



SPECIAL AUDIT REPORT

ON

ASHIANA HOUSING SCHEME (ASHIANA-e-QUAID) ATTARI SAROBA LAHORE

**HOUSING, URBAN DEVELOPMENT
AND PUBLIC HEALTH
ENGINEERING DEPARTMENT**

GOVERNMENT OF THE PUNJAB

FOR THE YEAR 2012-2013

AUDITOR GENERAL OF PAKISTAN

PREFACE

The Auditor General conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with section 8 of the Auditor-General's (Functions, Powers, Terms and Conditions of Service) Ordinance 2001. The Special Audit of 'Ashiana Housing Scheme (Ashiana-e-Quaid), Attari Saroba Lahore, executed by Punjab Land Development Company, Government of the Punjab, was carried out accordingly.

The Directorate General of Audit Works (Provincial), Lahore conducted audit of the project 'Ashiana Housing Scheme (Ashiana-e-Quaid), Attari Saroba Lahore, in April 2013 for the period 2010-11 to March 2013 with a view to reporting significant findings to the stakeholders. Audit examined the economy, efficiency and effectiveness aspects of the project. In addition, Audit also assessed whether the management complied with the applicable law, rules, and regulations in managing the project. The Special Audit Report indicates specific actions that, if taken, will help the management to realize the objectives of the project.

All the observations included in this report have been finalized in the light of written responses and discussion in SDAC meeting held in November, 2015.

The 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.

Dated: 24-11-2016

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(Rana Assad Amin)
Auditor General of Pakistan

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Programme
B&R Code	Buildings & Roads Code
BOQ	Bill of Quantities
Cft	Cubic feet
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
HUD& PHE	Housing, Urban Development and Public Health Engineering
LS	Lump Sum
M&R	Maintenance and Repair
MRS	Market Rates System
MTDF	Medium Term Development Framework
NAM	New Accounting Model
NESPAK	National Engineering Services of Pakistan
P&D	Planning and Development
PFR	Provincial Financial Rules
PCC	Plain Cement Concrete
PDWP	Provincial Development Working Party
PLDC	Punjab Land Development Company
P/L	Providing and Laying
PS	Provisional Sum
RCC	Reinforced Cement Concrete
SDAC	Special Departmental Accounts Committee
SECP	Securities and Exchange Commission of Pakistan
Sft	Square feet
TOR	Terms of Reference
TSE	Technical Sanction Estimate

EXECUTIVE SUMMARY

Directorate General of Audit Works (Provincial) Lahore conducted audit of the project ‘Ashiana Housing Scheme (Ashiana-e-Quaid), at Attari Saroba Lahore in May 2013 for the period 2010-11 to March 2013. The project was executed by Punjab Land Development Company (PLDC)Lahore. Main objectives of the audit were to assess whether the project was managed with due regard to economy, efficiency and effectiveness, to review project performance against the intended objectives as envisaged in PC-I and compliance with applicable rules, regulations and procedures.

PLDC, fully owned by the Government of Punjab, was registered under section 32 of Companies Ordinance 1984 with the Securities and Exchange Commission of Pakistan (SECP) on March 9, 2010. PLDC is headed by Chief Executive Officer and assisted by the Project Director. PLDC launched housing schemes “Ashiana Housing Schemes” in different cities of Punjab. The basic purpose of the company was to facilitate the people having low income and to meet with ever increasing housing demand in the Province.

Audit selected the scheme ‘Ashiana-e-Quaid’ at Attari Saroba Lahore for special audit which involved 100% verification of vouchers. PLDC hired the consultants M/s NESPAK for Master Planning & Engineering Designing and Construction Supervision of Building & Infrastructure Development Works. Another consultant M/s JERS Engineering was engaged for ‘Construction Supervision’ of other public buildings & amenities of ‘Ashiana Housing Scheme (Ashiana-e-Quaid), at Attari Saroba Lahore. Both of the consultants were engaged without open competition in violation of PPRA rules.

The master plan for the scheme was prepared keeping in view the optimum utilization of government land (about 688.55 kanals) to fulfill requirements of a modern housing scheme. The scheme originally consisted of 2740 houses which was reduced to 2537 houses of 2 & 3 marlas alongwith roads, parks, public buildings, commercial buildings,

graveyards and mosques in revised lay out plan in December 2012. The housing scheme was divided into six blocks.

The infrastructure works comprised major town roads and streets, water supply, sewerage, external electrification etc.

The project was started in April 2011. Administrative approval and detailed estimate were not made available to Audit. The works were awarded to different contractors by dividing the work in different groups. Main work of the project i.e. 'Construction of 2700 Houses' was awarded to M/s Habib Rafique Pvt Limited in April 2011 for Rs 1660.014 million with a completion period of two years. Allied works of infrastructure were awarded to other contractors for Rs 365.156 million. An expenditure of Rs 953.161 million on residential portion and infrastructure was incurred upto March, 2013 and the entire amount was audited.

At the time of finalization of the report in September, 2016 latest position of the project was obtained from the management according to which scope of work was further reduced from originally planned 2700 houses to 1742 houses and an expenditure of Rs 1,199.206 million was incurred against revised contract amount Rs 1,450.327 million upto June 2016 (the expenditure incurred after April, 2013 was not audited).

Key audit findings

The project could not be completed upto March 2013 despite time overrun. Project objectives could not be evaluated and quantified due to non-availability of socio-economic data on the basis of which Audit could analyze and evaluate the achievement of the project objectives. The revised date of completion of project is December 2016 as per 3rd time extension.

Audit findings categorized into issues like Organization & Management, Procurement & Contract Management, Financial Management and Construction & Works, were as under:

- i. Organization and Management involved irregular preparation of estimate-Rs 1.616 million.

- ii. Procurement and Contract Management involved irregularities of Rs 2075.794 million which relate to issues such as unjustified payment due to allotment of work without detailed estimate, undue payment due to imbalance rates, payment for excess construction area and non-imposition of penalty due to non-completion of work in stipulated period etc.
- iii. Financial Management revealed irregularities of Rs 17.420 million relating to issues such as undue financial benefit for non obtaining additional performance security, unjustified payment for less execution of quantity of item, unauthentic expenditure without vouchers and excess expenditure on account of higher rate.
- iv. Construction and Works revealed irregularities of Rs 804.757millionincluding unauthorized payment for executing excess quantity, payment of non-executed items, poor designing, less provision of land in residential area, payment without actual measurement and non deduction of overlapped area of RCC slab.

