



SPECIAL AUDIT REPORT

ON

**WATER AND SANITATION
AGENCY (WASA) LAHORE**

**HUD&PHE DEPARTMENT
GOVERNMENT OF THE PUNJAB**

AUDIT YEAR 2014-15

AUDITOR GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with section 8 and 12 of the Auditor General's (Functions, Powers, and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of the Federation, the Provinces and any authority or body established by the Federation or a Province.

The report is based on special audit of the record of Water and Sanitation Agency, Lahore for the financial years 2011-12 to 2013-14. The Directorate General of Audit Works (Provincial), Lahore conducted audit during 2014-15 with a view to reporting significant findings to the relevant stakeholders. The audit was conducted on the request of the Secretary HUD&PHE.

Audit findings indicate the need for adherence to the regulatory framework besides instituting and strengthening of internal controls to avoid recurrence of similar violations and irregularities. Audit observations included in the report have been finalized in the light of written responses and discussion in SDAC meetings.

The Special 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 for causing it to be laid before the Provincial Assembly.

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Islamabad
Dated: 04th April, 2017

(Rana Assad Amin)
Auditor General of Pakistan

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ABBREVIATIONS & ACRONYMS

AA	Administrative Approval
Cft	Cubic Feet
Cu.m	Cubic Meter
DFR	Departmental Financial Rules
EIA	Environmental Impact Assessment
FD	Finance Department
FBR	Federal Board of Revenue
I/d	Internal dia
LDA	Lahore Development Authority
LESCO	Lahore Electric Supply Company
MB	Measurement Book
M&R	Maintenance & Repair
MS	Mild Steel
NFPA	National Fire Protection Association
O&M	Operation and Maintenance
PPRA	Punjab Procurement Regulatory Authority
P/L	Providing & Laying
P/I	Providing & Installation
POL	Petroleum, Oil and Lubricant
PSI	Pounds Per Square Inch
PWD	Public Works Department
PFR	Punjab Financial Rules
RCC	Reinforced Cement Concrete
RTSE	Revised Technical Sanctioned Estimate
Rft	Running Feet
SDAC	Special Departmental Accounts Committee
SDO	Sub Divisional Officer
Sft	Square Feet
TSE	Technically Sanctioned Estimate
WASA	Water and Sanitation Agency

EXECUTIVE SUMMARY

This report is based on Special Audit of Water and Sanitation Agency (WASA), Lahore Development Authority, Lahore. WASA was established under the LDA Act 1975. It was required to meet with its expenses by levying water and sewerage charges on the consumers and through grant-in-aid from the Government of the Punjab.

The special audit was conducted by the Directorate General Audit Works (Provincial) Lahore with a view to reporting significant findings to the relevant stakeholders with a special focus on medical claims of Private Hospitals, Development Works, Repair & Maintenance Works and realization of Water & Sewerage Charges. The audit was conducted on the request of the Secretary HUD & PHE as approved by the Auditor General of Pakistan.

Audit covered the period from the financial year 2011-12 to 2013-14. The system of internal control was found to be lacking in its implementation which resulted in irregularities and violations of rules/regulations in areas of organization & management, planning, financial management, procurement & contract management, construction & works, asset management and monitoring & evaluation. Special DAC meetings were held on 23.07.2015, 13.08.2015 and 27.08.2015. The report has been finalized in the light of directives of the SDAC meetings.

Key Audit Findings

During execution of special audit, lapses noticed by audit in organization and management, planning, financial management, procurement & contract management, construction & works, asset management and monitoring and evaluation were as under:

- i. Payment of unjustified/fictitious medical claims - Rs 65.812 million¹.

¹ Para No. 4.3.5

- ii. Non-recovery of water, sewerage and aquifer charges - Rs 246.289 million².
- iii. Non-adjustment of amount paid as advance to the officers / officials for execution of various works - Rs 91.715 million³.
- iv. Non-recovery from contractors and mobile companies on account of income tax, allowing higher rates and non-recovery of dismantled material - Rs 26.322 million⁴.
- v. Non-deduction of General Sales Tax - Rs 15.212 million⁵.
- vi. Loss due to purchase of machinery through contractors instead of the manufacturers - Rs 8.372 million⁶.

Recommendations

On the basis of the above findings, audit recommends the following measures:

- i. Management needs to be vigilant in processing medical claims, preparation of record, recovery of sewer charges, finalization of inquiry cases, record maintenance and appointment of staff.
- ii. Procurement and contract management matters need to be improved to implement the contract clauses in letter and spirit in order to complete the projects within the prescribed period, to purchase machinery directly from manufacturer instead of suppliers and renewal of contract agreement.
- iii. The Authority should develop an effective mechanism for effecting recovery from the defaulters regarding water

² Para No. 4.3.2

³ Para No. 4.3.4

⁴ Para No. 4.4.3, 4.4.4, 4.5.13

⁵ Para No. 4.4.2

⁶ Para No. 4.4.6

sewerage charges. Further, appropriate measures be taken to achieve revenue targets.

- iv. Investigation against the officers responsible for violation of rules and irregularities may be conducted and finalized at the earliest.
- v. Internal audit wing, directly responsible to the Principal Accounting Officer, is required to be urgently established to avoid misappropriation of material and fictitious payments.
- vi. The Authority should vigorously pursue the court cases to bring the matters to justice.

1. INTRODUCTION

Water and Sanitation Agency (WASA) was established in 1976 by legislative assembly of the Punjab under the LDA Act 1975. Major functions of WASA include planning, designing, development and maintenance of water supply, sewerage and drainage system in Lahore. The Agency has various directorates located in different areas of Lahore in order to ensure smooth performance of its functions. The delivery of a safe, reliable and efficient water supply is the key component of mandate of WASA.

WASA generates revenue by selling water, sewerage and aquifer to meet its non-development expenditure. For major development expenditure, it relies upon grant-in-aid from Government of the Punjab. This report is based on Special Audit of Water and Sanitation Agency, Lahore Development Authority, Lahore regarding medical claims of private hospital, development works, repair and maintenance works and realization of water & sewerage charges. The Directorate General Audit Works (Provincial), Lahore conducted audit with a view to reporting significant findings to the stakeholders. The special audit was conducted on the request of the Secretary HUD & PHE with a special focus on payment of medical claims.

2. AUDIT OBJECTIVES

The main objectives of audit were to check whether:

- i. The process of issuance of sanction and payment of medical claims to the private hospitals was efficient and transparent.
- ii. During execution of works relevant rules and regulations were observed.
- iii. Revenue was properly assessed and realized.
- iv. Interest earned on deposits was credited to the Agency properly.

3. AUDIT SCOPE AND METHODOLOGY

3.1 The Secretary HUD&PHE department Government of the Punjab desired to conduct special audit on the complaint of a citizen that fictitious payments were being made in WASA Lahore and that interest earned on deposits of the agency was not being credited to proper head of account.

3.2 Audit was conducted with reference to WASA's development and non-development accounts, realization and account of receipts, interest accrued on deposits, genuineness of medical claims paid to private hospitals and employees and disbursement to valid persons.

3.3 The results and findings of audit are based on the original record provided by the Agency.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

WASA is headed by a Managing Director. The schemes / projects are being executed by the existing administrative setup of the agency and are supervised by its own staff. All the establishment and contingency bills are pre-audited by the Local Fund Audit. The cheques for payments are signed by the Director Finance WASA, Lahore. Internal Audit mechanism does not exist as such.

Issues relating to organization and management involving financial implications of Rs 2,696.516 million observed during audit were as under:

4.1.1 Operational loss to the agency during the financial year 2012-13 - Rs 2,678.038 million

As per Rule 2.33 of PFR - Vol-I a Govt. servant is personally responsible for the loss sustained by Govt. due to his negligence or fraud on his part.

Revised Budget Estimate for 2012-13 (Actual) available in the Directorate of Finance, WASA, LDA, Lahore revealed that total receipts of the Agency were Rs 3,308.537 million against which an expenditure of Rs 5,986.575 million was incurred. Hence, there was a deficit / loss of Rs 2,678.038 million to the Agency.

Weak internal and financial controls resulted in loss of Rs 2,678.038 million to the Agency.

Audit pointed out the loss in August 2014. The department replied that the reasons of deficit were due to increase in electricity charges, POL, staff salary, expenditure on welfare of staff and repair / maintenance etc. On the other hand WASA tariff had not been increased since 01.05.2004. However, on account of the financial assistance of the Govt. to the tune of Rs 2178.811 the deficit was reduced to Rs 499.227 million.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency stated that all efforts were being made to control expenditure and enhance income of WASA. The Committee directed to review expenditure under different heads and make efforts to enhance income.

Audit recommends to minimize the loss.

(Para 72)

4.1.2 Less levy / recovery of departmental charges - Rs 10.444 million

As per para 2.29 of PWD Code, departmental charges on deposit works are required to be levied / recovered @12.5% from the client department.

The Director Construction-II WASA (LDA) Lahore got approved the scheme "Establishment of Fruit and Vegetable Market in Katcha Lahore (deposit work)" but only 4% departmental charges were

levied / recovered instead of 12.5% from the client department i.e. City District Govt. Lahore.

Weak administrative controls resulted in short recovery of departmental charges of Rs 10,444,482.

Audit pointed out the short recovery in September 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that departmental charges were demanded @ 12% but the Chairman LDA reduced it to 4%. Audit contended that it was against the rule. The Committee directed the Agency to get the rules revised by the governing body or produce revised PC-1 (duly approved) to audit for verification of departmental charges. No further progress was reported till finalization of this report.

Audit recommends early compliance of SDAC directives.

(Para 115)

4.1.3 Non-recovery on account of departmental charges - Rs 4.250 million

As per para 2.29 of PWD Code, departmental charges on deposit works are required to be levied / recovered @12.5% from the client department.

The Director O&M Gunj Bakhsh Town, Shalimar Town and Nishter Town WASA (LDA) Lahore executed different works of C&W Department and City District Government Lahore as deposit work but did not recover the departmental charges @ 12.5% in compliance of rule *ibid*.

Weak financial control resulted in non-recovery of departmental charges of Rs 4,249,504.

Audit pointed out the non-recovery in November and December 2014. The Agency did not reply.

The paras were discussed in the SDAC meeting held on 13.08.2015 & 27.08.2015. The Agency explained that the work in question was executed within jurisdiction of WASA under the direction of C.M. Punjab. Only the funds were released by the City District Government. Hence, neither departmental charges were incorporated in PC- 1 nor were recovered. Audit contended that since it was funded by the City District Government, departmental charges were required to be recovered. The Committee demanded documents in support of WASA contention and kept the para pending. No further progress was reported till finalization of this report.

Audit recommends to effect recovery of the amount involved.

(Para 186 & 236)

4.1.4 Irregular release of work charge staff salary through the SDOs accounts - Rs 2.087 million

According to the Director Finance, WASA Lahore letter No. FA/DF/1379-1459 dated 25.07.2012, the salary of work charge staff is to be remitted in the bank account of the work charge staff and without bank account, salary will not be released.

The Director Finance WASA (LDA) Lahore released salary of the work charge staff amounting to Rs 2,086,696 through the account of SDOs instead of remitting it in the personal accounts of the work charge staff.

Weak internal and financial controls resulted in irregular release / payment of work charge salary amounting to Rs 2,086,696.

Audit pointed out the irregular release in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that salary of work charge staff for the month of April 2014 was remitted in the personal bank account of the concerned work charge employees. No justification regarding release of Rs 2.087 million to SDO was given. The Committee directed to verify the relevant record within 15 days besides taking disciplinary action against the delinquents. No further progress was reported till finalization of this report.

Audit recommends early verification besides taking disciplinary action against the persons responsible.

(Para 13)

4.1.5 Irregular expenditure due to payment without pre-audit - Rs 788,798

As per para 4.2.7.1 of the Accounting Policies and Procedures Manual, every claim voucher (bill) must be certified by an officer in the relevant District Accounts Office / Accountant General / AGPR Office and who shall be deemed to be the certifying officer.

The record of the Director Operation and Maintenance, Ganj Bakhsh Town WASA Lahore revealed that the Director Finance WASA made payment regarding five works without pre-audit by the respective Account/Audit Office. Hence, the expenditure was irregular.

Weak financial controls resulted in irregular expenditure of Rs 788,798.

Audit pointed out the irregular expenditure in November 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took serious note of this issue and directed to initiate disciplinary proceeding against the person(s) at fault.

Audit recommends regularization and disciplinary action against the person(s) at fault.

(Para 182)

4.1.6 Non-finalization of seventy (70) inquiry cases

According to para No. 6 of section-10 of the Punjab Employees Efficiency, Discipline and Accountability Act, 2006 (XII of 2006), the inquiry officer or the inquiry committee as the case may be, shall submit his report, containing clear findings as to whether, charges have been proved or not and specific recommendations regarding exoneration or imposition of penalty, to the competent authority within 60 days of the initiation of inquiry.

4.1.6.1 The record maintained in office of the Director Admn. WASA, LDA, Lahore revealed that 65 inquiry cases were pending against non gazzeted employees of WASA. Fifty three cases pertained to the period from March 2006 to January 2014. Inquiry officers were also nominated in this regard. Lapse of eight years, these inquiries had not been finalized.

Weak internal controls resulted in non-finalization of inquiries.

Audit pointed out the non-finalization of inquiries in July 2014. The Agency replied that the inquiry officers were directed by the competent authority for early finalization of inquiry cases. The reply was not tenable as the inquiries were required to finalized by the Inquiry Officer within 60 days.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that correspondence had been made with the inquiry officers to finalize the cases. The Committee directed to finalize the outstanding inquiry cases within one month. No further progress was reported till finalization of this report.

Audit recommends to finalize inquiry proceedings.

(Para 25)

4.1.6.2 Audit noted that in the office of the Director Admn. WASA, LDA, Lahore, 05 inquiry cases initiated from January 2011 to January 2014 against employees of WASA were outstanding. Inquiry officers were also nominated but despite lapse of several years these inquiries have not been finalized.

Weak internal controls resulted in non-finalization of inquiries/investigations.

Audit pointed out the non-finalization of inquiry cases in July 2014. The Agency replied that these departmental cases had not yet been finalized, due to one reason or other and constant pursuance was going on. The reply was not satisfactory as these inquiry cases have become so delayed that now these cases will hardly serve any purpose of inquiry.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that all the inquiry cases had been finalized. But no record was produced to Audit for verification. The Committee directed the Agency to get the record verified from Audit within three days. No further progress was reported till finalization of this report.

Audit recommends to finalize inquiry proceedings at the earliest.

(Para 23)

4.1.7 Non-conducting of audit by the chartered accountant firm

WASA is a wing of LDA, established under section 10 (2) of LDA Act 1975. Under section 32 of the said Act, the accounts of the authority and each of its agency shall be audited annually by duly qualified auditor, appointed by agency, this will be in addition to the pre-audit/post audit by the Govt. Auditors.

The Director Finance WASA, LDA, Lahore, neither prepared balance sheet of the accounts of the Agency nor the audit was

conducted by a Chartered Accountant firm. The last audit was conducted for the period upto 30th June, 2006 by the Chartered Firm, Riaz Ahmad & Co.

Weak internal controls resulted in “non-preparation of balance sheet” and “non-conducting of audit” by the chartered accountant firm.

Audit pointed out the non-conducting of audit by the chartered accountant firm in July 2014. The Agency replied that balance sheet is prepared during the commercial audit. The commercial audit by the Chartered Accountant for the financial year 2005-06 was completed in 2012. After that advertisement notice was published in newspapers for immediate appointment of commercial auditors for the audit of next three years i.e. 2006-07 to 2008-09. The reply was not tenable because as it was admitted that accounts record for the year 2005-06 was audited in 2012 which did not serve the very purpose of audit.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that advertisement was published in newspapers for appointment of commercial auditor for the year 2006-09, but due to non-fulfillment of terms and conditions, the commercial auditors could not be appointed. The case had again been processed and audit shall be got finalized as soon as possible. Audit argued that no financial statement, cash flow statement and balance sheets had been prepared for the financial years from 2006-07 onwards. The Agency informed the Committee that the financial statements would be prepared on the basis of data of the commercial audit. The Committee took the matter as very serious and directed to fix responsibility against the officials concerned for not getting the financial accounts prepared within 60 days and get it audited from the chartered accountant firm at the earliest. No further progress was reported till finalization of this report.

Audit recommends to fix responsibility for the lapse and to get audit conducted by a Chartered Accountant firm without further delay.

(Para 02)

4.2 PLANNING

An instance of poor planning, noticed during audit was under:-

4.2.1 Non-achievement of targets/less receipt of revenue - Rs 504.048 million

The Managing Director, WASA, Lahore had fixed revenue target of Rs 3,318 million for the year 2013-14.

The Director Revenue, WASA, Lahore failed to achieve recovery targets on account of water, sewer charges and sewer connection fees. Less receipt of revenue resulted in non-achievement of target amounting to Rs 504.048 million.

Weak internal and financial controls resulted in less recovery of Rs 504.048 million.

Audit pointed out the non-achievement of target / less receipt of revenue in August 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency explained that targets fixed were not rational hence could not be achieved. However, best efforts were made to collect the revenue. The Committee took the matter as very serious and asked the HUD & PHE department to issue direction to WASA (LDA) for effecting recovery and achieving the target. No further progress was reported till finalization of this report.

Audit recommends to probe the matter of non-achievement of the targets and fix responsibility.

