



**PERFORMANCE AUDIT REPORT ON
CONCRETE SLEEPER FACTORIES
OF PAKISTAN RAILWAYS
AUDIT YEAR 2017-18**

AUDITOR GENERAL OF PAKISTAN

PREFACE

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

The Directorate General Audit Railways conducted this Performance Audit during audit year 2017-18 for the period 2012-13 to 2016-17 with a view to reporting significant findings to stakeholders. Audit examined the overall performance of the Concrete Sleeper Factories keeping in view economy, efficiency and effectiveness aspects. In addition, Audit also assessed, whether the expenditure was incurred in compliance with applicable laws, rules and regulations in managing affairs of the factories. The Performance Audit Report indicates specific actions that, if taken, will help the management to realise the objectives of Concrete Sleeper Factories. Most observations included in this report have been finalised in the light of discussions in the DAC meetings.

The Special 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).

Islamabad
Dated:

(Javid Jehangir)
Auditor General of Pakistan

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Abbreviations and Acronyms

Cantt	Cantonment
CPEC	China Pakistan Economic Corridor
DAC	Departmental Accounts Committee
DCP	Deputy Controller of Stores
FA&CAO	Financial Advisor and Chief Accounts Officer
FAM	Financial Audit Manual
FBWP	Flash Butt Welding Plant
HTS	High Tensile Steel
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
IoW	Inspector of Works
KHT	Kohat
KWL	Khanewal
MS	Mild Steel
MT	Metric Ton
NBP	National Bank of Pakistan
PO	Principal Officer
PR	Pakistan Railways
PWI	Permanent Way Inspector
PC-1	Planning Commission-I
PSC	Pre-stressed Concrete
RCC	Reinforced Concrete Cement
SUK	Sukkur
TLA	Temporary Labour Application
WM	Works Manager
CSF	Concrete Sleeper Factory
MD	Managing Director

EXECUTIVE SUMMARY

The Directorate General Audit Railways conducted Performance audit of Concrete Sleeper Factories of Pakistan Railways during September-November 2017. The main objective of the audit was to review the performance of the factories against 3 Es (Economy, Efficiency and Effectiveness). The audit was conducted in accordance with International Standards for Supreme Audit Institutions.

There are five Concrete Sleeper Factories over the entire Railway network headed by one Managing Director. The office of the Managing Director is located at Pakistan Railways Headquarters office, Lahore. However, factories are located at Sukkur, Kotri, Khanewal, Kohat Cantt. and Shaheenabad. Concrete Sleeper Factory, Kotri was leased out to M/s HIS Industries, Karachi in October, 2006. CSF Shaheenabad has been closed since 1996 due to financial constraints and non-availability of water sources. However, other three factories located at Sukkur, Khanewal and Kohat Cantt. are manufacturing following three types of concrete sleepers:-

- i. Reinforced Concrete Cement (RCC) Twin Block Sleepers
- ii. Pre-stressed Concrete (PSC) Sleepers 2600 mm and
- iii. Pre-stressed Concrete (PSC) Vossloh Sleeper 2750 mm

Key audit findings

- i. Material valuing Rs 537.653 million was procured by splitting up requirements.¹
- ii. CSF management failed to dispatch sleepers valuing Rs 424.306 million.²
- iii. Machinery and spares parts valuing Rs 116.038 million were procured surplus.³

¹ Para 4.3.1

² Para 4.5.12

³ Para 4.2.1

- iv. PR suffered loss of Rs 47.186 million due to procurement of sleepers at higher rate from M/s HIS.⁴
- v. Machinery valuing Rs 32.055 million was lying out of order.⁵
- vi. PR suffered loss of Rs 31.367 million due to suspension of sleeper production.⁶
- vii. PR suffered loss of Rs 11.418 million due to shortage of sleepers.⁷
- viii. M/s HIS failed to establish laboratory as per provisions of agreement.⁸

Recommendations

- i. Public Procurement Rules-2004 should be implemented in true letter and spirit while making procurements.
- ii. Timely dispatch of sleepers should be ensured to avoid blockage of capital.
- iii. Machinery and spare parts should be procured after proper planning and as per requirement only.
- iv. Clauses of agreement, regarding cost of sleepers, made with the contractor may be revisited.
- v. Plant and machinery must be properly maintained to avoid blockage of capital.
- vi. Timely availability of resources of production of sleepers needs to be ensured to avoid suspension of production.

⁴ Para 4.3.10

⁵ Para 4.5.2

⁶ Para 4.1.1

⁷ Para 4.5.11

⁸ Para 4.3.12

- vii. Manufactured sleepers should be kept safely to avoid any shortage and damages.
- viii. Establishment of laboratory for testing of sleepers produced by M/s HIS be ensured.

1. INTRODUCTION

The Directorate General Audit Railways conducted performance audit of Concrete Sleeper Factories during September-November 2017 covering period from 2012-13 to 2016-17.

There are five Concrete Sleeper Factories over the entire Railway network headed by one Managing Director. The office of the Managing Director is located at Pakistan Railways Headquarters office, Lahore. However, factories are located at Sukkur, Kotri, Khanewal, Kohat and Shaheenabad. One factory at Kotri has been leased out to private contractor since 2006 while one factory at Shaheenabad has been closed since 1996 due to financial constraints and non-availability of water sources.

Due to shortage of wood and its high cost in the international market, Pakistan Railways decided in 1978-79 to replace the wooden sleepers with the concrete sleepers for laying and rehabilitation of Railway tracks. The concrete sleepers are comparatively cheaper and more durable having life of 40 years as compared to wooden sleepers which were useful for 15 years only. Following concrete sleeper factories were established by PR for manufacturing of concrete sleepers:

Factory	Year of establishment	Annual production capacity (Single Shift)	Type of sleepers manufactured
CSF Sukkur	1967	100000	PSC Mono Block Sleeper
CSF Kotri	1980-81	Leased out to M/s HIS	PSC Mono Block Sleeper
CSF Khanewal	1980-81	112500	PSC Mono Block Sleeper
CSF Kohat	1980-81	100000	RCC Twin Block Sleeper
CSF Shaheenabad	1980-81	Production suspended since 1996	RCC Twin Block Sleeper

PSC sleepers are segregated into two categories i.e. PSC Mono Block Sleepers and PSC Vossloh Sleepers. Both the sleepers are of similar nature except their length i.e. PSC Vossloh Sleeper's length is 2750 mm while the length of PSC Mono Block is 2600 mm.

2. AUDIT OBJECTIVES

Major objectives of the audit were to:-

- i. Review implementation of standards/regulations covering safety and quality issues in the manufacturing of concrete sleepers.
- ii. Review performance of CSFs against 3 Es (Economy, Efficiency and Effectiveness).
- iii. Evaluate overall performance of CSF with special reference to achievement of overall objectives, internal control mechanism to prevent incidence of fraud and theft.
- iv. Review compliance with applicable rules, regulations and procedures.

3. AUDIT SCOPE AND METHODOLOGY

3.1 Audit Scope:

Performance audit of Concrete Sleeper Factories was conducted during Audit Year 2017-18 covering the period 2012-13 to 2016-17. Different locations were visited for the purpose of audit, i.e. office of the Managing Director, Pakistan Railway Headquarters, Lahore, CSF/Sukkur, Khanewal, Kohat and Kotri.

3.2.1 Audit Methodology:

- i. Relevant files/record as provided by the management of the company were reviewed.
- ii. Site visits were made at various locations.
- iii. Discussions were made with the management.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organisation and Management

Human Resource plays an important role in the working and growth of any organization. An appropriate mix of technical and supporting staff was required to be made for better performance and results. Many irregularities pertaining to human resource management were observed during performance audit which are discussed in the following paragraphs:

4.1.1 Wasteful expenditure on pay and allowances during suspension of production – Rs 35.042 million

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

During performance audit in September-October 2017, it was noticed that production of sleepers remained suspended at CSF/Kohat for 157 working days from July 2012 to June 2017 and at CSF/Sukkur for 69 days from July 2012 to July 2016. The suspension was on account of non-arrangement of material by the management. Thus, due to suspension of production, expenditure on pay and allowances alongwith utility charges for 226 days was wasted. This resulted in loss of Rs 35.042 million due to non-professional attitude of management (**Annex-1**).

The matter was taken up with the management in November 2017. Management replied in April 2018 that two inquiry committees were nominated to probe the matter as to why production of sleepers remained suspended. The reply was not acceptable because no action seems to have been taken by the management during July 2012 to June 2017 to avoid suspension of production.

DAC, in its meeting held on 26.04.2018, directed the PO to finalise and provide copy of inquiry report to Audit within 15 days. A copy of inquiry report prepared by officers of CSF was provided to Audit in

August 2018 wherein it was stated that production was not suspended but slowed. Audit did not agree with result of inquiry because as per documentary evidence no sleeper was produced during the period objected by Audit, therefore, management was asked to inquire the matter again through an independent higher level inquiry committee.

Audit recommends that responsibility may be fixed for non-arrangement of material causing loss to the PR and amount of loss be recovered from defaulters besides establishing strong internal controls to avoid the recurrence of such lapses in future.

4.1.2 Loss on account of non-achievement of targets despite engaging temporary labour – Rs 2.665 million

As per sanction letters issued by the CSF management during April 2013 to June 2017, target for production of concrete sleepers was fixed between 200 to 400 sleepers per day.

During performance audit of CSF/Kohat, it was noticed that additional 6 to 30 employees were engaged on TLA basis during April 2013 to June 2017 to achieve daily production target of 200 to 400 sleepers per day. CSF management incurred an expenditure of Rs 7.013 million on their pay and allowances but actual achievement of targets was 62%. Thus, PR suffered loss of Rs 2.665 million (38% of Rs 7.013 million) due to inefficiency of management (**Annex-2**).

The matter was taken up with the management in November 2017. Management replied in April 2018 that temporary labour was engaged as and when required to supplement shortage of permanent labour to meet demand of sleepers. The reply was not satisfactory because production targets mentioned in the sanctions of TLA were not achieved.

DAC, in its meeting held on 26.04.2018, directed the PO to provide revised reply showing reasons of non-achievement of targets to Audit within 15 days. No response was received till finalisation of this report.

Audit recommends that reasons be explained for non-achievement of targets despite engagement of temporary labour and responsibility be fixed for loss to the government.

4.1.3 Mismanagement due to non-posting against transferred Depot Store Keeper (DSKP)

Pakistan Railway General Code provides that there should be a relevant person posted on relevant post for smooth working.

During Performance Audit of CSF/Sukkur, it was observed that Mr. Muhammad Saleem, working as SSKP in CSF/Sukkur was relieved of his duties on 23.02.2017 and directed to report for duty in CSF/Kohat without allowing him to handover the charge of store to any officer/official. During inspection in October 2017, it was noticed that no store keeper was posted in CSF/Sukkur since then. On 12.06.2017, a letter was sent to WM/Kohat requesting that the said SSKP may be directed to hand over the charge to the officiating SSKP in Sukkur. But Mr. Saleem expressed his inability to hand over charge at such a belated stage. Later in August 2017, a stock verifier was deputed for special stock verification and Mr. Muhammad Saleem, SSKP was asked to attend the stock verification. The case was not finalized till October 2017 which depicts mismanagement.

The matter was taken up with the management in November 2017. Management replied in April 2018 that Muhammad Saleem (SSKP/SUK) was relieved of his duties, because he was involved in irregular activities. The charge was handed over to an experienced subordinate on look after basis. Administration decided to conduct stock verification to assess ground position. The reply was not acceptable because SSKP was not allowed to handover charge of his post for which responsibility may be fixed.

DAC, in its meeting held on 26.04.2018, did not agree with the stance of the management and directed to fix responsibility for relieving SSKP without handing over the charge. Report of special stock verification may also be shared with Audit. No response was received till finalisation of this report.

Audit recommends that matter may be inquired to ascertain factual position and proper SSKP may be posted in the CSF Sukkur for safe custody of stores.

4.2 Financial Management

The financial discipline of the CSF was not found sound on many occasions, financial irregularities were found on account of utilisation of financial resources. The audit observations narrated in the following paragraphs clearly indicate weaknesses in the financial management of CSF.

4.2.1 Unjustified procurement of equipment and spare parts – Rs 116.038 million

Rule-8 of Public Procurement Rules, 2004 provides that all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

During Performance Audit of Concrete Sleeper Factories, it was observed that expensive machinery and spare parts valuing Rs 116.038 million were procured without proper planning due to which they were lying unutilised in the factories. Thus, government money amounting to Rs 116.038 million was blocked due to poor planning and poor financial management (**Annex-3**).

The matter was taken up with the management in November 2017. Management replied in April 2018 that in most of the cases material was procured as per requirement. In one case inquiry committee was constituted to probe into the matter. The reply was not correct because at the time of audit these items were lying unutilised which indicated that they were procured without planning and requirement analysis.

DAC, in its meeting held on 26.04.2018, directed the PO to inquire the matter in two cases and get the stated facts verified in four cases.

Revised replies alongwith documentary evidence may be provided in other cases. No reply was received till finalisation of this report.

Audit recommends that reasons for unjustified procurement maybe explained and responsibility be fixed against the persons at fault.

4.2.2 Loss due to procurement of sub-standard sand – Rs 39.181 million

Specifications of sand included in the contract agreements state that it should have no gravel (above 5mm) and clay percentage should also be less than 6%.

During audit of Concrete Sleeper Factory, Sukkur, it was observed that sand valuing Rs 39.181 million was procured during the period from 2014-15 to 2016-17. The details of sand procured were as under:

Agreement No.	Quantity Supplied in Cft	Rate per Cft	Amount (Rs)
128-W/91/19/CSF/Sand/Suk/ 2014-15 dated 08.12.2014	107,856	55	5,932,080
128-W/9/12/CSF/Sand/Suk/ 2015-16 dated 19.02.16	327,921	56.89	18,655,426
128-W/20/23/CSF/Sand/Suk/ 2016-17 dated 20.12.16	226,000	53.47	12,084,620
128-W/31/46/CSF/Sand/Suk/ 2016-17 dated 24.06.17	47,250	53.11	2,509,448
Total			39,181,173

The sand supplied by the contractor was not as per specification given in the contract agreements. It contained gravel ranging from 2% to 6% and clay ranging from 6% to 18%. On the basis of test reports, sand was required to be rejected but management accepted the sand for unknown reasons. Furthermore, expenditure was incurred on washing of this sub-standard sand which resulted in further financial loss and reduction of sand quantity as well. Thus, PR sustained loss of Rs 39.181 million due to irregular purchase of sand by apparently giving undue favour to contractors.

The matter was taken up with the management in November 2017. Management replied in April 2018 that the source of sand was river bed due to which sand contained clay and pebbles. Sand washing plant was

installed at CSF/Sukkur to wash the sand before use. 10% deduction was also being made from every sand bill for clay content. The reply was not justified because acceptance of sand having more than 6% clay was irregular.

DAC, in its meeting held on 15.05.2018, observed that actual percentage of clay and pebble was not being deducted from payments of contractor and only 10% was being deducted. DAC directed to inquire the matter through a committee comprising of Chief Engineer/S&C, Director Vigilance and FA&CAO/PR. Inquiry report was not received till finalisation of this report.

Audit recommends that responsibility be fixed for unjustified acceptance of sand and amount of loss be recovered from defaulters.

4.2.3 Loss due to wasteful payment to a firm – Rs 5.545 million

Para 807 of Pakistan Railways General Code provides that every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During performance audit it was observed that services of M/s Maqsood Brothers were hired for repair/rectification of automatic batching plant, chamfering machine and training of staff. For this purpose, an amount of Rs 5,545,080 including sales tax of Rs 703,480 was paid to the company in February 2016. Both the machines were repaired and training was imparted to the staff. A certificate in this regard was also issued by the Works Manager and Assistant Electric Foreman/CSF/KWL regarding satisfactory report of chamfering machine dated 02.02.2016. However during audit, it was noticed that chamfering machine was not working at all. Furthermore, no human resource was available in the factory to operate this machine. Thus, expenditure incurred on this machine went waste due to negligence of management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that at the time of audit, threading and chamfering machine was not working because one sensor of the machine

was out of order, which had been replaced and machine became operational. The person who got trained during the visit of foreign engineer had taken LPR, therefore, his assistant was running the machine. The reply was not satisfactory because repaired machines had stopped working after a short period of time and no permanent staff having sufficient service was got trained due to which the entire expenditure was wasted.