Recommendations

Audit observed that most of the irregularities were either due to weak technical, supervisory, financial controls or poor contract management. Principal Accounting Officer needs to strengthen internal controls regime in the department in the light of following recommendations:

- i. Internal controls at pre-execution stage of work need to be strengthened to ensure preparation of accurate technical estimates strictly in line with Market Rates System (MRS).
- ii. Financial controls need to be strengthened to ensure payments to the contractors strictly in line with contract agreement and Finance Department's instructions.
- iii. Contract management is required to be improved to implement the contract clauses in their true spirit by obtaining performance guarantees from the contractors within the prescribed period in order to safeguard the public interest.

- iv. Administrative controls should be exercised at an appropriate level to take timely action against contractors as laid down in contract agreement for ensuring timely completion of the project besides effecting the recoveries involved.

1. INTRODUCTION

1.1 The Directorate General of Audit Works (Provincial), Lahore conducted special audit of the project ‘Ashiana Housing Scheme (Ashiana-e-Quaid), Attari Saroba, Lahore in May 2013 for the period 2010-11 to March 2013 executed by Punjab Land Development Company (PLDC) Lahore. The main objectives of the audit were to assess whether project was managed with due regard to economy, efficiency and effectiveness, to review its performance against the intended objectives and to review compliance with applicable rules, regulations and procedures. The audit was conducted in accordance with the INTOSAI Auditing Standards.

1.2 PLDC is fully owned by the Government of Punjab and registered under section 32 of Companies Ordinance 1984 with Securities and Exchange Commission of Pakistan (SECP) on March 9, 2010. The PLDC is headed by Chief Executive Officer and assisted by the Project Director. PLDC launched housing schemes “Ashiana Housing Schemes” in different cities of Punjab. The basic idea of the company was to facilitate the poor people having low income and to meet the ever increasing housing demand in the province of Punjab.

1.3 PLDC planned to complete the project comprising construction of houses and infrastructure development works i.e. roads, water supply & sewerage on fast track basis.

1.4 The master plan for the schemes had been prepared keeping in view optimum utilization of government land to fulfill requirements of a modern housing scheme. The scheme consisted of residential plots of 2 & 3 marlas, roads, parks, public buildings, commercial buildings, graveyards and mosques. The infrastructure works comprised major town roads and streets, water supply, sewerage, external electrification works etc.

1.5 One of the schemes of PLDC was ‘Ashiana-e-Quaid at Attari Saroba Lahore’ which was selected for special audit.

1.6 **Salient Features of the Scheme:**

1.6.1 External and internal infrastructure to cater for all the needs of decent and modern living including carpeted roads, sewerage, drainage, water supply and electrification.

1.6.2 Amenities provided in scheme included the following:

- a. School
- b. Open Spaces/Landscaping/Parks
- c. Commercial Area
- d. Graveyard
- e. Community Centers
- f. Health Clubs
- g. Playing Grounds
- h. Food Chains/Stalls
- i. Management of Schemes by the Community itself
- j. Executive Committees

1.7 **Payment Plan:**

1.7.1 25% advance, remaining amount to be paid in easy installments.

1.7.2 Subsidy by the Government of Punjab on monthly installment.

1.8 **Objectives of Scheme:**

- i) To provide improved housing facilities affordable to low and moderate income groups.
- ii) Establishment of a sustainable community living.
- iii) Ensuring decent and modern ambience in each housing scheme.
- iv) Bringing down the cost of the houses while not compromising on the quality.
- v) Making the project affordable for the target groups through easy installment plans.
- vi) Ensuring transparency and fair play at every step.

1.9 **Allotment Quota:**

- a. General Category 90%
- b. Widow/Orphan 04%

- c. Family of Shaheed 03%
- d. Disabled 03%

1.10 Eligibility Criteria

- a. Target population was the individuals having income of Rs 20,000 p.m. or less
- b. Monthly installment of the allotted house not to exceed the monthly rent of same size of house.
- c. Special quota for widows, orphans and disabled.
- d. Age between 25 & 60 years (Applicable for bank loan only).
- e. Living in a rented house or in joint family, the applicant should not possess his/her own house.
- f. Physical verification of the credentials of each applicant through third party.
- g. Punjab domicile holder.

1.11 Board of Directors

- Chairman, Planning & Development Board, Govt. of Punjab (Ex-Officio)
- Senior Member Board of Revenue (Ex-Officio)
- Secretary, HUD & PHE Govt. of Punjab (Ex-Officio)
- Secretary Finance
- President, Bank of Punjab (Ex-Officio)
- Urban Unit Development
- Principal Secretary to CM
- District Co-ordination Officer (Lahore)
- M/s Mansoor Mazhar & Associates (Consultant)
- Chief Executive Officer, PLDC

1.12 Funds releases were regulated by policy framework i.e. Rs 249.90 million during 2009-10 under 'Capital' Rs 316.938 million during 2010-11 under 'Loan & subsidy' and Rs 415.00 million during 2011-12 under 'Loan & subsidy'.

1.13 PLDC hired the consultants M/s NESPAK for 'Master Planning & Engineering Designing' and 'Construction Supervision of Building & Infrastructure Development Works'. Another consultant M/s JERS Engineering was engaged for 'Construction, Supervision of other Public

Building & Amenities' of Ashiana-e-Quaid. Both the consultants were engaged without open competition.

1.14 The master plan for the scheme was prepared keeping in view the optimum utilization of government land measuring about 688.55 kanals to fulfill requirements of a modern housing scheme. The scheme originally consisted of 2740 houses which was reduced to 2537 houses of 2 & 3 marlas along-with roads, parks, public buildings, commercial buildings, graveyards and mosques in revised lay out plan in December 2012. The scheme was further reduced to 1742 houses [952(3-marla) + 790(2-marla)]. The scheme was divided into six blocks. The infrastructure works comprised major town roads and streets, water supply, sewerage, external electrification etc.

1.15 The management did not quantify the project objectives and also did not provide performance indicators to evaluate the planned objectives vis-à-vis outputs.

1.16 The following contractors were executing the different works of Ashiana Housing Scheme (Ashiana-e-Quaid) at Attari Saroba Lahore.

S. No.	Description of Works	Contractor M/s	Status as on 30.06.2016
01	Gallop Construction of Model House (12 Nos)	Sultan Engineering Company	Completed
02	Construction of 2700 Houses (2&3 marlas) Quantity reduced to 1742 houses	Habib Rafique (Pvt). Ltd	In progress
03	Infrastructure development works	Habib Rafique (Pvt). Ltd	In progress
04	Construction of High School	Chib Enterprises	Completed (not finalized)
05	Construction of Sector Mosque	Grit Corporation	Completed
06	Development of Park	Amjad Plant Cares	Completed
07	Construction of temporary structure for Shops (05 Nos.)	Zaki Brothers	Completed

08	Construction of Sector Shops in sector (A&B)	Dascon Construction Company	Completed
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1.17 The project was funded / financed through donor component i.e. Govt. of Punjab and sale proceeds of allotted houses.

