



**AUDIT REPORT
ON
THE ACCOUNTS OF
C&W, HUD&PHE, IRRIGATION,
LG&CD AND ENERGY
DEPARTMENTS,
PGSHF, IDAP, CDA AND
PDS&CEA (WORKS PORTION)
GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2024-25**

AUDITOR-GENERAL OF PAKISTAN

**SERVING THE NATION BY PROMOTING ACCOUNTABILITY TRANSPARENCY AND
GOOD GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES
FOR THE CITIZENS OF PAKISTAN**

PREFACE

Articles 169 and 170 of Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of Auditor-General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of the accounts of Government of the Punjab or body established by or under the control of Government of the Punjab.

The report is based on audit of the accounts of Communication & Works, Housing, Urban Development & Public Health Engineering, Irrigation, Local Government & Community Development and Energy Departments of Government of the Punjab and various authorities of the province for the Financial Year 2023-24. It also contains audit paras pertaining to previous financial years. The Directorate General of Audit Works (Provincial), Lahore conducted audit during 2024-25 on test check basis with a view to reporting significant findings to the relevant stakeholders. Relatively less significant findings, given in Annexure-A, shall be pursued with the Principal Accounting Officers (PAOs) and any lack of appropriate action will warrant their inclusion in next year's Audit Report.

This office conducted an impact audit and a thematic audit during the audit year whose results are also presented in this report.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid the recurrence of similar violations and irregularities.

Most of the observations included in this report have been finalized in light of discussions in the SDAC meetings.

There are certain audit issues which were also reported in last years' Audit Reports for the Financial Years 2018-19 to 2022-23. Recurrence of such irregularities is a matter of concern and needs to be addressed.

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

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

AA	Administrative Approval
AASHTO	American Association of State Highway and Transportation Officials
ABC	Asphaltic Base Course
ADP	Annual Development Programme
AIM	Akhuwat Islamic Microfinance
AR	Audit Report
ATL	Active Tax Payer List
AWC	Asphaltic Wearing Course
B&R	Buildings & Roads
BD	Buildings Division
BoQ	Bill of Quantities
BoR	Board of Revenue
C&W	Communication and Works
CDA	Cholistan Development Authority
CDR	Call Deposit Receipt
CE	Chief Engineer
Cft	Cubic Feet
CMIT	Chief Minister Inspection Team
CNIC	Computerized National Identity Card
Cu.m	Cubic Meter
DAO	Divisional Accounts Officer
DAGP	Department of the Auditor-General of Pakistan
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DFR	Departmental Financial Rules
DG	Director General
DGPC	Directorate General of Petroleum Concession
DG Khan	Dera Ghazi Khan
DGAW-P	Directorate General of Audit Works (Provincial)
DP	Draft Para
E&P	Exploration and Production
EW	Earth work
FBR	Federal Board of Revenue
FD	Finance Department
FDA	Faisalabad Development Authority
FIR	First Information Report
FY	Financial Year
GDA	Gujranwala Development Authority
GDP	Gross Domestic Product
GFR	General Financial Rules
GST	General Sales Tax

H&PP	Housing and Physical Planning
HP&EP	Housing Physical & Environmental Planning
HD	Highways Division
HDPE	High Density Polyethylene
HR	Human Resource
HSD	High-Speed Diesel
HUD&	Housing, Urban Development and Public Health
PHED	Engineering Department
HVAC	Heating Ventilation and Air Conditioning
i/d	Inner Dia
IDAP	Infrastructure Development Authority Punjab
IPC	Interim Payment Certificate
JMF	Job Mix Formula
JV	Joint Venture
Kg	Kilogram
Km	Kilometer
LAC	Land Acquisition Collector
LDA	Lahore Development Authority
LED	Light Emitting Diode
LG&CD	Local Government and Community Development
M&R	Maintenance and Repair
MB	Measurement Book
MC	Management Committee
MD	Managing Director
MDA	Multan Development Authority
MFDAC	Memorandum for Departmental Accounts Committee
MGD	Million Gallons per Day
MRS	Market Rates System
MS	Mild Steel
MTBF	Medium Term Budgetary Framework
MTDF	Medium Term Development Framework
NADRA	National Database and Registration Authority
NJB	New Jersey Barrier
NOC	No Objection Certificate
O&M	Operation & Maintenance
P&D	Planning & Development
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Plain Cement Concrete
PC-I	Planning Commission-I
PCBDDA	Punjab Central Business District Development Authority
PDWP	Provincial Development Working Party

PEEDAA	The Punjab Employees Efficiency, Discipline and Accountability Act
P/F	Providing and Fixing
PFR	Punjab Financial Rules
PGSHF	Punjab Government Servants Housing Foundation
PHA	Parks and Horticulture Authority
PHATA	Punjab Housing and Town Planning Agency
PHED	Public Health Engineering Department
PHS	Private Housing Scheme
PIDSA	Pakistan-Italian Debt for Development Swap Agreement
P/L	Providing and Laying
POL	Petroleum, Oil & Lubricants
PPRA	Punjab Procurement Regulatory Authority
PRA	Punjab Revenue Authority
PSI	Pounds per Square Inch
PST	Punjab Sales Tax
RCC	Reinforced Cement Concrete
RCD	Road Construction Division
RCE	Rough Cost Estimate
RD	Reduce Distance
Rft	Running Feet
RO	Reverse Osmosis
RR&MTI	Road Research and Material Testing Institute
RTSE	Revised Technically Sanctioned Estimate
RUDA	Ravi Urban Development Authority
SAR	Special Audit Report
S&GAD	Services and General Administration Department
SAP	Systems, Applications and Products in Data Processing
SDAC	Special Departmental Accounts Committee
SDO	Sub-Divisional Officer
SE	Superintending Engineer
Sft	Square Feet
SOPs	Standard Operating Procedures
Sq.m	Square Meter
ToR	Terms of Reference
TSE	Technically Sanctioned Estimate
u/s	Under Section
UC	Union Council
UD-Wing	Urban Development Wing
Vol	Volume
WASA	Water and Sanitation Agency
WBM	Water Bound Macadam
WCLA	Walled City of Lahore Authority

w.e.f	With effect from
XEN	Executive Engineer
%cft	Per Hundred Cubic Foot
%ocft	Per Thousand Cubic Foot

EXECUTIVE SUMMARY

The Directorate General of Audit Works (Provincial), Lahore, audited the accounts of Government of the Punjab's Communication & Works (C&W), Housing, Urban Development & Public Health Engineering (HUD&PHE), Irrigation, Local Government & Community Development (LG&CD), and Energy Departments. The audit also covered provincial authorities, including the Punjab Government Servants Housing Foundation (PGSHF), Infrastructure Development Authority of Punjab (IDAP), Cholistan Development Authority (CDA), and the civil works of the Punjab Daanish Schools and Centres of Excellence Authority (PDS&CEA). The audit was conducted under the mandate of the Auditor-General of Pakistan and in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

During the Audit Year 2024-25, the office utilized a budget of Rs 329.137 million and deployed a workforce of 187 officers and staff, contributing a total of 46002 man-days.

Computer-Assisted Audit Techniques (CAAT) were employed to identify high-risk entities and transactions with significant financial implications, thereby optimizing the use of limited audit resources. Following this, fieldwork was conducted with a focus on the prioritized auditable issues identified during the desk audit phase.

Upon completion of the fieldwork, the audit findings underwent a thorough review, incorporating the responses provided by the audited entities. Special Departmental Accounts Committee (SDAC) meetings were convened to deliberate on the identified issues and finalize the audit outcomes. This comprehensive approach, integrating both desk and field audit methodologies, aimed to ensure a robust and meticulous examination of high-risk entities and transactions, while promoting transparency and accountability through effective communication with the audited entities.

The report comprises twelve (12) chapters, presenting the outcomes of compliance and authority audits conducted predominantly during the Audit Year 2024-25, along with a number of paras related to previous audit years. It further includes the findings and analysis of an

Impact Audit on the “*Urban Water Supply Scheme Chakwal City (Based on Khai Dam)*” and a Thematic Audit titled “*Revenue Generation and Sustainability of Parks and Horticulture Authority.*”

The Impact Audit is a new initiative by the Department of the Auditor-General of Pakistan (DAGP) aimed at assessing whether a project's intended impact has been effectively achieved. In the audit of the "*Urban Water Supply Scheme Chakwal City (Based on Khai Dam)*" project, it was concluded that the project was only partially successful in meeting its objectives. The primary reason was inadequate planning, which failed to properly account for future water demand projections and the environmental impact of the project's interventions. A detailed analysis of these issues is provided in Chapter 11 of the report.

The audit findings presented in the report highlight several critical issues that require immediate attention. These include a persistent disregard for the applicable regulatory framework, improper utilization of funds, inadequate record management practices, lack of transparency in procurement processes, and mismanagement of revenues and receipts.

The report strongly emphasizes the imperative of reinforcing internal controls within audited entities. It stresses the urgency of implementing measures that ensure effective accountability, highlighting the significance of rectifying the identified shortcomings to uphold fiscal prudence and maintain organizational integrity. It is essential for audited departments to address these concerns in order to promote good governance, financial prudence, and transparent operational practices.

a. Scope of Audit

This office is mandated to conduct audit of 911 formations working under ten (10) PAOs. Total expenditure and receipts of these formations were Rs 472.127 Billion¹ and Rs 10.708 Billion² respectively, for the Financial Year (FY) 2023-24.

¹Expenditure figures from SAP FY 2023-24

² Estimates of Receipt Book for 2024-25

Audit coverage relating to expenditure for the current audit year, under the compliance audit category comprises seventy-seven (77) formations of seven (07) PAOs having a total expenditure of Rs 196.638 Billion for the FY 2023-24. In terms of percentage, the audit coverage for expenditure is 41.65 % of auditable expenditure.

Audit coverage relating to receipt is of Rs 2.090 Billion for the FY 2023-24. In terms of percentage, the audit coverage for receipts is 19.52% of the total receipt.

This audit report also includes audit observations resulting from the audit of expenditure Rs 115.828 Billion and receipts of Rs 2.766 Billion for the FY 2022-23 pertaining to sixty-two (62) formations of eight (08) PAOs.

This office carried out an Impact Audit along with a Thematic Audit, which have been incorporated in this report.

In addition to this compliance audit report, the Directorate General of Audit Works (Provincial), Lahore conducted sixteen (16) Financial Attest Audits, one (01) Performance Audit and one (01) Special Study. Reports of these audits are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, recovery of Rs 23.465 Billion was pointed out in this report. Recovery effected from January to December 2024 was Rs 1.115 Billion which was verified by Audit.

c. Audit Methodology

A desk audit was conducted to understand the changes in the planned entities' systems and functions, procedures, and control environment during the period under consideration and identify high-risk areas. In this regard, permanent files of the PAOs were updated and planning for field audit undertaken accordingly. Audit methodology included:

- i. Understanding the business processes and related control mechanisms.
- ii. Identifying key controls based on control system review and prior years' audit experience.
- iii. Prioritizing risk areas by determining the significance and probability of occurrence of risks associated with the identified key controls.
- iv. Updating audit programmes for testing the selected risk conditions during the fieldwork.
- v. Selecting auditable formations for the current year audit plan based on materiality and risk assessment considerations.
- vi. Selecting samples to be tested during the fieldwork on predetermined sampling criteria which included selection of high-value items and other potentially important items.
- vii. Executing audit programmes on the selected samples during the fieldwork.
- viii. Identifying instances of non-compliance with applicable rules and regulations.
- ix. Performing cause and effect analysis for the identified instances of non-compliance and developing audit observations and recommendations.
- x. Evaluating results of the audit and identifying systemic issues regarding internal controls weaknesses.
- xi. Reporting the audit findings.
- xii. Following up the decisions made by the competent forums on the audit findings.

d. Audit Impact

External auditing serves a critical role in overseeing compliance with applicable rules and regulations and assessing the efficiency of the executive's use of public funds, without interfering in operational decisions. By providing independent, evidence-based reports, external audits facilitate executive management in improving financial discipline and operational efficiency while also empowering the parliament to perform its oversight duties effectively. This dual relationship with both the executive and parliament fosters a balanced and robust framework for accountability in governance.

Fulfilling its responsibility as an external auditor, DGAW-P has been instrumental in promoting adherence to rules and procedures while raising awareness among stakeholders. Through annual financial, compliance, and performance audits, the office has identified instances of inefficiencies, waste, and fraud in public expenditures and provided actionable recommendations. Comprehensive discussions during SDAC meetings on audit findings have led to informed corrective actions and policy adjustments, with some recommendations receiving endorsement from the Finance Department (FD), thereby validating the significance of audit insights.

Audit efforts have led to amendments in rules and procedures, enhancing the conservation of public funds and reinforcing financial discipline within the public sector. The alignment of audit recommendations with policy changes underscores the vital role of external auditing in fostering accountability and promoting efficient governance. The following points outline the procedural modifications and policy decisions implemented in response to the awareness generated by audit observations.

i. Audit consistently highlighted the approval of higher rates for non-standardized civil works items, which led to undue benefits for contractors. Through persistent follow-up, Audit prompted the FD to standardize most of these items, and is now actively monitoring the implementation of this standardization to ensure compliance. The initiative addresses past discrepancies and promotes more efficient, cost-effective management of public funds. The following notable additions to the MRS were made by the FD during the financial year under review:

- In the 1st and 2nd Biannual MRS of 2023, FD added nineteen new items in "Plumbing, Sanitary Installation & Gas Fittings" (Chapter 19) and "Electric Installation" (Chapter 24), while also clarifying rates for excavation-related items in Chapter 3, item No. 21.
- Calculation for termite proofing (Item 43, Chapter 26) in the 2nd Biannual 2022 MRS was revised to 540 sq. ft. for 2.16 liters, instead of 205 sq. ft. per liter on the basis of actual consumption.

Classifying these items as scheduled items helped to mitigate exaggerated rates and ensured greater transparency.

ii. In response to persistent concerns raised by the audit regarding shortcomings in the tendering process, which allowed contractors to manipulate bids for undue financial gain, the FD took corrective action by implementing an E-Tendering system for competitive bidding. This change has significantly reduced quoted rates in tenders, resulting in substantial cost savings. The implementation of E-Tendering not only promotes transparency and fairness in the bidding process but also ensures more cost-effective and efficient outcomes for government projects.

iii. Punjab government employees faced extraordinary delays in receiving refunds for subscription deductions from their salaries, even when these deductions were made without their formal consent or after they had voluntarily withdrawn from the Punjab Government Servants Housing Foundation (PGSHF). In March 2024 audit highlighted the need for a prompt refund mechanism. In June 2024, the foundation streamlined the refund process and launched a publicity campaign, committing to processing refunds within three days and providing direct relief to employees.

iv. Audit highlighted significant delays in the SL III project (Adda Plot to Multan Road), initially planned under the PPP model but later shifted to the Annual Development Program (ADP). Poor planning was identified as the primary cause, leading to financial strain and public inconvenience. The PAC expressed concerns over recurring issues in poorly planned projects and instructed departments to improve planning by addressing technical, financial, and operational aspects.

e. Comments on Internal Controls and Internal Audit Departments

The audit report underscores persistent discrepancies that have been repeatedly observed over time, pointing to potential structural deficiencies stemming from inadequate supervision and a flawed internal control system. The recurrence of similar issues highlights the urgent need for corrective measures to strengthen internal controls and improve overall accountability.

Notably, none of the departments audited by DGAW-P have an internal audit function a critical tool for identifying and addressing internal control weaknesses. Without this, gaps remain undetected, and recurring issues are not systematically resolved. Additionally, these departments lack procedures to compare current audit findings with previous ones, hindering efforts to identify and address persistent shortcomings.

The report highlights critical internal control deficiencies that require urgent attention:

- **Lack of Accountability:** There is no system to hold officials accountable for repeated non-compliance, reducing the incentive to address recurring issues.
- **Absence of Internal Audits:** Departments lack independent internal audit functions essential for designing, implementing, and maintaining effective controls. Such audits could proactively identify weaknesses and recommend corrective actions.

Addressing these issues is critical to breaking the cycle of recurring audit findings. Establishing a strong internal control system with clear accountability mechanisms and an independent internal audit function will improve governance, financial management, and public service delivery.

f. The key Audit Findings of the Report

Significant audit findings are given below:

- i. Four (04) cases of fraudulent payments and transfer of plot - Rs 13,184.009 million³.
- ii. Fifty-one (51) cases of overpayments on account of application of higher rates, allowing longer leads for carriage of materials, non-maintenance of agreed tender percentages, inadmissible price escalation and paying for more quantities of bitumen than actually used - Rs 3,114.171 million⁴.

³ 2.4.2.1, 3.4.1.1, 3.4.3.1, 3.4.15.1

⁴ 2.4.1.1, 2.4.1.3, 2.4.1.4, 2.4.1.5, 2.4.1.9, 2.4.1.10, 2.4.1.12, 2.4.1.13, 2.4.1.14, 2.4.2.3, 2.4.2.4, 2.4.2.6, 2.4.2.7, 2.4.2.8, 2.4.2.9, 2.4.2.12, 3.4.1.2, 3.4.1.3, 3.4.1.7, 3.4.2.1, 3.4.2.2, 3.4.7.2, 3.4.7.3, 3.4.8.1, 3.4.10.2,

- iii. Twenty-two (22) cases of non-recoveries on account of risk and expense, government taxes, advances, cost of excess area of land, commercialization fees, and cost of retrieved material – Rs 12,420.550 million⁵.
- iv. Seven (07) cases of irregular enhancement of works and mis-procurement in contravention of Punjab Procurement Regulatory Authority (PPRA) Rules - Rs 7,074.421 million⁶.
- v. Seven (07) cases of undue financial benefit to the contractors through non-obtaining/non-revalidation of performance/additional performance securities, bank guarantees, and premature release of security deposits - Rs 1,615.878 million⁷.
- vi. Two (02) cases of encroachment of public sites due to inefficiency and negligence - Rs 310.911 million⁸.
- vii. Two (02) cases of non-recovery due to substandard execution of works – Rs 1,158.157 million⁹.
- viii. Unlawful allotment of plots to ineligible members of PGSHF – Rs 605.669 million¹⁰.
- ix. Failure of PGSHF to provide housing facilities to a significant number subscribers¹¹.
- x. Non-transparent PGSHF records and irregular subscription deductions¹².

g. Recommendations

Based on the audit findings, the following recommendations are made to enhance financial accountability and prevent recurring financial irregularities and other issues:

- i. It is essential to strengthen internal controls to protect against fraudulent transactions. Departments should identify weaknesses in both the design and implementation of their control systems and address them accordingly.

3.4.13.1, 3.4.15.2, 3.4.15.3, 3.4.15.7, 3.4.15.8, 3.4.15.9, 4.4.1, 4.4.2, 4.4.3, 4.4.5, 4.4.6, 4.4.7, 4.4.8, 5.4.1.4, 5.4.1.5, 5.4.1.6, 5.4.1.8, 5.4.1.10, 6.4.1, 6.4.2, 7.4.1, 7.4.2, 7.4.6, 8.4.1, 8.4.2, 10.4.1,

⁵ 2.4.1.16, 2.4.1.17, 2.4.2.18, 2.4.2.19, 2.4.2.20, 3.4.1.8, 3.4.1.9, 3.4.2.3, 3.4.2.4, 3.4.3.2, 3.4.3.3, 3.4.5.2, 3.4.11.1, 3.4.12.2, 3.4.14.1, 3.4.15.10, 3.4.15.12, 4.4.10, 6.4.7, 7.4.10, 8.4.3, 9.4.1

⁶ 2.4.1.20, 2.4.2.25, 3.4.3.4, 3.4.15.13, 4.4.13, 4.4.17, 5.4.2.3

⁷ 2.4.2.23, 3.4.4.2, 3.4.12.3, 3.4.14.2, 3.4.15.14, 5.4.1.11, 7.4.13

⁸ 2.4.2.17, 10.4.3

⁹ 2.4.2.16, 6.4.5

¹⁰ 7.4.15

¹¹ 7.4.14

¹² 7.4.16

- ii. Immediate actions must be taken to recover overpayments, emphasizing the need for financial discipline within departments.
- iii. All government taxes, charges, fees must be collected diligently and promptly deposited into the treasury and retrieved material should be recovered to ensure transparency and efficient financial management.
- iv. Strict adherence to the Public Procurement Regulatory Authority (PPRA) Rules 2014 is required for the procurement of goods, services, and works. This will contribute significantly to ensuring transparency and fairness in the procurement process.
- v. It is crucial to manage securities and bank guarantees submitted by contractors effectively. The works departments should focus on strengthening internal controls to address the ongoing non-compliance issues.
- vi. Ensuring the correctness, reliability, and proper maintenance of property and revenue records is critical. Additionally, efforts must be made to retrieve encroached land from illegal occupants, with a focus on establishing operative internal controls to prevent future lapses.
- vii. Early recovery needs to be effected on account of substandard works or to rectify the substandard work from the cost of contractors besides devising a monitoring system to avoid such lapse in future.
- viii. Allotment of plots should comply with the PGSHF Act and Foundation's rules, while PGSHF must review housing programs to identify inefficiencies, implement a streamlined financial model, and establish regular monitoring for timely housing delivery to government employees.
- ix. The internal audit function plays a vital role in maintaining an effective internal control system. Works departments must prioritize establishing a robust internal audit function to strengthen both preventive and detective controls.
- x. To promote a culture of accountability and responsibility, respective Principal Accounting Officers (PAOs) should ensure enforcement of disciplinary actions against individuals engaged in delinquent behavior.

These recommendations aim to foster improved financial accountability, reduce irregularities, and strengthen the overall governance framework within the departments.

CHAPTER – 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

Overview

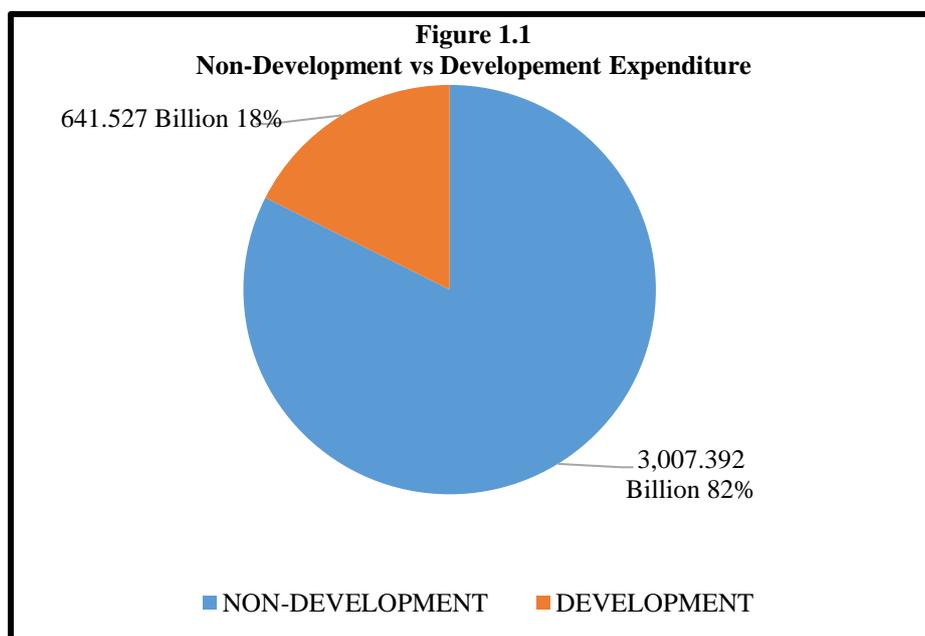
The development works in Punjab are being executed by Government of the Punjab through:

- i) **Specialized Public Works Departments:** Communication & Works, Irrigation, Housing, Urban Development & Public Health Engineering, and Local Government & Community Development.
- ii) **Development Authorities:** Development authorities and agencies (like LDA, GDA, RDA, FDA, MDA, CDA, WASAs, and PHAs), which have been established to carry out development works in their specified geographical jurisdiction. These development agencies execute development projects from their own sources as well as funds received from government.
- iii) **Specialized Agencies:** Punjab Mass Transit Authority, Infrastructure Development Authority Punjab, RUDA, PCBDDA, Daanish Schools and others are entrusted with development activities in their respective areas of jurisdiction.

The Planning and Development Board of Government of the Punjab plays a pivotal role in provincial development planning. Its primary responsibilities include formulating the government's vision, policies, and strategies for economic growth in consultation with stakeholders and in alignment with National Economic Council guidelines. The board is tasked with preparing the Annual Development Plan and the Medium-Term Development Framework (MTDF). Additionally, it coordinates with various government departments, monitors the implementation of development initiatives, and evaluates the progress and outcomes of projects and programs.

Development Portfolio of the Punjab

The overall financial position for FY 2023-24 reveals that total expenditure amounted to Rs 3,648.919 Billion. Of this, 82% was allocated to non-development expenditure, while only 18% was directed towards development expenditure. This allocation underscores a significant focus on operational and recurrent expenses at the cost of developmental initiatives. During the same period, GDP growth stood at 2.38%¹³, falling short of the anticipated 3.5% growth rate, reflecting slower-than-expected economic activity. The expenditure portfolio of Government of the Punjab for FY 2023-24 is depicted in Figure 1.1 as under:



Source: *Budget Book (FY 2023-24)*

This distribution highlights the pressing need to optimize spending to achieve a balance that supports economic growth while maintaining essential services.

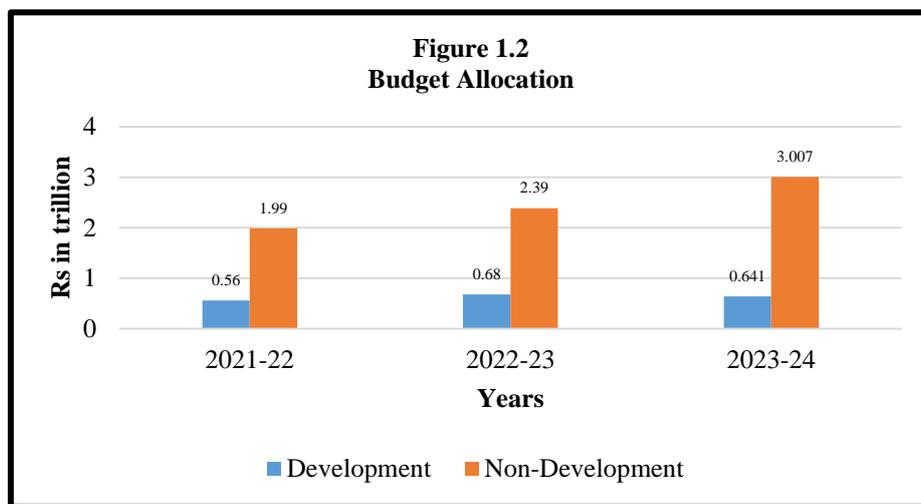
Budget Trend Analysis

Punjab's disproportionately high budget allocation to the non-development sector is driven by its large public sector, the largest in the country. This extensive bureaucracy requires substantial financial

¹³ Economic Survey of Pakistan

resources for salaries, administrative costs, and operations, leaving a relatively small share of the budget for development initiatives such as infrastructure, education, and healthcare.

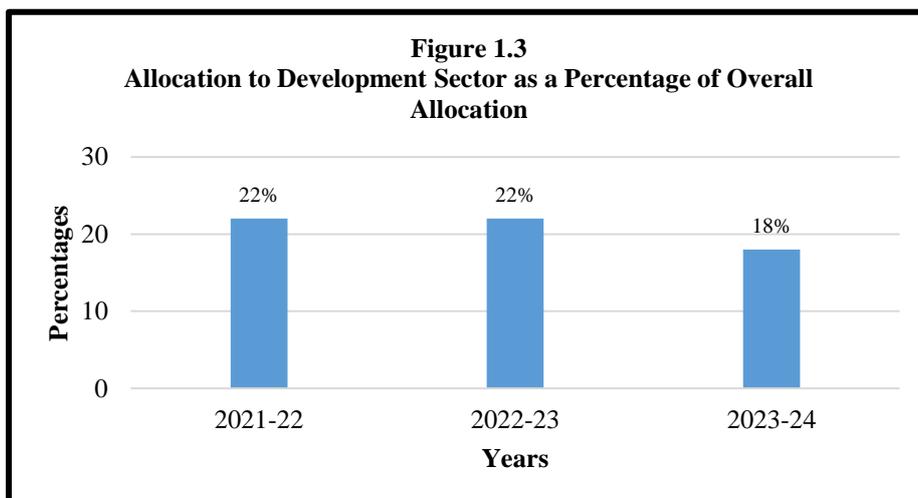
To address this imbalance, a strategic reassessment of priorities and resource allocation is essential. Balancing the operational requirements of the public sector with the pressing need for development is critical for sustainable economic growth and meeting the province's evolving needs. Future budgetary frameworks need to aim to optimize resource distribution, ensuring a more equitable allocation between non-development and development sectors. Budgetary allocations for the last three financial years are presented in Figure 1.2 below:



Source: Budget Books (FY 2021-22 to 2023-24)

The bar chart highlights a pronounced disparity in fund allocation between Punjab's development and non-development sectors. Compounding this issue, an analysis of intra-sector allocations over the past three years, as depicted in Figure 1.3, reveals a consistent decline in development sector funding. The bar chart vividly illustrates a substantial disparity in fund allocation between the development and non-development sectors in Punjab. Adding to this concern, a closer examination of intra-sector allocations over the past three years, as shown in Figure 1.3, reveals a consistent decline in funding to the development sector. This trend not only reinforces the under-resourcing of the development sector but also raises significant concerns about the

province's ability to invest in critical areas such as infrastructure, education, and healthcare.



Source: Budget Books (FY 2021-22 to 2023-24)

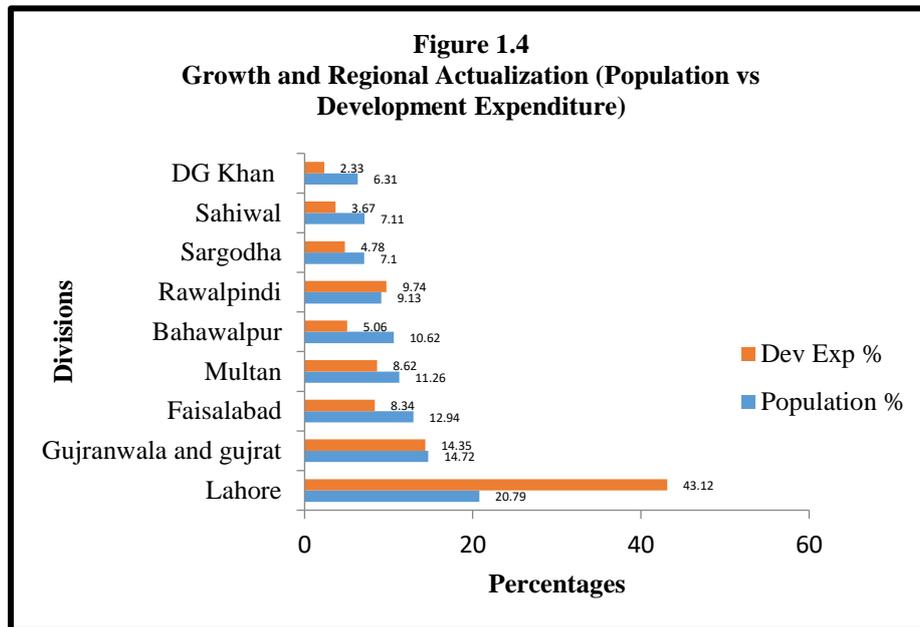
The development sector witnessed a 4% decline in allocation in FY 2023-24 compared to FY 2022-23, signaling a possible strategic reallocation of resources to address pressing operational or non-development needs. However, this shift appears to come at the cost of infrastructure and long-term growth priorities. While addressing immediate challenges is important, the persistent underfunding of the development sector raises serious concerns about the province's ability to invest in critical programmes essential for sustainable growth and socio-economic development. A more balanced approach is needed to align immediate needs with long-term objectives.

Disparities in Development Funding: Aligning Growth with Equity

The 2018 and 2023 growth strategies prioritized inclusive growth and regional equalization, yet development fund allocations (Figure 1.4) reveal significant imbalances. DG Khan, Bahawalpur, and Sahiwal divisions received disproportionately lower Annual Development Program (ADP) shares relative to their populations, while Lahore division secured a significantly larger portion.

This misalignment undermines regional equalization goals, highlighting the need for a more data-driven allocation approach. Factors such as existing infrastructure, population density, and

economic needs must be thoroughly assessed to ensure fair resource distribution. A strategic realignment of funding, consistent with growth strategy objectives, is essential to achieving equitable development across all divisions.



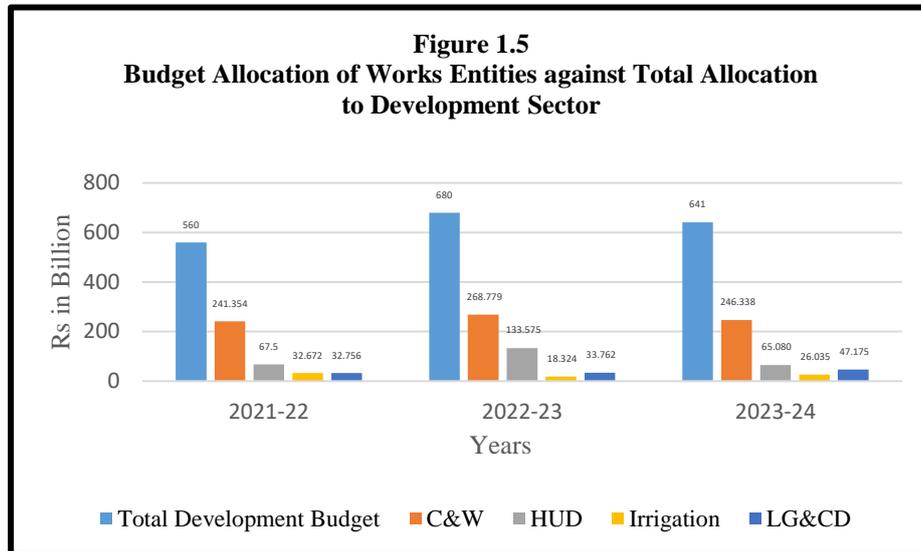
Source: Expenditure Figures from SAP (FY 2023-24) and census of Pakistan 2023.

Infrastructure Development in the Punjab

The infrastructure sector is undeniably central to Punjab's economic growth, serving as a primary driver of development. Departments such as C&W, HUD&PHE, Irrigation, LG&CD, Transport, and Energy, alongside provincial authorities, play a critical role in infrastructure development. Recognizing this, the government allocates a significant share of the development budget to these entities.

Effective utilization of these funds by the responsible departments is key to translating budgetary allocations into impactful outcomes, such as, enhanced transportation systems, irrigation networks, and energy infrastructure. This synergy between budget allocation, departmental performance, and infrastructure development is essential for fostering sustained and inclusive economic growth in Punjab.

The Directorate General of Audit Works (Provincial), Lahore conducts audits of these entities to ensure compliance with financial and operational guidelines. Figure 1.5 highlights the development budget allocations for these departments, revealing a slight downward trend consistent with the overall reduction in development funding.



Source: Budget Books (FY 2021-22 to 2023-24)

Over the past three years, allocations to key works departments as a percentage of total development funds showed 68% in 2021-22, 69% in 2022-23, and 62% in 2023-24, with the C&W department consistently receiving the largest share. The fluctuations in allocations between these departments reflect shifting priorities and emerging needs within the development agenda.

Effective auditing serves as a critical oversight mechanism, ensuring transparency, accountability, and the optimal utilization of these funds to enhance the success of development initiatives.

Target Achievement Vis-à-Vis MTFD/ADPs

The targets outlined in both the Medium-Term Development Framework and ADPs mirror the ambitious goals set in the budget estimates 2023-24. However, the reality presents a different picture as these lofty goals were often far from being realized, concluding year of the strategy.

Reduction in the Number of Approved Schemes

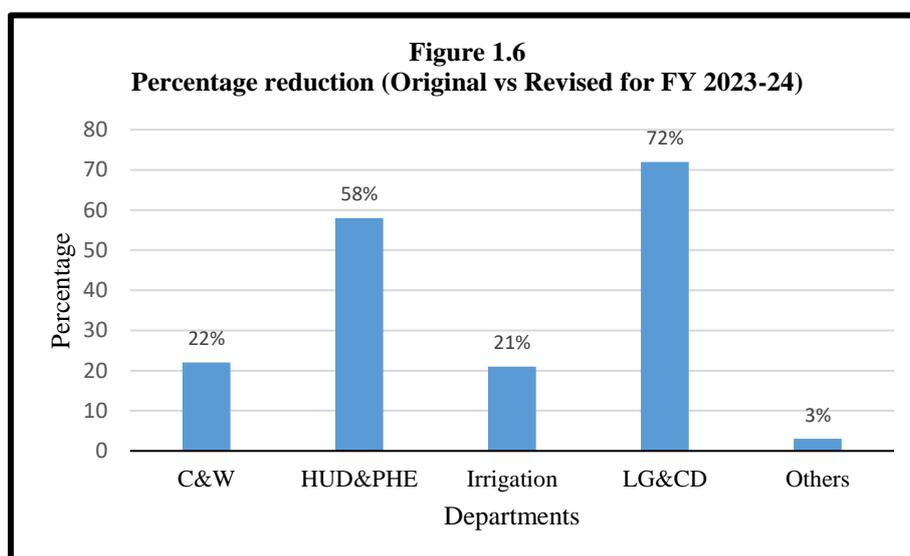
The number of development schemes in Punjab experienced a sharp decline of 43.65% during FY 2023-24, dropping from 7,187 to 4,050. Significant reductions were observed in key departments as shown in Table 1.1. This trend highlights challenges in resource allocation and prioritization, with fiscal constraints and shifting government priorities driving these cuts.

Table 1.1: Number of Original vs Revised Schemes in ADP

Department	2021-22		2022-23		2023-24	
	Original	Revised	Original	Revised	Original	Revised
C&W	2969	3669	2551	2873	3193	2485
HUD&PHE	1902	2100	923	1111	2183	909
Irrigation	168	230	137	100	203	160
LG&CD	1125	1706	570	826	1532	423
Others	91	93	84	75	76	73
Total	6255	7798	4265	4985	7187	4050

Source: Budget Book Figures (FY 2021-22 to 2023-24)

The data reveals a significant reduction in the number of schemes for the C&W, HUD&PHE, LG&CD, and Irrigation departments during FY 2023-24. Figure 1.6 illustrates the percentage decrease in these schemes.



Source: Budget Book figures (FY2023-24)

The mismatch between planned and revised schemes demonstrates a disconnect between development targets and financial feasibility, underscoring the need for improved alignment with the Medium-Term Development Framework (MTDF) and available funding.

Variations from Original Budgets

Deviations between the original and revised budgets reveal further challenges in budget planning and execution. Table 1.2 compares budget allocations, highlighting that, in some departments, changes in budget allocations do not correspond with changes in the number of schemes during FY 2023-24.

Table 1.2: Original Budget vs Revised Budget (only ADP)

(Rs in Billion)

Department	2021-22		2022-23		2023-24	
	Original	Revised	Original	Revised	Original	Revised
C&W	202.885	241.354	290.379	268.779	278.267	246.338
HUD&PHE	48.788	67.500	107.770	133.575	61.567	65.080
Irrigation	30.778	32.672	27.630	18.324	20.044	26.035
LG&CD	26.586	32.756	19.010	33.762	40.586	47.175
Others	9.565	9.655	12.785	15.769	11.740	10.350
Total	318.602	383.937	457.574	470.209	412.204	394.978

Source: Budget Book Figures (FY 2021-22 to 2023-24)

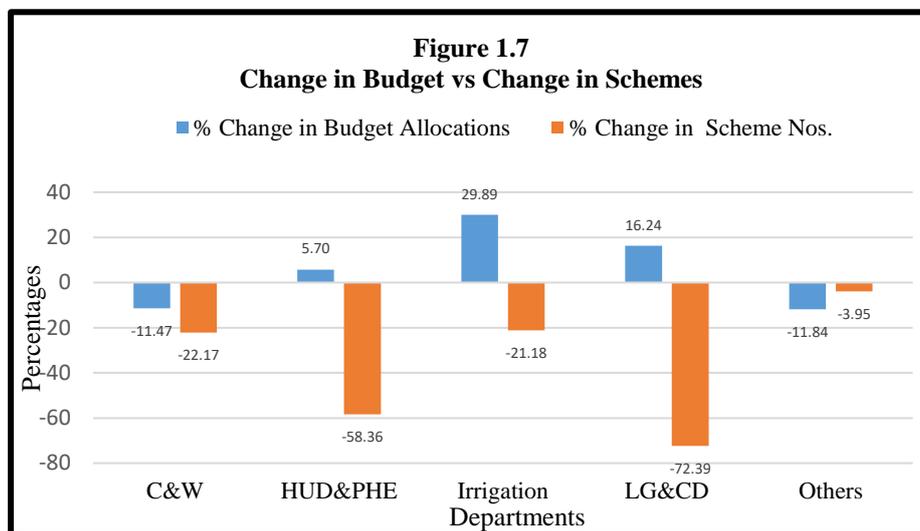
Department-Wise Comparison of Changes in Budget and Number of Scheme

Table 1.3 below presents percentage changes in revised budgets and the number of development schemes across various departments:

Table 1.3: Change in Budget vs Change in Schemes

Department	% Change in Budget Allocations	% Change in Number of Schemes
C&W	-11.47	-22.17
HUD&PHE	5.70	-58.36
Irrigation	29.89	-21.18
LG&CD	16.24	-72.39
Others	-11.84	-3.95
Total	-4.18	-43.65

The data reveals a significant discrepancy, with many departments experiencing budget increases while simultaneously reducing the number of schemes. This points to inefficiencies in planning, execution, and resource allocation, with potential adverse impacts on development outcomes. Figure 1.7 depicts department-wise pattern of variations.



Source: Budget Book Figures (FY 2023-24)

For C&W, reductions in both budget and the number of schemes suggest resource constraints or inefficiencies. Responsible for critical infrastructure like roads, bridges, and public buildings, these cuts could delay maintenance and construction, leading to deteriorating infrastructure and affecting transportation and essential services access.

Impact of Reduced Schemes Compared to Budget Increases

Irrigation Department: The department saw a substantial increase of 30 % in its budget, yet the number of schemes dropped significantly by 21%. This suggests a trend toward larger, more costly projects but fewer initiatives overall. The reduction in schemes could result in delayed or incomplete irrigation infrastructure, which is crucial for agricultural productivity, especially in irrigation-dependent areas of the province. In a region with a predominantly agricultural economy, such cuts may hinder the efficient use of water resources, impacting agricultural livelihoods and food security.

HUD&PHE: While the budget increased modestly by 5.7%, the drastic reduction of 58% in the number of schemes points to inefficiencies in project execution. The reduction in schemes is likely to exacerbate challenges in urban housing and public health, particularly for underserved communities, resulting in compromised living conditions and public health outcomes.

LG&CD: The department saw a significant budget increase of 16%, but the drastic reduction of 72% in schemes suggests a shift in focus to larger-scale projects, possibly leaving smaller, community-driven initiatives underfunded or neglected. These smaller projects typically address immediate local needs such as rural roads, community centers, and other critical infrastructure, particularly in underserved areas. With fewer schemes, there is a risk of undermining local development and deepening regional inequalities, especially in rural and peri-urban areas.

Factors Responsible for Scheme Reductions despite Budget Increases:

Shift to larger, high-cost projects: Departments have shifted focus to fewer, larger-scale projects, potentially due to a desire for higher impact or political reasons. However, this trend comes at the cost of smaller but critical community-level projects that may address more immediate local needs.

Inefficiencies in planning and execution: The stark mismatch between budget increases and scheme reductions suggests poor planning and project execution. A lack of comprehensive feasibility studies, unrealistic cost estimations, and delays in approvals may have contributed to the scaling down of schemes.

Bureaucratic and Administrative Challenges: Administrative delays, bureaucratic inefficiencies, and lack of coordination between departments may hinder timely project execution, causing reductions in the number of schemes despite budget increases.

Cost Escalations: Rising project costs may have forced departments to cut down on the number of schemes they can fund, leading to a situation where departments focus on completing fewer projects rather than broadening their scope.

This situation highlights the growing trend of departments focusing on fewer, larger projects, often at the expense of smaller yet essential initiatives. These trends raise concerns about resource allocation, project prioritization, and equitable development. Addressing these systemic issues may require a comprehensive overhaul of planning, execution, and financial oversight processes, emphasizing balanced project selection, improved feasibility studies, and enhanced stakeholder engagement. By implementing these measures, governments can ensure more effective use of public funds, leading to more meaningful and widespread development outcomes.

Budget vs. Actual Expenditures

An analysis of the budget versus actual expenditures further highlights gaps in fiscal management. Table 1.4 illustrates these variations for FY 2023-24:

Table 1.4: Comparison of Revised Budget with Actual Expenditure

(Rs in Billion)

Department	Original Budget	Revised Budget	Actual Expenditure	%Variation Revised Budget vs Expenditure
C&W	278.267	246.338	233.215	-5.33%
HUD&PHE	61.567	65.08	63.687	-2.14%
Irrigation	20.044	26.035	21.769	-16.39%
LG&CD	40.586	47.175	25.503	-45.94%
Others	11.74	10.35	8.176	-21.00%
Total	412.204	394.978	352.35	-10.79%

Source: Expenditure Figures SAP (FY 2023-24)

The data highlights a critical issue of underutilization of allocated development funds across key departments. There is a significant gap between the revised budget and actual expenditures, with total spending falling short by 10.79%.

The issue of underutilization of development funds is further compounded by a significant reduction in the number of schemes across key departments. Despite a narrowing focus, reflected in a reduction of schemes by 22% in C&W, 58% in HUD&PHE, 21% in Irrigation, and a striking 72% in LG&CD, a significant gap persists between the revised budget and actual expenditures, with total spending falling short by 10.79%.

The LG&CD department, with the largest reduction in schemes, utilized only 54.06% of its revised budget, raising concerns about its efficiency in implementing even a reduced number of projects. Similarly, the Irrigation department spent just 83.61% of its revised budget, despite a 29.89% increase in allocations, highlighting challenges in absorbing additional resources. Although C&W and HUD&PHE departments exhibited smaller deviations (-5.33% and -2.14%, respectively), the overall trend underscores the urgent need for improved project management, realistic budgeting, and streamlined processes to maximize the impact of reduced yet critical development initiatives.

Inadequate Funding Patterns for Newly Conceived Schemes

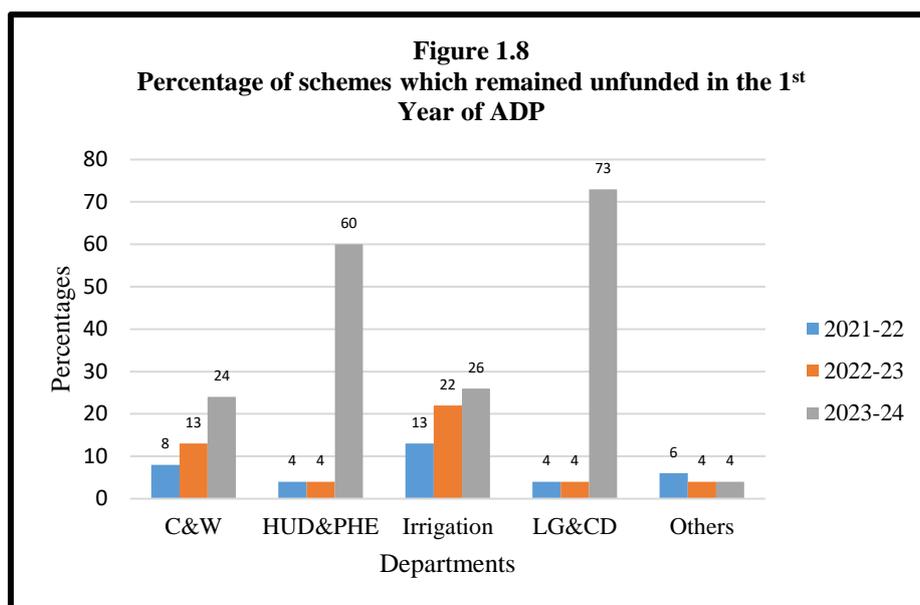
The analysis of budgetary allocations for development schemes in Punjab also highlights critical shortcomings in financial planning. Table 1.5 reveals a persistent issue where numerous schemes are added to ADPs without ensuring adequate funding. Consequently, many newly conceived schemes remain unfunded in their first year, with the number increasing in FY 2023-24 compared to previous years. This trend raises serious concerns about the effectiveness of planning and the feasibility of executing key infrastructure projects.

Table 1.5: Unfunded Schemes in 1st Year of ADP

Department	2021-22	2022-23	2023-24
C&W	311	339	769
HUD&PHE	75	41	1303
Irrigation	31	30	52
LG&CD	65	25	1120
Others	6	3	3

Source: Budget Book Figures (FY 2021-22 to 2023-24)

A percentage analysis of unfunded schemes in FY 2023-24 highlights that the LG&CD department had the highest proportion of unfunded schemes, followed by HUD&PHE and Irrigation. The non-funding of Irrigation projects is particularly alarming, given the province's heavy reliance on agriculture. Figure 1.8 visually depicts this concerning trend.



Source: SAP and Budget Book Figures (FY 2021-22 to 2023-24)

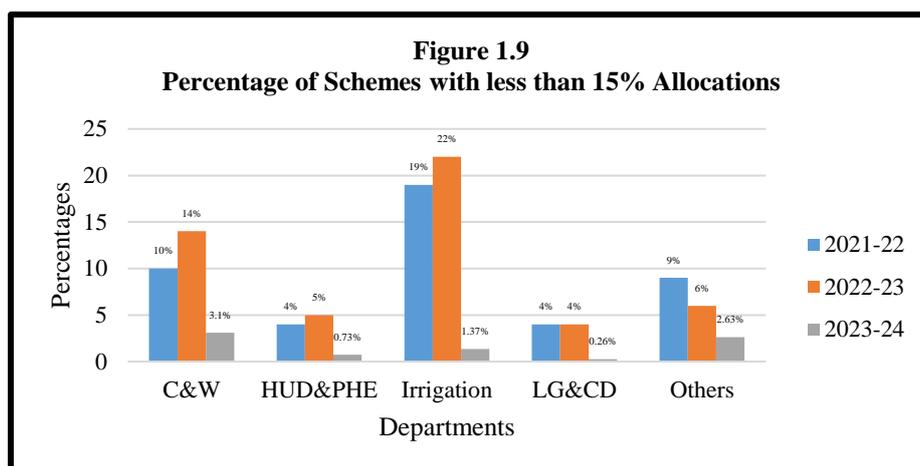
Furthermore, Table 1.6 identifies another challenge where newly conceived schemes received less than 15% of their original budget in their first year. This significant gap between planned and actual allocations undermines project execution and delivery outcomes.

Table 1.6: Schemes receiving less than 15% of their budget

Department	2021-22	2022-23	2023-24
C&W	379	349	99
HUD&PHE	83	43	16
Irrigation	43	30	4
LG&CD	66	25	4
Others	8	5	2
Total	579	452	125

Source: SAP and Budget Book Figures (FY 2021-22 to 2023-24)

While the overall number of underfunded schemes has decreased over the years, the problem persists and must be addressed through improved planning and budgeting. Figure 1.9 illustrates the percentages of schemes receiving less than 15% of their original allocations, showing that the highest proportion was in the C&W department.



Source: SAP and Budget Book Figures (FY 2021-22 to 2023-24)

To mitigate these challenges, a reassessment of criteria for scheme inclusion is necessary. Ensuring that financial considerations play a central role in decision-making will improve fund allocation and execution. A more rigorous evaluation of available funds at the planning stage can help reduce the occurrence of unfunded and underfunded schemes, enhancing the efficiency of development initiatives.

Schemes Funded Beyond their Original Budget Allocations

While a substantial number of schemes remain inadequately funded, another issue emerges: schemes receiving allocations beyond their originally planned budgets. Table 1.7 presents data on schemes that received more funding than initially allocated.

Table 1.7: Funding Status of Schemes

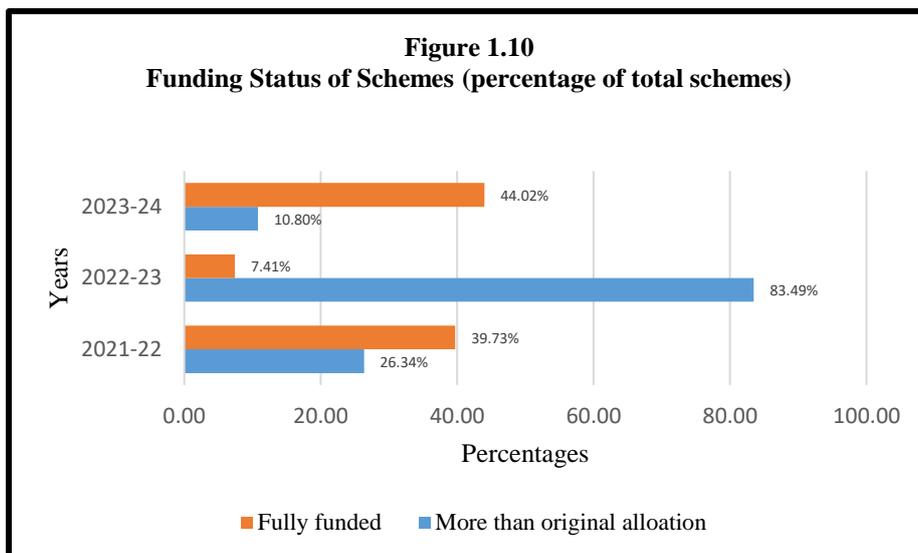
(No. of Schemes)

Description	2021-22	2022-23	2023-24
Schemes with more than the original allocations	2054	3561	776
Fully funded	3098	316	3164
Total number of schemes	7798	4265	7187

Source: Budget Book Figures (FY 2021-22 to 2023-24)

A percentage analysis of FY 2023-24 indicates that 44.02% of the schemes were fully funded, while 10.80% received allocations surpassing their original budgeted amounts. Meanwhile, 45.18% either remained unfunded or received less than 15% of their planned allocations. Figure 1.10 illustrates trends in fully funded schemes and

those receiving amounts exceeding their initial budgets over the past three years.



Source: Budget Book Figures (FY 2021-22 to 2023-24)

Schemes receiving more than their original allocations suggests a lack of budgetary discipline. While this may indicate project expansions or unforeseen requirements, it also raises questions about the effectiveness of initial cost estimates. Understanding the reasons for funding beyond original allocations is crucial to refining financial planning processes.

A comprehensive review of budget allocations, including a closer examination of overfunded and underfunded schemes, is necessary to improve future planning. The simultaneous existence of both underfunding and overfunding underscores the need for a more precise and dynamic approach to budgetary management. A well-structured planning and execution strategy will ensure optimal resource utilization, ultimately enhancing the effectiveness of development programs across the government departments.

Sectoral Issues

Punjab's fiscal management in the development sector exhibits significant gaps in strategic planning, resource utilization, and equitable allocation. Bridging these gaps demands a more structured budgeting

approach to ensure financial resources are efficiently allocated, effectively utilized, and directed toward sustainable and inclusive development. Some interconnected issues are discussed below:

- i. In the FY 2023-24, the original number of ADP schemes in budget book was 7187 which was reduced in revised budget to 4050 number of schemes. This reflect that 3247 newly conceived schemes were incorporated in ADP without proper planning and adequate funding and remained unfunded.
- ii. Allocating less than 15% of the original budget to 125 schemes for the FY 2023-24 suggests a strategy of piecemeal funding and a potential diversion of funds from ongoing schemes to new ones raises concerns about the likelihood of cost overruns, time delays, and price escalations in the execution of these projects.
- iii. Numerous instances have been identified where the scope of works/contracts has been expanded by more than 20%, contravening the guidelines set forth by the PPRA. Exceeding the permissible limit for enhancing the scope of contracts not only has immediate financial implications but also raises concerns about procedural integrity, fair competition, and the overall success and credibility of the projects undertaken by the department.
- iv. The departments lag significantly in revenue enhancement due to their failure to collect right-of-way charges and conduct toll plaza auctions. Additionally, potential revenue sources, such as effluent charges from rural users and factories, remain uncollected due to inadequate pursuit. This lack of revenue generation creates financial shortfalls, operational constraints, and challenges in fulfilling departmental responsibilities and objectives.