(Para 56)

4.3 Financial Management

- i. Cash flow / release of funds was regulated by the Agency itself depending upon its income and expenditure and grant-in-aid from the Government of the Punjab.

ii. Balance sheets of the Agency were not maintained. The Agency was following an accounting system which was not duly approved by the Controller General of Accounts.

iii. The contingent and civil works relating bills were pre-audited by the Local Fund Audit. Payments to contractors were regulated by the provision of contract agreement.

iv. The Agency maintained its accounts with commercial banks which were reconciled periodically. The payments were withdrawn through cheques from commercial banks by the payees.

v. Issues relating to the financial management involving an amount of Rs 984.881 million observed during audit were as under:-

4.3.1 Non-production of record - Rs 305.546 million

As per section 14 (2 & 3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The Director Finance, WASA, Lahore failed to produce the bank statements and detail of interest/profit earned during financial year 2011-12 to 2013-14 on the investments/deposits in commercial banks. Due to non-production of bank statements and detail of interest /profit, Audit could not verify the interest earned from investment/deposit in commercial banks during financial year 2011-12 to 2013-14.

Weak internal control resulted in non-production of bank statement and non-accountal of interest/profit of Rs 305.546 million.

Audit pointed out the non-production of record in August 2014. The Agency replied that record of interest / profit was properly maintained and reconciled with concerned Banks. Further, that accurate & upto-date cash books as well as record of bank statements were also being maintained. The reply was not satisfactory as the detail of profit / interest earned during financial year 2011-12 to 2013-14 was not produced for verification.

The para was discussed in the SDAC meeting held on 13.08.2015. The Authority replied that record of interest/profit was properly maintained and bank statements were ready for verification. Audit pointed out that interest had not been incorporated in Financial Statement of WASA and proper entries of amount were not on record. The Committee did not agree with Authority's reply and directed to incorporate the earned interest in Financial Statement and produce the record showing availability of amount with WASA within 15 days otherwise recover the amount from delinquents. No further progress was reported till finalization of this report.

Audit recommends production of record and verification of interest / profit earned in financial years 2011-12 to 2013-14.

(Para 68 & 73)

4.3.2 Non-recovery of aquifer / sewer charges from defaulters - Rs 246.289 million

As per Rule 4.10 of PFR Volume-1, it is the primary duty of every Govt. officer concerned to see that all dues of the Govt. are correctly assessed realized and properly credited to the relevant head of accounts.

The Director Revenue WASA (LDA) Lahore failed to recover Rs 246.289 million from defaulters on account of aquifer, water and sewerage charges from commercial entities, government departments and domestic users. (Annex-I).

Weak internal and financial controls resulted in non-recovery of Rs 246.289 million.

Audit pointed out the non-recovery in July and September 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Committee directed the Agency to recover the amount immediately and get the record verified from Audit within seven days. No further progress was reported till finalization of this report.

Audit recommends an early recovery.

(Para 32,33,34,35,38,39,43,44,45,47,48,49,50,52,54,55,57,89,91,93 & 94)

4.3.3 Irregular expenditure beyond allocation - Rs 185.281 million

As per standing instruction of Finance Department “expenditure in excess over the budget cannot be incurred”.

The Director (O&M) Ganj Bakhsh Town WASA (LDA) Lahore incurred an expenditure of Rs 185.281 million in excess of the budget under various heads of accounts during the financial years 2011-12 to 2013-14.

Weak financial control resulted in irregular expenditure of Rs 185.281 million beyond allocation.

Audit pointed out the irregular expenditure in November 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took the matter seriously and directed to initiate disciplinary proceedings against the

person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends to probe the issue and fix responsibility.

(Para 187)

4.3.4 Irregular grant and non-adjustment of advances - Rs 91.715 million

According to Rule 2.10(b)(5) and 2.20 of PFR Volume-I, it is not permissible to draw advance from fund allocated for the execution of work in future and every payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim.

The Director Finance, WASA LDA, Lahore, granted advances of Rs 91,714,802 to officers during the financial year 2013-14 for the execution of various misc. works, purchase of tyres, batteries, mobile sets, medical and computers accessories etc. Despite lapse of considerable period, the advances were not adjusted.

Weak internal and financial controls resulted in irregular grant and non-adjustment of advances amounting to Rs 91.715 million.

Audit pointed out the Irregular grant and non-adjustment in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that advance amounting to Rs 33.881 million had been adjusted. The record relating to advances at Sr. 1 to 13 of the statement annexed with para was not completely provided to Audit. Audit pointed out that most of the work orders were issued for supply of material of various kinds. GST and income tax etc was not deducted at source. Advances were given to officers in violation of Rule 2.10 of PFR. Expenditure was incurred without AA/TSE and in violation of PPRA rules. The Committee directed to get the record /

verified with reference to provision of rules for grant of advances and incurrence of expenditure, recovery of taxes and dates of grant and adjustment of advances within seven days besides obtaining condonation from FD. No further progress was reported till finalization of this report.

Audit recommends immediate adjustment/recovery of advances, recovery of taxes and condonation from FD.

(Para 16)

4.3.5 Unjustified / Doubtful sanction of medical bills - Rs 65.812 million

According to Para No. 9 (i) (a, c and d) of noting portion approved by the MD, WASA, LDA, Lahore and Para No.15 at page No.55 under subject “containment of medical expenditure”, each hospital will send its bill along with copy of CNIC of employee concerned, 1st page of medical bill confirming that his particulars are mentioned in the book and first page of medical pass book showing details of family dependents. According to para No. 9 (ii) of the Standard Operating Procedure approved on 10.09.2012 for containment of medical expenditure, each approved hospital, will send report containing particulars of the patients admitted in the hospital on daily basis. In case of non-receipt of report, it may be presumed that no patient was admitted/getting indoor treatment in the hospital. Further as per Rule 2.20 & 2.33 of PFR Volume-1, every payment / sanction for whatever purpose must be supported with complete vouchers, bills and every claim must be completed in all respects and every Government servant shall be held personally responsible for any loss sustained by the Government due to negligence or fraud on his part. Moreover, according to Medical Referral Slip of the Agency to the Medical officer for treatment of employee, it is to be referred by the officer of grade 17 and above and as per SOP any medical bill of the private hospital which deviates from the SOP will not be entertained.

4.3.5.1 The Director (Admn) WASA, Lahore issued sanction orders during 2013-14 for release of payments to Hospitals for medical claims

of WASA employees but bills/detail of amount against these sanctions orders were neither found attached with these sanction orders nor furnished to audit for verification.

Weak internal controls resulted in unjustified sanction of medical bills of Rs 42.258 million.

Audit pointed out the unjustified sanction of medical bills in July 2014. The Agency replied that payment was made by the Finance Directorate after necessary checks as well as pre Audit. The original bills/cash payment vouchers (CPV) are in the custody of Finance Directorate. The reply was not tenable because despite the fact that medical bills were forwarded to the Finance Directorate, office copies were required to be retained in Admn, Directorate.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that as per procedure medical bills were submitted to the Director Finance for pre audit and only summary of bills was left in Admn. Directorate. It was further intimated that matter was under inquiry vide office order dated 12.11.2014. The Committee directed to provide record to Audit for verification within seven days. No further progress was reported till finalization of this report.

Audit recommends production of relevant record.

(Para 24)

4.3.5.2 The Director Admn. WASA, LDA, Lahore did not process / sanction 53 Medical bills of the private hospitals valuing Rs 19.571 million received from May 2013 to 30.08.2014 lying unattended despite the fact that months had elapsed. This delay in payments without cogent reasons was unjustified and casts doubts on the veracity of the claims.

Weak internal controls resulted in non-sanction / non-payment of medical bills/claims worth Rs 19,571,447 pertaining to private

hospitals, in violation of the Clause 13 of agreements between WASA & private hospitals (Annex-II).

Audit pointed out the unjustified retention of bills in August 2014. The Agency replied that since 27.05.2004 SOPs/instructions were promulgated from time to time for ascertaining the accuracy of medial / hospital bills. The main role for identification of patients and verification of bills rest with Medical Officer/Lady Medical Officer WASA and subsequently scrutiny thereof rest with medical scrutiny / checking committee constituted from time to time. The above said process takes reasonable time. However, at present more than 80% pendency had been cleared and remaining bills were under process. The reply was not satisfactory because the bills were pending since long and some of those pertained to 2nd quarter of 2012. Such abnormal delay in claim and payment is against the SOPs and also casts doubts on genuineness of the bill. Either these bills should have been paid or rejected but keeping them pending was not justified.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took the matter as very serious and directed to initiate disciplinary proceeding against the person(s) at fault.

Audit recommends proper enquiry and early finalization of the issue.

(Para 70)

4.3.5.3 The Director Administration WASA Lahore sanctioned medical bills of Rs 1.283 million pertaining to M/s Faran Hospital for December 2013 and submitted to the Director Finance WASA Lahore for pre-audit and payment. The Director Finance WASA, Lahore raised certain objections and returned the bills. The issue came into the knowledge of the Chief Minister Punjab who ordered to inquire the matter. Further the inquiry committee was constituted vide office order No. Admn/ADE 316-21 dated 24.03.2014 to scrutinize medical claims of Faran Hospital. The Committee was required to submit its reports

within seven days. However, this committee submitted its investigation report in April 2014 regarding medical claims for December 2013. There were doubtful claims of Rs 1,056,008 out of Rs 1,283,370 in view of the following observations:

1. Dead persons were shown alive for medical treatment.
2. Employees present in office were shown as admitted in hospital.
3. Retired employees were shown in service.
4. Medical books bore bogus and unverified signatures.
5. Reference slips bore bogus signature of officer.
6. Wrong place of posting of employees mentioned.
7. Refer slips signed by the sub engineers instead of Grade-17 officer.

Despite lapse of four months neither proper investigation of claims was made nor action against responsible officer(s)/staff was initiated under PEDDA Act. Furthermore, inquiry / investigation report regarding medical bills / claims paid prior to December 2013 was not produced to Audit.

Weak internal and financial controls resulted in irregular payment of Rs 1,056,008.

Audit pointed out the matter in September 2014. The Agency replied that the bills were under scrutiny and inquiry was also under process. The reply was not tenable as significant time had elapsed but inquiry was not finalized.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that modified inquiry order had been issued on 03.03.2015 and on completion of inquiry findings the matter would be finalized. Audit contended that one inquiry had already been finalized, on the basis of which the subject claim was kept under objection. However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of a considerable period inquiry was not finalized and directed to produce

findings of inquiry within ten days. No further progress was reported till finalization of this report.

Audit recommends for early finalization of inquiry report besides taking disciplinary action against the person(s) responsible for this lapse.

(Para 31&58)

4.3.5.4 The Director Finance, WASA, LDA, Lahore, made payment to various private hospitals despite the fact that names of the patient employees were not mentioned in the daily admission reports submitted to the Director Admn. and MD WASA.

Weak internal and financial controls resulted in unjustified /doubtful payment of Rs 851,679 (Annex-III).

Audit pointed out the unjustified/doubtful payment in September 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance with the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility vide office order bearing No.Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action will be taken in the light of inquiry report. However, outcome of the inquiry was not shared with Audit.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry findings the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized on the basis of which the claim was kept under objection. However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce

the findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends early finalization of inquiry report besides taking disciplinary action against the person(s) responsible for this lapse.

(Para 59,61,62,64,66 & 75)

4.3.5.5 The record of the Director Administration and Director Finance revealed that as per attendance summary the employees were present in the offices but in the paid medical bills they were shown admitted in the private hospitals. Payment of Rs 744,709 on this account was made to the private hospitals.

Weak internal and financial controls resulted in unjustified / doubtful payment for Rs 744,709 (Annex-IV).

Audit pointed out the unjustified /doubtful payment in July and September, 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical Officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance with the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility vide office order bearing No.Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action will be taken in the light of inquiry report. However, Audit was not provided the findings of the inquiry.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry findings the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized, on the basis of which the claim was kept under objection. However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce

inquiry findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends early finalization of inquiry report besides taking disciplinary action against the responsible person(s).

(Para 17,81,83,86 and 87)

4.3.5.6 The Director Finance WASA made payment of medical claims to Faran Hospital whose reference slips were signed for medical treatment by the sub engineers which is a post of BPS-11. The sub engineer was not competent to approve referral for medical treatment. Thus, on irregular/unauthorized referral slips, an amount of Rs 555,289 was paid to Faran Hospital, Lahore.

Weak internal and financial controls resulted in irregular payment of Rs 555,289 (Annex-V).

Audit pointed out the unjustified/doubtful payment in September 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance to the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility for taking action against the defaulters vide office order bearing No. Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action would be taken in the light of Inquiry Finding report. Audit asked the Agency to provide findings of the inquiry.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry findings the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized, on the basis of which the claim was kept under objection. However, the Agency was not providing the report. The

Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce inquiry findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends early finalization of enquiry report besides taking disciplinary action against the person(s) responsible for this lapse.

(Para 14 and 79)

4.3.5.7 The Director Finance WASA Lahore made payment on account of medical claims on referral slips signed by Ch. Shoukat Ali, SDO Islam Pura WASA, Lahore whereas he gave statement in writing on 11.04.2014 that stamp affixed on the medical referral slips and signature thereon were fake as these were never signed by him. Hence all these claims were fake and payment of Rs 389,921 to Faran Hospital on this account was unjustified / doubtful.

Weak internal and financial controls resulted in unjustified / doubtful payment of Rs 389,921 on account of medical claims (Annex-VI).

Audit pointed out the unjustified/doubtful payment in September 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance with the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility for taking action against the defaulters vide office order bearing No. Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action would be taken in the light of

Inquiry Finding report. However, findings of the inquiry were not provided to Audit.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized, on the basis of which the claim was kept under objection. However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce inquiry findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends early finalization of inquiry report besides taking disciplinary action against the person(s) responsible for this lapse.

(Para 77)

4.3.5.8 (A) The paid medical bills available in the Director Finance, WASA, LDA, Lahore revealed that Mrs. Saira Salamat wife of Mr. Nedeem Masih, JPO, Ticket No. 12088 delivered a baby girl on 21.07.2013 in Rahim Hospital for which medical bill was claimed and paid vide bill No. JQ/-19 of Rs 28,011. Thereafter, another claim on account of C-Section (Delivery of child/son) was paid to Faran Hospital in July, 2013 against Bill No. 1636 of Rs 25,194 and admission period for C-Section was 10.07.2013 to 16.07.2013. The same patient delivered twin sons in Faran Hospital through C-Section from 02.12.2013 to 08.12.2013 for which bill was claimed vide No. 2630 of Rs 26,489. Three deliveries in a year (twice in July 2013 and once in December 2013) was not understandable thus total payment of Rs 79,694 (Rs 28,011 + 25,194 + 26,487) was unjustified / fictitious.

(B) It was further noticed that medical claims of Rs 22,189, was paid to the Rahim Hospital on A/C of treatment of Mst. Saira Wife of

Nadeem Masih, were also entertained which do not have any justification. The detail is as under:

Sr. No.	Bill No.	Billing month	Date	Disease with Admission period	Amount of Bill (Rs)
1	JQ-46	8/2013	6/2014	Pregnancy with Haematemesis (9 to 15.07.2013)	9,173
2	JQ-37	8/2013	6/2014	Pregnancy with Haematemesis (19 to 25.07.2013)	9,170
3	AG-12	8/2013	6/2014	Post operative case with PV. Bleeding (23 to 24-08-2013)	3,846
				Total	22,189

Weak internal and financial controls resulted in unjustified/doubtful payment of Rs 101,883. (Total A + B Rs 79,694 + Rs 22,189 =Rs 101,883)

Audit pointed out the unjustified/doubtful payment in September 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance with the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility for taking action against the defaulters vide office order bearing No. Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action would be taken in the light of findings of the inquiry report. However, findings of the inquiry were not provided to Audit.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized, on the basis of which the claim was kept under objection.

However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce inquiry findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends early finalization of inquiry report besides disciplinary action against the person(s) responsible for this lapse.

(Para 84)

4.3.5.9 The Director Finance WASA, (LDA) Lahore made payment for medical bills in respect of Mr. Sarwar Masih, sewer man, Ticket No.8445 who died on 09.02.2009. Despite his death in 2009, he was referred to the medical officer for checkup as a retired person by the SDO, Mustafa Abad Sub Division Lahore on 12.08.2013 & 20.11.2013. Moreover, medical bills of the deceased official and his family were also claimed on bogus documents.

Weak internal and financial controls resulted in fictitious payment of Rs 83,321 (Annex-VII).

Audit pointed out the fictitious payment in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that the matter was under inquiry vide order dated 12.11.2014. The Committee took the matter of non-finalization of inquiry as very serious and directed to initiate disciplinary action against the person(s) at fault and recover the amount involved. No further progress was reported till finalization of this report.

Audit recommends early recovery besides taking disciplinary action against the person(s) responsible for this lapse.

(Para 07)

4.3.5.10 Mr. Rafi Masih, Sewer Man, Ticket No. 10341 was dismissed from service vide office order no 12452-59 dated 08.06.2002. Thus he

was not entitled to official medical treatment. Despite that, medical bills of Rs 69,310 in the names of Mr. Rafi Masih and his dependents were paid to Faran Hospital.

Weak internal and financial controls resulted in fictitious payment of Rs 69,310.

Audit pointed out the fictitious payment in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that matter was under inquiry vide office order dated 12.11.2014. The Committee took the matter as serious for non-finalization of inquiry and directed to initiate disciplinary action against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends an early inquiry besides disciplinary action against the person(s) responsible for this lapse.

(Para 01)

4.3.5.11 The Director Finance, WASA, LDA Lahore made payment to Faran Hospital against medical bills on account of treatment of employees. CNIC numbers on the cards and medical pass books were different. This resulted in doubtful payment of Rs 48,054.

Weak internal and financial controls resulted in doubtful payment of Rs 48,054 (Annex-VIII).

Audit pointed out the unjustified /doubtful payment in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that matter was under inquiry vide order dated 12.11.2014. The Committee took serious view of non-finalization of inquiry and directed to initiate disciplinary action

against the person(s) at fault and recover the amount involved. No further progress was reported till finalization of this report.

