakistan in violation of the Authority's instructions. Hence, payment made on account of special WAPDA allowance amounting to Rs.14.28 million was irregular and needed to be recovered.

Implication

Non-adherence to The Authority's instructions resulted in irregular payment of special WAPDA allowance amounting to Rs.14.28 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the payment of special WAPDA allowance @ Rs.10,000 per month and monthly qualification pay on the specified rates (on the basis of ICMA/ICWA/CIMA etc.) were being made in the light of instructions circulated by the Finance Division WAPDA. The reply is not acceptable because payment of both qualification allowance (special WAPDA allowance) and qualification pay on the basis of same ICMA qualification was not justified.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility against the person(s) at fault besides ensuring recovery from the concerned officers.

(DP No.230/2018-19)

2.4.45 Loss due to levy of commitment charges on unused loan – Rs.12.48 million

According to Article 4.1 of Kreditanstalt Fur Wiederaufbau (KfW) loan and Project Agreement, the borrower shall pay a commitment charge of ¼% p.a.

on undisbursed loan amounts. The commitment charges shall be computed for a period beginning three months after the signing of this Agreement and ending at the date at which disbursements are debited.

In the office of Chief Engineer Keyal Khwar Hydropower Project, an amount of Rs.12.48 million was paid to KfW as commitment charges on the unused loan. This amount was paid due to delay in completion of project and non-utilization of loan efficiently which was loss to the Authority.

Implication

Poor financial management resulted in loss of Rs.12.48 million due to levy of commitment charges during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that an inquiry committee was constituted in another similar case which concluded that the delay was due to prolonged land acquisition process, hiring of consultants and no one was held responsible. The reply is not acceptable as no responsibility for delay in acquisition of land, hiring of consultants and poor financial management was fixed.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding poor financial management besides making the loss good.

(DP No.125/2018-19)

2.4.46 Loss due to extra payment on account of supply of local material against foreign material - Rs.11.30 million

According to Bid Schedule A4: Source of Goods and Material, the

Contractor specified that Alpha batteries, USA would be provided; and BOQ rates were provided accordingly. Moreover, clause 3.1.3 of Letter of Acceptance of Contract for Package-I states that all the materials, manufacturers, testing and workmanship of Goods and Works, shall comply with the requirement of the Contract agreement".

In Golen Gol Hydropower Project, an amount of Rs.12.07 million was paid to M/S NETRACON-NEIE/HOLLEY Consortium on account of supply of 110V, 150AH Battery Bank. The Contractor supplied Battery Bank of local brand (M/S Excide Batteries) in contravention of quoted foreign brand. However, the payment was made on BOQ rates prepared on the basis of foreign brand M/S Alpha Batteries, USA instead of drawing rate comparison. As per PMU PESCO Purchase Order dated October 10, 2017, rate of Excide Battery Bank of the same capacity and specification including taxes was Rs.0.77 million. Thus, an amount of Rs.11.30 million was paid in excess of prevailing market rates which was loss to the Authority.

Implication

Non-adherence to the Contract Clauses resulted in loss of Rs.11.30 million due to extra payment on account of supply of local material against foreign material during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management apprised that the amount would be recovered from the Contractor.

The DAC in its meeting held on December 11, 2018 showed its concern on the issue and directed the Engineer Advisor (Power) to conduct inquiry for fixing responsibility regarding approval of IPC by project authority without market analysis of rates. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision besides ensuring recovery from the Contractor.

(DP No.17/2018-19)

2.4.47 Non-pursuance of pending recovery suit – Rs.8.82 million

According to WAPDA Law Division letter dated May 07, 2015, "all formations stationed outside Lahore should have a meeting after every two months besides sending monthly litigation status".

In the office of General Manager Tarbela Dam Project, entire estate of village Thapla, Tehsil & District Haripur was acquired by WAPDA in 1970. Some land owners filed objection petitions before Referee Courts & High Court for enhancement of rates and received compensation in the light of decision of each court. WAPDA filed appeal in Supreme Court of Pakistan against the decision of High Court which was decided in favour of WAPDA. The management filed recovery suit for refund of principal amount plus interest in the Court of Additional District Judge, Haripur in 2010 and the court ordered the land owners to refund principal amount of Rs.1.34 million only. WAPDA again filed an appeal in Supreme Court of Pakistan on May 18, 2010 for awarding interest on principal amount. The case for recovery of principal amount plus interest amounting to Rs.8.82 million (approximately) was pending due to non-pursuance properly.

Implication

Non-adherence to WAPDA Law Division's instructions resulted in non-pursuance of pending recovery suit involving Rs.8.82 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the matter was under trial in

Peshawar High Court.

Audit Recommendations

Audit recommends the management to pursue the court case vigorously.

(DP No.193/2018-19)

2.4.48 Irregular expenditure on hiring of Advisors – Rs.8.42 million

According to Establishment Division's (GoP) letter dated December 4, 2007 regarding re-employment beyond the age of superannuation, "the proposal duly signed by Secretary or Additional Secretary Incharge of the Ministry concerned is received in the Establishment Division 6 months before the officer is due to attain the age of superannuation and has the approval of Minister Incharge".

In WAPDA, three retired officers were hired as Advisors for different projects in violation of instructions issued by Establishment Division (Government of Pakistan). An amount of Rs.8.42 million was paid on account of pay & allowances during the Financial Year 2017-18 which was irregular. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of Pay & Allowances
1.	189/2018-19	GM/PD (TDP), Tarbela	5.35
2.	205/2018-19	CE/PD Warsak Hydroelectric Power Station	3.07
Total			**8.42**

Implication

Non-adherence to the Establishment Division's (GoP) instructions resulted in irregular expenditure of Rs.8.42 million due to hiring of Advisors during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that Advisors were hired after approval from WAPDA Authority. The reply is not acceptable because Advisors were hired in violation of policy circulated by GoP.

Audit Recommendations

Audit recommends the management to justify hiring of Advisors in violation of GoP's policy.

2.4.49 Non-provision of insurance coverage by the Contractors – Rs.8 million

According to Clause 13 of General Conditions of Contract, the Contractor was bound to provide insurance in the joint names of the Employer and the Contractor covering from the start date to the end of Defect Liability Period.

In Tarbela 4th Extension Hydropower Project, two contracts amounting to Rs.120.78 million were awarded to different Contractors for construction of residential building, roads, water supply overhead tank, sewerage etc. The insurance coverage amounting to Rs.8 million was required to be provided by the Contractors to the Employer, however, the same was not done.

Implication

Non-adherence to the Contract Conditions resulted in non-provision of insurance coverage amounting to Rs.8 million during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that the Contractors had already been directed to provide insurance policies. However, in case of non-provision of insurance policies by the Contractors, the amount would be deducted from their claims.

The DAC in its meeting held on December 11, 2018 directed the management to ensure deduction of amount from the next IPCs of the Contractor if insurance policies were not received. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision besides fixing responsibility.

(DP No.12/2018-19)

2.4.50 Unjustified expenditure due to irregular appointment of security staff – Rs.7.65 million

According to SOP for recruitment against post in BPS-1 to 15, issued vide No. DG/AD (E.IA)/7038/90/8701-8850 dated June 22, 2015, "as a preferred system, ensuring transparency and professionalism, a service contract with a renowned testing service is to be done. Contract BPS-6 to BPS-15 through NTS and BPS-1 & 2 shall be made through local advertisement".

In the office of General Manager Tarbela Dam Project, fifty candidates were appointed for the posts of security inspector / security guards / security sergeant without advertisement and in violation of SOP for recruitment. Hence, the expenditure of Rs.7.65 million (approx) incurred on account of their pay & allowances was unjustified.