Challenges Across Different Departments

1. Communication and Works Department

- i. A persistent lack of communication between C&W and P&D/FD regarding fund withdrawals has caused significant project delays and cost overruns, depriving citizens of timely access to improved infrastructure. These delays and budget overruns

erode public trust in the government's ability to manage resources effectively. To address this, the audit recommends establishing structured and regular communication channels to prevent unexpected fund withdrawals, minimize mismanagement, and ensure the smooth execution of projects.

- ii. Non-approval of nearest quarries has forced longer transport routes for materials, significantly increasing costs and straining public funds.
- iii. The M&R yardsticks for highways and buildings set by the Finance Department (FD) are considered unrealistic. These unreasonable rates compel engineering staff to bypass the prescribed standards, often resorting to alternative methods that may be neither optimal nor up to standard. Such unrealistic yardsticks risk leading to compromised construction practices, potentially undermining the long-term durability and safety of public infrastructure.
- iv. The calculation of price variation is a significant area of concern, with payments often exceeding legitimate claims, highlighting weak internal controls and a flawed pre-audit mechanism within the department. These excess payments place an unnecessary burden on the department's budget. Implementing a robust monitoring mechanism is needed to address this issue and ensure financial discipline.

2. HUD&PHE Department

- i. Fraudulent payments were made by the staff of PHE Division Sheikhpura in connivance with the staff of District Account Office through bypassing the accounting matrix and concealing these amounts in manual records.
- ii. The audit frequently identified overpayments caused by rates exceeding approved limits and deviations from specifications. Additionally, a recurring issue was the unauthorized expansion of project scopes without approval from the competent authority, violating regulations. These findings highlight the need for stricter adherence to financial guidelines and the timely implementation of audit recommendations to ensure efficiency, uphold credibility, and guarantee project success.

- iii. A significant laxity was observed in the preparation of TS estimates, with a recurring tendency to prioritize uneconomical and inefficient work items reliant on manual labor instead of opting for more efficient and cost-effective mechanized alternatives.
- iv. In several instances, approvals for contractor profits and overheads related to machinery and electrical items exceeded the limits prescribed by the FD. These oversights led to inflated project costs and granted undue benefits to contractors.
- v. Completed water supply schemes had not been kept functional, depriving citizens of potable water and wasting government resources. The department must prioritize making these schemes operational to ensure public access to safe water.
- vi. The failure to prepare PC-IV documents for completed schemes and their subsequent non-handover to Municipal Corporations has been a significant issue, depriving citizens of the intended benefits of these schemes.
- vii. Contractors' security deposits, meant to mitigate project risks, had been released prematurely before project completion and the preparation of PC-IV.

The Public Health Engineering Department (PHED) primarily oversees water supply and drainage schemes, while the Highways Department is specialized in road works. However, in several instances, PHE carried out road works (rigid pavement) using materials that exceeded the Highways Department's approved design criteria, resulting in resource wastage.

3. Irrigation Department:

- i. Several instances of non-compliance with PPRA rules were identified, particularly in the procurement of IT equipment, software, plant and machinery, and POL. These violations included splitting procurements and failing to properly document the physical account of assets and transactions in the records.
- ii. The department failed to achieve optimal revenue generation, primarily due to untapped resources. These included missed opportunities such as effluent charge recoveries, leasing of government lands, and unrealized toll plaza revenue collections.

Addressing these areas could substantially improve the department's revenue performance.

- iii. As outlined in the MTFD 2021-24, Rs 37.241 Billion was allocated for irrigation infrastructure development. However, the department initially received only Rs 20.044 Billion in the original budget, later revised to Rs 26.035 Billion, out of which only Rs 21.769 Billion could be utilized by the department. The 30.15% reduction in budgetary provisions compared to the MTFD target is concerning, especially for a province where the economy heavily relies on agriculture.
- iv. The administrative expenditure (Grant-10) of the Irrigation Secretariat was consistently found to be excessively high. This prompted audits to raise serious concerns regarding procurement and asset management within these administrative expenditures. These audit observations led to NAB investigations into the matter.

To establish a benchmark for assessing the quantum of expenditure by the Irrigation Department under Grant-10, audit compared it with the expenditure made by the C&W Department under the same grant. The details for three years are as follows:

Table 1.8: Comparison of Grant-10 between Irrigation and C&W Department

(Rs in million)

Grant PC21010 - General Administration			
FY	Irrigation Exp.	C&W Exp.	% of excess Exp.
2021-22	717.408	414.013	73.28
2022-23	952.464	548.013	73.80
2023-24	1,266.705	763.334	65.94

Source: SAP Figures (FY 2021-22 to 2023-24)

Audit findings from both the previous and current year revealed significantly higher expenditure in the Irrigation Secretariat compared to the C&W Department, despite similar workforce size and jurisdiction. In FY 2023-24, the C&W Department's development expenditure was Rs 233.215 Billion, with Grant-10 (non-development) at 0.33% of this amount, while the Irrigation Secretariat's development expenditure stood at Rs 21.769 Billion, with Grant-10 at 5.82%. A comparative analysis of various contingent heads showed that Irrigation Secretariat

Grant-10 expenditure was unusually high up to 800% more than C&W, as detailed in Annexure B.

4. Local Government & Community Development Department (LG&CD)

- i. The weak control environment was evident in recurring deviations from contract specifications and agreement clauses without prior approvals or revisions to the TS estimates. Instances of cost increases exceeding 20% of the original contract value, in violation of PPRA Rules, further highlight this issue. Strengthening the control environment is crucial to enhance oversight, ensure strict compliance with regulations, uphold procurement integrity, and promote accountability in contract execution.
- ii. The department had been using longer routes to transport stone and crushed aggregate from the quarries. Choosing these longer routes, despite the availability of shorter and more cost-effective alternatives, reflects inefficiency and poses a risk of significant financial losses to the public exchequer due to increased carriage costs.
- iii. Audit findings highlight the need for standardized design criteria to ensure uniformity in construction, especially for rigid pavements and PCC. Additionally, the absence of quality control laboratories underscores the urgency of establishing such facilities to maintain standards and ensure durability.

5. PUNJAB GOVERNMENT SERVANTS HOUSING FOUNDATION (PGSHF)

- i. As of June 30, 2023, PGSHF holds bank deposits amounting to Rs. 23 billion, accumulated through member contributions. Between 2010 and 2022-23, the foundation generated a profit of Rs. 9,274.34 million from investments in term deposits, which were utilized to cover operational expenditures. However, despite operating for 19 years and receiving 144,102 applications, PGSHF has only been able to allocate plots or houses to 12,906 applicants, underscoring a significant gap in meeting the housing needs of its members. To address this shortfall, it is imperative to develop a comprehensive financial

- model to facilitate housing provision for the numerous employees still awaiting accommodation.
- ii. Unwarranted litigation concerning the foundation's housing initiative in Sialkot, coupled with poor managerial oversight and land encroachments, has significantly delayed the allocation of 1,928 residential plots to member employees. These setbacks have not only hindered project efficiency but also led to frustration among subscribing members.
 - iii. Allowing members to change their preferred city for plot or accommodation after submitting their applications has compromised the integrity of the waiting and seniority list. This policy has enabled individuals lower on the seniority list to secure allotments ahead of earlier applicants simply by altering their city preference, creating a situation that undermines fairness and transparency.
 - iv. PGSHF lacks a proper verification mechanism to determine whether applicants have already been allotted housing by the federal government or other institutions. According to the foundation's rules, individuals who have received such allotments are ineligible for further allocation from PGSHF. However, due to this oversight, ineligible individuals continue to receive additional allotments, leading to unlawful allocations.
 - v. The foundation continued to utilize subscriptions from Punjab Government employees who never formally opted for membership. Unjustified salary deductions were made, and when employees raised the issue, refunds were provided only after several decades, resulting in financial losses for the affected employees.
 - vi. The foundation's financial records have not been audited by a chartered accountant for the past 13 years. As a result, the accuracy and authenticity of its financial health, including fixed assets, remain unverifiable.

6. Cholistan Development Authority (CDA), Bahawalpur

- i. Price variation payments were made in violation of FD's instructions and contract agreement clauses. Key issues included incorrect calculation of current rates and insufficient deduction of applicable income taxes from contractors during payments. This year, 26 audit observations were issued, resulting in the recovery of Rs 16.694 million by the department before the finalization of this report.

- ii. Water is a lifeline for both people and animals in Cholistan. Despite the physical completion of the mega water supply project, "*Water Supply Scheme through Pipeline Saurian Project*," in 2010, it remains non-functional due to the lack of generators required to energize intermediate pumping stations. This oversight has deprived citizens of the project's intended benefits, reflecting poor management by the Authority.

CHAPTER – 2

COMMUNICATION AND WORKS DEPARTMENT

2.1 Introduction

A. Description of Department

The Communication and Works (C&W) Department of the Punjab is responsible for the development, maintenance, and management of the province's infrastructure, focusing on efficient communication and transportation networks. Its scope includes roads, bridges, and public buildings, covering the entire lifecycle from planning and design to construction and maintenance.

The department operates through two wings—Punjab Highways Department and Punjab Buildings Department—along with the Lahore Ring Road Authority, all overseen by the Secretary, C&W, who serves as the Principal Accounting Officer. The structure of each wing is divided into three zones viz. North, Central, and South zones. Each zone is headed by a Chief Engineers (CE), with each zone containing circles led by Superintending Engineers (SEs) and formations under Executive Engineers. There are 183 formations in total, with 76 for Highways and 107 for Buildings.

Beyond infrastructure development, the C&W Department handles disaster management and response, swiftly mobilizing resources during natural calamities to restore critical infrastructure.

Collaborating with government bodies, private entities, and international organizations, the department plays a pivotal role in shaping Punjab's physical landscape, contributing to economic growth, public welfare, and regional connectivity.

Table 2.1.1: Audit profile of C&W Department**Buildings***(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1.	Formations: Phase-I (2024-25)	107			
	Buildings		7	18,427.120	4.229
	Formations: Phase-II (2023-24)	107			
	Buildings		8	12,840.286	-
	Total		15	31,267.406	4.229

Highways*(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1.	Formations: Phase-I (2024-25)	76			
	Highways		18	76,549.906	193.719
	Formations: Phase-II (2023-24)	76			
	Highways / Autonomous Bodies		8	36,342.047	716.804
	Total	76	26	112,891.953	910.523
	G. Total	183	41	144,159.359	914.752

B. Comments on Budget and Accounts (Variance Analysis) Buildings Department

The budget of Building Department comprises development as well as non-development allocations. The non-development budget is allocated under Grants No. PC-21010 and PC-21024 to cater for salary and other non-development expenditures. The development budget is provided through Grants No. PC-12042 and PC-22036. However, the department could not utilize the development and non-development budget to the extent of 9.07% and 8.91%, respectively. The overall budgetary position for the FY 2023-24 is as follows:

Table 2.1.2: Variance Analysis*(Rs in million)*

Grant No. and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ Savings	Variation in %
Non-Development					
PC21010 (LQ4071, SP4006)	397.988	652.941	657.811	4.87	0.74

PC21024/PC24024	15,855.25	16,693.75	15,143.60	(1550.150)	(9.28)
Sub Total	16,253.238	17,346.691	15,801.411	(1545.280)	(8.91)
Development					
PC12042	130,786.67	99,060.03	90,087.77	(8972.260)	(9.06)
PC22036 (LE4392)	3.454	13.762	2.949	(10.813)	(78.57)
Sub Total	130,790.124	99,073.792	90,090.719	(8983.073)	(9.07)
Total	147,043.36	116,420.48	105,892.13	(10,528.35)	(9.04)

Source: Department figures (FY 2023-24)

Highways Department

The budget of Highway Department comprises development as well as non-development allocations. The non-development budget is allocated under Grants No. PC-21025 and PC-21031 to cater for salary and other non-development expenditures. The development budget is provided through Grants No. PC-12041. However, the department could not utilize the development and non-development budget to the extent of 4.65% and 2.44%, respectively. The overall budgetary position for the FY 2023-24 is as follows:

Table 2.1.3: Variance Analysis (Rs in million)

Grant No. and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/Savings	Variation in %
Non-Development					
PC21025	28,616.50	27,229.71	26,564.93	(664.781)	(2.44)
PC21031 (LQ5311)	0.852	0.111	0.937	0.826	744.14
Sub Total	28,617.352	27,229.821	26,565.867	(663.955)	(2.44)
Development					
PC12041	147,476.78	147,264.05	140,416.00	(6848.047)	(4.65)
Sub Total	147,476.78	147,264.05	140,416.00	(6848.047)	(4.65)
Total	176,094.13	174,493.87	166,981.87	(7,512.00)	(4.30)

Source: Department figures (FY 2023-24)

C. Sectoral analysis on the achievements against targets agreed under MTFD/MTBF

Brief comments on targets achieved under MTFD are given in Chapter No. 1, i.e., Sectoral Analysis.

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 6,068.149 million were raised as a result of audit of Buildings Department. This amount also

includes recoveries of Rs 902.164 million, as pointed out by the Audit. The summary of the audit observations classified by nature is as under:

Table 2.2.1: Overview of Audit Observations (Buildings)

(Rs in million)

Sr. No.	Classification	Amount
1	Irregularities:	
(i)	Irregularities resulting in overpayments	793.888
(ii)	Irregularities resulting in non-recoveries	108.276
(iii)	Irregularities resulting in loss to government	68.861
(iv)	Miscellaneous irregularities	5,092.047
	Total	6,068.149

2.2.2 Classified Summary of Audit Observations of Highways Department

Audit observations amounting to Rs 8,367.234 million were raised as a result of audit of Highways Department. This amount also includes recoveries of Rs 5,014.228 million, as pointed out by the Audit. The summary of the audit observations classified by nature is as under:

Table 2.2.3: Overview of Audit Observations (Highways)

(Rs in million)

Sr. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and mis-appropriation	44.422
2	Irregularities:	
(i)	Irregularities resulting in overpayments	2,999.839
(ii)	Irregularities resulting in non-recoveries	2,014.389
(iii)	Irregularities relating to procurements and contracts	349.895
(iv)	Irregularities resulting in undue financial benefit to contractors	681.438
(v)	Irregularities resulting in loss to government	987.330
(vi)	Miscellaneous irregularities	1,289.921
	Total	8,367.234

2.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1956-57 to 2021-22 (excluding years not discussed in PAC) is as under:

BUILDINGS DEPARTMENT

Table 2.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	523	-	523	-
2	2000-01	31	-	31	-
3	2001-02	22	-	22	-
4	2003-04	02	-	02	-
5	2005-06	17	-	17	-
6	2006-07	06	-	06	-
7	2009-10	09	-	09	-
8	2010-11	11	-	11	-
9	2011-12	13	-	13	-
10	2012-13	44	-	44	-
11	2013-14	65	-	65	-
12	2021-22	67	-	67	-
Total		810	-	810	-

HIGHWAYS DEPARTMENT

Table 2.5: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	1446	-	1446	-
2	2000-01	40	-	40	-
3	2001-02	08	-	08	-
4	2003-04	07	-	07	-
5	2005-06	14	-	14	-
6	2006-07	27	-	27	-
7	2008-09	01	-	01	-
8	2009-10	55	-	55	-
9	2010-11	35	-	35	-
10	2011-12	104	-	104	-
11	2012-13	6	-	6	-
12	2013-14	22	-	22	-
13	2015-16	02	-	02	-
14	2021-22	47	-	47	-
Total		1814	-	1814	-

2.4 AUDIT PARAS

2.4.1 Buildings Department

Irregularities

Irregularities resulting in overpayments

2.4.1.1 Overpayment due to application of incorrect rates of non-BoQ items – Rs 339.927 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE before execution of works, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

Executive Engineer, Buildings Division No.1, Faisalabad, made payments for non-BoQ items to contractors in thirteen (13) cases. Audit observed that approved rate analyses were not available on record. However, the department paid higher rates than those approved in the 2nd revised TS estimate of another project for the same period.

Violation of FD's instructions resulted in overpayment amounting to Rs 339,926,563.

Audit pointed out the overpayment in August 2024.

The paras were discussed in the SDAC meeting held on 4th December 2024. The department explained that the non-schedule rates for all items were in the process of approval and would be provided after final approval from the competent authority. Audit contended that the department had paid higher rates than those approved in the 2nd revised TS estimate of another project for the same period. The Committee directed the department to recover the excess payment based on the approved rates in the 2nd revised TS estimate. Compliance with the Committee's directives was not reported until the finalization of this report.

Audit recommends early recovery, fixing responsibility for preparing inflated rates and executing works before rate approval, and strengthening internal controls to prevent the recurrence of such issues.

(Annexure-I)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.3 in AR 2018-19, Para No. 2.5.1.2 in AR 2019-20, Para No. 2.5.1.1 in AR 2020-21, Para No. 2.4.1.2 in AR 2021-22, Para No. 2.4.1.1 in AR 2022-23 and Para No. 2.4.1.1 in AR 2023-24 having financial impact of Rs 544.406 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.2 Overpayment due to unjustified measurement of steel overlaps – Rs 86.306 million

As per the instructions notified in MRS (Chapter 6) for the item "Fabrication of mild steel reinforcement for cement concrete, including cutting, bending, laying in position, welding, and fastening", the rate includes the cost of binding wire and labor charges for binding the steel reinforcement. Additionally, the rate covers wastage, overlaps, and steel chairs, ensuring completeness in all respects, in accordance with FD's notification No. RO(Tech)FD2-11/2010 dated 08.03.2010.

Executive Engineers, Buildings Divisions, Sheikhpura and Hafizabad measured and paid for the item "*Fabrication of mild steel.*" Audit observed that the department included overlap quantity of steel in measurements, which was not admissible as the composite rate of the item already includes the provision for overlaps. The detail is as under:

(Amount in Rs)

S. No.	DP No.	Name of Division	Item of work	Excess quantity	Overpayment
1	DP 352 2024-25 P-I	BD Sheikhpura	<i>Fabrication of mild steel</i>	41896 kg	13,839,837
				36620 kg	5,780,760
				62945 kg	20,775,406
				Sub Total	40,396,003
2	DP 84 2023-24 P-I	BD Hafizabad		110535 kg	30,361,125
				59099 kg	15,548,829
				Sub Total	45,909,954
Grand Total				86,305,957	

Violation of MRS and FD's instructions resulted in overpayment Rs 86,305,957.

Audit pointed out the overpayment during August 2023 and July 2024.

The paras were discussed in the SDAC meetings held in December 2024 and November 2023. In both cases, the department explained that steel payments were made as per approved drawings of a three-story building, stating that overlapping was necessary to extend columns for the next story. However, Audit contended that the composite rate for steel already includes overlapping, making separate measurements were inadmissible. The Committee directed the department, in DP No. 352, to get the record verified by Audit, and in DP No. 84, to verify the length of reinforcement bars against the height of the columns and ensure actual recovery accordingly. Compliance with the Committee's directives was not reported until the finalization of the report.

Audit recommends early recovery, fixing responsibility for the overpayment, and strengthening internal controls to prevent the recurrence of such issues.

DP No. 352(24-25), 84(23-24 Phase-I)

2.4.1.3 Overpayment of price variation due to incorrect calculation - Rs 84.363 million

According to clause 55 (3) (10) & (11) of the Agreement "the base price for the purposes of calculation of the price variation shall be the price prevalent in the month during which the last day of the submission of tender falls. Further, the increase or decrease in the contract price subsequent to any increase or decrease in the cost of diesel and labour shall be calculated from the increase or decrease in the basic price of cement, steel, asbestos cement pipes, P.V.C/ UPVC pipes, PPRC pipes, HDPE pipes, R.C.C/P.C.C pipes, bitumen, diesel, bricks, stone aggregates, harrow sand, tiles, wood, aluminum sections, paint and labour".

Executive Engineers of five (05) Buildings Divisions, in seven (07) cases, paid price variation on steel, cement, diesel, and labour. Audit observed that the department incorrectly calculated the price variation by including inadmissible items such as the HVAC system, UPVC pipes, water supply items, and electrical items in the value of work done, and by using incorrect current rates for diesel and cement.

Violation of contractual obligations resulted in overpayment amounting to Rs 84,362,623.

Audit pointed out the overpayments during February May July and August 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In all cases the department admitted recovery and the Committee directed the department to effect recovery except DP 285 (sub para 40 & 41) wherein the department explained that in terms of clause 55, the department calculated price variation of diesel and labour on the total value of work done. Audit reiterated its earlier stance. The Committee directed the department to seek clarification from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, seeking prompt clarification from the Finance Department (FD), fixing responsibility, and strengthening internal controls to prevent the recurrence of such issues.

(Annexure-II)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.7 in AR 2022-23 and Para No. 2.4.1.3 in AR 2023-24 having financial impact of Rs 33.692 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.4 Overpayment due to application of incorrect MRS rates – Rs 80.475 million

As per FD's notification No. RO(Tech)FD2-3/2004 dated 2nd August 2004, "the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of work for rough cost estimates

for administrative approval. However, these can be modified, replaced and added to with the approval of FD. Administrative Departments shall ensure transparency of tendering based on market rates”.

Executive Engineers of six (06) Buildings Divisions, in fourteen (14) cases, paid items for polishing surface, aluminum window, tile work, earthwork, wood work, and brick work etc. to the contractors. Audit observed that while rates for these items were available in the MRS, the department paid the items at higher rates than those specified in the MRS for the relevant bi-annual periods.

Violation of FD’s instructions resulted in overpayments amounting to Rs 80,474,559.

Audit pointed out the overpayments during February May July and September 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In ten (10) cases i.e. DP No 03, 276, 277, 294, 296, 306, 321, 326, 338 and 365, the department admitted recovery pointed out by Audit and the Committee directed the department to effect recovery. In two (02) cases i.e. DP No 173 and 305, the department contended that correct rates were got approved and paid to the contractors. Audit informed the committee that the rate of items objected by Audit were available in MRS but the department paid the same items with incorrect rates. The Committee directed the department to seek clarification from the FD. In remaining two (02) cases i.e. DP No 01 and 196, the department contended that in 1st case rate of excavation was changed due to hilly area, and in 2nd case, rates paid were duly approved by the competent Authority. Audit informed the Committee that in 1st case excavation of ordinary soil was recorded in MB, and in 2nd case incorrect MRS rates were applied. The Committee directed the department, in both cases, to effect recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility against the delinquents, obtaining early clarification from the (FD), and strengthening internal controls to prevent the recurrence of such issues.

(Annexure-III)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.4 in AR 2021-22, Para No. 2.4.1.3 in AR 2022-23 and Para No. 2.4.1.4 in AR 2023-24, having financial impact of Rs 76.155 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.5 Overpayment beyond agreed contract percentage – Rs 74.507 million

As per para (v) of FD’s notification No. RO(Tech)FD.1-2/83-VI dated 29th March 2005, “the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment”. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineers of four (04) Buildings Divisions, in five (05) cases, awarded works to contractors at rates 4.99% to 20.71% below the estimated cost. Audit observed that while making interim payments to the contractors, the department failed to maintain the agreed percentage, with payments ranging from 0.18% below to 6.79% below the estimated cost.

(Rs in million)

Sr. No.	DP No.	Name of Division	Agreed percentage	Percentage paid	Contract Cost	Value of work done	Overpayment
1	323 (2024-25) Phase-I	BD No.1 Faisalabad	4.999% below	0.75% above	337.452	505.740	28.836
2	331 (2024-25) Phase-I	BD No.1 Faisalabad	4.999% below	0.18% below	270.698	413.755	21.483
3	209 (2024-25) Phase-I	BD Multan	20.71% below	6.79% below	104.358	88.988	13.290
4	385 (2024-25) Phase-I	BD Sheikhpura	8.23% below	At par	97.193	111.982	9.171
5	140 (2023-24) Phase-II	BD GORs, Lahore	18.72% below	2.48% below	11.097	10.369	1.727
Total							74.507

Violation of the FD’s instructions resulted in overpayment amounting to Rs 74,507,003.

Audit pointed out the overpayments during May and August 2024.

The paras were discussed in the SDAC meetings held during September and December 2024. In all cases the department had admitted to effect recovery based on financial statements and the Committee directed the department to effect early recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility for making payments above the agreed percentages during interim payment bills, and strengthening internal controls to prevent the recurrence of such issues.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23, vide Para No. 2.4.1.2 having financial impact of Rs 41.604 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.6 Overpayment due to execution of inadmissible item - Rs 34.830 million

As per Finance Department's clarification issued vide notification No. RO(Tech) FD.11-47 /2004, dated 24th February 2005, "item of RCC work i.e. item No.5(a) under Chapter-6 (Concrete) includes the rate of RCC in any shape and design".

Executive Engineers of Buildings Divisions, Sheikhpura, BD No. 2 and 3 Lahore, in three (03) cases, paid for the different items of RCC work "*Extra for shuttering*", "*Extra cost/labour for making Architectural ornamental features etc.*" and "*Extra labour for making MS Mould for casting architectural shapes for RCC.*". Audit observed that separate payment for the items was not admissible as it was already included in the composite rate of RCC work as per FD's clarification *ibid*.

Violation of FD's clarification resulted in overpayment of Rs 34,830,055.

Audit pointed out the overpayment during March, May and August 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In all cases, the department explained that the works were of a unique and specific nature, which required extra shuttering. Audit contended that, according to FD's clarification issued on 24th February 2005, the composite rate for RCC includes the rate for RCC in any shape or design proposed, and no extra payment was admissible. The Committee directed the department to seek clarification from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the department seek early clarification from the FD and make recoveries accordingly, in addition to strengthening internal controls to prevent the recurrence of such issues.

DP No. 62, 174 (2023-24 Phase-II) & 361 (2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.28 and 2.4.1.43 in AR 2018-19, Para No. 2.5.1.10 in AR 2019-20, Para No. 2.5.1.4.1 in AR 2020-21 and Para No. 2.5.1.6 in AR 2021-22, having financial impact of Rs 36.649 million, however no clarification was obtained since long. Recurrence of same irregularity is a matter of serious concern.

2.4.1.7 Overpayment due to application of uneconomical items - Rs 30.819 million

According to para 1.58 of the B&R Department Code "the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duty to organize and supervise the execution of works and to see that they are suitable and economically carried out with materials of good quality.

Executive Engineers of Buildings Divisions, Sheikhpura, Faisalabad and Okara, in three (03) cases, paid for the items "*Borrow pit excavation*", "*Earthwork excavation in foundation in ordinary soil*"

and “*Earthwork in ordinary soil for embankment*” on the basis of manual labour. Audit observed that input rates for excavators and cranes were notified by the FD in 2004, and composite items for excavation with machinery, such as “*Earthwork excavation of foundations with mechanical means*” under item No. 21(b) of Chapter 3 of MRS, were available at rates lower than the paid rates.

Violation of the B&R Department Code resulted in overpayments amounting to Rs 30,818,768.

Audit pointed out the overpayments during July August and September 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In all cases, the department explained that works had been executed as per approved TSE. Audit contended that a huge quantity of 6418357 cft was executed which was not possible with manual labour. Therefore, rate with mechanical mode was required to be applied. In DP No. 227, admitted partial recovery. The Committee directed the department to seek clarification from FD regarding rationalization of rate on mechanized mode and in case of DP No. 227, directed to effect recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery of the admitted overpayment, obtaining early clarification from the FD, and strengthening internal controls to prevent the recurrence of such issues in the future.

DP No. 227, 343 & 368 (2024-25)

2.4.1.8 Overpayment due to allowing inadmissible premium on HVAC items - Rs 19.189 million

As per the FD's letter No. RO(Tech)FD-18-29/2004, dated 30th March 2006, 15% cushion above the administrative approval under the Delegation of Financial Power Rules 1990 comprising a 10% cushion at the time of technical sanction for change in scope and 4.5% at the time of acceptance of tender can only be applied on work outlay of civil works component excluding the cost of HVAC system.

Executive Engineer, Buildings Division No.1, Gujranwala, made payment for the item “*HVAC system*”. Audit observed that the department allowed an inadmissible premium of 4.35% and 3.95% above the estimated cost of the HVAC system in violation of FD instructions.

Violation of FD’s instructions resulted in overpayment amounting to Rs 19,189,251.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 4th December 2024. The department explained that the rates paid to the contractors were approved by the competent authority. However, Audit reiterated its earlier stance. The Committee directed the department to seek clarification from the FD. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends that the department seek early clarification from the FD and make the necessary recovery. Additionally, responsibility should be fixed for allowing the inadmissible premium, and internal controls should be strengthened to prevent the recurrence of such issues in the future.

DP No. 286 (2024-25)

Note: The issue was reported earlier also in the Audit Report for Audit Year 2020-21, vide Para No. 2.5.1.2 having financial impact of Rs 17.976 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.9 Overpayment due to allowing higher rate than agreed – Rs 9.384 million

According to para 28 of general directions for the guidance of the tenderers, “the unit rates and prices entered in the bid schedule will be rates at which the contractor will be paid”.

2.4.1.9.1 Executive Engineers of Buildings Division No. 1 Multan and Buildings Division No. 3 Lahore awarded contracts on 20.71% below and 4% above the TS estimate rates respectively. Audit observed

that while making payments, in 1st case the department paid various non-BoQ items on full rates instead of rates reduced by 20.71% and in 2nd case added 4% premium again on the total value of work done.

Violation of contractual obligations resulted in overpayments of Rs 6,134,003.

Audit pointed out the overpayments during May and August 2024.

The paras were discussed in the SDAC meetings during September and December 2024. In all cases the department admitted recovery and the committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 214(2024-25) & DP No. 171(2023-24 Phase-II)

2.4.1.9.2 Executive Engineer, Buildings Division No.1, Faisalabad got executed the items of work "*S/E of PVC pipe for wiring recessed in walls i/c inspection boxes 1" and 2" i/d*" and paid @ Rs 127.70 per rft and Rs 226.01 per rft respectively. Audit observed that the quoted rates of the contractor were Rs 69.39 and 83.01 per rft respectively whereas higher rates were paid.

Violation of contractual obligations resulted in overpayments of Rs 3,250,440.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 4th December 2024. The department admitted to effect recovery. The Committee directed the department to effect recovery besides issuing warning to the concerned Sub Engineer. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends prompt recovery of the overpayments, along with strict disciplinary actions against the responsible individuals. Additionally, internal controls should be strengthened to prevent the recurrence of such issues in the future.

DP No 293 (2024-25)

Note: The issue was reported earlier also in the Audit Report vide Para No. 2.4.1.3.17 in AR 2018-19 and Para No. 2.4.1.9 in AR 2023-24 having financial impact of Rs 4.923 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.10 Overpayment due to allowing excess lead – Rs 9.371 million

As per condition No. 5 of FD's letter No.RO(Tech)F.D 2-3/2004 dated 2nd August 2004, "the material of crushed stone aggregate shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage".

Executive Engineers of Buildings Division No. 2 Lahore and Shekhupura paid for carriage of bajri from Kirana Hills Sargodha to site of works for 195 and 210 km respectively. Audit observed that the department had taken longer distances for carriage of bajri instead of the shortest available routes with 175 and 186 km respectively.

Violation of the FD's instructions resulted in overpayments amounting to Rs 9,371,256.

Audit pointed out the overpayments during March and July 2024.

The paras were discussed in the SDAC meetings held in July and December 2024. In one case (DP 356), the department explained that payment was made as per lead approved in technical sanctioned estimate. Audit contended that the department allowed excess lead for carriage. The Committee directed the department to effect actual recovery and produce approved lead chart. In second case (DP 70), the department explained that lead was calculated from "Sikhanwali" quarry to the site of work which came to 210 km as shortest route. Audit

reiterated its earlier stance. The Committee directed the department to effect recovery to the extent of wrong calculation of lead. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No 356 (2024-25) & DP 70 (2023-24 Phase-II)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.48 in AR 2018-19, Para No. 2.4.1.5 in AR 2022-23 and Para No. 2.4.1.5 in AR 2023-24 having financial impact of Rs 35.597 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.11 Overpayment due to allowing inadmissible contractor's profit – Rs 7.149 million

A per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items in 2022, "12.5% contractor profit and overhead charges are allowed of the total value of the cost of the electrical items".

Executive Engineers, Buildings Division No. 1, Gujranwala and Buildings Division No. 1, Lahore prepared the rate analyses and made payment of various electrical items. Audit observed that the department allowed 20% contractor's profit and overhead charges on the value of supplies, instead of specified percentage of 12.5%. As per FD's template 20% contractor profit is applicable only on material & labour cost.

Violation of FD's instructions resulted in overpayments amounting to Rs 7,149,564.

Audit pointed out the overpayments during March and August 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In both cases, the department explained that 20% profit is taken on the items as per FD template because specialized/expert labour was required for fixing and erection at site.

Audit contended that 12.5% profit was applicable on material component and 20% on installation cost. The Committee directed the department in DP No. 151 to effect recovery and in DP No. 265 to seek clarification from FD regarding applicable profit on material. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends obtaining early clarification from FD and recovery, besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 265(2024-25), 151(2023-24 P-II)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.5.1.3 in AR 2019-20, Para No. 2.4.1.8 in AR 2022-23 and Para No 2.4.1.7 in AR 2023-24 having financial impact of Rs 86.891 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.12 Overpayment due to application of incorrect rate – Rs 6.692 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE before execution of works, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible". Further, as per quotation of the lowest bidder dated 3rd February 2024, the rate of items i.e. Supplying, Fixing & Installation were complete in all respect.

Executive Engineer, Buildings Division No. 1, Gujranwala made payment to contractor for different non-MRS / supply items by making rate analysis on the basis of quotations of a vendor dated 3rd February 2024. Audit observed that the quotation of vendor was complete in all respect i.e. Providing & Fixing/ Supplying and installations complete in all respect. The department while making rate analysis, added contractor profit @ 12.5% and allowed the execution of these items of work through contractor just to extend undue financial benefits. In this regard, the payment of these items was made at higher rates.

Violation of quotations and resulted in overpayment due to application of incorrect rate amounting to Rs 6,691,838.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 2nd December 2024. The department explained that the quotation produced by the vendor Hussain Trading Co, was based on the composite rates, which was supported by the backup quotation. Audit informed the Committee that the department while making rate analysis of the item added contractor's profit @ 12.50% and allowed the execution of work through contractor just to extend undue financial benefit. Further, the vendor prepared the quotations with complete item i.e. providing and laying. The Committee directed the department to produce relevant record and get it verified from Audit within 03 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No 271 (2024-25)

2.4.1.13 Overpayment due to incorrect calculation of steel – Rs 4.950 million

According to rule 7.29 of Departmental Financial Rules (DFR) Volume-I, "before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct".

Executive Engineers of Buildings Division Muzaffargarh and Buildings Division No. 1 Rawalpindi got executed the item of work "*Fabrication of mild steel etc.*". Audit observed that the department calculated incorrect quantities of steel due to arithmetical errors in MB.

Violation of the DFR resulted in overpayments amounting to Rs 5,545,441.

Audit pointed out the overpayments during February and August 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In all cases, the department admitted to effect actual recovery of Rs 4,950,418 from the contractors. The amount of paras was reduced to Rs 4,950,418. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No 387(2024-25) & 02(2023-24 Phase-II)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.9 in AR 2019-20, Para No. 2.4.1.6 in AR 2022-23 and Para No. 2.4.1.2 in AR 2023-24 having financial impact of Rs 38.613 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.14 Overpayment due to application of incorrect rate – Rs 3.481 million

As per Superintending Engineering letter No.465/G dated 18th April 2022, the rate of the item "*P/F False Ceiling consist of 5/8" thick plaster of paris sheet i/c hanging with copper wire and screw hooks making with ornamental features, plaster of paris precast gola around the panel complete in all respect as approved by the Engineering Incharge*" was Rs 75 per sft.

Executive Engineer Buildings Division GORs, Lahore, executed and paid for the item of work "*P/F False Ceiling consist of 5/8" thick plaster of paris sheet i/c hanging with copper wire*" for 23,204 sft @ Rs 225 p.sft. Audit observed that payment was made at incorrect rate of Rs 225 per sft instead of approved rate for Rs 75 per sft.

Violation of approved rate analysis resulted in overpayment for Rs 3,480,600.

Audit pointed out the overpayment in May 2024.

The para was discussed in the SDAC meeting held on 18th September 2024. The department explained that the false ceiling executed at site included motives and borders and required special labour for execution whereas the rate taken by audit was of simple false ceiling. Further, rate of Rs 225 per sft was approved against execution of 8' x 4' sheet. Audit reiterated its earlier stance. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of the overpaid amount, fix responsibility for overpayment, and strengthening internal controls to avoid the recurrence of such issues.

DP No. 134 (2023-24 Phase-II)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.5.1.12 in AR 2019-20 and Para No. 2.4.1.8 in AR 2023-24 having financial impact of Rs 5.735 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.15 Overpayment in violation of FD's approved template - Rs 2.445 million

As per FD letter No. RO(Tech)FD-11-16/2022 dated 29th March 2022, the template regarding porcelain tiles, glazed tiles etc. of chapter-10 have been standardized and item has been incorporated in MRS with two (02) un-skilled coolies. Further the template of false ceiling of Gypsum was approved by FD with 5% wastage in material component and two carpenters and two helpers in labour component.

Executive Engineer, Buildings Division No. 1, Gujranwala got executed the items of work, and "*P/F False ceiling of Gypsum dry Board*". Audit observed that the department added in the rate analyses, in 1st case, four (04) un-skilled coolies instead of two and in 2nd case 15% wastage instead of 5% as provided in approved FD's template vide rule *ibid*.

Violation of FD template resulted in overpayment amounting to Rs 2,445,270.

Audit pointed out overpayment in August 2024.

The para was discussed in the SDAC meeting held on 4th December 2024. The department admitted to effect due recovery in next running bill. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.268(2024-25)

Irregularities resulting in non-recoveries

2.4.1.16 Non-blacklisting and recovery of risk and expense from the defaulting contractor – Rs 87.643 million

As per clauses 60 and 61 of the contract agreement, read with rule 21 of PPR 2014 on the default of a contractor to complete the work, his work will be rescinded and remaining work will be completed at risk and expense of the original contractor, besides forfeiting his securities and procuring agency may for a specified period debar a bidder or contractor from participating in any public procurement process if failed to perform contractual obligations.

Executive Engineer, Buildings Division No.1, Multan declared a contractor defaulter due to non-fulfilment of contractual obligations. The remaining work was awarded to another contractor. An amount of Rs 127.643 million was recoverable from 1st contractor on account of risk and expense based on final measurements of work done. Audit observed that department recovered only Rs 40 million from the contractor through the forfeiture of the security deposit, leaving balance of Rs 87.643 million. The department neither recovered the outstanding amount despite lapse of two years nor blacklisted the contractor.

Violation of the contractual obligation resulted in non-recovery for Rs 87,643,000.

Audit pointed out the non-recovery in August 2024.

The para was discussed in the SDAC meeting held on 2nd December 2024. The department admitted the recovery and the Committee directed the department to effect recovery at the earliest. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening of internal controls to avoid the recurrence of such issues.

DP No. 208(2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.5.1.16 in AR 2019-20, Para No. 2.5.1.7 in AR 2020-21 and Para No. 2.4.1.15 in AR 2023-24 having financial impact of Rs 45.971 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.17 Non-recovery of dismantled material – Rs 20.633 million

As per para 9(i) of chapter 18.1 of specification for execution of work 1967, “all demolished material will be the property of Govt. and shall either be disposed of or cost of dismantled material would be recovered from the contractor”.

Executive Engineers of four (04) Buildings Divisions, in four (04) cases paid for the items “*Dismantling of roof tiles, brick work, doors, windows, old G.I pipes, electric pipes i/c boards and RCC etc.*”. Audit observed that the department did not make full recovery on account of cost of dismantled material. Details are as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	Verified recovery	Balance
1	78	BD No.2, Lahore	22,067,993	20,082,971	1,985,020
2	153	BD No.3, Lahore	3,018,851	0	3,018,851
3	309	BD No. 1 Faisalabad	14,561,374	1,563,339	12,998,035
4	354	BD Sheikhpura	2,631,509	0	2,631,509
Total			42,279,727	21,646,310	20,633,415

Violation of the specification resulted in non-recovery of dismantled material of Rs 42,279,727.

Audit pointed out less recovery during March, May, July and August 2024.

The paras were discussed in the SDAC meetings held in July September and December 2024. In three cases (DP No 78, 309 & 354), the department recovered a combined amount of Rs 21,646,310 against actual recoverable amount of Rs 39,260,876. Audit informed the Committee that recovery was verified and amount of paras was reduced to Rs 17,614,564. The Committee directed the department to effect balance recovery. In one case (DP 153), no record was provided to Audit for verification and the Committee directed the department to provide item wise reply and get complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery and fixing responsibility besides strengthening internal controls to avoid the recurrence of such issues.

Note: The issue was reported earlier also in the Audit Reports vide Para No. 2.4.1.20 in AR 2018-19, Para No. 2.5.1.18 in AR 2019-20, Para No. 2.5.1.9 in AR 2020-21, Para No. 2.4.1.11 in AR 2022-23 and Para No. 2.4.1.13 in AR 2023-24 having financial impact of Rs 70.598 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in loss to government

2.4.1.18 Loss to government due to approval of higher than quoted rates - Rs 38.777 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE before execution of works, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

Further, as per quotation of M/s Green Leaves were on lesser side and were inclusive of all taxes.

Executive Engineer, Buildings Division No.1, Faisalabad paid for the item “*Supply of 1.5, 2 & 4-ton air conditioners*” for a quantity of 110, 30 and 25 units respectively including installation charges amounting to Rs 62.790 million in a work “Establishment of Govt. General Hospital Faisalabad”. Audit observed that the department approved rates higher than those quoted by the contractor by including GST, Income tax and the contractor’s profit despite the fact that quoted rates were for at site delivery, inclusive of taxes.

Violation of FD instructions resulted in loss due to exorbitant approval of rates amounting to Rs 38,777,680.

Audit pointed out loss due to exorbitant approval of rates in August 2024.

The para was discussed in the SDAC meeting held on 2nd December 2024. The department explained that 02-Nos quotations were not fulfilling the requirement like Air conditioners/inverters specifications. Audit contended that quotations of M/s Green Leaves fulfilled the requirement of specification i.e. inverter heat & cool and rates were on lesser side inclusive of all taxes, whereas, higher rates of M/s Mecatech were approved with extra 25% GST. This was inconsistent with the 3rd Schedule of the Sales Tax Act of 1990, which stipulates that GST included in the retail price of items. Further, the same contractor, who quoted higher bid stands lowest by quoting rates @ 6.50% below on said items. Audit stresses upon recovery. The Committee directed the department to get the matter probed by concerned Chief Engineer Buildings Central and submit fact finding report to Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery and probe of the matter besides strengthening internal controls to avoid the recurrence of such issues.

DP No 340 (2024-25)

2.4.1.19 Loss to govt. due to approval of incorrect rates – Rs 35.161 million

According to MRS item No.6 Chapter-7 (Brickwork), extra labour on item No.5 “*Pacca brick work in 4th and subsequent floors*” would be Rs 6,415.20 and Rs 7,674.50 for 1st and 2nd Bi annual 2022 respectively. Further, according to MRS remarks against item No.5 Chapter-9 (Roofing) single layer of tiles 9 x 4.5 x1.5, add extra 13%, 32% & 51% on labour rates only or 6%, 15% & 23% on composite rates for 2nd, 3rd, 4th & sub-sequent floors, respectively.

2.4.1.19.1 Executive Engineer, Buildings Division No.1, Multan got approved the items of work “*Pacca Brick work in Cement sand mortar of different ratios*”. Audit observed that department approved higher rates of these items from 5th floor onward by making inadmissible addition of extra labour cost for each floor whereas the rates for 4th and subsequent floors were fixed. Therefore, the department approved higher rate in violation of FD instructions *ibid*.

Violation of MRS resulted in loss to government for Rs 29,010,102.

Audit pointed out the loss in August 2024.

The para was discussed in the SDAC meeting held on 2nd December 2024. The department explained that the extra rate of labour will remain fixed from 4th floor and subsequent floors and rate of labour for brick work will be added up for every subsequent floor. Audit contended that the department derived incorrect rates of brick work for 5th floor onward by adding Rs 6,415.20 & Rs 7,674.50 on 4th and subsequent floors on accumulative value of composite rate of the said item in violation of FD instructions. The Committee directed the department to seek clarification from the FD regarding applicability of the rate. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early seeking clarification from FD besides strengthening internal controls to avoid the recurrence of such issues.

DP No 210 (2024-25)

2.4.1.19.2 Executive Engineer, Buildings Division No.1, Multan got approved the item of work “*Single layer of tiles 9" x 4.5" x 1.5" laid over 4"* for different floors in three works. Audit observed that the department derived higher rates by adding extra cost on composite rates instead of adding extra cost on labour component being economical method for calculation of rate.

Violation of FD’s instructions resulted in loss to government for Rs 6,150,568.

Audit pointed out the loss in August 2024.

The para was discussed in the SDAC meeting held on 2nd December 2024. The department explained that approval and payment of single layer of tiles was made according to the rates provided in MRS. Audit contended that the department should adopt economical method for calculating the rates by adding extra cost on labour component instead of composite rate of item. The Committee directed the department to seek clarification from the FD regarding applicability of the rate. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early seeking clarification from FD besides strengthening internal controls to avoid the recurrence of such issues.

DP No 223 (2024-25)

Miscellaneous irregularities

2.4.1.20 Irregular enhancement of agreement/change of scope – Rs 5,092.047 million

As per clarification by PPRA dated 18th June 2019, “enhancement in the original scope of work cannot be allowed under PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of the contract agreement circulated by Finance Department”.

Executive Engineers of seven (07) Buildings Divisions, in ten (10) cases, awarded different works to various contractors. Audit observed that the department enhanced the contracts beyond 20% in contravention of PPRA clarification.

Violation of PPRA rules resulted in irregular enhancement of contract agreements amounting to Rs 5,092,047,549.

Audit pointed out the irregularity during February March and August 2024.

The paras were discussed in the SDAC meetings held in September and December 2024. In seven cases (DPs 308, 318, 141, 07, 108, 322, 186), the Committee directed the department to refer the case to FD for regularization. In two cases (DP 267,222), the Committee directed the department to refer the case to PPRA for further clarification regarding enhancement of works and in one case (DP 283), the Committee directed to get the record verified by Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides strengthening internal controls to avoid the recurrence of such issues.

Note: The issue was reported earlier also in the Audit Report vide Para No. 2.5.1.23 in AR 2019-20 and Para No. 2.4.1.13 in AR 2022-23 having financial impact of Rs 808.557 million. Recurrence of same irregularity is a matter of serious concern.

(Annexure-IV)

2.4.2 Highways Department

Reported cases of fraud, embezzlement and mis-appropriation

2.4.2.1 Fraudulent increase in quantities and adjustment of recovery through fake billing - Rs 44.422 million

As per rule 7.29 of DFR (Vol-I), before signing the bill, a Sub-Divisional Officer should compare the quantities in the bill with those recorded in the Measurement Book (MB) and see that all rates were correctly entered and that calculations were checked arithmetically to be correct. Further, as per rule 2.33 of PFR (Vol-I), every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part.

Executive Engineer, Road Construction Division, Faisalabad, made a payment amounting to Rs 1,955,770,717 for the work “*Rehabilitation of Faisalabad Circular Road / By-pass Ring Road Length-97.80 km Working Length – 93.72 km G-III (Jhang Road to Sargodha Road) Length-24.69 km*” to a contractor upto 14th running bill (Vr. No. 09/F-II) dated 20.11.2023. The 14th bill was divided into 4 parts. Audit found that in the bill calculation for the second part of the bill, an amount of Rs 837,678,217 was paid, against the actual amount required to be paid of Rs 815,467,032, as evident through 14th running bill and MB No. 3712, pages 118 to 136.

Violation of DFR led to an overpayment of Rs 22,211,185.

Audit pointed out the overpayment in April 2024.

The para was discussed in SDAC meeting on 23rd July 2024, wherein the department explained that recovery of the overpaid amount had been made through MB No. 1494 (pages 100 to 135) vide the 15th running bill (Vr. No. 150) dated 24.04.2024. Audit verified this with the 15th running bill & MB and SDAC settled the para. However, audit later found that the paid voucher shown during verification was not authenticated in SAP, and the same was not included in the monthly accounts of the division. Further, the department had fraudulently

enhanced the quantity of the "tuff paver" (item No. 30) from 163,729 square feet to 277,772 square feet amounting to Rs 22,211,015. Additionally, the rate of carpeting was falsely increased to cover the recovery of Rs 22,211,185 from the previous bill and to account for the shortage in total. In this way a fraudulent manipulation of Rs 44,422,370 was made by the department. The matter was reported to PAO on 02.01.2025 but no response had been received till finalization of this report.

Audit recommends that the matter be inquired by administrative department besides fixing responsibility, effecting recovery and strengthened internal controls to avoid occurrence of such issues in future.

DP No. 171 (2023-24 Phase-II)

Irregularities

Irregularities resulting in overpayments

2.4.2.2 Overpayment due to application of uneconomical items – Rs 1,167.926 million

According to para 1.58 of the B&R Department Code, “the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality”.

Executive Engineers of sixteen (16) Divisions, in twenty-one (21) cases, paid for the item “*E/W in ordinary soil for embankment i/c lead cost of earth with lead, to achieve 95% to 100% maximum modified AASHTO dry density*”. Audit observed that works were executed through mechanical means as it was not feasible to execute a huge quantity of earthwork for 304.968 million cft through manual labour. So, the rate of item E/W in ordinary soil for embankment based on mechanize system was required to be provided and paid accordingly.

Violation of the B&R Department Code resulted in the overpayment amounting to Rs 1,167,926,397.

Audit pointed out overpayment from March to August 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In all twenty-one (21) cases, the department explained that payments for the item "Earth work in ordinary soil for embankment including cost of earth and lead to achieve 95% to 100% maximum modified AASHTO dry density" were made as per approved TS estimates. Audit reiterated its earlier stance. In all twenty-one (21) cases, the Committee referred the case to FD for seeking clarification regarding rationalization of rate on mechanized mode. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, along with fixing responsibility for making payments for manual labor items whereas the work was actually performed using mechanical means. Additionally, internal controls should be strengthened to prevent the recurrence of such issues.

(Annexure-V)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.3 in AR 2021-22, Para No. 2.4.2.1.1 in AR 2022-23 and Para No. 2.4.2.1 in AR 2023-24 having financial impact of Rs 618.073 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.3 Overpayment due to allowing excess quantity of bitumen than actually used – Rs 530.801 million

As per FD's notification No. RO(Tech)FD2-3/2004 dated 2nd August 2004, "payment is to be made to the contractor as per Job Mix Formula (JMF) or actual bitumen used in the work".

Executive Engineers of eleven (11) Divisions, in twenty (20) cases, paid for the item "*P/L premixed asphaltic carpet by using 4% and 4.5% bitumen contents*". Audit observed that, according to the JMFs issued by the Road Research & Material Testing Institute (RR&MTI),

the bitumen content ranged from 3.6% to 3.8% and 4.1% to 4.4% for these works. However, the department made payments for higher percentages of bitumen than those specified in the respective JMFs.

Violation of FD's instructions resulted in overpayments amounting to Rs 576,342,423.

Audit pointed out the overpayments from March to September 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In DP Nos. 732, 564, 01 and 507, the department effected partial recovery of Rs 14,104,148. In DP Nos. 572 and 432, the department admitted the recovery of Rs 126,012,344. In fourteen (14) cases (DP Nos. 673, 247, 262, 168, 785, 600, 390, 813, 822, 799, 399, 821, 731 and 520), the department explained that payments were made at reduced rates. Audit contended that the paid rates were not calculated as per FD's template and excess rates were paid. The Committee directed to effect admitted, actual / balance recovery in all twenty (20) cases. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-VI)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.8 in AR 2018-19, Para No. 2.5.2.26 in AR 2019-20, Para No. 2.5.2.16 & 2.5.5.21 in AR 2020-21, Para No. 2.4.2.15 in AR 2021-22 and Para No. 2.4.2.8 & 2.4.2.14 in AR 2022-23 and in AR 2023-24 vide Para No. 2.4.2.2 having financial impact of Rs 854.008 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.4 Overpayment due to incorrect calculation of price variation – Rs 238.179 million

According to clause 55 of the contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price

of an item of works takes place after acceptance of the tender and before completion of works, the amount payable should be adjusted to the extent of actual variation in the cost of the item of works. Further, in case of buildings and RCC structures, the factor for calculation of price variation of HSD was 0.07.

Executive Engineers of sixteen (16) Divisions, in twenty-eight (28) cases, paid price variation against various items. Audit observed that the department made overpayments due to the use of incorrect values for work done, inaccurate base or current rates, incorrect adjustment factors, and recording measurements using the wrong months.

Violation of the contract agreement resulted in overpayments amounting to Rs 275,700,700.

Audit pointed out overpayments from March to September 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In five (05) cases (DP Nos. 523, 508, 398, 329 and 392), the department effected partial recovery of Rs 29,002,555. In two cases (DP Nos 741 & 621), the department explained that actual price variation was paid. Audit contended that the department granted price variation against material of subbase course of pit-run gravel and applied incorrect factor for diesel against RCC work. In twenty-six (26) cases, the department admitted to effect actual/balance recovery amounting to Rs 208,802,190. The Committee in twenty-six (26) cases, directed to effect actual/balance recovery within 07 to 30 days and in two (02) cases (DP Nos.741 & 621) directed to refer the case to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-VII)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.22 in AR 2018-19, Para No. 2.5.2.3 in AR 2019-20, Para

No. 2.4.2.15 in AR 2020-21, Para No. 2.4.2.20 in AR 2021-22, Para No. 2.4.2.4 in AR 2022-23 and Para No. 2.4.2.6 having financial impact of Rs 264.239 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.5 Overpayment due to incorrect measurement - Rs 216.979 million

As per pavement design issued for rigid pavement by RR&MTI Lahore vide No. G-6/SKP/1130 dated 20.07.2022, 4-inch-thick base course was recommended for overlay and 4-inch thick sub base for new construction and 6-inch base course was approved for overlay for flexible pavement design issued by RR&MTI Lahore dated 18.12.2023. Further, as per decision of C&W Department's meeting dated 23.10.1997, the deficiency of one item should be removed before laying the subsequent item. Moreover, as per rule 7.29 of DFR (Vol-I), before signing the bill, a Sub-Divisional Officer should compare the quantities in the bill with those recorded in the Measurement Book (MB) and see that all rates were correctly entered and that calculations were checked arithmetically to be correct.

2.4.2.5.1 Executive Engineer, Highways Division Sheikhpura in three (03) works paid for items "*P/L sub base course*" & "*base course*". Audit observed that the department made violation of approved pavement design issued by RR&MTI, Lahore as in two (02) cases, (DP No. 645 & 646) the department paid for item of base course for overlay as 15-inch and 6-inch thick respectively instead of 4-inch-thick for the rigid pavement and in 2nd case (DP No. 637), paid for item base course as 10-inch thick instead of 6-inch thick for flexible pavement besides additional layer of base course with 1.44-inch to 1.286-inches for undulation/re-cambering.

Violation of pavement design resulted in overpayment Rs 145,093,213.

Audit pointed out overpayment in August 2024.

