



**Performance Audit Report
of
Punjab Cities Governance Improvement
Project in
City District Lahore**

Audit Year 2016-17

AUDITOR GENERAL OF PAKISTAN

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Abbreviations and Acronyms

APP	Annual Procurement Plan
BER	Bid Evaluation Report
CPU	City Program Unit
DAC	Departmental Accounts Committee
DCO	District Coordination officer
DGA	Director General Audit
DGPR	Director General Public Relation
DO	District Officer
DLIs	Disbursed Linked Indicators
IDA	International Development Association
IDAMP	Integrated Development and Asset Management Plan
INTOSAI	International Organization of Supreme Audit Institutions
EDO	Executive District Officer
EEP	Eligible Expenditure Program
EPA	Environment Protection Agency
ESMP	Environment and Social Management Planning
FBR	Federal Board of Revenue
FD	Finance Department
F&P	Finance and Planning
GIS	Geographic Information System
HR	Human Resource
JMF	Job Mix Formula
MB	Measurement Book
MRS	Market Rate Schedule
NCB	National Competitive Bidding
PAC	Public Accounts Committee

PAO	Principal Accounting Officer
PCGIP	Punjab Cities Governance Improvement Project
PDFPR	Punjab Delegation of Financial Powers Rules
P&D	Planning and Development
PFR	Punjab Financial Rules
PDG & TMA	Punjab District Governments & Tehsil Municipal Administration
PLGO	Punjab Local Government Ordinance
PPRA	Punjab Procurement Regulatory Authority
PMDFC	Punjab Municipal Development Fund Company's
(PFM-PR)	Public Financial Management – Performance Review
SAP	System Application Product
S&GAD	Services and General Administration Department
USPMSU	Urban Sector Planning and Management Services Unit

PREFACE

The Auditor General of Pakistan conducts audit under 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 (Function, Powers and Terms and Conditions of Service) Ordinance 2001 and Section 115 of the Punjab Local Government Ordinance 2001. The performance audit of "Punjab Cities Governance Improvement Project (PCGIP) in City District Lahore" was carried out accordingly.

The Directorate General Audit, District Governments, Punjab (North), conducted performance audit of "Punjab Cities Governance Improvement Project in City District Lahore" during May-June, 2017 for the period 2013-14 to 2015-16 with a view to reporting significant findings to stakeholders. Audit examined economy, efficiency and effective aspects of the project. In addition, Audit also assessed, on test check basis whether the management complied with applicable laws, rules and regulations in execution of development schemes under the project. The Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the project.

The observations included in this report have been finalized after discussion of Audit paras with the management. However, no Departmental Accounts Committee meeting was convened despite repeated requests.

The Performance Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, to cause it to be laid before the Provincial Assembly of Punjab.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

Director General of Audit, District Governments Punjab(North), Lahore, conducted a Performance Audit of Punjab Cities Governance Improvement Project (PCGIP) during May-June 2017 with a view to encompassing appraisal of efficacy of Disbursement Linked Indicators impacting the partner local government in Lahore, having the denomination of City District Government Lahore (CDGL) now succeeded by MCL. Audit was carried out on the accounts of PCGIP earmarked for development initiatives of the CDGL for the Financial Years 2012-16. PCGIP funds are exclusively meant for operation and maintenance and rehabilitation of infrastructure schemes. The main objective of audit was to determine as to whether the project had strengthened systems for improved planning, resource management, accountability, improving the capacity of the partner agency being audited so as to enable it to brace challenges of urbanization in a befitting manner. The audit was conducted in accordance with the INTOSAI auditing standards.

Audit was carried out with a view to ascertaining whether or not the expenditure was incurred with proper authorization and the same also conformed to laws / rules / regulation seeking achievement of desired deliverables and specific goals. Government of the Punjab is implementing 5-years Punjab Cities Governance Improvement Project (PCGIP) with financial assistance from the World Bank in five major Districts of the Punjab. In addition to City District Government Lahore, the project focuses on strengthening the governance system in other City District Governments (CDGs) i.e. Faisalabad, Gujranwala, Multan, Rawalpindi, and relevant entities for improved government service delivery. PCGIP is a result oriented project worth USD 150 million. Funds were to be distributed between CDGs and WASA in a 50:50 ratio and disbursement between cities were to be based on PFC Award shares.

Key Audit Findings

The key audit findings firmed up during Performance Audit are as under:

- i. The Environmental and Social Management Framework (ESMF) was not implemented for Government funded schemes valuing Rs416.992 million by client departments.
- ii. Requirements of Environmental and Social Management Plan (ESMP) were not observed for PCGIP schemes valuing

Rs4,875.141 million as well as for schemes executed by the CDGL and its affiliated Companies/ Subsidiaries such as LWMC.

- iii. The project was not efficiently handled as the schemes were not completed within the stipulated period involving time overrun of about several months and non-recovery of penalty of Rs4.562 million.
- iv. Contractors were allowed to participate in bids without fulfilling the qualification criteria and works to the tune of Rs100.979million were awarded to them disregarding the condition in the bidding documents.
- v. Procurement plans valuing Rs353.558 million were not got approved from the competent authority.
- vi. Principle of economy was not observed as the items were purchased through anon- transparent purchase procedure worth Rs 5.529 million.
- vii. Complete Assets inventory for the whole district was not prepared for proper resource planning valuing Rs12,893.30 million.
- viii.** No Mechanism was developed and approved for complaint monitoring & resolution, and leaving unattended grievance redress related to municipal services.

Recommendations

- i. In the light of Environmental and Social Management Framework (ESMF), the CDG / city entity should conduct environmental and social screening for every scheme.
- ii. Cities should prepare three-year rolling Development and Asset Management Plans (DAMP) every year on regular basis to improve consistently the development and asset maintenance plans across the city.
- iii. A comprehensive asset inventory system should be developed to know the complete asset inventory of the district including the assets owned by TMAs.
- iv. Funds should be transferred on timely basis by the concerned authorities to ensure effectiveness of the project.
- v. Strategy should be devised to improve the system to increase Own Source Revenue (OSR) with respect to the total revenue of CDG Lahore / Metropolitan Corporation Lahore.

- vi. A mechanism should be developed and implemented for Public Disclosure of Information, Citizen Feedback and their grievance redress.
- vii. The management needs to have a system in place to strictly monitor resource utilization and to prevent wastage of resources. Monitoring committees should be constituted to prevent any deviations from specifications and to ensure timely completion in the execution of civil works.

1. INTRODUCTION

The Director General of Audit, District Governments, Punjab (North), Lahore conducted Performance Audit of “Punjab Cities Governance Improvement Project in City District Lahore” from May to June 2017.

Government of the Punjab, with the technical and financial assistance from the World Bank, is implementing Punjab Cities Governance Improvement Project (PCGIP). This project is being implemented by the CDGs/city entities in five cities (Faisalabad, Gujranwala, Lahore, Multan and Rawalpindi).The Punjab Cities Governance Improvement Project (PCGIP) is a five year World Bank funded initiative being implemented by the Government of Punjab. The project focuses on strengthening the institutional capacity and service delivery of local governments in five key cities. Total financial outlay of the project is US\$ 150 million for five years.

i) Rationale of the project

The project is meant to strengthen the governance system in partner City District Governments (CDGs) and entities for improved government service delivery. The project utilizes a results based approach and, aligned with this focus, the disbursement decision were to be based on achievement of pre-specified results, referred to as Disbursement Linked Indicators (DLIs). The DLIs reflect priority elements in furthering the government’s urban agenda, critical at the provincial level, within the existing legislative, regulatory and policy framework of the government. They include intermediate outcomes, incremental steps and results contributing to improved efficiency and effectiveness during and beyond the project.

ii) Competent Forum

A Steering Committee headed by Chairman P&D Board is responsible to monitor the project. The members of the committee include Secretaries LG&CD, E&T, HUD & PHE, Finance and DCOs of the partner cities.

iii) Time lines/ period of the project / brief picture of the project

Project Name	Punjab Cities Governance Improvement Project
Project ID	P112901
Credit Number	IDA Credit No. 5153-PK

Total Amount of Project Budget USD 150 Million
Project Implementation Period: October 19, 2012 to June 30, 2017
Geographic Locations Lahore, Gujranwala, Faisalabad, Rawalpindi, Multan

a. Allocation of Project Funds for Each City, Each Year

(Million USD)

Cities	Year 1	Year 2	Year 3	Year 4	Total
Lahore	7.7	8.5	11.9	14.5	42.7
Faisalabad	6.4	7.1	9.9	12.0	35.3
Rawalpindi	4.3	4.8	6.7	8.1	23.9
Gujranwala	4.1	4.6	6.4	7.8	22.9
Multan	3.6	4.0	5.7	6.9	20.2
Total:-	26.1	29	40.6	49.3	145.0

iv) Description of project

PCGIP comprises of 3 distinct components, Component 1 focusing on two areas of urban governance that are aligned with seven Disbursement Link Indicators (DLIs) that address different aspects of the project’s core pillars. Component 2 supports the cities and province through technical assistance and capacity building to achieve the DLIs and enhancement in revenue. Component 3 support preparedness and rapid response to disaster, emergency, and/or catastrophic events, as needed.

DISBURSEMENT LINKED INDICATORS

- DLI1:** Three-year rolling and integrated
Resource Development and Asset Management
Planning Plans implemented by each CDG for area within its “city” boundary
- DLI2:** Good procurement performance
Procurement practices operationalized in CDGs through implementation of the provincial procurement rules.
- DLI3:** Reporting of flow of funds to CDGs
Intergovernmental and city entities, at the CDG level
Finance System
- DLI4:** Improvements in Own Source
Revenue Revenue (OSR) collection systems
Collection System
- DLI5:** Boundary of „city; area adopted by
Boundary each city and its entities as the spatial
Alignment planning and service delivery area

DLI6: Public Disclosure and Access to Information mechanism and Access to operationalized Information

DLI 7: Effective and transparent feedback and grievance redress mechanisms operationalized

Out of total USD 150 million, USD 145 million were earmarked for Component 1, there is an increasing scale of distribution of funds from Year 1 to Year 4 of the project as detailed below.

**Allocation of Project Funds for Each Year
(million USD)**

Description	Year 1	Year 2	Year 3	Year 4	Total
Share of project funds	18%	20%	28%	34%	100%
Amount of project funds	26.1	29.0	40.6	49.3	145.0

2. AUDIT OBJECTIVES

The major objectives of the audit were to check;

- (a) Whether, the efforts were made for expanding urban infrastructure to increase productivity and efficiency of the existing networks;
- (b) Whether the existing institutions that manage the infrastructure have adopted innovative engineering and maintenance techniques;
- (c) Whether the efforts were made to improve the systems for the collection of Own Source Revenue (OSR) for sustainability of the delivery of municipal services.
- (d) Whether strengthening of system for improved planning, resource management, and accountability performed perfectly.
- (e) Whether the Province of Punjab has improved the capacity on the part of the project to respond promptly and effectively to an emergency crisis.
- (f) Whether the CDGL and province through technical assistance and capacity building achieved the DLIs and enhancement in revenue have been achieved.
- (g) Whether the effective communications strategy during project implementation highlighting the project's focus on improvements in the urban governance systems of the five cities, and areas beyond the scope of this project, such as service delivery has been achieved.

3. AUDIT SCOPE AND METHODOLOGY

The scope of the audit entails assessment and evaluation of the PCGIP development schemes executed by DO (Roads) and DO (Buildings), DO (E&M) and DO (Transport) Lahore during the financial year 2013-14 to 2015-16. The audit also assesses impacts of the Project activities during various stages from planning to completion of the schemes in addition to the evaluation of other activities/ objectives of the project having relevance with City District Government Lahore. The scope of the audit is limited only to the extent of expenditure / activities executed by City District Government Lahore and does not cover the activities of the project relating to WASA Lahore. Further, the activities

relating to other city districts and Urban Unit are also not covered in this report.

The Audit relies both on primary and secondary data sources. However, greater reliance has been placed on primary sources, which include files review, site visits, and soliciting information from the key persons of PCGIP and other relevant City District Government authorities. Stakeholders' consultations and focused group meetings have also been used as a primary source to solicit viewpoint and knowing concerns of the stakeholders. The secondary sources include office record of the PCGIP, files and papers, information available on websites and other indirect sources of information.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Financial Management

On behalf of the Govt. of Punjab, USPMSU will be responsible for: (i) project administration and coordination; (ii) project financial management; (iii) project reporting; (iv) monitoring and evaluation; and (v) strategic communications.

The following two types of expenditures will constitute EEPs and will be financed under this project

1. Repair and maintenance of transport, machinery, equipment, roads, buildings, and
2. water supply/drainage:

The allocation for the funds under Component 1 to the cities is determined on a PFC formula, at an increasing scale of distribution across four years. Out of total \$145 million for Component 1, there is an increasing scale of distribution of funds from Year 1 to Year 4 of the project, from 18% for Year 1, 20% for Year 2 to 28% for Year 3, and 34% for Year 4 (Table 2.6 for allocation of funds across four years). The incremental increase, in parallel with the improvement and strengthening of the city systems for planning, budget allocation, procurement, expenditure management and systems and procedures for O&M of infrastructure and services provides a check against waste and misuse of the funds. Beginning with the third year, when most of the essential frameworks are in place, and critical city procedures and processes are operational, there are significant increase in the funds available to the city. These increases in the performance grants, it is expected, will begin to be matched by progressive and sustainable increases in cities' revenue.