DAC, in its meeting held on 15.05.2018, directed the PO to provide details of repair and maintenance expenditure incurred on the chamfering machine after February 2016 to Audit for verification. In future regular staff may be got trained and deputed on such machines. New chamfering machine may be used and old manual chamfering machine be kept on standby. No response was received till finalization of this report.

Audit recommends that reasons for incurring wasteful expenditure be justified and responsibility be fixed against the persons found at fault.

4.2.4 Loss due to non-deduction of income tax and surcharge thereof – Rs 5.793 million

Section 153 sub-section (7) of the Income Tax Ordinance states that a person shall deduct tax at the time of making payment from the gross amount payable at a specified rate and deposit it into government account.

During Performance Audit it was observed that CSF management was neither deducting income tax nor remitting it to FBR. An order was thus passed against PR for the tax year 2014 for non-depositing an amount of Rs 5.198 million. Resultantly, a sum of Rs 0.595 million was imposed as surcharge at the rate of 18% p.a. and the total outstanding amount came to Rs 5.793 million. Thus, PR sustained loss of Rs 5.793 as a result of slackness of CSF management.

The matter was taken up with the management in November 2017 but no reply was received till finalization of this report.

DAC was informed that deduction of income tax was responsibility of Accounts Department and all details of income tax were

available with them. DAC, in its meeting held on 15.05.2018, directed the PO to provide reply to Audit after consultation and reconciliation with Accounts Department. No reply was received till finalization of this report.

Audit recommends that reasons for non-deduction of income tax be explained and action be taken against the persons at fault.

4.2.5 Loss due to fraudulent expenditure on account of POL – Rs 0.428 million

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

During performance audit it was noticed that an official vehicle Suzuki Bolan was lying defective since long in the CSF Kohat. Mileage meter of vehicle was showing last reading as 40,000 kilometers (km) whereas entry in log book was showing reading as 79,948 km. On physical verification, vehicle was found in dilapidated condition. Furthermore, while reviewing the bills of POL, it was observed that all invoices were also in consecutive serial number which showed that formation had the invoice book with them. This resulted in fraudulent expenditure of Rs 0.428 million on POL during 2016-17 (**Annex-4**). Thus PR suffered loss due to this bogus payment.

The matter was taken up with the management in November 2017. Management replied in April 2018 that an inquiry committee comprising DAO / PSC and DME / PSC had been constituted to probe the matter.

DAC, in its meeting held on 15.05.2018, directed the PO to finalise the inquiry by 20.05.2018 and provide its copy to Audit. It was stated in the inquiry report received in August 2018 that procedure was followed in the matter and no fraudulent payment was made. Audit did not agree with the conclusion of inquiry report and required the management to address the points raised in observation.

Audit recommends that responsibility be fixed for incurring fraudulent expenditure on POL and same be recovered from the person held responsible.

4.2.6 Less charging of cost of sleepers–Rs 118.902 million

Para 1027 of Pakistan Railways Code for the stores department provides that provisional debit price for sleepers and control charges fixed by the group committee at the commencement of the financial year may be altered by them during the year, in order to adjust progressively any fluctuations in the cost of control. The Sleeper Control Officer should make final adjustment of such charges at the close of the year.

During Performance Audit, it was observed that cost of sleepers was required to be calculated by the CSF management at the start of the financial year so that correct price could be charged to the Projects and Chief Engineer. Audit observed that cost of sleepers was being determined after lapse of 6 to 12 months of the financial year. This resulted in less charging of cost of sleepers amounting to Rs 118.902 million (**Annex-5**) to the Project Directors and Chief Engineer due to slackness of CSF management. Balance under suspense head has also been increasing every year due to this practice.

The matter was taken up with the management in November 2017. Management replied in April 2018 that cost of sleepers was worked out at the end of each financial year based on the quantity of sleepers manufactured and total expenditure incurred during the financial year. The reply was not satisfactory because cost of sleeper was required to be calculated during the year so that correct cost could be charged to different projects.

DAC, in its meeting held on 15.05.2018, directed the PO to ensure determination of cost of sleepers during the year and to adjust cost less charged to projects for previous years.

Audit recommends that determination of cost of sleepers be ensured during the year and difference of cost be adjusted against the concerned projects.

4.3 Procurement and Contract Management

Public Procurement Rules-2004 are applicable on the Pakistan Railways Concrete Sleeper Factories. It was observed that CSF management was not following the above rules in true letter and spirit due to which many irregularities in procurements and contracts made by the CSF were noticed which are narrated in the following paragraphs.

4.3.1 Irregular expenditure due to splitting up of procurement -Rs 537.653 million

Section 9 of PPRA Rules-2004 states that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting up of the procurements so planned.

During Performance Audit, it was observed that procurement of HTS wire valuing Rs 537.653 million was made time and again during the last five years. Almost three purchase orders were placed in each financial year and only 300 M Ton wire was purchased through each purchase order to avoid approval of higher authority. Thus, management of CSF made procurement valuing Rs 537.653 million by splitting up (**Annex-6**). This resulted in violation of PPRA-Rules as well as stoppage of pre-stressing process due to short/non supply of material by the firm.

The matter was taken up with the management in November 2017. Management replied in April 2018 that annual procurement plan was prepared but could not be implemented due to provision of funds on piece meal basis. Therefore, HTS wire was purchased from different suppliers on different dates. The reply was not satisfactory as other manufacturing material like cement, sand and aggregate except HTS wire was purchased unnecessarily and sleepers were manufactured and stacked without pre-stressing due to non-availability of HTS wire which is evident from the balance of un-prestressed sleepers lying at the close of each financial year.

DAC, in its meeting held on 15.05.2018 directed the PO to provide documentary evidence to Audit for verification.

Audit recommends that responsibility be fixed against the persons for mismanaging and splitting up procurement. Further, matter may be taken up at higher forum for separate allocation of budget for CSF organisation to ensure timely and economical procurement of material.

4.3.2 Irregular expenditure on supply of excess material – Rs 8.267 million

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

During audit of CSF/Sukkur, it was noticed that contractor supplied sand and crush stone in excess of agreed quantities without demand amounting to Rs 8.267 million from 2014-15 to 2016-17. This indicated that the contractor supplied excess material, as a routine, intentionally and on its receipt it was not properly measured by the management. This resulted in irregular acceptance of material valuing Rs 8.267 million in excess of agreed quantities (**Annex-7**) due to undue favor to the supplier.

The matter was taken up with the management in November 2017. Management replied in April 2018 that contractors expressed their inability to supply sand during fruit season. To avoid suspension of production, limited excess quantity of material was accepted. The reply was not acceptable because material in excess of agreements was being accepted as a routine practice.

DAC, in its meeting held on 15.05.2018, directed the PO to examine the receipt of excess material as a routine and justify it.

Audit recommends that responsibility be fixed for irregular acceptance of material in excess of agreed quantities. Remedial measures may also be adopted to avoid recurrence.

4.3.3 Non-authentication of HTS wire due to non-availability of test reports – Rs 537.653 million

The Purchase Order clause states that before dispatch of HTS Wire to WM/CSF/KWL the material would be got tested from PCSIR or UET or PSQCA, Laboratory on firm's cost and dispatch would be allowed after receipt of suitability report from the Laboratory of PCSIR or UET or PSQCA and approval from DCP/IMGPR.

During Performance Audit of CSF/KWL, it was observed that during the last five years, HTS wire valuing Rs. 537.653 million was purchased through different purchase orders. However, no test report authenticating the quality of wire was found attached with the purchase order or material receipt note. Hence, the quality of HTS wire and sleepers could not be authenticated in the absence of laboratory test reports. This resulted due to slackness on the part of management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that without lab test, material could not be dispatched by the contractor and received by the factory. DCP/Inspection is responsible to arrange all lab tests after collecting samples. The reply was not correct as the test reports were not available in the purchase cases of HTS wire and were not provided to Audit for examination.

DAC, in its meeting held on 15.05.2018, directed the PO to provide copies of test reports against all purchase orders of HTS wire to Audit for verification.

Audit recommends that copies of test reports may be provided to Audit for verification.

4.3.4 Acceptance of HTS wire without packing – Rs 69.76 million

Section 1 of manufacturing instructions of PSC sleepers provide that if oxidised material is received, immediate complaints must be made with the supplier. Further, as per terms and conditions of Purchase Order of HTS Wire, the contractors are required to supply HTS Wire in proper packing and it should be free from corrosion.

During audit of CSF Khanewal, it was noticed that HTS wire valuing Rs 69.76 million was received in the factory during the year 2016-17. The wire was not supplied in proper packing as was required under the conditions of purchase order. Audit observed that all the wire lying in the factory was oxidised. The supplier was required to be penalized for improper packing of material but no action was taken by the management. This means that strength of sleepers was being compromised due to negligence of management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that sometimes due to urgency, HTS wire was accepted without wrapping but its cost was being deducted from contractor's bills. The reply was not satisfactory because as per agreement, contractor was bound to provide wire duly wrapped. The deduction of cost on account of non –wrapping of wire did not serve the purpose.

DAC directed the PO to enquire the matter and fix responsibility for acceptance of wire without packing. In future, HTS wire be accepted when properly packed and free of corrosion.

Audit recommends that DAC recommendations be implemented in true letter and spirit under intimation to audit.

4.3.5 Loss due to non supply of laptops – Rs 0.5 million

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

During audit of CSF/Sukkur, it was noticed that two Purchase Orders dated 10.06.2017 were awarded to M/s Farooq Enterprises for supply of bell washers valuing Rs 2,745,000 each. It was observed that a complementary clause for supply of four latest laptops, free of cost, to MD/CSF office was included in each purchase order meaning thereby that cost of the laptops was included in value of bell washers. The clause was excluded by the CSF management on 16.06.2017 after acceptance. Thus, PR suffered loss of Rs 0.50 million (Rs 125,000 x 4) i.e. value of laptops.

The matter was taken up with the management in November 2017. Management replied in April 2018 that the clause to provide two laptops was wrongly inserted in the purchase order which had been removed at the time of approval of the purchase order. The reply was not satisfactory as the clause was included rightly but laptops were not provided by the supplier for which no action was taken by management.

DAC, in its meeting held on 15.05.2018, directed the PO to provide copies of purchase order showing last purchase rates of bell washers. Tender documents of purchase orders mentioned in the para may also be shared with Audit for verification. No record was provided to Audit for verification till finalisation of this report.

Audit recommends that matter be inquired to fix responsibility for unjustified inclusion and exclusion of complementary clause in the above said purchase orders.

4.3.6 Non-imposition of Liquidated Damages Charges on late supply – Rs 3.326 million

Clause-5 of special conditions of contracts provides that if contractor failed to complete the work within time prescribed in agreement or up to extended time, then the contractor should pay to employer liquidated damages for such default, maximum upto 5% of the value of incomplete portion of work.

During performance audit, it was observed that purchase orders for different material were finalised with various firms. The firms failed to provide the material within timelines but no LD charges amounting to Rs 2.646 million were imposed upon them (**Annex-8**). This resulted in loss to PR due to negligence of management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that mostly extension was granted in cases wherein urgency was involved and it was considered that due to non-supply, PR would sustain financial loss. The reply was not correct because on many occasions production of sleepers was suspended on

account of non-supply of material yet contractors were granted extension in delivery period without LD charges.

DAC, in its meeting held on 15.05.2018, directed the PO to provide documentary evidence of LD charges recovered against item 1 and 4 to Audit. LD charges may be recovered against item No. 3, 4 and documentary evidence in support of receipt of material in grace period be provided to Audit.

Audit recommends that reasons for non-imposition and deduction of LD charges be explained and responsibility be fixed upon the persons at fault.

4.3.7 Loss due to procurement of material of incorrect specification – Rs 0.985 million

Para 761 of Pakistan Railway Code for Stores Department provides that stores should be checked with the standard specifications or drawing on which the order is based.

During performance audit, it was noticed that 11 metric ton mild steel round (9.4 mm) was dispatched by CSF/Sukkur to CSF/Kohat in February 2008. The Works Manager CSF/Kohat intimated MD/CSF Lahore that the steel was not fit for Reinforced Concrete Cement (RCC) Twin Block Sleepers. Thus, mild steel round was lying unutilised in the factory since February 2008. Steel of incorrect specification was purchased due to mismanagement, resulting in loss of Rs 984,500 (11,000 kg @ Rs 89.5 per kg).

The matter was taken up with the management in November 2017. Management replied in April 2018 that after closure of Railway Pipe Factory, Sukkur in 2000-01, unused M.S round 3/8” was sent to CSF Kohat for utilization. WM CSF Kohat informed that M.S round 3/8” could not be used in manufacturing of RCC sleeper. Accordingly, tender for sale of this scrap was floated but suitable rates were not received. The reply was not tenable because if steel was not as per specification why it was sent to CSF Kohat after incurring transportation cost and why it was kept since 2008.

DAC, in its meeting held on 15.05.2018, constituted an inquiry committee comprising of Deputy Chief Controller of Stores, Deputy Chief Engineer North and Deputy FA & CAO for survey and sale of MS Round. No response was received till finalisation of this report.

Audit recommends that responsibility be fixed for unjustified transfer and retention of material and efforts be made for its early utilization/disposal.

4.3.8 Loss due to purchase of material at higher rate – Rs 8.354 million

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

During performance audit, it was observed that CSF management purchased sleeper Vossloh moulds (2750 mm) alongwith wearing parts directly from M/s P. Tec Germany on proprietary certificate vide two purchase orders dated 05.01.2015. CSF management again purchased wearing parts of these moulds through open tender from M/s Maqsood Brothers vide Purchase Order dated 30.01.2016. The rates of spare parts purchased from M/s Maqsood Brothers were higher by 80-82% as compared to spare parts purchased directly from M/s P. Tec Germany. Thus, PR suffered loss of Rs 8.354 million (**Annex-9**) on account of purchase of material at higher rate due to negligence.

The matter was taken up with the management in November 2017. Management replied in April 2018 that moulds and spare parts were procured from M/s P-Tec International, Germany on FOB basis and all taxes and duties were paid by PR whereas spare parts were purchased from M/s Maqsood Brothers, Lahore on FOR basis, due to non-availability of foreign exchange, and all taxes and duties were borne by the supplier, therefore, prices offered by him were higher. The reply was not acceptable because there was no direct allocation of funds for CSF and in first case foreign exchange was obtained from another PR project whereas in 2nd procurement foreign exchange was not arranged by CSF management.

DAC, in its meeting held on 11.06.2018, decided that matter may be examined by the Member Finance/PR for allocation of budget. No response was received till finalisation of this report.

Audit recommends that separate budget may be allocated for CSF organisation to ensure timely and economical procurement of material and responsibility be fixed for loss due to purchase of material at higher rate.

4.3.9 Loss due to manufacturing same sleepers at different cost by two factories – Rs 47.186 million

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

During performance audit, it was observed that CSF Kotri was leased out to M/s HIS Industries in 2009. The cost of sleepers purchased from M/s HIS was much higher as compared to sleeper of same specification manufactured by the CSF Khanewal. This resulted in loss of Rs 47.186 million due to purchase of sleepers at higher rate (**Annex-10**).

The matter was taken up with the management in November 2017. Management replied in April 2018 that rate of sleepers manufactured by PR did not include 17.5% sales tax, 4.5% income tax and 10% contractor's profit, due to which price offered by contractor was higher. The reply was not tenable because if cost of sleepers produced by the PR were at lower side than there was no justification of procurement of sleepers from contractor at higher rate.

DAC, in its meeting held on 11.06.2018, directed the PO to provide revised reply alongwith documentary evidence to Audit that taxes were not included in cost of PR sleepers. No reply was received till finalisation of this report.

Audit recommends that matter of high price of concrete sleepers supplied by contractor may be re-examined as PR has suffered losses on this account.

4.3.10 Non-implementation of supervision and training clause

M/s P-Tec International, Germany stated in Purchase Order confirmation No. 901315 and 901316 dated 08.01.2015 that cost of mould would include supervision during trial operation and test run by an experienced engineer of the manufacturer for minimum 1,000 sleepers for each Purchase Order.

During performance audit, it was observed that CSF management purchased 12 Vossloh sleeper moulds (2750 mm) alongwith wearing parts from M/s P-Tec International, Germany vide two purchase orders dated 05.01.2015. The sleeper moulds received in CSF/Sukkur were not made operational upto September 2017 (date of audit). An Engineer nominated by the firm visited CSF/Sukkur on 27.07.2017 but production remained at halt.. This resulted in wastage of an opportunity of supervision and training by an experienced engineer the cost of which was included in the purchase order.