1.18 Physical and financial progress of on-going projects, as per progress report of March, 2013, were as under:

Sr. No.	Name of Scheme	Scope of Work for the F.Y. 2010-11 & 2011-12	Planned cost as per Contract Agreement including variations	Planned period of completion as per Contract Agreement	Period availed till June 2012	Actual expenditure up to 06/2012	Financial Progress
			Rs in million	Days	Days	Rs in million	%
1.	ASHIANA-e-QUAID, ATTARI SAROBA, LAHORE	Building Works(2700 Housing Units)	1745.673 (1660.014+85.659)	730	719	726.413 (688.934+37.479)	41.61
		Boys High School	31.340	364	561	25.972	82.87
		Mosque	6.091	180	308	1.796	29.49
		Temporary Shops	1.184	45	120	1.107	93.50
		Sector Shops & Apartments	17.875	150	120	6.678	37.36
		Infrastructure Works	344.628	364	684	191.195	55.47
TOTAL			2,146.791			953.161	44.40

Source: Progress Reports prepared in the light of verified and paid invoices.

1.19 The above table depicted that the management could not complete the project within stipulated time period and even in the extended time period. The progress report of June 2016 depicted that the project was still in progress.

2. AUDIT OBJECTIVES

- 2.1 To review performance of scheme against intended objectives.
- 2.2 To assess whether scheme was managed with due regard to economy, efficiency and effectiveness.
- 2.3 To review compliance with applicable rules, regulations and procedures.

3. AUDIT SCOPE AND METHODOLOGY

- 3.1 Scope of audit was to cover the period from 2010-11 to March 2013. The scope was restricted to the scheme Aasian-e-Quaid Lahore.
- 3.2 Audit methodology was to understand the audit entity in the first instance, then conducting risk assessment, defining detailed audit objectives, developing audit programmes, performing analytical procedures, testing the controls, determining sample size for substantive testing of details, conducting substantive tests, evaluating results, reporting and follow up to achieve the audit objectives. An expenditure of Rs953.161 million was incurred upto March 2013 and the entire amount was audited.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 ORGANIZATION AND MANAGEMENT

4.1.1 Punjab Land Development Company Lahore had a multifarious/ elaborate organizational and administrative set-up. Chief Executive Officer (CEO) was the Principal Accounting Officer. In the absence of the CEO, Secretary, Housing Urban Development and Public Health Engineering Department acted as Principal Accounting Officer. The CEO was assisted by Chief Engineer, CFO/ Company Secretary, GM Marketing

and Customer Care, GM Administration & Coordination and GM Estate Management. The projects were headed by Project Directors (Execution) and supervised /monitored by the site engineers concerned i.e. Project Director Planning Management & Contracts to ensure that the schemes/projects under execution would be completed within the given time-frame and according to the approved specifications and design. Job descriptions of the said staff were well defined in the draft Manual of PLDC which was under formulation stage. Consultants were responsible for 100% checking of the work while the execution body of PLDC was responsible to verify the task of consultants.

4.1.2 The actual working strength of field engineers and other staff was as per sanctioned strength. Contractor's claim, after 100% checking of the work by the consultants was verified by PLDC execution body and then passed by the Finance Wing.

4.1.3 The project was being executed under the normal administrative set-up of PLDC. Further, the directorate involved in execution of the project was also responsible to supervise the other on-going development schemes being executed within its jurisdiction.

4.1.4 The contractor submitted the bill to PLDC which was forwarded to consultant for joint measurement and verification as per actual work done at site. On verification and recommendation of consultant, the invoice was then forwarded through Chief Engineer to the Finance Wing for payment to the contractors.

4.1.5 During audit of Organization and Management aspects of the project, a case of irregular preparation of estimate involving Rs 1.616 million was noticed as given below:

4.1.5.1 Irregular preparation of estimates of residences- Rs 1.616 million

As per Finance Department notification No.RO(Tech)FD/2-3/2004 dt:02.08.2004, the Chief Engineer, on the basis of input rates notified by

Finance department on its website, shall fix the rate of each item of work for rough cost estimate for Administrative Approval and detailed estimate for Technical Sanction.

Chief Executive Officer of the Scheme prepared the engineer estimate for 2-marlas & 3-marlas total amounting to Rs 1,616,018 as detailed below without analysis/back up of rates provided in estimate as the same were not forthcoming from the record.

Area	Covered Area	Amount
2-marlas	629 sft	689,546
3-marlas	773 sft	926,474
Total		1,616,018

Rate per sft = Rs 1,151

Weak administrative and technical controls resulted in irregular preparation of estimate for 2-marlas & 3-marlas houses without analysis/back up of rates for Rs 1,616,018.

Audit pointed out the irregularity in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that work was awarded and executed on covered area basis. The Committee did not accept the company's point of view and directed to get the record i.e. estimate, MB and as built drawings verified within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-33)

4.2 PROCUREMENT AND CONTRACT MANAGEMENT

4.2.1 Procurement and Contract Management involved irregularities of Rs 2075.794 million which relate to issues such as unjustified payment

due to allotment of work without detailed estimate, undue payment due to imbalance rates, payment for excess construction area and non-imposition of penalty due to non-completion of work in stipulated period etc.

4.2.1.1 Irregular award of work - Rs 1,660.014 million

As per para No. 2.22 of B&R code, the papers to be submitted with the project for a work will consist of a report, a specification and a detailed statement of measurements, quantities and rates with an abstract showing the total estimated cost of each item.

Chief Executive Officer of the Scheme allotted the project to the contractor for total amount of Rs 1,660.014 million @ Rs 900 per sft of the covered area. The detailed measurement of quantities and analysis of rates of item which were the basis of engineer estimate, were not produced. In the absence of detailed measurement of quantities and analysis of rates of items, the allotment of work was unjustified.

Weak financial and supervisory controls resulted in irregular award of work amounting to Rs 1,660.014 million to the contractor as detailed measurement and analysis of rates of items were not available.

Audit pointed out the unjustified payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that payment was made as per agreement. The Committee did not agree with reply and directed to produce estimate, MB and as built drawings for verification within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-9)

4.2.1.2 Non-imposition of liquidated damages -Rs203.465 million

According to Clause 47.1 of contract agreement read with appendix-A to tender, if contractor fails to complete work within stipulated period, he is liable to pay compensation for delay in completion of work minimum @ 0.01 % of contract price of each day of delay up to 10% of contract price stated in letter of acceptance.