4.1.1 Non utilization of funds-Rs 1037.947 million

According to Rule 64(1)(ii) & (2)(i)(ii) of PDG Budget Rules 2003, each Local Government shall ensure that authorized budget allocations are expended in conformity with the Schedule of Authorized Expenditure.

Scrutiny of record of PCGIP funds revealed that funds amounting to Rs 1799.19 million were allocated for execution of different repair & maintenance schemes to DO (Roads), DO (Buildings), DO(E&M), DO (Transport) etc. during 2012-13 to 2015-16 out of which funds valuing Rs761.243 million was utilized. The remaining funds of Rs 1037.947 million was not utilized as detailed below;

(Rs in million)

Sr. No.	Year	Funds allocated	Expenditure incurred	Saving
1.	2012-13	No budget allocated	Nil	
2	2013-14	353.558	158.00	195.558
3	2014-15	596.051	302.541	293.51
4	2015-16	849.581	300.702	548.879
Total		1799.19	761.243	1037.947

Audit is of the view that due to weak financial management funds were not expended. This resulted in non-achievements of desired targets well in time.

The matter was reported to the management of PCGIP during July 2017. Department replied that funds were not expended due to non-completion of schemes. Department accepted his negligence for non-utilization of funds. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of the persons responsible.

(AIR para # 15)

4.1.2 Non reconciliation of expenditure-Rs 761.243 million

According to para 37 of Appraisal Document, for utilization of funds, a lapsable Assignment Account to be established with the National Bank of Pakistan and operated by USPMSU under joint signatures of two senior officials of the USPMSU will be used. The transactions from this account will be subject to internal audit. Dedicated financial management staff would be engaged for the project. Separate books of account would be maintained and bank account reconciled on a monthly basis. The CEO of PCGIP vide letter No.6521 dated 07.10.2013 directed the executing agencies to submitted expenditure statements dully reconciled by respective DAO / Treasury Officer supported with PIFRA/SAP budget execution reports computer print for EEPs. Further according to Rule 2.4 of PFR Vol-I, all deposits into Government account are required to be reconciled with the record of District Account Officer concerned.

Scrutiny of record of PCGIP funds revealed that an expenditure of Rs 761.243 million was incurred during 2013-14 to 2015-16. The monthly reconciled expenditure statements dully reconciled from the competent forum was neither provided nor available in record. The reliability, accuracy and authenticity of accounts cannot be verified as detailed below;

(Rs in million)

Sr.#	Year	Expenditure
1	2013-14	158.00
2	2014-15	302.541
3	2015-16	300.702
Total:		761.243

Audit is of the view that due to weak internal and financial control, expenditure was incurred without reconciliation. This resulted in un-authentic expenditure of Rs 761.243 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that reconciliation of expenditure statements will be shown to audit. Reply was not accepted as reconciled expenditure statements were not provided to audit. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides production of reconciled expenditure statements.

(AIR para # 14)

4.1.3 Un-justified reimbursement of Rs 158.0 million (Criteria)

As per para 3.1(IV) of SOPs for Punjab Procurement Rules 2014, DCO shall approve the final draft of Annual Procurement Plan (APP).

Scrutiny of record of PCGIP funds revealed that funds amounting to Rs 158.0 million was reimbursed during 2013-14 to the activities already completed without preparation of procurement plan in violation of rule ibid. The vouched account like vouchers / bills etc., was not provided to audit for verification. Due to this reason the expenditure of Rs 158.0 million was held irregular and doubtful.

Sr. #	Description	Expenditure (Rs in million)
1	Repair & maintenance schemes	22.00
2	Repair & maintenance schemes	18.00
3	Development schemes	27.00
4	NCB (National competitive bidding)	29.00
5	Utilities	62.00
Total:-		158.00

Audit is of the view that expenditure of Rs 158.0 million was without the sanction of the competent authorities. This resulted in irregular reimbursement of funds.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides justification of irregular reimbursement of expenditure.

(AIR para # 13)

4.1.4 Non strengthening Own Source Revenue

According to para 22 (b) of the Appraisal Document, cities were to support to achieve improvements in the property tax regime through the digitization of Urban Immovable Property Tax (UIPT) records, GIS based spatial-mapping of urban properties, and the establishment of a UIPT database and billing system that allows the taxpayers to use a web based interface to view property valuations as well as to generate vouchers for annual payment. At the end of Year 2, Each city entity was required to operationalize the approved Action Plan for enhancement of self-collected own source revenues OSR. Further as per Project Appraisal Document, OSR as a percentage of total revenues varies between 3% to 8% for Gujranwala and Lahore respectively during 2011-12.

Scrutiny of accounts record of PCGIP funds revealed that improvement in the UIP record (Own Source Revenue) comprising of (i) Advertisement fee; (ii) Fee for re-classification of land-use – change of land use; (iii) income from transport terminals – bus stands, wagon stands, truck adda and parking stands; (iv) rental income from municipal property – houses, shops, etc.; and, (v) fees and fines on miscellaneous regulatory functions such as license fee for trades and vocations was to be digitized completely during year 2 whereas the Urban Unit in collaboration with the Excise and Taxation Department could complete the said task at Sialkot District only. Action plan is not fully covering unattended areas such as Pension, receipt of CDGL petrol pumps, and Receipt of Lahore Parking Co. The admitted demand against market / shops rent, Lorry adda, sanitation fee, dues had not been prevented from undue accumulation into unrealistic default. The Lahore Parking Company has been able to raise parking fee three fold with a huge mis-match as compared to realized parking fee receipts under erstwhile arrangements managed by CDGL. The 100% task was not completed within stipulated period of time. Further the municipal taxes in view of mandate conferred afresh on Metropolitan Corporation were not digitalized.

Audit is of the view that due to poor financial management own source revenue was not increased. This resulted in depriving the city of financial sustainability.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides strengthening own source revenue.

(AIR para # 4)

4.2 Procurement and Contract Management

At the city district governments level the project will assist in developing a system of adequate planning, and documentation of SOPs for procurement. The CDGs and WASAs are required to use the provincial procurement rules, but compliance is partial due to gaps in implementation instruments, as well as dissemination issues. The participating entities shall establish a procurement planning system linked to the budget, developing an SOP for procurement and contract management systems, web postings, pre award disclosures and complaints redressal mechanism. World Bank procurement review include repair of Plant & Machinery, Transport, repair of Roads and Buildings.

A procurement link would be maintained at the relevant implementing agency of the various cities website to provide the overall procurement plans and updates. It will be the responsibility of the City Program Units to ensure that the website is current for all goods, works and consultancies; for which procurement plans, procurement notices, invitation to bid, bid documents and Request for Proposal (RFPs) as issued, latest information on procurement contracts, complaints and actions taken, contract award and performance under the contracts and other relevant information related to procurement shall be displayed. The website would be accessible to all bidders and interested persons equally and free of charge.

4.2.1 Non observance of schedule as per Procurement Plan-Rs 416.992 million

As per para 3.1(IV) of SOPs for Punjab Procurement Rules 2014, DCO shall approve the final draft of Annual Procurement Plan (APP). Further as per 3.2(V), after approval of the proposed APP, by DCO, it is mandatory to advertise the APP on PPRA's website as well as on the website of the procuring agency in case the procuring agency has its own website.

The examination of accounts record of the schemes executed by DO (Roads) under PCGIPrevealed that an expenditure of Rs 416.992 million was expended on the Repair & Maintenance of Roads during 2014-15. Procurement Plan was not followed and resulted in delay of activities as detailed in **Annex-C**.

Audit is of the view that due to weak internal and administrative controls, procurement plan was not followed. This resulted in expenditure in violation of project guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 17)

4.2.2 Procurement in violation of approved Procurement Plan –Rs 353.558 million

EDO (F&P), Lahore vide letter No. EDO(F&P)/199/C dated 06.05.2014 addressed to DO (Roads-I, II, & III) and DO(Buildings-II) conveyed the Procurement Plan for the FY 2013-14 amounting to Rs 353.558 million with the direction to execute the schemes as per approved procurement plan.

Scrutiny of record of PCGIP funds revealed that procurement plan for the FY 2013-14 amounting to Rs 353.558 million was approved vide above referred letter. The examination of record revealed that funds amounting to Rs 195.558 million were placed at the disposal of executing agencies instead of Rs 353.558 million. The remaining funds of Rs 158.00 million was adjusted / reimbursed against already incurred expenditure without any authorization. Further, as per procurement plan the funds were required to be utilized before 30.06.2014 whereas the funds were not fully utilized / expended. These schemes remained in complete after the close of financial year 2015-16. This was the clear cut violation of the approved procurement plan for which no action was taken as detailed at **Annex-B**.

Audit is of the view that due to weak internal and administrative control, expenditure was incurred by violating procurement plan. This resulted in expenditure in violation of guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 16)

4.2.3 Non announcement of Procurement Plan worth Rs 195.558

As per para 3.1(IV) of SOPs for Punjab Procurement Rules 2014, DCO shall approve the final draft of Annual Procurement Plan (APP). Further as per 3.2(V), after approval of the proposed APP, by DCO, it is mandatory to advertise the APP on PPRA's website as well as on the website of the procuring agency in case the procuring agency has its own website.

Audit scrutiny of accounts record of PCGIP funds revealed that the procurement plan to the tune of Rs 195.558 million was not advertised on the website as detailed below;

Description	Procurement plan for the year 2013-14
Procurement plan (financial work)	195.558 million

Audit is of the view that due to weak internal and administrative controls, announcement of procurement plan was not made. This resulted in expenditure in violation of guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 19)

4.2.4 Irregular expenditure due to splitting - Rs 37.49 Million

As per Rule 9 & 12 of PPRA Rules 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of procurement so planned. Procurement over 100,000 and up to 2.00 million should be advertised on PPRA's website as well as in print media, if deemed necessary by the procuring agency and According to section 12(2) of PPRA rules 2009 all procurement opportunities over 2 million rupees should be advertised on the PPRA website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall in at least two national dailies one in English and the other in Urdu.

During Performance Audit of PCGIP, it was observed that DO (Workshop) Lahore incurred Rs 37.49 million for the repair of different vehicles during 2014-15. The expenditure was incurred by splitting the indents in order to avoid advertisement in newspapers and calling tenders

to make the expenditure economical and transparent. Without open competition fair & transparent purchase could not be ensured.

Audit is of the view that irregular payment was made due to weak internal controls. This resulted in irregular expenditure on repair of plant & machinery worth Rs 37.49 million.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 22)

4.2.5 Non transparent repair of plant and machinery Rs5.529 million

According to Rule 4 of PPRA, a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical. According to the guidelines issued by the PCGIP and as per Rule 9 & 12 of PPRA Rules 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of procurement so planned.

DO (E&M) incurred an expenditure of Rs 5.529 million on the repair of plant & machinery during 2014-15. The examination of record revealed that technical and financial evaluation bids were neither available nor shown. The bills and quotations were salient about the specifications and generic names of the parts. In the absence of which the rates offered by the vendors could not be verified as realistic as detailed below.

Sr. No.	Description	Period	Amount (Rs)
1	Repair / maintenance of Main Asphalt Plant unit	2014-15	1,604,907
2	Repair / maintenance of Paver machine and PTR (Saki) Tyres Roller No. 37	2014-15	1,067,000
	Repair of equipment of different school	2014-15	2,857,850
Total:			5,529,757

Audit was of the view that non transparent purchase was made due to weak internal controls. This resulted in non-transparent purchase of parts of plant and machinery amounting to Rs 5.529 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that detailed reply will be submitted later. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action in seeking regularization of the expenditure in the manner prescribed also avoiding recurrence of such lapses in future.

(AIR para # 21)

4.2.6 Payment of GST without having GST Invoice-Rs 5.696 million

As per Government of Pakistan (Revenue Division) Central Board of Revenue (Sales Tax Wing) letter No. C.No.4(47)STB/98 (Vol-I) dated 04th August 2001, purchases should be made by the Government Departments from the suppliers registered with Sales Tax Department and payment shall be made to the suppliers - contractors only on the bills supported with sales tax invoices. Further, at the end of month the department shall send a report on the prescribed format to the concerned Collector of sales tax intimating him the name and address of the supplier, GST number and cost of goods supplied including / excluding sales tax amount.

Scrutiny of record of DO (Workshop) revealed that an expenditure of Rs 37.49 million was incurred for the purchase of parts for different vehicles during 2014-15. The examination of voucher revealed that parts were purchased from the contractor / firms not registered with GST Department. GST was paid to the vendors without having GST Invoices which was irregular. The payment evidence of GST to the GST Collectorate was not available in record. In the absence of payment evidence of GST to the government, it was crystal clear that the amount was amenable to embezzled by the suppliers. The payment was held irregular and doubtful as detailed below;

Sr.#	Description	Total expenditure	1/5 Amount of GST	GST paid
1	Repair of vehicles	37,474,819	1,424,043	5,696,172

Audit is of the view that payment was made without seeking evidence of depositing of residual 4/5th of the GST into the treasury entailing undue benefit conferred upon suppliers due to weak internal controls. This resulted in unjustified payment of GST without GST Invoice.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to recover GST under report to audit.

(AIR para # 23)

4.2.7 Irregular repair of street lights poles -Rs 2.361 million

According to Rule 2.82 of B&R Code, no work can be started unless detailed designed & estimate was sanctioned by the competent authority. As per Rule 2(c) read with 9(6) of Punjab Private Site Development Schemes (Regulation) Rules 2005, developer means a Company or a Cooperative Society or a firm or the owner of land who intends to develop a Scheme and the maintenance of the scheme shall be the responsibility of the Developer. As per Rules 3(2) schedule-I of TMA Rules of Business 2002, provision, management, operation, maintenance and improvement of the municipal infrastructure and services, including street lights was the function of TMA.