The paras were discussed in the SDAC meeting held on 11th December 2024. The department in all cases explained that

payments were made as per provision of approved TSEs. Audit contended that department made payments in violation of recommendations by RR&MTI, Lahore which were framed after detail survey. The Committee directed the department to refer the case to RR&MTI Lahore for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 637,645&646 (2024-25)

2.4.2.5.2 Executive Engineers, Highways Divisions, Kasur, Faisalabad and RCD Faisalabad, in three (03) cases, paid for the items, "*Disposal of dismantled unsuitable material*" and "*P/L Base Course (WBM) of crushed stone*". Audit observed in one (01) case (DP No. 279), that during a physical inspection on 30th July 2024, only 40% of the dismantled material was disposed off, whereas payment was made for the entire quantity. Additionally, the item "*P/L Base Course (WBM)*" was not fully executed yet, but full payment was released. In 2nd case (DP No. 142), the item "*re-cambering/undulation*" was executed and paid on same area of existing bed which was also scarified and compacted with stone dust but the quantity of re-cambering / undulation, was not deducted from quantity of item compaction of existing bed. In 3rd case (DP No. 183), the department paid for item "*S/F sand under floor or plugging in wells*" and "*P/L sub base course*" for excess quantities as requires under item "*Re-laying of existing tuff tile (60 mm thick)*".

Violation of DFR resulted in overpayment amounting to Rs 38,134,251.

Audit pointed out overpayment from March to August 2024.

The paras were discussed in the SDAC meeting held from July to December 2024. The department in DP No. 279, explained that the disposal of unsuitable material was carried out after the dismantling of road metaling. Audit contended that payment was made without execution of complete items. In DP No. 142, the department explained

that payment was made as per approved TSE. Audit contended that while calculating the quantity of compaction of existing bed, the area of "re-cambering /undulation" was not adjusted/ deducted. In DP No. 183, the department admitted recovery of Rs 1,005,361. The Committee in DP No. 279, directed the department to get the matter probed by Superintending Engineer (SE) from a different circle within 30 days and to ensure actual recovery. The Committee in two (02) cases (DP No. 142 and 183), directed the department to effect recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 279,142 (2024-25) &183 (2023-24 Phase-II)

2.4.2.5.3 Executive Engineer, Highways Division, Sheikhpura made payment for the item "*P/L base course of stone aggregate*" by taking average thickness of 7 inch to 7.5 inch. Audit observed that the department had initially measured this item at the same RDs with a thickness of 6 inches. Subsequently, the items "Prime Coat" and "Asphaltic Base Course" were executed. However, after their execution, the department increased the quantities of the base course by applying excess thickness, which was not justified.

Violation of instructions of C&W department resulted in overpayment amounting to Rs 23,680,185.

Audit pointed out overpayment in August 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. The department explained that initially uniform thickness of 6 inch of base course was entered in measurement book and afterwards the overall measurement of base course was done and entered in measurement book accordingly. Audit informed that the department enhanced the quantity of base course by increasing the thickness from 6 inch to 7 inch on those RDs where item Prime coat and Asphaltic Base Course were already executed. Audit further contended; in overall measurement the quantity of hidden item could not be increased. Hence,

recovery was required to be made. Audit stressed for recovery. However, Chair directed the department to get the complete record re-verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 656 (2024-25)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.5.2.13 in AR 2019-20, having financial impact of Rs 16.436 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.5.4 Executive Engineers, Highways Divisions Bhakkar, M.B Din and Kasur, in five (05) cases, made payment during execution of various items. Audit observed that overpayment was made due to errors including incorrect carry forwarded of quantities, incorrect value of work done and incorrect calculation of paid quantities of various items. These discrepancies lead to overpayments.

Violation of the DFR resulted in overpayments amounting to Rs 10,071,584.

Audit pointed out overpayment from July to September 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In all cases, the department admitted actual recovery of Rs 7,491,280. The Committee directed to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 278,387,388,584 & 576 (2024-25)

2.4.2.6 Overpayment due to incorrect rates – Rs 186.908 million

As per FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by Superintending Engineer/Director, giving specifications of the material used as per FD's website. Further, as per clause 41 of contract agreement "if any altered, additional, or substituted work is directed by the engineer in-charge, for which no rate is specified in the contract, the contractor shall carry out the work on the same conditions as agreed to do the main work and at the same rates as specified in the tender (bid schedule) for the main work". Furthermore, as per acceptance letter of the scheme approved by Chief Engineer (central zone) Lahore, the work was awarded to contractor @ 3.97% above the estimated cost.

2.4.2.6.1 Executive Engineers of eight (08) Divisions and Punjab Ring Road Authority in nine (09) cases, paid for non-MRS items "*Removal of existing cold milling*", "*Compaction of existing bed with extra 10% stone dust*", "*Supplying clean and screened river pit sand*", "*Removal of sludge and waste material*", "*shifting of unsuitable material lead up to 3 km*", "*Bitumen emulsion crack filler/cure*", and "*Providing and mixing admixture*". Audit observed that in all cases the department violated the FD template and calculated rates at higher side by allowing excess labour and material.

Violation of FD's instructions resulted in overpayments amounting to Rs 77,361,488.

Audit pointed out overpayments from March to September 2024.

The paras were discussed in the SDAC meetings held during July to December 2024. The department in all cases explained that payment was made as per approved rates incorporated in TSEs. Audit contended that department violated the FD templates and calculated higher rates. The Committee in four (04) cases (DP No. 141, 42, 297 and 27), directed the department to effect recovery of Rs 27,792,358 In three cases (DP No. 182, 252 and 41), directed the department to refer the case to FD for clarification regarding carriage and extra labour. In two (02) cases (DP

No. 606 and 746), the Committee directed the department to produce complete record for verification. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-VIII)

2.4.2.6.2 Executive Engineer of four (04) Divisions in four (04) cases, paid for items “*RCC for bored piles*” of different diameters. Audit observed that the department paid these items by calculating rates at higher sides due to provision of inadmissible material, labour and carriage in violation of FD template and contradictory to actual execution at sites. The detail is as under:

(Amount in Rs)

Sr. No.	DP No	Division	Amount Objected	Admitted
1	627	Sheikhupura	23,475,516	12,279,058
2	433	Khushab	16,787,304	4,136,373
3	547	Multan	10,008,839	10,008,839
4	254	Kasur	3,801,445	3,801,445
Total			54,073,104	30,225,715

Violation of rule resulted in overpayment of Rs 54,073,104.

Audit pointed out overpayment from July to September 2024.

The paras were discussed in the SDAC meeting held in December 2024. The department admitted partial recovery of Rs 30,225,715 and explained that the works were got executed as approved by the competent authority. Audit contended that department violated the approved template of FD while calculating the composite rates. Further, admitted recovery was also not effected. The Committee in all cases directed the department to effect recovery as per FD’s template within 07 to 30 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.6.3 Executive Engineers, Highways Divisions, Faisalabad, M.B Din and RCD Gujranwala, in three (03) cases, paid for the items “*P/L cement concrete for slab, plates ratio 1:2:4 complete in all respect*” for construction of New Jersey Barrier (NJB) and “*P/L RCC girder pre-cast and pre-stressed etc.*”. Audit observed that the department applied the rate of RCC with horizontal shuttering, whereas the items NJB and RCC Girders were constructed on the ground at site, requiring no horizontal shuttering.

Violation of FD’s instructions resulted in overpayment amounting to Rs 31,344,621.

Audit pointed out overpayments during March and September 2024.

The paras were discussed in the SDAC meetings held during July to December 2024. In two (02) cases (DP Nos. 124 and 582), the department explained that horizontal shuttering was required for construction of NJB and RCC girder. Audit contend that department paid inadmissible item as no form work was involved at site. In DP No. 518, the department admitted to effect recovery. The Committee in two (02) cases (DP Nos. 518 and 124), directed the department to effect recovery and in DP No. 582, directed the department to refer the case to FD for clarification. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 124 (2023-24 Phase-II) & 518, 582 (2024-25)

2.4.2.6.4 Executive Engineers, Highways Divisions, M.B Din, Kasur and RCD Gujranwala in three (03) cases, made payments against various non-BoQ items. Audit observed that the department made

payments of these items at full rates instead of admissible rates as per clause 41 of contract agreement.

Violation of agreement clause resulted in overpayment amounting to Rs 18,662,361.

Audit pointed out the overpayment from July to September 2024.

The paras were discussed in the SDAC meeting held in December 2024. The department in two (02) cases (DP No. 578 and 265), admitted recovery of Rs 15,605,468 and in one (01) case (DP No. 524), explained that variations were made as per site condition which was approved in revise TS estimate. Audit contended that the work was awarded @ 17.67% below the estimated cost and same below percentage was required to be applied as per clause 41 on non-BoQ MRS items. The Committee in two (02) cases (DP Nos. 578 and 265), directed the department to effect recovery and in one (01) case (DP No. 524) directed the department to refer the case to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 578, 265 & 524 (2024-25)

2.4.2.6.5 Executive Engineer, Highways Division, Faisalabad made payment of Rs 1,271,632,106 to contractor by applying premium of @ 4.43% above the estimated cost. Audit observed that at the time of acceptance of tender, the Chief Engineer (Central Zone) Lahore reduced the agreement cost from Rs 1,100,160,316 to Rs 1,095,312,685 which was 3.97% above of the estimated cost but premium was not reduced by the department while making payment to the contractor.

Violation of contact agreement resulted in overpayment amounting to Rs 5,467,463.

Audit pointed out overpayment in March 2024.

The para was discussed in the SDAC meeting held on 22nd July 2024. The department explained that the due to typing mistake, the issue raised and corrigendum would be issued. Audit contended that it was not a typing mistake. As per acceptance letter and tender approved by competent authority, the admissible percentage was 3.97% above the TS estimated cost but department made payment to the contractor by adding @ 4.43% above the TS estimate in rates of all items. Further, it was not matter of corrigendum. The Committee upheld the view point of Audit and directed the department to effect recovery within 30 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 126 (2023-24 Phase-II)

2.4.2.7 Overpayment due to inadmissible price variation on M&R works – Rs 144.725 million

As per Delegation of Financial Powers Rules, 2016 read with FD’s clarification No. FD(C&W)4-207/2021-22 dated 14th June 2022, no price variation is admissible on M&R works.

Executive Engineers of six (06) Divisions, in six (06) cases, paid Rs 144,725,227 on account of price variation against M&R works. Audit observed that price variation on M&R works was inadmissible as per FD’s clarification. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Division	Amount Objected
1	139	Faisalabad	107,623,042
2	369	Muzaffargarh	11,451,334
3	706	Taunsa	10,688,544
4	298	Bahawalpur	10,252,979
5	31	RCD Lahore	2,873,113
6	409	Bhakkar	1,836,215
		Total	144,725,227

Violation of FD's instructions resulted in overpayments amounting to Rs 144,725,227.

Audit pointed out overpayments from March to July 2024.

The paras were discussed in the SDAC meetings held during November and December 2024. In all cases, the department admitted to effect recovery. The Committee directed the department to effect admitted recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Report vide Para No. 2.4.2.10 in AR 2022-23 & vide Para No. 2.4.2.3 in AR 2023-24 having financial impact of Rs 114.025 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.8 Overpayment due to allowing excess lead for carriage of stone – Rs 137.779 million

As per condition No. 5 of FD's letter No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, "the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage".

2.4.2.8.1 Executive Engineers, Highways Divisions, Jhang, Sialkot and Chakwal, in three (03) cases, paid for the items "*sub base*" and "*base course of crushed stone*" with leads for carriage of materials. Audit observed that the department included carriage of crushed stone by adopting longer routes in violation of FD's instructions.

Violation of FD's instructions resulted in overpayments amounting to Rs 121,310,386.

Audit pointed out the overpayments during August and September 2024.

The paras were discussed in the SDAC meetings held in December 2024. In three (03) cases, the department explained that crushed stone was obtained from approved quarries by adopting practical routes. Audit contended that in (DP No. 736 and 775), the suitable crushed stone was available with shorter distance i.e. Melot and Kalar Kahar quarries respectively. In DP No. 473, excess lead of 45 km was provided and paid. The Committee, directed the department to refer the cases for clarification regarding calculation of actual leads from FD, RR&MTI and Director P&D Highways Department Lahore, in DP Nos. 736, 775, 473 respectively. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, disciplinary action against responsible officials for allowing excess lead for material carriage, and strengthening internal controls to prevent the recurrence of such issues.

DP No. 473, 736 & 775 (2024-25)

2.4.2.8.2 Executive Engineer, Highways Division, Bahawalpur in seven (07) works paid for items "*P/L sub base course*" and "*P/L base course of crushed stone*" by providing leads from Sakhi Sarwar quarry to different sites of works. Audit observed that department prepared rates of items on higher side by taking incorrect leads for carriage as evident from lead charts of sister divisions and Google Maps.

Violation of FD's instructions resulted in overpayment amounting to Rs 16,468,644.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 27th November 2024. The department explained that the rates were approved by the competent authority. Audit informed that the department provided higher rates with excess leads as compared to actual distance. The Committee directed the department to refer the case to Director P&D, Highways Department, for clarification regarding calculation of actual leads within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility

and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-IX)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.60 in AR 2018-19, Para No. 2.5.2.10 & 2.5.2.20 in AR 2019-20, Para No. 2.5.2.8 & 2.5.2.10 in AR 2020-21, Para No. 2.4.2.10 in AR 2021-22, Para No. 2.4.2.11 in AR 2022-23 and in AR 2023-24 vide Para No. 2.4.2.8 having financial impact of Rs 185.289 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.9 Overpayment beyond agreed contract percentage – Rs 107.465 million

As per para (v) of FD's notification No. RO(Tech)FD.1-2/ 83-VI dated 29th March 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineers of four (04) Divisions, in four (04) cases, awarded works to contractors wherein disproportionate rates were quoted. Audit observed that while making interim payments to contractors, the department failed to maintained agreed percentage in violation of contract clause *ibid*. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Division	Overpayment	Agreed (%)	Paid (%)
1	214	R. Y Khan	64,116,780	4.18 above	17.35 above
2	12	Nankana	30,051,588	10.19 below	0.15 above
3	120	Faisalabad	7,434,960	4.35 above 4.98 above	4.48 above 4.15 above
4	554	Multan	5,861,714	12.18 below 18.36 below 21.45 below	11.77 below 18.12 below 20.90 below
Total			107,465,042		

Violation of FD's instructions resulted in overpayments amounting to Rs 107,465,262.

Audit pointed out the overpayments during March and August 2024.

The paras were discussed in the SDAC meetings held during July and December 2024. The department explained that payments were made to contractor at their quoted rates. Audit contended that department neither maintained weighted percentage during execution nor at finalization of the works. The Committee in all cases directed the department to effect actual recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.5.2.5 in AR 2019-20 and vide Para No. 2.5.2.12 in AR 2020-21, having financial impact of Rs 97.027 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.10 Overpayment due to non-utilization of available earth – Rs 95.673 million

As per specification No 17.1(A)(11)(i) for execution of works 1967 Volume-I Part-II, if cutting and filling are being done simultaneously, all suitable materials obtained from cutting shall be used in filling after recording X-Sections in MBs.

Executive Engineers of eighth (08) Divisions, in eight (08) cases, paid for the items "*Excavation in foundation in building bridges*" and "*Regular excavation*". Audit observed that the department did not fully utilize the excavated earth and instead procured additional earth from external sources, making payments under the item "*Earthwork for making embankment.*"

Violation of specification resulted in overpayments amounting to Rs 81,277,319.

Audit pointed out overpayments from March to September 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In all eight (08) cases, the department admitted to effect recovery. However, in three (03) cases DP Nos. 579, 515 and 136, the department effected partial recovery amounting to Rs 23,214,165. Audit contended that department did not effect the admitted recovery. The Committee in all eight (08) cases, directed the department to effect recovery within 07 to 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-X)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.59 in AR 2018-19, Para No. 2.5.2.40 in AR 2019-20, Para No. 2.5.2.1 in AR 2020-21, Para No. 2.4.2.7 in AR 2021-22, Para No. 2.4.2.2 in AR 2022-23 and Para No. 2.4.2.11 in AR 2023-24 having financial impact of Rs 411.813 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.11 Overpayment due to non-deduction of area of culverts and gaps – Rs 70.658 million

As per rule 7.29 of DFR, before signing the bill, Sub-Divisional Officer should compare the quantities in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct.

2.4.2.11.1 Executive Engineers of seven (07) Divisions, in nine (09) cases, paid for the items "*P/L Sub base course*", "*P/L Base course*", "*P/L tuff paver*", "*P/L sand cushion*" and "*Earthwork embankment*". Audit observed that during measurement of the aforementioned items, the department did not deduct the area of culverts, rigid pavement, tuff paver and sand cushion.

Violation of DFR resulted in overpayments amounting to Rs 61,162,086.

Audit pointed out overpayments from March to September 2024.

The paras were discussed in the SDAC meetings held during July and December 2024. In all nine (09) cases, department admitted to effect actual recovery of Rs 58,153,751. The Committee directed to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure - XI)

2.4.2.11.2 Executive Engineer, Highways Division, Multan paid for items "*Prime Coat*", "*P/L plant premixed carpeting*" and "*P/L TST*". Audit observed that the department added the quantities of gaps/spaces where quantities of "*Prime Coat*", "*P/L plant premixed carpeting*" and "*P/L TST*" instead of its deduction. In this way, the department made overpayment to the contractors.

Violation of DFR rules resulted in overpayment amounting to Rs 20,418,200.

Audit pointed out overpayment in July 2024.

The para was discussed in the SDAC meeting held on 12.12.2024. The department effected partial recovery amounting to Rs 7,914,072. Audit contended that the department effected recovery of only Rs 7,914,072 against pointed out recovery of Rs 20,418,200. The Committee directed the department to effect balance recovery of Rs 12,504,128. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.548 (2024-25)

2.4.2.12 Overpayment due to application of incorrect bi-annual – Rs 60.181 million

As per FD's notification, RO(Tech)FD 11-60/2006, dated 10.08.2007, the technical sanction would be accorded on approved rates (on the basis of which scheme was administratively approved) and not on the tendered rates.

Executive Engineer, Highways Division, Sargodha awarded a work on 4th March 2022 to the contractor for Rs 992.781 million. The 1st admin approval was issued on 18.10.2021 and was revised on 31st December 2021 by applying the rates of 2nd bi-annual 2021. Audit observed that while approving TSE on 31.12.2021, the department applied rates for the 1st bi-annual 2022 instead of 2nd bi-annual 2021 for district Sargodha contrary to the admin approval. Applying of rates of incorrect bi annual lead to overpayment for Rs 60,180,652.

Violation of FD's notification resulted in overpayment amounting to Rs 60,180,652.

Audit pointed overpayment in August 2024.

The para was discussed in SDAC meeting held on 17th December 2024. The department admitted to effect recovery. The Committee directed the department to effect recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 665 2024-25)

2.4.2.13 Overpayment due to execution of excess quantity of carpeting than prime/tack coat – Rs 23.322 million

According to provisions contained in the TSE of the schemes, the quantities of items of works bituminous prime coat, tack coat & plant premixed carpeting were required to be executed equally.

Executive Engineer, Highways Division, Okara paid for the item “P/L bitumen priming coat”, “Tack coat” and “Plant premixed carpeting of 2" thick” and 1.5" thick”. Audit observed that as per provisions of the estimate and specifications, related items were required to be executed on the same area because the item of work, “P/L Plant premixed carpeting of 2" thick” was required to be executed on the area where item of work, "priming coat” and “tack coat” was 100% executed and compacted.

Violation of provisions of TSE resulted in overpayments amounting to Rs 23,322,457.

Audit pointed out overpayments in August 2024.

The paras were discussed in the SDAC meeting held on 18th December 2024. The department admitted the issue and explained that rectification would be covered in next bills. Audit contended that the department violated the provision of TSE and stressed upon recovery. The Committee directed the department to get the matter probed by SE Highways Circle, Lahore. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 811 & 792 (2024-25)

2.4.2.14 Overpayment due to execution of inadmissible item - Rs 11.279 million

According to FD’s instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD’s website. The standardized analysis shall be used to work out the rate of items as far as possible. Further, as per rate analysis of RCC bored piles 1:1.5:3 3750 PSI of 60 inches dia, the sub item “Construction of Temporary Island” was provided @ Rs 130 per rft.

The Executive Engineer, Highways Division, Kasur made payments for the non-BoQ/non-standardized item “*P/L of sand bags including jute bags for making a cofferdam for pier piles in running water*” for a quantity of two units at a rate of Rs 5,639,265 each. Audit observed that the rate analysis for RCC bored/pier piles already included the sub-item “*construction of a temporary island*” at Rs 130 per rft, which was duly paid. Therefore, the separate payment for “*P/L of sand bags including jute bags for making a cofferdam for pier piles in running water*” was inadmissible.

Violation of FD’s instruction resulted in overpayment amounting to Rs 11,279,250.

Audit pointed out overpayment in July 2024.

The para was discussed in the SDAC meeting held on 9th December 2024. The department explained that the item was paid as per site requirement. Audit reiterated its earlier stance. Further, the TSE was approved by the competent authority without inclusion of this item. The Committee referred the case to FD for clarification regarding applicability of said item within 30 days otherwise effect recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 360 (2024-25)

2.4.2.15 Overpayment due to double payment of dressing – Rs 7.964 million

As per clarification issued by FD vide No. RO(Tech) FD 2-6/85 dated 16.03.1998, the activity of leveling and dressing was included in the item of compaction, hence separate payment of dressing was not allowed.

Executive Engineers, Highways Divisions, R.Y Khan, Bhakkar and Road Constructions Division, Faisalabad, in three (03) cases, paid

for the item “*Regular excavation dressed*” along with execution of item “*Compaction of earthwork with power road roller 95% to 100%*”. Audit observed that dressing was paid twice - once in regular excavation and then in compaction of earthwork.

Violation of FD’s instruction resulted in overpayments amounting to Rs 7,964,041.

Audit pointed out overpayments from March to September 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In all cases, the department admitted recovery. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 164, 241 (2023-24 Phase-II) & 385 (2024-25)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.5.2.36 in AR 2019-20, Para No. 2.4.2.9 in AR 2021-22 and Para No. 2.4.2.14 in AR 2023-24 having financial impact of Rs 23.282 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in non-recoveries

2.4.2.16 Non-recovery of excess payment of sub-standard work - Rs 1,128.238 million

As per rule 7.29 of DFR, before signing the bill, Sub-Divisional Officer should compare the quantities in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct. As per Qualitative & Quantitative Evaluation/ report of Development Schemes pertaining to District M.B Din dated 24th July 2023 prepared by team of six (06) Engineers of C&W Department, an amount of Rs 1,054,102 million was recoverable due to execution of defective and sub-standard works.

2.4.2.16.1 Executive Engineer, Highways Division, M.B Din in four (04) cases, awarded various works to different contractors and made payments accordingly. Audit observed that as per qualitative & quantitative evaluation/ report of development schemes pertaining to District M.B Din, an amount of Rs 1,053,594,000 was required to be recovered due to sub-standard works and full payment made for incomplete works.

Violation of recommendation of qualitative & quantitative evaluation / report resulted in non-recovery amounting to Rs 1,053,594,000.

Audit pointed out the non-recovery in August 2024.

The para was discussed in the SDAC meeting held on 12th December 2024. The department admitted to effect partial recovery amounting to Rs 28,197,000 and explained that partial recovery in different schemes had been made and deposited in head of account G-10113, the same would be deposited in revenue after outcome /fate of the final enquiry. The Committee directed the department to effect actual recovery on the basis of inquiry reports. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends probe of matter, early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 580 (2024-25)

2.4.2.16.2 Executive Engineer, RCD Faisalabad awarded seven (07) works and made payments accordingly. Audit observed that a recovery of Rs 74,644,000 on account of bogus payments of shifting of unsuitable material and dismantling of cement concrete, less thickness of PCC and base course, execution of sub-standard tuff tiles and allowing payment of tuff paver at unapproved locations, was pointed out in the month of April 2023 by the Director M&E, C&W Department Faisalabad in his qualitative and quantitative verification report. The department neither effected the recoveries nor initiated any punitive action against the responsible(s).

Violation of rules resulted in non-recovery amounting to Rs 74,644,000.

Audit pointed out non-recovery in April 2024.

The para was discussed in the SDAC meeting held on 23rd July 2024. The department explained that the works would be got rectified from the contractor at his own cost. Audit contended that after execution of subsequent items, rectification could not be made. Hence, recovery of Rs 74,644,000 on account of defective work be recovered. Audit further contended that after the lapse of considerable period neither the rectification was done nor recovery had been effected. The Committee directed the department to get rectify the works and produce record to Audit for verification within 07 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 197 (2023-24 Phase-II)

2.4.2.17 Non-recovery of overpayment of land compensation – Rs 278.882 million

As per orders of the Lahore High Court dated 28th February 2020 and the same upheld by the Supreme Court of Pakistan on 23rd November 2020, “the findings of the learned Civil Court dated 24th June 2008 are set aside and the enhancement of compensation from Rs 350,000 to Rs 650,000 is declared illegal and the compensation assessed in the award is upheld at the rate of Rs 350,000 per Marla along with 15% compulsory acquisition charges and 8% compound interest of all the compensation amount”. Further, as per rule 4.5 (I) of PFR Volume-I, it is the primary duty of the authority/department to watch that all revenue due to the government are properly realized and accounted for and timely recovered. Furthermore, as per minutes of meeting dated 7th February 2018, held under Chairmanship of additional Chief Secretary Punjab, and recommendation of inquiry of CMIT dated 13th May 2016, vide para 44(ii), an amount of Rs 8,482,974 on account

of 8% compound interest may be recovered from Land Acquisition Collector.

2.4.2.17.1 Director Estate Management, Punjab Ring Road Authority, Lahore made excess payment on account of land compensation on 8th September 2009 with enhanced rates of land from Rs 350,000 to Rs 650,000 per marla. Audit observed that land compensation on the enhanced rate of Rs 650,000 per marla was illegal and without any entitlement in the light of orders *ibid*. Further, the Authority could not implement the orders dated 23.11.2020 of the Supreme Court of Pakistan.

Violation of the Courts order resulted in non-recovery amounting to Rs 261,139,693.

Audit pointed out the non-recovery in April 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. The Authority explained that affectees received payment of enhanced compensation in terms of judgment & decree dated 24th June 2008 in compliance of court decision. Thereafter, the Judgment & decree was modified by the Lahore High Court Lahore on 28th February 2020 & affirmed by the Honorable Supreme Court of Pakistan vide order dated 23rd November 2020 an amount of Rs 261,139,692 was overpaid which needs to be recovered u/s 144 of Civil Procedure Code 1908. Audit contended that the affectees signed the indemnity bonds to return back amount to LAC if the honorable courts decided against them. If they failed to return back the amount LAC can forfeit the moveable and immovable properties. Therefore, the Authority was required to recover the amount from the affectees. The Committee directed the Authority to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 55 (2023-24 Phase-II)

2.4.2.17.2 Scrutiny of record of Secretary, C&W Department, Lahore revealed that as per inquiry conducted by Chief Engineer Punjab Building North Zone Lahore regarding "embezzlement and irregularities" on account of assessment of building structures and giving public money to fictitious affectees of the project. Audit observed that Ex-Land Acquisition Collector, Rawalpindi was declared at fault under section-4 of (b) of PEEDA Act, 2006 and major penalties i.e. removal from service and recovery of Rs 9,260,000 were imposed but department did not effect recovery from the defaulter.

Violation of PFR resulted in non-recovery of undue payment amounting to Rs 9,260,000.

Audit pointed out non-recovery in August 2024.

The para was discussed in the SDAC meeting held on 28th November 2024. The department explained that the accused preferred appeal to the Chief Secretary Punjab against this department's order dated 30th May 2024, which was still pending. Audit contended that fraudulent payment of Rs 9,260,000 was not recovered from the affectees. The Committee transferred the para to Chief Engineer, Highway (North Zone) for production of allied record and further proceedings including recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid recurrence of such issues in future.

DP No. 350 (2024-25)

2.4.2.17.3 Scrutiny of accounts record of Land Acquisition Collector Punjab Highway Department revealed that Ex-Land Acquisition Collector, Lahore paid excess amount of Rs 8,482,974 to affectee by wrongly calculating the amount of 8% compound interest in addition to land compensation. As per inquiry report conducted on the direction of CM Punjab, the Chairman CMIT dated 13th May 2016, vide Para No. 44(ii), directed that an amount of Rs 8,482,974 was required to be recovered either from Land Acquisition Collector or affectees due to excess payment which was wrongly calculated. Audit observed that

despite lapse of 07 years (13th May 2016 to 24th October 2023), no hectic efforts were made for recovery in the best interest of government.

Violation of recommendation of CMIT resulted in non-recovery of excess payment amounting to Rs 8,482,974.

Audit pointed out the non-recovery in April 2023.

The para was discussed in the SDAC meeting held on 21.03.2024. The department explained that inquiry against Ex-LAC was under process before the worthy Chief Secretary regarding excess payment. The Committee directed the department to expedite and pursue the matter vigorously and effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 79 (2022-23 Phase-II)

2.4.2.18 Less/non-recovery of government taxes - Rs 246.878 million

As per 2nd Schedule of the Punjab Sales Tax on Services Act, 2012, "16% Punjab Sales Tax (PST) shall be charged on debt collection, rent collection and similar other recovery or collection services, including right to collect the toll or fee or regulatory fee or duty or any other similar collection. Further, according to section 236-A of Income Tax Ordinance 2001, where the payments are received in installments, advance tax @ 10% is to be collected with each installment. Furthermore, as per section 49(a) of the Punjab Sales Tax on Services Act, 2012, "sales tax on services was required to be deducted @ 5% with effect from 1st July 2017". Also as per FBR's clarification vide No.5/WHT-U-03 dated 24th April 2018, the income tax was required to be deducted from the contractors on the gross value of work done including amount of PST.

2.4.2.18.1 Executive Engineers of twelve (12) Divisions in thirteen (13) cases, did not recover 16% PST from contractors who participated in auction proceedings for rights of toll collection.

Violation of instructions of PRA resulted in non-recovery amounting to Rs 223,807,500.

Audit pointed out non-recovery in November 2023 and July to December 2024.

The paras were discussed in SDAC meeting held in November 2023 and July 2024. In all cases, the department explained that PST was not added in reserve price and no provision in contract agreement was provided for recovery of PST. Audit contended that as per Punjab Sales Tax Act, 2012, 16% PST was required to be deducted from the successful bidders. The Committee directed the department to seek clarification from Punjab Revenue Authority (PRA). Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing of responsibility and recovering the amounts involved besides strengthening the internal controls to avoid recurrence of such issues in future.

(Annexure-XII)

2.4.2.18.2 Executive Engineers, Highways Divisions, Kasur, Sheikhpura and Khanewal in four (04) cases, awarded various civil works to different contractors and made payments accordingly. Audit observed that the department deducted less income tax on value of PST from payments of contractors.

Violation of FBR's clarification resulted in less-recovery of income tax amounting to Rs 18,827,950

Audit pointed the less-recovery from March and July 2024.

The paras were discussed in the SDAC meetings held during July and December 2024. In all cases, the department admitted recovery of Rs 16,837,235 and in DP No. 61, effected partial recovery of Rs

342,863. The Committee in all cases, directed the department to effect balance/ admitted recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) at fault and strengthening internal controls to avoid recurrence of such issues in future.

DP No. 61, 73, 228 (SS) (2023-24 Phase-II) & 283 (2024-25)

2.4.2.18.3 Executive Engineers of Highways Divisions, Khanewal and Bahawalpur, in two (02) cases, awarded civil works to different contractors and auctioned toll plazas along with exaction of civil works. Audit observed that the department in one (01) case (DP No. 306), did not deduct and in 2nd case (DP No. 64), less deducted PST from the contractors while making payments.

Violation of the instructions of PRA resulted in less-recovery of PST for Rs 31,151,287.

Audit pointed out the less/non-recovery during March and August 2024.

The paras were discussed in the SDAC meetings held during July and December 2024. The department admitted to effect actual recovery of Rs 6,233,711. In both cases, the Committee directed the department to effect recovery of Rs 6,233,711. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 64 2023-24 (Phase-II), 306 (2024-25)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.5.2.35 in AR 2019-20, Para No. 2.4.2.21 in AR 2022-23 and Para No. 2.4.2.26 in AR 2023-24 having financial impact of Rs 14.808 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.19 Non/less recovery of cost of retrieved material – Rs 243.315 million

According to para 9(i) of chapter 18.1 of book of specifications 1971 execution of work, the dismantled material is the property of the government, it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Executive Engineers of sixteen (16) Divisions, in twenty-nine (29) cases, paid for the items viz. “*dismantling road pavement*”, “*dismantling of dry brick masonry / road edging*”, “*dismantling of brick work*” and “*dismantling of RCC*”. Audit observed that the department in different cases did not recover the complete cost of old material.

Violation of specification resulted in non/less recovery amounting to Rs 377,664,653.

Audit pointed out the non/less recovery from March to August 2024.

The paras were discussed in the SDAC meetings held from July to December 2024. In fifteen (15) cases (DP Nos. 749, 383, 727, 356, 531, 165, 636, 516, 551, 322, 248, 62, 250, 644, and 748), the department effected partial recovery of Rs 83,774,548. In two cases (02) (DP Nos. 795 and 764), the department explained that the material was unsuitable. In three (03) cases (DP Nos.748, 208 and 130), the department explained that loose factor was not applicable while calculating recovery of sub base course. In twenty-four cases (24) DP Nos. 749, 383, 727, 356, 531, 165, 636, 516, 551, 322, 248, 62, 250, 644, 101, 02, 19, 728, 166, 474, 602, 121, 552 and 725, the department admitted to effect balance/ actual recovery amounting to Rs 243,314,876. Audit reiterated its earlier stance. The Committee, in two cases (02) (DP Nos. 795 and 764), referred the case to probe the matter by CE. In one case (DP No.748), the Committee referred the case to CE for obtaining advice regarding application of loose factor and in remaining twenty-six (26) cases, the Committee directed department to effect admitted / balance recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XIII)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.53 in AR 2018-19, Para No. 2.5.2.12 & 2.5.2.30 in AR 2019-20, Para No. 2.5.2.20 in AR 2020-21, Para No. 2.4.2.14 & 2.4.2.16 in AR 2021-22 and Para No. 2.4.2.23 in AR 2023-24 having financial impact of Rs 627.591 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.20 Non/less-recovery of toll collection and fine on delayed period - Rs 74.596 million

As per section 7(4) of the Punjab Tolls on Roads and Bridges Ordinance, 1962, all arrears due from the lessee on account of lease of the tolls may be recovered from him or from his surety, if any, as if they were arrears of land revenue. Further, as per Punjab Highway Act, 1999 read with section 03 & 06 of Punjab Tolls and Bridges Ordinance 1962, the government may cause tolls to be levied on all persons, animals, vehicles or other things using, crossing or passing over any road or bridge vesting in it or which may hereafter vest in it at such rates as it may notify in the official Gazette.

Scrutiny of record of Executive Engineers of five (05) Divisions revealed that in six (06) cases, (DP Nos. 578, 574, 278, 72, 575 and 75), the contractors could not deposit monthly toll tax installments as stipulated in their contracts and in three (03) cases (DP No. 614, 398 and 577), the contractors deposited their monthly installments after the due dates but the department did not initiate any action to recover the overdue toll amounts or imposed the penalties.

Violation of ordinance resulted in non-recovery amounting to Rs 60,348,086.

Audit pointed out non/less-recovery from July 2023 to March 2024.

The paras were discussed in SDAC meeting held in November 2023. In eight (08) cases, the department admitted the recovery Rs 74,595,652 and in one (01) case (DP No. 278) the department stated that the toll plaza was not handed over to contractor on 16.08.2022. Audit contended that in eight (08) cases, the department did not effect admitted recovery and in DP No. 278, the recovery was also due. The Committee in eight (08) cases (DP No. 614,578, 574, 72, 398, 577, 575 and 75), directed the department to effect recovery including recovery of fine / penalties as per agreement and in DP No. 278, to produce record for detail verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) at fault and strengthening internal controls to avoid recurrence of such issues in future.

(Annexure-XIV)

2.4.2.21 Non-deposit of deducted income tax in FBR's accounts - Rs 27.921 million

According to Commissioner Inland Revenue (Zone-II) Regional Tax Office, Rawalpindi letter No. CTR/WHT.ZONE-II/93/2012-13/990 dated 31st January 2013, income tax on the payment of compound interest is applicable @ 10%. As per section 160 of Income Tax Ordinance 2001 any tax that has been collected under division-II and III shall be paid to FBR by the withholding agent without any delay.

Land Acquisition Collector, Punjab Highways Department, Lahore in ten (10) cases made payment to various affectees on account of land compensation including payment on account of 8% compound interest. Audit observed that in nine (9) cases, the department deducted 10% income tax on payment of compound interest but did not deposit the income tax in FBR's account and in one (01) case, neither deducted nor deposited the income tax @ 10% on payment of compounds interest.

Violation of FBR's instructions resulted in non-deposit of deducted income tax amounting to Rs 27,921,808.

Audit pointed out the matter in April 2023.

The para was discussed in the SDAC meeting held on 21st March 2024. The department explained that deducted income tax would be deposited into FBR's account. The Committee directed the department to deposit income tax amounting to Rs 27,921,808 into FBR's account besides fixing responsibility against delinquents for non-deposit / delay of income tax within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 64 (2022-23 Phase-II)

2.4.2.22 Non-recovery of theft of cable from concessionaire – Rs 14.559 million

As per clauses 20.1.1 and 20.2.1 of concession agreement between FWO/PRIME and LRRRA on 22nd June 2016, the Concessionaire shall at its sole and expense, procure and maintain the premises of Ring Road during the construction and maintenance period, that are necessary and required to be procured by the concessionaire in accordance with the financing documents and applicable laws.

Director O&M, Punjab Ring Road Authority, Lahore paid for the item "*Supply and erection of aluminum conductor cables for services connection in pre-laid pipe/G.I wire/trenches etc.*" to concessionaire on account of M&R works. Audit observed that cables were stolen along the Ring Road, and the concessionaire was responsible for covering the loss at his own cost. However, the Authority made payments for the stolen cables.

Violation of contractual obligations resulted in non-recovery amounting to Rs 14,559,750.

Audit pointed out the non-recovery in April 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. The Authority explained that the concessionaire was not responsible for M&R works of northern loop as per concessionaire agreement nor it was the part of project facilities. Audit contended that

the concessionaire was collecting the toll tax on northern loop as well and all assets were transferred and handed over to contractor. Therefore, it was the responsibility of the contractor. Further, FIR was registered but Authority did not follow up the cases and recovered the amount from the culprits. The Committee directed the Authority to pursue FIR and effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 46 (2023-24 Phase-II)

Note: This issue was reported earlier also in the Audit Reports for the years 2021-22 vide Para No. 2.4.2.17 having financial impact of Rs 21.074 million. Authority failed to take corrective actions and therefore thefts are occurring year by year. It is a serious concern and reflects laxity on part of asset security and management. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in undue financial benefit to contractors

2.4.2.23 Non-obtaining/revalidation of performance/quality assurance securities and non-forfeiture of earnest money- Rs 519.455 million

As per FD's instructions No. RO(Tech)FD-1-2/83(V)(P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee at the rate of 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000. Further, as per FD's letter No. RD (Tech)FD-1-2/83/VI(P) dated 24th January 2006, if the contractor quotes his rates 5% or more below the estimated rates, quality assurance securities of scheduled bank shall be obtained within 15 days of the receipt of the acceptance equal to below percentage than the estimated cost. Also as per additional condition No. 3 of the contract agreement for auction of the right for collection of toll tax, the lessee will have to provide a performance bond from a schedule bank of Pakistan, in favor of the Executive Engineer within 07 (seven) days of intimation of acceptance of the bid and before taking over possession of the toll plaza.

In case of failure, the amount of earnest money will be forfeited in favor of lesser and contract will automatically stand terminated.

2.4.2.23.1 Executive Engineers of six (06) Divisions, in seven (07) cases, awarded various civil works to the contactors. Audit observed that in three (03) cases, the department did not obtain performance securities and quality assurance securities and in four (04) cases, the department obtained the performance securities which were expired during execution of the works but same were not revalidated.

Violation of contractual obligation resulted in non-obtaining / revalidation of performance / quality assurance securities amounting to Rs 527,394,519.

Audit pointed out undue financial benefit from March to August 2024.

The paras were discussed in SDAC meetings held from July to December 2024. In DP Nos. 210, 150 and 105, the department explained that the works had been completed successfully. In DP Nos. 803, 573 and 585, the department did not produce the record and in DP No. 451, the department explained that due to non-provision of funds performance security could not be revalidated. Audit contended that in all cases the department made violation of FD instructions. The Committee, in DP Nos. 210, 150, 105, 573 and 585, directed the department to refer the cases for obtaining condonation from FD, in DP No. 451, directed to probe the matter by SE HC, Faisalabad and in DP No.803, directed to get the record verified by Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with SDAC directives besides strengthening internal controls to avoid the recurrence of such issues.

(Annexure - XV)

2.4.2.23.2 Executive Engineers of seven (07) Divisions awarded various contracts of toll collection. Audit observed that in three (03) cases (DP Nos. 206, 397, and 360), the department did not obtain

performance security, in four (04) cases (DP Nos. 584, 190, 576 and 926), did not forfeit the performance security/ earnest money and in one (01) case (DP No. 226), performance security was released prematurely.

Violation of contract agreement resulted in undue benefit amounting to Rs 38,841,654.

Audit pointed out irregularity from July 2023 to March 2024.

The paras were discussed in SDAC meeting held in November 2023 and July 2024. In DP No. 926, the department effected partial recovery of Rs 1,088,926 and in DP Nos. 584 and 926, admitted the recovery of Rs 8,186,325. In DP Nos. 397 and 160, the department explained that performance guarantees were obtained, in DP Nos. 226, 190, and 576, the department did not produce complete record for verification and in DP No. 206, the department explained that the performance security was not applicable. Audit contended that the department made violation of contract agreement and extended undue benefit to contractors. The Committee, in DP Nos. 584 and 926 directed the department to effect admitted recovery, in DP Nos. 226, refer the case to FD for condonation, in DP Nos. 190 and 576 directed to forfeit the performance security/ earnest money and in DP Nos. 397 and 160, directed to produce complete record for verification. In DP No. 206, directed the department to probe the matter by SE Highway Circle, Faisalabad. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends fixing of responsibility and recovering the amounts involved besides strengthening the internal controls to avoid recurrence of such issues in future.

(Annexure - XVI)

Note: This issue was reported earlier also in the Audit Reports vide Para Nos. 2.4.2.54, 2.4.2.62, 2.4.1.14.3, 2.4.1.14.4, 3.4.9.21, 4.4.48 in AR 2018-19, Para Nos. 2.5.1.21.2, 2.5.1.22, 3.5.8.20, 3.5.8.21, 4.5.59, 4.5.27 in AR 2019-20, Para Nos. 2.4.2.22, 2.4.1.9, 3.4.6.18.1, 3.4.6.18.2, 4.4.16 in AR 2021-22, Para Nos. 4.4.18, 5.4.1.14 in AR 2022-23 and Para No. 10.2.6.2.3.1 in AR 2023-24 having financial impact of Rs 11,757.794 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.24 Less / non-deduction of security deposit - Rs 161.983 million

According to contract clause No. 07 (memorandum of works), if the cost of work done is less than Rs 5,000,000, 10% security deposit and if amount of work done exceeds Rs 5,000,000, 5% security deposit may be deducted from work done and retained till completion of defect liability period.

Executive Engineers of six (06) Divisions, in five six (06) cases, made payments against different works to the contractors. Audit observed that in five (05) cases, the department deducted less security deposits/ retention money from the bills of the contractors and in one (01) case (DP No. 131) security deposit was released pre-maturely. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Division	Amount Objected	Reduced amount
1	583	M.B Din	129,082,581	129,082,581
2	131	Faisalabad	12,800,000	12,800,000
3	189	RCD Faisalabad	9,151,063	9,151,063
4	525	RCD, Gujranwala	6,600,010	6,600,010
5	447	Khushab	4,459,873	3,130,750
6	104	Rajanpur	1,218,948	1,218,948
Total			163,312,475	161,983,352

Violation of the contract agreement resulted in less/non-deduction of security deposit amounting to Rs 163,312,475.

Audit pointed out undue financial benefit from April to September 2024.

The paras were discussed in the SDAC meetings held during July and December 2024. In all cases, the department admitted the irregularities. The Committee, in DP Nos. 104 and 583, directed to probe the matter by SE HC, Multan and Gujrat respectively, in DP Nos. 189, 525 and 447, directed to effect recovery of Rs 100,881,823 besides issuance of warning to concerned and in DP No. 131, directed the department to refer the case to FD for regularization within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery and regularization of the matter besides fixing the responsibility and strengthening internal controls to avoid recurrence of such issues.

Note: This issue was reported earlier also in the Audit Report vide Para No.7.3.3.5, 2.4.2.51.2, 2.4.1.4 in AR 2018-19, Para Nos. 2.5.2.37, 2.5.1.25, 4.5.29 in AR 2019-20, Para No. 2.5.2.31 in AR 2020-21, Para No. 4.4.17 in AR 2021-22, Para Nos 2.4.1.19, 3.4.15.28, 4.4.19 in AR 2022-23 and Para Nos. 10.2.6.2.3.4, 10.2.6.2.3.7 in AR 2023-24 having financial impact of Rs 1,148.121 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities relating to procurements

2.4.2.25 Irregular enhancement of contract – Rs 336.895 million

As per clarification by PPRA dated 18th June 2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by FD.

Executive Engineers, Highways Divisions, Faisalabad and M.B Din in two (02) cases, awarded different works to various contractors. Audit observed that the department enhanced the contracts from 48% to 220% in violation of PPRA clarification.

Violation of the PPRA's clarification resulted in irregular enhancement contracts amounting to Rs 336,894,527.

Audit pointed out the irregularity during March and August 2024.

The paras were discussed in the SDAC meetings held during July and December. In both cases, the department explained that due to site requirement, the scope of works was enhanced. Audit contended that the department abnormally enhanced the scope of works beyond the 20% in

violation of PPRA rules. The Committee directed in both cases, the department to refer the cases to FD for regularization. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent fora besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 147 (2023-24 Phase-II) & 594 (2024-25)

Note: This issue was reported earlier also in the Audit Reports vide Para No. 2.4.2.23 in AR 2022-23, in Para No. 2.4.2.28 in AR 2023-24, having financial impact of Rs 1,736.130 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.26 Irregular procurement of vehicles - Rs 13.000 million

As per FD instructions vide No. FD SO(GOODS)44-4/2022-23 dated 18th November 2022, Austerity / Economy measures for the financial year 2022-23, there shall be a complete ban on procurement of new vehicles, except for purpose built / service delivery related operational vehicles of Health, Punjab Emergency Services, Education, Police (APC, Prison van, Tow Truck, Fork Lifter), LG&CD, Agriculture, Livestock, PHAs, WASAs, PDMA, Solid Waste Management Companies and vehicle approved in PC-I of development schemes. Further, as per administrative approval of scheme, issued vide No. SOH-VI(C&W) 6-8/2022 (FSD) dated 20.09.2022, "provision of vehicle was not approved and deleted".

Executive Engineer, Highways Division, Faisalabad made payment for procurement of "*luxurious Toyota Revo vehicle*" amounting to Rs 13,000,000. Audit observed that the department purchased the vehicle through contractor without approval in PC-I, original TSE, contract agreement. Further, the provision of vehicle was not approved and deleted in PC-I duly approved from competent from i.e. PDWP and Secretary C&W.

Violation of FD's instructions resulted in irregular procurement amounting to Rs 13,000,000.

Audit pointed out irregularity in March 2024.

The para was discussed in the SDAC meeting held on 22nd July 2024. The department explained that the provision of vehicle would be incorporated in revised PC-I. Audit contended that the provision of the vehicle was not provided in PC-I and permission from the Austerity Committee was not obtained by the department before procurement of the vehicle. The department procured the vehicle without prior approval from the competent forum in violation of FD's instruction and austerity measures for the financial year 2022-23. The Committee took it seriously and directed the department to get the matter probed by CE Highways (Central Zone), Lahore within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the directives of the SDAC meeting besides fixing responsibility and strengthening internal control to avoid recurrence of such issues.

DP No. 118 (2023-24 Phase-II)

Irregularities resulting in loss to government

2.4.2.27 Loss due to non-auction of toll plaza and less recovery of toll tax than approved reserve price – Rs 821.864 million

As per Punjab Highway Act, 1999 read with section 03 & 06 of Punjab Tolls and Bridges Ordinance 1962, the government may cause tolls to be levied on all persons, animals, vehicles or other things using, crossing or passing over any road or bridge vesting in it or which may hereafter vest in it at such rates as it may notify in the official Gazette. Further, as per clause 4(2) (K) of Lahore Ring Road Authority Act, 2011, LRRRA has right to collect toll on entry points of Lahore Ring Road. Further, as per Section 7 of Punjab Tolls and Bridges Ordinance 1962, the government from time to time, lease out the tolls of a bridge or road, by public auction or private contract for any period not exceeding five years.

2.4.2.27.1 Executive Engineers of seventeen (16) Divisions and Secretary C&W, in twenty-seven (27) cases, did not award the right of

toll tax collection and made less recovery through departmental staff than reserve price, in three (03) other cases, made less-recovery against actual agreed price and in one (01) case reduced the reserve price than already approved.

Violation of Punjab Tolls and Bridges Ordinance resulted in less-recovery of toll tax collection amounting to Rs 774,886,788.

Audit pointed out less/ non-recovery during 2022-23 & 2023-24.

The paras were discussed in the SDAC meeting held in November 2023 and July to December 2024. In twenty (20) cases (DP Nos. 156, 158, 549, 804, 162, 157, 154, 902, 903, 927, 223, 286, 619, 792, 580, 395, 579, 583, 943 and 695), the department explained that multiple efforts were made to auction the toll plazas, but no bids were received due to high reserve prices. In DP No. 460, the department admitted recovery Rs 15,425,332. In DP Nos. 362 and 354, the department explained that record would be produced, in DP No. 669, the department explained that collection was less due to strike of dumpers in division and in DP No. 51, the department explained case of auction of toll plaza was under approval of CM Punjab. In five (05) cases, (DP Nos. 900, 764, 186, 719, and 854), the department explained that the delays in toll plaza auctions were due to non-completion of formalities prior to the auction. In DP No. 204, the department explained that record of Rs 57,062,796 was produced for verification and balance record of Rs 29,610,231 would be produced. Audit reiterated its original stance. The Committee, in eighteen (18) cases (DP Nos. 162, 156, 157, 792, 579, 154, 764, 580, 223, 395, 583, 286 156, 158, 549, 804, 669 and 695, directed the department to conduct an inquiry / probe through the Chief Engineer regarding less toll collection, in ten (10) cases (DP Nos. 362, 354, 927, 902, 903, 619, 719, 900, 186 and 943), directed the department to provide complete record and in two (02) cases (DP Nos. 854 and 460, directed to effect recovery of Rs 18,019,859 and DP No. 51 was kept pending till decision by CM Punjab. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of loss besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XVII)

2.4.2.27.2 Scrutiny of record of Secretary C&W Lahore revealed that three (03) Highways Divisions in FY 2022-23 & 2023-24, auctioned six (06) toll plazas and recovered an amount of Rs 326.311 million against reserve price of Rs 373.288 million. Audit observed the department recovered less toll tax amounting to Rs 46,977,000. The detail is as under:

(Rs in million)

Sr. No.	Division	Reserve price	Collection	Less Recovery
1	Hafizabad	36.645	35.472	1.173
2	--do--	28.985	27.528	1.457
3	Sahiwal	89.498	79.756	9.742
4	--do--	70.170	67.821	2.349
5	Khushab	117.990	86.404	31.586
6	--do--	30.000	29.33	0.67
	Total	373.288	326.311	46.977

Violation of the Punjab Highway Act, 1999 resulted in less-recovery of toll tax amounting to Rs 46,977,000.

Audit pointed out the less-recovery in August 2024.

The para was discussed in the SDAC meeting held on 28th November 2024. The department explained that the subject para was forwarded to Chief Engineers concerned for reply which was still awaited. Audit contended that the department did not produce any record in support of reply. The Committee directed the department to transfer the para to concerned Chief Engineer Highways for production of record regarding recovery of collection of toll tax. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) at fault and strengthening internal controls to avoid recurrence of such issues in future.

DP No. 345 (2024-25)

2.4.2.28 Non-collection of tolls in violation of moratorium period - Rs 129.071 million

As per C&W Department notification No. SOH-V(C&W) 2-9/2021 dated: 15th July 2022 in pursuance of decision of 4th Provincial

Cabinet Meeting held on 23.06.2022 regarding imposition of Toll on Roads in Punjab, moratorium period for toll tax collection was for one-year up to 30th June 2023.

Executive Engineers of five (05) Divisions, in three (03) cases, did not recover toll tax for the period 1st July 2022 to 15th July 2022, prior to the start of moratorium period and in two (02) cases, did not auction the rights to collect toll tax soon after the expiry of moratorium period expired on 30th June 2023.

(Amount in Rs)

Sr. No.	DP No.	Division	Amount
1	573 (SS)	Kasur	73,474,500
2	624 (SS)	Okara	47,050,000
3	391 (SS)	Sahiwal	4,157,615
4	229 (SS)	Sheikhupura	3,026,462
5	189 (SS)	Pakpattan	1,362,270
		Total	129,070,847

Violation of C&W Department's notification resulted in non-collection of toll tax amounting to Rs 129,070,847.

Audit pointed out non-collection of toll tax from July to September 2023.

The paras were discussed in SDAC meeting held in November 2023. The department explained that toll was not collected as per policy of the government and after expiry of moratorium period because there was confusion about auction of toll plazas, therefore, auction process was delayed. Audit contended that notification regarding moratorium for toll collection was issued on 15th July 2022 and department was required to collect the toll tax for period from 1st July 2022 to 15th July 2022. Further, after expiry of moratorium period on 30th June 2023 the department was required to adopt proactive approach and initiated the auction proceedings. In DP 391 & 189, the Committee directed the department to effect recovery from the responsible(s). In DP 573, 229 and 624, the Committee directed to inquire the matter within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing of responsibility and recovering the amounts involved besides strengthening the internal controls to avoid recurrence of such issues in future.

**2.4.2.29 Loss due to allowing higher percentage of shifting/
disturbance allowance – Rs 25.879 million**

As per section 23 of LAC Act 1894, for determining the amount of compensation to be awarded for land acquired under this Act, the collector shall take into consideration the market-value of the land at the date of publication of the notification under section 4. Further, as per supplementary award No. 3-A/16 dated 04.08.2016, supplementary award No. 10-A/16 dated 05.08.2016 and award No. 12/2016 dated 04.08.2016, the shifting/disturbance allowance was approved @ 20% of structure assessment value.

LACs, Punjab Ring Road Authority and Punjab Highway Department, Lahore paid shifting/ disturbance allowance @ 25% to 63% to various affectees. Audit observed that the authority / department paid shifting/ disturbance allowance in violation of approved provision as per award *ibid*.

Violation of the LAC Act resulted in loss of Rs 25,879,054.

Audit pointed out loss during March and April 2023.

The paras were discussed in the SDAC meeting held during September 2023 and March 2024. The authority / department explained that assessment of structure cost including percentage payment of shifting/ disturbance allowance was made by the building department. The collectors were empowered to give the shifting allowance and loss of business, after visiting the site and kind of structures, on assessed compensation received from building department. Audit contended that disturbance allowance was paid 25% to 63% of structure cost without any justification and in violation of approved provisions. Further, the shifting /disturbance allowance was allowed to the commercial users without any legal evidence of commercial activities. The Committee directed the authority / department to refer the case to Board of Revenue for standardization of formula for application and payment of

percentage of shifting/ disturbance allowance and for clarification regarding the payment of the loss of business allowance for commercial users who were not lawfully registered. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of loss besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 76 & 128 (2022-23 Phase-II)

2.4.2.30 Loss due to using uneconomical item – Rs 9.481 million

According to rule 1.58 of the B&R Department Code, “the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality”.