Chief Executive Officer of the Scheme awarded the following contracts to different contractors for completion in stipulated periods. The monthly progress reports depicted that the contractors failed to complete the works in stipulated periods and no time extensions were produced. The contractors rendered themselves liable to pay penalty @ 10% amounting to Rs 203.465 million as detailed below:

(Rs in million)

S. No	Name of Work	Contract Amount Award Date	Completion Period	10% Penalty
1.	Construction of 2700 houses (2-marla & 3-marla)	1660.01 on 01.04.2011	24 months	166.001
2.	Development of Infrastructure Works	340.800 on 13.05.2011	12 months	34.080
3.	Construction of Frame Structured 02 Storied High School Building	30.795 on 15.09.2011	364 days	3.080
4.	Construction of Mosque, Temporary Shops, Sector Shops & Apartments and Entrance Gate	3.040 Different dates	Different period	0.304

Weak financial and supervisory controls resulted in non-recovery of Rs 203.465 million (166.001 + 34.080 + 3.080+0.304) from the contractor due to non imposition of penalty.

Audit pointed out the non recovery in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. Audit explained that no record had been produced by the company regarding grant of time extension to contractor. The para was kept pending till production of application of contractor for grant of time

extension and decision thereon. Compliance of Committee's directive was not intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-6,11,16&21)

4.2.1.3 Irregular payment due to imbalance rates – Rs63.264million

As per para 3(iii) of Finance Department notification issued vide No.(Tech)FD-1-2(vi)(P) dated 6th April, 2005, if a contractor quotes disproportionate rates in his tender which deviate from the rates provided in the technical sanctioned estimate, the payment of items whose rates are lower will be made at tendered rates but the payment of higher rates items shall be made at the rates depicted in the technical sanctioned estimate on the execution of such items, the balance payment shall be withheld till completion of the work.

Chief Executive Officer of the Scheme paid full tender rates to the contractor during execution/running payments for such items of work for which the contractor quoted higher rates than rates provided in the estimate whereas it was required to be paid at estimated rates up till completion of items/work in "Development of Infrastructure Works".

Weak financial and supervisory controls resulted in irregular payment of Rs63,264,086 to the contractor.

Audit pointed out the irregular payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. Audit explained that the department was required to prepare financial comparative statement to check the final percentage. The Committee directed to get the record verified within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early recovery/verification along-with fixing responsibility.

(Para-4)

4.2.1.4 Overpayment for excess area of construction - Rs 40.100 million

As per structural drawing for 3-marlas, the covered area of ground floor comes to 436.21sft(annex.-A).

Chief Executive Officer of the Scheme (2-marlas&3-marlas houses)” took the covered area of ground floor for 3-marlas houses as 483 sft instead of actual area 436 sft and awarded contract with total quantity of 773 sft (483 GF + 290 FF) @ Rs 900p.sft. Upto 22nd interim payment certificate, 948 units of 3-marlas houses upto RCC roof pouring were paid. The excess area of 47 sft per unit (483 – 436) @Rs 900 p.sft for 948 units was allowed (47*900*948).

Weak financial and supervisory controls resulted in overpayment of Rs 40,100,400 (47*900*948)to the contractor due to allotment of excess area.

Audit pointed out the overpayment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company stated that payment was made as per agreement. The Committee did not agree with reply and directed to produce estimate, MB and as built drawings for verification within 7 days. The para was kept pending. No compliance of Committee’s directive was intimated despite correspondence till finalization of the report.

Audit recommends early recovery/verification along-with fixing responsibility.

(Para-8)

4.2.1.5 Overpayment for excess area Rs35.755 million

As per structural drawing for 2-marlas house, the covered area of ground floor and first floor comes to 345.40sft and 257.40sft respectively (Annex. B) and total covered area comes to Rs 602.80 sft (say, 603 sft).

Chief Executive Officer of the Scheme took the covered area of ground floor and first floor for 2-marlas house as 370 sft and 259 sft respectively and awarded the contract with total covered area as 629 sft per unit (370+259) instead of 603 sft @ Rs 900 p.sft. Upto 22nd IPC, payment for 790 houses up to ground floor and 738 houses up to first floor was made.

Weak supervisory and technical controls resulted in overpayment of Rs 35,755,200 to the contractor due to the excess area of 26 sft (629 – 603) per unit @ Rs 900 p.sft for 1528 roofs (G/F 790 + F/F 738).

Audit pointed out the overpayment in May 2013. The department did not reply. The matter was also discussed in SDAC meeting held on 16-18.11.2015.

The company stated that work was awarded and executed on covered area basis. The Committee did not accept the company's point of view and directed to get the record i.e. estimate, MB and as built drawings verified within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification/recovery along-with fixing responsibility.

(Para-22)

4.2.1.6 Un-justified provision/payment of excess quantities- Rs26.509 million

As per rule 2.10(a) of PFR (Vol-I), every government servant should incur expenditure from public exchequer in such a way as a man of ordinary prudence spends money from his own pocket.

Chief Executive Officer of the Scheme provided the items of finished work in estimate for 2-marlas and same items were given in estimate for 3-marlas with excess quantity. The item No.26 “Providing/applying fine tack coating by rock shield (Pioneer Coating)” on external walls surface of the building was provided as 895sft for 2-marlas whereas the same item was provided as 2784.90sft for 3-marlas which was on higher side as compared to other items i.e. plastering. The excess provision of 1434sft(2784 – 1350 (approx)) of item per house @ Rs 13 p.sft for 1422 houses of 3-marlas came to Rs26,508,924.

Weak supervisory and financial controls resulted in unjustified provision of amount Rs26,508,924 in estimate.

Audit pointed out the irregularity in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company stated that engineer’s estimates were highly confidential document. The Committee directed to produce estimate, MB and as built drawings. The para was kept pending. No compliance of Committee’s directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification/recovery along-with fixing responsibility.

(Para-31)

4.2.1.7 Loss due to acceptance of higher tender rates – Rs 26.114 million

As per Finance Department letter No. RO(TECH)FD-2-3/85 Volume-4 dated 7th January, 1992, acceptance of tender shall be subject to the condition that the rates quoted and amount tendered are such that the total cost of the project will not exceed the amount for which technical sanction estimate approval has been accorded by more than 4.5%.

Chief Executive Officer of the Scheme accepted tender for the work “Development of Infrastructure” for Rs 340,802,334 against the estimated cost of Rs 301,136,848 which came 13.17% above. The tender was required to be accepted within permissible limit upto maximum 4.5% above the estimated cost for Rs 314,688,006 (301,136,848 X 4.5%) instead of 13.17%.

Weak technical and supervisory controls resulted in loss of Rs 26,114,318 (340,802,334 – 314,688,006).

Audit pointed out the loss in May, 2013. The department did not reply.