Implication

Non-adherence to SOP resulted in unjustified expenditure of Rs.7.65 million due to irregular appointment of security guards during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January

3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that recruitment of security guards was made through a committee after obtaining lists of retired personnel from different army formations on the direction of the Authority. The reply is not acceptable as the recruitments were made in violation of SOP.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding appointment of security staff in violation of SOP for recruitment.

(DP No.192/2018-19)

2.4.51 Non-deduction of Income Tax from the Contractor – Rs.6.82 million

According to Section-153(1)(c) (Division-III, Part-III First Schedule) of Gilgit- Baltistan Income Tax Adaptation Act 2012, Income Tax @ 7% was recoverable against payments on account of execution of contract.

In Diamer Basha Dam Project, two advance payments of Rs.97.48 million were paid to M/S Hasnaat Brothers-Saleh Company JV. Income Tax @ 7% was required to be deducted from the Contractor's invoice but the same was not done. This resulted in loss of Rs.6.82 million to the National Exchequer.

Implication

Non-adherence to the aforesaid provisions resulted in non-deduction of Income Tax amounting to Rs.6.82 million from the Contractor up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that Income Tax on mobilization advance was not deducted according to contract provisions as it was a financial assistance to the Contractor. The reply is not acceptable as Income Tax was required to be deducted as per Section 153 (1) and Section 158 (b) of Income Tax Ordinance at the time of payment.

Audit Recommendations

Audit recommends the management to ensure deduction of Income Tax from the Contractor's invoices besides fixing responsibility.

(DP No.280/2018-19)

2.4.52 Loss due to less deduction of retention money from the claims of the Contractor – Rs.6.39 million

For payments to be made under sub-clauses 33.1.1 (iii) & (v) of Conditions of Contract Agreement for procurement, design and commissioning of 132KV Double Circuit Transmission Lines, 5% Retention Money was to be deducted as per preamble of this agreement.

In Golen Gol Hydropower Project, an amount of Rs.127.89 million was paid to the M/S NETRACON/NEIE/Holley Consortium under the head 'Provisional Sums', however, 5% retention money amounting to Rs.6.39 million was not deducted as required in accordance with preamble of the contract.

Implication

Non-adherence to the contract clauses resulted in less deduction of retention money amounting to Rs.6.39 million from the claims of the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that amount would be deducted from the next IPC of the Contractor.

The DAC in its meeting held on December 11, 2018 directed the management to ensure recovery of retention money from the Contractor and get it verified from Audit. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure recovery in accordance with DAC's decision.

(DP No.24/2018-19)

2.4.53 Irregular payment of different allowances to the employees – Rs.6.14 million

According to Finance Division's (GoP) office memorandum dated June 26, 1999 regarding revision of salaries, allowances and perquisites of the supervisory and executive staff of public sector corporations, Autonomous/Semi Autonomous Bodies, "such revisions may be carried out by the respective Board of Directors / Governors of these organizations and clearance from Finance Division would, however be necessary to ensure a rational basis and a degree of uniformity in such revisions".

In WAPDA, an amount of Rs.6.14 million was paid to various employees on account of different types of allowances (risk allowance, engineering allowance, danger allowance, appointment allowance and teaching allowance etc.) in contrary to instructions of Finance Division. The payment of these allowances without clearance from the Finance Division was irregular which needed to be recovered. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of Allowances
1.	92/2018-19	GM / PD TDP, Tarbela	3.47
2.	128/2018-19	PD Tarbela 5th Extension Hydropower Project	0.96
3.	130/2018-19	GM Training WAPDA, Lahore	0.12
4.	223/2018-19	GM (Finance) Power WAPDA, Lahore	1.59
Total			**6.14**

Implication

Non-adherence to the Finance Division's instructions resulted in irregular payment of Rs.6.14 million on account of different allowances to the employees during the Financial Year 2017-18.

Management Response

The matter was taken up with the management during July to November, 2018 and reported to the Ministry during October to December, 2018. The management replied that all the allowances were approved by WAPDA Authority. The reply is not acceptable because clarification from Finance Division was not obtained.

The DAC in its meetings held on December 11, 2018 and January 3, 2019 directed the management to seek clarification from Finance Division (GoP). No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

2.4.54 Loss due to substandard work by the Contractor – Rs.5.22 million

According to Special Provision 20.2 of the Contract Agreement between WAPDA & SAMBU SARCO JV for civil works under Lot-2, "If any loss or damage happens to the works, or any part thereof, or materials or plant for incorporation therein, during the period for which the Contractor is responsible for the care thereof, from any cause whatsoever, other than the risk defined in sub clause 20.4, the Contractor, shall at his own cost, rectify such loss or damage, so that the permanent works conform in every respect with the provisions of the contract to the satisfaction of the Engineer".

In Golen Gol Hydropower Project, malfunctioning / seepage in flushing section at diversion weir structure occurred due to flood and rainfall during July, 2015. However, damages were initially repaired by the Contractor with conventional concrete which could not prevent the silt laden water effects and again erosion occurred in flushing section at diversion weir structure due to flowing pebbles. Again a payment of Rs.5.22 million was made to the Contractor for second repair of said section which was not justified as the Contractor was responsible for rectification of all defects up to the Defect Liability Period, therefore, payment of Rs.5.22 million to the Contractor was unjustified.

Implication

Non-adherence to the Contract Clauses resulted in loss of Rs.5.22 million due to substandard work by the Contractor during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that second repair was made under the instruction of the Engineer to the Contractor due to urgency of the work.

The DAC in its meeting held on December 11, 2018 did not accept the stance of the management because it was due to fault in original design and directed to recover the amount from the Design Consultants. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure recovery in accordance with DAC's decision.

(DP No.27/2018-19)

2.4.55 Non-recovery of rest house charges – Rs.5.18 million

As per SOP issued by Director (Services & Estate) WAPDA dated December 03, 2015 for WAPDA rest houses regarding billing and payment procedure, " all guests are required to pay rest house room rent in advance".

In the office of Superintending Engineer (Small Hydel Power Stations) Mangla, an amount of Rs.5.18 million on account of rest house rooms' charges was recoverable from Nandipur Power Project. These rooms were provided to the security agencies on the behalf of project authorities and room rent was outstanding for the period from June, 2014 to May, 2018 but no recovery was made.

Implication

Non-adherence to the Authority's instructions resulted in non-recovery of Rs.5.18 million on account of rest house charges up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that efforts were being made to recover the rest house charges and progress achieved would be intimated to Audit accordingly. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure recovery of long outstanding rest house charges from concerned formation.

(DP No.216/2018-19)

2.4.56 Irregular expenditure due to hiring of Finance Consultant in violation of Public Procurement Regulations - Rs.5.09 million

According to para-5 of Procurement of Consultancy Services Regulations, 2010, "a request for expression of interest shall be advertised by giving applicants at least fifteen calendar days for national competition and thirty calendar days for international competition to submit their interest to provide consultancy services".

In the office of General Manager (Finance) Power WAPDA, Mr. Khalid A. Mirza was hired as Finance Consultant for WAPDA projects on February 26, 2016 for a period of six months in violation of instructions issued by Public

Procurement Regularity Authority. The contract of the said Consultant was extended time and again without any competition, hence, expenditure of Rs.5.09 million incurred on his pay & allowances was irregular.

Implication

Non-adherence to Procurement of Consultancy Services Regulations resulted in irregular expenditure of Rs.5.09 million due to hiring of Finance Consultant during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the officer had a vast international and local matchless experience and had worked extensively for raising funds for WAPDA. The reply is not acceptable because the Consultant was hired in violation of Procurement of Consultancy Services Regulations.

Audit Recommendations

Audit recommends the management to justify the hiring of Finance Consultant in violation of Procurement of Consultancy Services Regulations besides fixing responsibility.