DO (E&M), Lahore expended Rs 2.361 million for the strengthening the foundations of the street light poles of different roads of CDGL during 2014-15. The expenditure was incurred without having design, preparation of estimate duly sanctioned by the engineer in-charge. The previous foundations of the street lights poles were not declared dangerous before construction of new foundations. The survey report, completion certificates, measurement books and eligibility of the contractors for construction works (as the repair work was carried out through general order supplies) were not available in record. Further, the repair of street lights was the function of TMA / LDA.

Description	Qty	Rate (Rs)	Amount (Rs)
Improvement of foundation for 10-meter height	225	3235	727,875
-do-	491	3235	1,588,385
Total:-			2,316,260

Audit was of the view that irregular expenditure was incurred due to weak internal controls and defective financial discipline. This resulted in doubtful expenditure on civil works worth Rs 2.361 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that detailed reply will be submitted later. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 20)

4.2.8 Non transparent expenditure on repair of generator Rs 953,484

According to Rule 4 of PPRA, a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical.

During scrutiny of record of DO (E&M), it was revealed that an expenditure of Rs 953,484 was incurred on the repair of generators installed at Jinnah Hall Lahore during 2014-15. The expenditure was incurred by violating the provision of PPRA. Technical & Financial bid, prequalification of contractors, bid security and GST invoices were not available. Due to this reason the expenditure was held non transparent as detailed below;

Description	Amount (Rs)
Repair of generator of 100 KVA	424,981
Repair of generator of 200 KVA	528,503
Total:-	953,484

Audit was of the view that non transparent expenditure was incurred due to weak internal controls and defective financial discipline. This resulted in non-transparent expenditure on repair of generators Rs 953,484 and instances of mis-procurement in the purchase of parts for the repair of generators cannot be ruled out.

The matter was reported to the management of PCGIP during July 2017. Department replied that detailed reply will be submitted later. No

DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to seek regularization of the expenditure in the manner prescribed.

(AIR para # 11)

4.3 Construction and Works

Civil works under the project fall within the EEP of repair and maintenance. This category refers to the W&S department of CDGs and WASAs. The funds were provided for the repair / special repair of roads and buildings to the exclusion of the construction of new roads and buildings not to be executed in this project.

4.3.1 Award of contracts without approval of Urban Unit Rs 5185.546 million

As per minutes of Bid Opening Committee meeting, the committee members will prepare Bid Evaluation Report (BER) on the standard format provided by the World Bank and same will be sent to Urban Unit for prior approval before signing and award of contract.

Scrutiny of accounts record of PCGIP schemes executed by DO (Roads - I, II & III) and DO (E&M) revealed that different works were awarded for Rs 5185.546 million but Bid Evaluation Reports were neither sent to Urban Unit nor any proof of approval from Urban Unit was shown to audit. Detail of the schemes is given at **Annex-A**.

Audit is of the view that due to weak internal and administrative controls, approval from Urban Unit was not obtained. This resulted in expenditure in violation of project guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends inquiry into the case for fixing the responsibility against those responsible.

(AIR para # 10)

4.3.2 Non-deduction of PST-Rs 908.988 million

As per Section 3(1) of Punjab Sales Tax Act 2012, a taxable service is a service listed in Second Schedule, which is provided by a person from his office or place of business in the Punjab in the course of an economic activity, including the commencement or termination of the activity. Punjab Revenue Authority vide para 13 of the notification NO. PRA/Orders.06/2012 dated 20.02.2015 states that subject to sub-rule (2) all amounts of the sales tax on services deducted or withheld under the rules shall be paid or deposited with the Government under head of account B-02385-Punjab Sales Tax on Services (withholding) in the

prescribed form and manner, further section 14 of the ibid Punjab Sales Tax Act stated that construction services and services provided by contractors of building (including water supply, gas supply and sanitary works) roads & bridges, electrical and mechanical work (including air conditioning), horticulture works, multi discipline work and similar other work.

During Performance Audit of PCGIP, it was observed that executing agencies incurred an expenditure of Rs5681.177 million on repair & maintenance of Plant & Machinery, Transport, Roads & Buildings but PST amounting to Rs908.988 million was not deducted as detailed below:-

(Rs in million)

Description	Year	Capital expenditure as obtained from Appropriation A/C	Expenditure under IDA	Total Exp.	PST @ 16%
Repair of P&M, Transport, R&B etc	2014-15	3543.605	302.541	3846.146	615.383
Repair of P&M, Transport, R&B etc	2015-16	1438.329	300.702	1739.031	278.24
Total:-		4981.934	699.243	5681.177	908.988

Audit is of the view that due to weak internal and administrative control PST deductions from payment to contractors. This resulted in expenditure in violation of substantive provisions of law..

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking recovery of PST in the manner prescribed and to avoid recurrence of such lapses in future. It is further added that the expenditure incurred by CDGL on civil works during the above period may also be recovered under report to audit.

(AIR para # 50)

4.3.3 Execution of Repair & Maintenance schemes without approval-Rs 603.243 million

LG&CD Department vide notification No. SO.FPs (LG)1-3/2010(P) dated 15.05.2012 notify “Lahore Planning and Coordination Committee (LPCC)” for approval of development schemes in order to

provide a sustainable and efficient coordination mechanism for city wide and inter jurisdictional planning and management for Lahore.

During scrutiny of record of PCGIP funds it was revealed that an expenditure of Rs 603.243 million was incurred on the R&M of the different Roads and Buildings schemes during 2014-15 to 2015-16. The schemes were selected for the R&M without the approval of the LPCC in violation of the directions of LG&CD Department vide above referred letter.

Sr. No.	Year	Expenditure (Rs in million)
1	2014-15	302.541
2	2015-16	300.702
Total:		603.243

Audit is of the view that due to weak internal and administrative control approval of LPCC was not obtained in the selection of schemes.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides regularization of expenditure.

4.3.4 Third party validation was not carried out-Rs 416.992 million

The Procurement Specialist CPU, Lahore vide letter No. 91/C dated 10.02.2015 addressed to EDO (W&S) request for third party validation on estimate of the schemes of Special Repair of Roads as per the Guide Lines of the World Bank.

Scrutiny of record of the schemes executed under PCGIP revealed that schemes pertaining to repair & maintenance of roads & buildings costing Rs 416.992 million were executed during 2014-15. The third party validation of the schemes were not carried out in violation of ibid guidelines. This lapse on the part of the management needs justification as detail at **Annex-G**.

Audit is of the view that due to weak internal and administrative control third party validation was not carried out. This resulted in expenditure in violation of guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 49)

4.3.5 Minimum amount of liquid assets and credit facilities net of other contractual commitments was not fulfilled – Rs 378.161 million

As per para 4.5(e) of bidding documents, it was prerequisite for a contractor to have minimum amount of liquid assets and or credit facilities net of other contractual commitments to be eligible for participation in the bidding process.

During scrutiny of record of PCGIP schemes executed by DO (Buildings) and (Roads) Lahore, it was observed that various works were awarded to different contractors but evidence for eligibility of the contractors regarding minimum amount of liquid assets and credit facilities net of other contractual commitments was not provided. The detail of schemes is given at **Annex-D**.

Audit is of the view that due to weak internal and administrative controls requirements for minimum amount of liquid assets and credit facilities were not fulfilled. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 18)

4.3.6 Non-production of record of Rs 198.354 million

According to para 54 of Project Appraisal Document, the USPMSU will be responsible for submission of project accounts to audit in a timely way and for onward submission of audit reports to the Bank

DO (Roads-III), Lahore did not provide the auditable record like, TS Estimate, measurement book, agreement, tendering file, vouchers etc., pertaining to the scheme “Repair / improvement of Mall Road from PMG Office to Zafar Ali Road, Lahore” for audit verification despite repeated requests.

Audit holds that relevant record was not produced which was the violation of constitutional provisions and was deliberate on the part of the auditee and also due to defective financial discipline and weak internal controls. In the absence of vouched account, authenticity, validity and accuracy of expenditure worth Rs 198.354 million could not be verified.

The matter was reported to the management of PCGIP during July 2017. Department replied that record will be provided. Neither record was produced nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides production of record under report to audit.

(AIR para # 44)

4.3.7 Non-compliance of terms & condition of award letter worth Rs 100.979 million

As per para 2, 3, 15 and 17 of the award letter No. 1787/DOR-I/CB/ST dated 14.05.2015 the contractor was to perform following duties;

- A detailed working schedule and organization chart shall be submitted before taking the work in hand.
- The other documents such as partnership deed power of attorney etc should be submitted for preparing agreement.
- Project completion through resident construction supervision by a consultant M/S NESPAK (Pvt) Limited.
- The contractor is bound to provide insurance covers as per clause 13.0 at page 28 & 29 of the bidding documents issued by this office and accepted by him.

During Performance Audit of PCGIP funds it was observed that DO (Roads-I), Lahore executed following schemes during 2015-16. The compliance of the terms & conditions of the award letter was not observed. The executing agency did not watch the compliance of the terms & condition of the award letter while making payments to the contractors as detailed below;

(Rs in million)	
Work	Cost
“Special repair of road along charrar drain towards aashiyana housing scheme”	81.645
Special repair estimate for road from NaveedHaiderChowk Towards TajChowk in Baghrian.	4.949
Special repair of road from Ferozepur Road Khalid Colony PP-160 Lahore	4.489
Special repair of work from NaveedHaiderChowk towards TajChowk in Baghrian	4.948
Special repair of road from Amin Pan Shop to Punjab Press Ground and Masjid Ahle-Hadis to ChowkMakhdoom Abad in UC 135 Lahore	4.948
Total:	100.979

Audit is of the view that terms & conditions were not observed due to weak internal controls and defective financial discipline. This resulted in non-compliance of the guidelines of the project.

The matter was reported to the management of PCGIP during July 2017. Department replied that reply will be given after consultation of record. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed and to avoid recurrence of such lapses in future.

(AIR para # 45)

4.3.8 Delay in finalization of schemes – Rs111.025 million

In accordance with clause 52 of agreement, the final bill is required to be submitted within one month from the date of completion of work. Further a certificate required to be endorsed on the bill mentioning the date of recording the entry on the bill by the engineer in-charge.

During scrutiny of record of DO (Roads-I& II) Lahore, it was observed that final bills of the following schemes were not submitted within one month after the completion of the schemes. The bills were submitted after the lapse of 5-12 months which showed that the schemes

were not completed within stipulated period of time resulting in non-imposition of penalty. It was further observed that a certificate required to be endorsed on the bills mentioning the date of recording the entry by the engineer in-charge was not available in record. Due to this reason the schemes costing Rs 111.025 million was delayed on the part of the executing agency.

(Rs in million)

Sr.#	Name of scheme	Department	TS cost
1	“Special repair of road along charrar drain towards aashiyana housing scheme”	DO (Roads-I)	81.645
2	Special repair estimate for road from NaveedHaiderChowk Towards TajChowk in Baghrian.	DO (Roads-I)	4.949
3	Special repair of road from Ferozepur Road Khalid Colony PP-160 Lahore	DO (Roads-I)	4.489
4	Special repair of work from NaveedHaiderChowk towards TajChowk in Baghrian	DO (Roads-I)	4.948
5	Special repair of road from Amin Pan Shop to Punjab Press Ground and Masjid Ahle-Hadis to ChowkMakhdoom Abad in UC 135 Lahore	DO (Roads-I)	4.948
6	R/I of road from Aliya Town to Ring Road Lahore	DO (Roads-II)	10.046
Total:-			111.025

Audit is of the view that delay in finalization of schemes was due to weak internal controls and defective financial discipline. This resulted in irregular payment of Rs 111.025 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that reply will be given after consultation of record. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed and to avoid recurrence of such lapses in future.

(AIR para # 47, 34)

4.3.9 Payment of Plant Premixed Carpet without Approval of the Rates – Rs 39.421 million

According to Finance Department’s letter No. RO (Tech) FD. 18-23/2004 dated 21st September 2004, rate for item of carpeting shall be

fixed and approved by the Chief Engineer concerned on the basis of different stages of bitumen i.e. 3% to 6% and payment will be made to the contractor as per job mix formula for bitumen used in the work.

Scrutiny of record of PCGIP schemes revealed that Rs 39.421 million was paid on account of “plant premix bitumen carpeting” without obtaining approval of the rates for the item from the Chief Engineer in violation of rule ibid. This legitimate duty was not performed while making payment to the contractors as detailed below;

Sr. No.	Work	Executing agency	Item	Amount (Rs in million)
1	S/I of Ghazi Road from Ferozpur Road to DHA Boundary Lahore	DOR-II	P/L 2” thick plant premixed carpet	16,638,336
2	S/I of Road from Ferozpur Road to DHA Boundary Lahore	DOR-II	P/L 1-1/2” thick plant premixed carpet	10,432,941
3	Repair/improvement of road from Aliya Town to Ring Road Lahore	DOR-II	P/L 2” thick plant premixed	3,625,630
4	Special Repair of Naseer Din butt from Baba Ground to Sanda Road	DOR-III		8,724,531
Total:				39,421,438

Audit is of the view that payments were made without subscribing to approval of rate mechanism due to weak internal controls and financial indiscipline. This resulted in irregular payment of plant premix bitumen carpeting of Rs 39.421 million.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation for compliance. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action to avoid recurrence of such lapses in future.