The matter was discussed in SDAC meeting held on 16 - 18.11.2015. The company admitted that tenders were accepted @ 13.17% above estimate cost but with the approval of board. The Committee directed to get the relaxation of rules by the Chief Minister within 30 days. The para was kept pending. No compliance of Committee’s directive was intimated despite correspondence till finalization of the report.

Audit recommends early recovery along-with fixing responsibility.
(Para-1)

4.2.1.8 Payment at higher percentage than agreement –Rs18.883 million

As per para V of Finance Department, Government of the Punjab letter No. RO. (Tech.) FD 1-2/83-VI dated 29th March, 2005, the final cost of the tender/ payment shall be the same percentage above/ below the TS Estimate as was at the time of approval of tender.

Chief Executive Officer awarded the work “Development of Infrastructure Works” of the Scheme at 13.17% above the estimated cost of Rs 301,136,848. The 9th IPC depicted that the department made payment to the contractor at 26.09 % above estimated cost. Thus, payment was made @12.92 % over and above the approved percentage at the time of tender.

Weak financial and supervisory controls resulted in overpayment for Rs 18,882,981 to the contractor.

Audit pointed out the overpayment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company did not produce the detailed estimates and actual financial comparative statement and final bill. The para was kept pending for re-verification within 7 days. No compliance of Committee’s directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization or recovery along-with fixing responsibility.

(Para-3)

4.2.1.9 Unjustified payment - Rs1.539 million

As per contract, payment schedule for construction of housing units (2&3-marlas) on first floor, payment for construction of brick work upto lintel level is 15%.

Chief Executive Officer of the Scheme allowed payment of brick work items of work in different works of 2 & 3 marlas houses without completion of same items in the previous incomplete units (residence) of different kinds which was violation of contract. The contractor was given benefit which resulted in delay in completion of work.

Weak administrative and supervisory controls resulted in undue financial benefit of Rs1,539,288 to the contractor due to the payment of items of new units without completion of items of old units.

Audit pointed out the unjustified payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company stated that work was awarded with the approval of competent authority and payment was made as per actual work done. The Committee directed to produce as built drawings and completion report. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-38)

4.2.1.10 Overpayment due to allowing inadmissible item - Rs150,800

As per remarks against item No.5 & 6 Chapter No.23 Tube well & Water Supply of Market Rates System 2nd quarter 2011 District Lahore, drilling of bore hole for Tube well upto 2.00 cusecs discharge should be 15" to 18" dia.

Chief Executive Officer of the Scheme paid a quantity of 1029 raft for the item "Direct rotary/reverse rotary drilling of bore for tube-wells in all type of soil 20" to 26"i/d"@ Rs 495.95 p.rft for installation of two 1.5 cusec tube-wells, whereas drilling of 15"to 18" diameter was permissible for 1.5 cusec tube-well. Therefore, the rate of Rs 349.40 p.rft was applicable instead of Rs 495.95 p.rft.

Weak technical and supervisory controls resulted in overpayment of Rs 150, 800 to the contractor.

Audit pointed out the overpayment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company neither produced design, cross section nor clarification of specification by Finance Department. The Committee settled the para subject to verification of amended specification / condonation by Finance Department. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification or recovery along-with fixing responsibility.

(Para-5)

4.3 Planning

Robust planning/estimation and timely approvals are pre-requisite to ensure economical, smooth and timely execution of works. Audit however, noticed that the detailed cost estimate was not available. Therefore, due to ineffective planning neither the element of economy nor timely completion of the project was achieved.

Recommendation: The management of Housing, Urban Development and Public Health Engineering Department needs to ensure robust planning for economical and timely completion of the project.

4.4. FINANCIAL MANAGEMENT

4.4.1 Cash flows / release of funds were regulated by the Finance Department through its cash management plan depending on the cash flows. Generally, funds were released to the executing agency at the outset of the financial year to take up execution of works as per work plan issued by the executing agency.

4.4.2 Progress reports were prepared on the format as prescribed in the accounting policies and procedures which were cash compliant and submitted to HUD & PHE Department in respect of development schemes on monthly basis upto 7th of every calendar month.

4.4.3 Reconciliation of expenditures was usually not done by the Finance Wing with HUD & PHE Department on monthly basis.

4.4.4 Payments were regulated by the provisions of contract agreement.

4.4.5 No advance payment was made to the contractors.

4.4.6 Financial Management revealed irregularities of Rs 17.420 million relating to issues such as undue financial benefit for non obtaining additional performance security, unjustified payment for less execution of quantity of item, unauthentic expenditure without vouchers and excess expenditure on account of higher rate, given as under:

4.4.6.1 Undue financial benefit due to non obtaining of additional performance security Rs5.752 million

As per Finance Department letter No.RO(Tech)FD-1-2/83/VI(P) Dated 24-01-2006 if contractor quotes his rates below 5% (or more) than estimated rates, additional performance security at the %age equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15-days of the receipt by him of the acceptance letter.

Chief Executive Officer of the Scheme awarded the work “Sector Shops& Apartments and Entrance Gate” in Scheme to different contractors. The contractors quoted rates 24.48%, 9.13%, 15.54% & 15.50% below the engineers estimated rates but the Project Directorate did not obtain additional performance security in shape of bank guarantee or in cash.

Weak technical and supervisory controls resulted in undue financial benefits to the tune of Rs 5,752,271 to the contractors.

Audit pointed out the overpayment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company stated that it was an independent unit and there was no requirement of performance guarantee in FIDIC agreement. The reply was not tenable and Audit apprised the Committee that performance security in the form of an Insurance Guarantee was required under clause IB.32 of contract agreement. The Committee agreed with the view point of Audit and directed the management to obtain condonation from the Chairman. The para was kept pending. No compliance of Committee’s directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification or recovery along-with fixing responsibility.

(Para-14)

4.4.6.2 Unjustified payment of Rs4.409 million

As per payment schedule for construction of housing units (02 & 03 marlas), the mode of payment would be:-

- i. Upto DPC level-15%, Roof level-20%, Roof pouring-25%, Windows + Internal plastering + PCC flooring-15%, Tiles sanitary

- + Electrical-10%, Door installation + kitchen works-10% and internal points-05% on ground floor.
- ii. Upto lintel level-15%, Roof pouring-25%, Water proofing + parapits-10%, Windows + Internal plaster + PCC flooring-15%, External plastering-10%, Tiles + sanitary + Electrical-10%, Door installation + Kitchen works-5% Internal paints-5%, and External paints-5% on first floor.

Chief Executive Officer of the Scheme did not follow the above criteria for payment purposes and paid for incomplete execution of items instead of completion of items at prescribed percentages.