(DP No.222/2018-19)

2.4.57 Loss due to non-recovery of rent charges of Crane - Rs.4.63 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to January, 2014), “all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of General Manager (Tarbela Dam Project), an amount of Rs.4.63 million on account of rent charges of Crane was recoverable from

General Manager (SHYDO) Malakand. The rent charges was required to be recovered but needful was not done.

Implication

Non-adherence to the Authority's instructions resulted in loss of Rs.4.63 million due to non-recovery of rent charges of Crane up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018 and reported to the Ministry in October, 2018. The management replied that matter was sub judice in Court of Law.

The DAC in its meeting held on December 11, 2018 directed the management to pursue the court case vigorously and intimate the progress to Audit. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

(DP No.112/2018-19)

2.4.58 Loss due to extra payment to the Contractor due to change of supplier – Rs.4.13 million

According to Bid Schedule A4 (Source of Goods and Material), the Contractor specified that 110V DC battery chargers of M/S PEL, M/S SIEMENS or of M/S ABB would be provided; and BOQ rates were provided accordingly. Moreover, Clause 3.1.3 of Letter of Acceptance of Contract for Package-I states that all the materials, manufacturers, testing and workmanship of Goods and Works, shall comply with the requirement of the Contract agreement.

In Golen Gol Hydropower Project, an amount of Rs.4.63 million was paid to M/S NETRACON-NEIE/HOLLEY Consortium on account of supply of two 110V DC Battery Chargers. The Contractor supplied Battery Chargers through local supplier (M/S Electroways) in contravention of quoted brands of suppliers i.e. M/S PEL, M/S SIEMENS and M/S ABB. The Contractor provided letters of these three suppliers stating that they were not manufacturer of this item. The payment was made on BOQ rates prepared on the basis of suppliers M/S ABB, M/S SIEMENS and M/S PEL instead of drawing rate comparison. As per PMU PESCO Purchase Order dated March 30, 2018, rates of two Battery Chargers of the same capacity and specification including taxes were Rs.0.50 million. Thus, an amount of Rs.4.13 million was paid in excess of prevailing market rates causing loss to the Authority.

Implication

Non-adherence to the contractual provisions resulted in loss of Rs.4.13 million due to extra payment to the Contractor due to change of supplier during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management apprised that the amount would be recovered from the Contractor.

The DAC in its meeting held on December 11, 2018 showed its concern on the issue and directed the Engineer Advisor (Power) to conduct inquiry for fixing responsibility regarding approval of IPC by project authority without market analysis of rates. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision.

(DP No.18/2018-19)

2.4.59 Irregular award of work / purchase orders by splitting to avoid tendering – Rs.3.37 million

According to Rule-9 of Public Procurement Rules, 2004, "a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or re-grouping of the procurement so planned. The annual requirement thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website".

In WAPDA, nine (9) work / purchase orders for repair & maintenance of buildings and procurement of furniture etc. amounting to Rs.3.37 million were awarded to different contractors / suppliers through quotations by splitting to avoid tendering. The award of work / purchase orders without open competitive bidding in violation of Public Procurement Rules was irregular. The detail is as under

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	No. of Work / Purchase Orders	Amount of Work / Purchase Orders
1.	129/2018-19	PD Tarbela 5th Extension, Tarbela	5	1.53
2.	188/2018-19	GM/PD (TDP), Tarbela	4	1.84
Total			**9**	**3.37**

Implication

Violation of Public Procurement Rules resulted in irregular award of work / purchase orders amounting to Rs.3.37 million by splitting to avoid tendering during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that works were carried out at different times on requirement basis and furniture was purchased for different places. The reply is not acceptable as work / purchase orders were awarded in violation of Public Procurement Rules.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding awards of work / purchase orders in violation of Public Procurement Rules.

2.4.60 Loss due to damage of power transformer - Rs.3.09 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Resident Engineer Jinnah Hydel Power Station Kalabagh, a power transformer was damaged on September 04, 2016 and an amount of Rs.3.09 million was paid to Power Transformer Engineering Services Unit (PTESU) for its repair. Neither any inquiry was conducted to find out the causes of damage nor preliminary damage report prepared.

Implication

Non-adherence to the Authority’s instructions resulted in loss of Rs. 3.09 million due to damage of power transformer up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that as per inquiry report the transformer was damaged due to design deficiencies i.e. smaller size of transformer & less transformer oil capacity. Moreover, installed capacity of transformer was 11/145 KV instead of 11/132 KV and recommended to approach the Contractor / Original Equipment Manufacturer to fulfill the contractual obligations. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for making the loss good.

(DP No.134/2018-19)

2.4.61 Irregular payment due to appointment of lecturer on daily wages – Rs.3 million

There was no provision for hiring of lecturer on daily wages.

In the office of General Manager Tarbela Dam Project, a lecturer was hired on daily wages basis on May 07, 2013 against the sanctioned post on pick and choose basis without any advertisement in the local newspaper and in the absence of any policy. Hence, the expenditure of Rs.3 million (approx) incurred on account of his wages was irregular.

Implication

Non-adherence to recruitment policy resulted in irregular expenditure of Rs.3 million due to appointment of lecturer on daily wages up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the lecturer was appointed on daily wages basis when there was ban on regular appointment. The reply is not acceptable because the recruitment was made on pick and choose basis without any policy.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding appointment of lecturer on daily wages.

(DP No.194/2018-19)

2.4.62 Non-forfeiture of performance securities – Rs.2.88 million

According to Clause 5.2.2 (b) of the Procurement and Contracts Manual of WAPDA, performance securities are required as a condition of contract validity. The guarantee ensures that the contractor shall fulfill his obligations under the contract.

In WAPDA, nine (9) purchase orders for supply of various items were placed upon different suppliers during April, 2016 to March, 2018. The suppliers either supplied short material or defective material, hence, performance securities of the suppliers amounting to Rs.2.88 million were required to be forfeited but needful was not done. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	No. of Purchase Orders	Amount of Purchase Orders
1.	120/2018-19	RE Power Station, Mangla	1	1.00
2.	144/2018-19	RE Power Station, Tarbela	1	0.33
3.	180/2018-19	CE (Power) Ghazi Barotha, Attock	7	1.55
Total			**9**	**2.88**

Implication

Non-adherence to the Procurement and Contracts Manual of WAPDA resulted in non-forfeiture of performance securities of Rs.2.88 million up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management during December, 2017 to October, 2018, reported to the Ministry during October & November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that in six cases, material had now been received, while in remaining three cases, action would be taken as per contractual provisions.

Audit Recommendations

Audit recommends the management to ensure forfeiture of performance securities of three defaulter suppliers besides production of record of material received.

2.4.63 Irregular payment to the Contractor in excess of bid price – Rs.2.79 million

According to clause 9.1 of the Contract Document LOT-2 of Golen Gol Hydropower Project (HPP), executed with SAMBU SARCO for civil works, "The rates for excavation shall also include, but are not limited to all costs for careful and restricted blasting and vibration monitoring of the blasts".

In Golen Gol HPP, an amount of Rs.2.79 million was paid to the Contractor on account of 'monitoring section installation' in pressure tunnel. This payment was approved through variation order No.12 with the justification that "during execution of pressure tunnel with drilling and blasting it was necessary to monitor the movement of tunnel through proper monitoring system". Whereas, monitoring of blasts and vibration was the responsibility of the Contractor in the light of aforesaid clause and its cost was already included in the Bill of Quantity rates; hence, separate payment for blasting monitoring system was irregular.

Implication

Non-adherence to the aforesaid contract clause resulted in irregular payment of Rs.2.79 million to the Contractor during the financial year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to Ministry in October, 2018. The management replied that monitoring system with SMS and MMS was installed to monitor the tunnel movement. The reply is not acceptable because vibration monitoring of the blasts was covered under Clause – 9.1 of the Contract.