(AIR para # 24)

4.3.10 Irregular payment of bitumen without obtaining documentary evidence Rs 30.696 Million

According to clause at serial No.4 of work order of different schemes, bitumen will be arranged himself by contractor from National Refinery Limited, Karachi and documentary proof to the engineer in-charge before release of payment against the work done.

During scrutiny of record of DO (Roads-II) Lahore for the financial year 2015-16, it was observed that payment of Rs 30.696 million was made to contractor on account of bitumen used in prime coat etc. but no evidence was shown to audit when bitumen was supplied by the National Refinery Limited, Karachi as detail below:

Sr.#	Name of Scheme	Contractor	Item	Qty (cft)	Rate	Expenditure
1.	S/I of road from Ferozepur road to DHA Boundary Lahore	Standard Engineer	bitumen	168064	9900	16,638,336
			-do-	167141	6242	10,432,941
2	R/I of road from Aliya Town to Ring Road Lahore length 3210-Rft	Ch. Engineers Associates	-do-	44099	8223/25	3,625,630
Total:						30,696,907

Audit is of the view that payment of bitumen without documentary evidence was paid due to weak internal controls and defective financial indiscipline. This resulted in irregular payment of Rs 30.697 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that documentary proof will be shown to audit. Neither documentary evidence was shown to audit nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed and to avoid recurrence of such lapses in future.

(AIR para # 29)

4.3.11 Defective selection of site for the repair work-Rs 14.937 million

As per para 20 of Appraisal Document, resource planning and management, seeking to improve decision making, consolidate fragmented revenue sources and strengthen resource mobilization are exclusively at urban areas of the five City District Governments.

DO (Roads-II) Lahore incurred an expenditure of Rs 14.937 million on the repair of a link road from “Special repair for PCC of streets in railway HQ Colony in PP-147 and Aliya Town to Ring Road Lahore” out of the funds of PCGIP during 2014-16. The expenditure on these roads was required to be met from the budget grant of the respective societies or department concerned instead of funds of PCGIP. The PCGIP funds were for the improvement of urban / city areas instead of rural area. Due to defective selection of schemes for repair and maintenance, benefit to people at large was not achieved as detailed below;

(Rs in million)

Sr.#	Names of schemes.	contractor	Item	Amount
1	Repair / improvement of road from Aliya Town to Ring Road Lahore Length =2310-RFT	Ch. Engg Associates	-do-	10.046
2.	Special repair of road PCC of streets in railway HQ Colony PP-147			4.891
	Total:-			14.937

Audit is of the view that wrong selection of site was due to poor planning and weak internal controls. This resulted in mis-use of PCGIP funds.

The matter was reported to the management of PCGIP during July 2017. Department replied that selection of site is the responsibility of the approving department. Reply was not accepted as expenditure was incurred on private land and railway colony having their own budget. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends regularization of expenditure beside reimbursement of funds from quarter concerned under report to audit.

(AIR para # 25)

4.3.12 Change in the scope of work without the approval of the competent authority Rs 10.046 million

Para 2.7, 2.12 & 2.86 of B&R Department Code state that change in the scope of work required the prior approval of the competent authority. As per para DNIT will be based on a detailed survey of site by engineer in-charge and a certificate to this effect will validate measurement contained therein.

Scrutiny of record of DO (Roads-II) Lahore revealed that the scope of work of the scheme executed under PCGIP was changed by including and enhancing the items in the original estimate without prior approval of the competent authority. The revised Technical Sanctioned was neither available nor provided to audit.

(Rs in million)

Name of work	Date of start	Date of completion	Work order cost
R/I of road from Aliya Town to Ring Road Lahore	28.04.2015	27.07.2015	10.046

Audit is of the view that scope was changed due to weak internal controls and defective financial discipline. This resulted in expenditure by violating rules.

The matter was reported to the management of PCGIP during July 2017. Department stated that detailed reply will be submitted after consultation of record. Neither reply was submitted nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed.

(AIR para # 30)

4.3.13 Irregular Expenditure on Non-Scheduled Items – Rs 6.141 million

According to Government of the Punjab, Finance Department Notification No.RO (TECH)FD 18-23/2004 dated 21-09-2004, the rate analysis for the item rates (non-standardized) shall be prepared by the Executive Engineer clearly giving the specifications of the material used and approved by the competent authority to accord Technical Sanction (not below the rank of S.E) before the work is undertaken.

Scrutiny of record of the PCGIP funds revealed that DO (Buildings-II), Lahore made payment of Rs 6.141 million on account of non-schedule item during 2015-16. Neither copies of the rates analysis nor approval of composite rates obtained from SE and sent to Secretary Standing Rates Committee in violation of above directions as detailed below:

V. # & date	Name of Work	Item Description	Amount (Rs)
85 dt 26.01.2016	R/M work for DCO Administrative block including other adjacent allied buildings (residence quarters), DO (Enterprises) office of W&S, Development of City District Courts, Lahore	P/L color glazed tiles 10x13	4,012,475
-do-	R/M work for DCO Administrative block including other adjacent allied buildings (residence quarters), DO (Enterprises) office of W&S, Development of City District Courts, Lahore	P/L 16"x16" glazed tile master	2,128,753
Total:-			6,141,228

Audit holds that un-authorized payment without approval of rate analysis due to defective financial discipline and weak internal controls. This resulted in irregular expenditure of Rs 6.141 million.

The matter was reported to the management of PCGIP during July 2017. Department stated that non schedule items were approved along with TS Estimate. Reply was not accepted as approval of non-scheduled items were not obtained from quarter concerned. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends regularization of expenditure under report to audit.

(AIR para # 48)

4.3.14 Violation of DNIT- Rs 5.657 million

Para 2.7, 2.12 & 2.86 of B&R Department Code state that change in the scope of work required the prior approval of the competent authority. EDO (W&S) vide para 5 of the DNIT stated that the execution of the work at site is to be restricted to the funds available with DO and no excess to be incurred in any case. DNIT is an integral part of the enforceable contract document.

An audit scrutiny of accounts record of DO (Roads-I), Lahore revealed that payment of the items "P/L bitumen prime coat and P/L plant

premixed bitumen 2” thick” was paid to the contractor of the scheme “Special Repair of Road from Defence Road to Halloki Village, PP-159 NA 129, Lahore” in the 2nd final bill instead of Double Surface Treatment (DST) as approved by the competent authority in the DNIT during 2014-15. This resulted in unauthorized payment of Rs 5.657 million. The DO (Roads-I) has changed the scope of work without any lawful authority.

(Rs in million)

Work	Item of work approved in DNIT	Item of work paid	Expenditure
Special Repair of Road from Defence Road to Halloki Village, PP-159 NA 129, Lahore	Double surface treatment (DST)	Premixed bitumen	5.657

Audit is of the view that scope was changed due to weak internal controls and defective financial discipline. This resulted in irregular payment of Rs 5.657 million.

The matter was reported to the management of PCGIP during July 2017. Department stated that reply will be given after consultation of record. Neither reply was submitted nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends regularization of expenditure under report to audit.

(AIR para # 46)

4.3.15 Non-imposition of Penalty for non-completion of schemes within stipulated time Rs 4.562Million

As per clause 39 of contract agreement, the contractor shall pay, as compensation, an amount equal to one percent of the amount of the contract subject to the maximum of 10% or such smaller amount as the Engineer In-charge may decide, for delay in completion of work.

Scrutiny of record of PCGIP funds revealed that executing agencies started repair & maintenance schemes during 2014-15 and 2015-16. The schemes were not completed in time. The contractors neither applied for time extension for completion of schemes nor penalty was imposed for delay in completion as detailed **annex-E1**.

Audit is of the view that penalty was not imposed due to weak internal controls and defective financial indiscipline. This resulted in loss to the Government amounting to Rs 4.562 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that recovery will be effected. Neither recovery was effected nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides recovery under report to audit.

(AIR para # 35)

4.3.16 Overpayment on Work Executed Over and Above TS Estimates– Rs 4.514 million

According to Para Nos. 1.59 & 2.89 of Buildings and Roads Code, during the execution of work, neither the specification nor the quantity of different items / any additional item scheduled / approved in the Technical Sanction may be changed and executed without prior approval of such change / new addition by the authority who has issued Technical Sanction. Such authority will record reason if any.

An audit scrutiny of accounts record of PCGIP funds revealed that repair & maintenance schemes were executed and payments were made over and above the quantities admissible in Technical Sanction Estimates worth Rs 4.514 million without prior approval of competent authority as detailed at **Annex-E**.

Audit is of the view that excess quantities were paid due to weak internal controls and defective financial discipline. This resulted in overpayment of Rs 4.514 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that recovery of over payment will be made. Neither reply was submitted nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides recovery under report to audit.

(AIR para # 26)

4.3.17 Payment without compaction test report – Rs 2.442 million

According to condition No.3 of Chapter 18 of MRS, the rates of items of sub base and base course include the provision and maintenance

of field test laboratory, pay of laboratory staff and cost of material for testing.

Scrutiny of the development schemes under PCGIP executed by DO Roads-II Lahore revealed that expenditure of Rs 2.441 million was incurred on sub base and base course. Payment was made to the contractor without having compaction test report which was irregular. The quality of work cannot be verified, this legitimate duty on the part of the responsible needs justification as detailed below;

Sr.#	Name of Scheme	Contractor	Description	Qty (cft)	Rate	Expenditure
	R/I of road from Aliya Town to Ring Road Lahore length 3210-Rft	Ch. Engineers Associates	Sub base	22050	8353/75	184,200
			Base course	22050	10238/90	2,257,677
	Total:-					2,441,877

Audit is of the view that payment without required test was made due to weak internal controls and defective financial management. This resulted in irregular payment of Rs 2.442 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that compaction test reports will be shown to audit. Neither compaction test reports were submitted nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides production of compaction test reports.

(AIR para # 28)

4.3.18 Execution of PCC Work without having Strength Quality Test Reports – Rs 2.766 million

As per section 511-4(a)(b)(c) of Book of Specification, prior to start of works contractor will carry out test of soils to be used to determine the exact percentage of cement to be used in consultation with engineer.

During the scrutiny of record of PCGIP (World Bank Funded Project) DO Roads II Lahore made payments on account of PCC for Rs 2.766 million without having following quality strength test report.

1. No soil test report before execution of work was obtained by the contractors and similarly PCC item 1:2:4 was advised without any consultation.
2. Five (5) cylindrical pieces test and laboratory report was not obtained regarding the mean strength of the PCC.

Work order No. & Date	Name of Work	Name of contractors	Qty (sft)	Rate (Rs)	Amount (Rs)
DO R-II dated:06.05.15	Repair/Improvement of road Ali Muhammad Bazar TajPuraLahore	M/S A.A Construction Co.	1384 6	19976	2,765,876
Total:					2,765,876

Audit is of the view that PCC tests were not made due to weak internal controls and poor planning. This resulted in irregular expenditure of Rs 2.766 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that payment was made to the contractor on having the test reports. Neither compaction test reports were submitted nor DAC meeting convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed under report to audit.

(AIR para # 37)

4.3.19 Unjustified Expenditure for Cold Milling – Rs 1.031 million

As per clause 10 of Contract document, the contractor shall execute the work in strict accordance with the standard specifications. Further According FD Letter No.RO(Tech)FD.18-23/2004 dated: 21st September 2004, standardized analysis shall be used to work out the rate of an item from input rate. A copy of analysis shall be sent to Technical Cell of Finance Division for standardization.

During audit of DO (Roads-II) for the period 2015-16, scrutiny of development schemes revealed that excess expenditure of Rs 1.031 million was incurred on account of the item “Cold milling”. The department made payment of such expensive and unjustified item instead of the scheduled item “Dismantling and removing road metalling”.

Further, the analysis was not sent to Finance Department for standardization. The detail is given as under:

V No & Date	Name of Scheme	Qty/sft	Rate Paid/sft	Amount Paid (Rs)	Quantity of Dismantling cft Col-3*2/12	Rate of Dismantling and removing road metaling per 100 cft (Rs)	Amount Admissible Col-6*7 (Rs)	Excess Amount (5-8) (Rs)
149/2 8-6- 16	Improvement of Road from Ferozpur road to DHA Boundary	162,4 95	8.00	1,299,9 60	27,083	992.65	268,839	1,031,12 1

Audit is of the view that unjustified expenditure was incurred due to weak internal controls and financial indiscipline. This resulted in excess payment of Rs 1.031 million.

The matter was reported to the management of PCGIP during July 2017. Department replied that the item cold milling was used in the estimate keeping in view the requirement of the site. Reply was not accepted as justification for using cold milling was not given. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed and to avoid the recurrence of such lapses in future

(AIR para # 32)

4.3.20 Irregular payment to contractors-Rs 901,202

According to Clause 32 of Contract Agreement, the Contractor shall employ labour and provide all facilities in accordance with Labour Laws and rules framed from time to time. Moreover, as per Section 211(2)(3) of Book of Specification, maintenance of traffic is the responsibility of the contractor and begins from first day on which contract time is charged. The contractor will be required to construct and maintain detour facilities wherever it becomes necessary to divert traffic from any existing roadway or wherever construction operation block the flow of traffic. The minimum lane width should be 12 feet.