Executive Engineer, Highways Division, Jhang paid for the item “*Dismantling of road edging/soling 3" wide & 9" deep brick on end*” for a quantity of 2,18,466 cft and relayed as sub base course. Audit observed that the department had used expensive item for relaying of sub base of dismantled brick aggregate. The economical item was “P/1 of sub base course of brick aggregate” vide item No. 2 of Chapter No. 18 @ Rs 9,577.80 % cft.

Violation of B&R Department Code resulted in loss amounting to Rs 9,480,554.

Audit pointed out the loss in August 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. The department explained that the dismantled material obtained from road edging/soling required breaking to 2-2 ½” down to specific as well addition of sand. Audit contended that the dismantled material was required to be recovered and economical item “P/1 of sub base course of brick aggregate” was required to be executed. The Committee directed the department to review the rate analysis and

effect actual recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of loss besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.470 (2024-25)

2.4.2.31 Loss due to non-awarding the contract to the 1st lowest bidder - Rs 1.035 million

As per rule 4 of PPR 2014, a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical. Further, as per rule 38(2)a-viii the lowest evaluated bidder shall be awarded the contract.

Director Contracts, Punjab Ring Road Authority, Lahore awarded a framework contract for Rs 12,101,060 for the "*Procurement of uniform and allied articles*". Audit observed that the Authority awarded the contract to the 2nd lowest bidder, instead of the 1st lowest bidder, whereas, 1st lowest bidder quoted lesser rate for these items and the firm was also technically qualified by the tender opening committee.

Violation of PPR 2014, resulted in mis-procurement amounting to Rs 12,101,060.

Audit pointed out mis-procurement in April 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. The Authority explained that work was awarded on the basis of single stage 2 envelopes (Technical & Financial). 04 Nos. bidders participated in the bid and technical bids were opened by Procurement Committee on 08.03.2023 in the presence of bidders. As per bidding documents clause B(ix) for quality assurance samples, uniform of all four firms were sent to Army Store Inspection Depot (ASID). The quality of uniforms of 1st lower bidder was low as per prescribed specifications (parameters). Audit contended that as per lab test report

of uniform dated 17th March 2023, the uniforms of the 1st lowest bidder was as per scope and parameters, however, the uniforms of 2nd lowest bidder was sub-standard. Therefore, actual recovery of Rs 1,035,450 was required to be recovered. The Committee reduced the para to Rs 1,035,450 and directed the Authority to effect the recovery within 7 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 47 (2023-24 Ph-II)

Miscellaneous irregularities

2.4.2.32 Irregular payment of price variation beyond provision in revised TS estimates – Rs 1,197.172 million

As per FD’s notification No. RO (Tech)/FD-1-2/83-VI (P) dated 18th May 2007, price variation should be met out from contingencies as provided in TS estimate. In case of excess over and above contingent provision, a revised TS estimate and enhancement of contract agreement should be obtained from the competent authority before releasing the payment of price variation.

Executive Engineers of four (04) Divisions in five (05) cases, paid price variation against various items of works. Audit observed that the department paid price variation more than the provisions of 2nd RTSE, 3rd RTSE and 4th RTSE without obtaining prior approval from competent fora. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Division	Amount Objected
1	509	RCD, Gujranwala	702,739,044
2	260	Kasur	173,085,793
3	574	M.B Din	154,253,987
4	178	RCD, Faisalabad	85,873,650
5	185	RCD, Faisalabad	81,220,000
			1,197,172,474

Violations of FD's instructions resulted in irregular payment amounting to Rs 1,197,174,474.

Audit pointed out the irregular payment from April to September 2024.

The paras were discussed in the SDAC meetings held during July and December 2024. In all cases, department explained that price variation was paid under provision of clause-55 of the contract agreement and revised approvals were under process. Audit contended that the payment of price variation was made beyond approved provisions of 2nd and 4th revised TSEs. The Committee in DP Nos. 574 and 509, directed to probe the matter by SE within 30 days, in DP Nos. 260 and 178, directed the department to produce complete record and in DP No. 185, directed to refer the case to FD for clarification within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility besides strengthening internal controls to avoid the recurrence of such issues.

2.4.2.33 Un-justified payment on account of compensation of business loss - Rs 67.116 million

As per Section 23-ii (fourth/ fifth) of LAC Act 1894, for determining the amount of compensation to be awarded for land acquired under this Act, the collector shall take into consideration the market-value of the land at the date of publication of the notification under section 4.

LACs, Punjab Ring Road Authority and Punjab Highway Department, Lahore paid Rs 67,115,623 on account of loss of business with reference to section 23 (5) of LAC Act 1894. Audit observed that the authority / department paid this payment without criteria, justification and assessment. On the other hand, as per section 23 of LAC Act 1894, only market value was required to be considered for land and structure assessment. There was no provision of payment of loss of business.

Violation of the LAC Act resulted in unjustified payment amounting to Rs 67,115,623.

Audit pointed out unjustified payment during March and April 2023.

The paras were discussed in the SDAC meeting held during September 2023 and March 2024. The authority / department explained that assessment of structure cost including payment of business loss was made by the building department. The collectors were empowered to give the loss of business allowance, after visiting the site and kind of structures, on assessed compensation received from building department. Audit contended that business loss allowance was paid without any justification and to non-affectees. The Committee directed the department to refer the case to BoR for clarification regarding payment of loss of business allowance. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 65 & 129 (2022-23 Phase-II)

2.4.2.34 Non-finalization of inquiry cases involving recoveries - Rs 22.164 million

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.

Scrutiny of account record of LAC Punjab Highway Department, revealed that as per recommendation of Chairman CMIT Punjab dated 13th May 2016 and directions of Additional Chief Secretary Punjab vide letter No. PS/ME-II/I-259/CMIT/2016 dated 7th February 2018, inquiries were conducted against LACs posted in Punjab Highway Department who made excess payment on account of land acquisition and compound interest. Audit observed that on the direction

of CM Punjab, the Chairman CMIT had given clear recommendation for recovery of excess amount and taking disciplinary proceeding against all delinquents under relevant rules but despite lapse of a period of 07 years, neither the disciplinary proceedings were initiated/ finalized nor involved amounts were recovered.

Violation of PEEDA Act resulted in non-finalization of inquiry cases involving recoveries amounting to Rs 22,163,828.

Audit pointed out irregularity in April 2023.

The para was discussed in the SDAC meeting held on 21st March 2024. The department explained that all the LACs were permanent employees of BoR and the said enquires were pending in BoR. The Committee directed the department to pursue the matter with BoR for effecting recoveries. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of unauthorized payments, finalization of disciplinary proceeding besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 80 (2022-23 Phase-II)

2.4.2.35 Irregular expenditure on procurement of POL – Rs 3.469 million

As per para 1(iii) of FD letter No. FD(M-II) 1-6/2000/(Irri) dated 23rd July 2007, the cost of running of inspecting vehicles will be directly charged to the current establishment budget under "Operating Expenses" of the offices concerned. Accordingly, the estimates of the cost of running of inspecting vehicles on out-turn basis will be excluded from the estimates of the contingencies of the Project of M&R works, as the case may be. Manufacturing estimates will continue to be prepared and sanctioned by competent authority every year, for rate purpose only.

Executive Engineer, Highways Division, M.B Din incurred expenditure of Rs 3,468,986 on procurement of POL for inspection vehicles of division during financial year 2023-24. Audit observed that

department charged this contingent expenditure to annual repair (M&R) of roads in violation of FD's instructions.

Violation of FD's instruction resulted in irregular expenditure amounting to Rs 3,468,986.

Audit pointed out the irregularity in August 2024.

The para was discussed in the SDAC meeting held on 12th December 2024. The department explained that expenditure of POL was recorded in log books and due to extra ordinary assignments and large road work mobility for official working was inevitable. Audit contended that the department charged continent expenditure to annual repair (M&R) of roads in addition to an expenditure of Rs 528,576 on account of POL incurred from contingent/establishment budget. The Committee directed the department to refer the case to FD for regularization. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with SDAC's directives besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 592 (2023-24)

CHAPTER – 3

HOUSING, URBAN DEVELOPMENT & PUBLIC HEALTH ENGINEERING DEPARTMENT

3.1 Introduction

A. Description of Department

Housing and Physical Planning Department (H&PP) was established in August 1972 replacing West Pakistan Housing and Settlement Agency. Subsequently, Improvement Trusts in Faisalabad, Gujranwala, Multan, Rawalpindi, Sargodha, and Murree were placed under the administrative control of H&PP Department in 1973. These Improvement Trusts were later transformed into Development Authorities, except Murree and Sargodha.

In 1978, Public Health Engineering Department (PHED) was brought under the administrative control of H&PP Department. The department was then renamed as Housing Physical & Environmental Planning (HP&EP). In 1997, HP&EP was again renamed as the “Housing, Urban Development & Public Health Engineering Department (HUD&PHED)”. This department currently comprises of Public Health Engineering Department, Urban Development Authorities, Parks & Horticulture Authorities, Punjab Aab-e-Pak Authority (PAPA), and Agencies such as Water & Sanitation Agencies and Punjab Housing & Town Planning Agency. The Secretary, HUD&PHED acts as the PAO for the department.

HUD&PHED, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business.

Functions of Development Authorities

- i. Establish, maintain and periodically revise as necessary, planning, controls and building regulations for the Area.
- ii. Prepare ADP for the area, ensure compliance with the ADP with priorities established in the Metropolitan Development Plan after

its preparation, and evaluate performance under the ADP at the end of each year.

- iii. Initiate and maintain a continuous process of comprehensive development planning for the area with the objective of preparing a Metropolitan Development Plan.
- iv. Provide appropriate urban design and protect public safety.
- v. Ensure compliance with the Metropolitan Development Plan after its preparation.
- vi. Take all steps and measures necessary for the implementation and enforcement of the Act.

Functions of Water and Sanitation Agencies (WASA)

WASAs are Agencies of respective Development Authorities and are responsible for:

- Planning, designing and construction of water supply, sewerage & drainage facilities for:
 - New works
 - Rehabilitation and augmentation of the existing system;
- Operation and maintenance of water supply, sewerage & drainage system.
- Billing and collection of rates, fees and charges for the services provided to consumers.

Functions of Punjab Horticulture Authorities (PHA)

- i. Streamline and bring about a uniform and integrated approach to horticulture development for beautification of the cities.
- ii. Development and maintenance of new parks, round-abouts, triangles, green belts, green verges, central medians, playgrounds and open spaces.
- iii. Preservation of places of cultural and recreational importance.
- iv. Face lifting, landscaping, illumination and beautification of assigned areas.
- v. Environmental improvements.
- vi. Regulate outdoor advertisement activity in City Districts.

Functions of Punjab Housing and Town Planning Agency (PHATA)

- i. Identify state and other lands for developing low income and low-cost housing schemes.
- ii. Facilitate public and private partnership or ventures in housing.
- iii. Formulate Provincial Land use Policy, plan and prepare Regional Development Plans for an integrated, coordinated and systematic planning.
- iv. Implement parameters of National Housing Policy, 2001.
- v. Prepare guidelines, long term and short-term plans for implementation of the low-cost housing schemes and programmes in Punjab.

Functions of Punjab Aab-e-Pak Authority (PAPA)

- i. Improving public access to safe drinking water and ensure sustainable operation and maintenance of water supply services, for each household of Punjab province.
- ii. Helping the government eradicate water-borne diseases and improve the health of all the people of Punjab province.
- iii. Provision of potable water to the population in 36 districts of Punjab province mainly in rural, semi-urban and peri-urban areas.

Functions of Public Health Engineering (PHE)

- i. Enhancing the quality of life of the people of Punjab by providing safe drinking water in Brackish, Barani and areas where ground water is contaminated or otherwise not suitable for drinking purposes.
- ii. Providing pollution free environment by executing sewerage/drainage schemes and construction of sewage treatment plants.

HUD&PHED is also responsible for administration of the following laws and the rules framed thereunder:

- a. The Town Improvement Act 1922 (IV of 1922).

- b. The Lahore Development Authority Act 1975 (XXX of 1975).
- c. The Punjab Development of Cities Act 1976 (XIX of 1976).
- d. The Bahawalpur Development Authority Act, 1991(XI of 1991).
- e. The Punjab Housing and Town Planning Agency Ordinance 2002 (LXXVIII of 2002).
- f. The Parks and Horticulture Authority Act 2012 (XLVII of 2012).
- g. The Lahore Canal Heritage Park Act 2013 (XV of 2013).
- h. The Management and Transfer of Properties by Development Authorities Act 2014(XIX of 2014).
- i. The Koh-e-Suleman Development Authority Act 2016 (XXIII of 2016).
- j. Punjab Aab-e-Pak Authority Act 2019 (XII of 2019).
- k. The Ravi Urban Development Authority Act 2020 (XVII of 2020).
- l. Punjab Central Business District Development Authority Act 2021 (VI of 2021).

Table 3.1: Audit profile

(Rs in million)

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1	Formations: Phase-I				
	HUD	244	16	783.516	0.033
	PHE	53	09	9155.623	9.968
	Phase-II				
	HUD		25	28,691.795	1827.116
	PHE		06	11,112.234	-
	Grand Total	297	56	49,743.168	1837.117

B. Comments on Budget and Accounts (Variance Analysis)

B(i) Housing, Urban Development (HUD)

In the FY 2023-24, the HUD department received allocations for both development and non-development funds. The Authorities also made use of funds generated through indigenous resources. However, it is noteworthy that the department faced challenges in fully utilizing the

allocated budget, with a non-utilization of 40.45% for the development budget and 19.85% for the non-development budget. Budgetary position in FY 2023-24 along with variance analysis is presented below:

Table 3.2: Variance analysis (HUD) (Rs in million)

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	72,781.11	72,781.11	58,332.54	(14,448.57)	(19.85)
Development	100,316.70	100,316.70	59,741.45	(40,575.25)	(40.45)
Total	173,097.82	173,097.82	118,073.99	(55,023.83)	(31.79)

Source: Departmental figures (FY 2023-24)

B(ii) Public Health Engineering Department (PHED)

In the FY 2023-24, Public Health Engineering Department (PHED) received allocations for both development and non-development funds. Despite the availability of funds, the department faced challenges in utilizing the allocated budget efficiently, with a non-utilization of 5.36% for the development budget and 12.91% for the non-development budget. Budgetary position in FY 2023-24 along with variance analysis is presented below:

Table 3.3: Variance analysis (PHED) (Rs in million)

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	3,833.797	3,288.295	2,863.875	(424.420)	(12.91)
Development	15,107.674	16,296.859	15,423.564	(873.295)	(5.36)
Total	18,941.471	19,585.154	18,287.439	(1,297.715)	(6.62)

Source: Departmental figures (FY 2023-24)

3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 28,455.114 million were raised as a result of audit of HUD&PHE Department. This amount also includes recoveries of Rs 11,806.627 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 3.4: Overview of Audit Observations*(Rs in million)*

Sr. No.	Classification	Amount
1	Irregularities:	-
(i)	Embezzlement/Fraud	13,139.587
(ii)	Irregularities resulting in overpayments	853.544
(iii)	Irregularities resulting in non-recoveries	10,953.083
(iv)	Irregularities relating to procurements	948.614
(v)	Irregularities relating to undue financial benefit to contractor	67.432
(vi)	Irregularities relating in loss to government	11.135
(vii)	Miscellaneous irregularities	2,481.719
	Total	28,455.114

3.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1960-61 to 2019-20 (excluding years not discussed in PAC) is as under:

Table 3.5: Lahore Development Authority (LDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1982-83 to 1999-2000	265	-	265	-
2	2000-01	5	-	5	-
3	2001-02	3	-	3	-
4	2003-04	4	-	4	-
5	2005-06	7	-	7	-
6	2006-07	9	-	9	-
7	2009-10	26	-	26	-
8	2010-11	24	-	24	-
9	2011-12	42	-	42	-
10	2012-13	62	-	62	-
11	2013-14	30	-	30	-
	Total	477	-	477	-

Table 3.6: Faisalabad Development Authority (FDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1985-86 to 1999-2000	159	-	159	-
2	2000-01	3	-	3	-
3	2001-02	5	-	5	-
4	2003-04	2	-	2	-
5	2005-06	2	-	2	-
6	2006-07	2	-	2	-
7	2009-10	6	-	6	-
8	2010-11	7	-	7	-
9	2011-12	9	-	9	-
10	2012-13	1	-	1	-
11	2013-14	16	-	16	-
Total		212	-	212	-

Table 3.7: Multan Development Authority (MDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1982-83 to 1999-2000	57	-	57	-
2	2000-01	4	-	4	-
3	2001-02	1	-	1	-
4	2003-04	2	-	2	-
5	2006-07	1	-	1	-
6	2010-11	19	-	19	-
7	2011-12	1	-	1	-
8	2013-14	35	-	35	-
9	2014-15	2	-	2	-
10	2019-20	6	-	6	-
Total		128	-	128	-

Table 3.8: Gujranwala Development Authority (GDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1995-96	9	-	9	-
2	2000-01	1	-	1	-
3	2011-12	4	-	4	-
4	2013-14	3	-	3	-
Total		17	-	17	-

Table 3.9: Rawalpindi Development Authority (RDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1997-98	1	-	1	-
2	2011-12	2	-	2	-
3	2012-13	5	-	5	-
Total		8	-	8	-

Table 3.10: PHATA

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1968-69 to 1999-2000	166	-	166	-
2	2000-01	1	-	1	-
3	2001-02	9	-	9	-
4	2009-10	4	-	4	-
5	2010-11	7	-	7	-
6	2013-14	21	-	21	-
Total		208	-	208	-

Table 3.11: Public Health Engineering Department

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during the FY 2023-24	Compliance Awaited	Percentage (%)
1	1960-61 to 1999-2000	536	-	536	-
2	2000-01	15	-	15	-
3	2001-02	15	-	15	-
4	2009-10	22	-	22	-
5	2010-11	39	-	39	-
6	2011-12	27	-	27	-
7	2013-14	55	-	55	-
Total		709	-	709	-

3.4 AUDIT PARAS

3.4.1 Lahore Development Authority (LDA), Lahore

Reported cases of fraud, embezzlement and mis-appropriation

3.4.1.1 Fraudulent transfer of plot on fake CNIC - Rs 6.750 million

According to section 11(B) of the LDA Act 1975 (amended up to 2013), “any person employed by or serving under the authority charged with the affairs of the Authority or acting on behalf of the Authority, who is responsible for the loss, waste, misappropriation or misapplication of any money or property belonging to the Authority which is a direct consequence of his negligence or misconduct in the discharge of the duties shall be liable to pay the loss suffered by the Authority”.

Director Housing-VI, LDA, Lahore, allotted a plot measuring 4.5 marlas to Mr. Abdul Rehman s/o Ghulam Nabi on October 17, 1987. On October 23, 2009, Mr. Saeed Ahmad Khan s/o Muhammad Akbar submitted a General Power of Attorney (GPA) to LDA, purportedly issued in his favor by the original allottee, Mr. Abdul Rehman. Subsequently, on October 8, 2010, Mr. Saeed Ahmad Khan sold the plot to Mr. Atta Ullah Khan. Audit found that the GPA submitted by Mr. Saeed Ahmad Khan was fraudulent, as the CNIC No.35202-2979375-1 of the original allottee, mentioned on the GPA, was confirmed as fake by NADRA. Consequently, the plot was fraudulently transferred using a fake CNIC, with the connivance of LDA staff. The case of fake allotment was forwarded to Director Estate Management (Quaid-e-Azam Town) to initiate inquiry against the responsible officers/officials which was never conducted nor any action taken for retrieval of plot.

Violation of LDA Act resulted in fraudulent transfer of plot amounting to Rs 6,750,000.

Audit pointed out the fraudulent transfer of plot in August 2024. The Authority replied that registration of any document i.e. GPA and its authentication was the responsibility of concern sub-registrar. LDA is

bound only to the extent of verification of the registrar documents and its publication. Authority sought verification report of the said GPA from the concerned sub-registrar which were received on 16th October 2015 and 13th July 2017. The reply was not tenable as identification mentioned in GPA was fake which was reported by NADRA on the request of the authority.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends investigating the matter in detail and fixing responsibility against the responsible officers/officials besides retrieval of plot.

DP No.584 (2024-25)

Irregularities

Irregularities resulting in overpayments

3.4.1.2 Overpayment on account of price adjustment - Rs 248.495 million

According to contract clause 55(1), “where any variation (increase or decrease), to the extent of 5% or more, in the price of any of the item takes place after the acceptance of tender and before the completion of contract, the amount payable under the contract shall be adjustable to the extent of the actual variation in the cost of the item concerned. Further according to clause 55(3), “the base price for the purpose of calculation of the price variation shall be the price prevalent in the month during which the last day of the submission of tender falls”.

Directors ADS-I, Engineering & Building, LDA, Lahore paid price adjustment on account of “*cement, crush, steel, bitumen, diesel & labour*” amounting to Rs 452,362,012. Audit observed that, in four (4) cases, the Authority applied the incorrect base rates for the month of October and December 2022 instead of February and January 2023 respectively. In one (1) case, paid price adjustment on excess amount of work done instead of actual value of work done.

(Amount in Rs)

Sr. No.	DP No. (2023-24)	Name of Directorate	Reasons for Overpayment	Overpayment
1	393	Director ADS-I	Base rate of incorrect months was applied.	118,338,528
2	476	Director Engineering		91,640,584
3	392	Director ADS-I		15,094,172
4	391			13,994,770
5	446	Director Building	Price adjustment paid on excess amount of work done.	9,426,966
Total				248,495,020

Violation of contract agreement resulted in overpayment of Rs 248,495,020.

Audit pointed out the overpayments during March-April 2024.

The paras (DP Nos. 391, 392 & 393) were discussed in the SDAC meeting held on 9th October 2024. The Authority explained that it was decided, in pre-bid meeting held on 21st February 2023 headed by the Chief Engineer, that the rates notified in October 2022 shall be considered for base price for calculation of price adjustment as the project was approved by the Governing Body on 14th October 2022. Audit informed that as the last date of submission of tender was 22nd February 2023 and rates notified in February 2023 may be considered for base rates. The Committee directed the Authority to effect recovery of price variation and get it verified by Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report. SDAC meeting of DP No.446 & 476 was not convened by the department.

Audit recommends early recovery besides fixing responsibility for application of incorrect base rate.

Note: This issue was reported earlier also in the Audit Report for the year 2023-24 vide Para No.3.4.1.5 having financial impact of Rs 1.113 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.3 Overpayment due to allowing rates other than ones stipulated in MRS – Rs 28.408 million

As per FD's notification No. RO(Tech)FD2-3/2004 dated 2nd August 2004, "the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of work for rough cost estimates for administrative approval. However, these can be modified, replaced and added to with the approval of FD. Administrative Departments shall ensure transparency of tendering based on market rates".

Director Buildings, LDA, Lahore paid Rs 31,356,500 for the non-BoQ item "*P/L cutting jointing HDPE pipe (PN-16) 315 mm dia*" @ Rs 15,500 per rft for a quantity of 2023 rft. Audit observed that the Authority allowed higher rate than stipulated in MRS Rs 2,390.35 per rft vide item No.42(d)(vii) of Chapter 23 2nd Bi-annual 2017.

Violation of FD's instructions resulted in overpayment of Rs 28,408,309.

Audit pointed out the overpayment in March 2024. The Authority replied that the recovery would be adjusted in forthcoming bill of the contractor. Audit stress upon early recovery.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides justification of application of incorrect rate and fixing responsibility against the concerned.

DP No. 445 (2023-24)

3.4.1.4 Overpayment due to less utilization of available material - Rs 19.247 million

As per C&W Department's letter No.SOH-I(C&W)1-42/97(Misc.) dated 28th November 1997, a material extracted from dismantling road pavement would be used for laying sub-base course 90% in all cases.

Directors, ADS-I & II, LDA, Lahore executed the item “*Dismantling of road pavement i/c screening and stacking*” in various works. Audit observed that the 90% of the material obtained from dismantled road pavement was neither fully used in re-laying of sub base course nor credited cost of old material to government.

Violation of specification resulted in overpayment of Rs 24,943,774.

Audit pointed out the overpayments in April 2024.

DP No.386 was discussed in the SDAC meeting held on 9th October 2024. The Authority explained that in one case, (sub para No. 03), the quantity of 19,021 cu.m was executed and 90% was re-used in road pavement structure. In 2nd case which involves small streets where 25% material was retrieved from site. Whereas, remaining quantity of new sub base was used. Audit informed the Committee that Authority in one (1) case utilized 90% old material and in two (2) cases utilized the 25% old material. The Committee reduced the para from Rs 24.944 million to Rs 19.247 million and directed the Authority to recover the balance amount. Compliance with the Committee’s directives was not reported till finalization of the report. SDAC meeting of DP No.413 was not convened by the department.

Audit recommends early recovery besides justification with cogent reasons for less utilization of available material.

(Annexure-XVIII)

Note: This issue was reported earlier also in the Audit Reports vide Para No.3.5.1.8 in AR 2019-20 and vide Para No.3.4.1.8 in AR 2021-22 having financial impact of Rs 17.251 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.5 Overpayment due to excess measurement of quantities than executed - Rs 3.448 million

As per Rule 7.29 of DFR, before signing the bill, the Sub-Divisional Officer should compare the quantities in the bill with those

recorded in the measurement book and see that all rates are correctly entered and all calculations have been checked arithmetically.

3.4.1.5.1 Director ADS-II, LDA, Lahore, executed an item of work "*P/L WBM/base course complete*" @ Rs 27,370.03% cft for a quantity of 152,652 cft against the estimated quantity of 88,482 cft. Audit observed from the measurement sheets of IPCs that the Authority measured the said item for Road Nos. 35, 36, 37 & 38 with width of 18 ft instead of actual width of 12 ft as per the corresponding items i.e., sub base course, prime coat and plant premixed bituminous carpet.

Violation of rules resulted in overpayment of Rs 2,343,665.

Audit pointed out the overpayment in April 2024. The Authority replied that the width of the item was taken as 12 ft instead of 18 ft and no overpayment was involve. The reply was not tenable because the width of 18 ft was observed in Road Nos.35, 36, 37 & 38 from the record entries of the work.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides strengthening internal controls to ensure non-recurrence of such issues in future.

DP No. 429 (2023-24)

3.4.1.5.2 Director ADS-II, LDA, Lahore paid Rs 9,936,714 for the item "*Making embankment with local earth*" for a quantity of 716976 cft @ Rs 13,859.20 % cft. Audit observed that the Authority measured the quantity of embankment by adding the quantity of another item "*Preparation of NG by compaction of earth 95% to 100%*" for 79,664 cft which was also paid as a separate item.

Violation of rules resulted in overpayment of Rs 1,104,079.

Audit pointed out the overpayment in April 2024. The Authority replied that "*preparation of NG by compaction of earth 95% to 100%*" and "*making embankment with local earth*" were two separate items. The reply was not tenable as compaction of earth 95% to 100% in item

“preparation of NG by compaction of earth 95% to 100%” has already measured and paid under item *“making embankment with local earth”*.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides strengthening internal controls to ensure non-recurrence of such issues in future.

DP No.408 (2023-24)

3.4.1.6 Overpayment due to inadmissible items – Rs 3.429 million

According to para 1.58 of the B&R Department Code, “the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality”.

Director Buildings, LDA, Lahore paid Rs 3,428,837 for the non-BoQ item *“extra for fixation of sandwich penal at additional height above 30 to 50 ft”* for a quantity of 38098.22 sft. Audit observed that the Authority had executed the item *“P/F slip joint sandwich penal as directed by Engineer in-charge complete in all respects”* for the same quantity, which was applicable for all heights. Therefore, payment of non-BoQ item was inadmissible.

Violation of rules resulted in overpayment of Rs 3,428,837.

Audit pointed out the overpayment in March 2024. The Authority replied that payment for the extra item was necessitated by the unique challenges of working at heights which involved increased risks and additional resources. The reply was not tenable as the rates provided in the MRS were irrespective to the height and applicable for all heights.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides justification for payment of inadmissible item and fixing of responsibility against the concerned.

DP No. 454 (2023-24)

Note: This issue was reported earlier also in the Audit Report for the year 2022-23 vide Para No.3.4.1.2 having financial impact of Rs 1.096 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.7 Overpayment due to incorrect rate of non-BoQ item - Rs 2.940 million

According to contract clause 41, read with variation order No. 01 dated 25th September 2022 by the Chief Engineer-I, LDA, “the rate of item *“Fabrication of steel high tenacity material G-50 including cutting drilling etc.”* was approved for Rs 550 per kg” and the rate approved by the engineer incharge shall be binding and final.

Director Buildings, LDA, Lahore paid Rs 35,280,090 for a non-BoQ item *“Fabrication of steel HT material G-50 including cutting drilling etc.”* for a quantity of 58800.15 kg. Audit observed that the Authority paid the item at the rate of Rs 600 per kg instead of the approved rate of Rs 550 per kg.

Violation of variation order resulted in overpayment of Rs 2,940,008.

Audit pointed out the overpayment in March 2024. The Authority replied that payment made was in accordance with the revised administrative approval / RTSE which approved the rate of Rs 600 per kg. The reply was not tenable as Authority approved the rate of the NS item for Rs 550 per kg which was final as per contract agreement and could not be enhanced while revision of estimate.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing the responsibility against the person concerned.

DP No.453 (2023-24)

Irregularities resulting in non-recoveries

3.4.1.8 Non/less recovery of authority dues – Rs 6,482.380 million

According to rule 4.5(1) of PFR (Volume-I), “It is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to Government account.”

Five (5) Directorates of Town Planning and six (6) Directorates of Housing, LDA, Lahore, in forty-seven (47) cases, did not or less recover the outstanding dues on account of annual/permanent commercialization fee, cost of land, extension of building completion period surcharge, miscellaneous penalties and fees/charges, grid station charges, markup/interest on belated/delayed payments, reserve prices, excess area charges, etc. from the owners of various properties located in areas under mandate of LDA.

Violation of rules resulted in non/less recovery of Rs 6,482,379,642.

Audit pointed out the non/less recoveries during July to November 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery in all cases besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues in future.

(Annexure-XIX)

Note: This issue was reported earlier also in the Audit Reports vide Paras No.3.5.1.4 and 3.5.1.6 in AR 2019-20, Paras No.3.4.1.4 and 3.4.1.5 in AR 2021-22 and vide Paras No.3.4.1.6, 3.4.1.8 and 3.4.1.9 in AR 2023-24 having financial impact of Rs 11,055.383 million. Recurrence of same irregularity is a matter of serious concern.

**3.4.1.9 Less recovery of conversion fee due to award of NOC
– Rs 191.566 million**

As per rule 30(a) of notification No.SO(H-II)3-2/2016 dated August 6th 2020 issued by Government of the Punjab, HUD&PHE Department, conversion fee will be charged @ 20% of the commercial value of the total area of ownership as provided in the valuation table. Further, as per rule 30 (17) of notification, the conversion fee for conversion of land use for educational or healthcare institutions shall be charged @ 10% of the commercial value of the total area of ownership as provided in the valuation table.

Director Town Planning-III, LDA, Lahore issued NOCs for conversion fee of four (4) properties @ 10% applicable for use as health care/educational institutions. Audit observed, during the physical verification, that the properties were being used for commercial activities other than approved purposes. Therefore, the conversion fee amounting to Rs 191,565,895 was less received @ 10% instead of 20%.

(Amount in Rs)

Sr. No.	DP No. (2024-25)	Receivable @ 20%	Received @ 10%	Less Received
1	926	311,758,896	155,879,448	155,879,448
2	914	27,051,020	13,525,510	13,525,510
3	935	26,674,666	13,337,333	13,337,333
4	923	17,647,208	8,823,604	8,823,604
Total		383,131,790	191,565,895	191,565,895

Violation of rules resulted in less recovery of Rs 191,565,895.

Audit pointed out the less recoveries in November 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility.

Miscellaneous irregularities

3.4.1.10 Non-imposition of penalties on account of commercial use of residential properties – Rs 887.220 million

As per section 38 of LDA Act 1975 (XXXVI of amended Act 2013), if a person converts a property to a different use or purpose, than

the one provided under a scheme, master plan or classification map, without the previous approval of the authority in writing, he shall be liable to punishment of fine which may extend to Rs 10,000 per day from the date of its conversion till the default continues or imprisonment for a term which may extend to one year or both.

Directors Town Planning-I, III & V, LDA, Lahore, in eighteen (18) cases, identified property owners who were using residential properties for commercial purposes. Audit observed that the Authority did not impose the stipulated fine on the defaulters in these instances.

Violation of the Act resulted in non-imposition of penalties amounting to Rs 887,220,000.

Audit pointed out the non-imposition of penalties from September to November 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery in all cases besides probe of the matter for fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XX)

Note: This issue was reported earlier also in the Audit Report for the year 2023-24 vide Para No.3.4.1.22 having financial impact of Rs 5,426.058 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.11 Loss due to illegal occupation of government property - Rs 4.090 million

According to section 11(B) of the LDA Act 1975 (amended up to 2013), “any person employed by or serving under the authority charged with the affairs of the Authority or acting on behalf of the Authority, who is responsible for the loss, waste, misappropriation or misapplication of any money or property belonging to the Authority which is a direct consequence of his negligence or misconduct in the

discharge of the duties shall be liable to pay the loss suffered by the Authority”.

Director Housing-VI, LDA, Lahore rented out a school site on 31st March 1983 measuring 6 Kanal on a monthly rent of Rs 500 per month for a period of 11 months. Audit observed that rent deed executed between LDA and allottee expired in February 1984, which was never extended. Audit further observed that the Authority neither retrieved the site nor recovered any rent from illegal occupant from last forty (40) years.

Violation of LDA Act resulted in loss due to illegal occupation of government property amounting to Rs 4,089,555.

Audit pointed out the loss in August 2024. The Authority replied that the property was retrieved by LDA in 2024 and notice for recovery for rent on account of illegal use of property was issued. Audit stress upon early recovery.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends investigating the matter in detail and fixing responsibility against the responsible officers/officials and recovery of loss besides Authority should develop a mechanism to avoid recurrence such lapses in future.

DP No.581 (2024-25)

3.4.2 Water and Sanitation Agency (WASA), Lahore

Irregularities

Irregularities resulting in overpayments

3.4.2.1 Overpayment due to application of incorrect rate - Rs 16.561 million

As per FD's notification No.RO(Tech)FD2-3/2004 dated 2nd August 2004, the Chief Engineer, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of work for rough cost estimates for administrative approval. However, these can be modified, replaced and added to with the approval of FD. Administrative Departments shall ensure transparency of tendering based on market rates.

Director Construction-II, WASA, LDA, Lahore paid Rs 28,051,958 for the item "*Earthwork excavation in open cutting for sewers and manholes up to 15 ft as shown in drawing including shuttering of wooden vertical planks, struts and beams, dressing to correct section etc.*" for a quantity of 2,485,967 cft. The audit observed that the agency applied rates based on manual labor for excavation. However, given the large quantity involved, execution through manual labor was impractical, and mechanical means, which have lower rates, would have been used instead.

Violation of FD's instructions resulted in overpayment for Rs 16,561,318.

Audit pointed out the overpayment in April 2024.

The para was discussed in the SDAC meeting held on 29th January 2025. The Agency explained that the works was carried out in populated areas and have frequent movement of heavy traffic and a lot of underground services i.e. PTCL, SNGPL, Safe city Cables and WASA's own supply pipelines came across during excavation, therefore excavation through mechanical means was not feasible. Audit informed that a quantity of 2485967 cft upto depth of 15 ft was executed with use

of machinery and rate of excavation by mechanical means was to be applied. The Committee directed the Agency to refer the case to FD for clarification. Compliance of SDAC directive was not made till finalization of report.

Audit recommends rationalization of rates besides effecting recovery at the earliest.

DP No. 265(2023-24)

Note: This issue was reported earlier also in the Audit Reports vide Para No.3.5.2.2 in AR 2019-20 and vide Para No.3.4.2.1 in AR 2021-22 having financial impact of Rs 54.915 million. Recurrence of same irregularity is a matter of serious concern.

3.4.2.2 Overpayment on carriage of excess quantity of item – Rs 1.548 million

As per rule 7.29 of DFR, before signing the bill, the Sub-Divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all rates are correctly entered and all calculations have been checked arithmetically.

Director (O&M) Gulberg Town, WASA, LDA, Lahore paid Rs 2,980,887 for the item “*Carriage of all materials*” for a quantity of 42,886.76 cft @ Rs 6,950.60 % cft. Audit observed that carriage of stone aggregate for a quantity of 20,619.44 cft was required to be paid against the item of PCC, instead of 42,886.76 cft.

Violation of DFR resulted in overpayment of Rs 1,547,734.

Audit pointed out the overpayment in May 2024.

The para was discussed in the SDAC meeting held on 5th September 2024. The Agency explained that payment of carriage has been made by calculating the quantity of crush and stone ballast used in cement concrete ratio 1:6:12 and PCC 1:2:4. Audit informed that carriage was only admissible on stone aggregate used in PCC. The cement concrete ratio 1:6:12 may either use brick or stone ballast, however, carriage for the same is not admissible. The Committee

directed the Agency to effect actual amount of recovery and get it verified from Audit. Compliance of SDAC directive was not made till finalization of report.

Audit recommends that the matter be inquired as to why payment of excess carriage was allowed besides recovery of the overpayment.

DP No. 207(2023-24)

Irregularities resulting in non-recoveries

3.4.2.3 Non-recovery of dismantled material – Rs 18.742 million

According to para 9(i) of Chapter 18.1 of Specifications for Execution of Works 1967, “the dismantled material is the property of the government and cost of it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction”.

Directors Construction-I & II, WASA, LDA, Lahore, in three (3) cases, paid for item “*dismantling, removing of road metaling*”. Audit observed that the Agency did not recover cost of dismantled material.

(Amount in Rs)

Sr. No.	DP No. (2023-24)	Name of Directorate	Recovery pointed out
1	263	Director Construction-II	11,331,087
2	273	Director Construction-II	5,850,856
3	246	Director Construction-I	1,560,270
Total			18,742,213

Violation of specifications resulted in non-recovery of Rs 19,862,783.

Audit pointed out the non-recoveries in April-May 2024.

The paras were discussed in the SDAC meetings held on 6th September 2024 and 29th January 2025. In DP No.246 and 263, the Agency explained that the work was executed in rushy areas, necessitating of roads to make it motorable right after laying of pipes, to avoid any

untoward incident. Further, due to deep excavation base/sub base material was mixed with excavated earth which made it difficult to be reused. In DP No.273, the Agency explained that the dismantled material was reused in one work and in other work dismantled material of road was laid on top after backfilling the trench for smooth traffic flow without any payment for laying of material. Audit informed that in two (2) cases, the Agency did not use the dismantled material as sub base course for restoration of road nor deposited the same in store for future usage and in DP No.273 verified the usage of material of Rs 1,120,570 and reduced the amount of recovery for Rs 5,850,856. In DP No.246, the Committee directed the Agency for re-verification of record and in other two (2) cases, to effect recovery. Compliance of SDAC directive was not made till finalization of report.

Audit recommends that the matter be inquired as to why the cost of old material was not recovered besides making recovery from the contractors.

Note: This issue was reported earlier also in the Audit Reports vide Para No.3.5.2.9 in AR 2019-20 and vide Para No.3.4.2.3 in AR 2021-22 having financial impact of Rs 39.882 million. Recurrence of same irregularity is a matter of serious concern.

3.4.2.4 Less recovery of Punjab Sales Tax - Rs 5.047 million

According to clarification issued by Punjab Revenue Authority, Lahore, dated 4th November 2016, “all M&R/Supply works are liable for deduction of 16% Punjab Sales Tax (PST) w.e.f. 1st July 2016.

Director (O&M) AIT, and Gulberg Town, WASA, LDA, Lahore awarded various M&R works to contractors and recovered Punjab Sales Tax @ 5% for Rs 2,810,713. Audit observed that Agency recovered PST @ 5% instead of due @16%.

Violation of clarification issued by PRA resulted in less recovery of PST for Rs 5,046,684.

Audit pointed out the less recovery in May 2024.

The paras were discussed in the SDAC meeting held on 5th September 2024 and 29th January 2025. The Agency explained that works under consideration related to improvement/rehabilitation, therefore PST @ 5% was recovered. Audit informed that as per PRA clarification dated 04th November 2016, all M&R and supply works are liable for deduction of 16% PRA tax w.e.f 01.07.2016. The Committee directed the Agency for re-verification of record to show if the budget was allotted under ADP scheme, or effect recovery.

Audit recommends that the matter be inquired as to why PST at lesser rate was deducted besides recovery of PST@ 16%.

DP No. 203 & 229(2023-24)

Note: This issue was reported earlier also in the Audit Reports vide Para No.3.5.2.7 in AR 2019-20 and vide Para No.3.4.2.2 in AR 2021-22 having financial impact of Rs 288.995 million. Recurrence of same irregularity is a matter of serious concern.

Miscellaneous irregularities

3.4.2.5 Unjustified payment due to execution of inadmissible item - Rs 2.487 million

As per Rule 7.29 of DFR, before signing the bill, the Sub-Divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all rates are correctly entered and all calculations have been checked arithmetically.

Director Operation & Maintenance (O&M), Gulberg Town WASA, LDA, Lahore, executed an item “P/L PCC 1:2:4” for restoration of two road cuts and paid for a quantity of 5,151 cft @ Rs 48,278.50% cft. Audit observed that the Agency executed PCC on the same RDs/stretchers where carpeting had already been executed which was not justified.

Violation of DFR resulted in unjustified payment of Rs 2,486,826.

Audit pointed out the unjustified payment in May 2024.

The para was discussed in the SDAC meeting held on 5th September 2024. The Agency explained that demand notice was paid to LDA for execution of road cuts restoration. Audit informed that the execution of PCC after execution of carpeting on the same RDs was not justified. The Committee directed the Agency to obtain technical advice from FD. Compliance of SDAC directive was not made till finalization of report.

Audit recommends obtaining of technical advice from FD at the earliest and taking corrective action accordingly.

DP No. 218(2023-24)

3.4.3 Parks & Horticulture Authority (PHA), Lahore

Reported cases of fraud, embezzlement and misappropriation

3.4.3.1 Embezzlement due to fraud in electricity bills – Rs 5.368 million

DG PHA, vide office order dated 9th May 2015, directed to effect recovery of embezzled amount due to fraud in electricity bills amounting to Rs 5,368,397 from the officers/officials of PHA. Further, as per Lahore High Court, Lahore Order dated 23rd February 2024, the appeal of the officers/officials in embezzlement case of electricity bills was dismissed being not on merit.

Scrutiny of record of Project Director GOR, LBC & Jillani Park, PHA, Lahore, revealed that the officers/officials of PHA tampered the official electricity bills by entering reference numbers of their own houses and factories during financial years 2014-15 and 2015-16. Audit observed that the embezzlement was proved in an inquiry carried out by the Authority. Therefore, recovery was required to be made from the defaulters.

Non-compliance of DG PHA orders resulted in non-recovery of Rs 5,368,397 from the defaulters.

Audit pointed out the non-recovery in May 2024. The Authority replied that the matter was taken by Anti-Corruption Establishment (ACE) Lahore. The Authority had nominated two focal persons to assist ACE as per law and policy, so that the punishment including but not limited to recovery may be actualized. Audit stressed that the matter may be vigorously pursued with ACE for early recovery.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends recovery of the embezzled amount, disciplinary action under PEEDAA 2006 against those responsible, and strengthening internal controls to prevent such issues in the future.

DP No. 150(2023-24)

Irregularities

Irregularities resulting in non-recoveries

3.4.3.2 Non-recovery of rent – Rs 11.219 million

As per clause 3 of lease agreement, the lessee shall pay rent of six (06) months in advance to the Authority, 15 days before end of the previous terms for the next term.

Director Coordination, PHA, Lahore entered into leasing contracts for “Boating Rights, Canteens etc.” with various contractors. Audit observed that the Authority neither recovered the rent nor got the sites vacated.

(Amount in Rs)

Sr. No.	DP No. (2024-25)	Period	Rent to be recovered
1	677	14.02.22 to 13.08.22	2,650,000
		14.08.23 to 13.02.24	2,915,000
2	671	13.11.23 to 12.05.24	3,260,893
3	669	08.08.23 to 07.08.24	2,393,319
Total			11,219,212

Violation of agreement resulted in non-recovery of rent of Rs 11,219,212.

Audit pointed out the non-recoveries in October 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides strengthening internal controls to prevent such lapses in future.

Note: This issue was reported earlier also in the Audit Report for the year 2021-22 vide Para No.3.4.3.2 having financial impact of Rs 3.901 million. Recurrence of same irregularity is a matter of serious concern.

3.4.3.3 Non-recovery of PST - Rs 5.709 million

According to clarification issued by Punjab Revenue Authority, Lahore, dated 4th November 2016, “all M&R/Supply works are liable for deduction of 16% Punjab Sales Tax (PST) w.e.f. 1st July 2016.

Director Coordination, PHA, Lahore awarded six (6) works to various contractors. Audit observed that the Authority did not recover the PST at the rate of 16% amounting to Rs 5,708,603.

(Amount in Rs)

Sr. No.	DP No. (2024-25)	Contract Amount	Installment Amount	PST to be deducted
1	665	50,900,000	20,450,000	3,272,000
2	681	15,228,777	-	2,436,603
Total				5,708,603

Violation of PST Act 2012 resulted in non-recovery of Rs 5,708,603.

Audit pointed out the non-recoveries in October 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides strengthening internal controls to prevent such lapses in future.

Note: This issue was reported earlier also in the Audit Report for the year 2019-20 vide Para No.3.5.4.7 having financial impact of Rs 115.042. Recurrence of same irregularity is a matter of serious concern.

Irregularities relating to procurements

3.4.3.4 Irregular enhancement of the awarded contracts – Rs 12.919 million

As per clarification by PPRA dated 18th June 2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by FD.

Director Finance, PHA, Lahore made payment for different works to various contractors. Audit observed that the Authority enhanced the contracts beyond 20% in contravention of PPRA clarification.

(Amount in Rs)

Sr. No.	DP No. (2024-25)	Original agreement amount	Payment Made	Enhancement	%age of Variation
1	627	3,002,038	6,473,235	3,471,197	115%
2	635	13,634,134	20,368,131	6,733,997	49%
3		12,793,793	15,507,366	2,713,573	21%
Total				12,918,767	

Violation of PPR 2014 resulted in irregular enhancement of contract agreements amounting to Rs 12,918,767.

Audit pointed out the irregularities in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early regularization of the matter from FD besides strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Report for the year 2019-20 vide Para No.3.5.4.11 having financial impact of Rs 1,112.186 million. Recurrence of same irregularity is a matter of serious concern.

Miscellaneous irregularities

3.4.3.5 Irregular payment to work charge employees without open advertisement – Rs 245.753 million

As per para ii & xii S&GAD notification No.SO(ERB)5-44/2019/WC-DW-Policy 29th January 2021, no contingent paid staff will be hired without proper advertisement and hiring work charge, daily wages and contingent paid employee shall be made sparingly and only in case of genuine and dire needs. In the process of hiring, the concept of equal job opportunity for all citizen and transparency shall be ensured.

Project Director GOR, LBC & Jillani Park, PHA, Lahore paid Rs 245,753,968 to work charged employees during FYs 2021-22 and 2022-23. Audit observed that the authority appointed 430 work charged

employees without advertising the posts in leading newspapers. Audit further observed that most of the employees were drawing salaries without working, as no biometric attendance and site verification reports were available.

Violation of the S&GAD instructions resulted in irregular payments of Rs 245,752,968.

Audit pointed out the irregular payment in May 2024. The Authority replied that all employees working since 2015 were actively engaged in their duties. The reply was not tenable as Authority did not produce the record of appointments and muster rolls/attendance sheets of work charged employees from 2015.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early regularization of the matter from FD besides fixing the responsibility against the person(s) responsible.

DP No. 159(2023-24)

3.4.3.6 Doubtful payment for supply of canal silt – Rs 2.135 million

As per section 4 (a & b) of the Parks and Horticulture Authority Act 2012, “the Authority shall develop and maintain public parks, green belts and green areas, and regulate the use of public parks, green belts and green areas”. Further, as per section 23(2), “If a person continues to commit an act in violation of any order of the Authority, he shall, in addition to any other punishment under the Act, be liable to punishment of fine which may extend to five thousand rupees for each day the offence continues”.

Project Director GOR, LBC & Jilani Park, PHA, Lahore awarded a contract “*Supply of canal silt for Plantation at LBC, PHA Lahore*” to contractor on 27th October 2022 for Rs 2,212,554. Audit observed that the work commenced on 27th October 2022 and was completed on 31st October 2022, as per bill/completion report on various sites such as Chauburji to Karim Park, Samanabad, Sabzazar City Road, Riwarz Garden, Sanda Road and Nasir Bagh instead of BRB Canal and

the contractor had supplied the canal silt on 19th, 23rd & 30th August 2022 prior to the issuance of work order. Therefore, payment made through 1st & final bill on 28th November 2022 amounting to Rs 2,135,124 to the contractor was doubtful.

Violation of PHA Act 2012 resulted in doubtful payment of Rs 2,135,124.

Audit pointed out the doubtful payment in May 2024. The Authority replied that due to clerical mistake receipts mentioning wrong areas and dates were attached in the file which had been correct now. The reply was not tenable as no record was produce for verification in support of the reply.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends inquiry into the matter and fixing the responsibility against the staff at fault besides early recovery from the contractor.

DP No. 160(2023-24)

3.4.4 Ravi Urban Development Authority (RUDA), Lahore

Irregularities

Irregularities resulting in overpayments

3.4.4.1 Overpayment due to application of uneconomical item – Rs 94.370 million

According to the para 4 of RUDA Procurement Regulations 2020, “The Authority, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the Authority and the procurement process is efficient and economical.”

Chief Executive Officer, RUDA Lahore, executed the item “*Making embankment with lead earth in ordinary soil for embankments, 90% compaction including all lead & lift*” for a quantity of 159,016 cu.m (5,605,316 cft) at the rate of Rs 1,385 per cu.m. Audit observed that the Authority in TS estimate approved the rate of Rs 1,001.13 per cu.m vide chapter 3 items 5 (ii) & 17 of MRS for 2nd bi-annual 2022. It was noticed that said item/rate pertained to earthwork for embankment with manual labour and executing the extensive volume of earthwork 159016 cu.m (5,605,316 cft) solely through manual labour was impractical. Consequently, mechanical methods were necessary to manage this substantial quantity. Therefore, the Authority was required to apply more relevant and economical rate of Rs 905.28 per cu.m, as per rate analysis prepared by Audit on mechanical mode by input rates approved by FD.

Execution of the item by means of manual labour instead of mechanical caused overpayment to contractor for Rs 94,379,504.

Audit pointed out the overpayment in April 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. The Authority explained that the work executed under this item entirely carried out through mechanical means and rate of the item was taken accordingly. Further, in the rate analysis prepared by the

Audit the cost of earth was not included. Audit informed that the rate analysis of MRS item used involved manual labour components whereas the works were being executed by the mechanical means therefore the rate analysis was prepared by applying mechanical means instead of manual without inclusion of the cost of earth as it was not included in FD template. The Committee directed the Authority to refer the case to FD for clarification. Compliance of SDAC directive was not made till finalization of report.

The audit recommends obtaining an early clarification from the FD and recovering the due amount accordingly.

DP No.531(2023-24)

Irregularities relating to procurements

3.4.4.2 Irregular award due to violating the eligibility criteria and non-obtaining the performance securities -Rs 807.373 million

As per clauses 4, 4(ii), and 6 of the Pre-Qualification Document (PQD), applicants must meet specific pre-requisites. Only eligible candidates will be considered. To qualify, the applicant must be a national taxpayer, have a liquidity of Rs 100 million or an equivalent credit line from a scheduled bank, and possess at least 5 years of experience in the real estate field. Applicants must score at least 60 out of 100 marks to be eligible for the contract award. Further according to clause 3.6 of the PQD, the land provider must submit a performance security of Rs 100,000,000 or 1% of the estimated project cost (whichever is higher) to RUDA, in the form of files, plots, or cash, before signing the land purchase contract. The performance security will be released once 100% of the land is mutated in favor of RUDA.

Chief Executive Officer of RUDA Lahore executed three contracts (cash mode) and one contract (exemption mode) with pre-qualified land providers for the provision of 10,000 acres of land for the development of Ravi Riverfront City in January 2023. Audit observed that 11 individuals, joint ventures, and companies submitted PQD applications in March 2022, and eight companies were selected in August 2022. The Bid Evaluation Report, submitted by M/s KPMG on August 5, 2022, indicated that all eight selected bidders failed to meet

the eligibility criteria, specifically the minimum financial strength and credit line of Rs 100 million. Despite this, the authority registered these bidders, violating the eligibility requirements. Additionally, M/s Elite Nexus and M/s Jalal Muhammad were awarded contracts, even though their names were not listed in the Bid Evaluation Report. Furthermore, the land providers did not submit the required performance securities of Rs 400 million, even after more than a year had passed. The authority failed to secure these securities or take any action against the defaulters, neglecting public interest.

Violation of contractual obligations and the Bid Evaluation process resulted in an undue benefit of Rs 400,000,000 to land providers, along with the irregular award of contracts and payments thereon, Rs 407,373,340.

Audit pointed out the matter in April 2024.

The paras were discussed in the SDAC meeting held on 11th December 2024. In DP No.517, the Authority explained that the name of "M/s Elite Nexus" was omitted from the list sent to the consultant for evaluation due to an error. M/s Jalal Muhammad, however, had been registered in Phase-I of the process. In DP No. 514, the Authority clarified that the PQD clauses had been amended, eliminating the requirement for performance securities, which previously specified a deduction of Rs 100 million or 10% of the total cost. Audit argued that the Authority, instead of referring M/s Elite Nexus for re-evaluation, awarded it the contract. The consultant's report indicated that all participants were unqualified due to not meeting the minimum financial criteria. Despite this, the Authority removed the financial requirements and executed contracts with the applicants. Furthermore, no record of the amendments to the performance security clauses was provided for verification. The Committee expressed concern about amending the minimum credit line requirement after the bidding process began, which led to the exclusion of many potential land providers. The Committee directed the Authority to investigate this issue at the administrative level within 30 days. Compliance with the Committee's directives was not reported till the finalization of report.

Audit recommends investigating why the Authority selected

land providers who did not meet pre-qualification requirements and failed to obtain performance securities. It also recommends initiating punitive actions against those responsible and ensuring the immediate collection of performance securities and regularization from the FD.

DP No.514 & 517(2023-24)

3.4.5 Punjab Central Business District Development Authority (PCBDDA), Lahore

Irregularities

Irregularities resulting in overpayments

3.4.5.1 Overpayment due to application of uneconomical item – Rs 25.635 million

According to the para 1.58 of the B&R Department Code, “the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality”.

Chief Executive Officer, Punjab Central Business District Development Authority (PCBDDA), Lahore, executed the item “*Making embankment for earth in ordinary soil, 95% to 100% compaction*” for a quantity of 170,016 cubic meters (local earth) and 8,431 cubic meters (borrow earth) and made payments at rates of Rs 242.70 and Rs 337.40 per cubic meter, respectively. Audit observed that the Authority paid rates based on manual labor, even though executing such a large quantity of earthwork (178,447 cubic meters) manually was not feasible. In reality, the work was carried out using mechanical means, for which the correct admissible rates were Rs 103.66 and Rs 192.81 per cubic meter, respectively.

Violation of B&R Department Code directions resulted in overpayment amounting to Rs 25,635,710

Audit pointed out the overpayment in March 2024. The Authority replied the item description clearly indicated the work was entirely executed using mechanical means, and the rate was determined accordingly. While the Authority admitted that the earthwork was carried out mechanically, the reply was deemed untenable as the rates paid corresponded to manual labour.