The DAC in its meeting held on December 11, 2018 directed the management to provide revised reply with supporting documents to Audit. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility besides ensuring recovery from the Contractor.

(DP No.45/2018-19

2.4.64 Irregular award of work in violation of Public Procurement Rules – Rs.2.07 million

According to Rule-20 of Public Procurement Rules, 2004, "save as otherwise provided, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of good, services and works.

In the office of Chief Engineer / Project Director Refurbishment & up-gradation of Mangla Power Station, a work order to carry out asbestos survey amounting to Rs.2.07 million was awarded to M/S SGS Pakistan through direct contracting instead of open competitive bidding. Thus, the award of work without open competitive bidding in violation of Public Procurement Rules was irregular.

Implication

Non-adherence to Public Procurement Rules resulted in irregular award of work valuing Rs.2.07 million during the Financial Year 2017-18.

Management Response

The matter was taken up with management in August 2018, reported to the Ministry in October, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that M/S SGS was only service provider in the field and the work was of emergent nature. In order to avoid delay, direct contracting was made with the approval of competent authority. The reply is not acceptable because no documentary evidence to substantiate the stance was provided

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding non-observance of Public Procurement Rules.

(DP No.113/2018-19)

2.4.65 Unjustified expenditure on hiring of Chartered Accountants firm in violation of Public Procurement Rules - Rs.1.92 million

According to rules 20 of Public Procurement Rules 2004, "Save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works". As per rule 21, "subject to the provisions of rules 22 to 37 the procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit which is applicable under sub-clause (i) of clause (b) of rule 42".

In the office of General Manager (Finance) Power WAPDA, a Chartered Accountants firm (M/S Javaid Jalal Amjad & Co.) was hired during 2008-09 for conducting audit of WAPDA First Sukuk Company Limited and an amount of Rs.1.92 million was paid to it during 2008-09 to 2017-18. Since hiring, the service contract of the same firm was extended without any competition in violation of Public Procurement Rules which was irregular.

Implication

Non-adherence to Public Procurement Rules resulted in un-justified expenditure of Rs.1.92 million on hiring of Chartered Accountants firm in violation of Public Procurement Rules up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that being the pioneer service provider, the Chartered Accountants firm was hired on Direct Contracting basis. The reply is not acceptable as no documentary evidence showing non-availability of any other firm in the field was provided.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding hiring of firm in violation of Public Procurement Rules.

(DP No.226/2018-19)

2.4.66 Irregular payment of inadmissible expenditure to the Consultants - Rs.1.39 million

According to Special Condition 6.2 (c) of the Consultancy Agreement between WAPDA and JV of M/S Golen Gol Hydropower Project Consultants, there was no provision of payment of cost of staff entertainment, winter jackets, safety shoes, dish channels recharge charges, etc. to the staff of Consultants under 'Direct Cost.'

In Golen Gol Hydropower Project Chitral, an amount of Rs.1.39 million was paid to the consultants on account of staff entertainment, winter jackets, safety shoes, dish channels recharge charges, etc. under the head 'Direct Cost'. As there was no provision of payment of such items in the Consultancy Agreement, hence, this payment was irregular.

Implication

Non-adherence to the Consultancy Agreement resulted in irregular payment of inadmissible expenditure amounting to Rs.1.39 million to the Consultants during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that amount would be recovered from the invoices of the Consultants.

The DAC in its meeting held on December 11, 2018 directed the management to ensure recovery from the claims of the Consultants and get it verified from Audit. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to ensure recovery in accordance with DAC's decision.

(DP No.30/2018-19)

2.4.67 Loss due to unjustified fixation of pay – Rs.1.26 million

According to clause 25 (Part-IV) of Chapter 2 of Estacode, "pay of the retired officers of the armed forces, who are re-employed in civil posts on contract in grades equal to substantive rank or temporary rank, if held for one year, may be fixed at the minimum of grade in which re-employment is made".

In the office of General Manager (Tarbela Dam Project), Major (R) Wasiq Fayyaz was appointed as Deputy Director Security (BPS–18) on December, 2016. The officer was retired from Pak Army on April 30, 2008 but his pay was fixed by including all increments / revisions in pay scales up to date of appointment. Due to illegitimate fixation of pay, an amount of Rs.1.26 million was paid to the officer, which was not justified.

Implication

Violation of provisions of Estacode resulted in loss of Rs.1.26 million due to unjustified fixation of pay up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the pay was fixed as per

WAPDA's criteria for fixation of pay. The reply is not acceptable because no documentary evidence was produced for examination.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides ensuring recovery.

(DP No.190/2018-19)

2.4.68 Unjustified payment on account of Auditors' remuneration – Rs.1.26 million

As per engagement letter, Auditors will communicate in writing in Management Letter significant deficiencies in internal control identified during the audit of the company's financial Statements.

In Neelum Jhelum Hydropower Company, an amount of Rs.1.26 million was paid to external auditors for auditing the accounts of the Company. As per engagement letter, external auditors were required to issue the management letter to the Company highlighting the significant deficiencies in internal controls identified during the audit of the Company's financial statements but the same was not done.

Implication

Non-compliance of engagement letter resulted in un-justified payment of Rs.1.26 million on account of Auditor's remuneration up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that Auditors were requested to issue Management Letter as per terms of engagement. However, a covering letter was regularly issued which covered most of the issues identified during course of audit. The reply is not tenable because Management Letter was not issued in violation of engagement letter and payment made in this regard was unjustified.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding unjustified payment to external auditors without obtaining Management Letter.

(DP No.273/2018-19)

2.4.69 Loss due to irregular payment of damages to NHA in violation of contract clauses – Rs.1.25 million

According to Special Provision 20(4)(6) of the Contract Agreement for procurement, design, supply and commissioning of 132 KV Double Circuit Transmission Lines of Package-1, "all damaged infrastructure will be restored to original or better condition". Moreover, as per Insurance clause (a) & (f) of Preamble to Conditions of same Contract, the risks to be insured are fire, smoke, explosion, falling objects and any other sudden and unforeseen event such as loss or damage due to collapse etc. on site.

In Golen Gol Hydropower Project Chitral, an amount of Rs.1.25 million was paid to NHA on account of damages of road pavement surface. The damages were occurred due to falling of boulders / debris during excavation work of towers by the Contractor. As per contract agreement, the Contractor was responsible for all damages during execution, hence, it was his responsibility to make payment of damages to NHA.

Implication

Non-adherence to contractual provisions resulted in loss of Rs.1.25 million due to irregular payment of damages to NHA during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in August, 2018 and reported to the Ministry in September, 2018. The management replied that as per contractual provisions, it was the responsibility of the management to compensate the damages.

The DAC in its meeting held on December 11, 2018 did not accept the stance of the management and directed to submit revised reply along with relevant contract clauses i.e. Care and Handling & Insurance of works within two weeks. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to fix responsibility for irregular payment besides ensuring recovery from the Contractor.

(DP No.23/2018-19)

2.4.70 Loss due to payment of container detention and demurrage charges – Rs.1.22 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of Chief Engineer (Power Station) Tarbela, an amount of Rs.1.22 million on account of container detention and demurrage charges was paid due to delay in clearance of material from the port. The delay was occurred due to non-submission of exemption certificate by the Director Taxes WAPDA timely. Thus, amount paid on account of detection and demurrage charges was loss to the Authority for which no responsibility was fixed.

Implication

Non-adherence to the Authority's instructions resulted in loss of Rs.1.22 million due to payment of container detention charges up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the extra time was spent by the Director Taxes WAPDA on provision of exemption certificate and the consignment was ultimately cleared after payment of taxes.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility of delay in clearance of consignment besides making the loss good.