During scrutiny of record of different schemes revealed that:

- i. The department made payment for material used as Precautionary measures such as first aid box, Gloves etc. The provision of such material was the contractor responsibility.
- ii. The department made payment on account of traffic conversion charges. The maintenance of traffic is the responsibility of the contractor and begins from first day on which contract time is charged.
- iii. The department made payment on account of Road Cutter. The provision of such tools is the contractor responsibility as at **Annex-F**.

Audit is of the view that payment for safety material was made due to financial indiscipline and weak internal controls. This resulted in overpayment of Rs 901,202

The matter was reported to the management of PCGIP during July 2017. Department replied that payment was made to the contractor as per the requirements of the PCGIP. Reply was not accepted as it was the responsibility of the contractor to provide safety material at his own cost. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders.

Audit recommends fixing responsibility against the person(s) at fault besides recovery of Inadmissible payment under intimation to Audit.

(AIR para # 39)

4.3.21 Uneconomical Expenditure on account of Mild Steel Plate – Rs 856,440

According to FD letter No.RO (Tech) FD.18-23/2004 dated 21st September 2004, standardized analysis shall be used to work out the rate of an item from input rate. A copy of the analysis shall be sent to Technical Cell of Finance Division/ Standing Rate Committee for standardization.

During audit of DO (Roads-III) for the period 2015-16, scrutiny of development schemes revealed that an expensive item “Mild Steel Plate” was paid instead of standardized item “Manhole Covers”. The rate analysis was neither shown to Audit nor sent to the Finance Department for standardization due to which the appropriateness and authenticity of rates in Technical Sanctioned Estimate could not be verified. Moreover, rate for the same period was also not identical as detailed below:

Scheme Name	Qty	MRS applicable	Rate as per MRS (Rs)	Rate paid (Rs)	Amount (Rs)
Special Repair of Naseer Din butt from Baba Ground to Sanda Road	18	1 st 2015	1437.40	47,580	856,440

Audit is of the view that uneconomical expenditure was incurred due to weak financial management and poor planning. This resulted in uneconomical expenditure on account of Mild Steel Plates Rs 856,440.

The matter was reported to the management of PCGIP during July 2017. Department replied that payment of the items mild steel plate was made according to TS estimate. Reply was not accepted as the standardized items being economical was ignored. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends fixing responsibility against the person(s) at fault besides recovery of Inadmissible payment.

(AIR para # 41)

4.3.22 Non-deduction of price variation on account of Diesel – Rs 749,444

As per clause 55 (3) of contract agreement, where any price variation (increase or decrease) to the extent of 5% or more in the price of any of the item takes place after the acceptance of tender and before the completion of contract the amount payable/recoverable shall be adjusted to the actual variation in the cost of item concerned according to clause 55(I) of contract agreement. Further, the base price for the purpose of calculation of price variation shall be the price prevalent in the month during which the last day of the submission of tender falls.

During audit of DO Roads-II Lahore, scrutiny of contract agreements of the below schemes, it has been revealed that rates of Diesel were decreased below 5% but price variation was not deducted from the contractors claims. This resulted in overpayment of Rs749,444.

Bill No. V. No. /Date	Tender Date / Work	Name of Scheme	Calculation	Amount (Rs)
5R	4-2015/05-2016	Improvement of Ghazi Road from Ferozpur road to	$\frac{37668208}{83.61} \times 0.15 \times 11.09$	749444

Audit is of the view that price variation was not deducted due to financial indiscipline and weak internal controls. This resulted in loss to the Government amounting to Rs 749,444.

The matter was reported to the management of PCGIP during July 2017. Department replied that detailed reply will be submitted after consultation of record. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends that matter may be investigated and responsibility be fixed against the persons at fault besides the amount in question be recovered from the quarter concerned under intimation to Audit.

(AIR para # 31)

4.3.23 Premature release of Security Deposit for Rs 752,323

As per clause 50 of contract agreement the scrutiny deposit should be released to the contractors after the expiry of six month/one year from the issuance of completion certificate in case original work and after the expiry of three months in case of petty M&R.

Scrutiny of record of PCGIP revealed that DO Roads-II Lahore released security deposits to contractors before maturity as detailed below;

Vr. No Dt.	Name of scheme	name of contractor	Date of completion	Date of Release	Amount
28 dated 17.03.16	Repair/improvement of Road from Aliya town to ring road Lhr	M/S CH.Engineers Associates	WIP as per 3 rd running bill dated 28.12.15	17.03.16	752,323

Audit is of the view that premature release of security deposit was due to weak internal controls and defective financial management. This resulted in premature release of security deposit Rs 752,323.

The matter was reported to the management of PCGIP during July 2017. Department replied that detailed reply will be submitted after consultation of record. Neither reply submitted nor DAC meeting was convened despite adequate notice served followed by subsequent reminders

Audit desires that matter may be investigated and responsibility be fixed for premature release of security deposit.

(AIR para # 36)

4.3.24 Unauthorized expenditure on account of Admixture-Rs 775,658

According to FD letter No.RO (Tech) FD.18-23/2004 dated 21st September 2004, standardized analysis shall be used to work out the rate of an item from input rate. A copy of the analysis shall be sent to Technical Cell of Finance Division/ Standing Rate Committee for standardization.

Scrutiny of paid vouchers of PCGIP funds revealed that DO (Roads-III) made payment of Rs 775,658 on account of chemical texture i.e. Admixture, a non-scheduled items during 2015-16. Technical sanctioned estimate did not enclose the analysis of rates and analysis was not sent to Finance department for standardization due to which the appropriateness and authenticity of rates in Technical Sanctioned Estimate could not be verified.

Scheme	Qty (Litres)	Rate per Litre (Rs)	Amount (Rs)
Special Repair of Abdul Sattar Road	5735	135.25	775,658

Audit is of the view that unauthorized expenditure was incurred due to weak financial management and poor planning. This resulted in unauthorized expenditure on account of Admixture Rs 775,658.

The matter was reported to the management of PCGIP during July 2017. Department replied that payment was made to the contractor according to provision in the TS estimate. Reply was not accepted as the approval of non-schedule item was not obtained. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed.

(AIR para # 42)

4.3.25 Excess payment of Rs 648,716

EDO (W&S) vide para 5 of the DNIT stated that the execution of the work at site is to be restricted to the funds available with DO and no excess to be incurred in any case. DNIT is an integral part of the enforceable contract document.

Scrutiny of accounts record of DO (Roads-II), revealed that an amount of Rs 47.714 million was paid to the contractors against the

agreement of Rs 47.065 million. This resulted in excess payment of Rs 648,716 as detailed below which needs to be recovered.

Sr. No.	Work	Contractor	Amount agreed (Rs)	Amount paid (Rs)	Excess paid (Rs)
1	S/I of Ghazi road from Ferozepur road to DHA Boundary Lahore	Standard Engineer	37,035,920	37,668,208	632,288
2.	R/I of road from Aliya Town to Ring Road Lahore length 3210-Rft	Ch. Engineers Associates	10,030,060	10,046,488	16,428
Total:			47,065,980	47,714,696	648,716

Audit is of the view that excess payment was paid due to financial indiscipline and weak internal controls. This resulted in excess payment of Rs 648,716.

The matter was reported to the management of PCGIP during July 2017. Department replied that compliance will be shown to audit. Department neither submitted reply nor DAC meeting convened despite adequate notice served followed by subsequent reminders

Audit recommends that matter may be investigated and responsibility be fixed against the person(s) at fault besides the amount in question be recovered from the quarter concerned under intimation to Audit.

(AIR para # 27)

4.3.26 Overpayment for Lane Marking – Rs 533,026

According to FD letter No.RO (Tech) FD.18-23/2004 dated 21st September 2004, standardized analysis shall be used to work out the rate of an item from input rate. A copy of the analysis shall be sent to Technical Cell of Finance Division/ Standing Rate Committee for standardization.

Scrutiny of record of DO (Roads-II) for the year 2015-16 revealed overpayment of Rs 533,026 was made on account of the item Lane Marking. The item was included in Market Rates System as Standardized item. The department made payment of this item as non-schedule item instead of scheduled item as detailed below:

V No & Date	Name of Scheme	Executing agency	Qty Rft	Rate Admissible Rs /rft	Rate Paid Rs/rft	Excess Rate Rs/rft	Overpayment (Rs)
149/28-6-16	Improvement of Ghazi Road from Ferozpur road to DHA Boundary	DOR-II	12,873	9.65	30.00	20.35	261,966
	Special Repair of Naseer Din butt from Baba Ground to Sanda Road	DOR-III	7949	9.85	34.10		271,060
Total:							533,026

Audit is of the view that overpayment was made due to weak internal controls and defective financial management. This resulted in overpayment of Rs 261,966.

The matter was reported to the management of PCGIP during July 2017. Department replied that payment was made to the contractor as per the item approved in TS estimate. Reply was not acceptable as payment of non-schedule item was paid instead of standardized item. No DAC meeting was convened despite adequate notice served followed by subsequent reminders

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed.

(AIR para # 33)

4.3.27 Overpayment on account of RCC –Rs 594,000

According to Sr. No.6 of chapter 6 (concrete) of Market Rate System (MRS), composite rate shall be reduced by Rs12 per cft local sand is used.

DO Roads-III paid the item RCC in following schemes. Department neither enclosed the bill of sand nor mentioned in the claim which would show which sort of sand was used in RCC. This fact showed that local sand was used but the recovery @ Rs 12 per Cft was not deducted from contractor claims as detailed below:

Scheme	Qty (Cft)	Overpayment (Qty x 12) (Rs)
Special Repair of Abdul Sattar Road	49500	594,000

Audit is of the view that due to weak financial controls rates were not reduced for RCC works. This resulted in overpayment of Rs 594,000.

The matter was reported to the management of PCGIP during July 2017. Department replied that recovery will be effected. Neither recovery was effected nor DAC meeting was convened till finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends fixing responsibility against the person(s) at fault besides recovery from the quarter concerned under intimation to Audit.

(AIR para # 40)

4.3.28 Inadmissible payment on account of Damaged Connections of Sui-gas and Water Supply – Rs 335,000

As per Clause 44 of Contract Agreement, if the contractor destroys Road Work, Water Supply, Drainage etc., the Contractor shall make good the same at his own expense.

During performance audit of PCGIP it was observed that DO (Roads-III) made payment of Rs 335,000 to the contractor on account of Sui-gas and Water Supply connection showed damaged during construction of various roads in violation of the agreement. Moreover, NOCs of SNGPL and WASA were neither available on record nor shown to audit.

Scheme	No. of connections	Rate (Rs)	Over payment (Rs)
Special Repair of Abdul Sattar Road, Lahore	67	5,000	335,000

Audit is of the view that inadmissible item was paid due to defective financial discipline and poor planning. This resulted in overpayment for Rs 335,000.

The matter was reported to the management of PCGIP during July 2017. Department replied that matter will be taken up with quarter concerned. Neither compliance was shown nor DAC meeting convened despite adequate notice served followed by subsequent reminders.

Audit desires that matter may be investigated and responsibility be fixed besides the amount in question be recovered from the quarter concerned under intimation to Audit.

(AIR para # 38)

4.3.29 Irregular Payment on account of Sign Boards –Rs 354,000

As per decision taken in ADP Review Meeting dated 12-01-2009 chaired by Secretary (C&W) Department, Sign Boards would be manufactured by Punjab Machinery & Maintenance Department (PMMD).

DO (Roads-III) made payment of Rs 354,000 for Sign Boards to contractors instead of PMMD as detailed below:

(Amount in Rs)				
Sr. No.	Scheme Name	Qty	Rate	Amount
1	Special Repair of Naseer Din butt from Baba Ground to Sanda Road	05	29,000	145,000
2	Special Repair of Naseer Din butt from Baba Ground to Sanda Road	11	19,000	209,000
Total:-				354,000

Audit is of the view that irregular payment was made due to weak financial management and poor planning. This resulted in irregular payment of Rs 354,000 on account of sign boards.

The matter was reported to the management of PCGIP during July 2017. Department replied that payment was made as per provision in the TS Estimate. Reply was not accepted as sign board prepared by PMMD was ignored. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed.

(AIR para # 43)

4.4 Asset Management

At present manual and inadequate fixed assets records being maintained in a scattered manner. There is a need to developed proper computerized Fixed Assets Management system.

4.4.1 Non preparation of three year Rolling Plan-Rs 12893.30 million

According to para 22 (a) of the Appraisal Document, cities will have to prepare three-year rolling Development and Asset Management Plans (DAMP). The preparation of these plans will be coordinated at the city level and will be based on integration of the capital improvement and asset maintenance plans of the city and its entities. The planning was for a three year period with the first year detailed to form the annual budget for that year. These plans were to be updated each year for a three year period on a rolling basis.

During the scrutiny of accounts record of PCGIP funds, it was revealed that three years planning of assets maintenance and development was neither prepared nor for partner CDGs. PCGIP funds were for the repair & maintenance of Plant & Machinery, Transport, Roads & Buildings whereas neither three year rolling plan of said funds was prepared nor master plan for the repair of said infrastructure was available. Further the coordination amongst the entities, based on integration of the capital improvement and assets maintenance was conspicuous by absence. In the absence of above prerequisites, the informed decision making to prioritize and rationalize investment was hardly possible. The expenditure on repair of assets without giving effect on ground to rolling Development and Asset Management Plans (DAMP) was a violation of World Bank Guidelines for following allocations earmarked by PCGIP;

(Rs in million)

Sr. No.	Year	Budget (IDA)	Expenditure (IDA)
1	2013-14	353.558	158.00
2	2014-15	596.051	302.541
3	2015-16	849.581	300.702
Total:		1799.19	761.243

The partner CDGL did not abide by commitment of financial assistance while undertaking M&R execution under its annual ADP which contained lumpsum provisions and spread over in terms of three years rolling plan was utterly neglected as identification of execution points on the basis of authenticated assessment of sites for M&R was neither part of

any budget document or planning document for the spending on the part of the client Government.