Weak administrative and financial controls resulted in undue financial benefit/ unjustified payment of Rs 4,409,320.

Audit pointed out the unjustified payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company admitted the fact that contract clause was not implemented. The Committee kept pending the para for production of waiver from CEO. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification. Responsibility may also be fixed for the lapse.

(Para-40)

4.4.6.3 Undue financial benefit to the contractor by not obtaining additional performance security Rs 3.543 million

As per Finance Department Government of Punjab letter No.RD(Tech)FD-1-2/83/VI(P) dated 24.01.2006, if contractor quotes his rates below 5% or more than estimated rates, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt by him of the acceptance.

Contrary to above scrutiny of accounts record maintained for above work disclosed that the work was awarded to the contractor and the contractor quoted rates 11.5% below the engineers estimate, but the department did not obtain additional performance security to the tune of Rs3,542,877(34,338,138-30,795,261).

Non-obtaining additional performance security resulted in undue financial benefit to the contractor for Rs 3,542,877 which needed to be justified/ regularized under intimation to Audit.

Audit pointed out the irregularity in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company stated that it was an independent unit and there was no requirement of performance guarantee in FIDIC agreement. The reply was not tenable and Audit apprised the Committee that performance security in the form of an Insurance Guarantee was required under clause IB.32 of contract agreement. The Committee agreed with the view point of Audit and directed the management to obtain condonation from the competent authority. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification or recovery along-with fixing responsibility.

(Para-20)

4.4.6.4 Non-realization of LESCO charges-Rs 1.944 million

As per clause-12 of 'Agreement to Sell' the vendee shall be liable for expenses which may be incurred by the vendor for obtaining connections of electricity, etc. from the relevant department on behalf of the vendee, including amount of securities, cost of meters and other relevant expenses etc. The vendee shall pay such charges as and when demanded by the vendor.

Scrutiny of the accounts record i.e. allottees' files and the detail of 243 NOCs for possession in respect of Ashiana-e-Quaid, Attari Saroba, Lahore it was observed that company was bound to collect LESCO charges regarding connections of electricity and cost of meters from the allottees of the scheme whom the NOCs were issued for taking over the houses completed in all respect by seeking signature on inventory sheets from the allottees but during detailed review of the files the approximate recovery @ Rs 8000 per house was not deducted as the detail of the same was not found attached in the allottees files. Further, no record was provided to Audit in this regard as demanded from the concerned department.

Weak administrative and financial controls resulted in non-recovery of LESCO charges of Rs 1,944,000(243 x 8000).

Audit pointed out the non recovery in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company explained that 186 applicants deposited their electricity connection charges while remaining directly approached LESCO for connections. The Committee settled the para subject to presentation of complete data / details. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-27)

4.4.6.5 Overpayment due to excess rate-Rs1.772 million.

As per rule 2.10(a) of PFR (Vol.-I), every govt. servant should incur expenditure from public exchequer in such a way as a man of ordinary prudence spends money from his own pocket.

Chief Executive Officer of the Scheme provided the following items of 3-marlas residence at higher rates than provided in the estimate of 2-marlas residence whereas the specification of items was the same in both the residences.

Sr.No.	Description	Unit	Qty	Provided Rate	Admissible Rate	Difference	Amount Rs
01	P/F in position popular make conducts fan boxes, light/power pointed, junction boxes before concrete works and plastering work.	Job	01	3000	2700	300	300
02	Electrical Work P/F electrical calling using fast or equivalent cable.	Each	01	3500	3200	300	300
03	Supply installation and commissioning of recessed wall mounting type district	Each	01	8000	7000	1000	1,000
							1,600

Work was allotted at 22% below, the bid price/rate so the total excess payment came to Rs 1,772,316(2,275,200 – 22%) as calculated below:

For one 3-marla house = Rs 1600
 For 1422 houses = 1422 X 1600 = Rs 2,275,200
 Less 22% = 2,275,200 – 22% = Rs 1,772,316

Weak administrative and financial controls resulted in excess payment of Rs 1,772,316.

Audit pointed out the excess payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company did not produce detailed estimates and last paid bills. The Committee kept pending the para for production of detailed estimates and last paid bills. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification or recovery along-with fixing responsibility.

(Para-30)

4.5. CONSTRUCTION AND WORKS

- 4.5.1 Site selection was a part of the scheme for construction of houses but land acquisition was not involved.
- 4.5.2 Design and drawings were prepared by the consultant and got vetted and approved by the competent authority of Planning & Design Directorate, PLDC.
- 4.5.3 Cost estimate of the scheme was prepared according to the approved design but not on composite rates of MRS.
- 4.5.4 For award of construction works, the laid down tendering process was followed. However, Consultants were hired without open competition.
- 4.5.5 Execution of work was supervised through consultant. Progress of execution was supervised through periodic progress reports and physical inspection of works by the field engineers for ensuring both quality and quantity.

4.5.6 Under Construction and Works irregularities of Rs 804.757 million including unauthorized payment for executing excess quantity, payment of non-executed items, poor designing, non-installation of fence, less provision of land in residential area, payment without actual measurement and non deduction of overlapped area of RCC slab were noticed during audit which were as under:

4.5.6.1 Irregular payment of Rs 745.756 million

As per acceptance letter condition No.12 of “Contract Price”, the final contract price for the work is in all respect as per drawing, design & specification forming part of the contract agreement. However, payment will be made on the basis of actual measurement of covered area in conformity with the drawing, design & specifications.

Chief Executive Officer of the Scheme paid an amount of Rs 745,756,618 for construction of 2700 Houses (Residential portion 2-Marla & 3-Marla) but actual measurements of work done were not forthcoming from the record. In the absence of actual measurements of work done, the payment was irregular.

Weak financial and supervisory controls resulted in irregular payment of Rs 745,756,618 to the contractor due to non availability of actual measurement of work done.

Audit pointed out the irregular payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that work was awarded and executed on covered area basis. The Committee did not accept the company’s point of view and directed to get the record i.e. estimate, MB and as built drawings verified within 7 days. The para was kept pending. No compliance of Committee’s directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-10)

4.5.6.2 Excess payment of Rs 47.720 million

As per layout/architectural plan for 2-marla and 3-marla units, the area of living space was 137.50 sft (12'-6" X 11'-00) and 210 sft(14'-00 X 15'-00) respectively.

Chief Executive Officer of the Scheme made payment for the item "RCC roof slab" in excess of living space. The management did not make the calculation showing the adjustment/deduction of area of RCC slab of living space as 53,022 sft (approx.) falling in kitchen of 2-marla unit, outside of main gate of 3-marla unit and some portion for stairs of 2700 houses.