(DP No.221/2018-19)

2.4.71 Irregular engagement of legal consultant in violation of Public Procurement Regulations – Rs.1 million

According to Para-5 of Procurement of Consultancy Services Regulations, 2010, "a request for expression of interest shall be advertised by giving applicants at least fifteen calendar days for national competition and thirty calendar days for international competition to submit their interest to provide consultancy services".

In Neelum Jhelum Hydropower Company, services of M/S Samdani & Qureshi Advocates and Corporate Counselors were hired for legal matters at a professional fee of Rs.1 million. The legal firm was hired without open competitive bidding in violation of the Procurement of Consultancy Services Regulations which was irregular.

Implication

Non-adherence to Procurement of Consultancy Services Regulations resulted in irregular engagement of legal firm at a fee of Rs.1 million during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the said legal Consultant was well versed with the case as the Company was already obtaining advices from him without any financial charges. The reply is not acceptable because hiring was made in violation of Procurement of Consultancy Services Regulations.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility of violation of Procurement of Consultancy Services Regulations.

(DP No.272/2018-19)

CHAPTER-3

COORDINATION WING

3. COORDINATION WING

3.1 Introduction

Pakistan Water and Power Development Authority (WAPDA), fully owned by the Government of Pakistan was established under WAPDA Act, 1958 (West Pakistan Act No. XXXI of 1958), as amended from time to time. WAPDA is mandated to develop and utilize the water and power resources of Pakistan. Accordingly, it is required to frame schemes for generation of power and construction, operation and maintenance of hydel power stations. The Authority comprises of a Chairman and three Members.

Member (Water) is responsible for planning, designing and execution of development projects related to irrigation, drainage and hydro power sectors. Member (Power) looks after the generation, Operation & Maintenance of hydropower stations, technical monitoring of electrical & mechanical works of new projects and training activities for capacity building. Member (Finance) is responsible for all budgetary, financial and accounting matters, particularly the arrangement of financing and funds management for WAPDA Projects.

Coordination Wing of WAPDA is headed by Member (Finance). Besides coordinating with Water and Power Wings, the coordination Wing is responsible for supervising all administrative and financial matters of Common Services and The Authority Offices. Common Services and The Authority offices include GM HRD, Chief Auditor, DG Medical Services, Transport Directorate and GM Insurance & Pension, etc.

3.2 Comments on Financial Statements

Financial statements of Water Wing, Power Wing and Coordination Wing are prepared separately and consolidated at WAPDA level.

According to Section-27 of WAPDA Act-1958, in the month of January each year, the Authority shall submit to the Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year.

The Authority did not finalize the financial statements of Coordination Wing for the Financial Year 2017-18 till December 31, 2018. Without finalized financial statements, the preparation of annual statement of the estimated receipts and expenditure may involve over / under statement of the financial position of WAPDA.

3.3 AUDIT PARAS

3.3.1 Undue favour to the Suppliers by purchase of medicines without testing from drug testing laboratory – Rs.157.64 million

According to Part-H of the revised SOP for procurement of drug & dressing, lab items and X-Ray material circulated by office of the Director General (Medical Services) WAPDA on November 16, 2016, the Incharge Health Unit shall arrange for the testing of drugs from Drug Testing Laboratory (DTL) through local Areas Drugs Inspectors of the Provincial Health Department and the fee and cost of samples of the drug to be tested shall be borne by the supplier.

In WAPDA hospitals, various medicines valuing Rs.157.64 million were purchased from different Suppliers under rate contract. As per SOP, these medicines were required to be got tested from independent laboratory to ensure the quality of the medicines which was not done. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of Medicines
1.	210/2018-19	MS WAPDA Hospital, Peshawar	21.36
2.	247/2018-19	DG (MS) & MS WAPDA Hospital, Lahore	136.28
Total			**157.64**

Implication

Non-adherence to the aforesaid SOP resulted in undue favour to the suppliers by purchase of medicines amounting to Rs.157.64 million without testing from drug testing laboratory during the Financial Year 2017-18.

Management Response

The matter was taken up with management in October, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the medicines were accepted with copy of quality assurance certificate / warrantee certificate and collection of samples was the mandate of the Drug Inspector of the area who was not accepting direct samples from the hospitals. The reply is not acceptable as the medicines were accepted without any drug testing from independent laboratory.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility regarding acceptance of medicines without testing of drugs from independent laboratory.

3.3.2 Wasteful expenditure on account of consultancy and feasibility for Sunny View Estate - Rs.37.44 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2014), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Project Director Building Circle WAPDA Lahore, an amount of Rs.37.44 million was spent on account of consultancy and feasibility preparation for Sunny View Estate. In this regard, no physical progress was achieved and expenditure incurred had gone waste causing loss to the Authority. The expenditure incurred was written off by the Authority instead of fixing responsibility of wasteful expenditure / loss.

Implication

Non-adherence to the Authority’s instructions resulted in wasteful expenditure amounting to Rs.37.44 million on account of consultancy & feasibility of Sunny View Estate up to the Financial Year 2017-18.

Management Reply

The matter was taken up with the management in May, 2018, reported to the Ministry in November, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that NOC for new construction was not given by the Governor House and the expenditure incurred was written-off by the Authority. The reply is not acceptable as the expenditure on feasibility was incurred without obtaining NOC from Governor House.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides making the loss good.

(DP No.201/2018-19)

3.3.3 Unjustified expenditure due to irregular grant of allowances to employees – Rs.27.80 million

According to Finance Division's (GoP) office memorandum dated June 26, 1999 regarding revision of salaries, allowances and perquisites of the supervisory and executive staff of public sector corporations, Autonomous / Semi Autonomous Bodies, such revisions may be carried out by the respective Board of Directors / Governors of these organizations and clearance from Finance Division would, however be necessary to ensure a rational basis and a degree of uniformity in such revisions.

In WAPDA, an amount of Rs.27.80 million was paid to the employees on account of different types of allowances (Head Office Allowance, Engineering Allowance, Appointment Allowance and Central Contract Cell Allowance). These allowances were granted by the WAPDA Authority without clearance from the Finance Division (Government of Pakistan), which was not justified. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of Allowances
1.	237/2018-19	GM (Finance) Coordination WAPDA	14.36

2.	286/2018-19	DG (MS) & MS WAPDA Hospital, Lahore	13.44
Total			**27.80**

Implication

Non-adherence to Finance Division's Office Memorandum resulted in unjustified expenditure of Rs.27.80 million due to irregular grant of allowances to employees during the Financial Year 2017-18.

Management Response

The matter was taken up with the management during October-November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that that these allowances were approved by the WAPDA Authority. The reply is not acceptable as these allowances were paid without clearance from Finance Division (GoP).

Audit Recommendations

Audit recommends the management to seek clarification from Finance Division (GoP).

3.3.4 Blockage of funds due to unnecessary purchase of equipment / machines – Rs.4.63 million

According to WAPDA's office memorandum dated January 19, 1978, "purchases should be made only of such items and in such quantities as are required for a specific work. In no case, should these purchases be made for storing an item for an indefinite period".

In WAPDA hospitals, seven different equipment / machines valuing Rs.4.63 million were procured for use in different departments of the hospitals during 2006 to 2015. However, these equipment / machines were not utilized and remained idle. Moreover, two years' facility of free after sale service / parts of these equipment / machines had also been lapsed. It showed that the procurement was made without assessing actual requirements. The detail is as under:

(Rs. in million)

Sr. No.	Draft Para No.	Name of Formation	Amount of Equipment
1.	38/2018-19	MS WAPDA Hospital, Mangla	2.45
2.	70/2018-19	MS WAPDA Hospital, Sukkur	2.18
Total			**4.63**

Implication

Non-adherence to Authority's instructions resulted in blockage of funds of Rs.4.63 million due to unnecessary purchase of equipment / machines up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management during July-August, 2018 and reported to the Ministry in October, 2018. The management replied that two items were being utilized for minor cases, however, the remaining equipment could not be utilized due to non-availability of Specialists.