(Rs in million)

Sr.#	Year	Revised CDGL Budget for M&R as per appropriation account
1	2013-14	4004.037
2	2014-15	3951.495
3	2015-16	4176.498
Total:		12132.03

Audit is of the view that due to poor planning, three years rolling plan of repair & maintenance of infrastructure was not prepared and hence not implemented in violation of World Bank guidelines. This resulted in poor implementation of PCGIP funds.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation but did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible.

(AIR para # 1)

4.4.2 Non preparation of assets management system worth Rs 7258.622 million

According to DLI-1 Resource Planning, PCGIP was to Develop Integrated Development and Asset Management Plan (IDAMP) tools for reporting based on GIS Inventory of Municipal Infrastructure.

Scrutiny of accounts record of PCGIP funds revealed that Integrated Development and Asset Management Plan (IDAMP) based on GIS Inventory of Municipal Infrastructure was not prepared. The examination of record revealed that instead of application of fool proof integrated assets management system the balance sheets compiled turned out to be hypothetical components of Finance Account of partner CDGL revealing unachieved DLI. The variation of capital expenditure to the tune of Rs 7258.622 million w.e.f 2013-14 to 2015-16 although accounted for, in appropriation accounts was still allowed to remain unreported whereas admittedly CDGL and GOP/IDA had incurred said expenditures still not brought into account as capitalized assets. No proper computerized Assets Management System was developed. It was further noticed that the handing over and taking over of assets of the abolished departments like

Agriculture, Sports and CD Departments was not accounted for. The details of anomalies in financial reporting is summarized as below;

(Rs in million)

Financial Year	Capital Exp. A/C	Appropriation A/C	IDA / GOP	Total reportable	Variation
1.	2.	3.	4.	5.(3+4)	6. (2-5)
2015-16	3982.579	6195.569	1427.931	7623.500	3640.921
2014-15	1853.081	3543.605	777.783	4321.390	2468.309
2013-14	760.315	1438.329	471.378	1909.707	1149.392
Total:-	6595.975	11177.503	2677.092	13854.597	7258.622

Moreover, the financial outlay of Education Affairs and Services (Capital expenditure) is not distantly segregated showing partial account of capital expenditure for Primary & Secondary Education and conspicuously omitted reported of development spending for Health Services. Presently situation reveals financial statement severely hit by mis-leading disclosure and scope limitation in need of urgent remedy.

Audit is of the view that due to weak internal and administrative control requisite target was not achieved. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure in the manner prescribed and to avoid recurrence of such lapses in future.

(AIR para # 51)

4.4.3 Funds adjusted against utility bills beyond scope of PCGIP-Rs 89.499 million

According to para 82 of the Appraisal Document, PCGIP funds are exclusively allocated for repair of Plant & Machinery, Transport and repair of Roads & Buildings.

During the scrutiny of accounts of PCGIP funds, it was revealed that funds to the tune of Rs 89.499 million were taken from PCGIP funds during 2013-14 and adjusted against utilities bills which had already been paid. This was beyond the scope of PCGIP funds in violation of the

purpose for which funds were provided. Further, the record of the adjustments was not shown to audit for verification of audit.

Sr. #	Description	Expenditure (Rs in million)
1	Utilities bills	62.00
2	-do-	27.499
Total:		89.499

Audit is of the view that due to weak internal and administrative controls, payment of utilities bills were made out of the funds of PCGIP with mandate ousted to sanction any such payment in accordance with agreed terms of funding the project. This resulted in unauthorized use of PCGIP Grant.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure.

(AIR para # 3)

4.4.4 Expenditure without preparation of Procurement Plan-Rs 96.0 million

As per para 3.1 of the SOPs of Procurement Plan of PCGIP, an annual procurement plan will be prepared for the utilization of funds of PCGIP.

The examination of accounts record of PCGIP funds revealed that the SOP regarding procurement plan was not followed / implemented while incurring expenditure of Rs 96.0 million during 2013-14. The expenditure was incurred without preparation of procurement plan as well as observance of SOPs as detailed below;

(Rs in million)		
Sr. #	Description	Expenditure
1	CDGL (R&M)	22.00
2	-do-	18.00
3	Development scheme	27.00
4	NCB (National competitive bidding)	29.00
Total:-		96.00

Audit is of the view that due to weak internal and administrative controls while incurring expenditure, procurement plan was not prepared.

This resulted in expenditure in violation of Standard Operating Procedures (SOPs) of PCGIP.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends regularization of expenditure from competent authority.

(AIR para # 2)

4.4.5 Non determination of boundaries alignment of Lahore city-Rs 15.046 Million

As per para 13 of the Appraisal Document, GoP was to take action against (i) boundaries alignment; (ii) improving the planning process; (iii) introducing development and asset management planning across the urban space; (iv) strengthening and integrating fiscal transfers and enhancing resource mobilization at the local level; (v) strengthening accountability of urban institutions; and (vi) transparency in decision making.

Scrutiny of accounts record of PCGIP revealed that boundaries alignment of CDGL were not identified for the utilization of funds. Funds were expended in rural area instead of urban area for which the funds were provided, the repair / improvement of road “Special repair for PCC of streets in railway HQ Colony in PP-147 and Aliya Town to Ring Road Lahore” with a total cost of Rs 15.046 million was a fully substantiated evidence. The construction of said road was the responsibility of the society and repair of said road out of the funds of PCGIP was not justifiable.

The other action to be taken regarding improvement in planning process, development and assets management planning, strengthening and integrating fiscal transfers and enhancing resource mobilization, strengthening accountability of urban institutions were not found to have been given effect anywhere.

Audit is of the view that due to weak internal and administrative controls, boundaries’ alignment of Lahore city was not earmarked. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments.

No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure under report to audit.

(AIR para # 5)

4.4.6 Public Disclosure of Information:

According to para, 23 (b) of Project Appraisal Document, the project wastosupport improvements in the collection (and up-dating) of data, preparation of periodic reports, and disclosure of information to citizens. The city and its entities will post budgets, notices of award of contracts, etc. on their websites and disseminate to the public through radio, television, newspapers and at public notice boards in prominent places at all their offices accessible to the public; and

Scrutiny of accounts record of PCGIP funds revealed that notices of award of contract at website were not found available accessible to public in violation of above documented precondition. No fruitful results were available.

Audit is of the view that due to weak internal and administrative controls, public disclosure information were not prepared. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible.

(AIR para # 6)

4.4.7 Citizen Feedback:

According to para, 23 (C) of Project Appraisal Document, the project was to develop a complaint and grievance redress mechanism for citizens. The city and its entities will operationalize a “one-window” complaint center and follow-up mechanism linked to all service providers in the city. LG&CDD vide No. SO.FPs(LG)1- 3/2010(P), dated Feb 3, 2012 directed the CDGs and its entities, to establish a mechanism for

complaint monitoring and resolution, and grievance redress in accordance with the provisions of PLGO 2001.

Scrutiny of accounts record of PCGIP funds revealed that CDGs and its entities has not maintained mechanism for complaint monitoring and resolution to redress grievance of the citizen. The feedback of citizen was not found available in record. This legitimate duty on the part of the responsible was not fulfilled.

Audit is of the view that due to weak internal and administrative control public complaints were not monitored. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends taking cognizance of lapses and negligence on the part of those responsible.

(AIR para # 7)

4.4.8 Non preparation of database for Intergovernmental Finance at CDGs

According to para 22(c) of Appraisal Document, a database was to be prepared for activities reporting of flow of funds to CDGs and city entities (intergovernmental finance).

During audit of PCGIP funds it was noticed that proper database for intergovernmental transfer of finance was not established. CDGL is working on the serving areas of LDA / TMA. CDGL was to receive road cut from WASA. CDGL issue NOC which were objected. No mechanism could be evolved to prepare settlements claims and counterclaims between agencies under the ambit of intergovernmental finance linkages to be forged amongst the partners.

Audit is of the view that due to weak internal and administrative controls database for intergovernmental finance was not established. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible.

(AIR para # 8)

4.4.9 Non maintenance of accountability mechanism

According to DLI-7, accountability mechanism for effective and transparent feedback and grievance redress was to be established.

During audit it was noticed that mechanism for public disclosure and access to information for municipal services for CDGs and its entities was not adequately strengthened. The details of anti -encroachment list of property in terms of targeted sites and retrieved sites was not available in the website. ACE and departmental Enquiry cases had not been publically disclosed. Contrary to above, stigmatic coverage by media reports generally remain un-refuted despites leveling of serious allegation.

Audit is of the view that due to weak internal and administrative controls, database for accountability was not strengthened / up to date. The true factual position was not up loaded.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible.

4.5 Monitoring and Evaluation (M&E)

During the scheme implementation, the mitigation and monitoring measures included in the ESMP will need to be implemented. The ESMP will be included in the bidding documents and hence it will be included in the contractor's scope of works/services. Similarly, if the scheme is to be implemented by the concerned department itself, the ESMP will be included in the scope of work/services. The ESMP cost will be included in the scheme implementation cost.

Environmental and social monitoring will also be carried out to ensure effective implementation of the ESMP. First tier of monitoring will be conducted along with the monitoring of the works being carried out under the scheme. At the second tier, the Safeguards Specialist will carry out spot checks to ensure ESMP implementation. Checklists prepared on the basis of mitigation measures proposed in the ESMP will be used for this purpose. Photographic record will also be maintained for this purpose.

4.5.1 Non observance of ESMP Requirements – Rs 4875.141 million

According to Table 4.2 of Environmental and Social management Plan (ESMP), samples were required to be taken before during and after the execution to test and compare the Ground water quality, Ambient Air Quality Testing and Noise Level Testing to check any negative impact of project activities. Further, according to clause 18 of PEPA Regulation 2000, for purposes of verification of any matter relating to the review or to the conditions of approval of an IEE or EIA prior to, during or after commencement of construction or operation of a project, duly authorized staff shall be entitled to enter and inspect the project site, factory building and plant and equipment installed therein.

Scrutiny of accounts record of PCGIP funds revealed that schemes costing Rs 4875.141 million were executed during 2014-15, only for one time the samples were taken for testing of Environmental hazards. No sample tests were carried out during and after the completion of work to monitor the environmental hazards from the development works. Hence neither the comparison was made nor negative impact of the projects determined as detailed at **Annex-I**. It was further observed that the Environmental and Social Management Framework (ESMF) and ESMP was not carried out in case of Government funded schemes.

Audit is of the view that due to weak internal and administrative controls, report on ESMP was not prepared. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department replied that all ESMP requirements was to be observed by Urban Unit. Reply was not accepted as no implementation of ESMP was carried out. Management was not able to arrange holding of the DAC meeting despite adequate notice served followed by subsequent reminders

Audit recommends lapses and negligence on the part of those responsible besides remedial action seeking regularization of the expenditure under report to audit.

(AIR para # 53)

4.5.2 Non transparent preparation of ESMP report

According to para 79 of Appraisal Document, in order to address the potentially negative environmental and social impacts associated with PCGIP, and equally importantly to integrate environmental management aspects in the cities' urban planning and development process, the borrower has prepared an Environmental and Social Management Framework (ESMF). The ESMF conforms to the national regulatory and World Bank safeguard policy requirements.

Scrutiny of Environment and Social Management Plan Reports pertaining to repair & maintenance of following roads revealed that a team was constituted for the preparation of ESMP Reports. The survey team completed the reports within two days i.e on September, 27 to 28, 2014 (as mentioned in the reports) which pragmatically is beyond the realm of possibility. The preparation of reports within two days is not rational, realistic and understandable. This reflects the reports are not transparent as detailed at **Annex-H**.

Audit is of the view that due to weak internal and administrative control report on ESMP was not prepared. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible.

(AIR para # 52)

4.5.3 Non-implementation of ESMP for the schemes other than PCGIP

According to para 78 of Appraisal Document, Environmental and Social Management Framework (ESMF), the CDG / city entity will conduct environmental and social screening for every scheme, during the scheme identification/preparation stage, on the basis of nature and size of scheme as well as the nature and severity of associated environmental and social impacts. For ESMF implementation, following year wise targets were provided for the government financed schemes.

Year	% of government-financed schemes to follow the environmental and social management procedure
2013-14	10%
2014-15	30%
2015-16	60%
2016-17	100%

During scrutiny of record of executing agencies, it was observed that ESMP was not implemented for the schemes other than the PCGIP schemes as per year wise target envisaged in Environmental and Social Management Framework.

Audit is of the view that due to weak internal and administrative controls, guide lines of the World Bank were not followed.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends taking cognizance of lapses and negligence on the part of those responsible.

(AIR para # 54)

4.6 Environment

The environmental and social appraisal shall focus on the following aspects: a) Compliance with regulatory requirements and clearances; b) Comprehensiveness of the ESMP in light of the activity specific environmental and social issues; c) Integration of environmental and social measures in to the design wherever relevant; d) Arrangements for implementation of ESMP, including institutional capacity and contractual provisions; e) Inclusion of ESMP budgets in the scheme cost; f) ESMP monitoring and reporting arrangements; g) Adequacy of the social issues identified and suggested mitigation measure; h) Need for any legal covenant to address any specific environmental risks including regulatory risks.