Audit recommends early finalization of inquiry report besides taking disciplinary action against the responsible person(s).

(Para 12)

4.3.5.12 The Director Admn / Finance WASA Lahore made payment on account of medical bills but period / dates of treatment/admission given in medical claims submitted by the private hospitals and dates of referral slip and other record did not correspond to each other. Payment on this account seemed doubtful.

Weak internal and financial controls resulted in doubtful payment of Rs 47,400 (Annex-IX).

Audit pointed out the doubtful payment in September 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance with the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility for taking action against the defaulters vide office order bearing No. Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action would be taken in the light of Inquiry Findings report.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry findings the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized, on the basis of which the claim was kept under objection. However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce inquiry findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends early finalization of inquiry report besides taking disciplinary action against the person(s) responsible for this lapse.

(Para 67)

4.3.5.13 The Director Admn and Director Finance WASA, (LDA), Lahore entertained medical bills submitted by Raheem Hospital on account of medical treatment of Mst. Roohi Mahfooz wife of Mr. Muhammad Nasir Ticket No. 11232, Junior Pump Operator. The said payment seemed unjustified and fictitious as dates of different admissions and discharge in the hospital overlapped with each other which was not possible.

Weak internal and financial controls resulted in unjustified / doubtful payment on account of fake claims of Rs 39,913.

Audit pointed out the unjustified/doubtful payment in September 2014. The Agency replied that since 27.05.2004 various SOPs/instructions were notified from time to time for ascertaining the accuracy of medical/hospital bills. All the required steps were applied at each level i.e. Medical officer, Medical Scrutiny Committee and Directorate of Finance. However, in compliance with the audit observations an inquiry officer had been appointed to look into the lapses and to fix the responsibility for taking action against the defaulters vide office order bearing No. Admn/DDA-I/AD(Enq)/4081-90 dated 12.11.2014. Further action would be taken in the light of findings of the inquiry report. However, findings of the inquiry were not provided to Audit.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that modified inquiry order had been issued and on completion of inquiry findings the matter would be finalized. Audit contended that inquiry ordered on 24.03.2014 had already been finalized, on the basis of which the claim was kept under objection. However, the Agency did not provide the report. The Committee took the matter as serious that despite lapse of considerable period inquiry was not finalized and directed to produce

inquiry findings within 10 days. No further progress was reported till finalization of this report.

Audit recommends to provide latest status of the claims and completion of inquiry.

(Para 88)

4.3.6 Non-recovery on account of illegal water and sewerage connections - Rs 49.731 million

According to Rule 4.10 of PFR Vol-I, read with Para 12.2 of the Punjab Budget Manual, the departmental authorities are responsible to see that all dues of government are correctly assessed, realized and properly credited to the proper head of account.

The Director Revenue WASA (LDA) Lahore did not recover Rs 49.731 million on account of water and sewerage dues from defaulters of illegal, unmetered and disconnected, domestic and commercial connections, outstanding since long.

Weak internal and financial controls resulted in non-recovery of Rs 49,731,264 from defaulters (Annex-X).

Audit pointed out the non-recovery in August and September 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that recovery had been effected which was duly verified by the Director Finance WASA. Some of the bank scrolls were produced which were verified by Audit. Audit demanded 100% bank scrolls but the Agency explained that it was not possible to collect the bank scrolls from banks as well as from office as they were stuffed in sacks. The Committee discussed the matter in detail and directed the Agency to produce complete bank scroll, paid consumer bills WASA's copy and consumer ledger within 15 days. No further progress was reported till finalization of this report.

Audit recommends early production of complete bank scrolls.
(Para 36,37,40,41,42,46,51,53,90 & 92)

4.3.7 Lapse of development funds - Rs 36.057 million

According to Rule 14.3 of the Punjab Budget Manual, the Statement of Excesses and Surrenders was required to be prepared and submitted to Administrative Department and Finance Department, before 31st March of each financial year.

The Progress Reports and funds released in respect of SDA for June 2014 by the Director Finance WASA, Lahore indicated that the Government of the Punjab released the funds amounting to Rs 342.501 million against which an expenditure of Rs 174.280 million was incurred up to 30.06.2014 in respect of the development schemes. The funds to the tune of Rs 132.164 million were surrendered whereas balance funds of Rs 36.057 million lapsed on close of Financial Year.

Weak supervisory and financial controls resulted in lapse of development funds of Rs 36.057 million (Annex-XI).

Audit pointed out the irregularity in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency neither submitted working paper of the para nor attended the discussion. The Committee took the matter as serious and directed to initiate disciplinary action against the person(s) at fault and obtain condonation from Finance Department within 60 days. No further progress was reported till finalization of this report.

Audit recommends to fix responsibility against the person(s) responsible for this lapse.

(Para 05)

4.3.8 Non-recovery from LDA on account of share of WASA - Rs 3.220 million

According to Rule 4.7 of PFR Volume-1, it is the primary duty of the authority/department to watch that all revenue, due to the Govt. is properly realized, recorded and accounted for.

The Director Finance, WASA, LDA, Lahore paid an amount of Rs 3,220,000 to the LDA towards its share of cost of construction of LDA Plaza in 1977-78. Despite lapse of 36 years neither LDA provided accommodation to WASA in the said plaza nor reimbursed the share paid by WASA.

Weak internal and financial controls resulted in non-recovery / adjustment of Rs 3.220 million.

Audit pointed out the non-recovery in September 2014. The Agency replied that since WASA was the Agency of the LDA and borrowing and lending between the LDA & WASA is a normal routine process. Further WASA had also borrowed Rs 134 million which is still payable to LDA. The adjustment of amount of Rs 3.220 million would be made at the time of finalization of payments. In support of reply, no documentary evidence was produced to proceed further in the matter.

The para was discussed in the SDAC meeting held on 13.08.2015 wherein the Agency reiterated its previous stance. The Committee directed the Agency to make adjustment at the earliest. No further progress was reported till finalization of this report.

Audit recommends early recovery / adjustment of advance.

(Para 65)

4.3.9 Non-recovery of POL Charges - Rs 857,045

According to rule 4.7(1) of PFR Volume-1, it is the primary duty of the authority / department to watch that all revenue due to the Govt. is properly assessed realized and accounted for.

The Director Drainage WASA, (LDA), Lahore did not recover the POL charges of the machinery of WASA which was given to DCO Lahore, TMAs Lahore, PHA Lahore and LDA Lahore for removal of encroachments and other works. POL was issued by the WASA but cost of POL was neither recovered by the WASA nor deposited by the beneficiary agencies/ departments.

Weak internal and financial controls resulted in non-recovery of Rs 857,045 on account of POL charges.

Audit pointed out the non-recovery of POL charges in December 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that the machinery was issued to different departments on the direction of DCO Lahore for removal of encroachment. Audit argued that though service was provided to other government departments but hire charges were recoverable. The Committee directed to recover the hire charges from quarters concerned.

Audit recommends early recovery.

(Para 255, 258 & 260)

4.4 Procurement and Contract Management

The contracts for execution of works and collection of water sewerage charges were executed with the firms and commercial banks respectively. However, certain contracts regarding advertisement with mobile companies were not renewed.

Issues relating to non-observance of procurement and contractual obligations involving Rs 84.821 million observed during audit were as under:-

4.4.1 Irregular expenditure due to splitting - Rs 20.943 million

According to Para 2.70 of the B&R Code, splitting of work at the time of calling of tenders, if inevitable, is to be justified by the circumstances and must be in the interest of work. It must be recorded with a view to evading operation of any prescribed limit reproduced through FD notification No.FD(D-II) 10 (3) 90 for June 1991. Approval for splitting up a work into parts is to be obtained from the Chief Engineer (Managing Director in case of WASA).

The Director Construction-I WASA (LDA) Lahore got sanctioned the technical estimates of the works i.e. manufacturing of RCC manhole covers of different sizes but split the work into four packages and awarded all of them to same contractor on same date on the basis of same tender date.

Weak internal control resulted in irregular expenditure of Rs 20.943 million due to splitting of a work.

Audit pointed out the irregular expenditure in September 2014. The Agency replied that the work for manufacturing of RCC Manhole covers was approved by MD WASA. In order to minimize the manufacturing time to meet with emergency complaints to avoid any mishap, it was split up into four packages with the approval of competent authority. The reply was not convincing as allotment of four packages to one and the same contractor did not serve the purpose of reduction in manufacturing time. The irregularity needs to be got condoned from the competent authority.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that to minimize the manufacturing time of manhole covers to meet with emergency complaints the work was split in to four packages. Audit argued that award of all packages

to one and the same contractor was against the very purpose of the time economy and was also against provision of PPRA rules. Further, tender notice was not advertised in press one month prior to opening date. The Committee directed to the Agency to provide Delegation of Power within one week otherwise get condonation from competent authority.

Audit recommends the condonation of irregularity from the competent authority and disciplinary proceedings against the officer/official concerned.

(Para 103 & 112)

4.4.2 Non-deduction of General Sales Tax - Rs 15.118 million

In terms of Government of Pakistan (Revenue Division) CBR, Sales Tax and Federal Excise Wing letter No.4-2- STB/2007 (PT) dated 13.07.2007, the government departments shall deduct an amount equal to 1/5th of the total sales tax amount shown in the sales tax invoice issued by the supplier and make payment of balance amount to him which will be deposited in the National Bank. Further in the terms of Sub Para (1) and (2) of Para No.3 of Notification of the said office issued vide No.SRO-660(1) 2007 dated 30.06.2007, the supplier shall issue sales tax invoice in respect of every taxable supply made to a withholding agent and shall pay the balance sales tax and submit monthly return.

4.4.2.1 The Director Procurement & Store, Waste Water Treatment, Allama Iqbal Town, Nishter Town, Director Drainage, Aziz Bhatti Town and Ravi Town (O&M), Lahore procured various items i.e. stationery, transformers, sewerage cleaning material etc. through suppliers. In some cases, 1/5th of GST was not deducted at source. The suppliers neither furnished GST returns to the Agency nor recovery on account of GST was effected.

Weak internal and financial controls resulted in non-recovery of Rs 10,710,458 on account of GST (Annex-XII).

Audit pointed out the non-recovery in October 2014 to January 2015. The Agency did not reply.

The paras were discussed in the SDAC meeting held on 23.07.2015, 13.08.2015 and 27.08.2015. The Agency replied that recovery had been effected by the Director Finance WASA. But no record was produced to Audit for verification. The Committee directed the Agency to produce record of effected recovery for verification besides fixing responsibility within 60 days.

Audit recommends fixing the responsibility against the delinquents besides recovery of the GST.

(Para 290,291,292,224,230,278,155,162,252,250,259,201,220,231)

4.4.2.2 The Director (O&M) Shalimar & Aziz Bhatti Town WASA, Lahore got executed an item of work “providing & installing, testing, commissioning of non-clogging vertical sewerage submersible pump”. The payment was made without deduction of GST @ 17% which resulted in non-recovery of GST amounting to Rs 1,704,000 from the suppliers.

Weak internal and financial controls resulted in non-recovery of General Sales Tax for Rs 1,704,000.

Audit pointed out the non-recovery in November 2014. The Agency replied that the description of the work clearly demonstrated that scope of work includes “providing, installing, testing and commissioning of non-clogging vertical sewage submersible pump” and it was not a supply item. The contractor was paid as per work done at site. Therefore, the recovery of sales tax on the executed item was not justified. The reply was not tenable as quotation / rate submitted by M/s HMA Pumps included 17% general sales tax in unit price. Hence recovery of GST was required to be effected.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency reiterated its previous stance. Audit asked for recovery being supply item and argued that full amount of GST which

had been paid to the contractor was required to be deposited in Govt. account either by the contractor or by the manufacturer. The Committee directed the Agency to produce all relevant record including GST invoice to Audit for verification. No proof of GST payment made to FBR was provided till finalization of this report.

Audit recommends an early recovery.

(Para 197)

4.4.2.3 The Director (O&M) Shalimar & Aziz Bhatti Town WASA, Lahore got executed an item of work “providing & installing, testing, commissioning of non-clogging horizontal sewerage pump of KSB”. The payment was made without deduction of GST @ 17% which resulted in non-recovery of GST amounting to Rs 971,040 from the suppliers.

Weak internal and financial controls resulted in non-recovery of GST for Rs 971,040.

Audit pointed out the non-recovery in November 2014. The Agency replied that the description of the work clearly demonstrated that scope of work includes “providing, installing, testing and commissioning of non-clogging vertical sewage submersible pump” and not supply item. The contractor was paid as per work done at site. The reply of the Agency was not tenable as the quotation submitted by the supplier i.e. M/s KSB Pumps for Rs 2,885,000 per unit was inclusive of General Sales Tax. The same amount was technically sanctioned and put to tender.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that the scope of work included providing, installing and commissioning of submersible pump and it was not a supply item so, GST was not required to be recovered. Audit recommended recovery being supply item and argued that full amount of GST which had been paid to the contractor was required to be deposited in Govt. account either by the contractor or by the manufacturer. The Committee directed the Agency either to produce

invoice of the firm to Audit within one week or effect recovery within one month.

Audit recommends an early recovery.

(Para 206)

4.4.2.4 Director Drainage, WASA, Lahore procured RCC slabs through suppliers. While making payment neither 1/5th of GST was deducted at source nor the suppliers submitted monthly returns in proof of payment of GST. This resulted in non-recovery of GST amounting to Rs 818,837 from the suppliers.

Weak internal and financial controls resulted in non-recovery of GST for Rs 818,837.

Audit pointed out the non-recovery in December 2014. The Agency did not reply.

The paras were discussed in the SDAC meeting held on 27.08.2015. The Agency replied that RCC slabs were constructed at site and it was not supply items. Audit contended that in the nomenclature of items / works it was mentioned pre cast RCC slabs hence GST was recoverable. The Committee directed to effect recovery within seven days. No further progress was reported till finalization of this report.

Audit recommends early recovery.

(Para 262, 268, 270 and 274)

4.4.2.5 The Director (O&M) Ganj Bakhsh Town WASA, Lahore purchased various items through different suppliers but neither 1/5th GST was deducted at source nor the sales tax returns were provided by the suppliers in proof of payment of GST.

Weak financial controls resulted in non-recovery of GST Rs 490,611.

Audit pointed out the non-recovery in November 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took the matter serious and directed to initiate disciplinary proceeding against the person(s) at fault.

Audit recommends early recovery besides taking disciplinary actions against the responsible(s).

(Para 174,181)

4.4.2.6 The Director Construction-II WASA Lahore for the work “Installation of Machinery for Niaz Baig Drainage System UC-118 WASA”, made payment of certain non-standardized items without approval of analysis of rate as rate analysis of these items were neither available in file nor produced to Audit. This procedural violation resulted in unjustified payment of Rs 9,426,150.

Audit pointed out the irregular expenditure in September 2014. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.08.2015. The Agency explained that the payment was made on basis of analysis of rates approved by the competent authority. During verification of the provided rate analysis at this stage, Audit observed that analysis of rate included 17% GST of Rs 288,166 which was not recovered. Hence, amount of para was reduced to the extent of GST amounting to Rs 288,166. The Committee directed to effect recovery of Rs 288,166 within 07 days. No further progress was reported till finalization of this report.

Audit recommends early recovery.

(Para 118)

4.4.2.7 The Director Finance WASA, Lahore made payment for the work “Supply of galvanized iron water supply material for daily use in UC-27-30 in city sub division Ravi Town, Lahore” to M/S Rehman Traders. GST 1/5th was deducted at source but did not produce the monthly returns regarding balance payment of GST.

Weak administrative and financial controls resulted in non-recovery of GST for Rs 135,014.

Audit pointed out the non-recovery in July 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that for recovery, letter had been issued to supplier. Audit pointed out that payment to supplier was to be made after deduction of taxes. Penal action was required to be taken against the officers / officials at fault. The Committee directed the Agency to effect recovery within one month besides taking disciplinary action against the responsible(s) for not effecting recovery at the time of payment. No further progress was reported till finalization of this report.

Audit recommends early recovery besides taking disciplinary actions against the responsible(s).

(Para 03)

4.4.3 Unjustified deduction of income tax on WASA receipts - Rs 13.744 million

According to memo issued by Commissioner Income Tax Lahore Govt. of Pakistan vide No.J-198(B)/CO-11/92-93/1227, dated 20.10.1992, “Income of LDA, earned within its jurisdiction is exempt from tax under section-68 of the Second Schedule of Income Tax Ordinance 1979”.

Record of office of the Director Finance WASA, (LDA), Lahore revealed that commercial banks and mobile companies

deducted withholding tax @ 7.25% (approx) on receipts of interest/profit earned on investment and lease money of WASA (LDA), Lahore respectively. Finance Directorate did not take up the matter of unjustified deduction of income tax from WASA receipts in the light of memo issued by Commissioner Income Tax Lahore dated 20.10.1992.

Weak internal and financial controls resulted in unjustified deduction of income tax amounting to Rs 13.744 million by mobile companies/banks.

Audit pointed out the unjustified deduction of income tax in September 2014. The Agency replied in one case that LDA was exempted from payment of income tax only and not from payment of withholding tax which was paid by LDA. The reply was not tenable because LDA had tax exemption since 1992.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that withholding tax was being paid as per rules. Audit pointed out that WASA's income is exempted being government department. The Committee directed the Agency to get the detailed record verified within 30 days and also take up the matter with FBR. No further progress was reported till finalization of this report.

Audit recommends to probe the matter and recovery of the amount deducted by banks and mobile companies as income tax.

(Para 78 & 80)

4.4.4 Non-recovery of lease money and advance income tax from mobile company - Rs 9.702 million

As per Rules 4.10 of PFR volume-1, it is the primary duty of every Govt. officer concerned to see that all dues of the government are correctly assessed, realized and properly credited to the relevant head of accounts. Further, according to notification of FBR dated 30.06.2005 and section 236-A of Income Tax Ordinance 2001, 5%

advance income tax may be deducted at source at the time of lease agreement.