The DAC in its meeting held on December 11, 2018 directed the management to conduct enquiry with TOR that justification be given for procurement of equipment without having Specialists. DAC also directed to provide log sheets of usage of machines and shift the equipment / machines to other hospitals, where required. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to implement DAC's decision besides fixing responsibility.

3.3.5 Irregular expenditure on account of purchase of vehicle – Rs.3.85 million

According to instructions issued by Finance Division (GoP) dated July 29, 2016 for austerity measures in current expenditure during financial year 2016-17, "there will be a complete ban on purchase of all types of vehicles both for current as well as development expenditure except operational vehicles of law enforcing agencies".

In the office of General Manager (Finance) Coordination WAPDA, one vehicle valuing Rs.3.85 million was purchased vide purchase order dated April 18, 2017 besides imposition of ban on purchase of vehicles. Thus, the expenditure incurred for purchase of vehicle was irregular.

Implication

Non-adherence to Finance Division's instructions resulted in irregular expenditure of Rs.3.85 million on account of purchase of vehicle during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in November, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that the vehicle was purchased for security arrangements of WAPDA projects. The reply is not acceptable because NOC from Finance Division (GoP) was not obtained.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility for irregular purchase of vehicle besides imposition of ban.

(DP No.233/2018-19)

3.3.6 Non-disposal of off-road vehicle and unserviceable material – Rs.1.12 million

According to Clause-1.3.2 of Chapter-XI (Section-I) of the WAPDA Disposal Procedure, "once declared unserviceable, beyond economical repairs or dead by the competent authority, the material should be disposed off with minimum delay".

In the office of Director General (Medical Services) / MS WAPDA Hospital, Lahore, one off-road vehicle and unserviceable material worth Rs.1.12 million were lying for want of disposal. The vehicle and unserviceable material were kept in the open space and exposed to adverse weather conditions causing further deterioration and decrease in value.

Implication

Non-adherence to WAPDA Disposal Procedure resulted in non-disposal of off-road vehicle and unserviceable material worth Rs.1.12 million during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in October, 2018, reported to the Ministry in December, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that disposal was under process. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to devise robust mechanism for disposal of off-road vehicles / unserviceable materials to avoid further deterioration and decrease in value of assets.

(DP No.245/2018-19)

CHAPTER-4

INDUS RIVER SYSTEM AUTHORITY (IRSA)

4. INDUS RIVER SYSTEM AUTHORITY (IRSA)

4.1 Introduction

Water Apportionment Accord (WAA) was signed amongst the Provinces on March 16, 1991 and approved by the Council of Common Interests (CCI) on March 21, 1991.2

Under Clause 13 of the WAA, the need to establish an Indus River System Authority (IRSA) was recognized and accepted for the implementation of the Accord. The Authority has its Headquarter at Islamabad having representation from all the Provinces.

IRSA was established vide Act No. XXII of 1992 passed by the Parliament and approved by the President of Pakistan on, the 6th December 1992. It was mandated to regulate and monitor the distribution of water resources of Indus Rivers in accordance with the Accord amongst the Provinces and to provide matters connected therewith and ancillary thereto.

4.2 Audit Paras

4.2.1 Non-recovery of water utilization and delayed payment charges - Rs.29.45 million

According to a letter of Indus River System Authority (IRSA) dated October 11, 2011, “The authority shall collect levies from WAPDA, Pakistan Atomic Energy Commission (PAEC) and provinces in pursuance of the decision of the Council of Common Interest (CCI) as per notified rates, in case of delay / late payments, a penalty at the rate of 0.1% per day on payable amount will be charged”.

In IRSA, an amount of Rs.29.45 million was recoverable from WAPDA, PAEC and provinces on account of water utilization and delayed payment charges. The amount was required to be recovered, however, no efforts were made to recover the outstanding charges.

Implication

Non-adherence to Authority's instructions resulted in non-recovery of Rs.29.45 million on account of water utilization and delayed payment charges up to the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in October, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that out of total amount, an amount of Rs.13.52 million had been recovered and verified by Audit while efforts were being made to recover balance amount. No further progress was intimated till finalization of Audit Report.

Audit Recommendations

Audit recommends that the management to ensure recovery of balance amount from concerned quarter(s).

(DP No.65/2018-19)

4.2.2 Unjustified payment of honorarium to employees - Rs.9.99 million

As per Para 12.15 of IRSA Manual of Service and General Rules 1999, the amount of honorarium should not exceed one months' pay of an employee in each case.

In Indus River System Authority (IRSA), an amount of Rs.9.99 million equal to two more Basic Pay was paid on account of honorarium to officers / officials. The payment of honorarium more than one Basic Pay was unjustified and required to be recovered.

Implication

Non-adherence to aforesaid rules resulted in unjustified payment of Rs.9.99 million on account of honorarium during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in October, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that honorarium was paid to employees at different occasions with the approval of the Authority on extra ordinary work done related to water issues amongst the provinces and recovery of water utilization charges. The reply is not acceptable because honorarium was granted more than one month's pay against the IRSA's General & Services Rules.

Audit Recommendations

Audit recommends investigation of the matter for fixing responsibility besides recovery of unjustified payment to employees on account of honorarium.

(DP No.67/2018-19)

4.2.3 Unjustified expenditure on account of Pay & Allowances due to twice irregular promotion and twice change of cadre of an employee-Rs.2.77 million

According to Para 3.8 of IRSA Manual of Service and General Rules 1999, all vacancies to be filled by initial appointment shall be advertised in such newspapers as may be considered appropriate. According to Para 3.8 of IRSA Manual of Service & General Rules 1999, an employee possessing such minimum qualifications and length of service and fulfilling such other conditions as are specified for promotion in or under these rules shall be eligible for promotion to a higher post for the time being reserved for departmental promotion in the cadre to which he belongs. In accordance with Chapter VII (Section 21) of IRSA Act No. XXII of 1992, only the Federal Government may make rules to carry out the purposes of this Act.

In Indus River System Authority (IRSA), an officer was appointed as Caretaker (BPS-17) in September, 2004. The following irregularities were observed:

i. Appointment was made without advertisement and neglecting minimum qualification requirement of the Post.

ii. In fact, the said officer was initially appointed as Senior Clerk in August, 1993. Later on, his cadre was changed to Accounts Assistant (BPS-14) in December, 1994 despite the aforesaid rule that cadre cannot be changed.

iii. Furthermore, necessary prerequisite of 3 Year postgraduate experience of Audit/Accounts service for the post of Account Assistant was also ignored.

iv. Afterwards, he was promoted as Assistant Budget & Accounts officer (BPS-16). Subsequently, his cadre was again changed and he was promoted to the post of Caretaker (BPS-17) neglecting basic qualification requirements (B.Sc. Civil Engineer or MA/MSc) of the Post of Caretaker.

v. Afterwards, Post of Caretaker was upgraded to BPS-18, whereas, the rules for upgradation were not approved by the Federal Government.

Implication

Non-adherence to IRSA Manual of Service & General Rules resulted in loss to Pubic Exchequer valuing Rs.2.77 million due to irregular appointment / twice promotions / twice cadre change during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in July, 2018, reported to the Ministry in October, 2018 and discussed in DAC meeting held on January 3, 2019. The DAC directed the management to furnish revised reply within three days. The management in its revised reply stated that promotions and change of cadre were made with the approval of IRSA Authority. The reply is not acceptable because promotions and twice change in cadre was against the aforesaid rules. Furthermore, changes in IRSA rules were made without the approval of the Federal Government in contravention of aforesaid rule.