The Safeguards Specialist will ensure that the above requirements are fulfilled. The DO (Environment) will review and approve the ESMPs and also advise the implementing entity on the environmental regulatory requirements.

The scheme will be approved once all the technical requirements are fulfilled and the ESMP/EIA is cleared. As stated above, ESMPs will be cleared by the DO (Environment), whereas EIAs will be approved by the Punjab EPA.

During this phase, the Safeguards Specialist will conduct environmental and asocial monitoring to ensure that the mitigation measures given in the ESMP or EIA are effectively implemented. The environmental and social monitoring will include the following: a) Frequent site visits by the Safeguards Specialist b) Environmental and social monitoring to ensure effective implementation of ESMPs/EIA particularly the mitigation measures included in these documents.

4.6.1 Non observance of the requirements of Environmental and Social Management Plan (ESMP) -

According to Table 4.2 of Environmental and Social management Plan (ESMP), samples were required to be taken before during and after the execution, to test and compare the Ground Water Quality, Ambient Air Quality Testing and Noise Level Testing to check any negative impact of project activities.

Scrutiny of accounts record of PCGIP revealed that following repair & maintenance schemes were executed. The objectives of the Environmental and Social Management Framework (ESMF) was to see that the scheme was environmentally sound and socially acceptable,

comply with the national regulatory and WB policy frameworks, Internalize and integrate the environmental and social management procedures and processes in the routine projects/operations/service delivery. Further, screening was the first step of the environmental and social management procedure. Each scheme during its execution stage was to be screened with respect to environmental and social considerations whereas ESMP was not carried out during execution and after its completion to check air, water and noise test in the light of the guidelines of the World Bank as detailed at **Annex-J**.

Audit is of the view that due to weak internal and administrative control, report on ESMP was not prepared. This resulted in expenditure in violation of World Bank guidelines.

The matter was reported to the management of PCGIP during July 2017. Department noted the observation and did not offer any comments. No DAC meeting was convened till the finalization of this report despite adequate notice served followed by subsequent reminders.

Audit recommends lapses and negligence on the part of those responsible.

(AIR para # 55)

4.7 Overall Assessment

Although PCGIP Funds has improved the efficiency of Plant & Machinery, Roads and Buildings etc. but the objectives of DLIs Resource Planning, Intergovernmental Financial System, Revenue Collection System, Boundary Alignment, Disclosure & Access to Information and Accountability (Effective and transparent feedback and grievance redress mechanisms implemented) were not achieved 100% and as per target schedule. The procurement process has many deficiencies which were described in this report in detail.

i. Relevance: The project was in line with government's sectoral policies.

ii. Efficacy: The objectives of the project relating to provision of repair & maintenance of Plant & Machinery and Roads & Buildings and basic facilities were achieved. However, the extent of achievement of the project objectives regarding DLIs could not be determined due to non-availability of comparative data of City District Lahore for the concerned period.

iii. Efficiency: There was time over run of about 5-10 months in completion of each development scheme. Similarly, cost overrun was also involved on account of price variations and extra overhead charges due to awarding of contract to general order suppliers.

iv. Economy: Management of CPU did not follow standard procedures regarding repair of plant & machinery resultantly economy in award of work could not be materialized. Extra cost of contractor profit overhead charges was paid due to defective procurement process.

v. Effectiveness: All schemes allotted to the executing agencies were completed and handed over and delivered to the respective department.

vi. Compliance with rules: Major instances with regard to violation of rules are given below:

- Repair & maintenance work was made from General Order Supplier instead of from the manufacturing firm doing the said work. Prequalification of contractor was not made.
- Cost of dismantled material was not credited to the relevant works.
- The project was not efficiently handled as the schemes were not completed within the stipulated period involving time overrun of about two to sixteen months.

- Procurement plans were not got approved from the competent authority.
- Funds were not utilized proper and remained unspent without any achievement of targets.

vii. Performance Rating of Project: Moderately satisfactory

viii. Risk Rating of Project: Medium

5. CONCLUSION

5.1 The audit has brought out the key issues that need immediate attention and minor lacunae that pose major hindrance in the further achievement of the DLIs. The compliance of DLIs needs immediate attention and strict monitoring. The setting up of OSR has to speed up and this needs to be given top priority. New mechanism needs to be implemented for generation, collection, and increase of OSR. These techniques will create positive changes to increase the efficiency of the PCGIP.

However, targets as per time line framed at each step are not being achieved. Proper training and education needs to be provided to the workers and public awareness programs should be conducted regularly. The Environmental and health safety measures taken during execution were not found anywhere. Health and safety programs has to be conducted regularly to check the health condition of the workers and environmental hazards in the various areas of repair & maintenance schemes and they should be educated on the health hazards related to their work and the importance of wearing the safety gear.

PCGIP has achieved the significant enhancement in the capacity building of the different areas. It is pertinent to mention here that in the achievement of these targets few serious environmental, financial and management lapses were committed which have been discussed in detail. The procurement plans needs to be strict complied with. Competent authority should ensure to consider the recommendations of this report seriously and necessary steps should be taken to protect the environment besides ensuring utilization of funds out of public exchequer in an economic and efficient manner.

The performance audit of only one entity (CDGL) was conducted out of total 15 agencies. It is advisable that performance audit may be carried out for all the partner Agencies of the PGCIP.

5.2 Lessons identified

- PCGIP should target 100% achievement of DLIs
- Strict internal controls should be established over execution of all schemes and their timely completion
- As far as benchmarks are concerned, the same should be established and followed in execution stages

- Standard operating system should be implemented at each level of activity
- Performance measures and performance evaluation should be done for all staff at all levels

6. ACKNOWLEDGEMENT

We wish to express our appreciation to the Management and staff of PCGIP and executing agencies for the assistance and cooperation extended to the auditors during this assignment.

ANNEXES

Annex-A

Sr.#	Work	Executing agency	Agreement cost
1.	“Special repair of road along charrar drain towards aashiyana housing scheme”	DO (Roads-I)	81.645
2	S/R for construction of road from Managa Road to Kamirian da Warah Lahore	DO (Roads-I)	4.985
3	Special repair estimate for road from NaveedHaiderChowk Towards TajChowk in Baghrian.	DO (Roads-I)	4.949
4	Special repair of road from Ferozepur Road Khalid Colony PP-160 Lahore	DO (Roads-I)	4.489
5	Special repair of work from NaveedHaiderChowk towards TajChowk in Baghrian	DO (Roads-I)	4.948
6	Special repair of road from Amin Pan Shop to Punjab Press Ground and Masjid Ahle-Hadis to ChowkMakhdoom Abad in UC 135 Lahore	DO (Roads-I)	4.948
7	S/Improvement of Ghazi Road from Ferozepur Road to Boundary Lahore	DO (Roads-II)	37.668
8	R/I of road from Aliya Town to Ring Road Lahore	DO (Roads-II)	10.046
9	CDGL:FY-13-14,Special Repair for Various Streets in PP-145, Lahore	DO (Roads-II)	4.876
10	CDGL:FY-13-14Special Repair for PCC of Road ideal Home kotly Peer Abdul Rehman Lahore PP146	DO (Roads-II)	4.886
11	CDGL:FY-13-14,Special Repair for PCC of Main Gulshan Colony to Ali Park and Links in PP-156,Lahore	DO (Roads-II)	4.884
12	CDGL:FY -13-14Special Repair for PCC of Streets in railway HQ Colony in PP 147	DO (Roads-II)	4.891
13	Special Repair Estimate of PCC of Streets adjoining MasjidGulzareMadina Shah Jutt Poultry Farm Stop and Main Street RehmanPura in PP-157, Lahore	DO (Roads-II)	4.901
14	CDGL:FY-13-14Special Repair of PCC from ChachuWali School to Col. Wali Mosque Street in PP-155, Lahore	DO (Roads-II)	4693
15	Special Repair Estimate for Carpeting of Road Portion wara to chabba village in PP-158, Lahore	DO (Roads-II)	4.892
16	Special Repair of main Road NiazPuraKaram Nagar and Masoom Shah Road in UC-13	DO (Roads-II)	4.902
17	Special Repair of Abdul Sattar Road, Lahore	DO (Roads-III)	32.348
18	Special Repair of Naseerud Din butt From Baba Ground to Sanda Road Lahore	DO (Roads-III)	16.741

19	Repair / improvement of Mall Road from PMG Office to Zafar Ali Road, Lahore	DO (Roads-III)	198.000
20	R/I of Sheikhabad Chowk to Bund Road, Lahore	DO (Roads-III)	10.600
21	R/M work for DCO Administrative block including other adjacent allied buildings (residence quarters), DO (Enterprises) office of W&S, Development of City District Courts, Lahore	DO (Bldgs-II)	28.500
22	Improvement of foundation for 10-meter height	DO (E&M)	2.316
23	Repair of generator of 200/100 KVA	DO (E&M)	1.000
24	Repair / maintenance of Main Asphalt Plant unit	DO (E&M)	1.604
25	Repair / maintenance of Paver machine and PTR (Saki) Tyres Roller No. 37	DO (E&M)	10.67
26	R/M of machinery & equipment of special schools.	DO (E&M)	2.857
Total:			5185.546

Annex-B

Sr #	Name of work	Estimated cost	Schedule as per Procurement plan		Actual dates	
			Award date	Completion date	Award date	Final billing date/ WIP
1.	R&M work for DCO Administrative Buildings including other adjacent allied buildings of DCO office and DO (Entt) office of W&S Department.	28.500	23.05.14	25.06.14	20.04.2015	26.01.2016
2.	Special repair of road Amin Pan Shop to Punjab Press Ground & Masjid AhlaHadis to ChowkMakhdoomAbd at UC 135, PP-135	5.000	08+ 6.05.14	30.05.14	2014-15	2014-15
3.	Special repair of road from NavidHaiderChowk in Baghrian Lahore	5.000	11.05.14	20.06.14	2014-15	2014-15
4.	Special repair and improvement of road from Charrar drain remaining portion towards Aasyiana Housing Scheme Lahore.	10.958	23.05.14	20.06.14	2014-15	2014-15
5.	Repair of road from Defense Road to Halloki Village PP-159	9.976	08.05.14	30.05.14	2014-15	2014-15
6.	Special repair of road from Ferozepur road to Khalid Colony PP-160	4.578	11.05.14	20.06.14	2014-15	2014-15
7.	Repair of road from Manga Road to Kamaran da Warah Lahore	5.000	11.05.14	20.06.14	2014-15	2014-15
8.	Repair of main road from Neelem Cinema to Iqbal Road,Lahore	5.052	11.05.14	20.06.14	2014-15	2014-15
9.	Special repair of PCC	5.570	14.05.14	17.06.14	2014-15	2014-15

	Shah Road Haider Town Bhaman Village at UC-14					
10.	Special repair main road Asif Colony in UC-37	5.047	11.05.14	05.06.14	2014-15	2014-15
11.	Special repair of various streets in PP-145	5.045	14.05.14	17.06.14	2014-15	2014-15
12.	Special repair of PPC road Ideal Home Kotly Peer Abdul Rehman Lahore	5.046	14.05.14	15.06.14	2014-15	2014-15
13.	Special repair of PCC street in Railway HQ Colony, PP-147	5.064	11.05.14	20.06.14	2014-15	2014-15
14.	Special repair of PCC from Chachuwali School to Col. Wali Mosque street in PP-155	5.054	11.05.14	22.06.14	2014-15	2014-15
15.	Special repair for PCC of Main Gulshan Colony to Ali Park and link in PP-156	5.056	12.05.14	20.06.14	2014-15	2014-15
16.	Special repair of PCC streets adjoining Masjid GulzareMadina Shah JuttPoultry Farm Stop and Main Street RehmanPura in PP-157	5.053	14.05.14	05.06.14	2014-15	2014-15
17.	Special repair of main road NiazPuraKaram Nagar and Masoom Shah Road in UC 13	5.046	14.05.14	05.06.14	2014-15	2014-15
18.	Special repair estimate for carpeting of road portion wara to chabba village in PP-158	5.061	14.05.14	17.06.14	2014-15	2014-15
19.	Repair of street behind post office MasdjidAabeShifa and links Shadara UC-02 PP-137	5.000	09.05.14	20.06.14	2014-15	2014-15
20.	Repair of Banda Bahdur Street No. 11 peer Makki Lahore	5.022	09.05.14	20.06.14	2014-15	2014-15

	UC-71, repair of Fazal-e-Haq street etc					
21	Repair of temple road Safanwalachowk toward Ghous Bakery to Abid Market Lahore	5.000	13.05.14	14.06.14	2014-15	2014-15
22	Repair of DakKhanaywaliGali& link Gulfisha Colony NAWA Kot Lahore	5.000	13.05.14	3.06.14	2014-15	2014-15
23	Repair of PCC Chaman Street and Street No. 9-60' road etc	5.080	14.05.14	20.06.14	2014-15	2014-15
24	Repair of transport	37.475			2014-15	2014-15
25	Repair of M&E	8.455			2014-15	2014-15
Total:-		195.138				
Amount to be reimbursed		158.000				
Grand Total:		353.138				