The matter was taken up with the management in November 2017. Management replied in April 2018 that nominated German engineer visited CSF Sukkur and after necessary procedural briefing by him, factory staff manufactured sleepers using new moulds. The reply was not correct because at the time of audit in September 2017 said moulds were lying in godown in packed condition and Vossloh sleepers produced with these moulds were also not available in the factory.

DAC, in its meeting held on 11.06.2018, directed the PO to provide record and documentary evidence to Audit that German Engineer visited the sleeper factory for supervision of trial operation and test run of moulds and 1000 or more sleepers were manufactured under his supervision. No response was received till finalisation of this report.

Audit recommends that matter be inquired to fix responsibility for non-utilisation of supervision and training opportunity by a nominated engineer of M/s P-Tec.

4.3.11 Non-establishment of laboratory by the contractor – Rs 33.8 million

As per clause 11.3 and 11.7 of the agreement executed between PR and M/s HIS Industries in October 2006 for leasing of CSF/Kotri, M/s HIS was required to establish a laboratory in the factory.

During performance audit, it was observed that M/s HIS Industries failed to establish laboratory at CSF Kotri till October 2017. Proper testing of sleepers could not be carried out due to non-establishment of laboratory. As per feasibility study of rehabilitation and extension of Sukkur and Khanewal sleeper factories, an amount of Rs 33.800 million was required for establishment of new laboratory. Thus, due to failure of contractor in the establishment of a laboratory, PR suffered loss of Rs 33.8 million.

The matter was taken up with the management in November 2017. Management replied in April 2018 that contractor had installed machineries in the laboratory and requisite tests were being carried out. The reply was not satisfactory because no record of procurement and installation of testing equipment by M/s HIS were provided to Audit.

DAC, in its meeting held on 11.06.2018, directed the PO to provide inventory of machinery available at the time of handing over of CSF Kotri and testing equipment installed by M/s HIS. Details of tests required under the agreement and tests actually being performed may also be provided to Audit. No response was received till finalisation of this report.

Audit recommends that reasons of non-establishment of laboratory despite lapse of more than 10 years be explained and contractor be asked to establish laboratory without further delay. Contractor may also be penalized for violation of contract agreement.

4.4 Construction and Works

4.4.1 Loss due to double inclusion of civil works items - Rs 0.831 million

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

During audit of CSF Sukkur, it was noticed that work of extension of stacking area upto 500 ft to accommodate enhanced production of sleepers was awarded to M/s Bismillah Traders. Review of record disclosed that certain unnecessary items already covered in the agreement were included in addendum slip No.1 which resulted in loss of Rs 0.831 million to Pakistan Railways (**Annex-11**). This indicated that unnecessary items were included in the addendum just to give benefit to the contractor.

The matter was taken up with the management in November 2017. Management replied in April 2018 that new items were included in the agreement as per site requirement. The reply was not satisfactory because similar items already available in the agreement were added through addendum slip unjustifiably.

DAC, in its meeting held on 11.06.2018, directed the PO to provide record to Audit regarding entry of material involved in the work in the factory premises. No reply was received till finalisation of this report.

Audit recommends that matter be inquired to fix responsibility for unjustified inclusion of similar items and amount of loss be recovered from defaulters.

4.5 Asset Management

Irregularities relating to the asset management were noticed which are narrated in the following paragraphs.

4.5.1 Loss due to suspected misappropriation of material – Rs 22.465 million

Para 1801 of Pakistan Railways General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. Further, para 2010 of Pakistan Railways Code for the Stores Department provides that all transfers of material from one official to another should be made under proper acknowledgements by the receiving official. Copies of such acknowledgements should be sent to the controlling office for check.

During Performance Audit of Concrete Sleeper Factories, it was observed that different types of material valuing Rs 22.465 million was found short/less accounted for which indicates that material was probably misappropriated. The detail of irregularities is as under;

4.5.1.1Batching plant, utilising mixture of raw material for manufacturing of PSC Sleepers, was being operated manually. Resultantly, ratio of material in the mixture was not being controlled. While reviewing ledger of cement, it was observed that 200 metric tons cement valuing Rs 2.32 million (200 MT x Rs 11,600) was received back in store during January and September 2017. This indicated that cement was saved from production during this period. Previously cement saved from production was not taken back in the ledgers. The above state of affairs indicated that previously, cement saved from production was misappropriated. Resultantly, average cement valuing Rs 11.600 million (Rs 2.32 x5) during the period from 2012-13 to 2016-17 appears to have been misappropriated.

The matter was taken up with the management in November 2017. Management replied in April 2018 that to maintain correct material ratio, an Electronic Weighing Scale was installed at cement feeding system which was working satisfactorily. However when cement became excess it was taken back on books. The reply was not satisfactory because saving of 200 metric ton cement in a year was not a minor saving. Furthermore,

ratio of cement in sleepers was required to be changed which was not done.

4.5.1.2 While checking Issue Notes and ledgers, it was observed that 9,039 wooden battens were accounted for less during the period from January to December 2016. This resulted in loss of Rs 0.127 million due to misappropriation of wooden battens. Further, it was observed that on return of 50,171 wooden battens from PWIs during the period from January to December 2016, 39,549 wooden battens were accounted for as broken pieces. In actual, only 10% wooden battens could get damaged on return but the concerned staff took into ledger 79% wooden battens as broken pieces. This indicated that wooden battens were accounted for as broken to recoup shortage and misappropriation. Thus, PR suffered loss of Rs 4.834 million. Total loss came out to Rs 4.961 million (0.127+4.834) **(Annex-12).**

The matter was taken up with the management in November 2017. Management replied in April 2018 that concerned official had been deputed to check the record and reply would be submitted shortly. No reply was received till finalisation of this report.

4.5.1.3 Number of welded rails acknowledged by the Permanent Way Inspector was less than the quantity dispatched by the factory as detailed below:

Period	Rails dispatched (feet)	Rails accepted (feet)	Less accounted (feet)	PWI	Cost of Welding for less accountal
May 2016	14636	12668	1968	TR/Juma Goth at Jangshai.	1968/42 = 47 rails x Rs 90,000 = Rs. 4,230,000

This shows that rails were misappropriated enroute which resulted in loss of Rs 4.23 million to PR.

The matter was taken up with the management in November 2017. Management replied in April 2018 that length of rails was reduced about 2 inch during welding. Furthermore, a piece of two feet was cut in case of condemned joints during welding process. The reply was not correct

because quantity mentioned in the issue note was recorded after taking into account all adjustments of the welding process.

4.5.1.4 It was observed that balances of different items valuing Rs 1.462 million were found short by comparing the fortnightly report and ledger balances. The shortage of material indicates that material was misappropriated. Thus, PR suffered loss of Rs 1.462 million (**Annex-13**) due to poor internal controls.

The matter was taken up with the management in November 2017. Management replied in April 2018 that only two beams were casted to ascertain tensile strength of concrete. Its broken pieces were used for repairing of service buildings where deemed fit. No reply was received against shortage of raw material valuing Rs 1.289 million whereas reply against concrete beams was not correct because no record of issuance of broken beams was maintained by the management.

4.5.1.5 It was observed that 140,000 bell washers were supplied by the firm on three different dates for which complete payment was made to the supplier. Last supply of 55,000 bell washers was received on 11.04.2016 but only 30,000 bell washers were taken into accounts by leaving a shortfall of 25,000 bell washers indicates that material was misappropriated. Thus, PR suffered loss of Rs 212,250 due to poor inventory management.

The matter was taken up with the management in November 2017. It was replied in April 2018 that DSKP Muhammad Aslam first became paralyzed and later got retired from service on 28.06.2016. The position would be clarified after scrutiny of record. The reply was not acceptable because it was the responsibility of management to ensure proper accountal of material and timely investigation of discrepancies.

DAC, in its meeting held on 15.05.2018 and 11.06.2018, constituted an inquiry committee comprising Deputy Chief Engineer/South, Deputy Chief Controller of Stores and Deputy FA&CAO/Stores & Workshops in sub-paras 4.5.1.1, 4.5.1.3, 4.5.1.4 and 4.5.1.5 to investigate the matter within 45 days. No response was received till finalisation of this report. No DAC meeting was convened in sub-para 4.5.1.2.

Audit recommends that responsibility be fixed for less account of material and amount of loss be recovered from the defaulters.

4.5.2 Non-utilisation of machinery – Rs 32.055 million

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

During Performance Audit of CSF, it was observed that machinery valuing Rs 32.055 million was not being utilised in concrete sleeper factories on account of being defective and due to non-availability of skilled staff (**Annex-14**). This resulted in loss to Pakistan Railways due to mismanagement by CSF administration.

The matter was taken up with the management in November 2017. Management replied in April 2018 that electric hoists and chamfering machine had now been made operational. However, no such record was made available to Audit for verification.

DAC, in its meeting held on 11.06.2018, directed the PO to get the stated facts verified by Audit. No response was received till finalisation of this report.

Audit recommends that responsibility be fixed for delaying of repair of machinery and strong system of monitoring controls at senior management level be established to avoid recurrence of such lapses in future.

4.5.3 Loss due to non-replacement of Hex Slit Nuts-Rs 0.697 million

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

During Performance Audit of CSF Sukkur, it was observed that 41,640 Hex Slit Nuts were found defective and returned to the supplier M/s Rubberex in September 2015 but the same were not got replaced.

Thus, negligence of management resulted in loss of Rs 0.697 million to Pakistan Railways.

The matter was taken up with the management in November 2017. Management replied in April 2018 that 156,000 rejected slit nut were handed over to representative of M/s Rubberex, Lahore. The reply was not based on facts as the review of ledger by Audit revealed that 41,640 rejected slit nuts were yet to be received.

DAC, in its meeting held on 11.06.2018, directed the PO to provide revised reply alongwith documentary evidence to Audit. No reply was received till finalisation of this report.

Audit recommends that matter may be inquired to fix responsibility for non-replacement of material and cost of material be recovered from person found at fault.

4.5.4 Loss due to excess issuance of material – Rs 3.417 million

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

During Performance Audit of CSF Sukkur, it was observed that Anchorage Plates, Bell Washers and Hex Slit Nuts were issued for manufacturing/pre-stressing of sleepers in excess of requirement. Thus, excess issuance of material resulted in loss of Rs 3.417 million (**Annex-15**) to the PR due to defective supervision and monitoring of operations by the management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that material was issued as per standard mix of raw material and no excess quantity was issued. The reply was not based on facts as issuance of material was found incompatible with actual production of sleepers.

DAC, in its meeting held on 11.06.2018, constituted an inquiry committee comprising of Deputy Chief Engineer/South, Deputy Chief

Controller of Stores and Deputy FA&CAO/Stores & Workshops to inquire/investigate the matter within 45 days. No response was received till finalisation of this report.

Audit recommends that responsibility be fixed for excess issuance of material besides ensuring recovery of excess material from defaulters.

4.5.5 Loss due to irregular issuance of imported material – Rs 9.013 million

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

During Performance Audit of CSF/SUK, it was observed that costly material of different types was imported from Germany. The material was being issued before expiry of earlier issued item which caused loss of Rs 9.013 million to PR (**Annex-16**). This showed weak supervisory and monitoring controls.

The matter was taken up with the management in November 2017. Management replied in April 2018 that in order to give required force to sleepers, prestressing machines were repaired and maintained with spare parts as per requirement. Reply was not acceptable because issuance of new items prior to expiry of service life of existing items was unjustified.

DAC, in its meeting held on 11.06.2018, constituted an inquiry committee comprising of Deputy Chief Engineer/South, Deputy Chief Controller of Stores and Deputy FA&CAO/Stores & Workshops to investigate the matter within 45 days. No response was received till finalisation of this report.

Audit recommends that responsibility be fixed for irregular issuance of costly imported material prior to expiry of service life of existing items. Furthermore, the internal controls be strengthened to avoid such recurrence.

4.5.6 Loss due to damage of sleepers – Rs 31.801 million

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

During performance audit, it was observed that during the last five years, 1,224,762 sleepers were manufactured. Out of these, 9,634 sleepers were totally damaged and condemned which resulted in loss of Rs 31.801 million to Pakistan Railways (**Annex-17**).

The matter was taken up with the management in November 2017. Management replied in April 2018 that during 2012-17 only 2,849 sleepers (0.26%) were totally damaged out of 1,082,576 sleepers during manufacturing and pre-stressing process. Further, MD CSF informed the DAC that ratio of damaged sleepers was within permissible limit of 2%. Reply was contrary to the facts because as per available documentary evidence 9,634 sleepers were damaged.

DAC, in its meeting held on 11.06.2018, directed the PO to provide letter showing permissible limit of 2% for damaged sleepers. No response was received till finalisation of this report.

Audit recommends that responsibility be fixed for loss or authority letter may be provided.

4.5.7 Shortage of imported material – Rs 3.470 million

Para 1339 of Pakistan Railways Code for the Stores Department provides that as an important back-check on the correct receipt and issue of stores by the wards, it should be examined periodically, whether the up-to-date balance shown on a numerical ledger card and the actual physical stock balance of the corresponding item agree.

During Performance Audit of CSF/Sukkur, it was observed that imported material was found missing. Material Issue Ticket was not found available with the store incharge showing proper issuance of material,

which resulted in a loss of Rs 3.47 million due to poor inventory management (**Annex-18**).

The matter was taken up with the management in November 2017. It was replied in April 2018 that 01 frequency inverter was issued to WM Khanewal vide gate pass dated 23.12.2017. The reply was misleading because shortage of material was detected by audit in September 2017.

DAC, in its meeting held on 11.06.2018, directed the PO to provide record of CSF Sukkur and Khanewal regarding receipt and issuance of items mentioned in the para to Audit. No response was received till finalisation of this report.

Audit recommends that matter may be inquired to fix responsibility for shortage of material.

4.5.8 Non-maintenance of Tree Register

Para 24.6 of Way and Works manual for Pakistan Railways provides that the Inspector of Works should maintain a register of all trees planted in his jurisdiction. All trees shall be serially numbered. No tree shall be cut down without the personal approval of the Assistant Engineer.

During Performance Audit, it was observed that tree register was not being maintained although lots of trees were available in the factories area. This may lead to misappropriation, illegal sale and cutting of trees.

The matter was taken up with the management in November 2017. It was replied in April 2018 that trees were planted within factory premises therefore, theft was not possible due to 24 hours security. However, instructions have been issued to all concerned to maintain the said register. The reply was not satisfactory because maintenance of tree register was an important control which was missing.

DAC meeting was not convened by the PAO despite reminders.

Audit therefore, recommends that tree register be maintained and reasons for non-maintenance of such register be explained. Documentary evidence regarding issuance of instructions and maintenance of tree register be provided to audit.

4.5.9 Irregular utilisation of excess cement in pre-stressing of sleepers – Rs 2.537 million

As per Executive Engineer's letter dated 16.07.2003 a total 62 KG cement would be utilised in one PSC sleeper including 2 KG for grouting.

During Performance Audit of CSF/SUK, it was observed that according to the approved design of sleepers, two (2) kg cement was required to be used for grouting after pre-stressing of sleepers. In violation to above, it was observed that 2.5 kg cement was being utilised for one PSC sleeper which resulted in excess utilization of cement valuing Rs 2.537 million (507,336 Sleepers x 0.50 Kg x Rs 10 Per Kg = 2.537 million) for the period from 2012-13 to 2016-17.

The matter was taken up with the management in November 2017. Management replied in April 2018 that during pre-stressing of sleepers, 2.5 Kg per sleeper cement was required. Cement slurry for grouting and end sealing was issued as per approved quantity. The reply was not tenable as it contradicted the Executive Engineer's letter mentioned above.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that reasons for excess utilization of cement be justified and responsibility be fixed against the persons at fault under intimation to audit.

4.5.10 Loss due to less performance of thread roll sets – Rs 3.791 million

Thread rolls are procured for threading on HTS wire which is used for pre-stressing of sleepers. The purchase order placed for procurement of thread roll sets states that minimum 6500 threads on HTS Wire are required to be made by each thread roll set for satisfactory performance.

During performance audit, it was observed that 198 thread roll sets were issued and used at work from July 2011 to October 2017 in CSF Sukkur and Khanewal. As per purchase order, 1,287,000 threads were required to be made with 198 thread roll sets. However, from the quantity of sleepers duly pre-stressed during this period, it was observed that actual

average threads made on HTS wire were 611,036 which were 53% less than the expected number of threads to be made. Resultantly, Pakistan Railway sustained loss amounting to Rs. 3.791 million (**Annex-19**). Further, there was neither any mechanism for analyzing the performance of thread rolls nor any tool was available for judgment of any other allied impact on short performance of thread rolls.