Weak financial and supervisory controls resulted in excess payment of Rs 47,719,800 to the contractor due to non adjustment/deduction of overlapped area of slab.

Audit pointed out the excess payment in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that work was awarded and executed on covered area basis. The reply was not tenable because the rate was calculated without adjustment of the overlapping area. The Committee did not accept the company's point of view and directed to get the record i.e. estimate, MB and as built drawings verified within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early recovery along-with fixing responsibility.
(Para-12)

4.5.6.3 Unauthorized payment due to measurement/execution of excess quantities of different items – Rs7.157 million

According to clause 52.3 read with clause 51.1 to 52.2 of contract agreement, variation in quantities of different items exceeding 15% is required to be paid on the instructions/notification by the engineer incharge subject to submission of copy to employer.

Contrary to above, scrutiny of IPC No.09/Engineer estimate/BOQ disclosed that the quantities of different items under different sub heads were measured/paid more than provisions without approval of engineer in-charge/employer in violation of above referred clauses.

Weak administrative and financial controls resulted in unauthorized payment of Rs 7,156,989 to the contractor due to execution of quantities more than provision without approval, as tabulated below:

Sr	Sub-Head	Item	Rate Rs	Quantity Provided	Quantity Paid	Difference	Overpaid Amount Rs
01	Over Head Water Tank Block A&D	P/L RCC Bowl Ratio 1:1:2	418 P.Cft	4800 Cft (2400X2)	8644.03 Cft	3844.03Cft	1,606,804
02		Extra labour concrete plain or reinforced above 60'-70'	46368 P.cft	14cft	26.19cft	12.19cft	565,226
		above 70'-80'	52164 P.cft	14cft	54.79cft	40.79cft	2,127,770
03	MRS Sewerage	P/L 12" dia RCC pipe Class-2	270 P.Rft	267.30 Rft	1567Rft	1299.70Rft	350,919
04	Non MRS Road Network	Clearing and Rubbing	1300 P% sft	471300 Sft	664090 Sft	192790 sft	2,506,270
Total							7,156,989

Audit pointed out the irregularity in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company explained that deviation was made with the approval of engineer. Audit pointed out that revision of estimate was required. The Committee kept the para pending for revision of estimate. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization or recovery along-with fixing responsibility.

(Para-29)

4.5.6.4 Payment for non-executed items –Rs1.979 million

As per clause 52.3 General Conditions of Contract (Part-I) (a), “all varied work valued under sub-clauses 52.1 & 52.2, after due consultation by the Engineer with the Employer and the contractor, there shall be added to or deducted from the contract price such further sums as may be agreed between the contractor and the Engineer or, failing agreement, determined by the Engineer having regard to the contractor's site and general overhead costs of the contract”.

Chief Executive Officer of the Scheme replaced the RCC stair during execution of work with steel stair but the amount of replaced material which was included in the consolidated item “Providing/applying ½” cement plaster on RCC work” was not adjusted/deducted from the analysis of steel stair. The quantity of plaster came to 126,850 sft for stairs as detail below:

- i). Approximate average area of stairs for plaster in one house = 50 sft
- ii). Total area for 2537 houses = 126,850 sft

Weak administrative and supervisory controls resulted in excess calculation of amount of Rs1,978,800 due to quantity 1,26,850 sft of plaster @ Rs15.60 p.sft (Rs20 p.sft – 22%).

Audit pointed out the irregularity in May 2013. The department did not reply.

The para was discussed in SDAC meeting held on 16-18.11.2015. The company stated that work was executed as per site requirement. The reply was not relevant because Audit objected the payment for item of plastering which was not executed in the area of RCC stair replaced with steel stair. The Committee directed to produce revised detailed estimate and last paid bill / IPC. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification or recovery along-with fixing responsibility.

(Para-34)

4.5.6.5 Unjustified payment due to allowing excess quantities-Rs1.521 million

According to provisions of engineer estimate/BOQ/contract agreement, 464,600cft quantity for the item 'Providing/laying base course (WBM)' was provided and quantity of providing laying sub base course was 528,000cft which was 12% less than sub base course.

Contrary to above, scrutiny of IPC#09 disclosed that the quantity of 307,896cft was paid for the item base course against quantity 321,082cft of sub base course whereas it was required to be paid 282,552cft (321,082cft X -12%) in accordance with ratio provided in Engineer estimate/BOQ/Contract agreement. The position indicated that contents for the item base course were measured/paid in excess i.e. 25,344cft (307,896cft– 282,552cft).

Measurements and payment of quantity more than prescribed ratio resulted in unjustified payment of Rs 1,520,640(25,344cft X 6,000% cft) to the contractor which may either be justified or recovered.

Audit pointed out the irregularity in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that work was executed as per actual requirement. The Committee directed to produce revised detailed estimate and last paid bill / IPC. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early recovery along-with fixing responsibility.

(Para-35)

4.5.6.6 Unjustified provision of item ramming of earth work – Rs623,700

According to rule 2.10(a) of Punjab Financial Rules, Vol. 1, every government servant should exercise the same vigilance for incurring expenditure from Government funds as a person of ordinary prudence would exercise in respect of expenditure incurred from his own money.

Chief Executive Officer of the Scheme got prepared engineer estimate/contract agreement with provision of the quantity of 330,000cft under sub-head distribution network as MRS items "Rehandling of earth lead upto single through of kassi, phaorah or shovel/back filling and compaction of earth in ordinary soil" @ of Rs 2,000 %o cft and same quantity was provided as "Ramming earth work (all types of soil)" @ Rs1,890 %o cft. It is pointed out that provision of "Ramming earth work" in addition to compaction of same quantity was not justified.

Weak administrative and supervisory controls resulted in unjustified provision of item Rs 623,700.

Audit pointed out the poor designing in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that the item was not paid upto last IPC. Audit explained that the work was in progress and still to be finalized. The Committee settled the para subject to the provision of final IPC. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification or recovery along-with fixing responsibility.

(Para-25)

4.5.6.7 Poor designing of residences

As per rule 2.10(a) of PFR (Vol-I), every govt. servant should incur expenditure from public exchequer in such a way as a man of ordinary prudence spends money from his own pocket.

Chief Executive Officer of the Scheme got prepared the structural drawing/design which depicted that there were two RCC beams (B2&B5) and one beam (B1) in roofs of first floors of 3-marla and 2-marla houses respectively. Further the front walls of two types of houses (3-marla & 2-marla) were constructed without set-backs in the area of doors and windows.

Weak administrative and supervisory controls resulted in poor designing due to provision of beams in roofs of first floors and construction of front elevation without set-backs at area of doors and windows.