The para was discussed in the SDAC meeting held on 8th January 2025. The Authority explained that rate was applied as per MRS. Further, the work was executed through mechanical means. Audit informed that rate analysis was consisted upon the manual labour components whereas, work was being executed by the mechanical means as accepted by the Authority. The Committee directed the Authority to refer the case to FD for seeking clarification. Compliance of SDAC directive was not made till finalization of report.

Audit recommends recovery besides strengthening the internal controls to avoid reoccurrence of such issues.

DP No. 302(2023-24)

Irregularities resulting in non-recoveries

3.4.5.2 Non-recovery of installments along with penalty of auctioned plots – Rs 4,100.268 million

According to the letter of acceptance issued to the successful bidders, they were required to deposit the full cost of the plot in ten equal bi-annual installments. Furthermore, as per Section 3.3 C (e) of the Eligibility/Qualification Criteria & Payment Schedules chapter in the Information Memorandum (IM), if a successful bidder fails to pay any installment by the due date, the Authority shall impose a late payment surcharge at a rate of 10% per annum on the overdue amount for the entire period of delay.

The Chief Executive Officer, PCBDDA, Lahore, sold four (04) plots in the Downtown CBD to three (03) investors/developers. Audit observed that while the investors/developers paid the first installment, they failed to deposit subsequent installments, with delays ranging from 165 to 530 days.

Violation of the agreement and Information Memorandum resulted in non-recovery amounting to Rs 4,100,268,220.

Audit pointed out the non-recovery in March 2024. The Authority replied that the defaulters had been notified through official correspondence and assured that the amount would be recovered without

any waivers or write-offs. The reply was deemed untenable, as no recovery had been reported to the audit by the time this report was finalized.

The para was discussed in the SDAC meeting held on 8th January 2025. The Authority explained that the efforts were being made for recovery from investors/developers. The Committee directed the Authority to effect recovery and get verified from Audit within 7 days. Compliance of SDAC directive was not made till finalization of report.

Audit recommends early recovery of the due amounts along with penalty from the defaulting investors.

DP No. 321(2023-24)

Irregularities resulting in loss to government

3.4.5.3 Loss due to application of higher rate – Rs 11.135 million

According to the instructions issued by the Finance Department via No. RO (Tech) FD-18-23/2004 dated 21st September 2004, the rate analysis for non-standardized item rates must be prepared by the Executive Engineer, clearly specifying the materials used. This analysis must be approved by the competent authority responsible for granting technical sanction (not below the rank of Superintending Engineer (S.E.)) before the commencement of work. Additionally, a copy of each approved rate analysis must be sent to the Technical Cell of the Finance Department for scrutiny and standardization.

Chief Executive Officer, PCBDDA, Lahore, approved payment for the non-standardized item “*Excavation for foundation, trenches, any type of soil up to any depth, including dewatering (if required), complete in all respects.*” Audit observed that the Authority prepared rate analyses but incorrectly included operator salaries in addition to equipment charges, even though the FD equipment rates for excavators and dumper trucks already included operator salaries. Furthermore, the Authority did not submit the rate analysis for scrutiny by the FD as required.

Violation of the FD's instructions resulted in loss amounting to Rs 11,135,323.

Audit pointed out the loss in March 2024.

The para was discussed in the SDAC meeting held on 8th January 2025. The Authority explained that the rates for the excavation was prepared as per FD's template and no extra payment was made to the contractor. Further, the rate of excavation upto 5 ft as per MRS was Rs 6.0168 per cft and prepared by including slabs of additional 5 ft. Audit informed that the Authority added the salary of operator in rate analysis that was not admissible. The rates of excavation with excavator were as per MRS 1st biannual 2023 with 3 slabs (i.e., upto 5 feet, lift from 5 feet to 15 feet and lift from 15 feet above. The Committee directed the Authority to get the record verified from Audit within 2 days. Compliance of SDAC directive was not made till finalization of report.

Audit recommends recovery of the overpaid amount, fixing responsibility for preparing and approving incorrect rates, and strengthening internal controls to prevent the recurrence of such issues in the future.

DP No. 323(2023-24)

3.4.6 Multan Development Authority (MDA), Multan

Irregularities

Irregularities resulting in overpayments

3.4.6.1 Overpayment due to application of uneconomical items – Rs 6.270 million

According to the rule 1.58 of the B&R Department Code, “the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality”.

Director Engineering, MDA Multan, made payment for the items “*Excavation in open cutting up to 7 feet depth*” and “*Earthwork excavation in foundation in ordinary soil*” for a total quantity of 1,676,925.13 cft, amounting to Rs 10,069,795. Audit observed that the Authority processed payments based on manual labour rates, even though excavating such a large quantity manually was not feasible. A composite item for excavation using machinery, which had lower rates than the paid items, was available but was not utilized. Additionally, input rates for excavators, as notified by the FD since 2004, were available.

The failure to adhere to rules ensuring the economical execution of civil works resulted in an overpayment of Rs 6,270,544.

Audit pointed out the overpayment in March 2024.

The para was discussed in the SDAC meeting held on 16th December 2024. The Authority explained that rates of excavation for sewer were taken as per MRS rate after Administrative Approval and Technical Sanctioned estimate. Audit informed the committee that the Authority executed the works of widening and improvement of existing roads where excavation other than sewerage works was also undertaken

and a huge quantity of the earthwork was done with mechanical means. Therefore, rate of excavation was required to be rationalized by taking the rate of machinery and recovery to be effected accordingly. The Committee directed the Authority to rationalize the rate and effect actual recovery accordingly. Compliance with Committee's directives was not reported till finalization of report.

Audit recommends early recovery of the overpaid amount and fixing responsibility for the application of uneconomical rates.

(Annexure-XXI)

3.4.7 Parks & Horticulture Authority (PHA), Multan

Irregularities

Irregularities resulting in overpayments

3.4.7.1 Overpayment due to approval of inflated rate analysis – Rs 2.209 million

As per rule 7.29 of DFR, “before signing the bill, Sub-Divisional Officer should compare the quantities in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically”.

Director Engineering, PHA Multan paid for the item “*Supplying and filling of earth*” in eight different works at the rates of Rs 24.53 per cft, Rs 18.29 per cft, Rs 26.93 per cft, Rs 17.08 per cft, Rs 18.29 per cft, Rs 24.48 per cft, Rs 17.08 per cft & Rs 17.040 per cft. Audit observed that the Authority approved inflated rates by incorrectly including the cost of "short carriage" in addition to the "cost of transportation of earth." Based on corrected rate analysis, audit determined the correct rates for the item to be Rs 22.34 per cft, Rs 16.79 per cft, Rs 17.35 per cft, Rs 15.91 per cft, Rs 16.79 per cft, Rs 16.45 per cft, Rs 15.91 per cft & Rs 16.24 per cft respectively in eight works. However, the department paid for the item at rates higher than those admissible.

Violation of rules resulted in an overpayment amounting to Rs 2,208,822.

Audit pointed out the overpayment in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends prompt recovery of the overpaid amount and fixing responsibility for applying inflated rates.

DP No. 705(2024-25)

Note: This issue was reported earlier also in the Audit Report for Audit Year 2019-20, vide para No. 3.5.7.1 in AR 2019-20 having financial impact of Rs 6.594 million. Recurrence of same irregularity is a matter of serious concern.

3.4.7.2 Overpayment due to application of incorrect rate – Rs 1.135 million

As per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items, "12.5% contractor profit and overhead charges are allowed".

3.4.7.2.1 Director Engineering, PHA Multan measured and paid the non-standardized items of work, "*P/F LED flood lights, Garden lights, pole lights etc.*" Audit observed that the Authority added 20% contractor profit in the rate analyses of the LED Flood lights, LED poles, garden lights etc. instead of 12.5%.

Violation of FD instructions resulted in overpayment of Rs 677,501.

Audit pointed out the overpayment in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 714(2024-25)

3.4.7.2.2 According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website.

Director Engineering, PHA Multan paid for the items "*P/F of Garden lights*", "*Providing of steel plate round shape 18" dia with 18" height*" and "*P/F of Garden pipe 1.5-inch dia*" @ Rs 38,000, Rs 5,222 and Rs 240, against the approved rates of Rs 34723, Rs 4,860 and Rs 218 respectively. Audit observed that Authority paid Rs 3277, Rs 362

and Rs 22 respectively over and above in all three above mentioned items.

Violation of FD's instructions resulted in overpayment of Rs 458,431.

Audit pointed out overpayment in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 710(2024-25)

3.4.7.3 Overpayment due to application of incorrect rate – Rs 1.122 million

As per MRS 1st biannual 2022 Chapter-3 Item 21(a)(ii) the rate of item was Rs 6,016.80 %o cft. Further, as per acceptance letter, the rate of the item "PCC including placing compacting finishing and curing complete ratio 1:4:8" was Rs 22,746 per cft.

Director Engineering, PHA Multan, in two (02) cases, paid for the items "PCC including placing compacting etc ratio 1:4:8" and "excavation in foundation of building, bridges and other structure". Audit observed that the Authority paid the said items at higher rates than admissible. The detail is as under:

(Amount in Rs)

Sr. No	DP No (2024-25)	Item of work	Rate paid (% cft)	Rate to be paid (% cft)	Amount overpaid	Remarks
1	708	PCC including placing compacting finishing and curing complete Ratio 1:4:8	29,158.8	22,746	601,481	Paid higher rate than acceptance letter.
2	709	Excavation in foundation of building, bridges and other structures	8,949.6	6,016.8	520,178	Paid higher rate than relevant MRS.
				Total	1,121,659	

Violation of MRS and acceptance letter resulted in overpayment amounting to Rs 1,121,659.

Audit pointed out the overpayment in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.8 Faisalabad Development Authority (FDA), Faisalabad

Irregularities

Irregularities resulting in overpayments

3.4.8.1 Overpayment due to allowing higher rate of MRS item – Rs 258.250 million

As per FD's notification No. RO (Tech)FD.2-3/2004 dated 2nd August 2004, the Chief Engineers on the basis of input rates notified by FD on its website shall fix the rate of each item of the work for rough cost estimates for Administrative Approval and detailed estimate for technical sanction. Further, FD's template for standardized items shall be used to work out the rate of items as far as possible.

3.4.8.1.1 Director Engineering, FDA, UD Wing, Faisalabad paid for the item "*transformers of different types*" in various works. Audit observed that the department had applied market rates in TS estimates instead of rates from MRS for the period 2nd bi-annual 2022, which were in fact lower.

Violation of FD's notification resulted in overpayment amounting to Rs 253,675,427.

Audit pointed out the overpayment in April 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends that the matter be inquired as to why rate of MRS item was not applied besides recovery and disciplinary action against the delinquents.

DP No. 130(2023-24)

3.4.8.1.2 Director Engineering, FDA, UD Wing, Faisalabad paid for the item "*RCC 1:1:2 in roof slab, beams etc.*" for a quantity of 29707 cft @ Rs 470.18 per cft for precast RCC slabs of the bridge. Audit observed that the precast RCC slabs were executed and launched at site,

therefore, the rate of precast RCC vide item # 6 (b)(i) @ Rs 406.86 per cft (Rs 383.25 as per MRS 2nd Biannual 2017 + 4.16% mega allowance + 2% above TSE rate) was applicable instead.

Violation of FD's notification resulted in overpayment amounting to Rs 1,881,047.

Audit pointed out the overpayment in April 2024.

The para was discussed in SDAC meeting held on 24th September 2024. The department explained that MRS item as pointed out by Audit was not applicable for RCC slab. The estimate of RCC slab in this project was prepared as per approved design. Audit contended that excess rate was paid due to incorrect application of MRS item for the precast of RCC slab. The Committee directed the department to get the record i.e., design of the item verified from Audit at the earliest. The representative of department attended the Audit Office on 27th September 2024 and produced the record. Audit pointed out that the item precast RCC slab of the bridge was executed instead of cast in situ as the Authority paid launching / lifting for the same item in running payments, hence, recovery of excess rate was required to be made from the contractors. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the matter be inquired as to why higher rate was paid besides recovery and disciplinary action against the delinquents.

DP No. 115(2023-24)

3.4.8.1.3 Director Engineering, FDA, UD Wing, Faisalabad paid for the item "*launching of precast RCC panels*" @ Rs 1,028.86 per ton for the quantity of 2018.91 ton/29707 cft for Rs 2,077,179. Audit observed that the length of RCC panel was 11.675 meters, therefore, actual of Rs 1,778.15 per %cft vide MRS item # 22(i) 2nd Biannual 2017, for beams of less than 15 meter, was applicable. Therefore, excess cost was paid for the said item.

Violation of FD's notification resulted in overpayment amounting to Rs 1,548,944.

Audit pointed out the overpayment in April 2024.

The para was discussed in SDAC meeting held on 24th September 2024. The department explained that the item 22(i) of MRS Chapter 6 covers the beams of less than 15 meter. The launching of Precast RCC panels was a specialized job involving longer machinery hours due to wider and heavier slabs as compared to beams. It was also to be noted that the item 22(i) was based on the volume units (% cft) while the rate for launching of RCC panels has been calculated keeping in view the weight of the panel (tons). Audit argued the economical rate as per MRS was required to be paid. The Committee directed the Authority for re-verification of record within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the matter be inquired as to why higher rate was paid besides recovery and disciplinary action against the delinquents.

DP No. 117(2023-24)

3.4.8.1.4 Director Engineering, FDA, UD Wing, Faisalabad paid an item RCC 1:2:4 in raft strip foundation in sub-head main building for a quantity of 12381.90 cft @ Rs 344.45 per cft. Audit observed that actual rate of item as per MRS 2nd bi-annual 2017 was Rs 252 per cft. Therefore, excess rate of Rs 92.45 per cft was paid.

Violation of FD's notification resulted in overpayment amounting to Rs 1,144,707.

Audit pointed out the overpayment in April 2024.

The para was discussed in SDAC meeting held on 24th September 2024. The department explained that the rate was paid to the contractor as per agreement. Audit contended that provision of said item was made at higher side in estimate. Accordingly, excess rate of Rs 92.45 per cft was paid to the contractor. The Committee upheld the contention of Audit and directed the Authority to effect the recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the matter be inquired as to why higher rate was paid besides recovery and disciplinary action against the delinquents.

DP No. 105(2023-24)

3.4.9 Parks & Horticulture Authority (PHA), Faisalabad

Irregularities

Miscellaneous irregularities

3.4.9.1 Non-deposit of income tax into FBR's account - Rs 9.618 million

According to Section 236(A) of the Income Tax Ordinance 2001, the advance tax was required to be collected @ 10% of the value of lease including a lease of the right to collect tolls, fees or other levies, by whatsoever name called.

Director Admin and Finance, PHA Faisalabad collected income tax amounting to Rs 9,617,652 from the contractor for outdoor advertisement fee for the period from 13.01.2023 to 30.06.2023. Audit observed that the said amount was not deposited to FBR till September 2024. Audit was of the view that the amount of tax should have been deposited in FBR account at the earliest.

Violation of rules resulted in non-deposit of income tax amounting to Rs 9,617,652.

Audit pointed out non-deposit of income tax in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early deposit of income tax under intimation to Audit.

DP No. 815(2024-25)

3.4.10 Rawalpindi Development Authority (RDA), Rawalpindi

Irregularities

Irregularities resulting in overpayments

3.4.10.1 Overpayment due payment of excess quantity of transportation - Rs 4.201 million

According to the rule 1.58 of the B&R Department Code, “the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality”.

Director Engineering, UD Wing RDA, Rawalpindi paid for the item “*Transportation of earth*” for the quantity 1193990.43 cft @ Rs 6,532.80 % cft amounting to Rs 7,800,101. Audit observed that the Authority excavated the earth for a quantity of 3133875 cft out of which 2583011 cft was reused and balance quantity 550864 cft was required to be transported instead of 1193990.43 cft. In this way, the Authority paid excess transportation of 643126 cft to the contractor.

Violation of B&R Department Code resulted in overpayment to the contractor amounting to Rs 4,201,416.

Audit pointed out overpayment in March 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery of the overpaid amount.

DP No. 61(2023-24)

3.4.10.2 Overpayment due to application of higher rate – Rs 1.535 million

As per FD’s instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be

approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible. Further, as per Specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 (Volume-I Part-II), if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling.

Director Engineering, UD Wing RDA, Rawalpindi awarded various works to contractors and made payment for non-scheduled items "*cold milling 75mm depth complete in all respect*" and "*General repair & maintenance of street lights i/c daily field visits for street lights*" amounting to Rs 4,602,830. Audit observed that the department prepared and got approved rate analyses at higher side by taking excess manpower and material.

Violation of FD's instructions resulted in overpayment amounting to Rs 1,535,642.

Audit pointed out overpayment in March 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery of the overpaid amount.

DP No. 67,77&78(2023-24)

3.4.11 Parks & Horticulture Authority (PHA), Rawalpindi

Irregularities

Irregularities resulting in non-recoveries

3.4.11.1 Non-recovery from blacklisted contractor - Rs 44.478 million

As per the Director General, PHA Rawalpindi's letter No. 265 dated 15.12.2023 an amount of Rs 44,477,803 is recoverable from a blacklisted contractor.

Director A&F/Marketing PHA, Rawalpindi awarded the contract for the collection of advertisement fee through auction, valuing Rs 170,500,000 to a contractor. However, the audit observed that the contractor breached the terms and conditions of the contract. As a result, the contract was cancelled and the contractor was blacklisted. An amount of Rs 44,477,803 remained outstanding/recoverable.

Violation of the contract agreement resulted in non-recovery amounting to Rs 44,477,803.

Audit pointed out non-recovery in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends for early recovery.

DP No. 784 (2024-25)

3.4.12 Parks & Horticulture Authority (PHA), Gujranwala

Irregularities

Irregularities resulting in overpayments

3.4.12.1 Overpayment due to allowing inadmissible contractor overhead & profit - Rs 1.188 million

As per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items in 2022, "12.5% contractor profit and overhead charges are allowed of the total value of the cost of the electrical items".

Director Engineering, PHA, Gujranwala, in two (02) cases, awarded the works to various contractors. Audit observed that non-MRS supply items were paid for, and in the rate analysis of these items, the department added 20% contractor profit and overhead instead of 12.5%. The department paid/allowed inadmissible 7.5% contractor profit and overheads.

Violation of FD's instructions resulted in overpayment amounting to Rs 1,188,890.

Audit pointed out the overpayment in October 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 858, 854 (2024-25)

Irregularities resulting in non-recoveries

3.4.12.2 Non-recovery of Punjab Sales Tax – Rs 62.557 million

As per Sr. Nos. 2, 12, and 29 of the 2nd Schedule of the Punjab Sales Tax on Services Act, 2012, 16% Provincial Sales Tax (PST) was required to be deducted on outdoor advertisement services provided by advertising agents and on advertising through motion pictures.

Director Marketing, PHA, Gujranwala awarded contracts for outdoor advertisement services, including sky signs, LED/LCD displays, shop boards, pole signs, canopy / moppy signs, towers, steamers, publicity floats, publicity on public transport, promotional stalls, and kiosk activities, to various contractors for the financial years 2020-21 to 2023-24. Audit observed that the Authority failed to recover 16% Provincial Sales Tax (PST) from the contractors in monthly installments.

Violation of Punjab Sale Tax Act 2012 resulted in non-recovery amounting to Rs 62,557,261.

Audit pointed out the non-recovery in October 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 843(2024-25)

Irregularities resulting in undue financial benefit to contractors

3.4.12.3 Un-due financial benefit due to pre-mature release of bid security/ guarantee - Rs 6.632 million

As per clause No. 18 (2&3) of chapter -IV of Punjab Local Government (Auction of collection Rights) Rules 2016 and condition No. 03 of contract agreement signed between contractor and PHA

Gujranwala regarding contract of outdoor advertisement fee, for the financial year 2020-21, the 60% earnest money deposited by successful bidders would be adjusted against amount payable by him and balance 40% of 1/10th (earnest money) amounting to Rs 6,632,000 (Rs 16,580,000 x 40%) would be retained in PHA Account as security and would be returned back to contractor after successful completion of contract.

Director Marketing, PHA Gujranwala, awarded a contract “Collection of outdoor advertisement fee” to M/s Muhammad Afzal S/o Fazal Din on 26.02.2021 for Rs 165,800,000 alongwith 10% advance income tax. Audit observed that the Authority collected Rs 16,575,577 as 1/10th of bid amount on 28.02.2021 vide Vr. 199 dated 28.02.2021 and adjusted the complete amount of 10% (1/10th of bid) in 1st installment in the month of February 2021 instead of keeping the 40% of earnest money amounting to Rs 6,632,000 as security till the successful completion of project in the month of June 2022. Due to non-keeping of security by PHA, the contractor did not deposit the monthly installments on specified time and last amount was deposited in the month of April 2023.

Violation of rules and contract agreement resulted in un-due financial benefit amounting to Rs 6,632,000.

Audit pointed out the irregularity in October 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends probe of the matter and condonation of irregularity besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues in future.

DP No. 828(2024-25)

3.4.13 Parks & Horticulture Authority (PHA), Sargodha

Irregularities

Irregularities resulting in overpayments

3.4.13.1 Overpayment due to excess rate of carriage – Rs 2.443 million

As per the MRS 2nd Biannual 2021 for District Sargodha, vide Item No. 1 of Chapter No. 1, the rate of lead for 9 km was Rs 737.15 per cft.

Director Engineering, PHA, Sargodha, paid for the item “*Carriage of stone aggregate lead with 09 km etc.*” for a quantity of 449,214 cft at the rate of Rs 1,281.19 cft. Audit observed that the actual rate of lead for 09 km was Rs 737.15 per cft, as per the MRS 2nd Biannual 2021 for District Sargodha. Hence the department paid excess rate of Rs 544.04 per cft.

Violation of the MRS resulted in overpayment amounting to Rs 2,443,903.

Audit pointed out the overpayment in September 2024.

SDAC meeting was not convened by the department despite repeated requests till finalization of this report.

Audit recommends early recovery.

DP No. 741 (2024-25)

3.4.14 Punjab Housing and Town Planning Agency (PHATA), Lahore

Irregularities

Irregularities resulting in non-recoveries

3.4.14.1 Non-recovery of 16% Punjab Sales Tax from AIM – Rs 2.799 million

As per Financial Proposal submitted by M/s Akhuwat Islamic Microfinance (AIM) dated 28th April 2021, “the cost i.e. Sales tax at the rate 16% will be charged from the borrowers”. Further, according to Sr No.8 of Schedule of the Punjab Sales Tax Act 2012, “16% sales tax will be charged on services provided by banking companies, cooperative financing societies, modarabas, musharikas, ijarhas, leasing companies, non-banking financial institutions and other persons, business or enterprises providing or dealing in any such service”.

Scrutiny of record of Director General, Punjab Housing Town Planning Agency (PHATA), Lahore, revealed that AIM charged up to the 4% service /rental charges amounting to Rs 17,492,103 from the loanees/ beneficiaries. Audit observed that AIM did not charge and deposit 16% Punjab sales Tax amounting to Rs 2,798,736 into Government treasury.

Violation of Punjab Sales Tax Act 2012 resulted in non-recovery of PST amounting to Rs 2,798,736.

Audit pointed out the non-recovery in September 2023. The Agency replied that the scheme’s primary objectives were to provide low cost interest free housing finance and to help in improving the socio economic conditions of the targeted segment of society. Further, the implementation of 16% sales tax on such financial services would burden the marginalized beneficiaries. Therefore, charging sales tax on rental amount from the poor beneficiaries of the scheme was not advisable. The reply was not tenable because AIM quoted the bid price inclusive of PST amount, hence, 16% PST was required to be deposited by AIM into PRA accounts rather recovering it from poor beneficiaries.

The para was discussed in the SDAC meeting held on 18th January 2024. The Agency explained that a summary would be moved for claiming exemption of Punjab sale tax for this scheme to avoid undue financial burden on the poor beneficiaries. Audit contended that 16% PST was required to be charged and deposited into PRA's account by the AIM under PST Act, 2012. The Committee directed the Agency to move the case to PRA department for exemption of PST, otherwise effect recovery from the responsible(s). Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery form AIM and deposit of PST into Government accounts.

Para No.02 (SAR)

Irregularities resulting in undue financial benefit to contractors

3.4.14.2 Undue financial benefit due to non-obtaining of performance guarantee – Rs 10 million

As per Rule 56 of PPR 2014, “the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten percent of the contract amount”. Further, as per Para 29.1 of RFP, “within 21 days after receipt of the Letter of Acceptance, the successful Firm shall deliver to the Procuring Agency as Performance Security amounting to Rs 10 million”.

Director General, PHATA, Lahore, did not obtain performance guarantee from the AIM at the time of the award of contract.

Violation of the contractual obligations and PPR 2014 resulted in undue financial benefit amounting to Rs 10,000,000.

Audit pointed out the irregularity in September 2023. The Agency replied that AIM had submitted a bid security of Rs 10 million to PHATA in compliance with the applicable regulations. Upon receiving the Letter of Acceptance, AIM did not seek the return of this bid security, as it was intended to serve as the performance guarantee of Rs 10 million (which is equivalent to the bid security), thus ensuring our commitment to fulfilling the contractual obligations. Audit contended

that performance guarantee was separate from bid security in the light of PPR 2014. Therefore, performance bank guarantee may also be obtained from the AIM.

The para was discussed in the SDAC meeting held on 18th January 2024. The Agency explained that AIM had re-submitted a bid security of Rs 10 million to DG PHATA and requested that same to be considered as a performance guarantee from onwards. Audit contended that performance guarantee was not obtained at the time of Agreement from the Service Provider/ AIM in contravention of agreed terms of the Agreement. The Committee directed the Administrative Department to probe this matter regarding non-receipt of performance guarantee by appointing a probe officer and get the matter regularized from the Finance Department within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD and fixing of responsibility against the person(s) responsible under PEEDA Act 2006.

Para No.04 (SAR)

Irregularities relating to procurements

3.4.14.3 Loss due to non-deposit of Bid Security by PHATA - Rs 11.536 million

As per Rule 4.1 of PFR Volume-I, "the departmental controlling officers should accordingly see that all sums due to Government are regularly received and that they are paid into the treasury".

Director General, PHATA, Lahore, did not deposit Pay-order bearing No.24531175 dated 7th April 2021 amounting to Rs 10 million presented by AIM as a bid security. Audit observed that the pay-order was required to be deposited into PHATA's account immediately but the same had been lying outstanding since 7th April 2021. Therefore, due to non-deposit of bid security timely, the Government sustained a huge loss of Rs 11,536,184 on account of profit.

Violation of the PFR resulted in loss of Rs 11,536,184 due to non-deposit of pay order into Bank account of PHATA.

Audit pointed out the loss in September 2023. The Agency replied that fresh pay order would be obtained from AIM and same would be deposited into PHATA's account. The reply was not tenable because pay order was required to be deposited into PHATA's account on the same day on its receipt. Therefore, due to non-deposit of pay order timely, the Government sustained a huge loss on account of profit.

The para was discussed in the SDAC meeting held on 18th January 2014. The Agency explained that AIM cancelled the original pay order and issued the fresh one on 21st December 2023. Audit contended that original pay order amounting to Rs 10 million dated 7th April 2021 was required to be deposited into Bank of Punjab account maintained by DG PHATA during April 2021. Therefore, non-deposit of pay order into Government accounts resulted in loss of profit amounting to Rs 1,536,400. Further, no record regarding deposit of fresh pay order was produced to Audit for verification. The Committee directed the Administrative Department to probe this matter regarding non-deposit of pay order and ascertain the loss of profit by appointing a probe officer and get the matter regularized from the Finance Department within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of profit and deposit of Pay-order immediately into PHATA's Account and action under PEEDA Act 2006 against the delinquents.

(Annexure-XXII)

Miscellaneous irregularities

3.4.14.4 Non-achievement of targets due to non-disbursement of loan – Rs 789.550 million

As per Sections IV&V (Scope of Services and Deliverables) of RFP, SPO shall disburse hundred percent loan amount to end borrowers for provision of financial assistance on soft terms and conditions to help those families who are finding it hard to construct their own homes by

themselves. Further, as per directions of the Standing Committee of Cabinet on Finance & Development dated 16th September 2020 read with minutes of meeting held on 24th October 2022, “the Chief Minister, Punjab desired to allow Akhuwat Islamic Microfinance to disburse the remaining funds of soft loan for the low cost housing in flood effected areas of the Punjab”.

Director General, PHATA, Lahore recommended for disbursement of loan to 867 beneficiaries upto August 2023. Audit observed that AIM disbursed the loans to only twelve (12) beneficiaries instead of 867 beneficiaries recommended by PHATA. Therefore, a huge amount of Rs 789.550 million was lying un-utilized since 2021 resulting in non-achievement of objectives/ targets *ibid*. The detail is as under:

(Amount in Rs)

No. of Persons recommended by PHATA	Recommended amount of Loan	Loan Disbursed	Un-utilized Amount
867 Nos	800,000,000	10,450,000	789,550,000

Violation of Cabinet directions and SOPs resulted in non-disbursement of loan amounting to Rs 789,550,000.

Audit pointed out the irregularity in September 2023. AIM informed that PHATA did not share the details of the 867 interested allottees despite multiple reminders to PHATA so that AIM could contact them for further proceedings. The reply was not tenable because due to weak managerial controls and lack of coordination between DG, PHATA, its field formations and AIM, the loan amount could not be disbursed to the poor community for construction of houses.

The paras were discussed in the SDAC meeting held on 18th January 2024. The Agency reiterated its earlier stance. Further, the allottees recommended by PHATA were either not interested to avail the financing or did not meet eligibility criteria of the scheme. Audit contended that the directions of the Standing Committee of Cabinet on Finance & Development dated 16th September 2020 regarding provision of soft loans to poor families for low cost housing by the department were not fully complied with. Furthermore, in a meeting held on 24th October 2022, the Chief Minister, Punjab desired to allow Akhuwat Islamic Microfinance to disburse the remaining funds of soft loan for

the low cost housing in flood affected areas of the Punjab. After the lapse of more than one year, no progress towards disbursement of loans to poor families for construction of houses was made by the department. This resulted in non-compliance of the directions of the Cabinet and CM Punjab in letter & spirit. The Committee directed the Agency to get clarification/ advice into the matter from Finance Department. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early disbursement of loan to general public and effective utilization of unutilized funds for wellbeing of marginalized community.

Para No.9 & 13 (SAR)

3.4.14.5 Undue financial aid by granting loans to ineligible persons – Rs 10.600 million

As per Clauses 4.2 and 13.1 of the Agreement signed between Chairman PHATA and Chairman AIM on 19th May 2021, “the SPO/AIM shall provide interest free financing to such applicants who will meet the eligibility criteria i.e. own land/house size 5 Marla or less, does not have any other house anywhere in Pakistan and monthly household income below Rs 100,000 (preference will be given to widows and households with monthly income below Rs 60,000). Pro-poor, non-political and non-sectarian dimension of the project will be ensured by both Parties under all circumstances”.

Scrutiny of record of Director General, PHATA, Lahore, revealed that AIM granted housing loans to the thirteen (13) ineligible beneficiaries having income and other assets beyond eligibility criteria. Audit observed that in those beneficiaries, there were Government Officers in Grade-18, Executives in Private sector and established businessmen. Audit was of the view that loans were to be disbursed to the segment of society having low income. Therefore, loans were granted to ineligible persons in contravention of criteria *ibid*.

Violation of the contractual obligations resulted in undue financial aid amounting to Rs 10,600,000 to ineligible persons.

Audit pointed out the undue financial aid in September 2023. The Agency replied that AIM conducted a thorough evaluation of the household income of the beneficiaries in accordance with established appraisals and practices before approving any loan. The reply was not tenable because the loans were granted to well-off people of the society instead of marginalized community.

The paras were discussed in the SDAC meeting held on 18th January 2024. The Agency explained that record of beneficiaries was scrutinized and found the loanees eligible as per criteria. Audit contended that the monthly income and assets of the beneficiaries were beyond the agreed limits of Rs 100,000 per month and owned other assets as well. Hence, loan to these beneficiaries was granted in contravention of terms of the Agreement and undue financial benefit was extended to ineligible persons. The Committee directed to probe the matter by appointing a probe officer from DG, PHATA Lahore regarding disbursement of loan to ineligible beneficiaries and submit report within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends action against the person(s) responsible. Further, AIM needs to scrutinize and re-verify income assessment and disburse the loans only to the eligible persons.

(Annexure-XXIII)

3.4.15 Public Health Engineering Department

Reported cases of fraud, embezzlement and mis-appropriation

3.4.15.1 Embezzlement/Fraudulent payments through annual record manipulation and bypassing approved SAP entry procedures – Rs 13.127 Billion

According to Rule 2.9(a) of the Departmental Financial Rules (DFR), the Executive Engineer (XEN) serves as the primary disbursing officer of the division. The XEN is authorized to obtain cheque books from the treasury office for payments against the execution of works. Further, as per rule 3.20, he is required to check all the entries in the cash book as soon as possible after the date of their occurrence, and to initial the book dating his initials after the last entry checked. He should sign the cash book at the end of the month and such signature should be understood as assuming responsibility for all the entries of the month including closing balance. Furthermore, rule 3.25(b) makes the Divisional/Sub-Divisional Officer (SDO) responsible for keeping cheque books under lock and key in personal custody. The Divisional Officer is responsible for maintenance of accounts and its submission to DG Accounts Works Lahore.

Executive Engineer, Public Health Engineering Division, Sheikhpura obtained 13100 cheques from District Account Office Sheikhpura during last 10 financial years i.e. from 2014-15 to 2023-24. In-depth analysis/comparison of works related accounting entries booked in SAP, with the available manual record, such as cash books and counterfoils showed that officials/officers involved have employed different modalities in committing fraudulent payments amounting to Rs 13.127 Billion. The detail is as under:

- 272 cheques were recorded as canceled in the cash book, but payments amounting to Rs 4,634.647 million were fraudulently withdrawn. (DP No.392&393)
- 81 cheques were recorded with insignificant amounts in the cash book, while higher amounts were fraudulently withdrawn, totaling Rs 1,245.609 million, with the connivance of the District Account Office during the period 2021-22 to 2023-24. (DP No.394&399)

- 63 cheques were processed through the proper accounting mechanism, but it differed with the amounts recorded in cash book totaling Rs 499.258 million. (DP No.395)
- 12 cheques, amounting to Rs 5.549 million, were encashed by bypassing the accounting cycle and booked in the partner profit center of PHE Division Sheikhpura, which did not pertain to the division. (DP No.400)
- 1,811 cheques, totaling Rs 6,742.405 million, were fraudulently withdrawn without any related expenditure on schemes/projects. (DP No.404)
- 13,100 cheques were delivered to PHE Division Sheikhpura by the District Account Office over the last 10 years, but the whereabouts of 967 cheques were not recorded in the divisional records. These untraceable cheques may have been misappropriated or used for other fraudulent payments. (DP No.396&401)
- Security Deposit Registers, Budget & Fund Registers, and Form-II Registers were unavailable in the Division, preventing the determination of the actual volume of fraudulent payments. (DP No.398)
- A refund of Rs 585.101 million in taxes, related to fraudulent payments, needs to be returned to the Punjab Government Development Fund. (DP No.397)

Violation of rules and prescribed accounting procedures resulted in fraudulent payments amounting to Rs 13,127,469,246.

Audit pointed out the fraudulent payments in November 2024.

The department did not convene SDAC meeting despite repeated requests till finalization of audit report.

Audit emphasizes prompt recovery and initiate disciplinary action against the responsible(s) besides strengthening internal controls to prevent such lapse in future.

DP No. 392,393,394, 395, 396,397,398,399,400,401&404

Irregularities

Irregularities resulting in overpayments

3.4.15.2 Overpayment due to incorrect calculation of price variations – Rs 58.036 million

According to Clause 55 of agreement, the price variation shall be worked out on the base/current rate of the item concerned as notified/placed at website by FD, Government of the Punjab for the particular month and particular District. Additionally, any adjustment in the contract price due to changes in the cost of high-speed diesel (HSD) or labour shall be based on the increase or decrease in the value of work done.

Executive Engineers of four (04) PHE Divisions, in twelve (12) cases, made payment of price variations which were either on inadmissible items or taking excess value of work done and making calculation using rates higher than permissible. Audit observed that, in four (04) cases, the department applied incorrect current rates and base rates. In two (02) cases, the department paid the price variation on supply items in violation of FD's instructions. Further, in remaining six (06) cases, the department had taken excess value of work done while calculating price variation on diesel and labour.

Violation of the agreement resulted in overpayment amounting to Rs 58,036,132.

Audit pointed out the overpayments from April to September 2024.

The paras (DP Nos 94,104,118, 99&103) were discussed in the SDAC meetings held in August 2024. In DP Nos. 94 &104, the department admitted recovery of Rs 8.557 million. The Committee directed the department to effect recovery. In DP No. 118, the department explained that price variation on tuff paver was approved by the competent authority as per FD's letter dated 16.11.2022. Audit informed the Committee that the department awarded the contract on 07.03.2022 and at that time price escalation on tuff paver was not

admissible. In DP Nos. 99 & 103, the department explained that the value of work done was calculated as per contract agreement. Audit informed that price variation for diesel and labour on water supply items under Chapter 23 of the MRS was not admissible as per the FD's notification. The Committee directed the department to effect the actual recovery in all three cases. Compliance with the Committee's directives was not reported till finalization of the report. The department did not convene SDAC meeting for DP Nos. 239, 241, 258, 262, 280, 316 and 323 till the finalization of audit report despite repeated requests by Audit.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXIV)

Note: The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide Para No. 3.4.5.3 having financial impact of Rs 31.801 million. Recurrence of same irregularity is a matter of serious concern.

3.4.15.3 Overpayment due to application of higher rate – Rs 31.369 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

3.4.15.3.1 Executive Engineer, PHE Division, TT Singh, executed non-BoQ items "*P/L cutting, jointing, testing and disinfecting PVC pipe line HDPE- PN-8 and PN-6*" for quantity of 13,113 rft and 3,024 rft at the rate of Rs 5,057 per rft and Rs 3,692 per rft respectively. Audit observed that non-BoQ items were paid at higher rates as both items were standardized in MRS 2nd bi-annual 2021 for District TT Singh vide item No. 42-a-xiii and b-xiii of chapter No. 23 (Tubewell) at the rate Rs 3,718.10 per rft & Rs 2,776.20 per rft respectively and these items were executed in same period.

Violation of FD's instructions resulted in overpayment amounting to Rs 17,794,610.

Audit pointed out the overpayment in April 2024.

The matter was also discussed in SDAC meeting held on 20.08.2024. The department explained that Administrative Approval was sanctioned on 15.09.2022. At that time scheduled rates of PN-8 and PN-6 were Rs 5,959.55 and Rs 4,849 per feet. Whereas, approved rates of PN-8 and PN-6 in estimates were Rs 5,057 and Rs 3,692 per rft which were below the then MRS rates. Audit informed the Committee that the rates of the said items as notified by FD in 2nd biannual 2021 were Rs 3,718.10 and Rs 2,776.20 per rft respectively at the time of execution. Hence, the department was required to apply FD's notified rates. The Committee directed the department to produce relevant record and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the matter be inquired as to why higher rates were paid besides effecting recovery from the contractor.

DP No. 116 (2023-24)

3.4.15.3.2 Executive Engineer, PHE Division, Rawalpindi paid for the item "*Supplying, filling and spreading of 12" and 24" thick fine and coarse sand*" for a quantity of 80,448 cft at the rate of Rs 192.41 per cft amounting to Rs 15,479,000. Audit observed that the department calculated the rate of said item as Rs 192.41 per cft instead of correct payable rate of Rs 121.34 per cft by applying inadmissible carriage cost.

Violation of FD's instruction resulted in overpayment amounting to Rs 5,974,068.

Audit pointed out the overpayment in April 2024.

The department explained that the rate of harrow sand along with cost of carriage had been approved in rate analysis by the competent authority. Reply is not tenable as the cost of carriage was inadmissible because the rate of sand was at site as per input rates notified by the FD. However, despite repeated requests by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends that the matter be inquired as to why carriage costs were added in violation of the FD's instructions, besides recovery of the overpayment from the contractor.

DP No. 01 (2023-24)

3.4.15.3.3 Executive Engineer, PHE Division, Bhakkar, in two (2) cases, made payment for a non-standardized item "*P/L crushed stone 1/4" to 1" gauge*" for a quantity of 840,754 cft at the rate of Rs 95 per cft and Rs 78.35 per cft. The audit observed that the department calculated higher rates by applying three coolies instead of two in the labour component, violating the FD's template. The correct payable rates with two coolies were Rs 89.76 per cft and Rs 72.68 per cft, respectively.

Violation of FD's instructions resulted in overpayment amounting to Rs 4,419,662.

Audit pointed out the overpayment in August 2024.

The department explained that the rate analyses were approved by the competent authority and payments were made to contractors accordingly. However, the reply is not tenable, as the department included an excess labour component in the rate analyses compared to the FD's template. Despite repeated requests and reminders from the Audit, the department failed to convene an SDAC meeting.

Audit recommends prompt recovery of the overpaid amount, disciplinary action against the responsible individuals, and strengthening internal controls to prevent such overpayments in the future.

DP No. 181 & 185 (2024-25)

3.4.15.3.4 Executive Engineer, PHE Division, Khanewal awarded two (2) works and made payment for the item "*P/L sub-base course*". Audit observed that while calculating the composite rate for the item, the department applied inadmissible loose factor @ 20% on material in addition to carriage component involved in the item.

Violation of FD's instruction resulted in overpayment amounting to Rs 3,180,594.

Audit pointed out the overpayment in April 2024.

The matter was also discussed in SDAC meeting held on 11.07.2024. The department explained that payment was made after approval of rate analysis based on MRS notified by the FD. Audit reiterated its earlier stance. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends prompt recovery of the overpaid amount, disciplinary action against the responsible individuals, and strengthening internal controls to prevent such overpayments in the future.

DP No. 56 (2023-24)

3.4.15.4 Overpayment due to allowing excess quantity of steel in pavement – Rs 15.315 million

According to condition No. 20 of acceptance letter issued vide No 818/C dated 17.01.2023, The pavement may be designed on the basis of standard pavement design guide lines of Highway Department based on traffic load for relevant streets which may be approved by the superintending Engineer in Charge, read with design approved by the RR&MTI. The steel @ 0.553 lbs per cft will be provided in the slab of road.

The Executive Engineer, PHE Division, Sheikhpura, authorized payment for "*Fabrication of mild steel reinforcement for cement concrete Grade 40 deformed bars*" for a quantity of 150,844.43 kg of steel for RCC road/rigid pavement (8" thick), without an approved design. Audit found that the department applied a factor of steel with 2.65 lbs per cft instead of 0.533 lbs per cft as per the RR&MTI design for RCC roads in Sheikhpura. According to the approved design, the correct payable quantity of steel should have been 74,321 kg, not 150,844.43 kg.

Violation of pavement design resulted in overpayment amounting to Rs 15,315,437.

Audit pointed out the overpayment in August 2024.

The department explained that payment has been made as per TS estimate/rate analysis approved by the competent authority. Audit contended that the department was required to calculate the quantity of steel as per approved pavement design by the RR&MTI on the basis of designed load. Whereas, the department did not get approved the pavement design from relevant authority. However, despite repeated requests/reminders by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such lapses.

DP No. 360 (2024-25)

3.4.15.5 Overpayment due to excess measurements than TS estimate and pavement design of PCC –Rs 9.967 million

As per the letter No. 664-67/P&D-I dated 29th May 2015, CE (North) PHE Department Lahore, thickness of PCC 1:2:4 in street should be as mentioned below:

Width of PCC pavement 0' to 6'	Thickness of PCC 3"
Width of PCC pavement 6'-10'	Thickness of PCC 4"
Width of PCC pavement above 10'	Thickness of PCC 6"

Executive Engineer, PHE Division, Sheikhpura made payment for the item "*PCC 1:2:4 with 6" thickness*" for the quantity 70,638 cft and paid another item "*sub base course 6" thickness*" in the 10 feet wide streets. Audit observed that the department was required to execute 4" PCC for upto 10 feet wide streets as per the approved design criteria.

Violation of pavement design resulted in overpayment amounting to Rs 9,966,861.

Audit pointed out the overpayment in August 2024.

The department explained that the payment was made as per the approved TS Estimates. Audit contended that the department paid excess thickness of PCC in violation of approved criteria. However, despite repeated requests by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 382 (2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 3.4.5.6 in AR 2023-24 having financial impact of Rs 5.948 million. Recurrence of same irregularity is a matter of serious concern.

3.4.15.6 Overpayment due to non-deduction of shrinkage – Rs 7.363 million

As per instructions of chapter No. 3, “Earthwork” of MRS, 10% shrinkage was required to be deducted in case work is done with manual labour and 3% to 6% in case work is done by mechanical means.

Executive Engineer, PHE Division, Sheikhpura, paid for the item “*Earthwork excavation undressed lead upto a single throw of kassi*” for the quantity of 1,508,537.63 cft. Audit observed that the department did not deduct 6% shrinkage, as stipulated in MRS.

Violation of MRS resulted in overpayment amounting to Rs 7,362,960.

Audit pointed out the overpayment in August 2024.

The department explained that the schemes were ongoing and the actual recovery would be made in the forthcoming bill. However, the audit contended that the delay in effecting the established recovery was intended to provide undue financial benefit to the contractor. Despite

repeated requests from the audit, the department failed to convene an SDAC meeting before the finalization of the audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 362 (2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 3.5.8.5.2 in AR 2019-20, Para No. 3.4.6.6 in AR 2021-22, Para No. 3.4.15.14 in AR 2022-23 and Para No. 3.4.5.7 in AR 2023-24 having financial impact of Rs 26.044 million. Recurrence of same irregularity is a matter of serious concern.

3.4.15.7 Overpayment due to allowing excess lead and incorrect rate of carriage – Rs 6.857 million

As per condition No. 5 of FD’s letter No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, the material of crushed stone aggregate and sand shall be carried from the nearest approved quarry and the shortest route shall be adopted for carriage.

3.4.15.7.1 Executive Engineer, PHE Division, Rawalpindi got executed works, items involving usage of stone materials. Audit observed that, in the identified cases, the department made overpayments for stone carriage by opting for longer routes.

(Amount in Rs)

S. No.	DP No.	Name of Division	Lead paid	Lead to be paid	Amount Overpaid
1	03 (2023-24)	PHE Rawalpindi (sub para No. 03,05&06)	116 Km	66 Km	2,215,905
			100 Km	64 Km	1,270,528
			93 Km	60 Km	2,428,085
	Total				5,914,518

Violation of FD’s instructions resulted in overpayment amounting to Rs 5,914,518.

Audit pointed out the overpayment in April 2024.

The department explained that concrete pavement needs well graded aggregate to bear heavy traffic load. Margala quarry is the only quarry in district Rawalpindi which produced the desired/specified aggregate to counter heavy traffic load. Audit contended that the department neglected nearest source i.e. Melot quarry and opted longer route. However, despite repeated requests/reminders by Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.7.2 Executive Engineer, PHE Division, Jhelum made payment for the item “*P/L GI Pipe 10 inch i/d having 6mm*” for 30,090 rft at the rate of Rs 7,873.85 per rft. Audit observed that the department had taken excess rate of carriage in the rate analysis of the item whereas, actual rate came to Rs 7,842.53 per rft. In this way, the department paid excess rate 31.32 per rft which resulted in overpayment of Rs 942,419 to the contractor.

Violation of FD’s notification resulted in overpayment amounting to Rs 942,419.

Audit pointed out the overpayment in August 2024.

The department explained that rate was approved by the competent authority and paid accordingly. Audit contended that the department derived higher rate of carriage by making incorrect calculation. However, despite repeated requests/reminders by Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 296 (2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 3.4.9.10 in AR 2018-19, Para No. 3.4.15.8 in AR 2022-23 and Para

No. 3.4.5.1 in AR 2023-24 having financial impact of Rs 77.536 million. Recurrence of same irregularity is a matter of serious concern.

3.4.15.8 Overpayment beyond agreed percentage of contract cost – Rs 1.144 million

As per para (v) of FD's notification No. RO(Tech)FD.1-2/ 83-VI dated 29th March 2005, "the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment".

Executive Engineer, PHE Division, Okara awarded a work to contractor who quoted disproportionate rates @ 16.41 % below the TS estimate. Audit observed that the work had been completed more than 90% and the department had made payment @ 13.20 % below which was more than the rates agreed at the time of tender.

Violation of FD's instructions resulted in overpayment amounting to Rs 1,143,913.

Audit pointed out the overpayment in September 2024.

The department explained that the payment was made to the contractor as per contract agreement. Audit contended that the payment was made at higher rates than agreed at the time of tender. However, despite repeated requests/reminders by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 212 (2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 3.5.7.22 in AR 2020-21, Para No. 3.4.6.2 in AR 2021-22 and Para No. 3.4.15.4 in AR 2022-23 having financial impact of Rs 77.702 million. Recurrence of same irregularity is a matter of serious concern.

3.4.15.9 Overpayment due to application of incorrect rates – Rs 1.060 million

According to rule 7.28 and 7.29 of DFR Vol-I, before signing the bill, sub divisional officer should compare the quantities in the bill with those recorded in measurement book and see that all the rates were correctly entered and that calculation were checked arithmetically to be correct.

The Executive Engineer, PHE Division, Faisalabad, made a payment for the item "*Earthwork excavation up to a single throw of kassi with 1-mile lead*" for a quantity of 320,433 cft at the rate of Rs 10,483.16 per %₀ cft with a 300-meter lead. Audit observed that the actual rate with a 300-meter lead was Rs 7,175.75 per %₀cft, meaning the department overpaid by Rs 3,307.41 per %₀ cft.

Violation of rule resulted in overpayment amounting to Rs 1,059,803.

Audit pointed out the overpayment in April 2024.

The department did not convene SDAC meeting despite repeated requests/reminders by Audit till finalization of audit report.

Audit recommends that early recovery besides strengthening the internal control mechanism to avoid such lapse in future.

DP No. 79 (2023-24)

Irregularities resulting in non-recoveries

3.4.15.10 Less-recovery of income tax from JV – Rs 19.320 million

According to section 92 read with section 153 of Income Tax Ordinance, “an association of persons shall be liable to tax separately from the members of the association and the rate of tax is 16 % on non-ATL”.

Executive Engineer, PHE Division Sheikhupura made payment against total value of work done amounting to Rs 241,500,000 and department had deducted income tax at the rate of 8%. Audit observed that the department was required to deduct income tax at the rate of 16% as the work was awarded to joint venture which was not registered in FBR as JV.

Violation of Income Tax Ordinance resulted in less recovery amounting to Rs 19,320,000.

Audit pointed out the less recovery in August 2024.

The department explained that the contractors/firms were registered in FBR and reflected in ATL. Audit contended that contractors were not registered in FBR as a joint venture. However, despite repeated requests/reminders by Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 359 (2024-25)

3.4.15.11 Adjustment of secured advance without actual execution – Rs 6.072 million

According to rule 7.28 and 7.29 of DFR Vol-I, before signing the bill, sub divisional officer should compare the quantities in the bill with those recorded in measurement book and see that all the rates were correctly entered and that calculation were checked arithmetically to be correct.

Executive Engineer, PHE Division-II, Dera Ghazi Khan paid secured advance on tuff tiles for the quantity 230000 sft and bricks for the quantity 800000 Nos amounting to Rs 21.590 million. Audit observed that the department consumed tuff tiles for 96813 sft in the 15th and running bills. However, the department calculated the outstanding quantity as 50000 sft instead of the correct due quantity of 133187 sft. This led to an incorrect adjustment amounting to Rs 6,072,651. Further,

period of more than 20 months was lapsed, but neither contractor executed any further work nor department effected the recovery of outstanding secured advance.

Violation of rules resulted in unjustified adjustment of secured advance due to incorrect calculation amounting to Rs 6,072,651.

Audit pointed out the lapse in September 2024.

The department explained that in 15th & running bill, tuff tiles were consumed 180000 sft from total quantity of secured advance of 230000 sft. Therefore, balance quantity of 50000 sft tuff tiles as per record was outstanding. However, outstanding secured advance would be recovered in the forthcoming bill. Audit contended that the department adjusted excess quantity by making incorrect calculation because after consumption of 96813 sft tuff tiles, outstanding quantity of said item was worked out to 133187 sft instead of 50000 sft. However, despite repeated requests by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends action against responsible and early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 317 (2024-25)

3.4.15.12 Non/less recovery of Income Tax – Rs 1.831 million

According to Section 153, Division-III, sub-section 2(b)(ii)(b) of Income Tax Ordinance 2001, “that on execution of a contract, other than a contract for the sale of goods or the rendering of or providing of services, tax is to be deducted at the rate of 7.5% from the gross amount”.

Executive Engineers, PHE Divisions, Jhelum, and PHE-II, DG Khan, in two (02) cases, made payment to different contractors. Audit observed that, in one (01) case, the department did not deduct income tax of Rs 1,293,775 and in other case, the department deducted less income tax of Rs 536,983.

(Amount in Rs)

Sr. No.	DP No.	Divisions	Income Tax Deducted by the Department	Income Tax to be Deducted by the Department	Less Recovery
1	315	PHE-II DG Khan	-	1,293,775	1,293,775
2	310	PHE Jhelum	7,419,420	7,956,403	536,983
		Total			1,830,758

Violation of FBR's rules resulted in non/less deduction of income tax amounting to Rs 1,830,758.

Audit pointed out the non/less-recovery from August to September 2024.

The department admitted to effect recovery in forthcoming bill. Audit contended that delay in effecting established recovery was intended to extend undue financial benefit to the contractor. However, despite repeated requests by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: The issue was reported earlier also in the Audit Reports vide Para No. 3.4.5.11 in AR 2023-24 having financial impact of Rs 1.358 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities relating to procurements

3.4.15.13 Irregular enhancement of contract – Rs 116.787 million

As per clarification by PPRA dated 18th June 2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by FD.

Executive Engineers, PHE Divisions, Faisalabad and Sheikhpura in two (02) cases, awarded different works to various contractors. Audit observed that the department enhanced the contracts beyond 20% in contravention of PPRA clarification. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Enhanced Amount	Amount of agreement	Difference beyond 20%	% above beyond 20%
1	370 (2024-25)	PHE Sheikhpura	330,524,661	207,108,135	81,994,899	59.59 %
2	87 (2023-24)	PHE Faisalabad	134,338,286	82,955,397	34,791,809	61.94 %
		Total			116,786,708	

Violation of the PPRA's clarification resulted in irregular enhancement of contract amounting to Rs 116,786,708.

Audit pointed out the irregular enhancement of contract from April to August 2024.

The department explained that works were approved and enhanced by the competent authority. Audit contended that the department enhanced the contracts beyond 20% in contravention of PPRA clarification. However, despite repeated requests by the Audit, the department did not convene SDAC meeting till finalization of audit report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: The issue was reported earlier also in the Audit Reports vide Para No. 3.4.9.2 in AR 2018-19, Para No. 3.5.8.24 in AR 2019-20, Para No. 3.5.7.9 in AR 2020-21, Para No. 3.4.6.20 in AR 2021-22, Para No. 3.4.15.19 in AR 2022-23 and Para No. 3.4.5.12 in AR 2023-24 having financial impact of Rs 1,511.37 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in undue financial benefit to contractors

3.4.15.14 Premature release of securities – Rs 50.800 million

As per clause 50 of the contract agreement, the amount retained as Security Deposit shall not be refunded to the contractor before the expiry of 6 months in the case of original work valuing up to Rs 5,000,000 and 12 months or even more as may be determined by the Engineer in-charge with the prior approval of the CE in case of works valuing above Rs 5,000,000, after the issuance of certificate of completion of work.

Executive Engineer, PHE Division, Gujranwala, awarded work to the contractor. Audit observed that the department released security deposits amounting to Rs 50,800,000 prior to completion of work.

Violation of the contractual obligations resulted in pre-mature release of securities amounting to Rs 50,800,000.

Audit pointed out the irregularity in September 2024.