The matter was taken up with the management in November 2017. Management replied in April 2018 that 607,406 sleepers were pre-stressed during 2011 to 2017 with 2,429,624 threads. As per terms & conditions of purchase order, one set of thread roll would produce minimum 6500 threads, whereas at CSF Khanewal, one set produced 8,585 threads which were more than 6500 threads. The reply was unsatisfactory as no documentary evidence was provided in support of the reply.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that reasons for low performance of thread roll sets be explained and documentary evidence in support of the reply be provided to audit for verification.

4.5.11 Loss due to shortage of sleepers – Rs 11.418 million

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

During performance audit of concrete sleeper factories, it was noticed that sleepers valuing Rs 11.418 million were found short (**Annex-20**). While checking daily production register and return submitted to MD office on daily basis in CSF/Kohat, a difference of 2,226 twin block sleepers valuing Rs 10.28 million was found. In CSF/Sukkur during physical verification, a difference of 305 PSC sleepers valuing RS 1.138 million was found. Thus, PR suffered loss of Rs 11.418 million due to negligence of management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that sleepers were lying in various

stacks and over looked during counting. Presently there was no shortage of sleepers and same could be verified by audit physically.

DAC meeting could not be convened by PAO despite reminders.

Audit recommends that shortage of sleepers be justified with solid evidence and management should maintain meticulous record including strong checks on storage of sleepers to avoid recurrence.

4.5.12 Blockage of capital due to non-dispatch of sleepers – Rs 424.306 million

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

During performance audit, it was observed that CSF management purchased 171,000 sleepers from M/s HIS Industries during the period from May 2016 to October 2017. The sleepers were purchased on the demand of different Project Directors and Track Supply Officer but only 101,856 sleepers could be dispatched to concerned quarters during the said period. This resulted in blockage of capital amounting to Rs 424.306 million (69,144 x Rs 4,167.42) due to bad planning and mismanagement.

The matter was taken up with the management in November 2017. Management replied in April 2018 that dispatch of sleepers depended upon the provision of empty stock. Now, the position of supply of empty stock had improved and sufficient stock was placed for loading of sleepers. The reply was not satisfactory as proper steps were required to be taken by the management to supply the manufactured sleepers to their destinations but the same was not done.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that responsibility be fixed for this management failure.

4.5.13 Infructuous expenditure on construction of extended shed – Rs 35.976 million

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

During performance audit, it was noticed that production shed of CSF/Khanewal was extended with an expenditure of Rs 35.976 million during the year 2004. However, the extended shed was not used by the management till October 2017 making the entire expenditure infructuous. Thus, PR suffered loss of Rs 35.976 million due to management failure.

The matter was taken up with the management in November 2017. Management replied in April 2018 that extended shed was constructed during 2004 to enhance the production of sleepers. New plants and machinery could not be procured due to financial constraints. Now PC-1 had been approved for installation of new plants and machinery for extended shed. The reply was not acceptable as expenditure on extension should have been incurred after managing funds for plant and machinery.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that responsibility may be fixed for this loss due to management failure.

4.5.14 Loss due to non-increase of lease rent of CSF/Kotri–Rs 6.671 million

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

During performance audit of CSF/Kotri, it was observed that factory was leased out to M/s HIS Industries in October 2006 on annual rent of Rs 3,600,000 without any annual increase. As per agreement the cost of sleepers to be purchased from M/s HIS was required to be

increased by 6.5% per annum on base rate of Rs 1,900. The contractor went to the court for increase in the cost of sleepers by 6.5% annually on the last year rate and case was decided in his favour. However, CSF management failed to revise its rent which was disproportionately kept fixed at the time of agreement (**Annex-21**). Thus, PR suffered loss of Rs 6.671 million due to defective contract management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that as per agreement, rent of factory was to remain the same during the entire lease period. The reply was not satisfactory as the management should have safeguarded interests and included the clause for increase of annual rent at the time, cost of sleeper was being revised.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that responsibility be fixed against the persons for taking unjustified decision causing loss to the PR and corrective action be taken to avoid further loss.

4.6 Monitoring and Evaluation

4.6.1 Loss due to extra cost on transportation – Rs 5.305 million

CSF management was required to assess cost of transportation from each factory to different locations before booking of sleepers. In Karachi Division, sleepers should be dispatched from CSF/Kotri and in Sukkur Division from CSF/Sukkur whereas in Lahore, Multan and Rawalpindi Divisions sleepers should be dispatched from CSF/Khanewal.

During performance audit, it was observed that sleepers similar to those manufactured in CSF/KWL were dispatched to Kot Adu from CSF Kotri. It was unjustified due to long distance as Kot Adu is at a short distance from Khanewal. Due to this mismanagement, expenditure in excess was incurred on transportation resulting in loss of Rs 5.305 million (**Annex-22**).

The matter was taken up with the management in November 2017. Management replied in April 2018 that as per agreement with the lessee of

CSF/Kotri, PR was bound to purchase 150,000 sleepers per annum. The sleepers from Kotri were sent to Kot Adu as Karachi and Sukkur Divisions did not have requirements of consumption of 150,000 sleepers. The reply was not satisfactory as nothing was provided in support of the reply. Documentary evidence regarding consumption of sleepers in Karachi and Sukkur Divisions be provided to Audit.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that analysis of cost of transportation should be made before booking of sleepers from each factory.

4.6.2 Procurement of sleepers without testing from M/s HIS – Rs 680.426 million

As per clause 10.8 to 10.15 and 12.2 of the agreement executed between PR and M/s HIS Industries, certain tests were required to be performed on sleepers manufactured and material to be used for production of sleepers and it was provided in clause 12.5 that seven sleepers from yearly production would be taken out from track and would be tested by PR to assess the residual stresses. Further, as per procedure laid down in CSF/Sukkur, daily production was required to be tested by performing 7 days and 28 days tests on four cubes and three beams casted daily. Tests due on holidays were required to be performed on days after holidays.

During performance audit, it was observed that requisite tests were not being performed in CSF/Kotri and Sukkur. The detail of irregularities is as under;

4.6.2.1 During audit of CSF/Kotri, it was observed that no tests including the yearly test were being performed by the contractor (**Annex-23**). PR purchased 171,000 sleepers valuing Rs 680.426 from May 2016 to October 2017 but due to non-execution of above tests, their safety, performance and reliability could not be authenticated.

The matter was taken up with the management in November 2017. Management replied in April 2018 that cylinder test of sleeper (07 days) was being carried out. Other tests were carried out through UET Jamshoro

to counter check the factory results. Moreover, M/s HIS had been instructed to carry out the all requisite tests at CSF/KOT. The reply was not satisfactory as no record regarding conducting of tests was found available at CSF/KOT.

4.6.2.2 During audit of CSF/Sukkur, it was noticed that the Chemist had not performed requisite tests on cubes and beams during holidays. Requisite number of cubes and beams were casted for tests but they were wasted without testing. During the year 2016, tests due on 15 gazetted holidays were not performed on subsequent days. Thus, production of days for which tests were not performed remained unreliable due to slack supervision by management.

The matter was taken up with the management in November 2017. Management replied in April 2018 that beams and cubes were casted and tested to ascertain quality of material. Their quality and performance were evaluated on the basis of first and last day results. The reply was not satisfactory as no record regarding testing of cubes and beams casted during holidays was found available with the Chemist.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends to fix responsibility for purchase of sleepers without proper testing. All tests be ensured on all future production.

4.6.3 Non-disposal of scrap

Para 2403 of Pakistan Government Railway Code for the Stores Department provides that the Store Department should arrange for the regular collection of all scrap from consuming departments and for its disposal to the best advantage of the Railway. If the scrap is to be disposed of by public auction, arrangements should be made for its collection at convenient points for the purpose of such sales.

During Performance Audit of Concrete Sleeper Factories, it was observed that scrap valuing millions of rupees was lying in the factories. The scrap was too old for which no action was taken for its disposal (**Annex-24**). Thus, on the one hand, it had occupied lot of space and on the other hand, PR was deprived of potential earning.

The matter was taken up with the management in November 2017. Management replied in April 2018 that tenders for scrap had been floated twice but the same were filed due to poor response. The reply was not satisfactory as scrap was lying in factories for the last several years. Strenuous efforts were not taken for its disposal.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that early action be taken for the disposal of scrap under intimation to Audit.

4.6.4 Loss due to manufacturing of sub-standard sleepers – Rs 11.138 million

As per para 2.1.2 of manufacturing instructions for pre-stressed concrete sleepers, every working day and alternatively per shift four standard cubes and three standard beams must be manufactured for testing.

During performance audit of CSF/Khanewal, it was noticed that during Eid holidays factory remained closed from 26.06.2017 to 01.07.2017 therefore, seven days test on cubes due during these days was delayed by 4 to 6 days. Audit observed that actual result of test was less than required strength as under:

Date of production	Required Strength (kp/cm ²)	Actual result (kp/cm ²)		No. of sleepers
		Sample-1	Sample-2	
19.06.2017	428.56	405	415	450
20.06.2017	423.80	420	420	550
21.06.2017	419.04	405	415	600
22.06.2017	414.28	410	405	600
23.06.2017	409.52	425	410	700
24.06.2017	404.76	400	400	636

This indicated that production of sleepers on 19.06.2017 to 24.06.2017 except 20.06.2017 was substandard. This resulted in loss of Rs 11.138 million (2986 x @ Rs 3730).

The matter was taken up with the management in November 2017. Management replied in April 2018 that the required seven days minimum strength of cubes was 400 kp/cm² and result of production of 19.06.2017 to 24.06.2017 ranged between 405 to 425 kp/cm² against production of 19.06.2017 to 24.06.2017 and ultimate strength achieved after 28 days was 500 kp/cm². The reply was not correct as 7 days test was performed after 4 to 6 days and its actual result was less than the required strength as indicated in the table above.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that matter be inquired and responsibility be fixed for substandard production of sleepers.

4.6.5 Low quality of sleepers due to utilisation of rusted HTS wire

The specifications of Purchase Order for the procurement of HTS wire clearly states that the HTS wire should be free from rust.

During Performance Audit of CSF/SUK, it was observed that HTS wire being used in pre-stressing of sleepers was full of rust. This defect was neither pointed out during inspection of HTS wire nor Works Manager/Sukkur rejected the rusted wire. Resultantly, all the rusted wire was utilised in the pre-stressing of sleepers compromising the quality and strength of the sleepers besides giving undue favour to the supplier.

The matter was taken up with the management in November 2017. Management replied in April 2018 that due to lack of HTS wire, all the available resources were utilised in manufacturing of sleepers. Resultantly, sleepers were shifted to outside stacking area by inserting dummy HTS wire to avoid breakage of sleepers and the same was released on receipt of fresh HTS wire. The reply was not satisfactory as rusted wire was available in manufacturing area and was being used permanently in sleepers.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that reasons be explained for accepting and utilizing of rusted wire in sleepers.

4.6.6 Improper fitting of hairpins in sleepers

Section 3.7 of manufacturing instruction of PSC sleepers provides that it is not permissible to use undue force to introduce hairpins into the pre-stressing holes as this would damage the bends and the threads. Small particles of concrete in the ducts could be removed with a special bar. The threads must be shiny and free of damage so that the nut runs freely.

During performance audit of CSF/Khanewal, it was noticed that HTS hairpins were being inserted in the ducts with force and ducts were not being cleaned with special bar. It was also observed that threads of hairpins were also oily. This indicated that manufacturing instructions were not being implemented putting the quality of sleepers at stake.

The matter was taken up with the management in November 2017. Management replied in April 2018 that ducts of sleepers were cleaned as sleepers could not be pre-stressed without cleaning of ducts. During audit, the thread of hairpin was found oily due to leakage of seal of threading machine which had been replaced. The reply was not satisfactory as hairpins were being inducted forcefully which was against the manufacturing instructions.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that manufacturing instruction be implemented in true letter and spirit.

4.6.7 Irregular utilization of broken wooden battens for heating bitumen

Section 3.13 of manufacturing instruction of PSC sleepers in Khanewal provides that ends of the sleepers must be painted or sprayed twice with cold bitumen.

During performance audit of CSF/Khanewal, it was noticed that bitumen was used in factories for painting ends of pre-stressed sleepers.

To heat the bitumen, wooden broken battens were being issued and used irregularly. Furthermore, manufacturing instructions require that cold bitumen be used for this purpose. This also creates a chance for misappropriation of wooden battens due to weak controls.

The matter was taken up with the management in November 2017. Management replied in April 2018 that broken wooden battens were being used for heating of bitumen for painting ends of pre-stressed sleepers. The reply showed that audit point of view was correct. Therefore, this practice should be stopped immediately.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that manufacturing instruction be implemented in its true letter and spirit.

4.6.8 Non-maintenance of maxima-minima stock level

Para 124 of Pakistan Government Railway Code for the Stores department provides that a minimum and maximum limit should be laid down for the quantity of each stock item of stores in a depot at any time below or above which the balances should not ordinarily be allowed to go.

During performance audit of concrete sleeper factories, it was observed that the management did not set the maximum and minimum levels of stock items and procurement was being made without taking into account these levels. The manufacturing and pre-stressing material required on urgent basis was found short on many occasions which resulted in delay of production. On the other side, unnecessary procurement of millions of rupees was being made and dumped in stores since long without any utilization. This reflected lack of proper supervision and monitoring.

The matter was taken up with the management in November 2017. Management replied in April 2018 that items were procured to fulfill the emergency repair / maintenance of plant & machineries. Therefore maxima / minima stock level cannot be fixed. The reply was not satisfactory as maintenance of maxima/minima level was a codal requirement which could not be neglected.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that level of each stock item should be maintained under the rule besides fixing responsibility for the earlier failure.

4.7 Overall Performance

Concrete Sleeper Factories were established for manufacturing of sleepers for Pakistan Railways. The basic purpose of these factories was to provide more durable and economical sleepers in a timely manner. Overall performance of Concrete Sleeper Factories was not upto the required level as during Performance Audit, significant observations pertaining to overall performance were noticed which are discussed in the following paragraphs.

4.7.1 Loss due to mismanagement and non-compliance of manufacturing procedures

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

During Performance Audit of CSF/SUK, it was observed that due procedures developed for manufacturing and stacking of sleepers were not being followed. Codal procedures were being violated as manufactured sleepers were being stacked outside without pre-stressing (**Annex-25**). This practice had continued for the last many years which involved not only extra time, labour, electricity and unnecessary movement of sleepers to complete the process of pre-stressing but also caused more damage to sleepers. Thus, PR suffered loss due to mismanagement.

The matter was taken up with the management in November 2017. Management replied in April 2018 that due to shortage of slit nuts and HTS wire, pre-stressing of sleepers could not be carried out. The reply was not satisfactory as proper procedures were required to be adopted during manufacturing of sleepers.

DAC meeting was not convened by the PAO despite reminders.

Audit, therefore, recommends that responsibility be fixed for violation of codal procedures.

4.7.2 Non-achievement of manufacturing targets of sleepers

Annual manufacturing targets are set by the Managing Director/HQ office Lahore for each sleeper factory keeping in view the infrastructure available, man power, budgetary position and demand by the PDs and track supply officer.

During Performance Audit of CSFs, it was observed that during the last five years, all the three sleeper factories failed to achieve their manufacturing targets set out by the MD office (**Annex-26**). This showed inefficiency in the management of factories.

The matter was taken up with the management in November 2017. Management replied in April 2018 that CSF Sukkur manufactured more sleepers than targets. The process of pre-stressing however, could not be completed due to shortage of slit nuts and HTS wire. The reply was not satisfactory as sleeper would be considered complete after application of all procedures. As the sleepers were manufactured incomplete therefore, targets were not achieved.

DAC meeting was not convened by the PAO despite reminders.

Audit recommends that matter be inquired into for less production of concrete sleepers and responsibility be fixed against the persons held accountable.

4.8 Overall Assessment

CSF organization was established by PR to manufacture quality pre-stressed concrete sleepers with a view to gradually eliminate the import of wooden and steel trough sleepers thereby finally resulting in saving of foreign exchange. After setting up five units of sleeper factories at Kohat, Shaheenabad, Khanewal, Sukkur and Kotri, one unit at Shaheenabad was abandoned on ostensibly due to non-availability of suitable quantity of water necessary for manufacturing of sleepers.