Audit Recommendations

Audit recommends investigation of the matter for fixing responsibility regarding appointment/promotion/cadre change besides recovery of pay & allowances.

(DP No.69/2018-19)

CHAPTER-5

PAKISTAN COMMISSIONER FOR INDUS WATERS (PCIW)

5. PAKISTAN COMMISSIONER FOR INDUS WATERS (PCIW)

5.1 Introduction

Pakistan Commissioner for Indus Waters (PCIW) is the part of the Permanent Indus Commission which is a bilateral commission consisting of officials from India and Pakistan, created to implement and manage the goals and objectives and outlines of the Indus Waters Treaty. The commission maintains and exchanges data and co-operates between the two countries.

5.2 Audit Paras

5.2.1 Irregular payment of pay & allowances to officer beyond the age of superannuation – Rs.3.12 million

According to Rule-10(i) of GFR, "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".

In the office of Pakistan Commissioner for Indus Waters, as per computerized national identity card, retirement date of Mr. Mirza Asif Baig was January 10, 2017 and salary was stopped by AGPR office on attaining age of Superannuation on January 10, 2017. The officer continued his job up to January 10, 2018 without extension / contract and an amount of Rs.3.12 million was paid to officer on account of pay & allowances for the period beyond the age of superannuation which was irregular.

Implication

Non-adherence to General Financial Rules resulted in un-justified expenditure of Rs.3.12 million due to irregular grant of project allowance to an officer during the Financial Year 2017-18.

Management Response

The matter was taken up with the management in December, 2018 and reported to the Ministry in January, 2019. The management stated that detailed reply would be given after scrutiny of record. No reply was received till finalization of Audit Report.

Audit Recommendations

Audit recommends the management to investigate the matter for fixing responsibility besides recovery from concerned officer.

(DP No.299/2018-19)

ANNEXURE

Annexure-I

MFDAC Paras

(Rs.in million)

Sr. No.	Chapter	PDP No. (/2018-19)	Subject	Rupees
1	Water	7	Loss due to non-recovery on a/c of shortage of material - Rs.1.19 million and non-recording of surplus material - Rs.3.11 million	4.30
2	Water	15	Non-recovery of building rent and utility charges - Rs.6.46 million	6.46
3	Water	56	Excess expenditure over & above the budget grant – Rs.41.39 million	41.39
4	Water	60	Generation loss due to leakages of Main Inlet Valves of Power House - Rs.385.83 million	385.83
5	Water	71	Non-renewal of insurance policies by the contractors – Rs.28,711.01 million	28,711.01
6	Water	80	Non / less recovery of standard / market rent– Rs.4.41 million	4.41
7	Water	85	Loss due to damage of canal and theft of water – Rs.2.84 million	2.84
8	Water	87	Loss due to excess payment on account of office rent - Rs.4.75 million	4.75
9	Water	104	Non-recovery of standard rent and utility charges from employees / others– Rs.33.69 million	33.69
10	Water	105	Non-regularization of excess expenditure beyond bill of quantities (BOQs) - Rs.1,005.38 million	1,005.38
11	Water	106	Non-deduction / recovery of Sindh sales tax from payments made to the contractor - Rs.61.62 million	61.62
12	Water	109	Irregular expenditure on account of purchase of vehicles– Rs.29.04 million	29.04
13	Water	123	Loss due to shortage of store material Rs.9.58 million	9.58
14	Water	124	Non-adjustment of advances given for deposit works - Rs.1.82 million	1.82
15	Water	139	Non-recovery of cost of material handed over by the Employer to the Contractor - Rs.10.41 million	10.41

16	Water	140	Non-recovery of rental charges of equipment provided by the Employer to the Contractor Rs.7.90 million	7.90
17	Water	155	Irregular expenditure over & above the PSDP allocation – Rs.59.88 million	59.88
18	Water	157	Non-recovery of share of management cost - Rs.67.53 million	67.53
19	Water	160	Unjustified payment of different claims to the contractor – Rs.2,789.44 million	2,789.44
20	Water	165	Unjustified payment due to abnormal increase of BoQ items – Rs.73.13 million	73.13
21	Water	170	Loss due to excess payment of office rent - Rs.6.64 million	6.64
22	Water	173	Irregular payment due to appointment of Daily Wages Staff - Rs.1.40 million	1.40
23	Water	178	Excess payment of house rent over and above the entitlement - Rs.0.97 million	0.97
24	Water	179	Less recovery / deduction of income tax from employees – Rs.0.29 million	0.29
25	Water	184	Irregular attachment of project vehicle with Ministry – Rs.29.12 million & un-justified expenditure on account of POL, repair & maintenance - Rs.2.01 million	31.13
26	Water	284	Unjustified payment of reward to the employees – Rs.15.64 million	15.64
27	Power	6	Irregular attachment of vehicles with other WAPDA officers - Rs.68.23 million	68.23
28	Power	11	Irregular payment to the contractor without obtaining of sales tax invoices - Rs.4,954.39 million	4,954.39
29	Power	13	Non-adjustment / recovery of advances - Rs.11.72 million	11.72
30	Power	19	Non-recovery of advance payment from the contractor - Rs.65.77 million	65.77
31	Power	31	Irregular payment of bonus to the staff of consultants - Rs.0.91 million	0.91
32	Power	33	Non-deduction of discount from the claims of the contractor - Rs.23.50 million	23.50
33	Power	35	Loss due to less billing of energy units - Rs.61.95 million	61.95
34	Power	40	Non-deduction of withholding tax from the contractor - Rs.96.68 million	96.68

35	Power	46	Non-recovery of training fees from the participants – Rs.13.75 million	13.75
36	Power	47	Loss due to missing material of Rs.0.87 million and non-recording of surplus material of Rs.2.24 million	2.24
37	Power	49	Loss due to irregular deduction of withholding tax by the Habib Bank Ltd - Rs.0.81 million	0.81
38	Power	53	Irregular expenditure on account of purchase of vehicles – Rs.29.71 million	29.71
39	Power	54	Non-recovery of standard rent– Rs.7.15 million	7.15
40	Power	84	Non-recovery of standard rent– Rs.1.83 million	1.83
41	Power	91	Irregular payment to the Contractor without obtaining of sales tax invoices - Rs.20.52 million	20.52
42	Power	93	Non-adjustment / recovery of advances - Rs.38.03 million	38.03
43	Power	94	Loss due to non-recovery of Provincial Sales Tax from the consultants – Rs.0.80 million	0.80
44	Power	95	Non-reconciliation / adjustment of heavy balances with CRRK - Rs.93.78 million	93.78
45	Power	98	Non-submission of contract documents to National Accountability Bureau – Rs.195.02 million	195.02
46	Power	99	Non-reconciliation / adjustment of heavy balances with CRRK - Rs.293.72 million	293.72
47	Power	103	Non-adjustment / recovery of temporary advances - Rs.1.04 million	1.04
48	Power	111	Loss due to shortage of store material - Rs.1.05 million	1.05
49	Power	114	Less recovery of income tax from the invoice of the Contractor – Rs.1.14 million	1.14
50	Power	121	Irregular expenditure on account of purchase of vehicles– Rs.16.43 million	16.43
51	Power	135	Non-completion of remaining works by the contractor - Rs.0.77 million	0.77
52	Power	143	Non-recovery of long term advances from the employees – Rs.1.35 million	1.35
53	Power	154	Non-recovery from Project Director Tarbela 4th Extension – Rs.1.05 million	1.05