The Director Finance WASA (LDA) Lahore did not recover the lease money from M/S Wi-Tribe (M/s Motorola) for installation of WI-MAX-BTS, on two sites of overhead water tank of WASA near Ravi Block, Commercial Market, Iqbal Town Lahore and I-C-3 Park View, near Firdous Market Gulberg-III Lahore @ Rs 70,000 per month per site (annually Rs 840,000) for the financial years 2009-10 to 2013-14. Furthermore, Director Finance WASA (LDA) Lahore also did not recover the advance income tax @ 5% amounting to Rs 462,000 (Rs 231,000+Rs 231,000) for the financial year 2009-10 to 2013-14.

Weak financial control resulted in non-recovery of lease money and advance income tax of Rs 9.702 million (Annex-XIII).

Audit pointed out the non-recovery in August 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took the matter as serious and directed to initiate disciplinary proceeding against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends an early recovery and to fix responsibility against the responsible person(s).

(Para 63-A&B)

4.4.5 Unjustified payment on account of collection charges - Rs 8.526 million

According to Agreement, signed between Bank of Punjab and WASA dated 21.05.1997, "Collection of WASA bill is free of any charge".

The office record of Director Finance, WASA, LDA, Lahore and Director Revenue, WASA, LDA, Lahore revealed that a payment of Rs 8,526,824 was made to Bank of Punjab Lahore on account of utility bills collection charges for financial year 2011-12 to 2013-14. As per agreement (Clause No. 3) signed between Bank of Punjab and WASA dated 21.05.1997, the Bank of Punjab was bound to provide free services for collection of WASA bills. No collection charges were payable by WASA.

Weak internal and financial controls resulted in unjustified payment of Rs 8,526,824.

Audit pointed out the unjustified payment in September 2014. The Agency did not reply.

The para was to be discussed in SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took the matter as serious and directed to initiate disciplinary proceeding against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends recovery besides initiating disciplinary proceeding against the person(s) at fault.

(Para 82)

4.4.6 Loss to the Agency due to purchase of machinery through contractors - Rs 8.372 million

In terms of the Finance Department Govt. of the Punjab letter No. RO(Tech)FD-18-29/2006 dated 08.08.2005, plant, machinery and other store items like generator, turbines, lifts and electric motors etc are required to be procured / purchased as per procedure prescribed in Purchase Manual instead of through contractors, so that 20% contractor profit and overheads in its price could be saved.

The Director Construction-II and Director (O&M) Gunj Bakhsh Town WASA (LDA) Lahore and Director Hydrology WASA

(LDA) Lahore purchased different types of machinery through contractors adding contractors profit instead of direct purchase from the manufacturers to avoid contractor's profit.

Weak internal and financial controls resulted in loss of Rs 8.372 million to the Agency.

Audit pointed out the loss in October 2014, November 2014 and January 2015. The Director Hydrology replied that complete tube well was installed by preparing PC-I as per requirement of area and complete work for provision and installation of tube well was allotted to the contractor. It was not a supply item which can be purchased through manufacturer. The reply was not satisfactory as purchase of different items through contractor was violation of instructions / order of the Finance Department, Government of the Punjab.

The paras were discussed in the SDAC meeting held on 23.07.2015, 13.08.2015 and 27.08.2015. The Agency contended that machinery was purchased through contractor instead of manufacturer to attend emergency. Further, item of pumps involved providing and installation hence, the condition for direct purchase of pumps from the manufacturer does not apply. In another case (para No. 117) The Agency explained that the diesel generator J-110 (100 KV) SDMO (France) was not manufactured in Pakistan and no authorized dealer was available. It was purchased through importer M/S (Greaves Ltd). Hence, direct purchase of the generator was not possible. However, M/s Greaves Ltd. had authorized, M/s SKAF International to participate in tendering on its behalf which is a direct purchase. Audit argued that purchase through contractors was violation of rules. Further, purchase through authorized dealer was made without adopting works procedure i.e. without AA/TSE with 20% of overhead & profit and allowable tender cushion @ 4.5% as per FD letter dated 08.08.2005. The Committee directed either to effect recovery or obtain condonation of irregularity from Finance Department within one month. No further progress was reported till finalization of this report.

Audit recommends to make the loss good.

(Para 117,141,144,167,172,176,283,277,286,287 & 288)

4.4.7 Loss due to paying higher collection charges - Rs 5.756 million

As per Rule 2.33 of PFR Volume-I, every government servant shall be held personally responsible for any loss sustained by government due to this negligence or fraud on his part.

The Director Finance, WASA, (LDA), Lahore, and Director Revenue, WASA (LDA) Lahore signed contract agreement with nine commercial banks and two other agencies i.e. NADRA Lahore and GPO Lahore for collection of WASA's bills (Water / Sewerage). Bank Al-Falah, Askari Bank and Bank Al-Habib charged Rs 5.00 Per bill whereas all other banks and collection centers had charged Rs 8.00 per bill.

Weak internal and financial controls resulted in loss of Rs 5,756,196 due to higher collection charges.

Audit pointed out the loss in September 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that the Governor State Bank of Pakistan had decided in light of directives given by the Supreme Court that all schedule banks in the country will collect the utility bills. Hence, it was decided that keeping in view inflation and other factors, charges @ Rs 8 per bill will be applied. However, some banks newly entered in the agreement, agreed to charge Rs 5 per bill as collection charges. Audit argued to negotiate with the banks to reduce rate to Rs 5 per bill. The Committee agreed with the viewpoint of Audit. No further progress was reported till finalization of this report.

Audit recommends fixing responsibility, making loss good besides adoption of measures to avoid recurrence.

(Para 85)

4.4.8 Loss due to non-renewal of lease agreement and non-recovery of advance Income Tax - Rs 4.028 million

As per Rule 2.33 of PFR, Volume-I the Govt. Servant is personally responsible for the loss sustained by Govt. due to his negligence or fraud on his part.

The Director Finance, WASA, (LDA), Lahore did not renew the contract after expiry of the lease agreement (on 13.02.2003) of site at Chenab Block, Allama Iqbal Town, Lahore for installation of tower to M/s Pakistan Mobile Communication Pvt. Ltd. The site was initially leased out for 3 years from 14.02.1991 to 13.02.1994, and agreement was renewed from time to time upto 13.02.2003. The rates were not increased by the agency and after expiry of the contract on 13.02.2003. The agency neither renewed the agreement nor revised the rates. Audit conducted comparison with another company i.e. M/s Telenor (Pvt) Ltd with whom contract was executed in financial year 2007-08 which showed that because of non-renewal of the agreement and non-revision of the rate WASA sustained a loss of Rs 3,835,701. Further, advance income tax @ 5% of Rs 181,785 was also not deducted.

Weak financial control resulted in loss of Rs 4,027,486 on account of non-revision of agreement and rates (Annex-XIV).

Audit pointed out the loss in September 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 13.08.2015. The Agency neither submitted working paper of the para nor attended the discussion. The Committee took it serious and directed to initiate disciplinary action against the person(s) at fault.

Audit recommends early recovery and fixing responsibility for this loss.

Para 71(A)

4.4.9 Blockage of government money due to non-installation of fire extinguishers - Rs 0.725 million

As per PPRA Rule (8), a Procuring agency shall within one month from the commencement of a financial year, devise annual planning for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future. Further, according to Para No.4 of the Minutes of the second meeting of the Fire Safety Commission (held on 27.05.2013 at Rescue 1122 Head Quarter Lahore), the commission endorsed the suggestion that all high rise buildings should be provided with fire extinguishers in line with NFPA for emergency.

4.4.9.1 The Director Procurement & Stores, WASA Lahore made payment of Rs 725,000 for “Supply of 100 fire extinguishers for WASA Offices/Residences”. It included 38 fire extinguishers for single storey residences of the employees. Installation of fire extinguishers at these residences was not covered under the rules. These were to be supplied and installed within 15-days but the supplier took almost six months for the supply. Finally it was taken on Store Bin Cards on 31.05.2014 but despite lapse of eight months none of them had been installed at site which led to blockage of government money.

Weak internal and financial controls resulted in unnecessary purchase of fire extinguishers of Rs 725,000.

Audit pointed out this unnecessary purchase in January 2015. The Agency replied that all the concerned officers were requested to get the material issued. As and when issued, the same will be got verified from Audit. The departmental reply implied that there was no urgent need of the procurement.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency explained that all concerned officers have

been requested to get the fire extinguishers issued. Audit pointed out that supply order was issued in December, 2013 as emergency purchase but these were not installed as yet. Further, the warranty period had also expired. The Committee directed the Agency to probe the matter at departmental level and fix responsibility. No further progress was reported till finalization of this report.

Audit recommends early probe for fixing responsibility.

(Para 289)

4.5 Construction and Works

The Agency got executed works regarding construction of water and sewerage. Design and drawings were prepared by the departmental officers without involvement of any other government department.

The tendering process as laid down in the rules was followed and the works were awarded on competitive basis after due comparison of the quoted rates with the rates approved in the cost estimates. Construction schedule agreed between the contractors and the Agency was kept in view.

Issues relating to non-recovery of income tax, overpayment due to higher rates, overpayment on account of inadmissible item, non-recovery of dismantled material, excess measurement and loss due to change in scope of work etc. involving Rs 167.807 million were observed during audit which were as under:-

4.5.1 Non-obtaining of vouched account - Rs 68.676 million

As per rule 2.20 of PFR volume-I, every payment including repayment of money previously lodged with the govt. for whatever purpose, must be supported with voucher setting forth full and clear particulars of the claim.

4.5.1.1 The Director Construction-II WASA (LDA) Lahore made payment of Rs 56.946 million to LAC, WASA Lahore on account of Land acquisition and structures against award No. 3 & 4 dated 10.05.2012 and 16.09.2013 for the work “Restoration of original cross section of 40 rft of Satukatla Drain Lahore”. Despite lapse of considerable period, vouched accounts were not obtained.

Weak internal control resulted in non-obtaining of vouched account from LAC WASA for Rs 56.946 million.

Audit pointed out the non-obtaining of vouched account in October 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took serious view of it and directed to initiate disciplinary proceeding against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends verification of vouched account besides fixing responsibility.

(Para 143)

4.5.1.2 The Director Construction-II, WASA (LDA) Lahore paid an amount of Rs 11.730 million on 12.9.2012 on account of land acquisition to owners of the land for the work “Construction of lift Station of Kamahan Road in Industrial Area, Lahore (Civil work part-I)”. Despite lapse of two years vouched accounts were not obtained.

Weak internal control resulted in non-receipt of vouched account of Rs 11.730 million.

Audit pointed out the non-receipt of vouched account in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that Land Acquisition Collector

WASA had been asked to provide vouched accounts. The Committee directed to produce the vouched accounts to Audit for verification. No further progress was reported till finalization of this report.

Audit recommends early verification of vouched account.

(Para 126)

4.5.2 Overpayment due to excess measurement - Rs 19.294 million

As per Paras 2.7, 2.12, 2.86 of B&R code read with Finance Department's letter No. FD (D-III) 10(3) 90 dated 30.06.1991, no change in specification /scope of work during execution of work can be made without prior approval of the competent authority that accorded administrative approval and sanctioned technical estimate.

4.5.2.1 The Director Construction-I WASA (LDA) Lahore for the work "Rehabilitation / Improvement of existing Multan Road Lahore from Niaz Baig Thokar to Chauburgi Phase-I (Package-IV)" paid Rs 9.769 million for an item of work "Transportation of earth in all types of soil lead upto 5-mile" for 67,050.89 cu.m @ Rs 136.10 per cu.m + premium of 8.09%. As per T.S. estimate the earth to be transported was to be obtained from execution of items "Berm cutting" and "Sludge and silt removal through drick crane" but both the items were not executed. Thus payment of Rs 9.769 million for transportation of earth was made in excess to the contractor.

Weak technical and financial controls resulted in excess payment of Rs 9.769 million.

Audit pointed out the excess payment in September 2014. The Agency replied that no space was available nearby to stack this huge quantity of earth and it was necessary to transport simultaneously on the available space within lead up to 5 miles in order to execute the work. The transported quantities were accordingly measured and paid. The reply was not tenable as without execution of "berm cutting" and "sludge and silt removal" payment made was not justified.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency reiterated its previous stance but did not produce the record in support of its contention. The Committee directed to get the record verified from Audit within seven days. No record was produced till finalization of this report.

Audit recommends early verification of record and recovery of the overpaid amount.

(Para 105)

4.5.2.2 The Director Construction-I WASA Lahore while making payment for the work “Improvement / Rehabilitation of existing Multan Road Lahore from Thokar Niaz Baig to Multan Chungi, Phase-I, (Sewer Size 72" dia along Multan Road, (Package-III), Lahore” paid the following items without provision in TS estimate.

Sr No.	Item No.	Description	Quantity Cum	Rate Per Cum (Rs)	Amount (Rs)
1	12	Dry Sinking of well including loading and removing excavated material with one chain			
		(a) In Ordinary Soil.			
		From 35.01" to 40" depth.	982.13	973.50	956,104
		From 30.01" to 35" depth.	1346.73	865.30	1,165,325
		From 25.01" to 30" depth.	1346.73	757.15	1,019,677
		From 20.01" to 25" depth.	1346.73	649.00	874,028
2	13	From 15.01" to 20" depth.	1346.73	540.80	728,312
		From 10.01" to 12" depth.	1346.73	432.65	582,663
2	13	Extra making finishing of concrete in Well bending	1271.69	117.05	148,851
3	14	Re-transportation of earth 5-mile lead	2569.02	136.10	349,644
Total					5,824,604

Weak financial and technical controls resulted in irregular / excess payment of Rs 5,824,604.

Audit pointed out the irregular / excess payment in September 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 27.08.2015. The Agency did not submit working paper. The Committee took serious note of non-submission of the reply and directed for early production of record and its verification from Audit. No further progress was reported till finalization of this report.

Audit recommends production of relevant record.

(Para 114)

4.5.2.3 The Director Construction-II, WASA (LDA) Lahore while making payment for the work “Provision of sewerage system for under construction Govt. Degree College Shahdra” awarded to M/S Aftab Haider paid an item of work “Bailing out water by pump” for 6,428,566 cft @ Rs 244.70 % cft, against 241,920 cft provided in the TS estimate.

Weak financial and technical controls resulted in irregular expenditure/payment of Rs 1,581,693.

Audit pointed out the irregular / excess payment in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency contended that the excess quantity of 6,186,646 cft was regularized in the revised TS estimate sanctioned by the Director Construction-II dated 09.05.2015. Audit argued that TS estimate was revised after completion of work instead of prior approval of the authority. The Committee took the abnormal increase as very serious and directed the Agency to probe the matter at the Deputy Managing Director level. No further progress was reported till finalization of this report.

Audit recommends to complete the probe at the earliest.

(Para 122)

4.5.2.4 The Director Construction-I WASA Lahore while making payment for the work “Improvement / Renovation of existing Multan

Road Lahore Thokar Niaz Baig to Chuburgi, Phase-II, Section-3 (Scheme More to Chaubergi) and Proposed 24" dia Sewer on City Side for abutting properties along Multan Road (Package-II), Lahore.” paid certain items in excess of the provision of T.S estimate.

S.#	Item	Qty as per TS Estimate	Quantity Paid	Quantity Excess Paid	Rate (Rs)	Excess Payment (Rs)
1	Bailing Out water by pump.	6116 cum	73,834.36 cum	67,718.36 cum	9.35p-cum	633,166
2	Removal of Malba	Nil	22,077.93 cft	22,077.93 cft	3.85 P-cft	85,000
3	Transportation of earth lead upto 5-Km	171.30 cum	486.30 cum	315 cum	171.30 P. cum	53,959
4	Pacca brick work other than building for manhole 10"-20"	5 cum	61.97 cum	56.97 cum	697.90 P. cum	381,579
Sub-Total						1,153,704
+ 4.45%						47,557
Total						1,201,261

Weak internal controls resulted in irregular/excess payment of Rs 1,201,261.

Audit pointed out the irregular / excess payment in September 2014. The Agency replied that excess work was regularized through variation orders. The reply was not tenable as neither prior approval was obtained from the competent forum nor revised technical estimate was got sanctioned.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that the work was done as per site requirement and will be regularized in the revised TS estimate. The Committee directed the Agency to produce the record for verification within seven days. No record was produced till finalization of this report.

Audit recommends early verification of record.

(Para 95)

4.5.2.5 The Director (O&M) Nishtar Town WASA, Lahore while making payment for the work “Replacement of 2 Nos. outlived force mains LMP Block Disposal Station, Model Town, Link Road Lahore” paid certain items in excess of the T.S estimate BOQ/agreement which resulted in irregular expenditure of Rs 917,007.

Weak technical and financial controls resulted in irregular expenditure of Rs 917,077.

Audit pointed out the irregular / excess payment in December 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 27.08.2015. The Agency did not attend the meeting. The Committee took it seriously and directed the Agency to initiate disciplinary action against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends production of record besides initiating disciplinary proceeding against the responsible person(s).

(Para 247)

4.5.3 Loss to the Agency due to change in scope of work - Rs 19.143 million

As per Paras 2.7, 2.12, 2.86 of B&R code read with Finance Department’s letter No. FD (D-III) 10(3) 90 dated 30.06.1991, no change in specification /scope of work during execution of work can be made without prior approval of the competent authority that accorded administrative approval and sanctioned technical estimate.