Although plant and machinery of this unit was shifted to other units yet its infrastructure like factory buildings and residential colony have been rendered wasted. Similarly, the unit at Kotri was outsourced to a private party on negotiated terms, and sleepers were being purchased at higher rates as compared to those manufactured by Pakistan Railways. Likewise, neither appropriate accounting system was evolved for this organization nor any budget was allocated for it with a view to continue its operations. Almost all the establishments of CSF organization were brought into permanent footings but no budgetary provision had been made for it. Consequently, its expenditure was being booked to the suspense head (Capital 9700). As per practice the Chief Engineer/open lines and Project Directors connected with track would place funds at the disposal of MD/CSF out of Revenue and PSDP allocations which was being disbursed for all kind of payments like employees related expenses, procurement of raw material, repair maintenance of plant, machinery and infrastructure.

5 CONCLUSION

As a result of Performance Audit, it was observed that management failed to achieve the prescribed targets for the years 2013-17. During the said period the percentage of achievement of targets varied from 33% to 93%. The produced sleepers also lacked quality due to non-establishment of quality assurance laboratories. In the absence of procurement plan, and without any maximum/minimum levels of stock items, PPRA provisions were violated by splitting up tender quantities. Furthermore, it was also observed that plant and machinery had outlived its life. It was witnessed that no prompt steps were taken by management for repair/rehabilitation of machinery which was lying out of order. No plan was in place for timely dispatch of sleepers, thus causing delay in maintenance and laying of track.

5.1 Key issues for the future

Sleeper factories were established to meet with requirement of concrete sleepers for new projects and replacement of old damaged sleepers. Audit observed that management failed to achieve this objective,

due to which demand for projects and maintenance of track was not completely fulfilled. Many new projects of track construction were under consideration in CPEC, therefore demand of concrete sleeper would also increase many times. In order to meet increased future requirement, CSF management should improve its infrastructure and adopt state of the art technology and best practices in sleeper manufacturing.

5.2 Lessons Identified

The present CSFs management were using old technology and outdated machinery in its all sleeper factories. In order to improve effectiveness and efficiency in production and achieving economy in operations, all outdated machines may be replaced with new automated and advanced machinery under a well prepared plan. CSFs were lacking in skilled and experienced staff. Management had no policy and plan for replacement of relieving staff, therefore management need to put in place a replacement plan for smooth working of factories.

ACKNOWLEDGEMENT

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

Annex-1

Statement showing the detail of loss on pay & allowances of employees and utility charges in CSF/Kohat and Sukkur (para 4.1.1)

Sr. No.	Date	No of days	Per Day Establishment charges	Amount of loss	Reason
Concrete Sleeper Factory, Kohat					
1.	31.12.12	1	122,662	122,662	Concrete Oil out of stock
2.	10.07.13 to 13.07.14	4	122,662	490,648	Cement out of stock
3.	15.07.13 to 20.07.13	6	122,662	735,972	Cement out of stock
4.	22.07.13 to 26.07.13	5	122,662	613,310	Cement out of stock
5.	11.02.14 to 15.02.14	5	122,662	613,310	No Reason mentioned in Daily Production Report
6.	17.02.14 to 22.02.14	6	122,662	735,972	No Reason mentioned in Daily Production Report
7.	24.02.14 to 01.03.14	6	122,662	735,972	No Reason mentioned in Daily Production Report
8.	03.03.14	1	122,662	122,662	No Reason mentioned in Daily Production Report
9.	02.05.14 to 03.05.14	2	122,662	245,324	Mild Steel Round 9.4 mm out of stock
10.	23.05.14 to 24.05.14	2	122,662	245,324	Mild Steel Round 9.4 mm out of stock
11.	26.05.14 to 31.05.14	6	122,662	735,972	Mild Steel Round 9.4 mm out of stock
12.	02.06.14	1	122,662	122,662	Mild Steel Round 9.4 mm out of stock
13.	03.07.14 to 05.07.14	3	122,662	367,986	Mild Steel Round 9.4 mm out of stock
14.	07.07.14 to 09.07.14	3	122,662	367,986	Mild Steel Round 9.4 mm out of stock
15.	22.05.15 to 23.05.15	2	122,662	245,324	Tie Bar out of stock
16.	25.05.15 to 30.05.15	6	122,662	735,972	Tie Bar out of stock
17.	01.06.15 to 02.06.15	2	122,662	245,324	Tie Bar out of stock
18.	04.06.15	1	122,662	122,662	Tie Bar out of stock
19.	04.07.15	1	122,662	122,662	Concrete Oil out of stock
20.	06.07.15 to 10.07.15	5	122,662	613,310	Concrete Oil out of stock
21.	20.08.15 to 22.07.15	3	122,662	367,986	Concrete Oil out of stock
22.	24.08.15 to 29.08.15	6	122,662	735,972	Concrete Oil out of stock

23.	31.08.15 to 05.09.15	6	122,662	735,972	Concrete Oil out of stock
24.	07.09.15 to 12.09.15	6	122,662	735,972	Concrete Oil out of stock
25.	14.09.15 to 19.09.15	6	122,662	735,972	Concrete Oil out of stock
26.	21.09.15 to 23.09.15	3	122,662	367,986	Concrete Oil out of stock
27.	28.09.15 to 01.10.15	5	122,662	613,310	Concrete Oil out of stock
28.	06.01.16 to 09.01.16	4	122,662	490,648	Tie Bar out of stock
29.	11.01.16 to 16.01.16	6	122,662	735,972	Tie Bar out of stock
30.	18.01.16 to 23.01.16	6	122,662	735,972	Tie Bar out of stock
31.	19.01.16	1	122,662	122,662	Tie Bar out of stock
32.	25.01.16 to 30.01.16	6	122,662	735,972	Anchorage Plate out of stock
33.	01.02.16 to 03.02.16	3	122,662	367,986	Anchorage Plate out of stock
34.	11.06.16	1	122,662	122,662	Cement out of stock
35.	30.06.16 to 02.07.16	3	122,662	367,986	Cement out of stock
36.	04.07.16	1	122,662	122,662	Cement out of stock
37.	09.07.16	1	122,662	122,662	Cement out of stock
38.	11.07.16 to 13.07.16	3	122,662	367,986	Cement out of stock
39.	22.12.16 to 24.12.16	3	122,662	367,986	Anchorage Plate out of stock
40.	07.01.17	1	122,662	122,662	Anchorage Plate out of stock
41.	02.02.17 to 04.02.17	3	122,662	367,986	Tie Bar out of stock
42.	06.02.17 to 11.02.17	6	122,662	735,972	Tie Bar out of stock
43.	13.02.17 to 18.02.17	6	122,662	735,972	Tie Bar out of stock
Concrete Sleeper Factory, Sukkur					
44.	07.07.12	1	228,758	228,758	No Reason mentioned in Daily Production Report
45.	27.08.12 to 01.09.12	6	228,758	1,372,548	Cement out of stock
46.	10.09.12 to 17.09.12	7	228,758	1,601,306	Cement out of stock
47.	27.09.12	1	228,758	228,758	No Reason mentioned in Daily Production Report
48.	04.02.13	1	228,758	228,758	No Reason mentioned in Daily Production Report
49.	06.02.13	1	228,758	228,758	No Reason mentioned in Daily Production Report
50.	06.05.13 to	5	228,758	1,143,790	Cement out of stock

	10.05.13				
51.	14.05.13	1	228,758	228,758	Cement out of stock
52.	28.05.13 to 29.05.13	2	228,758	457,516	Cement out of stock
53.	31.07.13 to 04.08.13	5	228,758	1,143,790	Sand out of stock
54.	07.08.13	1	228,758	228,758	Sand out of stock
55.	12.08.13	1	228,758	228,758	Sand out of stock
56.	15.08.13	1	228,758	228,758	Sand out of stock
57.	07.09.13	1	228,758	228,758	Sand out of stock
58.	09.09.13 to 11.09.13	3	228,758	686,274	Sand out of stock
59.	24.09.13 to 25.09.13	2	228,758	457,516	Sand out of stock
60.	09.10.13 to 14.10.13	5	228,758	1,143,790	Sand out of stock
61.	19.10.13 to 21.10.13	3	228,758	686,274	Sand out of stock
62.	28.11.13 to 02.12.13	4	228,758	915,032	Sand out of stock
63.	14.12.13	1	228,758	228,758	No Reason mentioned in Daily Production Report
64.	06.03.14 to 08.03.14	3	228,758	686,274	HTS Wire out of stock
65.	19.08.14	1	228,758	228,758	No Reason mentioned in Daily Production Report
66.	19.09.14	1	228,758	228,758	No Reason mentioned in Daily Production Report
67.	24.04.15 to 07.05.15	8	228,758	1,830,064	Concrete Oil out of stock
68.	14.05.15	1	228,758	228,758	HTS Wire out of stock
69.	14.07.16 to 06.07.16	3	228,758	686,274	
			Total	35,042,236	

Note:-

- i. Per day establishment charges of CSF Kohat on the basis of 24 working days a month = Rs 35,326,550/280 = Rs 122,662
- ii. Per day establishment charges of CSF Sukkur on the basis of 24 working days a month = Rs 64,052,301/280 = Rs 228,758

Annex-2**Statement showing loss due to non-achievement of targets of production despite engaging Temporary Labour by CSF Kohat (Para 4.1.2)****(Amount in Rupees)**

Sr. No.	Period	No. of emp.	Target Production (per day)	Actual Production (per day)	Less Production (per day)	%age achievement	Pay and allow of TLA
1	16.04.13 to 15.05.13	24	350	128	222	37	300,720
2	16.05.13 to 25.05.13	6	200	102	98	51	25,060
3	17.06.13 to 30.06.13	6	200	96	104	48	35,084
4	29.10.13 to 28.11.13	30	400	303	97	76	375,900
5	29.11.13 to 28.12.13	30	400	177	223	44	375,900
6	29.01.14 to 28.01.14	30	400	250	150	63	375,900
7	05.05.14 to 04.06.14	30	400	167	233	42	375,900
8	05.06.14 to 30.06.14	30	400	89	311	22	300,720
9	10.02.15 to 09.03.15	20	350	215	135	61	250,600
10	10.03.15 to 01.04.15	20	350	271	79	77	250,600
11	10.04.15 to 09.05.15	20	350	264	86	76	250,600
12	10.05.15 to 09.06.15	20	350	127	223	36	250,600
13	10.06.15 to 30.06.15	20	350	247	103	70	175,420
14	09.03.16 to 08.04.16	20	300	229	71	76	266,000
15	09.04.16 to 06.06.16	20	300	263	37	88	532,000
16	07.06.16 to	20	300	257	43	86	

	30.06.16						212,800
17	26.08.16 to 25.09.16	30	300	294	6	98	422,040
18	24.11.16 to 23.12.16	30	300	282	18	94	422,040
19	24.12.16 to 23.01.17	30	300	211	89	70	422,040
20	24.01.17 to 20.02.17	30	300	154	146	51	422,040
21	22.03.17 to 21.04.17	30	300	260	40	87	422,040
22	22.05.17 to 21.06.17	30	300	156	144	52	422,040
23	22.06.17 to 30.06.17	30	300	156	144	52	126,612
			7500	4698	2802		7,012,656
Production Targets achieved with extra TLA				4698/7500*100=62%			
Loss due to less achievement of targets				Rs 7,012,656/38*100= Rs 2,664,809			

Statement showing the detail of unjustified procurement of equipment (Para 4.2.1)

Sr. No.	Item name	Description	Amount (Rs. in million)	Management Reply	DAC Directive
1	Electric hoists	Two (02) numbers of Electric Hoists having capacity 5 Tons of each were purchased for CSF/Sukkur which received in July 2016. These costly electric hoists were lying in the manufacturing shed in open form without installation since their procurement. Electric motor of one hoist was also found un-attached. WM/Sukkur vide letter No. 1012-W/2/CSF dated 16.09.2017 informed the MD/HQ office Lahore that the hoists have been installed by the firm besides the fact that the hoists were not installed till the date of inspection. This act was taken only to make the payment to the firm.	18.226	Two electric hoists (5 ton capacity) were procured for CSF/Sukkur. After their installation it was observed that girders which were fixed at the roof height in production area on which there hoists were placed had developed pits in the web at number of places which was not anticipated at the time of procurement of hoists. It is further added that one of the motor of hoist got burnt due to extra power required to run the hoists on the pitted web of girder, the hoist was immediately removed and the bidder was asked to replace the burnt motor as warranty period was not expired. The bidder had replaced the burnt motor and hoist is fit to work. Moreover the replacement of pitted girder is in process.	DAC directed the PO to get the stated facts verified from Audit.
2	Power factor improvement plant	A Purchase Order No.CSF/420/P/2017 dated 15.04.2017 was placed on M/s Anees& Co. for supply and installation of two low power factor improvement plants valuing Rs 757,000 each for CSF Khanewal and Sukkur. Power factor improvement plant procured in the year 2009 was working satisfactorily and new purchase	1.514	Power factor improvement plant were procured during 2017 for extended and secondary sheds at CSF Khanewal & Sukkur. The tender for installation of plants and machineries at extended and secondary sheds in Khanewal and Sukkur were under finalisation, therefore, both plants have been installed accordingly with margin load of extended and secondary	DAC directed the PO to provide revised reply alongwith documentary evidence

		was unnecessary. Further it was observed that payment was made to the contractor despite the fact that plant was not installed by the contractor uptill September 2017.		sheds.	to Audit.
3	Chamfering Machine	An electronic Chamfering and bending machine was purchased for CSF/Sukkur in June 2017. The whole expenditure was unjustified as the machine was not required in the factory at all. Already available chamfering machine was working in good condition. Further, no skilled staff was available over the entire network of concrete sleeper factories to run this electronic machine. This experience had already failed by purchasing the similar machine at CSF/KWL in 2004 wherein it was lying inoperative due to non-availability of technical staff.	46.162	Existing manual machine is being used for 2600 mm PSC sleepers whereas new automatic chamfering & threading, bending machine is for 2750 mm Vossloh sleeper. The technical staff was trained by the concerned German Engineer.	DAC directed the PO to get the stated facts verified from Audit.
4	Spare parts for FBWP	A purchase order was finalised with M/s Maqsood Brothers for procurement of spare parts for Flash Butt Welding Plant available at Sukkur to join the rails. The delivery period in the purchase order was mentioned as 20.03.2018 or earlier. The utilisation of the plant was quite low as performance had been shown in the attached statement due to which procurement was unjustified.	11.885	Due to non-availability of these items, production can be suspended at any stage as these are vital items. To avoid any complication, such procurement has been made.	DAC directed the PO to provide performance report of Flash Butt Welding plant to Audit.
5	Stressing spindles	Stressing spindles (243 Nos.local made) were purchased on 11.03.2017. During test, it was observed that the performance of	0.518	Keeping in view stock position of store, demand was processed for the procurement of imported spindles during 2014 which was	DAC directed to inquire the matter

		spindles was not satisfactory and the same was informed to the DCP/Inspection. In spite of that, same material was accepted and payment was made by ignoring that 226 stressing spindles (imported from Germany) already procured on 05.09.2016 were available in stock. Only 43 numbers of local stressing spindles were utilised for the period from 11-03.2017 to 10.06.2017 by leaving the balance of 200 spindles in stock due to their poor performance. There was no any requirement to purchase the local made spindles.		delayed, therefore, demand for procurement of local spindles was initiated during 2015 to avoid the suspension of production. Only 08 local spindles were received on 15.06.2016 as a sample which were rejected due to unsatisfactory performance. The supplier improved the spindles and supplied 243 Nos spindles which were put in to service and found suitable. Whereas only 196 Nos imported spindles were received on 25.08.2016.	through a committee within 15 days.
6	Spare parts for FBWP	Spare parts from M/s Maqsood Brothers were procured on 21.08.2016 for Flash Butt Welding Plant. Unfortunately, spare parts were not utilised and kept in store in packed condition.	1.932	Keeping in view the procedural process of 06 to 08 months for procurement of these imported items, WM concerned try to keep some vital items in hand.	DAC directed the PO to develop a SOP for management of inventory system in CSF.