54	Power	156	Irregular refund of income tax and general sales tax to the contractors on imported goods – Rs.662.24 million	662.24
55	Power	168	Irregular award of contract to a foreign contractor whose parent Company penalized under corrupt practices and approval of change of name of the company – Rs.10,810.71 million	10,810.71
56	Power	181	Loss due to non-recovery of electricity / other charges from the contractor – Rs.0.64 million	0.64
57	Power	183	Non-recovery of rent from employees and shopkeepers – Rs.1.01 million	1.01
58	Power	191	Irregular payment due to appointment of Daily Wages Staff - Rs.2.2 million	2.20
59	Power	195	Less recovery of income tax from the invoices of the Contractors - Rs.0.27 million	0.27
60	Power	202	Unjustified payment to contractor without completion of work – Rs.13.13 million	13.13
61	Power	203	Wasteful expenditure on account of rent of voice and data communication system - Rs.0.67 million	0.67
62	Power	206	Generation loss due to less discharge of water from turbine – Rs.4.96 million	4.96
63	Power	211	Non-depositing of withheld general sales tax with Federal Board of Revenue – Rs.1.21 million	1.21
64	Power	212	Irregular procurement of vehicles - Rs.12.75 million	12.75
65	Power	213	Non-depositing of withheld income tax with Federal Board of Revenue – 7.68 million	7.68
66	Power	214	Irregular expenditure on account of purchase of vehicles– Rs.15.45 million	15.45
67	Power	215	Loss due to non-recovery on account of shortage of material - Rs.2.06 million and non-recording of surplus material - Rs.10.60 million	12.66
68	Power	218	Non-recovery of standard rent – Rs.1.06 million	1.06
69	Power	220	Unjustified expenditure due to irregular grant of project allowance to an Officer - Rs.0.65 million	0.65
70	Power	224	Non-mutation of acquired land - Rs.10,971.95 million	10,971.95

71	Power	227	Excess payment of house rent over and above the entitlement - Rs.1.12 million	1.12
72	Power	228	Loss due to excess payment of office rent - Rs.3.28 million	3.28
73	Power	229	Less recovery / deduction of income tax from employees – Rs.0.50 million	0.50
74	Power	231	Unjustified expenditure on pay & allowances due to irregular appointment of Director WAPDA Bond Cell -Rs. 1.70 million	1.70
75	Power	241	Loss due to non-recovery of lease revenue of WAPDA land from employees – Rs.1.30 million	1.30
76	Power	249	Unjustified expenditure due to irregular appointment of Daily Wages Staff - Rs. 1.86 million	1.86
77	Power	251	Unjustified purchase of photocopier machines in piecemeal by splitting – Rs.7.20 million	7.20
78	Power	261	Unjustified expenditure on rent of residential building - Rs.2.85 million	2.85
79	Power	264	Irregular payment to the Contractors without obtaining sales tax invoices - Rs.12,884.64 million	12,884.64
80	Power	266	Recurring annual loss due to non-completion of residential building - Rs.11.21 million	11.21
81	Power	267	Non-conducting the inquiry for fixing responsibility of cost and time over run - Rs.422,306 million	422,306.00
82	Power	268	Irregular expenditure on security of contractor's personnel-Rs.291.64 million	291.64
83	Power	277	Non-deduction of Income Tax from the Contactor - Rs.2.32 million	2.32
84	Power	279	Non-depositing of withheld income tax – 19.52 million	19.52
85	Power	285	Unjustified payment of reward to the employees – Rs.14.32 million	14.32
86	Power	289	Non-utilization of serviceable generators– Rs.1,906.05 million	1,906.05
87	Power	291	Poor condition of site roads-Rs.17.59 million	17.59
88	Power	298	Irregular attachment of project vehicle with Ministry – Rs.14.80 million & un-justified expenditure on account of POL -Rs.0.68 million	14.80

89	Coordination	39	Irregular payment on purchase of medicines without obtaining quality assurance certificates - Rs.16.52 million	16.52
90	Coordination	198	Irregular procurement of medicines under rate contracts in violation of PPRA rules – Rs.18.06 million	18.06
91	Coordination	199	Unjustified expenditure due to irregular grant of health allowance - Rs.4.12 million	4.12
92	Coordination	200	Non-recovery of space rent from Corporate Entities / sister formations – Rs.554.11 million	554.11
93	Coordination	232	Non-mutation of acquired land - Rs.27,367.81 million	27,367.81
94	Coordination	234	Less recovery / deduction of income tax from employees – Rs.13.81 million	13.81
95	Coordination	235	Irregular grant of acting charge of Members Water and Power WAPDA	0.00
96	Coordination	236	Non-adjustment / recovery of temporary advances - Rs. 8.09 million	8.09
97	Coordination	238	Non-deduction of 5% of emoluments from employees allotted official accommodations– Rs.1.54 million	1.54
98	Coordination	239	Recoverable amount from power sector corporate entities-Rs.641.04 million	641.04
99	Coordination	242	Irregular procurement of office equipment under rate contract in violation of PPRA rules – Rs.7.79 million	7.79
100	Coordination	243	Non-deduction of withholding tax from payment of house acquisitions to employees - Rs. 0.13 million	0.13
101	Coordination	244	Irregular investment of funds in Silk Bank - Rs.400 million	400.00
102	Coordination	248	Non-recovery of medical share from power sector companies / WAPDA formations – Rs.1,899.63 million	1,899.63
103	Coordination	252	Unjustified purchase of medicines in violation of PPRA rules – Rs.44.88 million	44.88
104	Coordination	253	Irregular opening of bank account and placement of funds in Silk Bank - Rs.35.96 million	35.96
105	Coordination	255	Doubtful valuation due to difference in measurement of WAPDA lands - Rs.2,881.99 million	2,881.99
106	Coordination	256	Non-finalization of pending inquiries - Rs.112.61 million	112.61

107	Coordination	257	Unjustified expenditure due to irregular hiring of retired officer as Advisor - Rs.0.40 million	0.40
108	Coordination	258	Unjustified expenditure due to irregular appointment of Daily Wages Staff - Rs. 2.64 million	2.64
109	Coordination	283	Unjustified payment of reward to the employees – Rs.1.51 million	1.51
110	Coordination	300	Non-recovery of medical share charges from power sector companies / WAPDA formations – Rs.109.61 million	109.61
111	Coordination	301	Non-recovery of medical share charges from GENCO-II – Rs.88.21 million	88.21
112	IRSA	64	Irregular payment on account of additional charge allowance - Rs.3.02 million	3.02
113	IRSA	66	Unjustified grant of honorarium to Ministry's staff - Rs.3.51 millin	3.51
114	IRSA	68	Irregular payment of house rent allowance in addition to Government accomodation - Rs.4.16 million	4.16
115	IRSA	132	Unjustified expenditure on account of pay & allowances due to irregular appointment of secretary – Rs.3.48 million	3.48
116	IRSA	158	Unjustified procurement of CCTV cameras in violation of PPRA rules – Rs.0.61 million	0.61
117	WCAP	115	Non-furnishing of contract documents to NAB – Rs.67.31 million	67.31
118	WCAP	116	Non-recovery of office rent from Ministry of Water Resources – Rs.3.46 million	3.46
119	WCAP	117	Unjustified expenditure on account of pay &allowances due to irregular recruitment of officers on contingent basis – Rs.1.43 million	1.43
120	WCAP	152	Irregular expenditure without preparation of PC-I – Rs.3,460.88 million	3,460.88
121	WCAP	153	Irregular hiring of consultancy services without insurance coverage – Rs.1.75 million	1.75
122	FFC	88	Unauthorized retention of unspent balances by the executing agencies – Rs.178.02 million	178.02
123	FFC	89	Irregular attachment of vehicle with Ministry – Rs.0.53 million	0.53

124	FFC	90	Non-recovery of office rent from different formations – Rs.3.08 million	3.08