The Director Construction-I WASA Lahore awarded work to M/S Al-Shan Construction Company for the work “Improvement / Rehabilitation of existing Multan Road Lahore from Thokar Niaz Baig to Multan Chungi, Phase-I, (From Thokar Niaz Baig to Scheme More), (Sewer Size 72" dia along Multan Road, (Package-III), Lahore”. As per TS Estimate 72" dia RCC Sewer Pipe was required to be laid

through excavation of sewer trench. Only 120 meter pipe was to be laid in M.S casing as the casing method might not be applicable at site (owing to sandy strata). Cost per meter in excavation of same trench worked out to Rs 118,593.56. On the other hand 7th running bill showed that nature of the whole work was changed to laying of RCC Sewer line through steel casing and 946.05 meter pipe was laid @ Rs 138,828.80 per meter against Rs 118,593.56 per meter without approval of the competent authority. Thus violation of the TS/Bid resulted in loss of Rs 19,143,548.

Weak financial and technical controls resulted in loss of Rs 19,143,548.

Audit pointed out the loss in September 2014. The Agency replied that because of involvement of heavy depth, unstable strata and non-availability of space along the route to stack the huge quantity of excavated earth, open cutting excavation was changed with laying of sewer by sinking of wells and laying of sewer pipe through mild steel casing which was approved by the competent authority. The revision in scope of work was approved in the revised PC-I by P&D department, Government of the Punjab.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency stated that revision in scope of work was approved by P&D department but could not produce record in support of its contention. No reply to payment at higher rate was given along with approved rate analysis on MRS / input rates. The Committee directed to get the record verified within seven days. Compliance of DAC directive was not made.

Audit recommends to produce record.

(Para 111)

4.5.4 Non-recovery of secured advance - Rs 10.709 million

As per Para No. 2.98 of B&R Deptt. code, recovery of secured advance should not be postponed till completion of work. It should be

recovered on consumption of material or within 03 months, whichever is earlier.

4.5.4.1 The Director Hydrology and Waste Water Treatment WASA, Lahore granted secured advance of Rs 9.516 million to contractors in June, 2014 in four works. Till January 2015, neither the works were started/executed at site nor the amount of secured advances was recovered. This resulted in unjustified payment and non-recovery of secured advance of Rs 9.516 million.

Non-adherence to the codal provisions resulted in unjustified payment and non-recovery of secured advance of Rs 9.516 million from contractors.

Audit pointed out the non-recovery in January 2015. The Agency replied that secured advance had been adjusted but did not produce documentary evidence.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency reiterated its previous stance but failed to produce record. The Committee directed the Agency to get record verified within 07 days. No record was produced till finalization of this report.

Audit recommends early verification of record.

(Para 281)

4.5.4.2 The Director Construction-II WASA (LDA) Lahore for execution of the work Development of infrastructure works in Journalist Colony (Press Club) Harbans Pura Lahore (R/C-Block) paid secured advance to the contractor on 09.09.2013 for RCC pipe 9" dia for quantity of 6400 rft @ Rs 186.47 per rft amounting to Rs 1.193 million. Upto October 2014, neither the work was executed at site nor the amount of secured advance was recovered from the contractor. This resulted in undue financial benefit of Rs 1.193 million to the contractor in the shape of secured advance.

Weak internal and financial controls resulted in non-recovery of Rs 1.193 million on account of secured advance.

Audit pointed out the non-recovery in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency explained that recovery of Rs 341,133 had been effected and balance secured advance would be adjusted/recovered in the subsequent bills on utilization of pipe. The committee directed to effect recovery within 07 days. No further progress was reported till finalization of this report.

Audit recommends early recovery besides fixing responsibility for this lapse.

(Para 136)

4.5.5 Overpayment due to allowing higher rate - Rs 5.125 million

According to Finance Department letter No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rates are required to be paid as per rates provided in MRS for the respective district. Further, rate analysis for the non-standardized item shall be prepared by the Executive Engineer clearly giving specification of material used and approved by the competent authority not below the rank of Superintending Engineer (Director) on the basis of input rates of relevant quarter placed at the website of Finance Department.

4.5.5.1 The Director Construction -II WASA, (LDA) Lahore in a work "Construction of WASA Academy Township Lahore" got approved and paid items of work (as non-standardized item) "P/L at any floor at any height, glazed finished plain porcelain tiles 16"x16" size of approved color and quantity laid with neat white cement over bed of $\frac{3}{4}$ inch thick cement sand plaster 1:4 filling with joint complete in all respect" for quantity of 19,955.14 sft for floor and for quantity of 2,312.57 sft for dado / skirting @ Rs 261.00 per sft and "P/F Tuff tile (7000)PSI-80mm thick" of approved quantity as per desire of Engineer

in-charge (20% coloured & 80% grey) for quantity of 6,623.31Sft @ Rs 120 per sft instead of admissible rate of Rs 161 per sft and Rs 72 per sft respectively.

Weak technical control resulted in loss of Rs 2,387,881 due to approval of item at higher rate.

Audit pointed out the loss in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency contended that rate Rs 261 P.sft was paid as per acceptance letter and analysis of rate duly approved by the competent authority. The Committee directed the Agency to either get the rates verified from audit within 07 days or effect recovery. No further progress was reported till finalization of this report.

Audit recommends early verification/recovery.

(Para 124 & 128)

4.5.5.2 The Director Construction-I WASA Lahore made payment under “Sub Head-RCC Sewer” a non-schedule item “Shuttering left in place as shown in drawing” and approved Rs 18,128 per cubic meter and paid for a quantity 132.349 cu.m @ Rs 18,500 (after adding 4.5% premium), which was on higher side. Rate of Sofaida wood included in rate analysis was Rs 14,128 p.cum whereas its market rate was Rs 1,200 per cu.m (approximately) and composite rate of the said item as worked out by Audit was Rs 1,838 (1919.79 after adding 4.5% premium), against the approved rate Rs 18128 and paid @ Rs 18,500 (including 4.45% above). Application of higher rate resulted in overpayment of Rs 2,194,374 to the contractor (132.349 cu.m x Rs 16,580.21 P.cum).

Weak financial and technical controls resulted in overpayment of Rs 2,194,374.

Audit pointed out the overpayment in September 2014. The Agency replied that the rate of Rs 18,128 per cu.m (32.25cft) for left in Shuttering of Sufaida wood was prepared by M/s Nespak based on the quotation collected from the market for incorporating in the revised PC-I / estimate. The reply was not tenable as the consultant i.e. M/s Nespak was not the authority for approval of rate analysis of non MRS items. Moreover, no quotation for rate of material i.e. Sufaida wood for Rs 14,128 per cu.m was provided to Audit.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency replied that rate analysis for the item “shuttering left in place” was prepared by the consultant on the basis of quotations collected from market and accordingly provided in the revised TS estimate. Analysis of rate duly approved could not be produced to Audit for verification. Audit pointed out that quantity of wood and rate for work should be paid as per MRS. The Committee directed the Agency to get the analysis of rate verified from Audit within seven days as per MRS provision otherwise recover the amount involved. No further progress was reported till finalization of this report.

Audit recommends early recovery.

(Para 106)

4.5.5.3 The Director Construction-II WASA (LDA) Lahore paid a non-schedule item “Dry rammed stone ballast 1.5" to 2" gauge (crush stone)” for 26,714.87 cft @ Rs 4,831 % cft. Whereas a schedule item “providing and laying dry rammed brick or stone ballast 1.5" to 2" gauge @ Rs 2,798.40 % cft was available in MRS 3rd quarter 2011. Converting a schedule item into non-schedule item resulted in overpayment of Rs 543,006 to the contractor.

Weak technical and financial controls resulted in overpayment of Rs 543,006.

Audit pointed out the overpayment in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency stated that crush stone 1.5 inch to 2 inch gauge was laid under RCC pipe 24 inch dia as per design criteria. The item of crush stone 1.5 inch to 2 inch gauge was not standardized item hence it was paid at approved rates as non-scheduled item. Audit argued that as per MRS an item “P/L dry rammed brick ballast 1.5 to 2 inch” also covered crush and its payment as non-scheduled item was not admissible. The Committee directed to effect recovery within one month. No further progress was reported till finalization of the report.

Audit recommends early recovery.

(Para 138)

4.5.6 Overpayment due to higher rate for earthwork - Rs 4.550 million

As per Rule No. 7.17 of DFR, the payment of works/supplies are based on record entries made in measurement books, the quantity of item concerned should be clearly recorded and contents should be accurate.

4.5.6.1 The Director (O&M) Allama Iqbal Town and Nishtar Town WASA (LDA) Lahore made record entry for the item “transportation of earth” for various works but made payment at higher rates as compared to the rates provided in the MRS for respective quarters. This resulted in overpayment of Rs 1,693,223.

Weak internal and technical controls resulted in overpayment of Rs 1,693,223 to the contractor.

Audit pointed out the overpayment in September to December 2014. The Agency did not reply. However, in one case (Director O&M, Allama Iqbal Town, Lahore) it was replied that the activities of rehandling, compaction and ramming of earth were executed at site and paid accordingly. The reply was not tenable as the activity of ramming and compaction were not recorded in the MB.

The paras were discussed in the SDAC meeting held on 27.08.2015. The Agency contended that the rate included the activities of re-handling, compaction and ramming. Audit argued that payment was required to be made as per record entries of MB. The Committee directed the agency to get the activity wise measurements verified or effect recovery within one month. No further progress was reported till finalization of the report.

Audit recommends early recovery.

(Para 146-B,149,150,158-B,241,253,240 & 177)

4.5.6.2 The Director Construction-I WASA (LDA) Lahore for the work “Rehabilitation / improvement of existing Multan Road Lahore from Niaz Baig Thokar to Multan Chungi Phase –I Package-III” made payment for an item of work “Re-handling of earth work with lead upto a single throw of kassi, phoarah or shovel” for quantity of 87,031.87 cu.m @ Rs 48.30 per cu.m instead of admissible rate of Rs 34.50 per cum.

Application of higher rate resulted in overpayment of Rs 1.252 million.

Audit pointed out the overpayment in September 2014. The Agency replied that re-handling of earth for the lead upto 50 feet was inadvertently recorded as re-handling of earth work lead upto single throw of kassi. The reply was not tenable as it was admitted by the Agency that record entry was for single throw of kassi but paid for lead upto 50 feet.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency reiterated its previous stance that “re-handling of earth up to single throw of kassi” was inadvertently written in the MB and nothing was overpaid. Audit argued that payment was required to be made on the basis of record entry hence recovery of overpayment was due. The Committee directed the Agency to provide check request of the consultant to Audit for verification within seven days. No further progress was reported till finalization of the report.

Audit recommends early verification / recovery.

(Para 96)

4.5.6.3 The Director (O&M) Allama Iqbal Town, WASA, Lahore recorded measurement in MB No.6580/6276 for the item “Transportation of earth” for 224,876 cft without mentioning lead. It was paid in the 4th and final bill for 219,247.63 cft @ Rs 3,594 ‰ cft provided for five (05) miles lead. Payment of Rs 1,046,743 without recording lead was not justified.

Weak technical/financial control resulted in unjustified payment of Rs 1,046,743.

Audit pointed out the unjustified payment in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that the rate paid @ Rs 3,594 ‰ cft was for 05 miles lead but inadvertently lead could not be recorded. Audit recommends recovery as payment was required to be made as per record measurement. The Agency provided Lead Chart showing 05 miles lead. The Committee directed the Agency to produce the consultant’s record i.e. check request etc. otherwise recovery be effected. No further progress was reported till finalization of the report.

Audit recommends early recovery.

(Para 164)

4.5.6.4 The Director (O&M) Allama Iqbal Town, Nishter Town, Gunj Bakhsh Town and Drainage WASA, Lahore for various works measured an item “Transportation of earth” without mentioning lead. Payment was made at higher rates against the admissible rates provided in the MRS for respective quarters.

Weak internal and technical controls resulted in overpayment of Rs 558,403 to the contractors.

Audit pointed out the overpayment in October to December 2014. The Agency did not reply except Director O&M, Allama Iqbal Town, Lahore who replied that in one case, lead of transportation was not recorded in MB inadvertently which now had been recorded to set right the record and authenticated with signature of SDO and XEN. The reply was not tenable being against the rule.

The para was discussed in SDAC meeting held on 27.08.2015. The Agency explained that rate of transportation of earth was paid as per work done and provision of TS Estimate. Audit reiterated its view point that payment was required to be made on the basis of record measurement and admissible rate against the paid rate. The Committee directed to effect recovery on the basis of record entry. No further progress was reported till finalization of this report.

Audit recommends early recovery.

(Para 146-A,161,239,256-B,170)

4.5.7 Unjustified payment - Rs 3.848 million

According to design criteria issued by Secretary HUD /PHE in 1998, for laying of RCC Sewer pipe, “only sand is admissible under bed of R.C.C sewer pipe of 9" dia to 12" dia”.

The Director (O&M) Allama Iqbal Town, Nishter Town , Gunj Bakhsh Town Ravi Town and Director Construction-I & II WASA, (LDA) Lahore measured and paid an item “providing/laying dry rammed brick ballast” for laying under RCC sewer pipe 9" and 12" dia in various works. As per criteria ibid only sand was admissible to be laid. Allowing inadmissible item resulted in an unjustified payment for Rs 3,848,308.

Weak technical control resulted in unjustified payment of Rs 3,848,308.

Audit pointed out the inadmissible payment in September to December 2014. The Agency did not reply.

The paras were discussed in SDAC meetings held on 23.07.2015, 13.08.2015 and 27.08.2015. The Agency explained that dry rammed brick ballast 1.5 to 2 inch gauge was laid in bed of sewer pipe line as per WASA specification. Audit argued that Design Criteria for Sewer approved by the Secretary HUD&PHE department was not followed. After detailed discussion the committee directed the Agency to provide approval of Secretary HUD&PHE exempting WASA from the said approved Design Criteria. No further progress was reported till finalization of the report.

Audit recommends verification of record/recovery.

(Para 99,131,133,148,160,169,178,185,209,214,215,222 & 234)

4.5.8 Unjustified payment on account of cost of left over shuttering - Rs 3.035 million

As per Para 4.5 (3) of B&R Code, payment on account of work done is required to be made on the basis of detail measurements recorded in the Measurement Book.

The Director O&M Allama Iqbal Town WASA, Lahore for the work “Laying of Sewerage and water supply system from Scheme Mor to Multan Chungi, Multan Road, Lahore” measured an item “shuttering left over in place/trench excavated for sewer line” for 4,669.87 cft and paid Rs 3.035 million @ Rs 650 per cft. This item was measured at the stage when the trenches had already been refilled with earth and sand and RCC sewer pipe laid. Thus measurement of left over shuttering in place at belated stage resulted in unjustified payment of Rs 3,035,415.

Weak technical controls resulted in unjustified payment of Rs 3,035,415.

Audit pointed out the unjustified payment in October 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that excavation of trench and shuttering therein were executed simultaneously. Audit argued that shuttering in trench was measured even after backfilling the excavated trench which was not justified. The department stated that on the same issue an inquiry was conducted departmentally which included officers of NESPAK and WASA and according to inquiry report the shuttering was left at some places to avoid any mishap due to site requirement. Shuttering was randomly checked and found available. Audit argued that mode of measurement of left over shuttering was not adequate to justify the payment. Keeping in view the departmental inquiry already conducted, the Committee directed the Agency to produce enquiry report, MB, consultant's measurement record and check requests for verification to Audit. No further progress was reported till finalization of the report.

Audit recommends early verification.

(Para 154)

4.5.9 Non-recovery of dismantled material - Rs 2.876 million

According to Para 2.2 of B&R Code and letters of the Government of the Punjab, dismantled material obtained during execution is required to be used on work, if required, otherwise either recovery of dismantled material is required to be effected or credited to work.

4.5.9.1 The Director Construction-I & II, WASA, (LDA) Lahore during execution of three works got executed an item "dismantling and removing road metalling". Audit was of the view that neither the dismantled material was taken on old stock register nor recovery on this account was effected. This resulted in non-recovery of Rs 1,268,175.

Weak financial and technical controls resulted in non-recovery of dismantled material costing Rs 1,268,175.

Audit pointed out the non-recovery in September to October 2014. The Director Construction-I replied in one case that restoration of road cut was not done by the road owning agencies immediately after completion of work. Therefore, in order to maintain the traffic flow, the dismantled road crust was laid on the top of the excavated trench after back filling. The reply was not convincing being against the rule.

The paras were discussed in the SDAC meetings held on 13.08.2015 & 27.08.2015. The Agency reiterated its previous stance. Audit recommended verification of provision regarding restoration of road cuts in the TS estimate which was not produced to audit. The Committee directed the Agency to get the record entry verified from audit with reference to TS estimate within seven days, otherwise, recover the amount involved. No further progress was reported till finalization of this report.

Audit recommends an early recovery.

(Para 104,123,134)

4.5.9.2 The Director O&M, Gunj Bakhsh Town, Ravi Town and Director Construction-II, WASA, (LDA) Lahore paid an item “dismantling and removing road metalling” and “dismantling of manholes and RCC” for various works. Audit was of the view that neither the dismantled material was taken on old stock register nor recovery on this account was effected. This resulted in non-recovery of Rs 1,195,512.

Weak financial and technical controls resulted in non-recovery of dismantled material costing Rs 1,195,512.

Audit pointed out the non-recovery in October to December 2014. The Agency did not reply.

The paras were to be discussed in the SDAC meeting held on 23.07.2015 & 27.08.2015. The Agency neither submitted working papers of the para nor attended the SDAC meeting. The Committee

took it seriously and directed to initiate disciplinary proceedings against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends an early recovery.

(Para 210,212,175,189,137&142)

4.5.9.3 The Director O&M Gunj Bakhsh Town, Ravi Town and the Director Construction- II, WASA, (LDA) Lahore executed dismantling items during execution of various works. As a result of dismantling road material, bricks and steel were obtained. Neither the dismantled material was taken on old stock register nor recovery on this account was effected. This resulted in non-recovery of Rs 412,234.