The department did not convene SDAC meeting despite repeated requests by Audit till finalization of audit report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No. 252 (2024-25)

Miscellaneous irregularities

3.4.15.15 Release of securities exceeding available balances by Rs 116.844 million, and doubtful closing balances in securities under G10113 -Rs 276.454 million.

According to Para 2.9(a) of the Delegation of Financial Powers (DFR), the Executive Engineer (XEN) serves as the primary disbursing officer of the division. The XEN is authorized to obtain cheque books from the treasury office for payments against the execution of works. Additionally, Para 3.25 of the DFR mandates that the XEN and the Sub-Divisional Officer (SDO) are personally responsible for securing cheque

books under lock and key in their personal custody. Further, Divisional Accountant is responsible for compiling monthly accounts and conducting a pre-audit of payments besides being financial advisor to the XEN.

An examination of SAP transactions for security deposits (G10113) in the partner profit center SA-01, assigned to the Executive Engineer, PHE Division Sheikhpura, revealed that Rs 8,176,342,590 was credited and Rs 8,293,186,517 was debited from 2011-12 to 2023-24. The department made payments exceeding the available securities by Rs 116,843,927 under G10113. The June 2024 Form 34 showed an unjustified security deposit payable to contractors of Rs 276.453 million. Additionally, securities under G10113 amounting to Rs 111.677 million were paid in 2022-23, booked in other profit centers using cheques from PHE Division Sheikhpura, and not included in the monthly account. Furthermore, no manual records from previous years were available to assess the actual overdrawn securities.

Weak supervisory and financial controls resulted in unjustified payment amounting to Rs 116.844 million and bogus balances of securities of Rs 276.454 million.

Audit pointed out the matter in November 2024.

The department did not convene SDAC meeting despite repeated requests by Audit till finalization of audit report.

Audit recommends early production of record and effect recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No. 405 (2024-25)

3.4.15.16 Non-transparent accounting record and irregular booking in partner profit center -Rs 136.969 million

According to Para 2.9(a) of the Delegation of Financial Powers (DFR), the Executive Engineer (XEN) serves as the primary disbursing officer of the division. The XEN is authorized to obtain PWD works cheques from the treasury office for the execution of works.

Additionally, Para 3.25 of the DFR mandates that the XEN and the Sub-Divisional Officer (SDO) are personally responsible for securing cheque books under lock and key in their personal custody. Further, Divisional Accountant is responsible for compiling monthly accounts and conducting a pre-audit of payments besides being financial advisor to the XEN.

Executive Engineer, PHE Division, Sheikhpura, issued 13100 cheques during last 10 years. Audit observed that as per SAP, 44 cheques amounting to Rs 136,968,899 were booked against PHED Sheikhpura as expenditure incurred during 2014-15. However, these cheques were not included in the list of cheques issued to the PHE division Sheikhpura.

Weak supervisory and financial controls resulted in non-transparent accounting record which may be led to fraudulent payment of Rs 136.969 million.

Audit pointed out the matter in November 2024.

The department did not convene SDAC meeting despite repeated requests by Audit till finalization of audit report.

Audit stress to probe the matter and provide comprehensive report to audit for detail scrutiny at earliest.

DP No. 406 (2024-25)

CHAPTER - 4

IRRIGATION DEPARTMENT

4.1 Introduction

A. Description of Department

Punjab Irrigation Department (PID) was established in 1854. While the department's primary role is to ensure the optimized supply of water for irrigation, it also bears the responsibility for the maintenance of flood protection infrastructure. The administrative department is led by the Secretary, Irrigation.

For operational purposes, Irrigation System in Punjab is strategically divided into six territorial zones, each overseen by a CE. Assisting them are Superintending Engineers, who manage circles, Executive Engineers responsible for formations, and Sub-Divisional Officers. The basic accounting unit is the Office of the Executive Engineer, supported by a DAO.

The six zones include Lahore, Sargodha, Faisalabad, Multan, Bahawalpur, and D.G Khan. Furthermore, there are additional wings dedicated to specific functions, such as Project Management Office Barrages, Irrigation Research Institute, Directorate of Hydrology, and Directorate of Land Reclamation. The department also encompasses two autonomous bodies: Punjab Irrigation & Drainage Authority (PIDA) and Punjab Engineering Academy located at Thokar Niaz Baig, Lahore.

Irrigation department oversees the irrigation of approximately 21 million acres and is responsible for twenty-four (24) main canals spanning 31,346 km. Additionally, there are fifty-seven (57) small dams, with ten (10) currently under construction. However, the department does not have jurisdiction over any large dams.

The main functions of the department include:

- i. Planning, prioritization and implementation of rehabilitation schemes of canals, barrages, headworks and water courses.
- ii. Operation and upkeep of irrigation system of the province.

- iii. Optimization of the use of water resources in the province by equitable distribution of irrigation water supplied through canal outlets.
- iv. Assessment of water rates based on actual field inspections by revenue staff of the department and recovery of Abiana.
- v. Implementation of the development programme portfolio and foreign aided projects.

Twenty-Two (22) out of one hundred and sixty-five (165) formations within Irrigation Department were subjected to the auditing during the current audit year.

Table 4.1: Audit profile

(Rs in million)

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure audited	Revenue/ Receipts audited
1	Irrigation Formations	163	22	18,748.069	369.864
2	Autonomous Bodies	02	-	-	-

B. Comments on Budget and Accounts (Variance Analysis)

In the FY 2023-24, Irrigation Department received allocations for both development and non-development purposes. However, it appears that the department faced challenges in fully utilizing the development budget. The achieved utilization rates for the development and non-development budgets were 93.865% and 97.646%, respectively. Grant wise budgetary position in FY 2023-24 along with variance analysis is presented below:

Table 4.2: Variance analysis

(Rs in million)

Head	Original Budget	Final/Revised Budget	Expenditure	Excess/ (Saving)	Variation %
Non-Development					
PC 21009	30,837.685	35,300.714	34,442.316	(858.398)	(2.432)
PC 21010	952.737	1,076.042	1078.194	2.152	0.199
Sub Total	31,790.422	36,376.756	35,520.51	(856.246)	(2.354)
Development					
PC 12037	19,947.496	22,641.475	21,252.069	(1,389.406)	(6.137)
PC 22036	62.504	57.264	54.082	(3.182)	(5.557)
Sub Total	20,010.000	22,698.739	21,306.151	(1,392.588)	(6.135)
Grand Total	51,800.422	59,075.495	56,826.661	(2248.834)	(3.807)

Source: Budget Book and Departmental Figures (FY 2023-24)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 4,086.923 million were identified as a result of the current year's audit of Irrigation Department. This sum also encompasses recoveries totaling Rs 255.977 million, as highlighted in the audit findings. Summary of the audit observations classified by nature is as under:

Table 4.3: Overview of Audit Observations

(Rs in million)

Sr. No.	Classification	Amount
1	Irregularities:	
(i)	Irregularities resulting in overpayments	240.472
(ii)	Irregularities resulting in non-recoveries	15.505
(iii)	Irregularities relating to undue financial benefit to contractor	265.462
(iv)	Irregularities resulting in loss to government	1,985.275
(v)	Irregularities relating to procurements	1,062.450
(vi)	Miscellaneous irregularities	517.759
	Total	4,086.923

4.3 Comments on the status of compliance with PAC directives

Compliance with PAC's directives on Audit Report relating to Audit years 1956-57 to 2013-14 (excluding years not discussed in PAC) is as under:

Table 4.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received during FY2023-24	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	1562	-	1562	-
2	2000-01	60	-	60	-
3	2001-02	41	-	41	-
4	2003-04	17	-	17	-
5	2005-06	32	-	32	-
6	2006-07	22	-	22	-
7	2009-10	69	-	69	-
8	2010-11	64	-	64	-
9	2011-12	72	-	72	-
10	2012-13	37	-	37	-
11	2013-14	84	-	84	-
Total		2060		2060	

4.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

4.4.1 Overpayment beyond agreed percentages of contract cost – Rs 64.120 million

As per para (v) of FD's notification No. RO(Tech)FD.1-2/ 83-VI dated 29th March 2005, "the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment". Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineers of B.S Link Canal Division, Lahore and Small Dams Division, Jhelum in three (03) cases awarded works to the contractors, ranging 8.034 % to 25.07 % below the estimated costs. Audit observed that the department made payments, which were 10.088% above and in remaining two case, 8.57% to 22.86% below the estimated rates instead of admissible quoted percentages. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	Agreed Percentage (%)	Paid Percentage (%)
1	07 (2023-24) Phase-II	B. S. Link Canal Division Lahore	32,483,086	8.034 (below)	10.088 (above)
2	469 (2024-25) Phase-I	Small Dams Division Jhelum	16,652,505	25.07 (below)	22.86 (below)
3	504 (2024-25) Phase-I	Small Dams Division Jhelum	14,985,098	13.59 (below)	8.57 (below)
		Total	64,120,689		

Violation of FD's instructions resulted in overpayments amounting to Rs 64,120,689.

Audit pointed out the overpayments from April to September 2024.

The paras were discussed in the SDAC meetings held during July to December 2024. In DP No. 07, the department explained that recovery would be made in the next running bill of the work. The Committee directed the department to recover the amount in next running bill and also get the matter regularized from FD. In DP No. 469, actual recovery was worked out to Rs11.029 million. The Committee directed the department to effect recovery in next running bill. In DP No.504, the department explained that recovery of imbalance rates was not due. Audit informed the Committee that work was awarded 13.59% below estimate but final payment was 8.57% below the TS estimate and amount of Rs14.985 million was recoverable from the contractor. The Committee directed the department to prepare financial statement on FD's approved template and effect recovery. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing the responsibility for extending undue benefit to the contractors, and strengthening internal controls to avoid recurrence of such issues.

DP No. 07 (Phase-II, 2023-24) 469&504 (Phase-I, 2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 4.5.4 in AR 2019-20, Para No. 4.5.6 in AR 2020-21, Para No. 4.4.1 in AR 2021-22, Para No. 4.4.3 in AR 2022-23 and Para No. 4.4.5 in AR 2023-24 having financial impact of Rs 1,313.343 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.2 Overpayment due to inadmissible price variation on crushed stone and application of incorrect rates – Rs 61.532 million

As per clarifications of the FD vide A&C No. 2 dated 5th August 2015, the price variation on crush is admissible w.e.f. 01.04.2015 on those projects where rates would be based on 2nd bi-annual 2015. According to the clarification issued by Finance Department vide

notification No. RO(Tech) FD 1-2/2017/673-0666 dated 4th January 2023, price variation will be permitted for harrow sand in contracts approved and awarded after 16th November 2022. As per clarification issued by Finance Department Govt. of the Punjab vide No. RO(Tech)FD 1-2/2007(Provincial) dated 26.10.2009, items falling in Chapter-23(Tubewell and water supply) do not fall under the category of price variation for labour & diesel.

4.4.2.1 Executive Engineers DG Khan Construction Division, DG Khan and Small Dams Division, Jhelum during the FY 2023-24 in four cases paid price escalation on crushed stone aggregate, harrow sand and HDPE & MS pipes to different contractors. Audit observed that the contracts were awarded prior to 1st April 2015, hence price escalation was not admissible to the contractors in the light of FD's clarifications.

(Amount in Rs)

S. No	DP No.	Division	Date of contract	Items	Amount
1	296	DG Khan Construction Division, DG Khan	23.03.2015	crush Bajri	34,253,740
2	473	Small Dams Division, Jhelum	17.01.2015	crush Bajri	3,741,521
3	468	Small Dams Division, Jhelum	17.01.2015	Harrow Sand	12,859,996
4	474	Small Dams Division, Jhelum	17.01.2015	HDPE & MS pipes	7,791,327
Total					58,646,584

Violation of FD's instructions resulted in overpayments amounting to Rs 58,646,584.

Audit pointed out the overpayments in September & October 2024.

The paras were discussed in the SDAC meetings held in December 2024. In DP No.296 & 473, the department explained that work was executed after notification and price variation was paid accordingly. Audit informed the Committee that price variation was paid in violation of FD's clarification. The Committee directed the department to effect recovery within 15 days and fix responsibility. In DP No.468, the department explained that payment pertained to work,

executed after the issuance of the notification. Member Audit and Member FD were agreed that department should effect the recovery. However, Chair decided to seek clarification from FD. In DP No. 474, the department explained that price variation was allowed under clause 55 (4) of the contract agreement. Audit informed the Committee that as per clarification of FD, price variation of diesel and labour was not admissible on HDPE pipe. The Committee directed the department to effect recovery with 30 days. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against the delinquents and strengthening internal controls to avoid the recurrence of such issues.

DP No.296, 473,468 & 476 (2024-25 Phase-I)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 4.4.5.7 in AR 2019-20, Para No. 4.4.6 in AR 2022-23, Para No. 4.4.3.1 and Para No. 4.4.3.1 in AR 2023-24 having financial impact of Rs 101.192 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.2.2 Executive Engineer Khanwah Canal Division, Sahiwal in two (02) cases, paid price variation on mild steel, labour, diesel, cement and bajri. Audit observed that the department while calculating price variation applied higher current rates of material, in violation of contract clause -55.

Violation of FD's instructions resulted in overpayments amounting to Rs 2,886,275.

Audit pointed out the overpayments in August 2024.

The paras were discussed in the SDAC meeting held on 3rd December 2024. The department admitted the recovery. The Committee directed the department to effect recovery within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.200 & 208 (Phase-I 2024-25)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 4.5.12 in AR 2019-20, Para No. 4.4.3.2 in AR 2023-24 having financial impact of Rs 12.760 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.3 Overpayment due to allowing inadmissible and excess lead – Rs 45.458 million

As per the general directions of Contract Agreement No. 7, the tenderer must satisfy himself before submitting the tender regarding various site conditions, including ground nature, hydrological and climatic factors, terrain layout, and the availability of labour, water, electricity, and transportation facilities. Additionally, the tenderer must investigate material sources, ensuring their quality, quantity, and accessibility for project completion. Furthermore, as per the PAC directive dated 5th December 1995 and 16th April 2007, the contractual obligations would be paid at the rate agreed with the department at the time of award of work and lead cannot be changed after the sanction of estimate.

Executive Engineers of three Irrigation Divisions, in three (3) cases paid for the items viz-a-viz carriage of stone and earthwork. Audit observed that during project execution, the department increased the carriage leads beyond those approved in the contract agreements. As a result, payments were made at higher rates for the excess lead, violating the agreed contract terms and PAC directives. The detail is as below:

(Amount in Rs)

S. No	DP No.	Division	Items	Lead approved	Lead paid	Extra lead paid	Overpayment
1	121 (2023-24 Ph-II)	Rahim Yar Khan Canal Division, Rahim Yar Khan	Stone (extra hilly allow)	Nil	11 Km	11 Km	40,975,131
2	302 (2024-25 Ph-I)	DG Khan Construction Division, DG Khan	Stone	25 Km	63 Km	38 Km	2,864,445
3	254 (2024-25 Ph-I)	Ahamad Pur East Division	Earth work	100 feet	1 mile	4280 feet	1,619,277
				Total			45,458,853

Violation of contractual obligation resulted in overpayments amounting to Rs 45,458,853.

Audit pointed out the overpayments during April to September 2024.

The paras were discussed in the SDAC meetings held during September and December 2024. In DP No. 121, the department explained that the hilly area allowance was included in the PC-I, but the Chief Engineer's office omitted it while approving the TS estimate. As a result, the provision was added in the revised TS estimate. In DP Nos. 254 and 302, the department stated that the leads were approved by the competent authority in the revised TS estimates. Audit informed the Committee that once the lead was approved in the agreement, it could not be enhanced later. The department violated the contract agreement and provided undue benefits to the contractors. In DP No. 121, The Committee directed the department to submit a report from the Competent Authority justifying the lead within 30 days. In DP No. 302, the Committee directed the department to recover the amount, fix the responsibility and get the record verified by Audit within 15 days. In DP No. 254, the Committee ordered an investigation by the Chief Engineer of the Bahawalpur Zone. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and fixing responsibility besides strengthening internal controls to avoid recurrence of such issues.

DP No. 121 (2023-24 Phase-II), 302& 254(2024-25 Phase-I)

4.4.4 Overpayment due to incorrect calculation of quantity of stone – Rs 18.584 million

According to Irrigation Department notification No. SO(FLOODS)/VI-II/2008 dated 9th December 2019, for emergent flood and direct dumping the conversion factor for stone should be considered as 42.31.

Executive Engineer Taunsa Barrage Division, Kot Addu made payment for a quantity of 6886137.29 cft of the item "*carriage of 100*

cft of all materials such as stone etc (direct dumping)". Audit observed that while converting the weight of the stone (kilograms) into volume (cft), the department applied conversion factor of 40.00 instead of the correct factor of 42.31. As a result of using the incorrect conversion factor, the department over-calculated the quantity in cft and made payment for an excess of 347867.34 cft of stone.

Violation of Irrigation Department's directions resulted in overpayment amounting to Rs 18,584,341.

Audit pointed out overpayment in October 2024.

The para was discussed in the SDAC meeting held on 5th December 2024. The department explained that test reports provided by the consultant confirmed that the appropriate conversion factor from net weight to volume was 40.00. Audit informed the Committee that test reports of stone had no relevancy in the present case, as the case pertained to calculation of quantity of stone in cft. Besides, the Irrigation Department had already notified factor of 42.31 for conversion of weight into volume for emergency flood works. Further, XEN Taunsa Headworks Division in his report about emergent flood works, also mentioned that quantity of stone had been worked out with factor of 42.31. The department should effect the recovery. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility against delinquents, and strengthening internal controls to avoid the recurrence of such issues.

DP No. 317 (2024-25 Phase-II)

4.4.5 Overpayment due to extra/inadmissible carriage charges of sand - Rs 17.298 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part.

Executive Engineer, Small Dams Division, Islamabad paid for the item "*Carriage of 100 cft of all material (sand)*" for quantity of

827,666 cft. Audit observed that the department had also paid for the MRS item "*Supplying and filling sand under floor or plugging in well*", which already included the rate for supply of sand at site. Therefore, no extra payment for carriage was admissible for the supply of sand.

Violation of rules resulted in overpayment amounting to Rs 17,298,716.

Audit pointed out overpayment in August 2024.

The para was discussed in the SDAC meeting held on 24th December 2024. The department explained that payment was made after the approval of the lead diagram, as local sand was available at a distance of 25 to 30 km from the worksite. Audit informed the Committee that the department paid the MRS rate based on the input rates approved by the FD, which included the cost of sand at the site without any additional carriage. No separate payment for the carriage of sand was admissible. The Chair directed the department to seek clarification from the FD. However, the member audit disagreed with the Chair's view and emphasized the need for an immediate recovery, as no clarification from the FD was necessary. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility against delinquents, and strengthening internal controls to avoid the recurrence of such issues.

DP No. 278 (2024-25 Phase-I)

4.4.6 Overpayment due to application of higher rates of bajri – Rs 15.332 million

According to instructions issued by the FD vide No. RO(Tech) FD-18-23/2004 dated 21.09.2004, the rate analysis of the items be prepared on the basis of input rates of relevant quarter, placed at website of FD.

Executive Engineers DG Khan Construction Division, DG Khan and Taunsa Barrage Division, Kot Addu in three (03) cases paid for a non-standardized item, "*P/L crushed bajri*" for a quantity of 555367.56 cft and 48818.54 cft respectively. Audit observed that in the rate

analysis, the department incorrectly applied the rates for supplying spawl along with the breaking charges of stone instead of using the composite input rate for bajri, as notified by the Finance Department (FD) under item No. 06.019, without the breaking charges. The detail is as under:

(Amount in Rs)

Sr No.	DP No	Division	Quantity (cft)	Rate paid	Rate to be paid	Difference	Amount
1	295	D.G Khan Construction Division	265796	7000	4541.23	2458.77	6,535,301
2	309	D.G Khan Construction Division	107753.96	10190	5978.23	4211.77	4,538,345
			107753.96	6787	5978.23	808.77	871,474
			37032.00	8817.44	5187.35	3629.81	1,344,191
			37032.00	5872.82	5187.35	685.47	253,843
3	319	Tunsa Headworks Division, Kot Adu	24409.27	Rs 8404.23	3339.12	5065.11	1,236,356
			24409.27	Rs 5594.95	3329.21	2265.74	553051
		Total	604186.46				15,332,561

Violation of FD's instructions resulted overpayments amounting to Rs 15,332,561.

Audit pointed out overpayments in September in 2024.

The paras were discussed in the SDAC meeting held on 5th December 2024. The department in all cases explained that rates were paid after the approval of the competent authority and as per provision in TS estimate. Audit informed the Committee that as per documentary / pictorial evidence bajri of required sizes were available from the Sakhi Sarwar quarry. Hence, in rate analysis provision of supplying of spawl and breaking charges were approved just to provide benefit to the contractors. The Committee directed the department to rationalize the rate as per notified rates in MRS input rates and get the matter probed through the administrative department. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 295,309 &319 (2024-25 Phase-I)

Note: The issue was reported earlier also in the Audit Reports vide Para No. 4.4.13.1 in AR 2019-20 and Para No. 4.4.2.3 in AR 2023-24, having

financial impact of Rs 20.475 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.7 Overpayment due to allowing extra carriage on sand from distant source– Rs 13.195 million

As per FD's letter No. RO(Tech) F.D 2-3/2004 dated 2nd August 2004, the material of sub-base course, base course and sand etc. available from nearest quarry shall be carried and shortest route should be used/adopted for carriage. Further as per approved PC-I/ TS Estimate of another mega project "Construction of Sowrra Dam Fateh Jang" the fine sand was used from local source i.e. Tehsil Jand and fine sand was also available from Soan river.

Executive Engineer, Small Dams Division, Jhelum made payment for the item "*Supplying clean and screened river or pit sand*" with 142 km lead from Chenab River. It was noticed that the department approved rate of Rs 3,844.64 per %o cft in the TS estimate. Audit observed that department paid lead 142 km instead actual distance 50 km for sand. Therefore, due to excess lead on sand resulted in overpayment to the contractor. Audit calculated the correct rate which came to be Rs 1,927.36 per %o cft. In this way, the department overpaid Rs 1,917.28 per %o cft.

Violation of FD's instructions resulted in overpayment amounting to Rs 13,195,430.

Audit pointed out overpayment in August 2024.

The para was discussed in the SDAC meeting held on 24th December 2024. The department explained that payment was made as per approved PC -I and TS Estimate. Audit informed the Committee that the department used fine sand in work but adopted longer route/distance for carriage of sand from Chenab River instead of nearest/ shortest source at the distance of 50 Km from Soan River. The Committee directed the department for reverification of facts within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery from the next payments of contractor and revision of TS Estimate.

DP No. 482 (2024-25 Phase-I)

4.4.8 Overpayment due to application of higher rates – Rs 3.838 million

As per SE Machinery Circle, Lahore notification dated 10th September 2020, the rate for excavation of earthwork for slush, wet, and dry conditions was Rs 1,632 per %0 cft, effective from 1st April 2020. However, the rate for the same item was revised to Rs 1,257 per %0 cft, effective from 1st May 2020.

Executive Engineer, Faisalabad Drainage Division, Faisalabad in five (05) cases, got executed works from Executive Engineer, Excavator Division, Faisalabad. Audit observed that the department paid excess rates of the item “Excavation/bed clearance” in contravention of the ibid circulated SE’s rates. Detail is as under:

(Amount in Rs)

Sub para #	Period w.e.f	Rate paid – Rs %0 cft	Rate to be paid – Rs %0 cft	Excess Rate paid – Rs %0 cft	Quantity executed – in cft	Overpayment
14	01.05.2020	1,881	1,257	624	1868618	1,166,018
15	01.05.2020	1,881	1,257	624	1089098	679,597
17	01.04.2020	2,192	1,881	311	1611644	501,221
19	01.05.2020	1,881	1,257	624	415870	259,503
20	01.05.2020	1,448	1,257	191	6452289	1,232,387
Total:						3,838,726

Violation of rates notified by the competent authority resulted in overpayments amounting to Rs 3,838,726.

Audit pointed out the overpayments in March 2024.

The paras were discussed in the SDAC meeting held on 27th September 2024. The department explained that in sub paras 14, 15, 17 & 19, actual recovery was worked out to be Rs 1,470,370. In sub para 20 department explained that no overpayment was involved. In sub paras 14, 15, 17 & 19, the Committee directed the department to effect admitted recovery and in sub para 20 effect actual recovery accordingly. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility against delinquents, and strengthening internal controls to avoid the recurrence of such issues.

DP No.106 (2023-24 Phase-II)

4.4.9 Overpayment due to excessive consumption of stone – Rs 1.115 million

As per rule 7.29 of DFR, before signing the bill, Sub-Divisional Officer should compare the quantities in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct.

Executive Engineer Taunsa Barrage Division, Kot Addu paid for quantity of 374,789 cft of item “carriage of 100 cft of all material like stone, aggregate, spawl and kankar”. Audit observed against this quantity, the department showed 396089 cft stone consumed in various items of work i.e., stone dumping and filling of stone in wire crates etc.

Violation of rules resulted in overpayment amounting to Rs 1,115,871.

Audit pointed out overpayment in October 2024.

The para was discussed in the SDAC meeting held on 5th December 2024. The department explained that payment was made according to the quantities verified by the resident consultant. Audit informed the committee that the consuming excess quantity was beyond understanding as the record showed that less quantity was transported and available for dumping. The Committee directed the department to effect recovery within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues in future.

DP No. 322 (2024-25 Phase-I)

Irregularities resulting in non-recoveries

4.4.10 Non-recovery of monthly installment of toll tax and fine Rs 15.505 million

As per clause 22(ii) of contract agreement, “in case the Lessee fails to pay in full any monthly installment on the 5th working day of each calendar month to which it relates a fine at the rate of 15% P.M of the amount due for the particular month for each of delay in the payment of monthly installment shall be added and paid up to the 10th of each calendar month”.

Executive Engineers Balloki Head Works Division, Balloki and Taunsa Head Works Division, Kot Addu in three (03) works during the period 2022 to 2024 awarded various toll collection contracts amounting to Rs 149.347 million. Audit observed that in one case, lessee did not deposit monthly installment amounting to Rs 6.131 million and in two cases deposited monthly installment with delay. It was further noticed that department did not take any action against the lessees. The detail is as under:

(Amount in Rs)

Sr No.	DP No.	Division	No. of installments	Delay in Days	Amount
1	223	Balloki Head Works Division	12	6 to 12	3,296,163
2	228	Balloki Head Works Division	1	Nil	6,131,583
3	333	Taunsa Barrage Division	25	6 to 120	6,077,984
		Total			15,505,730

Violation of contract agreements resulted in non-recovery of fine amounting to Rs 15,505,730.

Audit pointed out the non-recovery during July and August 2024.

The paras were discussed in the SDAC meetings held in December 2024. In DP No. 223, the department explained that all installments were collected within the allowed period. Audit reiterated its stance and stated that the department did not recover fine on account of delayed installments. The Committee directed the department to probe the matter by the Superintending Engineer of Depalpur Canal Circle (DCC), within 60 days. In DP No. 228, the department explained

that the contractor failed to pay the installment despite repeated directions. The matter was also reported to the Deputy Commissioner of Kasur for recovery through land revenue arrears. Audit informed the Committee that no progress in the case was reported. The Committee directed the department to forfeit the CDR amount and effect actual recovery. In DP No. 333, the department explained that although there was a delay in the payment of installments but the lessee had paid the dues. Audit informed the Committee that the department had not recovered penalty on delayed deposit of installments. The Committee directed the department to recover the amount of Rs 12.209 million. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility to avoid recurrence of such issues in future.

DP No. 223,228 & 333 (2024-25 Phase-I)

Irregularities resulting in undue financial benefit to contractors

4.4.11 Undue financial benefit due to non-adoption of nearest source for supply of stone- Rs 142.548 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 2nd August 2004, the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage.

Executive Engineer, Taunsa Barrage Division, Kot Addu in eight (08) works, paid for the quantity of 9826752 cft of the item "carriage of stone from Sakhi Sarwar quarry DG Khan to site of work with lead of 125 km". Audit observed that the department applied lead from longer distance of 125 km, whereas, nearest approved quarries for stone were Zinda Peer stone quarry and Sanghar quarry Taunsa. The distance from said quarries to site of work was up to 85 kilometers. This showed that department made payment for carriage with longer distance just to provide undue benefit to the contractors.

Violations of FD's direction resulted in undue financial benefit amounting to Rs 142,548,520.

Audit pointed out undue financial benefit in October 2024.

The para was discussed in the SDAC meeting held on 6th December 2024. The department explained that carriage of stone was provided from the Government approved source i.e., the Sakhi Sarwar Quarry. The stone from Zinda Peer and Sanghar quarries were not qualified as per the laid down specification of stone required for the irrigation works. Audit informed the Committee that Irrigation department, in many works, used the stone of Sanghar Quarry, whereas, Zinda Peer was also a government approved quarry. The Committee upheld the view point of Audit and directed the department to effect recovery besides fixing responsibility against the person(s) responsible. Compliance with Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid recurrence of such issues in future.

DP No. 316 (2024-25 Phase-I)

4.4.12 Undue financial benefit due to application of incorrect rate for earthwork - Rs 122.914 million

According to para 145 of General Financial Rules (GFR) Volume-I, "purchase must be made in the most economical manner in accordance with the definite requirements of the public service".

Executive Engineers of three (03) Irrigation Divisions, in four (04) cases, executed the item "*earthwork excavation from outside borrow pits in ordinary soil*" having various leads and paid for quantity of 172263756 cft. Audit observed that the department approved and paid rates ranging from Rs 1,900 per ‰ cft to Rs 17,672.60 per ‰ cft. It was noticed that these rates applied to earthwork involving manual labour. Given the large quantity of 172263756 cft, it was impractical to execute earthwork using only manual labour. Therefore, mechanical methods should have been used to manage the volume of earthwork. The department should have applied and paid the more economical rates, ranging from Rs 1,681.45 per ‰ cft to Rs 10,499.00 per ‰ cft, as notified by the S.E. Mechanical Circle for mechanized execution through departmental machinery.

Violation of rules resulted in undue financial benefit to contractors amounting to Rs 122,914,470.

Audit pointed out undue financial benefit in October 2024.

The paras were discussed in the SDAC meeting held on 5th December 2024. In DP No.300 & 305, the department explained that stone & bajri were involved in the works, hence, same were not given to Machinery Circle Multan. Audit informed the Committee that reply was misleading and irrelevant as the Audit did not require the work to be done by the Machinery Circle, instead highlighted the fact that rates notified by the Machinery Circle incorporating mechanical means should have been used by the Divisions. The Committee directed the department to review the rate analysis and effect actual recovery accordingly. In DP No.329, the department explained that the work was executed in accordance with the provision in the TS estimate. Audit insisted that the department paid higher rates without justification. The Committee ordered the department to effect recovery. In DP No.530, the department explained that MRS rates were being used depending upon the nature of work, site requirements, workmen ship etc. Audit informed the Committee that rates should be rationalized by taking mechanical means. The Committee directed the department to review the rate by taking mechanical means and to effect actual recovery. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues in future.

DP No. 300,305,329&530 (2024-25 Phase-I)

Irregularities relating to procurements

4.4.13 Irregular enhancement of contract beyond 20% – Rs 1,062.450 million

As per clarification by PPRA dated 18th June 2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by FD.

Executive Engineers of two (02) Irrigation Divisions, in four (04) cases, awarded different works to various contractors. Audit observed that the department enhanced the contracts beyond 20% in contravention of PPRA clarification. Detail is as under:

(Amount in Rs)

Sr No.	DP	Division	Enhanced Amount	Amount of Agreement	Difference	Overall Enhancement
1	294	DG Khan Construction Division, DG Khan	717,868,279	555,465,478	162,402,801	29.23%
2	310	DG Khan Construction Division, DG Khan	52,084,946	37,368,893	14,716,053	39.38%
3	318	Taunsa Barrage Division, Kot Addu	328,076,565	54,861,000	273,215,000	498 %
4	308	DG Khan Construction Division, DG Khan	432,246,199	152,354,077	279,892,122	183.71%
			166,839,919	95,195,325	71,644,594	75.26%
			545,446,400	284,866,066	260,580,334	90.47%
Total			2,242,562,308	1,180,110,839	1,062,450,904	

Violation of the PPRA's clarification resulted in irregular enhancement of contracts amounting to Rs 1,062,450,904.

Audit pointed out the irregular enhancement of contracts in September and October 2024.

The paras were discussed in the SDAC meetings held on 5th December 2024. In all cases, the department explained that enhancements were approved by the competent authority. Audit informed the Committee that the department abnormally enhanced the scope of works beyond the 20% in violation of the rule ibid. In DP No.294, 308 & 310, the Committee directed the department to refer the cases to FD for condonation. In DP No.318, the Committee directed the department to probe the matter and refer the case to FD for condonation. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues in future.

Note: The issue was reported earlier vide Para No. 4.5.31 in AR 2019-20 and Para No. 4.4.13 in AR 2023-24 having financial impact of Rs 278.772 million. Recurrence of the same irregularity is a matter of serious concern.

Irregularities resulting in loss to Government

4.4.14 Loss due to unjustified payment for deposit works without execution at sites - Rs 1605.509 million

As per rule 2.33 of PFR (Vol-I), every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part.

Executive Engineer, Excavator Division, Faisalabad received Rs 3,579.927 million from 2013-14 to 2022-23 to execute 427 projects. However, the funds were entirely used for the procurement of POL items. Audit findings revealed that only 152 projects, worth Rs 1,974.418 million, were completed, while 275 projects, worth Rs 1,605.509 million, were left unfinished. The department neither completed the funded projects nor recovered the unspent funds from officers who claimed to have used the full amount for purchasing fuel and other supplies, as per departmental records.

Violation of rules resulted in loss amounting to Rs 1,605,509,000.

Audit pointed out the loss in March 2024.

The paras were discussed in SDAC meeting held on 19th September 2024. In DP Nos 74,75 and 89, the department explained that efforts were being made to get the work completed at sites and progress would be shared in due course. Audit informed the Committee that according to the third-party monitoring report, the schemes were started in 2013-14, the current status of the schemes was not provided up to June 2024. Besides, the TPM reports and verification certificates from the client divisions, confirmed the non-completion of the works. The Committee directed the department to conduct an inquiry and submit its report, complete the work and produce TPM

reports/verification certificates by the client divisions. In DP No.94, the department explained that verification reports were received. Audit informed the Committee that verification reports only showed quantities. The department was required to provide complete record for each job orders and TPM reports of each work. The Committee directed the department to verify the record by the Audit. Compliance of the SDAC directive was not reported till finalization of the report.

Audit recommends fixing responsibility and early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 74& 75,89 & 94 (2023-24 Phase-II)

4.4.15 Loss due to adopting short term measures for flood protection works resulting in wasteful expenditure - Rs – 343.718 million

According to section 4.4 (vi) of Manual of Irrigation Practices (MIP) 2017, departmental activities with regard to flood protection works include both, short term measures (temporary protection against river erosive action along its banks), as well as long-term measures (training river flow). For optimal results, precise planning of protection work between the control point on the basis of model studies and then implementing the package in one working season is recommended.

Executive Engineer, Taunsa Barrage Division, Kot Addu during the period January 2023 to August 2023, incurred expenditure amounting to Rs 343.718 million for execution of various flood works for protection of J-Head Spur at RD 34+000 D/S Left Side Taunsa Barrage. Audit observed that these works were carried out without proper planning and model study. These proved to be temporary solutions to river's erosive action at RD 34+000. In August 2024, another emergency flood protection work was underway on same sight, however, the flood almost completely destroyed the spur.

Violation of recommendations of MIP and defective planning resulted in loss to the government amounting to Rs 343,718,284.

Audit pointed out loss in October 2024.

The para was discussed in the SDAC meeting held on 5th December 2024. The department explained that after the high flood event of 2022, the River Indus had changed its behavior. To entertain the flood damages, matter was discussed in the Departmental Expert Committee and temporary measures were taken up immediately to ensure the safety of irrigation infrastructure. Audit informed the Committee that the departmental planning to deal with such a critical issue was flawed. The department should have implemented long-term protection measures after conducting a proper model study, as recommended by MIP. Besides, all previously executed works failed to protect the J-head spur, resulting in significant government losses, for which a high level enquiry committee was also constituted by the Irrigation Department to investigate the causes of damage and loss to Government exchequer. The Committee directed the department to produce complete record to Audit for verification within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends implementing long-term flood protection measures, holding those responsible for faulty planning that led to resource wastage, and strengthening internal controls to prevent recurrence of such issues.

DP No.320 (2024-25 Phase-I)

4.4.16 Loss due to delay in completion of work resulted in damage of under construction work - Rs 36.048 million

As per clause 14 of the contract agreement, “the contractor is expected to make himself acquainted with the weather conditions etc. and make his arrangements in such a manner that unfinished work is not in danger from storms, floods, etc. A claim by the contractor for a loss caused by any such eventuality will not be entertained by the government”. As per clauses 60 and 61 of the contract agreement, “on the default of a contractor to complete the work, his work will be rescinded and remaining work will be completed at risk and expense of the original contractor, besides forfeiting his securities”.

Executive Engineer, Taunsa Barrage Division, Kot Addu allotted the work on 10th February 2022 at contract cost amounting to Rs 46.043 million with completion period of 3 months up to 10th May 2022. Audit observed that till 6th & running bill paid in June 2022, department made payment of Rs 36.048 million to the contractor and scope of work amounting to Rs 9.995 million was incomplete despite availability of complete funds for the scheme. Meanwhile, during flood 2022, incomplete work was damaged/washed away and resulted in huge loss to the government.

Violation of contract clauses resulted in loss to government amounting to Rs 36,048,000.

Audit pointed out the loss in October 2024.

The para was discussed in SDAC meeting held on 5th December 2024. The department explained that before flood 2022, 90% work was complete, however the flood seriously damaged the work. The Chief Engineer directed to close the work. Audit informed the Committee that due to negligence of the contractor and department, the government had sustained huge loss. Besides, period of more than 2 years had lapsed since the damage of work but neither contractor completed the work nor department took any action against the contractor for recovery of loss. The Committee directed the department to produce complete record to Audit for verification within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends action against responsible besides recovery of amount involved and strengthening internal controls to avoid the recurrence of such issues.

DP No. 315 (2024-25 Phase-I)

Miscellaneous Irregularities

4.4.17 Misappropriation due to non-accountal and consumption of costly electric, computer, I.T and furniture items - Rs 441.330 million

As per rule 15.1 and 15.7 Punjab Financial Rules (PFR) Vol-I, the departmental officers entrusted with the care, use or consumption of store should maintain suitable accounts and inventories of stores in their charge. For securing this object, all quantities received in or issued from stores are entered in the stock accounts strictly in accordance with the rules and in order of occurrence on the dates of the transaction when it takes place so that to check actual balances with book balances. According to para 6.9 of DFR, all material should be examined, counted, measured and entered in stock register.

Irrigation Secretariat during the FY 2023-24, made payments totaling Rs 441.330 million for the procurement of various supply items i.e, stationery, computer hardware, IT equipments, ACs, chairs, tables, geysers, fans and water dispensers etc. Audit observed that the department did not maintain the record showing recording of items in stock register, showing previous balances, requisitions / indents of misc. sections/ branches, approval of indents, issuance/ receiving by officials/ officers and accountal of balance quantities. It was also noticed that during the FY 2022-23, the department had already incurred expenditure amounting to Rs 353.310 million for procurement of same nature items but whereabouts of those items was also not available on record. In the light of above, chances of misappropriation of costly items could not be ruled out.

Violation of rules resulted in mis-appropriation of costly items amounting to Rs 441,330,639.

Audit pointed out matter in November 2024.

SDAC meeting was not convened by the department till finalization of this report.

Audit recommends to investigate the matter besides fixing

responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure XXV)

4.4.18 Unauthentic/unjustified expenditure on account of repair of machinery & equipment – Rs 73.468 million

According to rule 15 (ii) of Rules for the Use of Staff Cars-1980 details of periodical repairs as well as other repairs including normal servicing and recharging of battery shall be entered under Part III of the log book. Further, record of tyres, tubes and other consumable stores (apart from petrol) connected with the car, shall be entered in Part V of the log book.

Executive Engineers of three Irrigation Machinery Divisions, during the period 2021-22 to 2023-24, incurred expenditure amounting to Rs 73.468 million on repair of machinery & equipment and procurement of lubricants. Audit observed that the department did not record any entries related to repairs and use of consumables in the relevant log books of the vehicles. Absence of proper documentation led to unjustified expenditure and chances of mis-appropriation.

(Amount in Rs)

Sr. No	Division	DP No.	Expenditure on Repair	Expenditure on Lubricants
1	Machinery Division DG Khan	339 & 342	8,782,000	3,162,000
2	Excavator Division Sargodha	448	8,515,000	-
3	Machinery Division Multan	514	53,008,000	-
			70,306,000	3,162,000

Violation of rules resulted in unjustified expenditure on account of repair of machinery & equipment amounting to Rs 73,468,339.

Audit pointed out the matter in August to October 2024.

The paras were discussed in the SDAC meetings held during December 2024. In DP No. 339 & 342, the department explained that repair and maintenance works were carried out as per PPRA rules. The works were completed at sites. However, department admitted that

repair & maintenance of machinery was not recorded in log books. The Committee directed the department to probe the matter and get record verified from Audit. In DP No.448, the department explained that all repair works were recorded in log books. Audit informed the Committee that as per rules department did not prepare part-III of log books, showing history of repair of machinery/ vehicle and consumption of lubricants. The Committee directed the department to get verified the part-III of log book within 30 days. In DP No.514, the department explained that it was unaware of the concept of history sheet and thus had not maintained any history sheet. The Committee directed the department for verification of record within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends inquiry and fixation of responsibility besides condonation from the competent authority.

4.4.19 Misuse of pay of work charged employees resulted in doubtful expenditure – Rs 2.961 million

As per the Secretary Irrigation Department No. So (E-III) 8-6/2021, dated 20th January 2022, no Executive Engineer shall hire a person on work charged basis unless his services are essential for the execution of a work and the wages shall be paid directly in their bank accounts.

Executive Engineer, Small Dams Division, Jhelum drew cash in the name of DDO through self cheques as pay of work charged employees. Audit observed that the department later on disbursed the cash payments to officers/officials of the division for adjustments of miscellaneous petty expenses/payments i.e. photo copy charges, procurement of stationery and repair of vehicles etc., through hand receipts. Moreover, it could not be ascertained that whether the valid payees had been paid or not.

Violation of the FD's instructions resulted misuse of pay of work charged employees and doubtful payment amounting to Rs 2,960,468.

Audit pointed out the misuse in August 2024.

The para was discussed in the SDAC meeting held on 24th December 2024. The department explained that only emergent petty payments were made to officers/officials through hand receipts in accordance with the TS estimates. Audit informed the Committee that department disbursed cash for petty payments through departmental staff instead of direct payment to vendors through cheques. The Committee directed the department to probe the matter by Project Director Small Dams Circle-1 within 30 days and fixing responsibility for direct cash payments. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends recovery from delinquents and regularization of the matter from FD.

DP No.503 (2024-25 Phase-I)

CHAPTER – 5

LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT DEPARTMENT

5.1 Introduction

A. Description of Department

Local Government and Community Development Department (LG&CD) in Punjab, Pakistan, was established with the specific purpose of addressing the needs of mega cities and predominantly urban districts in the region. The creation of this department was a response to the evolving challenges of urbanization and the necessity to establish governance structures capable of promoting the efficient management of city affairs and community development.

Historically, the concept and system of local governance in Pakistan have undergone multiple changes aimed at enhancing democratic governance and improving socio-economic conditions at the grassroots level. Reforms have been consistently introduced to strengthen local bodies in order to provide greater autonomy and powers to elected representatives at the municipal level.

The primary functions of the department encompass policy formulation, the framing of local government laws and rules, and the diligent monitoring of their implementation across local governments in Punjab. LG&CD Department is also responsible for exerting administrative control over local governments in the region. Key responsibilities include the preparation of ADPs and the allocation of budgetary resources to various local government sectors.

The department also plays a crucial role in coordinating and assisting with foreign-funded projects and serves as a pivotal intermediary between local governments and the Election Commission of Pakistan for the organization of local bodies elections. Its functions extend to liaison work with the Punjab Disaster Management Authority to address emergencies or disasters, and it oversees the monitoring and supervision of public sector companies under its jurisdiction.

LG&CD Department plays a comprehensive role in urban planning, asset management, and the delivery of municipal services, with a focus on transforming intermediate cities into efficient and sustainable urban centers. Key initiatives led by the department include the implementation of an IT-based monitoring system for improved governance, the Punjab Intermediate Cities Improvement Investment Program, and the Punjab Cities Program aimed at strengthening service delivery in urban local governments.

The Local Government and Community Development (LG&CD) Department oversees a range of entities designed to support its mission of enhancing urban governance and community development in Punjab. These entities include attached departments such as the Directorate General Local Government and Community Development and the Provincial Local Government Commission, which play critical roles in policy implementation and governance oversight.

The department also supervises several autonomous bodies, including the Punjab Local Government Board, which provides administrative support and policy guidance. Additionally, it manages various companies such as the Punjab Municipal Development Fund Company, Solid Waste Management Companies, and Cattle Market Management Companies, each focusing on specific aspects of urban and municipal services.

Additionally, the department oversees important authorities like the Walled City of Lahore Authority, which works to preserve Lahore's historic core, and the Punjab Shehr-e-Khamoshan Authority, responsible for managing model graveyards across the province. Together, these entities contribute to achieving the department's objectives of efficient urban management, enhanced service delivery, and community development.

Table 5.1: Audit profile

(Rs in million)

Sr. No	Description of Formations	Total No. of Formations	Audited Formations	Exp. Audited	Revenue/ Receipts Audited
1	LG&CD formations	203	06*	6230.386	-
2	Authorities/Autonomous Bodies	02	01	679.741	-

***Note:** LG&CD Department has a total of 203 formations and ten (10) are related to civil works out of which six (06) were audited by this office.

B. Comments on Budget and Accounts (Variance Analysis)

In the FY 2023-24, LG&CD Department received budgetary allocations from both development and non-development grants. However, the department was unable to fully utilize the development budget, amounting to Rs 913.858 million, and the non-development budget, amounting to Rs 142.772 million. Grant wise budgetary position (variance analysis) in FY 2023-24 is presented below:

Table 5.2: (i) Variance analysis (LG&CD) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/(Saving)	Variation in %
Non-Development					
PC 21010	830.381	988.198	941.403	(46.795)	4.74
PC 21031	1,338.870	1,491.013	1,395.036	(95.977)	6.44
Sub-Total	2,169.251	2,479.211	2,336.439	(142.772)	5.76
Development					
PC 22036	6,212.282	6,324.015	5,410.157	(913.858)	14.45
Sub-Total	6,212.282	6,324.015	5,410.157	(913.858)	14.45
Total	8,381.533	8,803.226	7,746.596	(1,056.63)	12.00

Source: Departmental figures for the year 2023-24

Table 5.2 (ii): Variance analysis (Authority i.e DG Walled City of Lahore Authority, Lahore)

(Rs in million)

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/(Saving)	Variation in %
Non-Development					
PC 21031	977.903	873.697	853.228	(20.469)	2.34
Sub-Total	977.903	873.697	853.228	(20.469)	2.34
Development					
PC 22036	1,073.000	771.200	699.992	(71.208)	9.23
Sub-Total	1,073.000	771.200	699.992	(71.208)	9.23
Total	2,050.903	1,644.897	1,553.220	(91.677)	5.57

Source: Departmental figures for the year 2023-24

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

5.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 362.873 million were raised as a result of audit of LG&CD Department. This amount also includes

recoveries of Rs 73.886 million, as pointed out by the Audit. The summary of the audit observations classified by nature is as under:

Table 5.3: Classification of audit observations *(Rs in million)*

Sr. No.	Classification	Amount
	Irregularities:	
(i)	Irregularities resulting in overpayments	73.886
(ii)	Irregularities relating to procurements	11.993
(iii)	Irregularities resulting in undue financial benefit to contractors	125.391
(iv)	Miscellaneous irregularities	151.603
	Total	362.873

5.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1993-94 to 2012-13 is 'Nil'. The detail is as under:

Table 5.4: Compliance of PAC directives LG&CD Department

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported during FY 2023-24	Compliance Awaited	Percentage (%)
1	1993-94	1	-	1	-
2	1994-95	10	-	10	-
3	1995-96	5	-	5	-
4	1996-97	73	-	73	-
5	1997-98	232	-	232	-
6	1998-99	48	-	48	-
7	1999-00	84	-	84	-
8	2000-01	26	-	26	-
9	2006-07	3	-	3	-
10	2009-10	14	-	14	-
11	2010-11	4	-	4	-
12	2012-13	10	-	10	-
	Total	510	-	510	-

5.4 AUDIT PARAS

5.4.1 Local Government & Community Development

Irregularities

Irregularities resulting in overpayments

5.4.1.1 Overpayment on account of execution of uneconomical items – Rs 31.047 million

According to Rule 1.58 of the B&R Department Code, it is the duty of the Divisional Officer to organize and supervise the execution of works, ensuring they are carried out efficiently, economically, and with materials of good quality.

Executive Engineers, LG&CD Civil Division, Faisalabad, Multan and Bahawalpur, in three (03) cases, paid for the items “*Earthwork excavation undressed single throw of kassi*”, “*Earthwork in ordinary soil 95% to 100% with 100 ft lead*” and “*Excavation in open cutting up to 5 feet depth in ordinary soil*” on the basis of manual labour. Audit observed that input rates of excavator were notified by FD since 2004. The department paid rates based on manual labor, even though executing such a large quantity of earthwork (16728853 cubic feet) manually was not feasible. In reality, the works were carried out using mechanical means.

Violation of the B&R Department Code resulted in overpayments amounting to Rs 31,046,745.

Audit pointed out the overpayment in April 2024.

The paras were discussed in the SDAC meeting held in August and December 2024. The department explained in DP No. 04 that the schemes related to solving drains of dozens of villages of different UCs having streets of smaller widths and these kinds of schemes can only be executed through manual labour not through mechanical means and in DP Nos. 53&152, payments were made against work done as per TS estimates. Audit informed the Committee that large volume of

excavation could not be executed through manual labour and composite item regarding excavation with machinery was required to be applied. The Committee in DP No. 04, directed the department for verification of comparative analysis and effect actual recovery within 07-days and in DP Nos. 53&152, referred the case to FD for clarification regarding applicability of actual rates on the basis of mechanized mode. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Annexure-XXVI

Note: This issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide Para No. 5.4.1.4 having financial impact of Rs 9.950 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.2 Overpayment due to less/non-deduction of quantity of crust – Rs 8.137 million

According to rule 7.28 and 7.29 of DFR Vol-I, before signing the bill, sub divisional officer should compare the quantities in the bill with those recorded in measurement book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct. Further, as per the provision of the TS estimate, the area of the road crust was required to be deducted from the total measured quantity of earthwork for making an embankment.

Executive Engineer, LG&CD, Civil Division, Gujranwala paid for the item "*Earthwork in all type of soil for making embankment including all lead & lift 95% to 100% etc. in all respect*". Audit observed that in two (02) cases, the department adjusted less quantity than the actual, and in one (01) case, did not deduct the crust quantity while recording earthwork entries in the Measurement Book (MB).

Violation of rules resulted in overpayment of Rs 8,136,914.

Audit pointed out overpayment in October 2024.

The department explained that due deduction of crust has been made from paid quantity of earth filling for making embankment. Audit contended that department made less deduction of road crust. SDAC meeting was not convened by the department till finalization of report.

The audit recommends fixing responsibility for not deducting the actual earth crust quantities, recovering the overpaid amount from the contractor, and strengthening internal controls to prevent such lapses in the future.

DP No. 111(2024-25)

Note: This issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide Para No. 5.4.1.5.2 having financial impact of Rs 1.367 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.3 Overpayment due to non-deduction of culverts – Rs 6.389 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, LG&CD, Civil Division, Faisalabad, in four (04) cases, paid for the item “*P/L Sub base course*” and “*P/L Base course*”. Audit observed that the department neither deduct the quantities of culverts during measurement nor provided in the TS estimates.

Violation of DFR resulted in overpayment of Rs 6,388,783.

Audit pointed out overpayment in April 2024.

The paras were discussed in the SDAC meetings held in August 2024. The department clarified that the payments were made in accordance with the technical sanction (TS) estimates and road design specifications. It explained that sub-base and base courses were laid on the slabs of road culverts to improve riding quality by eliminating jumps

at the junctions where reinforced cement concrete (RCC) and road structures meet, which could otherwise disrupt traffic flow. However, audit raised concerns, pointing out inconsistencies in the explanation. While the department provided pictorial evidence suggesting that the road crust was laid over the culvert slab, the audit compared the TS estimates and rate analysis for roadway culverts. According to the approved specifications, the height of the road, including embankment and road crust, was 2.83 feet, while the culvert height was 2.66 feet. Adding the road crust height of 0.83 feet to the culvert slab would result in a total road height of 3.49 feet, which would create a hump. Contrarily, the pictorial evidence showed that the road surface over the culvert was at the same level as the rest of the road, contradicting the department's claim. The Committee endorsed the view point of audit and directed for actual recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends prompt recovery of the overpaid amount and holding those responsible accountable for authorizing the overpayment and providing misleading information during the SDAC meeting. Furthermore, it emphasizes the need to strengthen internal controls to prevent the recurrence of such issues in the future.

DP No.8,13,15&19(2023-24)

5.4.1.4 Overpayment due to application of incorrect rate – Rs 6.168 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, "the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of work for Rough Cost Estimates (RCE) for Administrative Approval (AA). However, these can be modified, replaced and added to with the approval of FD. Administrative Departments shall ensure transparency of tendering based on market rates".

Executive Engineer, LG&CD Civil Division, Gujranwala and Bahawalpur, in three (03) cases, made payment to the contractors for works items. Audit observed that the department paid higher rates than admissible.

Violation of MRS resulted in overpayment of Rs 6,167,597.

Audit pointed out the overpayment in August 2024.

SDAC meeting held on 2nd January 2025. In DP No. 142 (05), the department explained that dressing and leveling was paid to level/demolish sand dunes at site. Audit contended that the department did not produce level sheet and site survey/history. The Committee kept the para pending for record verification. In DP No. 142 (06 & 08), the department admitted to effect recovery from the contractors. The Committee directed the department to effect recovery and get it verified from audit. Compliance with the Committee's directives was not reported till finalization of the report. During verification, in DP 114 & 118, the department admitted recovery of Rs 2,154,327 & Rs 523,003 which would be made in the next running bill. SDAC meeting for DP No. 114 & 118 was not convened by the department till finalization of report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Annexure-XXVII

Note: This issue was reported earlier also in the Audit Reports vide Para No. 5.5.1 in AR 2020-21, Para No. 5.4.1.3 in AR 2022-23 and Para No. 5.4.2 in AR 2023-24 having financial impact of Rs 35.669 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.5 Overpayment due to excess lead for carriage of stone – Rs 5.291 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 2nd August 2004, "the material of crushed stone aggregate and sand material shall be carried from the nearest approved quarry and the shortest route shall be used/adopted for carriage". Further, as per condition of revised TS estimate determining the nearest Government approved quarry and shortest route is responsibility of Engineer Incharge.

Executive Engineers, LG&CD Civil Division, DG Khan and Gujranwala paid for the item "*P/L sub-base course & base course with carriage of stone lead*" by allowing excess lead instead of adopting the

shortest route. Audit observed that the department, in four (04) cases, did not adopt the shortest routes and paid higher rates for the carriage. The detail is as under:

(Amount in Rs)

DP No. (2024-25)	Name of Division	Lead paid (km)	Lead to be paid (km)	Excess Lead (km)	Amount
65	DG Khan	35	23	12	387,168
79	DG Khan	152	113	39	1,918,313
91	DG khan	164	150	14	935,517
116	Gujranwala	148	118	30	1,467,327
		156	148	8	582,664
				Total	5,290,989

Violations of FD's instructions resulted in overpayment amounting to Rs 5,290,989.