7	Spare parts for Vibrating tables	<p>Two purchase orders were finalized with M/s Maqsood Brothers for procurement of spare parts of two number vibrating tables. The delivery period in the purchase order was mentioned as 20.03.2018 or earlier. At present, two vibrating tables were available at CSF/Sukkur. Keeping in view the available stock on ledgers, the entire procurement was unjustified. The detail is as under:-</p> <table border="1" data-bbox="411 607 805 1167"> <thead> <tr> <th data-bbox="411 607 469 734">Sr. No.</th> <th data-bbox="469 607 592 734">Item Name</th> <th data-bbox="592 607 715 734">Qty available in Stock ledgers</th> <th data-bbox="715 607 805 734">Qty ordered</th> </tr> </thead> <tbody> <tr> <td data-bbox="411 734 469 831">1</td> <td data-bbox="469 734 592 831">Hydraulic Jack for Clamps</td> <td data-bbox="592 734 715 831">04</td> <td data-bbox="715 734 805 831">08</td> </tr> <tr> <td data-bbox="411 831 469 936">2</td> <td data-bbox="469 831 592 936">Top wearing plate</td> <td data-bbox="592 831 715 936">23</td> <td data-bbox="715 831 805 936">24</td> </tr> <tr> <td data-bbox="411 936 469 1014">3</td> <td data-bbox="469 936 592 1014">Clamping Jaw left</td> <td data-bbox="592 936 715 1014">12</td> <td data-bbox="715 936 805 1014">10</td> </tr> <tr> <td data-bbox="411 1014 469 1093">4</td> <td data-bbox="469 1014 592 1093">Clamping Jaw right</td> <td data-bbox="592 1014 715 1093">08</td> <td data-bbox="715 1014 805 1093">10</td> </tr> <tr> <td data-bbox="411 1093 469 1167">5</td> <td data-bbox="469 1093 592 1167">Axle/78-BO5-10</td> <td data-bbox="592 1093 715 1167">00</td> <td data-bbox="715 1093 805 1167">20</td> </tr> </tbody> </table>	Sr. No.	Item Name	Qty available in Stock ledgers	Qty ordered	1	Hydraulic Jack for Clamps	04	08	2	Top wearing plate	23	24	3	Clamping Jaw left	12	10	4	Clamping Jaw right	08	10	5	Axle/78-BO5-10	00	20	13.954	Material was issued for vibrating tables but proper posting was not made in the ledgers. Now all material has been posted in the ledgers.	DAC directed the PO to get stated facts verified from Audit.
Sr. No.	Item Name	Qty available in Stock ledgers	Qty ordered																										
1	Hydraulic Jack for Clamps	04	08																										
2	Top wearing plate	23	24																										
3	Clamping Jaw left	12	10																										
4	Clamping Jaw right	08	10																										
5	Axle/78-BO5-10	00	20																										
8	Frequency Invertors	Four (04) numbers of Frequency Invertors were purchased and received in CSF/SUK in May 2016. The costly material was lying in the store in packed condition which showed that the material was purchased without any requirement. Further, no Material Requisition Note was found available in the file.	8.542	To avoid suspension of manufacturing of sleepers, 02 frequency inverters each were procured for CSF Khanewal and Sukkur. One inverter was gone out of order at CSF Khanewal which has been replaced with new one. At present 03 Nos. inverters are in stock to meet with the urgency.	DAC directed the PO to get stated facts verified from Audit.																								
9	Wooden	Wooden Battens 47,000 numbers @ 137 each were purchased from	6.439	A committee comprising of XEN/CSF, WM/CSF/SUK &	DAC directed																								

	Battens	M/s Bismillah Traders in CSF/KWL. Inspite of the fact that 60,000 Wooden battens were lying under stacking of un-prestressed sleepers as on 30.06.2017. Further, almost 61,000 wooden battens were lying in store for further stacking and dispatch of sleepers. In addition to above, huge numbers of wooden batten were lying outstanding against the offices to whom sleepers were already supplied.		SFO/M&S is nominated to probe the matter.	the PO to finalise the inquiry within 15 days and provide its copy to Audit.															
10	Wagner Roll Holder	<p>Spare parts of thread roll machine named as Wagner Roll Holder (12 sets) amounting to Rs 8,199,992/- were purchased for CSF/KWL in June 2016. The utilization of these spare parts during the last eight years is tabulated below:</p> <table border="1"> <thead> <tr> <th>Sr No.</th> <th>Quantity issued</th> <th>Date of Issua</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>01 Set (SS)</td> <td>12.01.2008</td> </tr> <tr> <td>2</td> <td>01 Set</td> <td>25.03.2009</td> </tr> <tr> <td>3</td> <td>01 Set</td> <td>01.07.2009</td> </tr> <tr> <td>4</td> <td>03 Sets</td> <td>19.01.2010</td> </tr> </tbody> </table> <p>Two sets of spare parts were being used in manual Thread Roll Machine at one time. The newly purchased parts were received on 04.06.2016 and kept in store. The average utilization of one set comes to 19 months. Maximum 04 sets (33.33%) were required to be purchased for the next eight years. Therefore, procurement of 08 sets valuing Rs. 5,466,661.34 was</p>	Sr No.	Quantity issued	Date of Issua	1	01 Set (SS)	12.01.2008	2	01 Set	25.03.2009	3	01 Set	01.07.2009	4	03 Sets	19.01.2010	5.467	Two Nos H.T.S wire with 04 threads on both sides are used in one sleeper. 607406 Nos sleepers were prestressed during 2011 to 2017 with 2429624 threads. 283 sets of thread rolls were issued instead of 286 sets during the above mentioned period for threading of H.T.S wire. As per terms & condition of purchase order, one set of thread roll will produce minimum 6500 Nos of thread. Whereas at CSF Khanewal, one set produced 8585 Nos threads which is more that 6500 Nos threads as mentioned in the purchase order. It is clear that no extra sets of thread rolls were issued as mentioned by in audit observation.	DAC directed the PO to provide revised reply alongwith document ary evidence to Audit.
Sr No.	Quantity issued	Date of Issua																		
1	01 Set (SS)	12.01.2008																		
2	01 Set	25.03.2009																		
3	01 Set	01.07.2009																		
4	03 Sets	19.01.2010																		

		unjustified.			
11	Sand Screen Geared Motor and Vibrating Electric Motor	A purchase order was placed in 2008 for procurement of sand screen geared motor and vibrating electric motor for German crushing plant at CSF/KWL. Material was received in 2013 and lying in store due to inoperative of crushing plant.	1.399	No reply received.	
		Total	116.038 (m)		

Annex-4**Statement showing the detail of fraudulent expenditure on POL
(Para 4.2.5)**

Sr. No.	Month	Invoice No.	Amount (Rs)
1	Jul-16	252 to 256	9,731
2	Aug-16	257 to 264	9,731
3	Sep-16	265 to 269	9,734
4	Oct-16	270 to 275	9,734
5	Nov-16	277 to 282	9,824
6	Dec-16	283 to 291	10,125
7	Jan-17	292 to 299	10,425
8	Feb-17	7401 to 7406	10,875
9	Mar-17	7407 to 7414	11,123
10	Apr-17	7415 to 7423	11,280
11	May-17	7424 to 7434	11,280
12	Jun-17	7435 to 7443	11,100
Total			124,962

Reading as per Meter (KM)	40,000
Reading as per Log book (KM)	79,948
Difference (KM)	39,948
Average POL per KM	7
POL used (in liters)	5,707
Average rate per liter (in Rs)	75
Cost of POL (Rs)	428,014 0.428 (m)

**Statement showing less charging of cost of sleepers
for the year 2012-13 (Para 4.2.6)**

Name of CSF Factories	Sleepers dispatched from July 2012 to March 2013			Cost of sleeper 2011-12	Cost of sleeper on 19.04.13	Cost of sleeper less charged	Cost less charged (Rs)
	PSC	Vossloh	RCC				
Sukkur	30,668	9,600	0				
Khanewal	12,950	28,595	0				
Kohat	0	0	34,244				
Total	43,618			2350	2540	190	8,287,420
		38,195		2400	2620	220	8,402,900
			34,244	3150	3335	185	6,335,140
Grand Total							23,025,460

For the year 2013-14

Name of CSF Factories	Sleepers dispatched from July to December 2013			Cost of sleeper 2012-13	Cost of sleeper on 18.01.14	Cost of sleeper less charged	Cost less charged (Rs)
	PSC	Vossloh	RCC				
Sukkur	17,176	1,960	0				
Khanewal	24,352	16,055	0				
Kohat	0	0	7,443				
Total	41,528			2540	2850	310	12,873,680
		18,015		2620	3000	380	6,845,700
			7,443	3335	3490	155	1,153,665
Grand Total							20,873,045

For the year 2014-15

Name of CSF Factories	Sleepers dispatched from July to June 2015			Cost of sleeper 2013-14	Cost of sleeper on 29.06.15	Cost of sleeper less charged	Cost less charged (Rs)
	PSC	Vossloh	RCC				
Sukkur	70510	1840	0				
Khanewal	69624	16576	0				
Kohat	0	0	45680				
Total	140134			2850	2910	60	8,408,040
		18416		3000	3200	200	3,683,200
			45680	3490	3966	476	21,743,680
Grand Total							33,834,920

For the year 2015-16

Name of CSF Factories	Sleepers dispatched from July to August 2015			Cost of sleeper 2014-15	Cost of sleeper on 02.09.15	Cost of sleeper less charged	Cost less charged (Rs)
	PSC	Vossloh	RCC				
Sukkur	17,088	0	0				
Khanewal	10,720	5,840	0				
Kohat	0	0	0				
Total	27,808			2910	3140	230	6,395,840
		5,840		3200	3460	260	1,518,400
Grand Total							7,914,240

For the year 2016-17

Name of CSF Factories	Sleepers dispatched from July to November 2016			Cost of sleeper 2015-16	Cost of sleeper on 30.11.16	Cost of sleeper less charged	Cost less charged (Rs)
	PSC	Vossloh	RCC				
Sukkur	42,104	0	0				
Khanewal	258	42,648	0				
Kohat	0	0	33,110				
Total	42,362			3140	3389	249	10,548,138
		42,648		3460	3730	270	11,514,960
			33,110	4280	4618	338	11,191,180
Grand Total							33,254,278
Total Loss	(Rs. 23,025,460+20,873,045+33,834,920+7,914,240+33,254,278)						118,901,943
							118.902 (m)

**Statement showing the detail of splitting up of procurement of HTS
wire (Para 4.3.1)**

Sr. No.	Purchase order No.	Firm Name	Qty	Amount (Rs. in million)
1	CSF/7/P/2012	Wire manufacturing Agency	300 MT	38.889
2	CSF/20/P/2013	-do-	300 MT	49.995
3	CSF/30/P/2013	Nizami wire Industries	300 MT	42.000
4	CSF/31/P/2013	United wire Industries	300 MT	45.450
5	CSF/18/P/2014	Nizami wire Industries	300 MT	39.296
6	CSF/41/P/2014	M/s Rubberex	300 MT	39.137
7	CSF/79/P/2014	M/s Steel Complex	300 MT	37.736
8	CSF/10/P/2015	M/s Rubberex	300 MT	36.570
9	CSF/131/P/2015	M/s United wire Ind.	300 MT	32.906
10	CSF/219/P/2016	Nizami wire Industries	300 MT	29.936
11	CSF/255/P/2016	M/s Steel Complex	300 MT	34.332
12	CSF/277/P/2016	M/s Spirit Industries	300 MT	35.036
13	CSF/275/P/2016	-do-	300 MT	37.436
14	CSF/403/P/2017	-do-	300 MT	38.936
Total				537.653

Annex-7

**Statement showing the detail of payment made on account of supply of excess material
by the contractor in CSF/SUK (Para 4.3.2)**

Contractor: Abdul Majeed Khan				(Quantity and Rate per Cft)					
Sr. No.	Material	Agreement No.	Date	Agreed Quantity	Supplied Quantity	Excess Quantity Supplied	% increase	Rate per Cft (Rs)	Value of excess quantity (Rs)
1	Sand	128W/91/19/CSF/ Sand/Suk/2014-15	08.12.14	100,000	107,856	7,856	7.86	55	432,080
2	Sand	128W/9/12/CSF/ Sand/Suk/2015-16	19.02.16	300,000	327,921	27,921	9.31	56.89	1,588,426
3	Sand	128W/20/23/CSF/ Sand/Suk/2016-17	20.12.16	200,000	226,000	26,000	13.00	53.47	1,390,220
4	Crushed Stone	128W/8/4/CSF/ Agg/Suk/2015-16	19.02.16	75,000	91,120	16,120	21.49	66	1,063,920
				250,000	291,148	41,148	16.46	66	2,715,768
5	Crushed Stone	128W/21/24/CSF/ Agg/Suk/2016-17	10.12.16	60,000	62,500	2,500	4.17	53.63	134,075

				200,000	204,898	4,898	2.45	53.63	262,680
Total									7,587,169 7.587(m)
Rates of sand and crushed stone were higher for the year 2015-16 whereas low rates were quoted by the same contractor for the year 2016-17. The contractor supplied excess quantities than agreed in the year 2015-16 which also resulted in higher expenditure.									0.680 (m)
Grand Total									8.267(m)

Statement showing the detail of non-imposition of LD charges (Para 4.3.6)

Sr. No.	Item Name	Description	Amount (Rs. in million)																														
1	Wooden Battens	15,292 wooden battens were not supplied by the contractor in CSF/KWL even after expiry of time period for which 104,750 LD charges were not imposed on the contractor.	0.105																														
2	-do-	Contractor supplied only 39,948 wooden battens upto September 2017 in CSF/SUK and payment of 33,500 wooden battens was made. The contractor failed to supply the wooden battens within delivery period, therefore, liquidated damages amounting to Rs 0.233 million were required to be imposed on the contractor.	0.233																														
3	HTS wire	HTS wire of 300 MT valuing Rs. 35,035,800 was to be supplied by M/s Spirit Industries (PVT) Limited in CSF/KWL. Completion period was upto 07.05.2017 or earlier @ 100 M. Ton per month. The firm was reminded time and again to supply the material. The schedule of material supplied by the firm is tabulated below: <table border="1" data-bbox="422 922 1232 1214"> <thead> <tr> <th>Date of Supply</th> <th>Quantity supplied (M Ton)</th> <th>Date of final supply</th> <th>Period of delay in weeks</th> <th>Value of Supply</th> <th>Amount of LD Charges @ ½%</th> </tr> </thead> <tbody> <tr> <td>20.04.17</td> <td>101.170</td> <td>07.05.17</td> <td>-</td> <td>11,815,239</td> <td>-</td> </tr> <tr> <td>16.06.17</td> <td>113.521</td> <td>07.05.17</td> <td>05 weeks</td> <td>13,257,663</td> <td>331,442</td> </tr> <tr> <td>Not yet supplied</td> <td>85.309 (Not supplied)</td> <td>07.05.17</td> <td>15 weeks (upto 30.09.17)</td> <td>9,962,897</td> <td>747,217</td> </tr> <tr> <td colspan="5"></td> <td>1,078,659</td> </tr> </tbody> </table>	Date of Supply	Quantity supplied (M Ton)	Date of final supply	Period of delay in weeks	Value of Supply	Amount of LD Charges @ ½%	20.04.17	101.170	07.05.17	-	11,815,239	-	16.06.17	113.521	07.05.17	05 weeks	13,257,663	331,442	Not yet supplied	85.309 (Not supplied)	07.05.17	15 weeks (upto 30.09.17)	9,962,897	747,217						1,078,659	1.079
Date of Supply	Quantity supplied (M Ton)	Date of final supply	Period of delay in weeks	Value of Supply	Amount of LD Charges @ ½%																												
20.04.17	101.170	07.05.17	-	11,815,239	-																												
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Not yet supplied	85.309 (Not supplied)	07.05.17	15 weeks (upto 30.09.17)	9,962,897	747,217																												
					1,078,659																												
4	Frequency Invertor and Electric Hoists	Purchase orders for procurement of Frequency Invertors, Electric Hoists and HTS Wire were finalized with the different suppliers for CSF/SUK. The firms failed to supply the material within timelines. However, LD charges were required to be imposed on the suppliers but the same was not done. The detail is tabulated below:	1.229																														