Weak financial and technical controls resulted in non-recovery of dismantled material costing of Rs 412,234.

Audit pointed out the non-recovery in September to December 2014. The Agency did not reply.

The paras were discussed in the SDAC meeting held on 13.08.2015 & 23.07.2015. The Agency explained that restoration of road cut is not done by the road owning agency immediately after the completion of work. Therefore, to maintain the traffic flow the dismantled material was back filled on top of the excavated trench after back filling. Hence no recovery was involved. Audit argued that departmental statement was not covered under the rules, hence recovery was required. After detailed discussion, the Committee directed to effect recovery of dismantled material charges either from road owning agency or contractor(s) involved. No further progress was reported till finalization of this report.

Audit recommends an early recovery.

(Paras 129,208,221,190)

**4.5.10 Payment without detail of measurement in MB / estimate -
Rs 2.956 million**

As per Clause -10 of contract agreement, the payment of item of work and supply will be made as per provisions of sanctioned estimate.

The Director Construction-I WASA (LDA) Lahore for the work “Rehabilitation / Improvement of existing Multan Road Lahore from Niaz Baig Thokar to Multan Chungi Phase-I (Package-VI)” paid Rs 2,955,798 for items “Supplying and filling sand under floor or plugging in well” and “Bailing out water by Pump” for 5739.56 cu.m and 87492.60 cu.m respectively. Detailed calculation measurements were neither available in the original/revised estimate of the work nor in the measurement sheets.

Weak technical control resulted in unjustified payment of Rs 2.956 million.

Audit pointed out the excess payment in September 2014. The Agency replied that the payment was made after recording detailed measurements in MB which had been further regularized in the revised TSE. The reply was not tenable because revised TSE was not produced to Audit.

The para was discussed in SDAC meeting held on 27.08.2015. The Agency replied that the items in question were paid after recording detailed measurements as per revised TS estimate but did not provide the record. The Committee directed the Agency to provide TS estimate and MBs to Audit for verification within seven days.

Audit recommends production of record / verification.

(Para 107)

4.5.11 Non-recovery of income tax - Rs 3.57 million

As per instruction of CBR dated 30.06.2005, 6% income tax may be deducted on every payment made to contractor. Further, as per

letter No.876 dated 06.08.2013, issued by Commissioner Income Tax (Inland Revenue) Lahore, “income tax @ 7% may be deducted on income of companies who render the services”. Further, as per Section 236-A of Income Tax Ordinance 2001, read with FBR letter No 1 (74) WHT/2000 dated 30.06.2005, withholding tax @ 10% shall be deducted on auction proceeds of property / goods including lease of right to collect tolls, fees or other levies by whatever named called.

4.5.11.1 The Director Finance WASA, LDA, Lahore signed the contract agreements with seven Mobile companies for installation of tower/mobile station. Neither the condition of 5% advance income tax was added in the agreement nor it was recovered for the financial years 2005-06 to date.

Weak financial control resulted in non-recovery of Rs 2,042,792.

Audit pointed out the non-recovery in August 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 27.08.2015. The Agency neither submitted working papers of the para nor attended the SDAC meeting. The Committee took serious view of it and directed to initiate disciplinary proceeding against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends an early recovery and to fix responsibility against the responsible person(s).

(Para 69)

4.5.11.2 Various formations of WASA, Lahore auctioned scrap materials but amount of advance income tax was not deducted. The detail is as under:-

S. No.	PDP No	Name of Formation	Nature/Item of work against which Income Tax was due	Amount of Income Tax (Rs)
01	293	Director Procurement & Stores, WASA, Lhr	Scrap material	285,000
02	227	Director (O&M), Ravi Town, WASA Lahore	Contractor's bills	167,100
03	294	Director Procurement & Store WASA Lahore	Servicing of Diesel Generator	1,092,000
Total				1,544,100

Weak internal and financial controls resulted in non-recovery of advance income tax / withholding tax of Rs 1,544,100.

Audit pointed out the non-recovery of advance income tax in January 2015. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency explained that tax had been deducted by the Finance Directorate but failed to prove recovery. Audit pointed out that amount was recoverable on payment voucher. The Committee kept the para pending for probe and fixing of responsibility against delinquents besides recovery within 60 days. No further progress was reported till finalization of this report.

Audit recommends to probe the matter besides fixing responsibility against the responsible person(s).

4.5.12 Irregular expenditure without approval of rate analysis of non-MRS items – Rs 1.786 million

According to Finance Department letter No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized item shall be prepared by the Executive Engineer, clearly giving specification of material used and approved by the Competent Authority on the basis of input rates of relevant quarter, placed at the website of Finance Department.

The Director O&M Nishtar Town WASA (LDA) Lahore made payment of below mentioned non-MRS items of works for quantities mentioned against each item. But the rate analysis of these items were neither available in record/case file nor produced to audit for verification/ authentication.

Sr. No	Name of Item	Quantity	Rate	Amount (Rs)
1.	Supply / placing of crushed stone aggregate 3/4" to 1.5" gauge	96325cft	5000 P%cft	481,626
2.	Dewatering of existing drain water during the execution of the newly laying sewer	1072 hour	300 P.hour	321,600
3.	Provision of hard wood kiker etc for making planks, timbering	89.770cft	700 P.hour	62,839
4.	Cost iron side (Gate Penstok) Gate shop, drawing-casting shops-drawing- etc.	36sft	25000 P.hour	900,000
Total				1,786,065

Weak technical and financial controls resulted in irregular payment of Rs 1,786,065.

Audit pointed out the irregular expenditure in September 2014. The Agency did not reply.

The para was discussed in SDAC meeting held on 27.08.2015. The Agency neither submitted working papers of the para nor attended the SDAC meeting. The Committee took the matter as serious and directed to initiate disciplinary action against the responsible person(s). No further progress was reported till finalization of this report.

Audit recommends production of record besides initiating disciplinary action against the responsible person(s).

(Para 233)

4.5.13 Non-recovery on account of penalty for non-completion of works within specified period - Rs 1.671 million

As per contract Clause No. 39(a) of Contract Agreement, if contractor fails to complete the work on due date, then he would be penalized upto 10% of agreement cost.

4.5.13.1 The Director (O&M) Ravi Town and Gunj Bakhsh Town WASA (LDA) Lahore awarded ten works to different contractors with stipulated period for completion. The contractors failed to complete the works within time specified for each work, despite the facts that funds were available. Neither the works were got completed in time nor the contractors were penalized as per rule.

Weak internal control resulted in non-recovery of Rs 1,461,539 on account of penalty for non-completion of works.

Audit pointed out the non-recovery in November to December 2014. The Agency did not reply.

The paras were discussed in SDAC meeting held on 23.07.2015 & 27.08.2015. The Agency neither submitted working papers nor attended the meeting. The Committee directed the Agency to justify their action, or otherwise, to make recovery and also directed to initiate disciplinary proceeding against the responsible person(s). No further progress was reported till finalization of this report.

Audit recommends early recovery/justification.

(Para 183 & 226)

4.5.13.2 The Director (O&M) Allama Iqbal Town WASA (LDA) Lahore awarded a work "Improvement of water supply system in the area of D-2 Block, MA Johar Town Sub Division Lahore" to M/S Lahore Engineering Enterprises on 06.10.2011 for Rs 2,100,515 with completion period of 30 days which was required to be completed upto 05.11.2011. The contractor neither completed the work within specified time nor the penalty was imposed as per rule.

Weak internal control resulted in non-recovery of Rs 210,051 on account of non-completion of works.

Audit pointed out the non-recovery in October 2014. The Agency replied that the contractor completed the work within contractual time limit. Final bill was paid subsequently after

completing certain formalities, therefore no recovery was involved. The reply was not tenable because the due date of the completion of work was 05.11.2011 and work was finalized on 09.05.2012.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that the work was completed on 09.05.2012 and 2nd & final bill paid. Audit pointed out that work was awarded on 6.10.2011 and was not completed on completion date of 05.11.2011 (30 days). The Committee directed to probe the matter at administrative level. No further progress was reported till finalization of this report.

Audit recommends an early probe of the matter.

(Para 165)

4.5.14 Unjustified provision of contingency - Rs 1.636 million

As per Finance Department notification No. FD (N-II) 1-6/2000(Irri) dated 23rd July, 2007, para No. III, the cost of running of inspecting vehicle will be directly charged to the current establishment budget under “operating expense” of the office concerned. Accordingly, its running cost will be excluded from estimate of project or M&R work.

The Director Construction-I WASA (LDA) Lahore got sanctioned the technical estimate of the works with 3% contingency provision instead of 2% in violation of Finance Department instructions as vehicles were not to be charged to the contingency of development works.

Weak financial and technical controls resulted in unjustified provision of contingency and expenditure of Rs 1,635,656.

Audit pointed out the unjustified provision of contingency in September 2014. The Agency did not reply.

The paras were discussed in the SDAC meeting held on 27.08.2015. The Agency replied that 3 % contingency was provided in the TS estimate. Audit argued that 3 % provision was against the rules. The Committee directed the Agency to get the TS estimate revised with reference to provision of 2% contingency and produce it to Audit for verification within seven days. No further progress was reported till finalization of this report.

Audit recommends early revision of the provision and its verification.

(Para 97 & 109)

4.6 Asset Management

The functionaries of the Agency did not maintain proper record of assets of the Agency. The deficiencies with regard to management of assets involving an amount of Rs 18.451 million were as under:-

4.6.1 Non-auction of unserviceable material - Rs 8.969 million

According to Para 4.40 of PWD Code, the auction of unserviceable material should be made on book value nearer to market value / rates after getting approval of survey report from the competent authority.

4.6.1.1 In the Directorate of Procurement & Store WASA Lahore, copper wire and scrap material of different nature was lying unauctioned since long, resultantly the material was deteriorating. Poor asset resulted in non-auction of copper wire scrap of Rs 8,569,168.

Weak internal control resulted in non-auction of copper wire scrap of Rs 8,569,168.

Audit pointed out the non-auction of copper wire and other material in January 2015. The Agency replied that auction upto 30th May 2014 had been completed and estimate for remaining scrap was under process. No record was produced.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency reiterated its previous stance. The Committee directed the Agency to auction the material and get the record verified within 7 days. No further progress was reported till finalization of the report.

Audit recommends early auction and its verification.

(Para 295, 297)

4.6.1.2 The Director (O&M), Ganj Bakhsh Town, WASA Lahore did not auction 20-Nos motorcycles of 100cc and 125cc which were lying unserviceable for many years. Neither the survey reports were prepared nor the motorcycles were auctioned. On the other hand the motorcycles were losing their value due to depreciation.

Weak internal and financial controls resulted in loss of Rs 400,000.

Audit pointed out the loss in November 2014. The Agency did not reply.

The para was to be discussed in SDAC meeting held on 27.08.2015. The Agency neither submitted working paper of the para nor attended the SDAC meeting. The Committee took it as serious and directed to initiate disciplinary proceeding against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends an early auction besides initiating disciplinary proceeding against the person(s) at fault.

(Para 188)

4.6.1.3 The record of office of the Director Admn. WASA, Lahore revealed that seventeen vehicles were lying idle either repairable or irreparable. Neither these vehicles were got repaired nor the survey reports were prepared for the auction/disposal by open tender/competition. The vehicles standing idle were losing their value day by day due to wear and tear as these were parked in open space.

Weak internal control resulted in non-auction of old vehicles.

Audit pointed out the non-auction of old vehicles in July 2014. The Agency replied that the responsibility for maintaining the record of unserviceable vehicles related to XEN (T&E). The Admn Directorate simply knew about the allotment of vehicles by the order of M.D WASA. The Agency submitted interim reply regarding transfer of observation to the quarter concerned.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that the concerned formation had been asked to attend the audit observation. Audit contended that the vehicles were lying idle since long without auction/disposal process. The Committee directed the Agency to get the record verified from audit within fifteen days. No further progress was reported till finalization of the report.

Audit recommends early auction and its verification.

(Para 26)

4.6.2 Irregular expenditure on account of repair of electric transformers - Rs 5.351 million

As per LESCO rules and Electricity Act, 1910 precautions to be adopted by consumers, owner, electrical contractor, electrical workman, and other suppliers of agency stipulate that no electrical installation work including addition, alteration, repair and adjustment of existing installation, except such replacement of lamps, fans, fuses, switches and other component, parts of the installation shall be carried out upon the premises or on behalf of any consumer or owner for the purpose of the supply of energy to such consumer or owner, except by an electrical contractor licensed by the provincial Government and under the direct supervision of a person holding certificate of competency issued by the provincial Government.

4.6.2.1 The Director, (Operations and Maintenance), Ravi Town, WASA, Lahore got repaired electric transformers through private

contractors instead of LESCO or licensed firms enlisted with the Electric Inspector. Hence, the repair and the expenditure of Rs 4,572,982 incurred on this account, was irregular.

Weak internal and financial controls resulted in irregular repair and expenditure of Rs 4,572,982.

Audit pointed out the irregular expenditure in December 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Agency explained that repair of transformers was discussed in the meeting chaired by Managing Director WASA. It was argued that LESCO used to take long time to repair the defective transformers whereas public has to face great difficulties if water supply is interrupted for long time. Therefore, it was decided to get transformer repaired through private resources. Audit contended that it was violation of rules. The Committee directed the Agency to get legal cover to its action from competent forum i.e. LDA governing body and also to get condonation of sanction in this case. No further progress was reported till finalization of the report.

Audit recommends early regularization.

(Para 216)

4.6.2.2 The Director, (Operations and Maintenance) Ganj Bakhsh Town, WASA, Lahore got repaired electric transformers through private contractors instead of LESCO or licensed firms enlisted with the Electric Inspector. Hence the repair and the expenditure of Rs 778,091 incurred on this account was irregular.

Weak internal and financial controls resulted in irregular expenditure of Rs 778,091.

Audit pointed out the irregular expenditure in November 2014. The Agency did not reply.

The para was to be discussed in SDAC meeting held on 27.08.2015. The Agency neither submitted working papers of the para nor attended the SDAC meeting. The Committee took it seriously and directed to initiate disciplinary proceedings against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends an early regularization.

(Para 184)

4.6.3 Non-accountal of material - Rs 3.130 million

According to Rule 6.9 of Departmental Financial Rules, all material should be examined, measured, accounted and entered in the stock register. Moreover as per instruction of the Finance Department issued vide No. FD(MU)1-6/2006 dated 11.02.2010, the material will be handed over to the store section for recording its receipt and issuance in stock register and its safe custody.

4.6.3.1 The Director (O&M) Ravi Town WASA (LDA), Lahore received manhole covers of 26", 24" and 22" dia for quantity of 520, 117 and 35 respectively from the Director Construction-I, WASA, Lahore against indent No. 01924, 04203 & 02025 dated Nil. These manhole covers were not taken on stock register. This resulted in non-accountal of manhole covers valuing Rs 1,451,838.

Weak internal control resulted in non-accountal of material/manhole covers valuing Rs 1,451,838.

Audit pointed out the non-accountal of manhole covers in December 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The Committee directed the Agency to justify its action or otherwise to effect recovery and also directed to initiate disciplinary proceedings against the responsible person(s). No further progress was reported till finalization of this report.

Audit recommends to fixing responsibility for the lapse.

(Para 217, 219,225)

4.6.3.2 The Director (O&M), Shalimar & Aziz Bhatti Town WASA (LDA) Lahore received the manhole covers vide indent No. 05052 dated 11.01.2014. These were issued by the Director Construction-I, WASA, Lahore on 06.12.2013 amounting to Rs 648,754. The manhole covers were not taken on stock register. Thus misappropriation of material could not be ruled out.

Weak internal control resulted in non-accountal of material/manhole covers valuing Rs 648,754.

Audit pointed out the non-accountal of manhole covers in November 2014. The Agency replied that manhole covers had been taken on stock register but failed to provide original record as proof of reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency reiterated its previous stance. The Committee directed the Agency to account for the material and to produce the relevant record to Audit for verification within seven days.

Audit recommends early accountal and production record for verification.

(Para 202)

4.6.3.3 The Director (O&M), Gunj Bakhsh Town, WASA Lahore received RCC manhole covers of 26" dia 18 Nos and 24" dia for 20 Nos vide indent No. 03321 dated 06.12.2011 for Krishan Nagar Sub Division. These manhole covers were not taken on Stock Register of the Sub Division. This resulted in non accountal of man hole covers valuing Rs 428,120.

Weak internal control resulted in non-accountal of material valuing Rs 428,120.

Audit pointed out the non-accountal of manhole covers in November 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that manhole covers were properly taken on stock register. Audit disagreed as nothing was taken on stock at page No. 139 reserved for 22" dia manhole covers in between 02.10.2010 to 10.02.2012 whereas the manhole covers in question were received on 06.12.2011. Further manhole covers of 26" dia were also entered at irrelevant page which was an afterthought to satisfy Audit. The Committee directed to effect accountal within a fortnight.

Audit recommends early accountal.

(Para 173)

4.6.3.4 The Director (O&M) Nishter Town, WASA (LDA) Lahore received manhole covers of 26", 24" and 22" dia in quantity of 140, 20 and 10 respectively from the Director Construction-I, WASA, Lahore against indent No. 03867 dated 20.10.2011. These manhole covers were not taken on stock register which resulted in non-accountal of manhole covers valuing Rs 358,440.

Weak internal control resulted in non-accountal of manhole covers valuing Rs 358,440.

Audit pointed out the non-accountal of manhole covers in December 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 27.08.2015. The Agency explained that manhole covers were taken on stock. Further, manhole covers are received on day to day basis and then indents are issued on demand. Audit did not agree to it and argued that material is always received on indent instead of issuance of indent on demand. However, stock register could not be produced for verification. The Committee deferred the para for verification.

Audit recommends early verification of record.