Audit pointed out the overpayment during August and October 2024.

SDAC meeting held on 11th December 2024. In DP 65&79 the department explained that lead was approved by the competent Authority. Audit informed the Committee that the nearest quarry for stone was Sangarh quarry, Taunsa, and actual recoverable amount was Rs 387,168 and Rs 1,918,313 respectively. The Committee directed the department to effect actual recovery and get it verified from Audit. In DP 91, the Committee directed the department to produce approved lead chart and get it verified from audit within 3 days. During verification, in DP 116(17), the department admitted recovery of Rs 558,664 and in sub para 116(27), the department explained that the work was scattered in various areas of Tehsil Phalia and average distance of these areas was 21 kms from Tehsil District Headquarter Phalia. Audit contended that the same material was available at Kirana Hills Sargodha. SDAC meeting for DP No. 116 was not convened by the department till finalization of report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Report vide Para No. 5.5.3.2 in AR 2019-20, Para No. 5.5.1.3.1 in AR 2021-22, Para No.

5.4.1.4.1 in AR 2022-23 and Para No. 5.4.1.2 in AR 2023-24 having financial impact of Rs 15.243 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.6 Overpayment of price variation by taking incorrect value of work done and current rates - Rs 4.653 million

According to clause 55 of contract agreement, the price variation under this clause shall be worked out on the basis of the price of the particular item prevalent in a particular District on first day of each month as notified by FD. The amount payable or deductible in respect of items shall be calculated on the basis of the quantity of the item actually consumed on the work during the month.

5.4.1.6.1 Executive Engineer, LG&CD, Civil Division, Multan made payment on account of price variation for bitumen, diesel and labour amounting to Rs 2,441,788. The audit observed that the department miscalculated price variation by using an excessive bitumen proportion of 4.5% instead of 4.2%, as given in JMF, and inflating the value of work done for price escalation on bitumen, labor, and diesel.

Violation of contract agreement resulted in overpayment of Rs 2,441,788.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. Department admitted complete recovery and in sub para No. 56(12), effected recovery of Rs 1,097,437 which was verified. The committee reduce the amount of para and directed the department to effect recovery in remaining sub paras 14,15,20&24, amounting to Rs 1,344,351 and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) at fault to avoid recurrence of such issues in future.

DP No. 56(2024-25)

5.4.1.6.2 Executive Engineer, LG&CD Civil Division, Bahawalpur measured and paid escalation for diesel and labour amounting to Rs 1,142,808 for the item “*providing and laying Tipple Surface Treatment*”. Audit observed that the said item of work was not executed at site as per MB.

Violation of rules resulted in overpayment of Rs 1,142,808.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 2nd January 2025. The department admitted recovery of Rs 1,142,808. Audit contended that the department need to be vigilant while making payment to the contractor. The Committee directed the department to effect recovery within 7 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends prompt recovery, fixing responsibility for this deliberate and blatant disregard of rules, and strengthening internal controls to prevent such issues in the future.

DP No. 139(2024-25)

Note: This issue was reported earlier also in the Audit Report vide Para No. 5.4.1.8 in AR 2021-22 and Para No. 5.4.1.12 in AR 2022-23 having financial impact of Rs 10.199 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.6.3 Executive Engineer, LG&CD Civil Division Bahawalpur paid price variation amounting to Rs 3,433,385 on account of diesel. Audit observed that department while calculating price variation applied current rates for the month of July 2022 instead of November 2022 in which the work was executed. Incorrect application of current rate resulted in overpayment to contractor.

Violation of rules resulted in overpayment of Rs 1,068,413.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 2nd January 2025. The department admitted recovery of Rs 1,068,413. Audit contended that the department need to be vigilant while making payment to the contractor. The Committee directed the department to issue warning to the then Executive Engineer and Divisional Accounts Officer and effect recovery within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.140 (2024-25)

5.4.1.7 Overpayment due to measurement of excessive thickness of PCC in violation of design criteria – Rs 3.054 million

According to CE (North) PHE Department Lahore Letter No. 664-67/P&D-I dated 29th May 2015, thickness of PCC 1:2:4 in street should be as mentioned below:

Width of PCC pavement 0' to 6'	Thickness of PCC 3"
Width of PCC pavement 6'-10'	Thickness of PCC 4"
Width of PCC pavement above 10'	Thickness of PCC 6"

Executive Engineer, LG&CD Civil Division, D.G Khan paid for the item "*P/L cement concrete plain ratio 1:2:4,*" in streets having width of 10'. Audit observed that the department measured and paid excess thickness of PCC 6" instead of 4", in violation of the pavement design.

Violation of pavement design resulted in overpayment amounting to Rs 3,054,233.

Audit pointed out overpayment in August 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. The department explained that the work was carried out according to the TS estimate. Furthermore, due to site conditions, the department opted for 6" PCC instead of 4". Audit reiterated its earlier stance. The Committee directed the department to

effect due recovery and get it verified by Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 64(2024-25)

Note: This issue was reported earlier also in the Audit Report vide Para No. 5.4.1.32 in AR 2022-23, Para No. 5.4.2 in AR 2023-24 having financial impact of Rs 33.888 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.8 Overpayment due to application of higher rate - Rs 1.643 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part.

During audit, the Project Director, Developing Resilient Environment and Advancing Municipal Services (Dreams) – I (Loan No 4396), made a payment of Rs 7,273,000 for the item "AC 1.5 ton" for a quantity of 29 units. The audit observed that the department paid a higher rate of Rs 257,240 per unit, instead of the admissible rate of Rs 200,600, based on a market quotation (the item was available in the market at Rs 170,000, and with 18% GST, the total price came to Rs 200,600). As a result, an overpayment of Rs 1,642,560 (Rs 56,640 x 29 units) was made to the vendor.

Violation of rules resulted in overpayment of Rs 1,642,560.

Audit pointed out the overpayment in August 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. The department explained that the supplier was duly evaluated by BPEC Committee and found lowest evaluated responsive bidder. Audit contended that the department obtained three quotations from contractors instead of sourcing them directly from the market or the manufacturing company. Furthermore, on the Haier Company's website, the rate for the same AC was lower than the price

at which it was procured, making the procurement more expensive. The Committee directed the department to justify the matter regarding quotations from vendors instead of from manufacturing companies directly to safe guard government interests.

Audit recommends prompt recovery, holding those responsible for failing to protect public interest, which led to overpayment, and strengthening internal controls to prevent the recurrence of such issues.

Para No.04 of CAR 2024-25 (FAP)

5.4.1.9 Overpayment due to higher than admissible rates – Rs 1.406 million

As per FD’s notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, “the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of work for Rough Cost Estimates (RCE) and for Administrative Approval (AA). However, these can be modified, replaced and added to with the approval of FD. Administrative Departments shall ensure transparency of tendering based on market rates”.

Executive Engineers, LG&CD Civil Divisions, DG Khan and Gujranwala got executed the items “*earthwork in ordinary soil for embankment*”, *P/L earthwork for filling with different lead i/c dressing and compaction.*” Audit observed that, in two (02) cases, the department prepared rates higher than actually warranted. The detail is as under:

(Amount in Rs)

DPs Nos. (2024-25)	Formation	Quantity	Rate paid (% cft)	Rate to be paid (% cft)	Excess rate paid (% cft)	Amount Overpaid	Recovery Admitted
97	DG Khan	160010	16,454.45	10,554.05	5,900.4	743,969	723,877
107	Gujranwala	108000	2,328.50	1,664.75	663.75	71,685	
		41317	2,328.50	1,664.75	663.75	27,424	
		49198	1,188.00	810.50	377.5	18,572	
		1343918	1,188.40	810.50	377.9	507,867	
		97386	1,188.00	810.50	377.5	36,763	
	Total					1,406,280	723,877

Violation of rules resulted in overpayment amounting to Rs 1,406,280.

Audit pointed out the overpayment in August 2024.

DP No. 97 was discussed in the SDAC meeting held on 11th December 2024. The department admitted the recovery of Rs 723,877 and committed to effect the recovery in the next running bill. The Committee directed the department to effect recovery and get it verified from audit. Compliance with the Committee's directives was not reported till finalization of the report. In DP No. 107, during verification the department explained that the payment has been made to the contractor as per TS estimate. Audit contended that department applied the rate of sub item 24-b-ii instead of item No.25-i of chapter 3 (Earthwork). SDAC meeting for DP No. 107 was not convened by the department till finalization of report.

Audit recommends early recovery and its verification besides strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Reports vide Para No. 5.4.1.4.1 in AR 2022-23 and Para No. 5.4.1 of AR 2023-24 having financial impact of Rs 18.419 million. Recurrence of same irregularity is a matter of serious concern.

5.4.1.10 Overpayment due to allowing bitumen in excess of JMF provision - Rs 1.021 million

As per FD's notification No. RO(Tech)FD2-3/2004 dated 2nd August 2004, payment is to be made to the contractor as per JMF or actual bitumen used in the work.

Executive Engineer, LG&CD Civil Division, Gujranwala, in three (03) works, paid for the item "*P/L plant premixed bituminous carpeting (AWC) with 4.5 % bitumen contents*". Audit observed that as per JMF, the contents of bitumen were 4.3% whereas department paid for excess percentages of bitumen than that provided in JMF.

Violation of FD's instructions resulted in overpayment amounting to Rs 1,021,285.

Audit pointed out the overpayment in October 2024.

During verification the department admitted recovery of Rs 1,021,285. SDAC meeting was not convened by the department till finalization of report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 109(2024-25)

Note: This issue was reported earlier also in the Audit Report for the year 2021-22 vide Para No. 5.4.1.6 having financial impact of Rs 1.472 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in undue financial benefit to contractors

5.4.1.11 Non-obtaining/revalidation of performance/quality assurance securities - Rs 125.391 million

As per clause 7 of the contract agreement read with item (h) Memorandum of Work, and FD's instructions No. RO(Tech)FD-1-2/83(V)(P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee @ 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000. Further, if the contractor quotes his rates 5% or more below the estimated rates, quality assurance security of scheduled bank be obtained within 15 days of the receipt of the acceptance equal to below percentage than the estimated cost. The performance security should be re-validated till the completion of the project and the defect liability period.

Executive Engineers of four (04) Divisions, in four (04) cases, awarded various works to the contractors. Audit observed that in three (03) cases, the department did not get revalidate performance/additional performance securities and in one (01) case, the department did not obtain performance/additional performance security. The detail is as under:

(Amount in Rs)

PDP No. (2024-25)	Name of Division	Contract Amount	Performance/ additional/CDR to be obtained	Non-Revalidation of Performance/ additional Performance	Non/less obtained
54	Multan	199,614,000	-	12,083,732	12,083,732
78	DG Khan	86,651,000	-	9,142,600	9,142,600
130	Gujranwala	618,082,901	95,164,366	-	95,164,366
156	Bahawalpur	7,389,000	-	9,000,000	9,000,000
				Total	125,390,698

Violation of FD's instruction resulted in non/less obtaining of performance/additional performance guarantees/securities amounting to Rs 125,390,698.

Audit pointed out the irregularity in August and October 2024.

The paras were discussed in the SDAC meeting held on December 2024 and January 2025. In DP Nos. 54,78&156, schemes were in running position, revalidation of performance securities would be obtained from the contractors before making any payment. Audit informed that the department did not obtain revalidated performance securities. The Committee in DP No. 156, directed the department to get the record re-verified from Audit and in DP Nos. 54&78 referred the case to FD for condonation. Compliance with the Committee's directives was not reported till finalization of the report. In DP No. 130, the department explained that work was awarded without obtaining performance guarantee/security. At present the work was completed and functional for the general public. Audit contended that the department violated the contractual obligation and the matter be condoned from FD. SDAC meeting was not convened by the department till finalization of report.

Audit recommends getting early revalidation of performance and additional performance securities besides regularization from FD.

Note: This issue was reported earlier also in the Audit Report for the year 2022-23 vide Para No. 5.4.1.14 having financial impact of Rs 278.452 million. Recurrence of same irregularity is a matter of serious concern.

Miscellaneous irregularities

5.4.1.12 Un-authentic closing balance in monthly account – Rs 109.611 million

As per Clause 48&50 of contract agreement, “at the time of making any payment to the contractor for work done the engineer-in-charge shall retain from the amount so payable to the contractor, the amount of security deposit at the percentage rate specified in item (d) of memorandum of work. The amount retained as security deposit shall not be refunded to the contractor before the expiry of six (6) months in the case of original works valuing upto Rs 5 million and twelve (12) months in the case of works valuing above Rs 5 million”. As per Article 74 of Account Code Volume-III percentage deductions for security deposit made from contractors' bills should be credited to the head “Public Works Deposits” Cash deposits of contractors i.e., Form P. W. A. 33.

Examination of the accounts record revealed that the Executive Engineer, LG&CD Division, DG Khan, reflected a closing balance of Rs 109.611 million for security deposits in Form P.W.A-34 of June 2024. Audit observed that the security deposit register was incomplete, lacking details on contractors’ deductions and the releases of deposits. Additionally, funds received for deposit works under the CDP program were neither recorded in monthly account nor the deposit register.

Violation of contract agreement and rules resulted in un-authentic closing balance amounting to Rs 109,611,435.

Audit pointed out unauthentic closing balance in August 2024.

The para was discussed in the SDAC meeting held on 11th December 2024. The department explained that the records were being scrutinized and would be submitted shortly. Audit reiterated its earlier stance. The Committee directed the department to produce the complete record and get it verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends production of complete record and its verification from Audit.

DP No. 94(2024-25)

5.4.1.13 Non-surrender of funds saved from civil/infrastructure work and non-procurement of equipment – Rs 35.512 million

Clause 5.1 of ToRs for the Project approved by the Technical Support Unit of PIDSA vide letter dated 24.06.2015 states that “based on TSU recommendation or external audit reports, the Management Committee (MC) has the right to reject any disbursement that does not match with the approved plan. Disbursements not being approved will be refunded to the Counterpart Fund (CF).”

During audit, in one case, Project Director, PMU, “Sustainable Social Economic and Environmental Revitalization in the Historic Core of Multan City Phase-I” made agreements with contractors and local consultant as per plan. It was observed that works/consultancy were finalized at costs lesser than the planned/estimation cost. Thus, Project saved amount of Rs 24,872,227. In another case, Project Director did not procure “LASER Scanner (Faro Focus 3DX-130Uni)” and “PC – Special Technical Specifications able to elaborate LASER Scanner Data” amounting to Rs 10,640,600. The saving was neither reported to the MC-PIDSA nor surrendered to CF.

Violation of the ToRs resulted in non-surrendering of savings amounting to Rs 35,512,827.

Audit pointed out non-surrender of funds in August 2023 but the department did not reply.

The para could not be discussed in SDAC meeting held on 13.09.2023 because the Management of the Project abstained from attending the meeting.

Audit recommends early surrender of saved funds.

Para No. 07 & 03 of CAR-4.2.1.1(FAP)

5.4.1.14 Non-recovery of government taxes – Rs 3.208 million

According to provision 10 of the Punjab Sales Tax on Services Act 2012 read with consultancy agreement clause 12(1), “there shall be

charged, levied, collected and paid the tax on the value of a taxable service at the rate of 5% of the gross amount of service”. Further, as per section 153 (1) (C) of Income Tax Ordinance 2001, “Income Tax @ 7% is levied on contracts” and foundation shall operate in conformity with the provision of all applicable laws of Pakistan as amended or promulgated from time to time.

During the FAP audit, the Project Director, PMU, “Sustainable Social Economic and Environmental Revitalization in the Historic Core of Multan City Phase-II” made payments to certain contractors for the Project. It was observed that PST and Income Tax was not deducted at the rate 5% and 7% respectively while making payments, contrary to the Second Schedule of PRA Service Act 2012 and section 153 (1)(C) of Income Tax Ordinance 2001.

(Amount in Rs)

Sr.No.	Head of Account	Amount
1.	PST	2,127,166
2.	Income Tax	1,081,716
	Total	3,208,882

Violation of relevant provision of tax laws resulted in non-recovery of government taxes amounting to Rs 3,208,882.

Audit pointed out non-recovery in August 2023 but the department did not reply.

The para could not be discussed in SDAC meeting held on 13.09.2023 because the Management of the Project abstained from attending the meeting.

Audit recommends early recovery.

Para No 11 of CAR-4.2.1.2(FAP)

5.4.1.15 Irregular diversion of contingency to other works – Rs 2.262 million

According to Sr. No 13 of Delegation of Financial Powers Rules 2006, the diversion of contingencies can only be made in the sanctioned estimate for purchase of new items, provision for which could not be

made in the original estimates, e.g. stationery, surveying equipment, testing instruments, computers, printers, plotters and scientific drawing instruments required for the preparation of estimates, furniture and equipment for site office, etc. for the same work/estimate.

Executive Engineer, LG&CD Civil Divisions, Gujranwala and Bahawalpur, made payments Rs 2,261,577 in two cases, for the procurement of POL, vehicle repairs, purchase of ACs, tires, and stationery. Audit observed that the department charged these expenses to the ADP schemes instead of under the head of contingent expenditure.

Violation of rules resulted in irregular payment of Rs 2,261,577.

Audit pointed out the irregularity in August 2024.

The para (DP No. 169) was discussed in the SDAC meeting held on 2nd January 2025. The department explained that contingency was used due to non-availability of funds. Audit argued that diversion of contingency for procurement of AC, POL, Stationery, Tyres and repair of vehicles was not allowed as per rules. The Committee directed the department to fix the responsibility on the defaulters and get the matter regularized from FD through Administrative Department. In DP No. 136, the department explained that POL budget was not fulfilling the requirement. The bills of POL charges were paid and log books were maintained. Audit contended that payment of POL charged to contingency of different works. SDAC meeting of DP No. 136 was not convened by the department till finalization of report.

Audit recommends that matter be justified as to why contingent expenditure was charged to ADP schemes.

DP No. 169,136(2024-25)

5.4.1.16 Irregular payment on employee related expenditure - Rs 1.008 million

As per Italian Co-Director (TSU) letter dated 20.11.2013, it was decided that PMU of the Project may clear all the pending liability of the Phase-I and stop all activities on or before 30.11.2013.

During the FAP audit, Project Director, PMU, “Sustainable Social Economic and Environmental Revitalization in the Historic Core of Multan City Phase-I” closed the Project on 30.11.2013. Audit observed that PD made payment amounting to Rs 1,008,000 for the period w.e.f. 01.12.2013 to 31.07.2014 on account of salaries, Travelling Allowance/Daily Allowance etc. despite the fact that the Project had already been closed.

Weak administrative control resulted in irregular payment of Rs 1,008,000 from the closed Project.

Audit pointed out the irregularity in August 2023 but the department did not reply.

The para could not be discussed in SDAC meeting held on 13.09.2023 because the Management of the Project abstained from attending the meeting.

Audit recommends early justification.

Para No.8 of CAR-4.2.1.1(FAP)

5.4.2 WALLED CITY OF LAHORE AUTHORITY

Irregularities

Irregularities resulting in overpayments

5.4.2.1 Overpayment due to non-maintenance of quoted percentage – Rs 3.948 million

As per para (v) of the Finance Department notification No. RO(Tech)FD.1-2/83-VI dated 29th March 2005, “the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment”. Further, as per clause 47-A of contract agreement, “if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work”.

Director General, Walled City Lahore Authority awarded a work to the contractor on 16.02.2023 at an agreed cost of Rs 42,859,079 which was 0.310% above the TS estimate but during execution of work the quoted percentage was not maintained and the payment was made at 10.34% above instead of 0.310% in violation of FD’s instructions.

Violation of FD’s instructions resulted in overpayment of Rs 3,948,165.

Audit pointed out overpayment in March 2024.

The para was discussed in SDAC meeting held in September 2024. The Authority stated that the subject project is ongoing and the observation raised by the audit shall be addressed in the final bill. Audit informed the committee that department admitted recovery but had not effected it uptill now. The Committee directed the department to get the recovery, financial statement and final bill and verified from Audit.

Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 22(2023-24)

5.4.2.2 Overpayment due to higher rates of non-standardized items - Rs 1.129 million

As per FD’s notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of works for Rough Cost Estimates (RCE) for AA. However, these can be modified, replaced and added to with the approval of FD.

Director General, Walled City Lahore Authority, in two (02) cases, paid for the non-standardized items to the contractors. Audit observed that the department prepared rates of the items on higher side by taking excess rate of material and labour than admissible as per FD’s template. The detail is as under:

(Amount in Rs)

DP No. (2023-24)	Item	Quantity Paid	Rate Paid	Rate to be Paid	Excess Rate	Amount Overpaid
24	Preparing dressing and laying in glazed kashi tile etc	1745 sft	3,000 P.sft	2,667.13 P.sft	332.87 P.sft	580,858
47	P/L floor special size 1 st class brick tiles (8”x5”x1.25”) etc.	1500 sft	950 P.sft	584.35 P.sft	365.65 P.sft	548,477
					Total	1,129,335

Violation of FD’s instructions resulted in overpayment amounting to Rs 1,129,335.

Audit pointed out the overpayment in March 2024.

The paras were discussed in SDAC meeting held in September 2024. The Authority admitted the stance of Audit that WCLA made

payment at higher rates instead of admissible and the same will be recovered in next IPC. The Committee directed the Authority to rationalize the rate analyses as pointed out by Audit and effect recovery from the contractor under intimation to Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Irregularities relating to procurements

5.4.2.3 Irregular enhancement of agreement in violation of PPRA rules – Rs 11.993 million

As per clarification by PPRA dated 18.06.2019, enhancement in the original scope of work beyond 15% cannot be allowed under PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of the contract agreement circulated by Finance Department.

Director General, Walled City Lahore Authority awarded a work at an agreed cost of Rs 27,996,761. Audit observed that upto 5th IPC the Authority made payment of Rs 34,413,978, which was 22.921% above the original contract in violation of the PPRA rules.

Violation of PPRA rules resulted in irregular enhancement of agreement amounting to Rs 11,993,093.

Audit pointed out irregularity in March 2024.

The para was discussed in SDAC meeting held in September 2024. The Authority explained that the project was revised in DDSC meeting held on 13th April 2023 and revised administrative approval was issued on 8th August 2023. Audit informed the committee that department executed 42.837% above from the original contract amount of work. The Committee directed the department to get regularized the

case from Finance department. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 32(2023-24)

CHAPTER – 6

ENERGY DEPARTMENT

6.1 Introduction

A. Description of Department

The Energy Department of Punjab is tasked with a wide range of responsibilities related to the energy sector. It oversees the monitoring and administrative control of Electric Inspectors across Punjab, including technical matters and court cases related to their offices. The Electric Inspectors handle billing disputes under the Electricity Act of 1910 and the NEPRA Act of 1997, particularly concerning metering, billing, and tariff collection. Additionally, the department ensures the standardization of specifications for electric appliances, machinery, and installations, while also addressing matters connected with distribution companies (DISCOs).

It regulates and grants Electrical Contractor Licenses, Supervisors' Competency Certificates, and manages other related functions through the Provincial Licensing Board and Regional Licensing Boards in Punjab. The department is also responsible for handling matters related to key entities such as Punjab Thermal Power Private Limited (PTPL), Punjab Energy Efficiency and Conservation Agency (PEECA), Project Management Unit (PMU), and several others, including Quaid-e-Azam Thermal Power Private Limited (QATPL) and Punjab Power Development Board (PPDB).

The department deals with matters relating to Articles 157, 158, and 161 of the Constitution, with a focus on power generation through hydel, thermal, and renewable energy resources. It monitors electricity tariffs, collaborates with the Federal Government on oil and gas exploration licenses, and oversees matters related to hydel power stations in the public and private sectors located in Punjab. Energy conservation, market segmentation, off-grid distributed power generation, and the promotion of energy efficiency through appliance regulations, building codes, and urban design also fall under its purview.

Further responsibilities include fostering energy innovations, encouraging public-private partnerships for energy production and conservation, and managing electricity charges in coordination with the Federal Government. The department authorizes distribution networks for new housing societies, develops power policies for Punjab, and awards power projects to both national and foreign private sector companies. It continuously reviews and updates the regulatory framework to attract investment in energy projects and oversees related budget, accounts, and audit matters. Additionally, it addresses service matters not assigned to the Services and General Administration Department, along with incidental and ancillary tasks related to these subjects.

The department is mandated to administer the following laws and respective rules:

- a) The Electricity Act, 1910.
- b) The Electricity Rules, 1937.
- c) The Punjab Electricity Act, 1939.
- d) The Punjab Electricity (Emergency Powers) Act, 1941.
- e) The Punjab Electricity Emergency Powers (Conduct of Supply) Act, 1949.
- f) The WAPDA Act, 1958.
- g) The Electricity Control Ordinance, 1965.
- h) The Electricity Act (Punjab Amendment) Ordinance, 1971.
- i) The Motion Pictures Ordinance, 1979.
- j) The Electricity (Amendment) Ordinance, 1979.
- k) The Pakistan Standards and Quality Control Authority Act, 1996.
- l) The Regulation of Generation, Transmission and Distribution of Electricity Power Act, 1997.
- m) The Offences in Respect of Electricity (Emergency Provisions) Ordinance, 1998

Table 6.1: Audit profile

(Rs in million)

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited	Revenue/ Receipts Audited
1	Formations	13	02	496.419	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2023-24, the Energy Department received budget through both development and non-development grants of Government of the Punjab. Grant wise budgetary position (variance analysis) for FY 2023-24 is presented below:

Table 6.2: Variance analysis (Rs in million)

Grant No and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants					
PC-21008	645.999	610.288	573.982	(36.31)	(5.95)
PC-21010	271.752	256.222	252.453	(3.769)	(1.47)
Sub Total	917.751	866.51	826.435	(40.08)	(4.62)
Development Grants					
PC-22036	4,463.719	3,315.621	3,119.475	(196.146)	(5.92)
PC-12037	25.000	-	-	-	-
PC-12042	-	84.02	84.02	-	-
Sub Total	4,488.719	3,399.641	3,203.495	(196.146)	(5.77)
Total	5,406.47	4,266.15	4,029.93	(236.22)	(5.54)

Source: Budget book (FY 2023-24)

C. Sectoral analysis on the achievements against targets agreed under MTDf/MTBF

Brief comments on targets achieved under MTDf are given in Chapter No. 1, i.e., Sectoral Analysis.

6.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 840.948 million were raised as a result of audit of Energy Department. This amount also includes recoveries of Rs 617.640 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 6.3: Overview of Audit Observations (Rs in million)

Sr#	Classification	Amount
1	Irregularities resulting in overpayment	57.127
2	Irregularities resulting in non-recoveries	560.513
3	Miscellaneous irregularities	223.308
	Total	840.948

6.3 Comments on the status of compliance with PAC directives

No paras of the department had been discussed in the PAC until the finalization of the report.

6.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

6.4.1 Overpayment due to the sanctioning of rates higher than those specified in MRS - Rs 33.049 million

As per FD's Letter No. RO (Tech)/FD 11-60/2006 dated 10th August 2007, revised Technical Sanction would be accorded on approved rates (on the basis of which scheme was administratively approved) and not on the tendered rates and the expenditure may not exceed the revised technical sanctioned estimates. Further, as per FD's notification No. RO (Tech) FD 2-3/2004, dated 2nd August 2004, "Governor of the Punjab is pleased to replace the Composite Schedule of Rates with MRS with effect from 01 July 2004, rate analysis and specifications standardized by Finance Department shall be the basis for market rate of an item, however these can be modified, replaced and added to with the approval of the Finance Department".

Director Power Projects, Energy Department, Lahore, for items viz. "Supply and installation of 3 Core 25mm Cable etc and other items of civil work" at rates higher than those available in the MRS of the relevant quarter and district. Furthermore, the department paid separate labour charges against items whose composite rates were inclusive of labour charges. This resulted in excess payments being made to the contractors.

Violation of FD's directions resulted in an overpayment amounting to Rs 33,049,067.

Audit pointed out the overpayment in April 2024.

The paras were discussed in SDAC meeting held on 4th September 2024. In DP No. 8, the department used incorrect MRS rates (2nd Bi-annual 2020 instead of 1st Bi-annual 2019) and applied rates for District Multan instead of Vehari. The Committee directed to effect recovery of overpayments. In DP No. 21 and DP No. 23, the department failed to provide the requisite supporting records. The Committee

directed that the records be verified by audit within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of the overpaid amounts from the contractor besides action against the person(s) at fault and strengthening of internal control to avoid such issues in future.

(DP No. 8, 21 & 23 2023-24 Ph-II)

6.4.2 Overpayment due to the sanctioning of rates higher than those quoted – Rs 20.817 million

As per clause 4.10 of the Agreement “the contractor shall be deemed to have satisfied himself as to the correctness and sufficiency of the contract price. Unless otherwise stated in the Agreement, the contract price covers all the contract's obligations under the agreement and all the things necessary for proper design, execution and completion of the EPC works, the performance of the O&M works and the remedying of any defects.”

Director of Power Projects, Energy Department, Lahore, authorized payments for various items including "*Photo Voltaic Modules/Solar Panels*," "*Batteries*," and "*O&M Costs*" at rates higher than those quoted and agreed upon. Audit observed that this deviation from the agreed rates resulted in overpayments to the contractor.

Violation of contractual obligations resulted in an overpayment amounting to Rs 20,817,004.

Audit pointed out the overpayment in April 2024.

The para was discussed in SDAC meeting held on 4th September 2024. The department explained that the revised rates were approved by DDSC in its meeting dated 15-04-2022 which also includes escalation. Audit contended that the department made payment of executed items i.e solar panels & batteries at higher rates than agreed. Moreover, no escalation is admissible on solar panels and batteries. After detail discussion, the Committee upheld the view point of Audit

and directed to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the overpaid amount be recovered from the contractor at the earliest. Additionally, responsibility be fixed for the payment of excess rates beyond those specified in the agreement.

(DP No. 3 2023-24 Ph-II)

6.4.3 Overpayment due to allowing extra contractor's profit & overhead charges – Rs 3.261 million

As per Finance Department's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004 "10% over head charges may be added in addition to 10% contractors profit already allowed in rate analysis standardized by Finance Department for purposes of estimation. However, works shall be let out on actually tendered rates." Further, as per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items in 2022, only 12.5% contractor profit and overhead charges are allowed on electrical items.

Director Power Projects Energy Department, Lahore, got the TS Estimate for the work '*Provision of Biogas Digesters in Different Villages*' approved by allowing 22.50% contractor's profit and overhead charges, instead of the admissible 20%. Audit observed that the extra 2.50% was not permissible under the rules. Similarly, the department allowed 20% profit and overhead charges on electrical items, instead of the permissible 12.50%. Therefore, excess payment was made to the contractor.

Violation of FD's instruction resulted in an overpayment amounting to Rs 3,261,195.

Audit pointed out the overpayment in April 2024.

The paras were discussed in SDAC meeting held on 4th September 2024. In DP No. 2, department applied a 22.5% contractor profit instead of 20%, resulting in a 2.5% overpayment. The Committee directed recovery and responsibility assignment. In DP No. 22, the department argued that 2022 instructions did not apply to a 2020-

approved project. Audit referenced FD's 2022 clarification reducing contractor profit on supplied items from 20% to 12.5%. The Committee directed the department to seek FD condonation. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that an inquiry be conducted to determine why excess contractor profit and overhead charges were paid in violation of FD's instructions, in addition to recovering the amount from the contractor and revising the TSE cost.

(DP No. 2 & 22 2023-24 Ph-II)

Irregularities resulting in non-recoveries

6.4.4 Less recovery from oil companies on account of training funds – Rs 508.173 million

As per Para Nos. 1 & 4 (ii) of the Management and Utilization of Training Fund-2020, issued vide notification No. DGPC/TF/2(2)/Training Policy/2017-pt dated 16.03.2020 read with para 1.3 of Energy Department's notification dated 13.10.2023, Exploration and Production companies/operators shall deposit 30% share of USD75,000\$ which comes to USD22,500 per year in the respective Provincial Energy Department's Training Fund Bank Account. Further, a Training Fund bank account shall be opened by Provincial Energy Department in schedule bank and interest accrued on the deposit shall also be considered as part of the fund.

Secretary Energy Department, Lahore, recovered less than the due share of training funds from nine (09) oil companies. Audit observed that the department recovered Rs 196,707,823 instead of the due Rs 704,880,399 for the period from March 16, 2020, to July 30, 2024, resulting in a short-recovery of Rs 508,172,576. Furthermore, the department failed to open bank accounts as per the prescribed guidelines, leading to a loss of potential profit since March 2020.

Violation of the Ministry of Energy guidelines resulted in less recovery amounting to Rs 508,172,576.

Audit pointed out the less recovery in September 2024.

The para was discussed in SDAC meeting held on 8th January 2025. The department explained that reconciliation with the Exploration & Production companies was already under process and actual recovery if any, will be realized. Audit contended that recovery needs to be expedited. The Committee directed the department for early reconciliation and realization of government dues from oil companies. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery from the operators, opening of bank accounts as required, and initiating disciplinary action against the person(s) responsible for failing to implement government policy.

(DP No. 41 2023-24)

6.4.5 Non-recovery due to supply of sub-standard and under capacity solar systems - Rs 29.919 million

As per clause 8.2 and sub-clause 8.1(b) of the Agreement, the contractor shall set out the works in relation to original points, lines and levels of reference given by the Engineer in writing and provide all necessary instruments, appliances and labour for such purposes. If, at any time during the execution of the works, any error appears in the positions, levels, dimensions or alignment of the works, the contractor shall rectify the error; and the contractor shall, in accordance with the contract, with due care and diligence, complete the works and test and commission the plant and carry out the works within the time for completion.

Director Power Projects Energy Department, Lahore, made payments to the contractor for two projects: "*Solarization of all Commissioners' complexes in Punjab*" and "*Solarization of the Institutes of Cardiology hospitals in Multan and Faisalabad*". Audit observed that the contractor supplied and installed under-capacity solar PV panels and substandard equipment at the project sites. However, the department did not made deductions on account of the provision of lower-capacity solar PV panels and substandard equipment while making payments to the contractor, nor did it take any action against the contractor for these deficiencies.

Violation of the agreement resulted in non-recovery amounting to Rs 29,919,863.

Audit pointed out the non-recovery in April 2024.

The paras were discussed in SDAC meeting held on 4th September 2024. In DP No. 9, the department stated that the solar system installation was ongoing, and final payment would be made after verifying the number of panels. Audit informed to committee that the final bill was not provided for verification. The Committee directed to get the record verified by Audit. In DPs No. 13, 14, and 15, the department explained that the project was incomplete, and final payment would be made after verifying the scope of work. Audit explained that full payment was made despite incomplete work. The Committee directed rectification of substandard work and submission of the final bill and related records. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery along with provision and installation of transformers, PV Panels and rectification of defects at the risk and cost of the contractor besides fixing responsibility against the person(s) at fault.

(DP No. 09, 13, 14 & 15 2023-24 Ph-II)

6.4.6 Non-recovery due to installation of under-capacity Biogas systems - Rs 11.031 million

As per technical specification no. 4 of Agreement, the Bio-Gas digester should be made of fiber glass with minimum 6 mm wall thickness along with stoves with two burners. Further, as per clause 2.2 of the Agreement, the biogas system shall be able to produce a minimum of 3000 cubic meter.

Director Power Projects, Energy Department, Lahore, made full payments to the contractors for the supply and installation of 3000-cubic-meter biogas digester system per job and 714 biogas digesters with 6 mm-thick wall and stove with two burners. Audit observed that the contractors installed, in one case 2900-cubic-meter biogas storage tank and other case supplied/installed 714 bio gas digesters with 5 mm-

thick wall and stove with a single burner, as documented in the consultant's post-inspection report. Therefore, the payment rates should have been reduced to reflect the installation of under-capacity biogas systems.

Violation of contractual obligations resulted in non-recovery of Rs 11,030,658 due to installation of under-capacity biogas systems.

Audit pointed out the non-recovery in April 2024.

The paras were discussed in SDAC meeting held on 4th September 2024. In DP No. 1, the department stated that the minimum thickness of digester walls was 5 mm for biogas digesters and stoves with 2 burners were not specified in the bidding documents. Audit contended that the bidding documents required 6 mm wall thickness with stoves of two burners, but the contractor installed under capacity biogas digesters. The Committee upheld the Audit's viewpoint and directed to effect actual recovery. In DP No. 7, the department explained that contractor biogas digester system with total capacity exceeded the required 3000 cubic meter. Audit contested that the contractor supplied/installed 2900 cubic meter Biogas system. The Committee directed the department to recover the amount on account under capacity biogas system from the contractor. Compliance of the Committee's directives was not reported till finalization of this report.

Audit recommends early recovery from the contractors, in addition to blacklisting the contractor and taking action against person(s) responsible for making overpayments. Furthermore, it suggests devising a mechanism to strengthen internal controls to prevent such lapses in the future.

(DP No. 1 & 7 2023-24 Ph-II)

6.4.7 Less recovery of PST from the contractor– Rs 9.635 million

As per Punjab Revenue Authority notification No. PRA/Public Sector/1753, Government of the Punjab has withdrawn the exemption to levy the PST available to government civil works w.e.f 01.07.2016. Further, Government of the Punjab allowed reduced rates of PST on

Government civil works @ 5% in accordance with specific instructions as mentioned in the 2nd schedule of the PST Act 2012.

Director Power Projects, Energy Department, Lahore, deducted less than the required 5% Provincial Sales Tax (PST) on the gross value while making payments to the contractor. The audit observed that the department included the 5% PST in the Technical Specifications (TS) Estimates, and the contractor subsequently quoted prices inclusive of all taxes. Therefore, the department was obligated to deduct the 5% PST based on the gross value of the work completed.

Violation of PST Act resulted in less recovery of PST amounting to Rs 9,635,000.

Audit pointed out the less recovery in April 2024.

The para was discussed in SDAC meeting held on 4th September 2024. The department explained that GST had been deducted on supplies items and PST had been deducted on services. Audit contended that while estimation of the project, the department added 5% PST on gross amount and the same was put to tenders/awarded. Hence, the PST was required to be deducted @ 5% against the payment of the contractor. The Committee agreed with Audit and directed the department to effect actual recovery. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends prompt recovery of the PST from the contractor, along with holding the responsible individuals accountable for the discrepancy.

(DP No. 5 2023-24 Ph-II)

6.4.8 Under-deduction of Income Tax from the Contractor – Rs 1.755 million

As per FBR's clarification vide No.5/WHT-U-03 dated 24th April 2018, the income tax was required to be deducted from the contractors @ 7% on the gross value of work done including PST u/s 153 of Income Tax Ordinance 2001.

Director Power Projects, Energy Department, Lahore, awarded the contract for "*Energy Solution Using Indigenous Resources in Village*" on 01.03.2019 for Rs 228,865,446. Audit observed that the department deducted 4% income tax instead of the required 7% for a lump sum/EPC contract. Additionally, the department included 7.5% income tax in the project's cost estimate. As a result, the income tax was under-deducted from the contractor.

Violation of Income Tax Ordinance resulted in less recovery amounting to Rs 1,755,067.

Audit pointed out the less recovery in April 2024.

The para was discussed in SDAC meeting held on 4th September 2024. The department explained that income tax was exempted on items dedicated to renewable energy, such as solar and biogas, as per FBR SRO 263(I)/2011 dated 19-03-2011. Accordingly, no income tax was deducted for such items, but it was deducted for other than solar items. Audit contended that the department failed to provide complete records for verification. The Committee directed the department to produce the records and get them verified within 7 days. During the re-verification, on 10th September 2024, the taxable amount was recalculated by including the cost of biogas digesters, which were not exempted from tax as per SRO 263(I)/2011 dated 19.03.2011. Accordingly, the under-deduction of income tax was calculated as Rs 1,755,067. The shortfall in income tax recovery, as identified by the audit, needs to be recovered and got verified from audit.

Audit recommends early recovery from the contractor besides fixing responsibility for under-deduction of income tax.

(DP No. 4 2023-24 Ph-II)

Miscellaneous irregularities

6.4.9 Non-development of capacity building by trainings and non-reconciliation of trainings funds with DGPC – Rs 196.708 million

As per para no. 4 of the Guidelines for the Management and Utilization of Training Funds-2023 issued vide notification No. SO(Budget)ED/1-10/2018, dated 13.10.2023, the funds are to be used

for the training of employees and capacity building of Government of the Punjab, Energy Department and for scholarships/training/internship of local inhabitants of area of operations in the light of guidelines dated 16.3.2020 notified by Directorate General Petroleum Concessions, Ministry of Petroleum, and of the provisions of Petroleum Policy, 2012.

Secretary, Energy Department, Lahore, failed to utilize the training funds deposited by various oil companies/operators up to the fiscal year 2023-24. Audit observed that funds amounting to Rs 196,707,823 had been available in the department's bank accounts since March 16, 2020, but no amount was utilized for the capacity building of Punjab government employees. Furthermore, no mechanism was established to determine the exact quantum of receipts, nor was any reconciliation conducted with the Directorate General of Petroleum Concessions (DGPC) or the respective Exploration & Production companies/operators.

Violation of Guidelines resulted in non-development of capacity building by trainings, no-utilization of training funds, and non-reconciliation of training funds amounting to Rs 196,707,823 with DGPC.

Audit pointed out the lapse in September 2024.

The para was discussed in SDAC meeting held on 8th January 2025. The department explained in DP No. 42, that reconciliation with the E&P companies was already under process and in DP No. 40, explained that E&P companies were reluctant to be co-signatories with the concerned DCs in training funds accounts. Further, on the request of ministry of petroleum Islamabad, Energy department had submitted an amendment to exclude the representatives of E&P companies from the signatories and replaced with ADC (F&P). Energy department directed the concerned DCs for opening of training fund accounts, so that Energy department may be able to transfer training funds for imparting trainings. Audit contended that early utilization of training funds be made. The Committee directed the department for follow up and utilization of funds. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early utilization of training funds for their intended purposes, proper maintenance of block-wise records, and regular reconciliation with the DGPC and E&P companies to ensure transparency and accuracy.

(DP No. 40 & 42 2023-24)

6.4.10 Wasteful expenditure on Biogas Generators due to poor planning - Rs 26.600 million

As per para no 05 of PC-1 of the project, “It is in this backdrop and the objective of the sector to use indigenous energy resources for generation of electricity, that Energy Department, Government of the Punjab, has proposed the project for utilization of local resources for energy generation and implementation of a pilot project in two villages. The electricity from the solar plant can fulfill the demand during day time, the electricity produced from biogas/biomass plant can provide electricity during the night time and the plant will be connected to the 11 KV grid, the electricity produced will be directly transmitted to the grid”.

Director of Power Projects, Energy Department, Lahore, made a payment of Rs 267,608,270 on 1st March 2019, for the project “Energy Solution Using Indigenous Resources in Villages of Vehari and Samundri.” An audit revealed that Rs 26,600,000 was paid for the installation of four (04) biogas generators in Vehari and Samundri, which could not be connected to the grid and thus remained non-functional, contrary to the provisions of PC-1. Consequently, the expenditure incurred on procuring these generators was deemed wasteful due to non-utilization of the biogas generators for the intended purpose.

Violation of PC-I resulted in wasteful expenditure amounting to Rs 26,600,000.

Audit pointed out the wasteful expenditure in April 2024.

The para was discussed in SDAC meeting held on 4th September 2024. The department explained that generators were needed during load shedding, evening hours without solar energy, and for water heating

in winter, electricity from the solar system was added to the main grid, but MEPCO did not permit adding biogas-generated electricity. Audit contended that the department should have obtained NOC from WAPDA prior to incurring huge expenditure on biogas generated electricity through generators. The Committee directed the department to probe the matter regarding wasteful expenditure on account of installation of generators. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends ensuring the full utilization of the installed biogas plants to achieve value for the money expended.

(DP No. 11 2023-24 Ph-II)

CHAPTER - 7
PUNJAB GOVERNMENT SERVANTS HOUSING
FOUNDATION (PGSHF)

7.1 Introduction

A. Description of the Foundation

Punjab Government Servants Housing Foundation (PGSHF) is a governmental organization established to provide the plots or houses to government servants of Punjab. Punjab Government Servants Housing Foundation (PGSHF) was established as corporate body under the Punjab Government Servants Housing Foundation Act, 2004 promulgated on 10.03.2004 to introduce a scheme for providing houses or plots on no profit no loss basis to Government Servants on their retirement or to their families in case of death during service. The Foundation is responsible for various functions, powers, and duties related to the planning, development and management of housing schemes under its purview. The current inflationary trend in the property prices has eroded the expectations of buying an independent house and thus there is need to put in place a compensatory social security network for the employees to acquire a house for living.

S&GAD Department, Government of the Punjab is the administrative department of the Foundation. The foundation is managed by a Board of Directors headed by the Chief Secretary, Punjab including seven (07) ex-officio members. Managing Director is the Chief Executive of the Foundation. Its headquarters is located at Lahore.

The Punjab Government Servants Housing Foundation (PGSHF) is an autonomous body that operates independently. To ensure its financial sustainability, the PGSHF relies on several revenue streams, including, monthly subscription fees from members, profit on deposits, sale of plots, houses and shops etc. These revenue streams enable the foundation to fulfill its mandate and provide essential housing facilities to its members while maintaining financial viability.

B. Budget and Expenditure

In FY 2023-24, the budget and expenditure of the foundation is presented below:

Table 7.1:

(Rs in million)

Original Budgeted Receipt	Revised Budgeted Receipts	Original Budget/expenditure		Actual Revised Budget/Expenditure	
		Development	Non-Development	Development	Non-Development
4,879.723	5,074.481	3721.172	999.906	107.340	619.826

Source: Departmental figures for the year 2023-24

7.2 Classified Summary of Audit Observations

This report includes audit observations amounting to Rs 1,346.607 million. This amount also includes recoveries of Rs 268.694 million as pointed out by the Audit. Summary of audit observations classified by nature is as under:

Table 7.2: Classification of audit observations

(Rs in million)

Sr. No.	Classification	Amount
1	Irregularities:	-
(i)	Irregularities resulting in overpayments	113.915
(ii)	Irregularities resulting in non-recoveries	154.779
(iii)	Irregularities resulting in undue financial benefit to contractors	96.227
(iv)	Irregularities resulting in time value of money	-
(v)	Miscellaneous irregularities	981.686
	Total	1346.607

7.3 Comments on the status of compliance with PAC directives

This is the first audit of the foundation and as such paras of the foundation had not been discussed in the PAC yet.

7.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

7.4.1 Overpayment beyond agreed percentage of contract costs – Rs 37.132 million

As per para (v) of FD's notification No. RO(Tech)FD.1-2/83-VI dated 29th March 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment.

The Project Director, Punjab Government Servants Housing Foundation (PGSHF), Lahore, awarded contracts in which the contractors quoted imbalanced rates for item of steel @ Rs 8,000 against estimated rate @ Rs 4,471.05 per %kg etc. Audit observed that the department made final payments exceeding the agreed percentages in nine (09) cases. Furthermore, the management did not invoke clause 47-A of agreement during the execution of works to maintain the agreed percentage of the contract costs as under:

(Amount in Rs)

Sr No	Name of schemes	Name of contractor	Percentage agreed	Final percentage	Overpayment
1	Construction of Houses Cat: B Type (10 Marla Houses) 1 Package H-19B (42 No. Houses)	M/s NEXUS Construction co.	8.82% above	13.983%	4,047,043
2	Construction of Houses group-II	M/s Babar Electric Company	2.90% above	3.38%	1,338,357
3	Construction of 1-Kanal Housing units & Sector Shops of C -Block. Contract Package Group-1 (A-1, A-2, A-3) 78 houses	M/s Babar Electric Company	9.97% above	12.03%	4,841,540
4	Construction of Housing Units (7-Marla) Contract Package-H-1/C-1, C-2	M/s Progressive International	4.36% above	4.65%	298,627
5	Construction of Cat: C Type (7 Marla Houses) Package H-3/C-4 (94 No. Houses)	M/s Ascon Engineers (Pvt.)	4.37% above	5.16%	986,976
6	Construction of Houses Cat: D Type (5 Marla Houses) Package H-S/D-1 (51 No. Houses)	M/s SKAFS International	1.3% above	6.77%	2,896,000

7	Construction of Houses Cat: D Type (5 Marla Houses) Package H-10/D-2 (78 No. Houses)	M/s SKAFS International	4.47% above	9.38%	3,988,315
8	Construction of Houses Cat: D Type (5 Marla Houses) Package H-12/D-1 (67 No. Houses)	M/s SKAFS International	2.9% above	9.03%	4,216,901
9	Construction of Houses Cat: D Type (5 Marla Houses) Package H-4/D-2 (113 No. Houses)	M/s SKAFS International	9.99% above	17.65%	14518472
Total					37,132,231

Violation of FD's instructions resulted in overpayment amounting to Rs 37,132,231.

Audit pointed out the overpayment in May 2024. The foundation admitted the recovery in five (05) cases and remaining in four cases contended that recovery was not applicable as per agreement.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility against the person(s) involved and strengthening internal controls to avoid such lapses in future.

DP No. 29 (2023-24)

7.4.2 Overpayment due to allowing excessive lead – Rs 35.279 million

As per condition No-5 of the Finance Department letter No RO (Tech) F.D 2-3/2004 dated 02.08.2004, the material of base and sub base course shall be carried from government approved and nearest quarry and shortest route shall be used/adopted for carriage.

Project Director, PGSHF Multan and Sialkot paid the item “*P/L base course crushed stone aggregate etc.*” by taking longer routes from approved quarries. Audit observed that the department calculated lead distances as 280 km and 215 km instead of the actual distances of 125 km and 136 km, respectively, from the nearest approved quarries. As a result, excess payments were made to the contractors as follows:

(Amount in Rs)

Sr No.	Name of work	Name of contractor	Quantity	Lead paid	Actual lead	Excess lead	Overpayment
1	Construction of road in PGSHF Multan	M/s Sinaco	1,079,548 cft	280	125	155	23,265,840
2	Construction of road in PGSHF Sialkot	M/s Arshad & Co.	6,710.11 cft	215	136	79	12,013,593
Total							35,279,433

Violation of FD instructions resulted in overpayment due to allowing excessive lead for Rs 35,279,433.

Audit pointed out the overpayment in August & September 2024. The Foundation did not furnish reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility against the person(s) involved and strengthening internal controls to avoid such lapses in future.

DP No. 57, 84 (2023-24)

7.4.3 Double payment to the contractor – Rs 11.927 million

According to MRS Item No. 5 under Chapter 3 (Earthwork), the rates for "Earthwork in ordinary soil for embankments with 95% to 100% & 85% to 90% maximum modified AASHTO dry density" with lead for a distance of 5 km, based on the 1st Quarter of 2010 in Multan, were calculated as Rs 5,196.64 and Rs 5,012.61 per 1,000 cubic feet, respectively.

The Project Director, PMU, PGSHF, Multan, approved and paid an additional rate of Rs 1,737.10 per 1,000 cubic feet for the item "*Borrow Pit Excavation Undressed in Ordinary Soil*". This item was already included in the composite rate for MRS Item No. 5 under Chapter 3, "*Earthwork Excavation with Compaction (95% to 100% and 85% to 90%) with 5km lead etc*". Therefore, by making this additional

payment, the department paid for the same item twice, resulting in a double payment to the contractor as under:

(Amount in Rs)

Name of item	Rate in TSE (Rs/ %O)	Admissible rate (Rs/ %O)	Excess rate (Rs/ %O)	Qty paid (cft)	Overpayment (Rs)
Earthwork excavation with compaction 95 to 100% etc with 5 km lead	6933.74	5196.64	1737.10	4560410	7,921,888
Earthwork excavation with compaction 85 to 90% etc with 5 km lead	6749.71	5012.61	1737.10	2305710	4,005,249
Total					11,927,137

Violation of MRS resulted in double payment for Rs 11,927,137.

Audit pointed out the double payment in August 2024. The Foundation did not furnish reply.

SDAC meeting was not convened by the Foundation till finalization of this report.

Audit recommends early recovery.

DP No. 63(2023-24)

7.4.4 Overpayment due to paying underweight steel at standard weight rates – Rs 7.235 million

As per para 3(b) and 9 of part F of consultancy agreement, the consultant shall ensure quality control through laboratory tests at the expense of contractors and certify the contractors running payments clearly indicating that quality of work executed is according to specification, and make recommendations for the payment to contractors along with test report.

Project Director, PGSHF, Mohlanwal Scheme, Lahore, in eleven (11) cases, paid Rs 143,642,644 for the item “Fabrication of mild steel etc.,” for the quantity of 2,149,502 kg. Audit observed that the department calculated steel quantities using standard weight factors of 0.376, 0.668, 1.502, and 2.67 for steel bars of sizes 3#, 4#, 6#, and 8#,

respectively. However, lab test reports provided by the department revealed that the actual weights were 4.37% to 5.204% lower than the standard values. Despite this discrepancy, full payment was made for the underweight steel without adjusting for the variations identified in the lab test reports.

Violation of the DFR resulted in overpayments amounting to Rs 7,235,268.

Audit pointed out the matter in May 2024. The Foundation replied that the allowable bar weight was within 6% limits. Audit contended that permissible limits is only for the purpose of execution of work but payment was to be made as per actual weight of steel.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility against the responsible(s) and devise a mechanism to strengthen the internal control system to avoid such recurrences in future.

DP No. 35(2023-24)

7.4.5 Overpayment due to allowing inadmissible additional item in payable rates – Rs 6.938 million

As per Specification 411-1 to 411-13 and 301-1 & 202-3, and in the remarks column of MRS Chapter-3 Item-05 “*Earthwork in ordinary soil for embankments lead up to 100 ft. (30 m), including ploughing and mixing with blade grade*”, the rate includes hire charges of machinery, cost of fuel, lubricants, pay of driver and cleaner; the rate also includes clearing and grubbing where necessary.

Project Director, PGSHF, Mohlanwal Scheme, Lahore and Sialkot, in three (03) cases, made payment for the item “*Clearing & grubbing*” for the quantity of 2,190,426.6 sft along with the additional item of *Earthwork in ordinary soil for embankments lead up to 100 ft. (30 m), including ploughing and mixing with blade grad*. Audit observed that the rate of said item was not a separately payable as the rate was already included in the composite rate of MRS item *ibid*.

Violation of MRS and Specifications resulted in overpayment of Rs 6,983,111.

Audit pointed out the matter during May & September 2024. The foundation Lahore in DP No. 39 admitted to effect recovery from the contractor and in other DP No. 81, no reply was made.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility against the responsible(s).

DP No. 39 & 81(2023-24)

7.4.6 Overpayment due to less use of bitumen and thickness – Rs 5.327 million

As per condition No.6 of Finance Department notification No.RO (Tech) FD2-3/2004 dated 02.08.2004, rate for an item of carpeting shall be fixed by the Chief Engineer on the basis of different percentages of bitumen ranging from 3% to 6%, and payment will be made to contractor as per Job Mix Formula or actual bitumen used in the work.

Project Director PMU, Punjab Government Servants Housing Foundation, Multan paid the item “*P/L plant pre-mixed carpet with bitumen etc*” with 5 cm thickness and use of bitumen with 4.5%.” Audit observed that as per extraction test reports, the bitumen came to be 4.3% and actual thickness 4.56 cm. Therefore, rate was required to be reduced while making payments to the contractors.

Violation of FD’s instructions resulted in overpayment of Rs 5,327,355

Audit pointed out the non-recovery in August 2024. The Foundation did not furnish reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery.

DP No. 59 & 65(2023-24)

**7.4.7 Overpayment due to application of incorrect rate -
Rs 3.937 million**

According to FD's Instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized (Non-MRS) item must be approved by the SE, specifying the materials used and their rates as per FD's website. The standardized analysis should be used, as far as possible, to calculate the rate of the non-standardized item. A copy of each analysis, once approved by the competent authority, should be sent to the FD Technical Cell for scrutiny and standardization.