		Item Name	Delivery date in P.O.	Actually delivered on	Period of delay in weeks	Value of late supply	Amount LD Charges @ ½% per week																											
		Frequency Invertors	20.04.16	20.05.16	04	8,541,936	170,839																											
		Electric Hoists 3.2 Tons	15.07.16	28.07.16	02	8,771,260	87,713																											
		Electric Hoists 5 Tons	15.07.16	28.07.16	02	9,454,278	94,543																											
		HTS wire PO/278/P/2016	03.04.17	Not delivered upto 10.10.17	25	7,006,343 (59,993 M.T x116,786)	875,793																											
								1,228,888																										
5	Hydraulic Jack, Clutch Box Spanner & Stressing Spindle	<table border="1"> <thead> <tr> <th>Material</th> <th>Due date of delivery</th> <th>Actual date of delivery</th> <th>Delay in weeks</th> <th>Value of material</th> <th>Amount of LD Charges</th> </tr> </thead> <tbody> <tr> <td>Hydraulic Jack</td> <td>30.09.16</td> <td>15.10.16</td> <td>2</td> <td>13,267,800</td> <td>132,678</td> </tr> <tr> <td>Clutch Box Spanner</td> <td>30.09.16</td> <td>15.10.16</td> <td>2</td> <td>14,431,716</td> <td>144,317</td> </tr> <tr> <td>Stressing Spindle</td> <td>20.07.16</td> <td>05.09.16</td> <td>7</td> <td>11,511,500</td> <td>402,903</td> </tr> <tr> <td colspan="5"></td> <td>679,898</td> </tr> </tbody> </table>	Material	Due date of delivery	Actual date of delivery	Delay in weeks	Value of material	Amount of LD Charges	Hydraulic Jack	30.09.16	15.10.16	2	13,267,800	132,678	Clutch Box Spanner	30.09.16	15.10.16	2	14,431,716	144,317	Stressing Spindle	20.07.16	05.09.16	7	11,511,500	402,903						679,898		0.680
Material	Due date of delivery	Actual date of delivery	Delay in weeks	Value of material	Amount of LD Charges																													
Hydraulic Jack	30.09.16	15.10.16	2	13,267,800	132,678																													
Clutch Box Spanner	30.09.16	15.10.16	2	14,431,716	144,317																													
Stressing Spindle	20.07.16	05.09.16	7	11,511,500	402,903																													
					679,898																													
Total								3.326 (m)																										

Annex-9**Statement showing loss due to purchase of material at higher rate (Para 4.3.8)**

Sr. No.	Item	Rate of items purchased from M/s Maqsood	Rate of items purchased from M/s PTec	Difference	%age Difference	Quantity purchased from M/s Maqsood	Loss due to higher rate (Rs)
1	Core Bar Tube	52,818	29,088	23,730	82	115	2,728,950
2	Core Bar Cross	352,544	193,917	158,627	82	28	4,441,556
3	Crosshead Wearing Plate	189,540	105,039	84,501	80	14	1,183,014
Total							8.354 (m)

Cost of material purchased from M/s P.Tec Germany

Sr. No.	Item	Rate in Euro	Conversion Rate	Rate in PKR	CD (5%)	ST (17%)	Freight (0.5%)	Total Value (Rs)
1	Core Bar Tube	206.91	114.76	23,745	1,187	4,037	119	29,088
2	Core Bar Cross	1379.4	114.76	158,300	7,915	26,911	791	193,917
3	Crosshead Wearing Plate	747.18	114.76	85,746	4,287	14,577	429	105,039

Annex-10**Statement showing loss due to purchase of Vossloh sleepers at higher rate from M/s HIS Industries (Para 4.3.9)**

Sr. No.	Period	M/s HIS rate of Sleeper	PR rate of Sleeper	Difference	Sleepers purchased	Amount of loss (Rs)
1	2015-16	3,913	3,460	453	17,000	7,701,000
2	2016-17	3,913	3,730	183	109,500	20,038,500
3	2017-18	4,167	3,730	437	44,500	19,446,500
Total						47,186,000 47.186 (m)

Statement showing the detail of civil work already included in agreement again included in addendum No. 1 (Para 4.4.1)

Item already included in the contract agreement			Items included through addendum slip No.1		
Item	Qty	Value	Item	Quantity	Value (Rs)
Structural excavation for foundation of building, bridges and other structures upto 5ft depth including debelling, dressing, refilling around structures with excavated earth, watering and ramming, lead upto 100 ft complete in all respects in ordinary soil.	93,475 cft	746,863	Filling watering and ramming earth under floors, with new earth excavated from outside the structure.	56,929 cft	509,512
Reinforced/Prestressed Cement Concrete, reinforced cement concrete in rafts spread/strips foundations base slabs of column, retaining walls, floor and track supports etc and other structural members other than those mentioned in 5.7.1(a) complete in all respect as per specification but excluding the cost of form work, moulds and	11195 cft	2563616	Providing cement concrete plain, using coarse sand and screened graded and washed aggregated of approved quality including placing compacting, finising, curing, complete as per specifications without shuttering on	1584 cft	321,552

shuttering, for ground floor of the building and for structures upto 20' height nominal mix 1:2:4			ground floor of building and for structures upto 20 ft nominal mix 1:2:4		
Total					831,064 0.831 (m)

Statement showing misappropriation of wooden battens (Para 4.5.1)

Sr. No.	Received from (PWI)	Issue Note No.	Date	Quantity as per Issue note	Quantity accounted for		Total	Diff (Rs)
					Full Wooden Baton	Pieces		
1	Rohri	36/PWI-ROH	Dec-16	400	0	400	400	0
2	Shahdadpur	36/SDU	Dec-16	400	0	0	0	400
3	Sadiqabad TR	46/TR/SDK	Nov-16	1886	320	450	770	1116
4	Sadiqabad TR		Nov-16	1232	616	500	1116	116
5	Sadiqabad TR	49/TR/SDK	Nov-16	1086	711	375	1086	0
6	Rohri	35/PWI-ROH	Nov-16	1006	250	551	801	205
7	Sadiqabad TR	41/TR/SDK	Oct-16	2662	972	230	1202	1460
8	Shujaabad	110/PWI-SJB	Sep-16	5026	950	2015	2965	2061
9	Sukkur TR	24/TR/KHP	Sep-16	737	0	0	0	737
10	Sukkur TR	27/PWI-SUK	Aug-16	208	0	208	208	0
11	Padidan	107/PDN	Aug-16	2468			0	2468
12	Sadiqabad TR	32/TR/SDK	Jun-16	226			0	226
13	Sadiqabad TR	23/TR/SDK	May-16	962		962	962	0
14	Sukkur TR	10/TR/KHP	Feb-16	250			0	250
					3819	5691		9039
Total								126,546

Statement showing irregular accountal of wooden battens

	Actual Account for	Percentage
Full	10,622	21
Pieces	39,549	79
50,171	100%	
Pieces should be @ 10%	5,017	
Actual pieces recorded	39,549	
Excess	34,532	
Cost of excess shown as pieces	(Rs) 4,834,466	
Grand Total	(Rs) 126,546 +(Rs) 4,834,466 = (Rs) 4,961,012 (Rs) 4.961 (m)	

**Statement showing the detail of misappropriation of material
(Para 4.5.1)**

Item	Fortnightly report	Ledger Card	Difference	Per Unit Rate (Rs)	Amount (Rs)
Anchorage Plate	56,620	46,727	9,893	42	415,506
Bell Washer	144,514	134,566	9,948	9.15	91,024
Item Name	Balance as per Ledger	Actual Balance in stock	Difference	Value per item	- -
Anchorage Plate	41,927	41550	377	29.36	11,122
Bell Washers	129,766	119,000	10,766	9.15	98,509
Hex Slit Nuts	46,852	6,600	40,252	16.731	673,456

Description	-
Three beams were being casted by the Chemist for performing 7 days bending tensile test in CSF/SUK. During the process of bending tensile test each beam broke into two pieces. These broken beams could be used in construction works and have value more than Rs 20 approximately (equal to cement block available in the market). Thus, PR suffered loss of Rs 172,800 (6 pieces x 24days x12 months x5 years x Rs 20) during the period from July 2012 to June 2017 due to non-accountal and misappropriation of cement blocks.	172,800
Total	1,462,417 1.462 (m)

**Statement showing the detail of machinery lying out of order in
CSF (Para 4.5.2)**

Sr. No.	Item name	Description	Amount (Rs)																				
1	Electric Hoists	Three (03) Electric Hoists Cranes were imported from European Bulgaria valuing Rs. 5,177,250/- and installed in CSF/KWL on 03.02.2014. Minor defects were removed by the supplier within the warranty period of eighteen months. One of them was sent to CSF/SUK. Both the remaining two cranes were lying out of order just after three years of purchase and were removed from operations.	3.452																				
2	-do-	Two Electric Hoists purchased and received in CSF/SUK were lying out of order. The detail is as under:- <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Capacity of Hoists</th> <th>Installed on</th> <th>Warranty expiring on</th> <th>Present Status</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2.0 Tons</td> <td>28.06.16</td> <td>28.12.17</td> <td>Out of order and lying on ground</td> <td>3,740,410</td> </tr> <tr> <td>3.20 Tons</td> <td>30.08.16</td> <td>28.02.18</td> <td>-do-</td> <td>4,385,630</td> </tr> <tr> <td align="center" colspan="4">Total</td> <td>8,126,040</td> </tr> </tbody> </table>	Capacity of Hoists	Installed on	Warranty expiring on	Present Status	Value	2.0 Tons	28.06.16	28.12.17	Out of order and lying on ground	3,740,410	3.20 Tons	30.08.16	28.02.18	-do-	4,385,630	Total				8,126,040	8.126
Capacity of Hoists	Installed on	Warranty expiring on	Present Status	Value																			
2.0 Tons	28.06.16	28.12.17	Out of order and lying on ground	3,740,410																			
3.20 Tons	30.08.16	28.02.18	-do-	4,385,630																			
Total				8,126,040																			
3	Electric Chamfering and Thread Roll Machine	Electronic Chamfering and Thread Roll Machine valuing Rs. 17,598,132 was purchased in May 2004. The machine could not be turned to operations due to non-availability of skilled staff. Further, spare parts valuing Rs. 2,878,540/- were procured and received in CSF/KWL in November 2015. The spare parts of Chamfering and Thread Roll Machine could not be utilized in machine due to severe technical fault in machine and were lying in store in packed condition.	20.477																				
Total			32.055 (m)																				

Annex-15**Detail of material issued in excess than requirement (Para 4.5.4)****Detail of Anchorage Plates**

Year	Sleepers manufactured	Qty required	Qty issued	Excess Quantity Issued	Value (Rs)	Amount (Rs)
2013-14	57,400	229,600	237,832	8,232	29.36	241,691.52
2015-16	128,663	514,652	528,120	13,468		395,420.48
2016-17	190,040	760,160	797,140	36,980		1,085,732.80
Total						1,722,844.80

Detail of Bell Washers

Year	Sleepers manufactured	Qty required	Qty issued	Excess Quantity Issued	Value (Rs)	Amount (Rs)
2013-14	57,400	229,600	240,237	10,637	9.15	97,328.55
2015-16	128,663	514,652	528,292	13,640		124,806.00
Total						222,134.55

Detail of Hex Slit Nuts

Year	Sleepers pre-stressed	Qty required	Qty issued	Excess Quantity Issued	Value (Rs)	Amount (Rs)
2013-14	83,191	332,764	343,908	11,144	16.731	186,450.26
2014-15	42,371	169,484	172,061	2,577		43,115.79
2015-16	191,406	765,624	771,320	5,696		95,299.78
2016-17	131,238	524,952	593,508	68,556		1,147,010.44
Total						1,471,876.27
Grand Total (Table 1 + 2 + 3)						3,416,856.00 3.417 (m)

Loss due to irregular issuance of imported material (Para 4.5.5)

CSF/Sukkur

Name of Equipment	Period of Issuance	Qty required for two Pre-stressing machines	Qty issued	Excess Issued	Value of one item	Amount (Rs)
Clutch for Box Spanner	21.06.16 to 28.07.17 (13 months)	08 (04 for each machine)	16	08	549,572	4,396,576

CSF/Khanewal

Hydraulic Jack	22.10.16 to 01.10.17	08 (04 for each machine)	9	01	1,105,650	1,105,650
Hydraulic Jack	Not issued in Ledger	-	Half parts of two Jacks.	Two half = One	1,105,659	1,105,650
Clutch for Box Spanner	22.10.16 to 10.06.16	08 (04 for each machine)	10	02	549,572	1,099,144
Spindle Clutch Complete	22.10.16 to 10.06.16	08 (04 for each machine)	10	02	653,071	1,306,142
Total						9,013,162 9.013 (m)

Statement showing the detail of totally damaged sleepers (Para 4.5.6)

1. CSF/KWL

Sr. No.	Year	No. of damaged Sleepers	Cost per sleeper	Amount of Loss (Rs)
1	2012-13	170	2620	445,400
2	2013-14	196	3000	588,000
3	2014-15	119	3200	380,000
4	2015-16	1682	3460	5,819,720
5	2016-17	1004	3730	3,744,920
Total		3171		10,978,840

2. CSF/SUK

Sr. No.	Year	No. of damaged Sleepers	Cost per sleeper	Amount of Loss (Rs)
1	2012-13	328	2620	859,360
2	2013-14	460	3000	1,380,000
3	2014-15	173	3200	553,600
4	2015-16	1112	3460	3,847,520
5	2016-17	776	3730	2,894,480
Total		2849		9,553,960

3. CSF/KHT

Sr. No.	Year	No. of damaged Sleepers	Cost per sleeper	Amount of Loss (Rs)
1	2012-13 to 2017-17	3,614	3118	11,268,450
Grand Total (1 +2+3)				31,801,250 31.801 (m)

**Statement showing the detail of material found short in store
(Para 4.5.7)**

Sr. No	Item Name	Qty as per Ledger	Actual Qty available in store	Short Qty	Value per item	Amount (Rs)
1	Frequency Invertor	05	04	01	2,135,484	2,135,484
2	Thread Roll Holder	06	05	01	683,333	683,333
3	Vibrator type 9000/14/losen hausan (RHV 2120)	04	03	01	651,181	651,181
Total						3,469,998 3.470 (m)

Annex-19**Statement showing the Thread Roll Sets extra used at Concrete Sleeper Factory, Khanewal (Para 4.5.10)**

Sr. No.	Date of Issue	Sets Issued	Dates of utilization	Production of Pre- Stressed Sleepers	Threads required on one Sleeper	No. of Threads Made	Minimum Threads Required	Less Threads made
1.	04.07.2011	01	04.07.2011 to 05.07.2011	640	04	2560	6500	3940
2.	06.07.2011	01	06.07.2011 to 07.07.2011	504	04	2016	6500	4484
3.	19.07.2011	02	19.07.2011 to 26.07.2011	2071	04	8284	13000	4716
4.	27.07.2011	01	27.07.2011 to 31.07.2011	1361	04	5444	6500	1056
5.	01.08.2011	03	01.08.2011 to 14.08.2011	3368	04	13472	19500	6028
6.	18.08.2011	01	18.08.2011 to 19.08.2011	512	04	2048	6500	4452
7.	08.09.2011	01	08.09.2011 to 11.09.2011	1000	04	4000	6500	2500
8.	12.09.2011	01	12.09.2011 to 15.09.2011	1008	04	4032	6500	2468
9.	16.09.2011	01	16.09.2011 to 16.09.2011	256	04	1024	6500	5476
10.	17.09.2011	01	17.09.2011 to 19.09.2011	552	04	2208	6500	4292
11.	20.09.2011	01	20.09.2011 to 22.09.2011	1040	04	4160	6500	2340
12.	23.09.2011	01	23.09.2011 to 23.09.2011	280	04	1120	6500	5380
13.	30.09.2011	02	30.09.2011 to 03.10.2011	1056	04	4224	13000	8776
14.	04.10.2011	02	04.10.2011 to 05.10.2011	536	04	2144	13000	10856
15.	06.10.2011	02	06.10.2011 to 09.10.2011	1320	04	5280	13000	7720

16.	10.10.2011	02	10.10.2011 to 11.10.2011	432	04	1728	13000	11272
17.	12.10.2011	01	12.10.2011 to 14.10.2011	432	04	1728	6500	4772
18.	19.11.2011	01	19.11.2011 to 20.11.2011	320	04	1280	6500	5220
19.	21.11.2011	01	21.11.2011 to 21.11.2011	0	04	0	6500	6500
20.	22.11.2011	01	22.11.2011 to 24.11.2011	0	04	0	6500	6500
21.	25.11.2011	01	25.11.2011 to 27.11.2011	280	04	1120	6500	5380
22.	07.01.2012	01	07.01.2012 to 09.0.2012	560	04	2240	6500	4260
23.	10.01.2012	01	10.01.2012 to 10.01.2012	360	04	1440	6500	5060
24.	11.01.2012	01	11.01.2012 to 11.01.2012	320	04	1280	6500	5220
25.	12.01.2012	01	12.01.2012 to 13.01.2012	720	04	2880	6500	3620
26.	14.01.2012	01	14.01.2012 to 17.01.2012	920	04	3680	6500	2820
27.	15.02.2012	01	15.02.2012 to 16.02.2012	0	04	0	6500	6500
28.	17.02.2012	01	17.02.2012 to 21.02.2012	1104	04	4416	6500	2084
29.	22.02.2012	01	22.02.2012 to 23.02.2012	744	04	2976	6500	3524
30.	24.02.2012	02	24.02.2012 to 28.02.2012	1416	04	5664	13000	7336
31.	29.02.2012	02	29.02.2012 to 01.03.2012	800	04	3200	13000	9800
32.	02.03.2012	01	02.03.2012 to 04.03.2012	600	04	2400	6500	4100
33.	17.03.2012	02	17.03.2012 to 19.03.2012	112	04	448	13000	12552
34.	20.03.2012	01	20.03.2012 to 23.03.2012	958	04	3832	6500	2668
35.	24.03.2012	01	24.03.2012 to 25.03.2012	320	04	1280	6500	5220
36.	29.09.2012	02	29.09.2012 to 04.10.2012	920	04	3680	13000	9320
37.	31.05.2014	01	31.05.2014 to 02.06.2014	552	04	2208	6500	4292