(Para 248)

4.6.3.5 The Sub Division Data Nagar under the Director O&M, Ravi Town, WASA, Lahore received manhole covers of 22", 24" and 26" dia in a quantity of 10, 55 and 155 respectively from the Director Construction-I, WASA against Indent No.03682 dated 04.11.2013. These were accounted for Nil Nos, 5 Nos. and 95 Nos. respectively. Resultantly, in the Stock Register of Data Nagar Sub Division short receipt of manhole covers to the extent of 10,50 and 60 Nos. was depicted valuing Rs 244,620.

Weak internal controls resulted in short accountal of manhole covers valuing Rs 244,620.

Audit pointed out the short accountal of manhole covers in December 2014. The Agency did not reply.

The para was discussed in the SDAC meeting held on 23.07.2015. The concerned officers explained that manhole covers of 24 inch dia and 26 inch dia were received in quantity of 05 Nos. and 95 Nos. respectively and accordingly accounted for in the stock register. Excess issuance of manhole covers for 110 Nos. was not acknowledged by the concerned Sub Division. The Committee directed either to get the numbers reconciled and record verified within one week, otherwise to effect recovery from the concerned.

Audit recommends to verify the matter and effect recovery
(Para 223)

4.6.4 Loss on account of theft of vehicle etc. - Rs 1.00 million

As per rule 15.3 of PFR (Volume-I), shortage and damages as well as unserviceable store must be reported immediately to the competent authority to write off loss.

4.6.4.1 Under the Director Admn WASA, LDA, Lahore a vehicle Mazda, Registration No. LOT-691, Model 1994 was stolen on 06.05.2007. On holding departmental enquiry, the driver was

exonerated. Neither the matter was not taken up despite lapse of many years nor the loss had been evaluated by the Agency.

Weak internal controls resulted in approximate loss of Rs 500,000.

Audit pointed out the matter in July 2014. The Agency replied that the latest status of vehicle as well as insurance claim had been demanded from XEN (T&E) and Director (P&S). Further action would be processed shortly after collection of above documents. The reply was ambiguous as it did not give specific details. Further, vehicle was stolen in May 2007 but action was not taken till July 2014.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency explained that the concerned formation had been asked to attend the audit observation. Audit contended that the vehicle was lost in 2007 but despite lapse of many years loss had not so far been made good. The Committee directed the Agency to provide outcome of FIR, departmental inquiry and progress regarding making good the loss. No further progress was reported till finalization of this report.

Audit recommends to make good the loss.

(Para 29)

4.6.4.2 The record of the Director Admn. WASA, LDA, Lahore revealed that a Suzuki Pick-Up bearing Registration No. LES-6627, Modal 2008, was stolen on 30.04.2009. FIR was lodged with Police Station in this respect. Despite lapse of years, no outcome of the FIR was on record. Although, the vehicle was insured but the claim was not submitted to the insurance company to make the loss good.

Weak internal control resulted in loss of Rs 300,000 (approximate) to the Agency due to theft of vehicle and not submitting insurance claim to the insurance company.

Audit pointed out the loss in July 2014. The Agency replied that the authority for maintaining the record of insurance purely rests with the XEN (T&E). The Admn Directorate simply knew about the allotment of vehicles by the order of M.D WASA. The audit observation was being transferred to XEN (T&E) for production of Log Books record and subsequent verification. The Agency submitted only an interim reply despite lapse of considerable period.

The para was discussed in SDAC meeting held on 13.08.2015. The Agency explained that the concerned formation had been asked to attend the audit observation. Audit contended that the vehicle was lost in 2009 but nothing was finalized so far. The Committee directed the Agency to provide outcome of FIR, departmental inquiry and progress regarding making good the loss. No further progress was reported till finalization of this report.

Audit recommends to probe the matter.

(Para 21)

4.6.4.3 The record of office of the Director Admn, WASA, LDA, Lahore revealed that an electric transformer openly installed with tubewell having capacity of 100-KVA was stolen from Block 4-D-11, Green Town Lahore during the night between 21st and 22nd October 2011. This incident happened during the duty of Mr. Abdul Sattar, Junior Pump Operator, Ticket No 12041 and Mr. Suhail Ashraf, JPO (Work Charge). Charge sheet against Mr. Abdul Sattar, JPO had been served vide letter No Admn/AD(E)/RE-14/14/892 dated 03.04.2014 and inquiry officer was appointed in May 2014. Despite lapse of almost three years, no progress was made regarding enquiry proceedings and making the loss good.

Weak internal control resulted in loss of Rs 200,000 (approximately).

Audit pointed out the loss in July 2014. The Agency replied that the regular inquiry against the accused official had been ordered by the competent authority and enquiry officer was appointed. The

reply was not tenable as the transformer was stolen on 22.10.2011 and despite lapse of years, enquiry could not be finalized.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that inquiry had been finalized against the accused and penalty of Rs 83,680 was imposed which will be effected. Audit demanded inquiry report and recovery status. The Committee directed to produce the desired record within seven days. No further progress was reported till finalization of this report.

Audit recommends production of record.

(Para 27)

4.7 Monitoring and Evaluation

Issues relating to the monitoring and evaluation involving Rs 507.960 million, observed during audit, were as under:-

4.7.1 Non-production of record - Rs 507.960 million

As per Section 14 of the AGP's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 the officer in-charge or department shall offer all facilities and provide record for audit inspection and comply with request for information. Any person or authority hindering the functions of the Audit regarding inspection of accounts record shall be subject to disciplinary action under relevant E&D Rules.

4.7.1.1 The Director Finance, WASA, LDA, Lahore charged an expenditure of Rs 506.290 million during the fiscal year 2013-2014 on account of POL consumption regarding vehicle, machinery, generators and transformers but their log books were not produced for scrutiny. Hence expenditure of Rs 506.290 million was unjustified.

Weak internal control resulted in unjustified expenditure of Rs 506.290 million.

Audit pointed out the unjustified expenditure in July 2014. The Agency did not reply.

The para was to be discussed in the SDAC meeting held on 13.08.2015. The Agency neither submitted working papers of para nor attended the discussion. The Committee took it seriously and directed to initiate disciplinary action against the person(s) at fault. No further progress was reported till finalization of this report.

Audit recommends early justification besides fixing responsibility against the person(s) at fault.

(Para 06)

4.7.1.2 The record of O/o the Director Admn (WASA) Lahore has revealed that 21-No. vehicles were on pool of Transport Division and P&E Division. The POL limit of each vehicle was 100 liters. Some vehicles were shown as repairable.

Log books of these vehicles were not produced for audit scrutiny. In the absence of log books, the chances of misuse of vehicles could not be ruled out and expenditure of Rs 1,669,200 incurred on account of POL could not be unjustified.

Weak internal controls resulted in unjustified expenditure of Rs 1,669,200 on account of POL.

Audit pointed out the unjustified expenditure in July 2014. The Agency replied that the authority for issuance of POL as well as R&M of vehicles rests with XEN (T&E) and not the Admn Directorate. The Admn Directorate simply knew about the allotment of vehicles by the order of M.D WASA. The audit observation was being transferred to XEN (T&E) for production of Log Books record. The Agency submitted only an interim reply.

The para was discussed in the SDAC meeting held on 13.08.2015. The Agency replied that complete record for the expenditure on POL/R&M of vehicles would be produced to Audit.

The Committee directed to produce the complete record to Audit for verification within fifteen days or otherwise to recover the amount involved. No further progress was reported till finalization of this report.

Audit recommends early verification.

(Para 20)

4.8 Environment

- i. Environmental data was not being compiled by the Agency.
- ii. No Environmental data and analysis thereon was available with the Agency to check whether or not any remedial steps towards improvements in environmental issues were taken or initiated by the Agency.

4.9 Overall Assessment

Issues of weak organization and management, planning, financial management, procurement and contract management, construction and works and asset management were observed. Hence, WASA needs to streamline its activities / operations promptly and take effective steps to establish strong and reliable internal controls for improving organization, efficiency and output.

5 CONCLUSION

Key issues for the future: In view of the irregularities/lapses observed in administrative and financial management and keeping in view the gap between the revenue generated and the expenditure incurred by the Agency, it is feared that the Agency may not be financially sustainable in future. To avoid this anticipated position in future, the following steps need to be taken:

- Recovery of government revenue is required to be improved through specially devised strategies and robust planning.

- Financial controls and internal controls need to be strengthened to safeguard misappropriations of money and bogus payment of medical claims.
- Contract management needs to be improved to implement the contract clauses in the true spirit to complete the projects within the prescribed period and to avoid overpayments.
- Investigation against the officer(s) responsible for the violations and irregularities needs to be conducted and finalized for appropriate action. Pending inquiries are required to be finalized at the earliest.
- Internal audit wing, directly responsible to the Principal Accounting Officer, needs to be urgently established in WASA.
- The Agency needs to prepare its balance sheet and get its accounts and financial statements audited every year from a reputed auditing firm.

ACKNOWLEDGEMENT

We wish to express our appreciation to the Management and staff of LDA, WASA Lahore for the assistance and cooperation extended to the auditors during this assignment.

Annex-I
(Para No.4.3.2)
Non-recovery of aquifer/sewer charges from defaulters -
Rs 246.289 million

S.No.	Para No.	Name of Formation	Amount(Rs)
1.	32	Deputy Director Revenue, Nishter Town, WASA Lahore.	2,605,386
2.	33	Director Revenue, WASA, Lahore	189,783,000
3.	34	Deputy Director Revenue, Ravi Town, WASA Lahore.	1,879,877
4.	35	Deputy Director Revenue, Nishter Town, WASA Lahore.	3,514,258
5.	38	Deputy Director Revenue, Shalimar Town, WASA Lahore.	2,047,930
6.	39	Deputy Director Revenue, Ravi Town, WASA Lahore.	839,002
7.	43	Deputy Director Revenue, Ravi Town, WASA Lahore.	1,047,697
8	44	Deputy Director Revenue, Aziz Bhatti Town, WASA Lahore.	363,416
9	45	Director Revenue, WASA, Lahore	587,149
10	47	Deputy Director Revenue, Data Gunj Bukhsh Town, WASA Lahore.	3,164,067
11.	48	Deputy Director Revenue, Ravi Town, WASA Lahore.	1,528,128
12	49	Director Revenue, WASA, Lahore	1,341,364
13	50	Deputy Director Revenue, Allama Iqbal Town, WASA Lahore.	4,744,265
14	52	Deputy Director Revenue, Allama Iqbal Town, WASA Lahore.	1,416,422
15	54	Deputy Director Revenue, Data Gunj Bukhsh Town, WASA Lahore.	5,926,847
16	55	Deputy Director Revenue, Nishter Town, WASA Lahore.	869,192
17	57	Deputy Director Revenue, Data Gunj Bukhsh Town, WASA Lahore.	1,684,931
18	89	Director Revenue, WASA, Lahore	10,761,927
19	91	Director Revenue, WASA, Lahore	1,047,523
20	93	Director Revenue, WASA, Lahore	6,691,260
21	94	Director Revenue, WASA, Lahore	4,444,930
Total			246,288,571

Annex-II
(Para No. 4.3.5.2)
Non-sanctioned/processing of medical claims of the private
hospitals - Rs 19.571 million

LATEST MEDICAL BILLS RECEIVED IN DIRECTORATE OF
ADMINISTRATION, WASA, LAHORE

Sr. No	Name of hospital	Pending bills for the month	Bills Received on	Amount of Bills
1	Rasheed Hospital	Jul-14	30.08.2014	495,232
	Rasheed Hospital	Feb-14	26.03.2014	436,906
	Rasheed Hospital	Remaining-2013	28.02.2014	202,684
	Rasheed Hospital	Mar-14	21.07.2014	427,762
	Rasheed Hospital	Jan-14	26.03.2014	668,675
	Rasheed Hospital	Dec-13	28.02.2014	230,059
	Rasheed Hospital	Dec-13 (OPD)	21.07.2014	23,520
	Rasheed Hospital	APRIL- 2014 (OPD)	21.07.2014	16,185
	Rasheed Hospital	Jun-12	10.01.2014	278,613
	Rasheed Hospital	Jun-12	16.12.2013	575,247
	Rasheed Hospital	Aug-12	10.01.2014	357,252
	Rasheed Hospital	Sep-12	10.01.2014	249,606
	Rasheed Hospital	Apr-14	21.07.2014	395,984
	Rasheed Hospital	May-14	28.02.2014	628,822
	Rasheed Hospital	Jun-14	26.03.2014	187,006
	Rasheed Hospital	Feb-14	02.04.2014	249,564
	Rasheed Hospital	Dec-13	17.03.2014	399,627
	Rasheed Hospital	Apr-14	11.08.2014	22,952
	Rasheed Hospital	Apr-14	16.07.2014	458,833
	Rasheed Hospital	Remaining-2012	03.03.2014	611,765
	Rasheed Hospital	May-12	10.01.2014	340,626
	Rasheed Hospital	May-12	16.12.2013	320,591
	Rasheed Hospital	Apr-12	10.01.2014	480,600
	Rasheed Hospital	Mar-12	06.01.2014	367,779
	Rasheed Hospital	Apr-12	16.12.2013	244,066
2	Laser Vision Center	Apr-14	21.07.2014	44,700
	Laser Vision Center	Jul-14	11.08.2014	400
3	Family Hospital	Jun-14	30.08.2014	735,885

Sr. No	Name of hospital	Pending bills for the month	Bills Received on	Amount of Bills
	Family Hospital	OPD, Aug, Dec-2013 & Jan to May-2014	21.07.2014	13,129
	Family Hospital	May-14	11.08.2014	439,574
	Family Hospital	Apr-14	08.06.2014	803,152
4	Farhan Hospital	Mar-13	22.05.2013	9,954
	Farhan Hospital	Jan-14	18.03.2014	1,477,521
5	Rehim Hospital	Apr-14	24.07.2014	731,776
	Rehim Hospital	Feb-14	24.07.2014	635,614
	Rehim Hospital	Nov-13	04.03.2014	390,503
	Rehim Hospital	Dec-13	30.04.2014	610,295
	Rehim Hospital	Jan-14	22.05.2013	9,954
6	Mussarat Razzaq Hospital	Feb-14	12.07.2014	502,345
	Mussarat Razzaq Hospital	Jan-14	12.07.2014	899,746
7	Prime Care Hospital	Aug-12	18.03.2014	326,993
	Prime Care Hospital	Jun-12	11.03.2014	438,512
	Prime Care Hospital	Jul-12	18.03.2014	298,249
8	Raza Medical Complex	Jun-12	19.08.2014	22,268
9	Nabeel Medical Center	Nov-13	24.07.2014	273,087
	Nabeel Medical Center	Oct-13	24.07.2014	86,055
10	Hussain Memorial Hospital	Mar-14	16.07.2014	763,266
	Hussain Memorial Hospital	Apr-14	30.08.2014	830,445
11	sarwat Anver Medical Complex	May-2014 (OPD)	05.08.2014	2,530
	sarwat Anver Medical Complex	May-14	05.07.2014	214,194
	sarwat Anver Medical Complex	Jun-14	18.07.2014	126,982
	sarwat Anver Medical Complex	Jun-14	18.07.2014	1,200
	sarwat Anver Medical Complex	May-14	03.07.2014	214,194
Total Rs				19,571,447

Annex-III
(Para No.4.3.5.4)
Unjustified/doubtful payment on account of medical claims
without daily admission reports - Rs 851,679

S.No.	Para No.	Name of Formation	Name of Hospital	Amount(Rs)
1.	59	Director Finance, Lahore	Sarwat Anwar Medical complex	69,765
2.	61	-do-	Rahim Hospital, Raza Medical complex & Family Hospital	83,180
3.	62	-do	Musarrat Razzaque Hospital	69,123
4.	64	-do-	Faran Hospital	404,459
5.	66	-do-	Rasheed Hospital	146,007
6.	75	-do-	Hussain Momerai Hospital	79,145
Total				851,679

Annex-IV
(Para No.4.3.5.5)
Unjustified/Fictitious payment to private hospital on account of
fake claims - Rs 744,709

S.No.	Para No.	Name of Formation	Name of Hospital	Amount(Rs)
1.	17	Director Finance WASA, Lahore	Faran Hospital	147,792
2.	81	-do-	Faran Hospital & Rasheed Hospital	209,886
3.	83	-do-	Hussain Memorial Hospital	125,216
4.	86	-do-	Rahim Hospital Musarrat Razzaq, Family Hospital	147,301
5.	87	-do-	Sarwat Anwar Medical Complex	114,514
Total				744,709

Annex-V
(Para No.4.3.5.6)
Irregular/Fictitious payment on account of Medical claims on
unauthorized reference - Rs 555,289

S.No.	Para No.	Name of Formation	Name of Hospital	Amount (Rs)
1.	14	Director Finance WASA, Lahore	Faran Hospital	198,875
2.	79	-do-	Faran Hospital	356,414
			Total	555,289

Annex-VI
(Para No.4.3.5.7)
Irregular/Fictitious payment on account of Medical claims on
unauthorized fake reference - Rs 389,921