Annex-C

Sr #	Name of work	Estimated cost	Schedule as per Procurement plan		Actual dates	
			Award date	Completion date	Award date	Final billing date
1.	R/I of Naseer-ud-Din Road from Baba Ground To Sanda Road	18.00	30.12.14	25.02.15	22.01.2015	25.04.2015
2.	Preparation of Mall Road from PMG Office to Zafar Ali Road Chowk	198.354	27.12.14	20.01.15	22.01.2015	25.04.2015
3.	R/I of Ghazi Rod from Ferozepur Road to DHA Boundary Lahore	37.488	30.12.14	25.03.15	22.01.2015	25.04.2015
4.	R/I of Road start from 0.00 km to 3.31 km along Charrar Drain Toward Aasyiana Housing Scheme, Lahore	62.563	30.12.14	30.04.15	22.01.2015	22.06.2015
5.	R/I of Road from Mian Nawaz Sharif Hospital Yakee Gate to Sheranwala Gate, Lahore	16.500	30.12.14	28.02.15	22.01.2015	25.04.2015
6.	R/I of Abdul Sattar Road, Lahore	31.789	30.12.14	28.02.15	22.01.2015	25.05.2015
7.	R/I of Road of KotKambohMian Road	10.500	30.12.14	31.03.15	22.01.2015	26.03.2015
8.	R/I of Road from Sheikhabad Chowk to Bund Road, Lahore	12.000	30.12.14	28.02.15	22.01.2015	21.04.2015
9.	R/I of Road from Aliya Town to Ring Road	10.102	30.12.14	28.02.15	22.01.2015	28.04.2015
10.	R/I of Bahar Shah Road, Lahore	5.300	04.12.14	30.01.15	22.01.2015	27.04.2015
11.	R/I of Road from Kahan Bucher Distributor to Aziz Jahan Begum Trust Khana Lahore	6.500	06.12.14	30.01.15	22.01.2015	26.05.2015
12.	R/I of Link Street Bismillah Nursery Boota DHA Shadhra Lahore	2.896	06.12.14	30.01.15	22.01.2015	21.04.2015
13.	R/I of Road Ali Muhammad Bazaar TajPura, Lahore	5.000	06.12.14	30.01.15	22.01.2015	22.05.2015
Total:-		416.992				

Annex-D

Sr.#	Work	Executing agency	Agreement cost	Required minimum amount of liquid assets and or credit facilities net of other contractual commitments
1.	“Special repair of road along charrar drain towards aashiyana housing scheme”	DO (Roads-I)	81.645	32.658
2	S/Improvement of Ghazi Road from Ferozepur Road to Boundary Lahore	DO (Roads-II)	37.668	15.068
3	Special Repair of Abdul Sattar Road, Lahore	DO (Roads-III)	32.348	12.939
4	Repair / improvement of Mall Road from PMG Office to Zafar Ali Road, Lahore	DO (Roads-III)	198.000	79.200
5	R/M work for DCO Administrative block including other adjacent allied buildings (residence quarters), DO (Enterprises) office of W&S, Development of City District Courts, Lahore	DO (Bldgs-II)	28.500	11.24
Total:			378.161	151.105

Annex-E

DOB-II

V.#	Date	Name of work	Contractor	Item	Quantity as per TS	Quantity paid	Excess quantity	Rate	Excess payment
85	26.1.16	R/M work for DCO Administrative block including other adjacent allied buildings (residence quarters), DO (Enterprises) office of W&S, Development of City District Courts, Lahore	A-Hamid & Sons	Brick blast 1-1/2" to 2"	12183	19112	6929	3672.5	254,468
				P/L color glazed tiles 10x13	28934	33673	4739	119.16	564,699
				P/L 16"x16" glazed tile master	3475	11413	7938	186.52	1,480,596
									2,299,763

DOR-III

V.#	Date	Name of work	Contractor	Item	Quantity as per TS	Quantity paid	Excess quantity	Rate	Excess payment
203	28.06.16	R/I of Sheikhabad Chowk to Bund Road, Lahore	RafiqueEnt.	RCC Pipe 9"	696	1212	516	299	154,284
				Drain	2200	2860	660	2389	1,576,740
Total:-									1,731,024

DOR-II

Sr.#	Work	Contractor	Item	Qty as per TS	Qty paid	Difference	Rate	Amount
1.	R/I of road from Aliya	Ch. Engg. Associates	Removal of unsuitable material	77963 cft	86681	8718	6951	60599
			Earth work	3215	6000	27845	8960.85	249515

	Town to Ring Road Lahore		for embankment	5 cft	0			
		Brick edging	4620 rft	6030	1410	32	45120	
		Base course	2079 0 cft	2205 0	1260	10238.8 0	129009	
Total:								484,243

DOR-I

Name of Scheme	Contractor	Date of Award of Contract	Time limit for completion (months)	Target Date of completion	work completed on	Contract Cost	Penalty @ 10%
S/R for construction of road from Managa Road to Kamirian da Warah Lahore	Ali Ahmed Builders	25.06.14	2 months	24.08.14	29.05.15	4.985 million	0.498
Special repair of road along charrar drain towards Aashiyan a Housing Scheme Lahore	Standard Engg.	14.05.15	06 months	13.11.15	30.06.16	81.645	8.645
							9.143

DOR-II

Running Bill No. & Date	Name of Scheme	Date of Award of Contract	Time limit for completion (months)	Target Date of completion	Physical Progress	Contract Cost	Penalty @ 10%
5 th dated 28.06.2016	Special/Improvement of Road From Ferozpur road to DHA Boundary LHR	15.06.15	02	14.08.15	WIP as per 5 th running bill	35,569,008	3,556,900
3 rd dated:28.12.15	Repair/Improvement of Road from Aliya	28.04.15	03	27.07.15	WIP as per 3 rd running	10,046,488	1,004,648

	Town to ring road LHR				bill		
Total:-						45,615,496	4,561,548

DO (Buildings-II)

Runnin g Bill No. & Date	Name of Scheme	Date of Award of Contract	Time limit for completi on (months)	Target Date of completi on	Physic al Progre ss	Contra ct Cost	Penal ty @ 10%
85 dt 26.01.20 16	R/M work for DCO Administrative block including other adjacent allied buildings (residence quarters), DO (Enterprises) office of W&S, Developme nt of City District Courts, Lahore	24.04.20 15	06	23.10.20 15	WIP as per 4 th runnin g bill	28.170	2.817

Annex-F

Sr. No	Vr. No. / Date	Name of Scheme	Items	Qty	Rate	Amount (Rs)
1	202/ 28.06.16	Special Repair of Naseerud Din butt From Baba Ground to Sanda Road Lahore	Ambient Air Quality Analysis	03	15000	45,000
			Noise Level Monitoring	06	500	3,000
			Provision of Dust Bins	02	1000	2,000
			Reflective Tape	01	500	500
			Safety Cones	04	1000	4,000
			Dust Masks	23	20	460
			Safety Shoes	23	1200	27,600
			Gloves	23	200	4600
			First Aid Box	2	2000	4,000
			Ear Plugs	23	30	690
			Safety Helmets	23	800	18,400
			Safety Jackets	23	400	9,200
			Sign Boards	4	1200	4,800
			Water Sprinkling	1	15000	15,000
		Sub total				139,250
2	224/ 29.06.16	Special Repair of Abdul Sattar Road, Lahore	Dust Masks	23	17	391
			Safety Shoes	23	800	18,400
			Gloves	23	150	3,450
			First Aid Box	2	1200	2,400
			Ear Plugs	23	29	667
			Safety Helmets	23	700	16,100
			Safety Jackets	23	350	8,050
			Ambient Air Quality Analysis	3	12000	36,000
			Noise Level Monitoring	6	300	1,800
			Provision of Dust Bins	2	700	1,400
			Reflective Tape	1	495	495
			Safety Cones	4	700	2,800
			Sign Boards	4	800	3,200
			Water Sprinkling	1	9000	9,000
		Sub Total				104,153
3	224/ 29.06.16	Special Repair of Abdul Sattar Road, Lahore	Traffic Conversion Charges		(But work order showed under the item Rs 60979)	250,000
4		R/I of road from Aliya Town to Ring Road Lahore				164396
		Grand Total				901,202

Annex-G

Sr #	Name of work	Estimated cost
1.	R/I of Naseer-ud-Din Road from Baba Ground To Sanda Road	18.00
2.	Preparation of Mall Road from PMG Office to Zafar Ali Road Chowk	198.354
3.	R/I of Ghazi Rod from Ferozepur Road to DHA Boundary Lahore	37.488
4.	R/I of Road start from 0.00 km to 3.31 km along Charrar Drain Toward Aasyiana Housing Scheme, Lahore	62.563
5.	R/I of Road from Mian Nawaz Sharif Hospital Yakee Gate to Sheranwala Gate, Lahore	16.500
6.	R/I of Abdul Sattar Road, Lahore	31.789
7.	R/I of Road of KotKambohMian Road	10.500
8.	R/I of Road from Sheikhabad Chowk to Bund Road, Lahore	12.000
9.	R/I of Road from Aliya Town to Ring Road	10.102
10.	R/I of Bahar Shah Road, Lahore	5.300
11.	R/I of Road from Kahan Bucher Distributor to Aziz Jahan Begum Trust Khana Lahore	6.500
12.	R/I of Link Street Bismillah Nursery Boota DHA Shadhra Lahore	2.896
13.	R/I of Road Ali Muhammad Bazaar TajPura, Lahore	5.000
Total:-		416.992

Annex-H

Work	Date of survey
“Special repair of Road from Aaliya Town to Ring Road Lahore”	27-28 September, 2014
“Special repair of Ghazi Road from Ferozpur Road to DHA Boundary, Lahore”	27-28 September, 2014
“Special Repair of Abdul Sattar Road Lahore”	27-28 September, 2014
“Special repair of Road in Ali Muhammad Bazar, Tajpura, Lahore”	27-28 September, 2014
“Special Repair of Bahar Shah Road, Lahore”	27-28 September, 2014
“Special Repair of Road from Mian Nawaz Sharif Hospital Yakki Gate toSheranwala Gate, Lahore”	27-28 September, 2014
“Special repair of Road from Sheikhabad to Bund Road Lahore”	27-28 September, 2014
Repair of road from Aziz Jahan Begum Trust road.	27-28 September, 2014
Special repair of road Bahadar Shah	27-28 September, 2014
Special repair of road from Charrar Drain towards Aashiyana Housing Scheme,	27-28 September, 2014
Special repair of road Jia Musa Shahdara	27-28 September, 2014
Special repair of road kotkambo main road	27-28 September, 2014
Special repair of road Nasir ud din	27-28 September, 2014
Special repair of mall road from PMG Office to Zafar Ali Road	27-28 September, 2014

Annex-I

Sr.#		Executing agency	Funds allocated
1	S/Improvement of Ghazi Road from Ferozepur Road to Boundary Lahore	DOR-II	37.450
2	R/I of road from Aliya Town to Ring Road Lahore	DOR-II	10.125
3	CDGL:FY-13-14,Special Repair for Various Streets in PP-145, Lahore	DOR-II	4.876
4	CDGL:FY-13-14Special Repair for PCC of Road ideal Home kotly Peer Abdul Rehman Lahore PP146	DOR-II	4.886
5.	CDGL:FY-13-14,Special Repair for PCC of Main Gulshan Colony to Ali Park and Links in PP-156,Lahore	DOR-II	4.884
6.	CDGL:FY -13-14Special Repair for PCC of Streets in railway HQ Colony in PP 147	DOR-II	4.891
7.	Special Repair Estimate of PCC of Streets adjoining MasjidGulzareMadina Shah Jutt Poultry Farm Stop and Main Street RehmanPura in PP-157, Lahore	DOR-II	4.901
8.	CDGL:FY-13-14Special Repair of PCC from ChachuWali School to Col. Wali Mosque Street in PP-155, Lahore	DOR-II	4693
9	Special Repair Estimate for Carpeting of Road Portion wara to chabba village in PP-158, Lahore	DOR-II	4.892
10	Special Repair of main Road NiazPuraKaram Nagar and Masoom Shah Road in UC-13	DOR-II	4.902
11	Special repair of road start from 0.00 km to 3.00 km along charrar drain towards Ashiyana Housing Scheme PP-149 NA-129	DOR-I	81.00
12	Special repair estimate for road from NaveedHaiderChowk Towards TajChowk in Baghrian.	DOR-I	4.949
13	Special repair of road from Ferozepur Road Khalid Colony PP-160 Lahore	DOR-I	4.489
14	Special repair of work from NaveedHaiderChowk towards TajChowk in Baghrian	DOR-I	4.948
15	Special repair of road from Amin Pan Shop to Punjab Press Ground and Masjid Ahle-Hadis to ChowkMakhdoom Abad in UC 135 Lahore	DOR-I	4.948
	Total:-		4875.141

Annex-J

Work	Contractor	TS cost	Work started	Work completed on	Survey carried out
“Special repair of Road from Aaliya Town to Ring Road Lahore”	Ch. Engg. Associates	10.046	28.04.2015	27.07.2015	27-28 September, 2014
“Special repair of Ghazi Road from Ferozpur Road to DHA Boundary, Lahore”	Standard Engineers	37.668	15.06.2015	11.08.2015	-do-
“Special Repair of Abdul Sattar Road Lahore”	Ch. Engg. Associates	30.596	23.04.2015	30.06.2015	-do-
“Special repair of Road in Ali Muhammad Bazar, Tajpura, Lahore”	A.A Const. Co.	4.918	06.05.2015	21.07.2015	-do-
“Special Repair of Bahar Shah Road, Lahore”					-do-
“Special Repair of Road from Mian Nawaz Sharif Hospital Yakki Gate toSheranwala Gate, Lahore”					-do-
“Special repair of Road from Sheikhabad to Bund Road Lahore”					-do-