38.	03.06.2014	01	03.06.2014 to 05.06.2014	1075	04	4300	6500	2200
39.	03.07.2014	01	03.07.2014 to 07.07.2014	1040	04	4160	6500	2340
40.	08.07.2014	01	08.07.2014 to 15.07.2014	0	04	0	6500	6500
41.	16.07.2014	01	16.07.2014 to 26.07.2014	0	04	0	6500	6500
42.	02.10.2014	01	02.10.2014 to 02.10.2014	400	04	1600	6500	4900
43.	10.10.2014	01	10.10.2014 to 13.10.2014	1176	04	4704	6500	1796
44.	14.10.2014	01	14.10.2014 to 15.10.2014	680	04	2720	6500	3780
45.	07.01.2015	01	07.01.2015 to 07.01.2015	800	04	3200	6500	3300
46.	08.01.2015	01	08.01.2015 to 09.01.2015	1200	04	4800	6500	1700
47.	10.01.2015	01	10.01.2015 to 11.01.2015	800	04	3200	6500	3300
48.	21.01.2015	01	21.01.2015 to 23.01.2015	1350	04	5400	6500	1100
49.	31.01.2015	01	31.01.2015 to 02.02.2015	1200	04	4800	6500	1700
50.	03.02.2015	01	03.02.2015 to 05.02.2015	1600	04	6400	6500	100
51.	06.02.2015	01	06.02.2015 to 08.02.2015	1200	04	4800	6500	1700
52.	09.02.2015	01	09.02.2015 to 10.02.2015	1600	04	6400	6500	100
53.	17.02.2015	01	17.02.2015 to 18.02.2015	600	04	2400	6500	4100
54.	04.03.2015	01	04.03.2015 to 06.03.2015	1456	04	5824	6500	676
55.	07.03.2015	01	07.03.2015 to 09.03.2015	1312	04	5248	6500	1252
56.	23.04.2015	01	23.04.2015 to 26.04.2015	416	04	1664	6500	4836
57.	27.04.2015	01	27.04.2015 to 28.04.2015	1568	04	6272	6500	228
58.	14.06.2015	02	14.06.2015 to 19.06.2015	662	04	2648	13000	10352
59.	22.07.2015	01	22.07.2015 to 22.07.2015	680	04	2720	6500	3780

60.	04.08.2015	01	04.08.2015 to 04.08.2015	664	04	2656	6500	3844
61.	21.08.2015	01	21.08.2015 to 23.08.2015	1190	04	4760	6500	1740
62.	19.09.2015	01	19.09.2015 to 20.09.2015	700	04	2800	6500	3700
63.	29.09.2015	01	29.09.2015 to 30.09.2015	1000	04	4000	6500	2500
64.	02.11.2015	01	02.11.2015 to 02.11.2015	640	04	2560	6500	3940
65.	07.11.2015	01	07.11.2015 to 09.11.2015	1453	04	5812	6500	688
66.	04.01.2016	01	04.01.2016 to 05.01.2016	858	04	3432	6500	3068
67.	06.01.2016	01	06.01.2016 to 07.01.2016	1064	04	4256	6500	2244
68.	11.01.2016	05	11.01.2016 to 22.01.2016	7400	04	29600	32500	2900
69.	24.01.2016	04	24.01.2016 to 28.01.2016	1620	04	6480	26000	19520
70.	02.04.2016	01	02.04.2016 to 02.04.2016	800	04	3200	6500	3300
71.	09.04.2016	01	09.04.2016 to 11.04.2016	550	04	2200	6500	4300
72.	12.04.2016	02	12.04.2016 to 18.04.2016	2347	04	9388	13000	3612
73.	19.04.2016	06	19.04.2016 to 02.05.2016	7900	04	31600	39000	7400
74.	05.05.2016	06	05.05.2016 to 25.05.2016	8409	04	33636	39000	5364
75.	28.05.2016	02	28.05.2016 to 01.06.2016	1920	04	7680	13000	5320
76.	04.06.2016	03	04.06.2016 to 11.06.2016	2390	04	9560	19500	9940
77.	15.06.2016	02	15.06.2016 to 20.06.2016	2520	04	10080	13000	2920
78.	23.06.2016	03	23.06.2016 to 01.07.2016	4800	04	19200	19500	300
79.	11.07.2016	01	11.07.2016 to 20.07.2016	690	04	2760	6500	3740
80.	21.07.2016	01	21.07.2016 to 31.07.2016	1250	04	5000	6500	1500
81.	20.08.2016	01	20.08.2016 to 20.08.2016	150	04	600	6500	5900

82.	28.10.2016	02	28.10.2016 to 31.10.2016	2000	04	8000	13000	5000
83.	17.11.2016	04	17.11.2016 to 23.11.2016	4050	04	16200	26000	9800
84.	10.02.2017	06	10.02.2017 to 06.04.2017	2765	04	11060	39000	27940
85.	31.07.2017	04	31.07.2017 to 28.08.2017	1928	04	7712	26000	18288
86.	29.08.2017	03	29.08.2017 to 20.09.2017	4727	04	18908	19500	592
		136				455896	884000	428104
<p>Short thread made on HTS Wire / No of thread rolls required to be made (428104/6500 = 65.86 thread rolls extra used). Value of extra thread rolls used (cost of each thread roll Rs. 36456.67 x extra thread rolls used 65.86) = Rs. 2,401,036 Actual Average thread made in CSF/ Khanewal = 455896/136 = 3352</p>								

Statement showing the Thread Roll Sets extra used at Concrete Sleeper Factory, Sukkur

Sr. No.	Date of Issue	Sets Issued	Dates of utilization	Production of Pre- Stressed Sleepers	Threads required on one Sleeper	No. of Threads Made	Minimum Threads Required	Less Threads made
1.	21.05.2014	1	21.05.2014 to 23.05.2014	1005	4	4020	6500	2480
2.	02.06.2014	1	02.06.2014 to 04.06.2014	1212	4	4848	6500	1652
3.	07.01.2015	1	07.01.2015 to 07.01.2015	805	4	3220	6500	3280
4.	08.01.2015	2	08.01.2015 to 08.01.2015	802	4	3208	13000	9792
5.	09.01.2015	1	09.01.2015 to 11.01.2015	813	4	3252	6500	3248
6.	12.01.2015	1	12.01.2015 to 16.01.2015	0	4	0	6500	6500
7.	17.01.2015	2	17.01.2015 to 17.01.2015	801	4	3204	13000	9796
8.	30.01.2015	1	30.01.2015 to 30.01.2015	811	4	3244	6500	3256

9.	23.02.2015	1	23.02.2015 to 23.02.2015	884	4	3536	6500	2964
10.	26.02.2015	1	26.02.2015 to 27.02.2015	402	4	1608	6500	4892
11.	24.03.2015	1	24.03.2015 to 26.03.2015	0	4	0	6500	6500
12.	27.03.2015	1	27.03.2015 to 29.03.2015	0	4	0	6500	6500
13.	30.03.2015	1	30.03.2015 to 05.05.2015	0	4	0	6500	6500
14.	23.07.2015	1	23.07.2015 to 23.07.2015	715	4	2860	6500	3640
15.	06.08.2015	2	06.08.2015 to 07.08.2015	1256	4	5024	13000	7976
16.	10.08.2015	2	10.08.2015 to 12.08.2015	2467	4	9868	13000	3132
17.	07.09.2015	2	07.09.2015 to 08.09.2015	1074	4	4296	13000	8704
18.	12.12.2015	2	12.12.2015 to 15.12.2015	2274	4	9096	13000	3904
19.	23.12.2015	2	23.12.2015 to 27.12.2015	1715	4	6860	13000	6140
20.	02.01.2016	1	02.01.2016 to 03.01.2016	859	4	3436	6500	3064
21.	06.01.2016	1	06.01.2016 to 06.01.2016	852	4	3408	6500	3092
22.	13.01.2016	1	13.01.2016 to 13.01.2016	845	4	3380	6500	3120
23.	15.04.2016	1	15.04.2016 to 15.04.2016	0	4	0	6500	6500
24.	22.04.2016	1	22.04.2016 to 22.04.2106	404	4	1616	6500	4884
25.	23.04.2016	1	23.04.2016 to 24.04.2016	407	4	1628	6500	4872
26.	25.04.2016	1	25.04.2016 to 25.04.2016	807	4	3228	6500	3272
27.	26.04.2016	1	26.04.2016 to 26.04.2016	804	4	3216	6500	3284
28.	04.05.2016	1	04.05.2016 to 05.05.2016	402	4	1608	6500	4892
29.	13.05.2016	1	13.05.2016 to 15.05.2106	1227	4	4908	6500	1592
30.	01.08.2016	2	01.08.2016 to 23.08.2016	1273	4	5092	13000	7908
31.	05.09.2016	2	05.09.2016 to 14.09.2016	843	4	3372	13000	9628

32.	19.09.2016	5	19.09.2016 to 27.09.2016	4689	4	18756	32500	13744
33.	20.02.2017	1	20.02.2017 to 23.02.2017	819	4	3276	6500	3224
34.	09.03.2017	5	09.03.2017 to 28.03.2017.	2156	4	8624	32500	23876
35.	18.07.2017	2	18.07.2017 to 27.07.2017	2002	4	8008	13000	4992
36.	28.07.2017	2	28.07.2017 to 01.08.2017	1040	4	4160	13000	8840
37.	02.08.2017	2	02.08.2017 to 06.08.2017	720	4	2880	13000	10120
38.	07.08.2017	2	07.08.2017 to 07.08.2017	200	4	800	13000	12200
39.	08.08.2017	2	08.08.2017 to 09.08.2017	1200	4	4800	13000	8200
40.	26.08.2017	1	26.08.2017 to 27.08.2017	200	4	800	6500	5700
		62				155140	403000	247860
<p>Short thread made on HTS Wire / No of thread rolls required to be made by each thread roll ($247860/6500 = 38.13$ thread rolls extra used).</p> <p>Value of extra thread rolls used (cost of each thread roll Rs. 36456.67 x extra thread rolls used 38.13) = Rs. 1,390,092</p> <p>Actual Average thread made in CSF/ Sukkur = $155140/62 = 2502$</p> <p>Actual Average thread made in CSF/ KWL & SUK = $3352+2502/2 = 2927$</p> <p>Total loss = Rs. 3,791,129 (2,401,036 + 1,390,092) = Rs 3.791 (m)</p>								

**Statement showing the detail of loss due to shortage of sleepers
(Para 4.5.11)**

Sr. No.	Item name	Description	Amount (Rs in million)
1	RCC Twin Block Sleepers	Daily production register of CSF/Kohat showed closing balance of twin block sleepers as 12,140 while as per return submitted to the MD office this balance was 9,914. This indicated that there was shortage of 2,226 twin block sleepers. Thus, PR suffered loss due to shortage of sleepers.	10.28
2	Mono Block Sleepers	Fortnightly report of manufacturing and prestressing of sleepers in CSF/Sukkur showed on 14.10.2017 that 13,022 sleepers were available in stock. However, on physical verification of stock, it was noticed that 12,717 sleepers were actually available. This resulted into shortage of 305 sleepers.	1.138
Total			11.418 (m)

Annex-21**Statement showing loss due to non-increasing of lease rent of CSF/Kotri
(Para 4.5.14)**

Sr. No.	Year	Lease Rent (Rs)	Annual Increase (Rs)
1	2006-07	3,600,000	360,000
2	2007-08	3,960,000	396,000
3	2008-09	4,356,000	435,600
4	2009-10	4,791,600	479,160
5	2010-11	5,270,760	527,076
6	2011-12	5,797,836	579,784
7	2012-13	6,377,620	637,762
8	2013-14	7,015,382	701,538
9	2014-15	7,716,920	771,692
10	2015-16	8,488,612	848,861
11	2016-17	9,337,473	933,747
Total			6,671,220 6.671 (m)

Annex-22

Statement showing extra cost incurred on transportation of sleepers (para 4.6.1)

Sr. No.	Date	Transportation Charges (in rupee per M.ton)		Difference (Rs)	Quantity (M.Ton)	Amount of loss (Rs)
		From Kotri to Kot Adu (842.69 km)	From Khanewal to Kot Adu (138 km)			
1	06.09.17	1,480.5	661.5	819	453	670,667
2	05.09.17	1,480.5	661.5	819	645	954,923
3	03.08.17	1,480.5	661.5	819	361	534,461
4	02.08.17	1,480.5	661.5	819	360	532,980
5	01.08.17	1,480.5	661.5	819	264	390,852
6	31.07.17	1,480.5	661.5	819	342	506,331
7	07.07.17	1,480.5	661.5	819	290	429,345
8	07.07.17	1,480.5	661.5	819	289	427,865
9	24.06.17	1,480.5	661.5	819	193	285,737
10	23.06.17	1,480.5	661.5	819	193	285,737
11	23.06.17	1,480.5	661.5	819	193	285,737
Total						5,304,632 5.305 (m)

**Statement showing the detail of test not being performed by the M/s HIS
(Para 4.6.2.1)**

Sr. No.	Name of test
1	Slump test of concrete
2	Abrasion test of course aggregates
3	Sieve analysis of course aggregates
4	Full destruction test after 10000 sleepers
5	Tests prescribed by the designer on material, during manufacturing process and finished goods.
6	Yearly test on seven sleepers to assess residual stresses

**Statement showing the detail of scrap lying in factories
(Para 4.6.3)**

CSE/KWL

Sr. No.	Vehicle/Scrap Name	Quantity
1	Tractor/Loader complete France	01 No.
2	AhlmannShawal Loader	01
3	Tractor Allis Chlmer	02
4	Hiace	01
5	Jeep	01
6	Tractor Furukawa Front and wheel Loader	02
7	Lifter	01
8	Crushing Plant (stone)	01
9	Steel scrap	18.260 M.Tons
10	Empty drums	80 Nos.

CSE/KHT

Sr. No.	Vehicle/Scrap Name	Quantity
1	HTS wire	200 M. Tons

CSE/SUK

Sr. No.	Vehicle/Scrap Name	Quantity
1	Empty drums	200 Nos.
2	M.S. Scrap (US wire rope)	1030 KG
3	M.S Scrap Mechanical items	1650 KG
4	HTS wire 10mm	40Tons

**Detail of unpre-stressed sleepers for the last five years in CSF/Sukkur
(Para 4.7.1)**

Year	Number of unpre-stressed sleepers lying outside in stacking area on the close of the FY
2012-13	32,965
2013-14	7,279
2014-15	93,101
2015-16	29,246
2016-17	88,048

**Detail of non-achievement of manufacturing targets of sleepers
(Para 4.7.2)**

CSF/Kohat

Year	Target of sleepers fixed at the beginning of financial year	Target of sleepers amended at the end of financial year	Actual Production	Difference
2013-14	--	90,000	37,723	52,277
2014-15	50,000	50,000	43,842	6,158
2015-16	70,000	36,000	35,712	288
2016-17	100,000	70,000	67,868	2,132
	220,000	246,000	185,145	60,855

CSF/Khanewal

Year	Targets given to CSF/KWL	Sleepers manufactured/pre-stressed	Difference
2012-13	100,000	48,783	51,217
2013-14	140,000	130,800	9,200
2014-15	130,000	71,650	58,350
2015-16	152,000	165,457	(13,497)
2016-17	155,000	115,591	59,409
	Less manufactured		164,679

CSF/Sukkur

Year	Targets given to CSF/SUK	Sleepers manufactured/pre-stressed	Difference
2012-13	100,000	54,917	45,083
2013-14	120,000	85,787	34,213
2014-15	128,000	42,876	85,124
2015-16	129,000	192,518	(63,518)
2016-17	185,000	131,238	53,762
		507,336	
	Less manufactured		154,664