STATEMENT SHOWING “UNJUSTIFIED/DOUBTFUL PAYMENT ON ACCOUNT OF
MEDICAL CLAIMS ON FAKE REFERENCE RS 389,921

S.No	V.No	Date	Billing Month	Name	Ticket No.	Hospital with Admission dated	Amount (Rs)
1	211 (BOP)	01/2013	10/13	Ahsan Allah Ditta	13863	Farhan Hospital + Medical Centre 1 to 07.10.13	12,697.00
2	211 (BOP)	01/2013	10/13	Raheel Butt	12774	Farhan Hospital + Medical Centre 3 to 07.10.13	7,588.00
3	211 (BOP)	01/2013	10/13	M.Yousaf	9952	Farhan Hospital + Medical Centre 30.09.13 to 07.10.13	13,403.00
4	211 (BOP)	01/2013	10/13	M.Yousaf	9952	Farhan Hospital + Medical Centre 21 to 26.10.13	9,396.00
5	211 (BOP)	01/2013	10/13	Sadiq Masih	8577	Farhan Hospital + Medical Centre 4 to 11.10.13	12,892.00
6	211 (BOP)	01/2013	10/13	Lahba Masih	8001	Farhan Hospital + Medical Centre 22 to 27.10.13	14,437.00
7	211 (BOP)	01/2013	10/13	Sakina Bibi w/o Faqir Hussain	5816	8 to 14.10.13	10,958.00
8	211 (BOP)	01/2013	10/13	Javeed Masih	5795	Farhan Hospital + Medical Centre 1 to 05.10.13	10,854.00
9	211 (BOP)	01/2013	10/13	Nabeel Shahid s/o Shahid Butt	5110	Farhan Hospital + Medical Centre 24 to 31.10.13	8,356.00
10	211 (BOP)	01/2013	10/13	Rehmat Masih	5695	Farhan Hospital + Medical Centre 4 to 13-13	15,610.00

S.No	V.No	Date	Billing Month	Name	Ticket No.	Hospital with Admission dated	Amount (Rs)
11	211 (BOP)	01/2013	10/13	Mana Masih	2672	01 to 08.10.13	12,511.00
12	211 (BOP)	01/2013	10/13	Ch. Tafazul Hussain	1741	Farhan Hospital + Medical Centre 22 to 29.10.13	14,542.00
13	211 (BOP)	01/2013	10/13	Sarwar Masih Rtd (self)	8445	Farhan Hospital + Medical Centre 7 to 11.10.13	9,124.00
14	211 (BOP)	01/2013	10/13	Zulfqar Amanat	11830	Farhan Hospital + Medical Centre 8 to 15.10.13	12,511.00
15	211 (BOP)	01/2013	10/13	Rafi Masih (Self)	10341	Farhan Hospital + Medical Centre 4 to 11.10.13	12,012.00
16	211 (BOP)	01/2013	10/13	George Masih	10285	Farhan Hospital + Medical Centre 24 to 29.10.13	14,658.00
17	211 (BOP)	01/2013	10/13	Arif Masih	10253	Farhan Hospital + Medical Centre 10 to 15.10.13	14,100.00
18	211 (BOP)	01/2013	10/13	Nizakat Mirza	10092	Farhan Hospital + Medical Centre 8 to 13.10.13	8,914.00
19	211 (BOP)	01/2013	10/13	Zareen	9641	Farhan Hospital + Medical Centre 3 to 12.09.13	16,487.00
20	211 (BOP)	01/2013	10/13	Muhammad Awais	10092	Farhan Hospital + Medical Centre 3 to 06.10.13	6,993.00
21	211 (BOP)	01/2013	10/13	Nazia Hafeez	11776	Farhan Hospital + Medical Centre 30.09.13 to 05.10.13	8,957.00
22	211 (BOP)	01/2013	10/13	Gulab Din	12252	Farhan Hospital + Medical Centre 25.09.03 to 02.10.13	10,264.00

S.No	V.No	Date	Billing Month	Name	Ticket No.	Hospital with Admission dated	Amount (Rs)
23	211 (BOP)	01/2013	10/13	Rehmat	1366	Farhan Hospital + Medical Centre 26.09.13 to 01.10.13	9,092.00
24	211 (BOP)	01/2013	10/13	Piary Bibi	1148	Farhan Hospital + Medical Centre 27.09.14 to 04.10.13	14,700.00
25	211 (BOP)	01/2013	10/13	Zubaida Begum	5060	Farhan Hospital + Medical Centre 17 to 23.9.13	11,941.00
26	211 (BOP)	01/2013	10/13	Labah Masih	8001	Farhan Hospital + Medical Centre 27.09.13 to 04.10.13	11,818.00
27	171 (BOP)	12/2013	09/13	Labha Masih	8001	Farhan Hospital + Medical Centre 27.09.13 to 04.10.13	11,818.00
28	171 (BOP)	12/2013	09/13	Piari Bibi	1148	Farhan Hospital + Medical Centre 5 to 10.09.13	9,308.00
29	171 (BOP)	12/2013	09/13	Shazia	12792	Farhan Hospital + Medical Centre 4 to 05.09.	4,765.00
30	171 (BOP)	12/2013	09/13	Khalil Ahmad	13040	Farhan Hospital + Medical Centre 21.09.13 to 01.10.13	10,767.00
31	171 (BOP)	12/2013	09/13	Razia khalik	13041	Farhan Hospital + Medical Centre 10to 17.19.13	11,474.00
32	171 (BOP)	12/2013	09/13	Zubaida	13063	Farhan Hospital + Medical Centre 7 to 14.09.13	11,545.00
33	136 (BOP)	11/13	09/13	Tanzeela	12707	Farhan Hospital + Medical Centre 9 to 10.09.13	3,719.00

S.No	V.No	Date	Billing Month	Name	Ticket No.	Hospital with Admission dated	Amount (Rs)
34	136 (BOP)	11/13	08/13	Qasir Arif	11339	Farhan Hospital + Medical Centre 19 to 24.08.13	11,547.00
35	136 (BOP)	11/13	08/13	Basharat Masih	12743	Farhan Hospital + Medical Centre 26.08.13 to 02.09.13	10,163.00
							389,921

*As the cases were reported by Ch. Shoukat Ali SDO, Mustafabad Sub-Division.

**Annex-VII
(Para No.4.3.5.9)**

Fictitious payment on account of medical claims - Rs 83,321

Sr. No.	Bill No.	Date	Ticket No.	Name of Employee / Patient	Remarks	Amount (Rs.)
1.	1910	8/2013	8445	Sarwar Masih (Self). (Referred on 12.08.13)	Shown retired whereas died in 2009. Referred by SDO Mustafabad	12,869.00
2.	2501	11/13	-do-	-do- (Referred on 20.11.13)	-do-	7,427.00
3.	2485	10/13	-do-	Shakila Bibi w/o Sarwar Masih (Referred on 31.10.13)	-do- Referred by SDO Mozang.	8,544.00
4.	2548	12/13	-do-	-do- (Referred on 12.12.13)	-do- Referred by Sub Engineer Shadbagh.	11,962.00
5.	2433	10/13	-do-	Husnain Masih F/o Sarwar Masih (Referred on 20.10.13)	-do-	12,055.00
6.	2475	10/13	-do-	-do- (Referred on 02.10.13)	-do- Referred by SDO Islam Pura	11,190.00
7.	2531	10/13	-do-	Sarwar Masih (Self) (Referred on 09.10.13)	-do- Referred by SDO Mustafabad)	9,124.00
8.	1998	8/13	-do-	Husnain Masih F/o Sarwar Masih (Referred on 28.08.13)	Shown posted in Mozang, whereas died in 2009. Referred by SDO Mozang.	10,150.00
Total Rs						83,321.00

Annex-VIII
(Para No.4.3.5.11)
FICTITIOUS PAYMENT TO PRIVATE HOSPITAL ON ACCOUNT OF
MEDICAL BILLS ON IRRELEVANT CNIC - RS 48,054

Sr.No.	Bill No.	Date	Ticket No.	Name of Employee / Patient	Remarks	Amount (Rs)
1.	1606	7/13	1366	Sajida Bibi w/o Abdul Rehman	Name in Pass Book and CNIC is Sajida Rehman, whereas on bill Sajida Bibi, CNIC No.35202-7113160-8, whereas on Pass Book CNIC No.35202-2815471-6	9,064.00
2.	2424	10/13	1741	Ayesha Begum w/o Ch. Tafazal Hussain	According to CNIC date of birth is 31.12.1982, whereas in Pass Book age is mentioned as 47-years.	14,542.00
3.	2521	11/13	7106	Shoukat Ali F/o Asif Ali	CNIC No. of patient differ as on ID Card No.35202-4644259-7, whereas on Pass Book No.273-46024816	13,645.00
4.	2508		4831	Ubaida Bibi w/o Sarwar, Sewerman	CNIC No.35201-1324141-8, whereas on Pass Book No.35101-4344201-4	10,803.00
Total						48,054.00

Annex-IX
(Para No.4.3.5.12)

DOUBTFUL PAYMENT ON ACCOUNT OF MEDICAL CLAIMS -RS 47,400

Sr. No.	Hospital and Vr. No. & Date	Billing Month	Name of Patient & Ticket No.	Admission Date	Amount of Bill (Rs)	Remarks
1	Faran Hospital 5(BOP) 07/13	03/13	Saima Asif w/o Asif, 10520	07 to 14.12.12	12,294	Reference date 07.11.12 as per hospital bill. Admission from 7 to 14.12.12. As per declaration of employee admission was from 7 to 14.03.13.
2	Faran Hospital 5(BOP) 07/13	03/13	Sana Pitras d/o Pitras Masih, 8252	17 to 23.12.12	15,195	As per refer slip patient was already admitted on 17.12.12, whereas slip issued on 20.11.12 without No & Date.
3	Faran Hospital 328(BOP) 04/13	5 to 8/13	Zakia w/o Altaf, 10369	19 to 24.07.12	7,921	Reference slip was signed on 26.07.12 i.e. two days after discharge of patient, which was against the spirit of SOP.
4	Family Hospital 262(BOP) 02/14	12/13	Farzana Faryad m/o M.Zubair, 13042	23 to 28.12.13	11,990	Admission report not available. Refer slip dt 21.12.13 showed already admitted, whereas bill showed its admission on 23.12.13.
Total					47,400	

Annex-X
(Para No.4.3.6)
Non-recovery from defaulter on account of illegal water &
sewerage connection
disconnected - Rs 49.731 million

S.No.	Para No.	Name of Formation	Amount (Rs)
1.	36	Deputy Director Revenue Ravi & Gunj Bukhsh Town WASA Lahore	924,540
2.	37	Deputy Director Revenue Shalimar Town WASA Lahore	748,717
3	40	Deputy Director Revenue Shalimar Town WASA Lahore	1,096,097
4.	41	Deputy Director Revenue Shalimar Town WASA Lahore	688,246
5	42	Deputy Director Revenue Ravi Town WASA Lahore	1,320,129
6.	46	Deputy Director Revenue Ravi Town WASA Lahore	296,528
7	51	Deputy Director Revenue Gunj Bukhsh Town WASA Lahore	485,882
8	53	Deputy Director Revenue Allama Iqbal Town WASA Lahore	3,869,248
9.	90	Director Revenue WASA Lahore	37,545,722
10	92	Deputy Director Revenue Allama Iqbal, Ravi Town & Nishter Town WASA Lahore	2,756,155
Total			49,731,264
Say Rs			49.731 million

**Annex-XI
(Para No.4.3.7)**

**Lapse of development funds due to non-submission of the
statement of excesses and surrender on prescribed date –Rs 36.057
million**

S.#	ADP No.	Name of schemes	Approval Cost	Total Exp. Up to June 13	Total Funds	Surrender	Available Funds	Funds Utilized	Laps Fund
1	1331	Laying of Sewer Lines, Const of Drain and Disposal Station for Niaz Baig Drainage System UC-118, District Lahore.	75.95	55.43	21.33	0.00	21.33	17.35	3.97
2	1332	Miscellaneous Sewerage and Drainage requirements of diffrenett Towns of Lahore.	1068.00	767.46	99.00	40.00	59.00	49.12	9.87
3	1333	Appoitment of Consultant for Feasibility Studies, Planning & Design of Waste Water Treatment Plant Lahore.	37.49	25.28	12.16	8.164	4.00	4.00	0.00
4	1334	Restoration of Original Cross Section (40 feet) of Sattu Katla Drain from Ferozpur Road of Peco Road, Lahore	326.00	115.20	100.01	30.00	70.01	68.80	1.21
5	1335	Punjab Water & Sanitation Academy, Lahore (JICA Assisted)	411.08	8.98	50.00	15.00	35.00	35.00	0.00
		Total ADP on-going Schemes			282.50	93.16	189.34	174.28	15.06

New ADP Schemes

S.#	ADP No.	Name of schemes	Approval Cost	Total Exp. Up to June 13	Total Funds	Surrender	Available Funds	Funds Utilized	Laps Fund
6	1354	Preparation of Master Plan for Water Supply, Sewerage & Drainage system for Lahore, PC-II	100.00	0.00	5.00	5.00	0.00	0.00	0.00
7	1355	Repl. Of Out lived, Dipper and Inadequate water supply line with HDPE pipes Lahore. (Gestro Phase-II)	20000.00	0.00	50.00	30.00	20.00	0.00	20.00
8	1356	Provision of W/S, Sewer and Drainage System for UC-117,118 and 120 Lahore (Cost Sharing Basis)	3579.71	0.00	0.00	0.00	0.00	0.00	0.00

9	1357	Feasibility Study for Cont of water Treatment Plant to treat the surface Water intake from BRB Canal, Lahore	10.00	0.00	5.00	4.00	1.00	0.00	1.00
Total of New ADP ongoing Schemes				0.00	60.00	39.00	21.00	0.00	21.00
Total of ADP ongoing scheme & New ADP Schemes					342.50	132.16	210.34	174.28	36.06

Annex-XII
(Para No.4.4.2.1)
Non-recovery of general sales tax- Rs 10.710 million

S.No.	Para No.	Name of Formation	Amount (Rs)
1.	155	Director (O&M) Allama Iqbal Town WASA Lahore	102,473
2.	162	Director (O&M) Allama Iqbal Town WASA Lahore.	304,852
3.	201	Director (O&M) Shalimar & Aziz Bhatti Town WASA Lahore	270,516
4.	220	Director (O&M) Ravi Town WASA Lahore	191,841
5.	230	Director (O&M) Ravi Town WASA Lahore	134,892
6.	224	Director (O&M) Ravi Town WASA Lahore	903,848
7.	231	Director (O&M) Ravi Town WASA Lahore	445,600
8.	250	Director (O&M) Nishtar Town WASA Lahore	116,992
9	252	Director (O&M) Nishtar Town WASA Lahore	160,102
10.	259	Director Drainage WASA Lahore	187,333
11.	278	Director Hydrology and waste water Treatment WASA Lahore	587,790
12.	290	Director procurement & Store WASA Lahore	101,619
13.	291	Director procurement & Store WASA Lahore	7,104,000
14.	292	Director procurement & Store WASA Lahore	98,600
Total			10,710,458
Say Rs			10.710 million

Annex-XIII
(Para No.4.4.4)

(A) STATEMENT SHOWING THE DETAIL OF NON-RECOVERY FROM M/S MOTOROLA (WI-TRIBE PROJECT) AT 01-13 PARK VIEW NEAR FERDOS MARKET GULBERG-III LAHORE RS 4,851,000/- (4,620,000+231,000)

S. No	Year	Date of agreement	Period of agreement	Rent (monthly / year)	Amount of rent recovery	5% Advance income tax
1	2009-10	20.06.2009	15-Years	Rs 70,000 Per Month	840,000	42,000
2	2010-11	Do	do	Do	840,000	42,000
3	2011-12	Do	do	Do	840,000	42,000
4	2012-13	Do	do	Do	1,050,000	52,500
5	2013-14	Do	do	Do	1,050,000	52,500
				Total Rs	4,620,000	231,000

(B) STATEMENT SHOWING THE DETAIL OF NON-RECOVERY FROM M/S MOTOROLA (WI-TRIBE PROJECT) AT WATER TANK NEAR RAVI BLOCK COMMERCIAL MARKET IQBAL TOWN LAHORE RS 4,851,000 (4,620,000+231,000)

S. No	Year	Date of Agreement	Period of Agreement	Rent (Monthly / Year)	Amount of Rent Recovery	5% Advance Income Tax
1	2009-10	20.06.2009	15-Years	Rs 70,000 Per Month	840,000	42,000
2	2010-11	Do	Do	Do	840,000	42,000
3	2011-12	Do	Do	Do	840,000	42,000
4	2012-13	Do	Do	Do	1,050,000	52,500
5	2013-14	Do	Do	Do	1,050,000	52,500
				Total Rs	4,620,000	231,000
				Grand Total	9,240,000	462,000

**Annex-XIV
(Para No.4.4.8)**

**Loss of Rs 3,835,701 due to non-renewal of contract agreement and
income tax worth Rs 191,785**

Agreement executed with Mobilink				Agreement executed with Telenor			Loss (Rs)	
S#	Year	Rent as per Agreement	Recovery	S#	Year	Rent as per Agreement	Recovery Made	
1	2007-08 07/07 to 6/8	Rs 18750 P.M on 14.02.2000+ 25% increase after every 3-years= Rs 23478 P.M	281736	1	2007-2008	Rs;50000 P.M with 10% yearly increase	600000.00 (5000x12)	318,264
2	2008-09 07/08 to 6/9	Rs 23478 (up to 2/9) Rs; 29 298(up to 6/9)	187824 <u>117192</u> 305016	2	2008-09	-do-	660000	354,984
3	2009-10 7/9 to 6/10	Rs 29298	351576	3	2009-10	-do-	726000	374,424
4	2010-11 (7/10 to 6/11)	Rs 29298	351576	4	2010-11	-do-	788600	447,024
5	211-12 (7/11to 6/12)	Rs 29298(up to 2/12) Rs 36623(up to 6/12)	234384 <u>146492</u> 380876	5	2011-12	-do-	878460	497,584
6	2012-13	Rs 36623	439476	6	2012-13	-do-	966306	526,830
7	2012-13	Rs 36623	439476	7	2013-14	-do-	1062937	623,461
8	2014-15 (7/14 to 6/15)	Rs 36623(up to 2/15) Rs 45779(up to 6/15)	292984 <u>183116</u> 476100	8	2014-15	-do-	1169230	693,130
Total Rs								3,835,701
Income Tax @ 5%								191,785
G.Total								4,027,486