Audit pointed out the poor designing in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16 - 18.11.2015. The company stated that work was awarded and executed on covered area basis. The Committee did not accept the company's point of view and directed to get the record i.e. estimate, MB and as built drawings

verified within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early regularization/verification along-with fixing responsibility.

(Para-32)

4.5.6.8 Lesser land area in constructed residences - 212 marlas

As per standard measurement of land in Lahore, 3-marla plot contains 675 sft land and 2-marla plot contains 450 sft land @ 225 sft per marla.

Chief Executive Officer of the Scheme allotted the houses of 3-marla and 2-marla to the allottees but consumed the land for plot 3-marla as 643 sft (17.25 X 37.25) instead of 675 sft and 2-marla as 448 sft (16 X 28) instead of 450 sft. So 32 sft in 3-marla unit and 2 sft in 2-marla unit were less allotted.

Weak financial and supervisory controls resulted in less allotment of 212 marla to 2537 residences due to retention of excess area 32 sft in 3-marla & 2 sft in 2--marla.

Audit pointed out the irregularity in May 2013. The department did not reply.

The matter was also discussed in SDAC meeting held on 16-18.11.2015. The company stated that work was awarded and executed on covered area basis. The Committee did not accept the company's point of view and directed to get the record i.e. estimate, MB and as built drawings verified within 7 days. The para was kept pending. No compliance of Committee's directive was intimated despite correspondence till finalization of the report.

Audit recommends early verification along-with fixing responsibility.

(Para-13)

4.6. ASSET MANAGEMENT

Data and manual record of houses under the jurisdiction of PLDC were being maintained house-wise and location-wise.

4.7. MONITORING AND EVALUATION

4.7.1 Progress of scheme under execution was reviewed on monthly and quarterly bases by the Managing Director, Principal Accounting Officer (PAO) concerned and Planning & Development Department. The changes if any, were made as per site requirement with the approval of the competent forum.

4.7.2 Internal checks such as inspections, regular monitoring, supervision by field engineers, mechanized testing/laboratory test reports of the executed works and photographs were vital to ensure qualitative execution of work in line with the specification and approved design. Two levels of monitoring/supervision firstly by material testing laboratory and secondly by the supervisory engineers were prescribed in this regard.

4.7.3 Site visit by Audit Team indicated that the work of boundary wall (type-A) was not executed according to allowed payment regarding utilization of special bricks. This resulted in overpayment.

Recommendation: The Housing, Urban Development and Public Health Engineering management needs to augment its monitoring and supervisory role in order to ensure execution of quality work.

4.8. ENVIRONMENT

Compliance of Section 12 of Pakistan Environmental Protection Act, 1997 was made as under:

4.8.1 Environmental Impact Analysis (EIA) was carried out in respect of Ashiana Quaid Attari Saroba Lahore

4.8.2 Environmental data were compiled by the project authorities. The report describes the various actual and the potential environmental impacts pertaining to both phases of the project i.e. Construction phase and the subsequent phase of occupation of the houses by the allottees with reference to their extent and magnitude.

4.8.3 Environmental data and analyses thereon were available with the department to check whether or not any remedial steps towards improvement viz-a-viz the planned results were taken or initiated by the department.

Recommendation: PLDC management needs to carry out EIA before the start of remaining projects.

4.9. SUSTAINABILITY

4.9.1 Sustainability is an integral part of operational performance. Sustainability of the project depends mainly upon the sufficient flow of financial resources both during implementation and its operation.

4.9.2 Recurring cost was not provided in the engineer estimate of the scheme by the department.

4.9.3 Ashiana Resident Cooperative Housing Society will manage the maintenance of the society structure.

4.9.4 Recurring cost is to be met through annual budget provision made by Ashiana Resident Cooperative Housing Society.

4.10. OVERALL ASSESSMENT

4.10.1 **Relevance:** MTDF aims to improve housing facilities through

expansion of housing schemes. The scheme was in line with Government's sectoral policies and sectoral priorities identified for Lahore Urban Development Programme.

4.10.2 **Efficacy:** Review of construction of housing scheme and infrastructure indicated that time overruns were a permanent feature prevailing in HUD & PHE Department resulting not only in delays in the achievement of the project objectives/targets and delivery of the desired benefits to the end users.

4.10.3 **Efficiency:** The project which was planned to be completed within two years upto March, 2013, was delayed for a considerable period and during follow-up of Audit, it was reported that the time was extended for the third time i.e. upto 31st December, 2016. The cost overrun over the original PC-I cost of Rs1949.460 million was, however, reduced by curtailing the number of houses from 2700 to 1742. The main causes of poor performance were ill-planning and poor surveys at the feasibility stage of the project clubbed with poor supervision at the stage of execution.

4.10.4 **Economy:** The work was awarded through open competition on competitive rates.

4.10.5 **Effectiveness:** Since the project was still incomplete, therefore, successful achievement of objectives, targets and desired results could not be analyzed and assessed.

4.10.6 **Compliance with Rules:** Issues of poor contract management were noticed. Non-adherence to provisions of agreement was a critical area which needed to be given a serious attention.

4.10.7 **Performance Rating:** Moderately satisfactory.

4.10.8 **Risk Rating:** Medium

5. CONCLUSION

5.1 Key Issues for the Future: Competitive bidding, fluctuation in the prices of materials/labour and climatic conditions are likely to limit project's performance and achievement of objectives.

5.2 Lessons Identified: Improper feasibility/survey and non-compliance of contractual obligations and violation of rules are critical areas to be improved for achieving satisfactory performance.

ACKNOWLEDGEMENT

We wish to express our appreciation to the management and staff of PLDC for the assistance and co-operation extended to the auditors during this assignment.

(Annex.-A)

Description	Measurement	Area	Total
Bath	7.125 * 5.125	36.5156 sft	436.21 sft
Bed	6.875 *11.625	79.9218 sft	
	4.875 *11.500	56.0625 sft	
Kitchen	6.250 *11.50	71.875 sft	
Living	11.125 *15.75	36.5156 sft	
	3.50 * 4.75	16.625 sft	

(Annex.-B)

Ground Floor

Description	Measurement	Area	Total
Bath	5.875 X 6.5	38.1875sft	345.4374
Bed	10.125 X 12.125	122.7656sft	
Kitchen	6.625 X 7.125	47.2031	
Living	9.375 X 11.75	110.1562	
Stair	7.75 X 3.5	27.125	

First Floor

Description	Measurement	Area	Total
Bed	10.25 x 12.50	26.5625sft	257.4125sft
Bath	6.50 x 3,125	20.3125sft	
Store	6.625 x4.375	28.9844sft	
Lobby	3.125 x 5.25	16.4062sft	
	2.375 x 1.625	3.8594 sft	
	5.875 x 10.50	61.687 sft	