Project Director, PGSHF, Mohlanwal Scheme, Lahore, made payment of items of works under the head "*Floor and wall finishes*" as non-MRS additional items. Audit observed that the rate analyses were approved on higher side by taking excess labour than provided in FD's template.

Violation of contractual obligation resulted in overpayment amounting to Rs 3,937,429.

Audit pointed out the matter in May 2024. The Foundation replied that the original tenders were based on the MRS 2nd quarter 2007. Rates of the additional items were approved by the competent authority on the prevailing MRS/market rates of 2nd quarter, 2009 without allowing any extra/weighted premium to the contractor. Audit contended that the foundation paid extra labour than notified template by FD.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility against the responsible(s).

DP No. 31 (2023-24)

7.4.8 Overpayment of conveyance allowance to officers of the Foundation – Rs 3.084 million

As per Finance Department notification No. FD.SR.I 9-4/86(P) (PR) dated 21.04.2014, the officers who are availing government vehicles including bikes (sanctioned/pool) are not entitled to the facility of conveyance allowance w.e.f 01.03.2014.

Scrutiny of record of Project Director, PGSHF, Faisalabad, revealed that the department made payment of conveyance allowance along with the allotment of vehicle and POL to various officers. Audit was of the view that recovery should have been made from the officer at the earliest.

Violation of FD's instructions resulted in overpayment of conveyance allowance to officers of Rs 3,084,000.

Audit pointed out overpayment in September 2024. The Foundation did not reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends to justify the matter or effect recovery under intimation to Audit besides strengthening internal controls to avoid such lapses in future.

DP No. 108 (2023-24)

7.4.9 Overpayment due to incorrect calculation on account of price variation – Rs 3.056 million

As per clause 55 (6) of Contract Agreement, the amount payable or deductible shall be calculated on the basis of the quantity of the item actually consumed on the work during the month.

Project Director PMU, Punjab Government Servants Housing Foundation, Multan, made payment on account of price variation (labour component) amounting to Rs 12,168,909. Audit observed that Foundation calculated excess price escalation by taking the higher current rates notified by Federal Bureau of Statistics @ Rs 290 and Rs

300 per day instead of the admissible rates @ Rs 235 and Rs 290 per day notified by Finance Department, Govt. of Punjab.

Violation of contractual obligation resulted in overpayment for Rs 3,055,895.

Audit pointed out the overpayment in August 2024. The Foundation did not furnish reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery.

DP No. 58(2023-24)

Irregularities resulting in non-recoveries

7.4.10 Non-recovery of risk and cost from defaulting contractors - Rs 126.413 million

As per clauses 60 and 61 of the contract agreement, “on the default of a contractor to complete the work, his work will be rescinded and remaining work will be completed at risk and expense of the original contractor, besides forfeiting his securities”.

The Project Director of PGSHF, Mohlanwal Scheme, Lahore, awarded six (6) contracts valued at Rs 564.113 million against an estimated cost of Rs 530.547 million. All these contracts were later rescinded due to the slow progress of works. The audit observed that the defaulting contractors had completed work worth Rs 136.52 million. Subsequently, the remaining work, valued at Rs 427.59 million, was re-awarded to seven (7) contractors for a total of Rs 485.138 million. Payments amounting to Rs 580.86 million had been made to these contractors for the balance work. The audit calculated the recovery on account of risk and cost from the defaulting contractors amounting to Rs 126.42 million. Despite the lapse of more than 10 years, the amount could not be recovered from the defaulting contractors as under:

(Amount in million)

Sr No	Name of works	Name of contractor	Agreement amount	Date of recession	Name of New contractors	Balance work	Work done	Recovery
1	Package H-4 D-2	K.N.K Pvt Ltd	110.327	04.04.08	SKAFS International	75.42	104.01	28.59
2	package H-8-D-3	Global construction company	41.65	22.12.09	CMH Traders & engineers	19.07	23.82	4.748
3	package H-9-D-1	Global construction company	43.438	31.03.09	CMH Traders & engineers	19.21	24.93	5.72
4	Package H-19	Global construction company	339.252	06.12.08	Nexus construction company	302.97	260.23	81.16
					CMH Traders & engineers		123.90	
5	Const. of Mosque	Ch. Engineers associates	11.876	08.05.10	Nexus construction company	2.395	11.069	3.54
6	Const. of Community	Ch. Engineers	17.57	15.08.10	Nexus construction company	8.53	32.90	2.655
Total								126.413

Violation of contract resulted in non-recovery of risk and cost amount Rs 126.413 million.

Audit pointed out the matter in May 2024. The foundation replied that matter is sub-judice in the different courts. Audit recommends for pursuing the court cases vigorously.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility against the responsible(s) to avoid recurrence of such issues in future.

DP No. 27(2023-24)

7.4.11 Non-recovery due to use of substandard bricks – Rs 14.487 million

As per section 801 and section 1041-8 of Standard Specification for Roads & Bridges Construction 1997, read with FD's material rates of item No.07.001, the standard size of bricks was 9" x 4-1/2" x 3" and the crushing strength was 2000 PSI. Further, as per remarks column of chapter "Brick Works" of MRS, if 2nd and 3rd class bricks are used, the item rate would be reduced by 7% and 14%, respectively.

7.4.11.1 Project Director, PGSHF Sialkot, paid Rs 49,093,460 for the item of work “Pacca Brick Works in F&P, Ground Floor, other than Building” for quantity of 8698 cft and for “Road Edging” 54289 rft. Audit observed that the department did not reduce the rates by 7% as the strength of the bricks were found ranging 790 psi to 1855 psi and size of the bricks were also under size as per lab test reports in the light of criteria *ibid*.

Violation of specifications and MRS resulted in non-recovery of Rs 6,873,084.

Audit pointed out non-recovery in October 2024. The foundation did not furnish reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides disciplinary action against the responsible(s) for payment of substandard bricks at full rate.

DP No. 86(2023-24)

7.4.11.2 Project Director PMU, Punjab Government Servants Housing Foundation, Multan executed the item of “*Pacca Brick work*” for Rs 62,295,707. Audit observed that as per lab test reports issued by Office of the Public Health Engg: Regional Research laboratory Shamsabad Colony, Multan and University College of Engineering BZU, Multan the size of bricks was 8.5" x 4.12" x 2.75" instead of 9" x 4.5" x 3" and crushing strength 1721 psi was below specification, whereas Foundation did not reduce the rate by 7%.

Violation of specifications resulted in non-recovery due to use of undersized bricks for Rs 4,360,699.

Audit pointed out the non-recovery in August 2024. The Foundation did not furnish reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery besides fixing responsibility.

DP No. 60(2023-24)

7.4.11.3 Project Director, PGSHF, Mohlanwal Scheme, Lahore, paid Rs 46,465,934 for the item “*Pacca brick work cement sand mortar in Foundation and ground floor*” for a quantity of 656,770 cft. Audit observed that as per lab test report issued by Building Research Station Lahore vide letter No. 148-R/3166 dated 22nd December 2007, the strengths of bricks were below the standard specification in two out of five samples, i.e., 1784 and 1934 PSI. Further, in the remaining three (03) samples, the bricks were found to be over burnt. However, the consultant recommended for payment without reducing the rates by 7% in violation of criteria *ibid*.

Violation of MRS resulted in non-recovery of Rs 3,252,615.

Audit pointed out the matter in May 2024. The department explained that undersize bricks were not used and removed from the site. Audit contended that recovery be made from the contractors on account of use of substandard bricks and further, the testing of bricks was not as per sampling criteria of C&W specification.

SDAC meeting was not convened by the Foundation till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 53(2023-24)

7.4.12 Less deposit of stamp duties and CVT taxes etc. due to under valuation of properties – Rs 13.879 million

According to BoR notification No.4840-2017/1238-ST(I), Dated 13th September 2017, the Punjab Finance Act, 2010 had levied capital value tax on the immovable property located in the urban area and after merger of CVT in stamp duty in urban area is 5% of the value of the land plus 5% of the value of superstructure.

MD PGSHF, Lahore, allotted 107 units of constructed houses of 1-kanal category to different members/employees of the Punjab government after payment of Rs 5,801,314 each. Audit observed that the

owners of 38 houses sold their properties to private buyers and paid stamp duties and taxes based on land values ranging from Rs 2.300 million to Rs 3.700 million and a fixed structure value between Rs 300,000 and Rs 325,000. This undervaluation of land and structures resulted in lower deposits of government dues than actual price approved by the foundation.

Violation of BoR notification resulted in loss of Rs 13,879,201 to public exchequer.

Audit pointed out the loss in May 2024. The foundation replied that they transferred the ownerships after receiving of NOC of concerned Sub-Registrar on execution of sale deed/ gift deed/surrender deed and they had no concern with the value of sale deeds. Audit contended that the buyers deposited less government dues by undervaluation of the properties than market rates fixed by the foundation.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early recovery of admissible government dues besides responsibility be fixed against the person(s) responsible.

DP No. 20(2023-24)

Irregularities resulting in undue financial benefit to contractors

7.4.13 Undue financial benefit to the contractors due to non-obtaining performance securities – Rs 96.227 million

As per clause 7 of the contract agreement read with item (h) Memorandum of Work, and FD's instructions No. RO(Tech)FD-1-2/83(V)(P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee at the rate of 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000".

Project Director, Punjab Government Servants Housing Foundation, Lahore, Multan awarded various works to the contractors. Audit observed that in nine (09) cases, the Foundation failed to secure performance guarantees totaling Rs 96.227 million, exposing the

government to undue financial risk and liability. These guarantees were intended to mitigate potential defaults and ensure contractual compliance as under:

(Amount in million)

Sr No	Name of works	Name of contractors	Agreement amount	Performance Guarantee
1	Package H-4 D-2, Lhr	K.N.K Pvt Ltd	110.327	5.516
2	Package H-6 D-3, Lhr	Altvia	93.433	4.671
3	package H-19, Lhr	Global construction company	339.252	16.962
4	Construction of 1-Kanal Housing units & Sector Shops of C-Block Contract Package, Lhr	Ch. Engineers	281.534	14.076
5	Package H-3/C-4 (94 Houses) 7 marla, Lhr	Ascon Engineers	119.439	5.972
6	Package H-5/D-1, Lhr	M/s SKAFS International	57.458	2.873
7	Package H-1/D-2, Lhr	M/s SKAFS International	90.373	4.519
8	Package H-11/D-3 & D-4, Lhr	M/s Nexsus Cons. Co.	85.175	4.259
9	Construction of infrastructure work in Multan	Sinaco Engineers	747.574	37.379
Total				96.227

Violation of the contractual obligations resulted in undue financial benefit for Rs 96.227 million to the contractors.

Audit pointed out the lapse in May 2024. The foundation, in DP No.42, explained that guarantees were obtained in the shape of cashier cheques and were released after completion of three months. Audit contended that these cashier cheques were not deposited in the bank accounts. Therefore, the matter may be got regularized from the FD. In DP No.66, the foundation did not submit reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends early regularization of these matters from the Finance Department (FD), fixing responsibility, and strengthening internal controls to prevent recurrence of such issues.

DP Nos. 42, 66 (2023-24)

Value for money and service delivery issues

7.4.14 Non-achievement of objectives by PGSHF due to failure to allot plots to 42,245 retired members

As per preamble and section 7 of PGSHF Act 2004, the Foundation was established in order to introduce a scheme for providing houses or plots on no profit no loss basis to government servants on their retirement, or to their families in case of death during service and to make provisions for matters connected therewith. The board is empowered to arrange, purchase, acquire the land for establishing the schemes where ever necessary within the Punjab.

Scrutiny of the Budget & Expenditure of PGSHF revealed that the Foundation's short-term bank deposit was Rs 23,001.5 million, as of June 30, 2023, with a profit of Rs 9,274.34 million earned from 2010-11 to 2022-23 through term deposit investments, which was used to cover operational expenses. The audit observed that despite having substantial funds, the Foundation did not acquire land to meet the needs of 42,245 retired members and 50,789 members who are set to retire in near future. Therefore, intended objectives were not achieved by the foundation.

Violation of Act deprived the members of timely allotment of plots for which purpose the Foundation was created.

Audit pointed out the matter in May 2024. The foundation explained that they had primarily relied on nazul/state land for the development of the housing scheme, and the allocation of this land was still pending approval from the Board of Revenue. Audit contended that the foundation could also acquire land under the Land Acquisition Act, 1894, as it had sufficient funds available to complete the acquisition process and proceed with the development of housing schemes.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends to constitute a committee of professionals to review the Foundation's operations and devise a financial model to achieve the intended objectives.

DP No. 02(2023-24)

Miscellaneous irregularities

7.4.15 Unlawful allotment of plots and non-termination of ineligible memberships- Rs 605.669 million

A government servant is ineligible for membership in the Foundation if they have previously obtained a plot at a reserved price in any housing scheme of the Federal Government, Provincial Government, Local Government, or any Urban Development Authority-sponsored scheme, as stipulated under Rule 3(3) of the PGSHF Rules. If membership is acquired through misrepresentation, it is subject to termination under Rule 6(1)(e) of the PGSHF Rules. Accordingly, each applicant is required to certify on the Membership Option Form that he or she has not obtained a plot in any government housing scheme or development authority scheme at a reserved price.

PGSHF allocated sixty-one (61) one-kanal plots to officers without obtaining confirmation from the FGEHF/CDA/PHA or any Government Agency that these officers had not been previously allotted/booked a plot in Islamabad/Rawalpindi or elsewhere. Audit observed that these officers were ineligible for plot allocation in PGSHF, as they had already received or booked plots from the other Government schemes at reserved prices i.e. FGEHF/PHA.

Violation of the Act resulted in unlawful allotment of plots worth Rs 605.669 million

The audit raised the matter in May 2024. The Foundation explained that they lacked data regarding the acquisition of plots in other government schemes, such as FGEHS and PHA, which would have warranted the cancellation of membership. However, the audit contended that, based on available data, plots had been allotted or booked for these 61 members from FGEHF/PHA. As a result, undue

financial benefit was extended to these officers of the Government of the Punjab.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends expedited recovery of the plot costs or the retrieval of plot possession back in favor of the Foundation, along with the establishment of close liaison with other housing Foundations/authorities. Additionally, it is advised to strengthen the internal control system to prevent such lapses in the future.

DP No. 15(2023-24)

7.4.16 Non-Transparent Foundation Records and Irregular Subscription Deductions -Rs 320.634 million

As per PGSHF Act, 2004 section 14, “the Accountant General Punjab shall allocate a separate sub head for deduction of contributions from salary of the Government servants and pass on the credit to the Foundation regularly within one month of such deductions and account for in the books of the Foundation”. Further, as per PGSHF rule 6(4) in case, if the membership of a member is terminated under clause(c) of sub rule (1), the outgoing member shall be entitled to refund of the amount in his account subject to such deductions, if any, as may be determined by the board.

7.4.16.1 PGSHF collected monthly subscriptions amounting to Rs 290.199 million from 11,847 Punjab government employees through salary deductions processed by the AG Office since 2005-06. These funds were subsequently placed in a term deposit investment account. Audit observed that, in some cases, deductions were made from employees who had not opted to become members of the Foundation. Despite this, the amounts collected were not reimbursed to the respective employees. Instead, these funds were retained by the Foundation and used for investment purposes.

Weak managerial and supervisory controls resulted in mis-utilization of subscriber’s amount of Rs 290.199 million.

Audit pointed out the matter in May 2024. The foundation explained that 7823 contributors amount was lying in PGSHF unloaded/suspense account and foundation also published notices in different newspapers for up-dation their subscription record.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

This practice highlights a significant procedural lapse and raises concerns about transparency, consent, and accountability in the subscription collection and management processes. Audit recommends that the Foundation should establish mechanisms for verifying employee consent and promptly reimbursing non-member deductions to prevent unauthorized retention of funds.

DP No. 04(2023-24)

7.4.16.2 PGSHF collected monthly subscriptions totaling Rs 30.435 million from 1,487 Punjab government employees whose memberships had been terminated as of 2005-06 onwards. These deductions were processed through the AG Office and subsequently deposited into a term deposit investment account. Audit observed that despite the termination of these employees' memberships, the Foundation did not reimburse the collected amounts to the affected individuals. Instead, the funds were retained and utilized for investment purposes, generating interest for the Foundation.

Non-communication of termination letter to employees resulted in undue deduction on monthly basis from their salaries since long.

Audit pointed out the matter in May 2024. The foundation explained that refund to these members were under process as per approved SOPs.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

This practice highlights a lack of compliance with financial and ethical standards, as the retention of funds from non-members or terminated members without reimbursement constitutes unauthorized use. Audit recommends that the Foundation should establish robust

mechanisms to ensure timely refunds and prevent the misuse of funds intended for specific beneficiaries.

DP No. 05(2023-24)

7.4.17 Irregular award of work beyond 4.5% acceptable tender limit – Rs 55.383 million

According to FD’s letter No. R.O(Tech)FD-2-3/85 Vol-IV dated 7th January 1992, read with the DFR 2016, “acceptance of tenders shall be subject to the condition that the rates quoted/or amounts tendered are such that the total cost of the project will not exceed the amount, for which technical sanction has been accorded, by more than 4.5%”.

Project Director, PGSHF, Lahore and Multan awarded various works/schemes to different contractors above 4.5% permissible limit than estimated costs. Audit observed that the foundation awarded contracts at percentages exceeding the permissible tender limit of 4.5% above the Technical Sanctioned Estimate (TSE), in violation of the relevant rules. This practice led to the irregular award of contracts. The details of these irregularities are summarized in the following table:

(Amount in Rs)

Sr No.	Name of scheme	Contract above cushion	Admissible cushion	Difference	Overpayment
1	Cat-A-1 Group-I Lhr Cat-A-2 Group-I Lhr Cat-A-3 Group-I Lhr	9.97%	4.50%	5.47%	14,003,980
2	Cat-B-1&2 Group-II Lhr	9.99%	4.50%	5.49%	13,015,995
3	Package 19 (b2&b3) Lhr	10%	4.50%	5.5%	13,039,703
4	Construction of infrastructure work Multan	6.69%	4.50%	2.19%	15,323,000
Total					55,382,678

Violation of FD’s instructions resulted in irregular awarding of civil works contracts amounting to Rs 55,382,678.

Audit pointed out the irregularity during May & August 2024. The Foundation in DP No. 28 replied that contracts were awarded with

the special approval of the Chief Secretary, Punjab/Chairman and in DP No. 61 the Foundation did not furnish reply.

SDAC meeting was not convened by the Foundation despite repeated requests till finalization of this report.

Audit recommends regularization from FD, fixing responsibility for awarding contracts beyond permissible tender limits, and strengthening internal controls to prevent such lapses in the future.

DP No. 28 & 61(2023-24)

CHAPTER – 8

INFRASTRUCTURE DEVELOPMENT AUTHORITY PUNJAB

8.1 Introduction

A. Description of Authority

The Infrastructure Development Authority of the Punjab (IDAP) is an autonomous body established under the Infrastructure Development Authority of the Punjab Act, 2016. Its mandate is to plan, design, construct, and maintain infrastructure across the province in accordance with international best practices, addressing future development needs effectively.

As a specialized organization, IDAP operates free from the constraints typically associated with public sector departments. Its primary objective is to execute mega infrastructure projects efficiently, transparently, and aesthetically, ensuring quality and avoiding delays. The Authority provides comprehensive project management services, including feasibility studies, design, contract management, execution, supervision, and third-party evaluations, to client departments.

IDAP provides a broad spectrum of services across various sectors:

- *Structural Engineering:* Delivering sustainable building designs, managing complex multidisciplinary projects, and creating high-performance structures for communities through integrated architecture and engineering solutions.
- *Transportation and Civil Engineering:* Enhancing Pakistan's transport systems by developing and upgrading roads, highways, and railway networks.
- *Public Health Infrastructure:* Improving healthcare delivery by upgrading facilities at Tehsil and District Headquarters Hospitals, expanding bed capacities at all levels, and constructing new hospitals.
- *Energy Infrastructure:* Addressing energy supply bottlenecks and developing quality infrastructure to support sustained growth in energy supply.

- *Biosafety Level-3 (BSL-3) Laboratories:* Designing and executing state-of-the-art laboratories with fully automated HVAC systems.
- *Green Development:* Promoting innovation in green development to help clients and communities become more resourceful, resilient, and sustainable.

The Secretary of the Implementation & Coordination Department, Government of the Punjab, serves as the Principal Accounting Officer of the Authority.

Table 8.1: Audit profile (Rs in million)

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited	Revenue/ Receipts Audited
1	Formations	01	01	14,572.642	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2023-24, IDAP received both development and non-development budget allocations. However, the department was unable to fully utilize the allocated funds, leaving 6.29% of the development budget and 4.73% of the non-development budget unspent. The grant-wise budgetary position for FY 2023-24 is presented below:

Table 8.2: Variance analysis (Rs in million)

Grant & Nature	Deposit received	Revised deposit received	Expenditure	Excess/ (Saving)	Variation
Development	19,188.314	-	17,981.811	(1,206.323)	(6.29)
Non-development	1,942.214	-	1,850.349	(91.865)	(4.73)
Total	21,130.528	-	19,832.16	1,298.368	(6.14)

Source: Budget & Expenditure statements of the Authority

8.2 Classified Summary of Audit Observations

Audit observations totaling Rs 703.722 million were raised during the audit of the Infrastructure Development Authority, Punjab. This amount includes recoveries of Rs 703.722 million identified by the audit. The summary of the audit observations, classified by nature, is as follows:

Table 8.3: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	Irregularities:	-
(i)	Irregularities resulting in overpayments	18.282
(ii)	Irregularities resulting in non-recoveries	685.440
	Total	703.722

8.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit year 2018-19 is as under:

Table 8.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	2018-19	02	-	02	-
	Total	02	-	02	-

8.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

8.4.1 Overpayment due to paying excess lead beyond what was warranted – Rs 14.367 million

According to Condition No. 5 of the Finance Department's letter No. RO (Tech) F.D 2-3/2004, dated 2nd August 2004, materials such as base, sub-base, CR masonry, stone boulders, and stone pitching must be sourced from the nearest approved quarry, and the shortest route must be used for their transportation.

8.4.1.1 The Chief Executive Officer, IDAP Lahore, in two instances, executed civil works items through contractors: "*Providing & laying sub-base course of stone product of approved quality...*" and "*Providing & laying base course of stone product of approved quality...*". Payments were made to the contractor at rates of Rs 97.40 per cft and Rs 120.14 per cft, respectively, based on a lead distance of 136 km from Sikhawali quarry to the project site in Mianwali. Audit observed that the Authority calculated the lead from Sikhawali quarry instead of the nearest approved quarry, Musa Khel, which is only 21 km away. This resulted in inflated rates and avoidable additional costs.

Violation of FD's instructions resulted in overpayment to the contractors amounting to Rs 11,380,917.

Audit pointed out the overpayment in March 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. Regarding DP No. 6 & 25, the Authority explained that it had thoroughly explored the option of sourcing aggregates from the nearest point. However, the required quantity and quality were reportedly unavailable at the time. Despite efforts to secure materials locally, the nearest quarry could not meet the project's requirements. Audit contended that during the same period, the C&W Department had been procuring aggregates from the Musa Khel quarry, making the

Authority's claim of unavailability unfounded. Audit further emphasized that materials should be sourced from the nearest quarry and transported via the shortest route, per the Finance Department's instructions. The Committee directed the Authority to produce documentation substantiating the unavailability of aggregates from the Musa Khel quarry, which necessitated procurement from Kirana Hills. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends prompt recovery of the overpaid amount, fixing responsibility for the lapse, and strengthening internal controls to prevent the recurrence of such issues.

DP No.06&25 (2023-24 Phase-II)

8.4.1.2 The Chief Executive Officer, IDAP Lahore, paid item "*Subsequent carriage of crushed stone aggregate/bajri at site from Sikhanwali quarry with a lead of 136 km,*" for a quantity of 678,562.55 cft at the rate of Rs 50.44 per cft. Audit observed that the Authority incorrectly calculated the MRS rate by including cost of chains, which was already included in the rate from the first kilometer (KM-01), resulting in an inflated rate calculation.

Violation of FD's instructions resulted in an overpayment amounting to Rs 2,985,675.

Audit pointed out the overpayment in March 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. The Authority admitted the audit's viewpoint and explained that an amount of Rs 2,985,675 would be recovered in the contractor's next Interim Payment. The Committee directed the Authority to ensure the recovery and have it verified by Audit within 60 days. Compliance with the Committee's directives had not been reported till the finalization of this report.

Audit recommends prompt recovery of the overpaid amount, fixing responsibility for the lapse, and strengthening internal controls to prevent the recurrence of such issues in the future.

DP No.01 (2023-24 Phase-II)

Note: The issue was also reported in the audit report for the year 2022-23 under para No. 9.4.2, with a financial impact of Rs 3.201 million. The recurrence of the same irregularity is a matter of serious concern and highlights the need for immediate corrective measures.

8.4.2 Overpayment due to non-reduction of the rate for watering, ramming, and dressing – Rs 3.915 million

As per rule 7.29 of DFR, “before signing the bill, Sub-Divisional Officer should compare the quantities in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct”.

The Chief Executive Officer, IDAP Lahore, paid item “*Excavation in foundation of building and other structures in ordinary soil up to 5 feet, etc.*,” which included the cost of filling around the structure, watering, and ramming. Audit observed that the excavated earth was disposed of, and therefore, the filling, watering, and ramming were not carried out by the contractor. Consequently, the composite rate should have been reduced accordingly during the payment process.

Violation of DFR Rules resulted in overpayments amounting to Rs 3,915,412.

Audit pointed out the overpayment in March 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. In both cases, the Authority accepted the audit contention and explained that the deduction would be made upon reconciliation of the final quantities of excavation, backfilling, and disposed material at the closure of the project. The Committee directed the Authority to ensure the due recovery is effected. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends prompt recovery of the overpaid amount, fixing responsibility for the lapse, and strengthening internal controls to prevent the recurrence of such issues in the future.

DP No.38&46 (2023-24 Phase-II)

Irregularities resulting in non-recoveries

8.4.3 Non-recovery of mobilization advance and acceptance of counterfeit bank guarantee – Rs 635.314 million

According to Clause 60.12 of the Agreement, mobilization advance i.e. 15% of the amount of the respective equipment shall be released after approval of relevant submittals of the equipment and provision of bank guarantee of an equal amount.

The Chief Executive Officer, IDAP Lahore, paid a mobilization advance amounting to Rs 677,479,320 on 22.06.2023 against a counterfeit bank guarantee issued by JS Bank Ltd, and without the submission of import documents against HVAC systems and elevators. Audit observed that the mobilization advance was disbursed without proper verification of the bank guarantee and import documents of the equipment. Subsequently, upon confirmation of the bank guarantee, it was revealed to be fraudulent as per the letter dated 01.03.2024 issued by the Head of Import Guarantee, Loans & MIS, JS Bank Ltd, Karachi. The Authority has recovered Rs 42,165,511, a balance amount of Rs 635,313,810 remains unrecovered. Therefore, the Authority neither recovered the balance amount of mobilization advance nor initiated any action against from the defaulting contractor.

Violation of contractual obligations resulted in the non-recovery amounting to Rs 635,313,810.

Audit pointed out the non-recovery in March 2024.

The para was discussed during the SDAC meeting held on 18th July 2024. The Authority explained that due to the contractor's slow progress, Sub-Clause 63.1 of the contract agreement was invoked. Subsequently, the contractor filed a civil suit against IDAP in the Civil Court, Lahore, which suspended the Certificate of Default. Following this, the contract was terminated, and the Authority proceeded with encashment of the mobilization advance guarantee. However, the bank informed the Authority that the mobilization advance guarantee was fake and linked the performance guarantee to the court's status quo

order. Consequently, a complaint was filed with the Banking Ombudsman against the bank. Additionally, the Authority initiated criminal proceedings against the contractor through FIA and NAB, along with blacklisting the contractor nationwide. Audit emphasized the need to bring these proceedings to their logical and legal conclusion. The Committee directed the Authority to vigorously pursue the matter to minimize the loss to the exchequer and ensure project completion by utilizing all available legal avenues. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends a departmental inquiry to determine any laxity in departmental actions that contributed to significant financial exposure. Furthermore, it advises taking adequate legal actions, ensuring early recovery, and strengthening internal controls to prevent the recurrence of such issues.

DP No.48 (2023-24 Phase-II)

8.4.4 Non-recovery of excess salaries and allowances beyond what was admissible – Rs 48.883 million

As per orders of the Supreme Court of Pakistan dated 20.08.2018 and subsequent orders dated 16.11.2018, based on the report submitted by NAB vide C.M.A No.2406/2018, it was directed that the salaries/other amounts received over and above Rs 300,000 in excess of their entitlement be recovered and deposited from each officer serving in the government of the Punjab within two months.

The Chief Executive Officer (CEO), IDAP, Lahore, along with the General Manager (HR & Admin), General Manager (Business), Manager (Procurement), and Director, received salaries and allowances exceeding the permissible limit of Rs 300,000 per month, in violation of the applicable criteria. Audit observed that these officers, employed by the Government of Punjab, were drawing salaries from IDAP ranging between Rs 500,000 and Rs 1,100,000 per month, resulting in significant financial irregularity. Detail is as under:

(Amount in Rs)

Sr No.	Designation	Salary drawn per month (Rs)	Period of salaries paid	Salaries paid for total period	Admissible salaries for total period	Overpayment
1	CEO	1,100,000	27.04.16 to 19.04.18	22,322,956	1,910,807	20,412,149
2	General Manager (Admin)	540,000	24.05.16 to 19.04.18	11,137,088	1,948,292	9,188,796
3	General Manager (Business),	540,000	06.06.16 to 19.04.18	10,832,841	1,812,864	9,019,977
4	Manager (Procurement)	325,000	30.06.17 to 19.04.18	3,451,069	1,159,005	2,292,064
5	Manager (Procurement)	325,000	22.07.16 to 14.01.17	1,650,861	331,846	1,319,375
6	Director	700,000	01.01.17 to 02.05.18	9,554,086	2,903,286	6,650,800
Total						48,883,161

Non-compliance with the orders of the Supreme Court of Pakistan resulted in the non-recovery of Rs 48,883,161.

Audit pointed out the non-recovery in April 2018.

The paras were discussed in SDAC meeting held on 28th February 2024. The Authority explained in all cases that the salaries were paid after due process of approval by the competent authority in line with IDAP Human Resource Manual formed under the IDAP Act, 2016. Audit contended that Supreme Court of Pakistan directed for effecting recoveries over and above the limit of Rs 300,000 per month from the government servants. Compliance with the Court orders was not reported till finalization of the report.

Audit recommends early upto date recovery of overpaid salaries from the officers besides fixing responsibilities against officers, who made payments of excess salaries/emoluments under the PEEDA Act, 2006.

DP No.71, 72, 78 & 79 (2017-18)

8.4.5 Non-recovery of late delivery charges/liquidated damages - Rs 1.243 million

As per Clause 7(d) of the Special Conditions of Contract under “Penalties / Liquidated Damages,” late delivery charges or liquidated damages shall be calculated at the rate of 0.1% per day of the cost of the undelivered quantity of goods. The total liquidated damages shall not exceed 10% of the cost of the goods delivered late.

The Chief Executive Officer, IDAP Lahore, awarded a contract for the "Supply, Installation, Commissioning, and Maintenance of Anesthesia Equipment (Package No. 5)" for MCCCH and Nursing College, Mianwali, at a cost of €61,896 for equipment and €1,200 for an extended warranty. Audit observed that the delivery of the consignment was contractually required within 120 days of the opening of the Letter of Credit (L.C) on 28th April 2022. However, the consignment was delivered on 13th December 2022, which was 109 days beyond the agreed deadline. Despite the delay, no penalty was imposed by the Authority for the late delivery, contrary to the terms of the contract.

Violation of contractual obligation resulted in the non-recovery of liquidated damages amounting to Rs 1,243,305.

Audit pointed out the non-recovery in March 2024.

The para was discussed in the SDAC meeting held on 18th July 2024. The Authority admitted the audit observation and explained that 80% payment amounting to EURO 49,516.80 against the LC had been made by the Bank on the arrival of shipping documents. However, the remaining 20% payment amounting to EURO 12,379.20 had yet to be paid. The late delivery charges amounting to EURO 4,951.68 were applicable and would be deducted from the remaining 20% payment against the LC. Audit informed the Committee that while the Authority admitted the actual recovery, it had not yet been effected. The Committee directed the Authority to ensure the actual recovery was made and verified by Audit within 60 days. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues.

DP No.15 (2023-24 Phase-II)

CHAPTER - 9

CHOLISTAN DEVELOPMENT AUTHORITY

9.1 Introduction

A. Description of the Authority

The Cholistan Development Authority (CDA) was established under the Cholistan Development Authority Act of 1976 to facilitate rapid development and improve administration in the Cholistan area of Bahawalpur Division. The CDA's territorial jurisdiction covers approximately 6.6 million acres (26,933 square kilometers) across all three districts of Bahawalpur Division: Bahawalpur, Bahawalnagar, and Rahim Yar Khan. In terms of land area, the CDA oversees a significant portion of Bahawalpur Division.

The major functions of the Cholistan Development Authority include the provision of drinking water for both humans and livestock, infrastructure development to facilitate the residents of Cholistan, and efforts to bring barren lands under cultivation. These initiatives are aimed at improving the living conditions and promoting sustainable development in the Cholistan region.

The P&D Board, Government of Punjab, is the administrative department of the Authority. The Authority is composed of a Chairman, Managing Director (MD), and several members representing various government departments and bodies. It is headed by the Chief Minister of the Punjab or a Minister nominated by the Government of the Punjab, who serves as its Chairman, while the MD of CDA acts as the Vice-Chairman. The Authority's headquarters is located in Bahawalpur.

CDA is an autonomous body that relies on government grants and generates income through leases and transfer fees for its financial viability.

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2023-24, the Authority received budget through both development and non-development grants of Government of the Punjab. Grant wise budgetary position (variance analysis) for FY 2023-24 is presented below:

Table 9.1: Variance Analysis*(Rs in million)*

Grant No and Nature	Budget Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %	Revenue
Non-Development Budget					237.962
PC-21031	237.041	217.318	(19.723)	(8.32)	
Development Budget					
PC-22036	1,690.227	1,309.868	(380.359)	(22.50)	
Total	1,927.268	1,527.186	(400.082)	(20.76)	

Source: Departmental figures for the year 2023-24

9.2 Classified Summary of Audit Observations

This report includes audit observations amounting to Rs 124.157 million. This amount also includes recoveries of Rs 14.657 million as pointed out by the Audit. Summary of audit observations classified by nature is as under:

Table 9.2: Classification of audit observations*(Rs in million)*

Sr. No.	Classification	Amount
(i)	Irregularities resulting in non-recoveries	14.657
(ii)	Irregularities resulting in loss to government	109.500
Total		124.157

9.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1991-92 to 2011-12 (excluding years not discussed in PAC) is as under:

Table 9.3: compliance with PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1991-92 to 1999-00	21	-	21	-
2	2000-01	04	-	04	-
3	2009-10	04	-	04	-
4	2010-11	03	-	03	-
5	2011-12	07	-	07	-
Total		39		39	

9.4 AUDIT PARAS

Irregularities

Irregularities resulting in non-recoveries

9.4.1 Less recovery of property rights/lease rent - Rs 14.657 million

As per Para No. 11 of the Law and Parliamentary Affairs Department's notification No. 2107-2019/754-CL(I) dated 13.09.2019, the price of land, whether paid as a lump sum or in six equal half-yearly installments from the date of determination of eligibility for the grant of proprietary rights, will be recovered. Further, in the case of installments, a markup on the unpaid balance amount shall be payable at a rate of 10.25% per annum. In the event of a default in the payment of an installment, an additional markup of 13.5% will be charged.

MD CDA, Bahawalpur, allotted property rights to 27 allottees under various schemes during the fiscal year 2019-20. However, the audit observed that the department recovered only Rs 29.218 million out of the due amount of Rs 43.875 million, despite a considerable period having passed.

Violation of policy resulted in a shortfall in recovery amounting to Rs 14,656,801.

Audit pointed out the less recovery in August 2024.

The para was discussed in SDAC meeting held on 29.11.2024. The Authority admitted that notices were served for recovery and efforts were under process. Audit contended that the department may expedite the recovery along with late surcharge from the defaulter(s). The Committee directed the Authority to effect recovery from the defaulter(s) within 90 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of outstanding dues from the defaulters along with late surcharges.

DP No.20 (2024-25)

Irregularities resulting in loss to government

9.4.2 Non-realization of lease rent - Rs 109.500 million

As per paragraph 4(c) of notification No. 2107-2019/754-CL(I), dated 13.09.2019, issued by the Government of Punjab, Colonies Department, the lessee is required to pay the arrears of rent along with an annual increase of 10%.

MD CDA, Bahawalpur leased out 225,775 Acres land to 13,117 allottees residing in Cholistan for temporary cultivation and recovered the dues on account of lease rent up to FY 2019-20. Audit observed that the department did not recover the lease rent amounts from the period 2020-21 to 2023-24 due to non-notification of lease rents by the Board of Revenue.

Non-realization of lease rent resulted in a loss of Rs 109,500,687.

Audit pointed out the loss in August 2024.

The para was discussed in the SDAC meeting held on 29th November 2024, in which the Authority explained that lease rent was received according to Board of Revenue vide notification No.2016-2019/754-CL(1) Dated 13.09.2019 applicable up to 30.06.2020, however, after that period revised lease rents were under approval by the BoR. Audit contended that Authority may take up the matter for early notification by BoR regarding application of monthly lease rents and accordingly its recovery from the allottees. The Committee directed the Authority to pursue the case with BoR rigorously and effect recovery accordingly. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that the BoR be approached to issue the notification regarding lease rents, so that the outstanding lease rent can be realized.

DP No.25 (2024-25)

CHAPTER – 10

PUNJAB DAANISH SCHOOLS & CENTRES OF EXCELLENCE AUTHORITY

10.1 Introduction

A. Description of Authority

The Punjab Daanish Schools and Centres of Excellence Authority (PDS&CEA) was established under “Punjab Daanish Schools and Centres of Excellence Authority Act 2010” promulgated by Governor of the Punjab on February 24, 2010. The Act paved the way for providing quality Elementary, Secondary and Higher Secondary Education to under privileged and other segments of society.

The Authority operates and manages a unique combination of Boarding Schools (Daanish) and Day Schools (Centres of Excellence). The schools are spread all across the Punjab to cater for quality education for students belonging to the most marginalized and other sections of the society, focusing upon upward social mobility and literacy across the Province.

This report is based on audit of construction of buildings of PDS&CEA in various districts of the Punjab.

Table 10.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited	Revenue/ Receipts Audited
1	CEO, PDS&CEA	01	01	1,678.400	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2023-24, the Authority received budget through both development and non-development grants of Government of the Punjab. Grant wise budgetary position (variance analysis) for FY 2023-24 is presented below:

Table 10.2: Variance analysis*(Rs in million)*

Grant No and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants					
PC-21015	4,421.000	4,421.000	3,646.000	(775.000)	(17.53)
Development Grants					
PC-22036	2,500.000	1,300.000	1,299.000	(1.000)	(0.08)
Total	6,921.000	5,721.000	4,945.000	(776.000)	(13.56)

Source: Departmental figures (FY 2023-24)

10.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 48.589 million were raised as a result of audit of PDS & CEA. This amount also includes recoveries of Rs 16.560 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 10.3: Overview of Audit Observations*(Rs in million)*

Sr. No	Classification	Amount
1.	Irregularities	-
(i)	Irregularities resulting in overpayments	16.560
(ii)	Irregularities resulting in loss to government	32.029
	Total	48.589

10.3 Comments on the status of compliance with PAC directives

No compliance was made with PAC's directives on Audit Report relating to Audit years 2012-13 to 2015-16 is nil. Detailed breakdown of PAC directives (year wise) is given below:

Table 10.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	2012-13	36	-	36	-
2	2013-14	07	-	07	-
3	2014-15	21	-	21	-
	Total	64	-	64	-

10.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

10.4.1 Overpayment due to application of higher rate than permissible as per the FD template: Rs 8.645 million.

According to FD's Instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized (Non-MRS) item must be approved by the SE, specifying the materials used and their rates as per FD's website. The standardized analysis should be used, as far as possible, to calculate the rate of the non-standardized item. A copy of each analysis, once approved by the competent authority, should be sent to the FD Technical Cell for scrutiny and standardization. Additionally, the standard template for the item "P/L Fair Face Gutka" was approved in FD's letter No. RO (Tech)FD-11-13/2022 dated 9th March 2022.

Managing Director of Punjab Daanish Schools and Centres of Excellence Authority, Lahore, got the item "*Providing and Laying Fair Face Work Using Gutka*" executed and made payments for it. Audit observed that, in two (02) instances, the Authority paid higher rates than the admissible rates as per the FD's approved template. The detail is as follows:

(Amount in Rs)

DP No.	Item	Quantity sft	Rate paid	Rate to be paid	Difference	Amount
25	Providing and laying fair face work using Gutka 9" x 2-1/4" x 3" laid in (1:1:3) cements and surkhi etc	58715	246.1	132.4	113.67	6,703,173
7	Providing and fixing fair face work using Gutka 9"x2-1/4"x2-1/4" laid in (1:1:3) cement/sand/surkhi i/c cost of 8 SWG wire in shape of 8 placed horizontally and vertically at 36	52613.34	128	113	15	1,941,907
Total						8,645,080

Violation of FD's instructions resulted in an overpayment of Rs 8,645,080 to the contractor.

Audit pointed out the overpayment in February 2024.

The para was discussed in SDAC meeting held on 2nd September 2024. In DP No. 25 the Authority explained that rate analysis was correct and payment was made accordingly. Audit contended that rate analysis prepared by the Authority was not correct. The Committee directed the Authority to produce the complete record for verification regarding rate analysis as per FD template. In DP No.7, the Authority explained that the item of Gutka 9"x2 1/4"x2 1/4" had been approved as a substitute item instead of previously approved item of fair face bricks by the competent forum on 17.03.2022. Rate analysis of the substituted item on the basis of 2nd Bi-Annual 2016, had been approved by the competent authority in the light of contract obligations. Audit contended that the rate may be calculated on FD template 2022 using input rates of 2nd Bi-annual 2016 and recover the overpaid amount if any. The Committee referred the para to FD for obtaining advice regarding implementation of template retrospectively. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery besides fixing the responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.25&7(2023-24 Phase II)

10.4.2 Overpayment due to application of incorrect item of earthwork excavation – Rs 7.915 million

According to the Sub-Soil Investigation Report by the consultant dated 15th December 2016, the project site area consisted of sand, clay, and silt. Furthermore, as per Chapter 3, Item No. 1(a) of the MRS for the 2nd Bi-annual 2016, District Bhakkar, a rate of Rs 1,980 per %cft was payable for the item "*Earthwork excavation undressed lead up to a single throw of Kassi, Pharroah, or shovel in ashes, sand, soft soil, or silt clearance.*"

The Managing Director of the Punjab Daanish Schools & Centres of Excellence Authority (PDS&CEA), Lahore, paid the item "Earthwork excavation undressed lead up to a single throw of Kassi, Pharroah, or shovel etc" with higher rate of ordinary soil instead of sandy/soft soil. Audit observed that, according to the sub-soil investigation report, the project site area consisted of sand, silt, and clay, therefore, the correct rate of Rs 1,980 per % cft was to be paid instead of Rs 2,376 per %cft.

Violation of MRS resulted in an overpayment of Rs 7,914,678.

Audit pointed out the overpayment in February 2024. The Authority explained the audit observation was made on the basis of only four test reports. Audit contended that soil was sandy/soft as per test reports, hence recovery be made from the contractor.

The para was discussed in SDAC meeting held on 2nd September 2024. The Authority explained that the soil was mixture of salt, sand and clay in different ratios. It was not soft soil, therefore, rate of ordinary soil was paid. Audit reiterated its stance. The Committee directed the Authority to refer the para to the Technical Wing of FD for obtaining advice. Compliance with the Committee's directives had not been reported as of the finalization of this report.

Audit recommends early recovery from the contractor and action against the person(s) responsible.

DP No.22(2023-24 Phase II)

Irregularities resulting in loss to government

10.4.3 Loss of revenue due to encroachment and non-leasing out of land– Rs 32.029 million

According to Rule 3 of the Land Lease Regulations 2018 of the Punjab Daanish Schools & Centres of Excellence Authority (PDS-CEA), the Managing Director (MD) is authorized to approve the lease of land for a period of 3 to 5 years. Furthermore, as per Rule 8 of the Punjab Daanish Schools and Centres of Excellence Authority Rules 2012, the Principal or Headmaster is solely responsible for preventing

any encroachment on school property and is prohibited from entering into any contract with any individual, body, or organization without the formal approval of the Authority or a person authorized by the Authority

The Managing Director of the Punjab Daanish Schools & Centres of Excellence Authority, Lahore did not lease out the graze land 2476 acres through open auction for generation of revenue. Audit observed that, due to the non-leasing of the land, 190 acres were encroached upon and failure to auction the 2286 acres land resulted in a substantial loss to the government.

Violation of Land Lease Regulations 2018 resulted in loss amounting to Rs 32,028,501.

Audit pointed out the loss in February 2024.

The para was discussed during the SDAC meeting held on 2nd September 2024. The Authority explained that the regarding ejection of encroached land and assessment of auction able land, the matter had been taken up with the concerned Deputy Commissioner (DC). Audit contended that the matter may be taken up with the concerned DCs for early removal of encroachment and determination of price of land for expedite auction. The Committee directed the Authority to ensure the removal of the encroachment and to lease out the land. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends that efficient efforts be made for the prompt leasing of the land and that internal controls be strengthened to prevent the recurrence of such issues in the future.

DP No.31(2023-24 Phase II)

Chapter-11

IMPACT AUDIT OF URBAN WATER SUPPLY SCHEME CHAKWAL CITY (BASED ON KHAI DAM)



11.1 Introduction

Impact audit is aimed at evaluating the effectiveness of initiatives/programs by assessing their ultimate outcomes and broader impact on target population. Unlike standard performance audit that focuses on output, impact audit delves deeper into cause and effect relationships, isolating variables to determine the outcomes directly attributable to an initiative. This approach marks a new era in public sector auditing, emphasizing the real-time benefits of government actions for the general public. In this context, DGAW-P conducted the impact audit of “*Urban Water Supply Scheme Chakwal City (Based on Khai Dam)*”.

11.1.1 Background

Nestled in the heart of Potohar Region in Northern Punjab, Chakwal boasts a rich history and a distinctive landscape. Situated 1,590 feet above sea level, the city spans approximately 4,344 acres. Its terrain is characterized by rugged mountains and an arid climate with minimal natural irrigation due to the absence of flat, fertile plains. According to

2023 Census, urban population of Chakwal city is 244,042¹⁴. The annual average rainfall of Chakwal city ranges between 400-500 mm¹⁵.

One of the most pressing issues for Chakwal's residents has been the provision of clean water for drinking and household use. An initial effort to address this challenge was made in 1992 with the introduction of a water supply scheme drawing water from Mial Springs, Khokher Zar Dam, and Kot Raja Dam. While this system met the city's needs at that time, ever-growing population over the years has led to a significant decline in water availability, necessitating urgent intervention to find a sustainable solution for the residents.

In response, many residents turned to extracting underground water using pumps or sourcing it through water bowsers. However, this costly approach failed to meet the growing demand and caused the underground water table to drop to alarming level of 550 feet, threatening the ecosystem. To cope with the threats to the ecosystem, the Project titled “*Urban Water Supply Scheme Chakwal City (Based on Khai Dam)*” was approved in 2014 at a total cost of Rs 547.6 million. The Public Health Engineering (PHE) Division of Chakwal was tasked with its execution.

11.1.2 Role of the Project

The project comprised of two components.

Component-I:

Taking 2 cusecs of water from Khai Dam through gravity, filtering it to make it potable, and connecting it to the already functional Tetral Water Works of Chakwal city. This component was expected to directly address the city's water deficit by adding 2 cusecs of water to the existing supply, reducing the shortfall. This component posed minimal environmental impact as it involved gravity flow from the dam and filtration. However, there would be a need for ensuring water quality management and dam conservation.

¹⁴ <https://PBS.gov.pk/>

¹⁵ <https://wordpress.com/>

This component involved installation of water filtration plant of two cusecs capacity at dam site and construction of a gravity main to supply water from filtration plant to Tetral Water Works.

Component-II:

Installing 16 tube wells, each with a capacity of 0.25 cusecs, in the vicinity of Bhaun village to exploit underground water resources and supply 4 cusecs of water to the city. This component was designed to meet with the increasing water demand by tapping into groundwater reserves. This component had a potential environmental concern related to over-exploitation of groundwater. Continuous monitoring would be required to ensure sustainable groundwater levels and prevent depletion or degradation of underground water resources.

This component involved activities like acquisition of land for installation of tube wells and construction of water works, installation of tube wells, construction of overhead reservoir, ground storage tank along with chlorination room, and laying of water distribution network to supply water to Chakwal City.

11.2 Overview

According to PC-I, the city's available water capacity in 2014 was 1.62 MGD, sourced from Mial Spring, Khokher Zer Dam, and Kot Raja Dam with tube wells. This fell significantly short of the 2014 water requirement of 2.86 MGD, creating a 1.24 MGD deficit. The shortfall was projected to reach 2.48 MGD by 2024 and 4.25 MGD by 2034, underscoring the urgent need for a long-term solution¹⁶. Before the project's commencement, Chakwal's water supply system served 35% of the project area (4344 Acres) leaving 65% unserved.

11.2.1 Objectives of the Project

The stated objectives as per PC-I of the project are enumerated as below:

- To augment the existing water supply system in Chakwal to meet the present water shortfall.

¹⁶ PC-I

- To supply water to unserved areas of Chakwal city.

11.3 Scope and Methodology of Audit

11.3.1 Scope of Audit

The scope of Impact Audit is to assess the causal effect of the project on the targeted population. The audit evaluated various aspects of the Government intervention with focus on determining whether the scheme had effect regarding provision of potable water to the targeted population.

11.3.2 Methodology

The assessment of the project's impact was conducted by analyzing specific impact indicators both with and without the project interventions, using a treatment group and a control group. The treatment group consisted of the beneficiaries of the project, while the control group included individuals who were not directly impacted by the project. This comparative analysis helps in assessing the effectiveness and influence of the interventions on the targeted population.

The impact analysis primarily relied on primary data. A survey featuring questions related to specific impact indicators was conducted among a sample of beneficiaries. The unit of analysis included project beneficiaries such as residents, traders, and tourists. To ensure diverse insights, beneficiaries were randomly selected for surveys and interviews. The analysis compared the pre-project and post-project conditions of the beneficiaries to evaluate the project's impact.

The audit team conducted physical inspections of various sites, including the Khai Dam water reservoir, the water filtration plant, water pipelines, and the water works site at Tetral. Water samples were collected for laboratory testing. Additionally, extensive public surveys and interviews with 102 individuals were conducted to evaluate the project's actual impacts on their lives.

The audit team also reviewed available record including PC-I, running bills, and other relevant documents. Interviews with XEN PHE,

municipal committee staff, and personnel responsible for the scheme's operation and maintenance were conducted to gather comprehensive insights.

To assess the project's impact, a pre-post analysis method was used, examining data from two years prior to the scheme's implementation. The following issues and respective indicators were used to measure changes before and after the project's execution.

Issues	Indicators
Addressing the issue of water short-fall	<ol style="list-style-type: none"> 1. Sufficiency of water supplied to already served areas 2. Sufficiency of water supplied and number of new connections
Provision of potable water	<ol style="list-style-type: none"> 1. Number of new connections issued 2. Lab Test Reports of water samples to check quality of water 3. Public perception about the quality of supplied water
Improvement in general public health & hygiene	<ol style="list-style-type: none"> 1. Reduced incidence of waterborne diseases 2. Savings in healthcare costs 3. Improved perception about access to potable water 4. Adoption of good hygiene practices 5. Improvement in quality of life

11.3.3 Audit Surveys

In the served areas, a random sample of 71 individuals was interviewed, while in the unserved areas, a random sample of 31 individuals was selected for interviews.

11.4 Overall assessment

The project mitigated groundwater depletion, eased economic strain, and improved potable water access for 35% of Chakwal City's households but fell short of its overall objectives. It failed to expand supply to the remaining 65% of unserved areas and could not ensure a sustainable potable water supply even for the 35% already served. These shortcomings stemmed from critical planning deficiencies, including the underestimation of population growth and reliance on unsustainable water sources, ultimately undermining its long-term viability.

11.5 Audit Findings

The following audit findings were made based on the responses of survey along with a review of documents, field visits, and laboratory test reports.

11.5.1 Faulty Planning Parameters Leading to Non-Achievement of Long-term Impact

The project, initiated in 2014, was aimed at addressing the current and future water needs of Chakwal city. At that time, the city's available water supply capacity was 1.62 MGD, with the population recorded in the PC-1 document as 143,092. The estimated water requirement was 2.86 MGD. Planning documents projected water demand to rise to 4.10 MGD by 2024 and 5.87 MGD by 2034. To meet this anticipated demand, an additional 6 cusecs (3.23 MGD) of water was planned to be sourced from alternative supplies.

According to the National Drinking Water Policy (2009), issued by the Ministry of Environment, Government of Pakistan, the recommended safe water availability for urban areas is 120 liters per person per day. As per the 2017 Census, the population of the city was 138,214, which increased to 244,042 people as counted in Census of 2023, reflecting an annual growth rate of 9.97%. Considering this growth rate, the population is projected to reach 268,373 people by 2024. Based on the National Drinking Water Policy, the estimated water demand for this population in 2024 will be 7.08 MGD. However, despite

the addition of 2 cusecs of water from Khai Dam, the city's current water supply capacity remains 2.7 MGD.

Audit findings indicate that even if the project management had succeeded in adding 4 cusecs of water from Dharabi Dam, the total water supply capacity would reach 4.86 MGD. This would still record short fall of the city's actual water requirement by 2.22 MGD. Furthermore, for the 35% of the city's population currently being served, the water demand was calculated to be 2.48 MGD in 2024 and is expected to increase to 2.73 MGD by 2025, based on the 9.97% annual population growth rate. Consequently, the water supply capacity would already be insufficient to meet the needs of the served population by 2025.

The foregoing analysis highlights the department's faulty planning, which underestimated Chakwal city's rapid annual population growth rate of 9.97%. Consequently, the projected water demand was significantly lower than the actual requirements. The reliance on adding 6 cusecs of water from alternative sources, prima facie, tantamount to over estimation. This additional supply of water will not deem to be sufficient to meet the city's long-term aqua requirement. Furthermore, the planning failed to prioritize equitable distribution, leaving significant portions of the population without adequate access to water.

11.5.2 Failure to Provide Potable Water to Previously Unserved Areas

The project aimed to address two critical objectives: augmenting the existing water supply and providing sufficient potable water to the 65% of unserved areas in the city. While the project succeeded in the former, it failed to extend clean drinking water to unserved areas. The reasons for this failure and its implications are detailed below.

11.5.2.1 Causes of Non-Achievement of Objective

1. **Unrealistic Planning Regarding Groundwater Extraction:**

The initial plan to install 16 tube wells near Bhaun Village, each with a capacity of 0.25 cusecs, ignored lowering water table. Extracting 4 cusecs from the aquifer risked falling water table, jeopardizing the local community's access to water for

agriculture and domestic needs. This oversight led to strong opposition from the affected population and resulted in a writ petition (W.P No. 313/2015) filed in the Lahore High Court. The lack of foresight in predicting these challenges reflects a critical gap in stakeholders' engagement and environmental impact assessment during the planning phase.

2. **Unresolved Issues with Dharabi Dam Water Source:** After abandoning the tube wells plan, the project shifted to sourcing water from Dharabi Dam. A revised PC-1 was prepared, and tenders were floated. However, procurement issues arose as the lowest bid exceeded permissible limits of acceptance of tender over the estimated cost of the project. Subsequent tendering attempts failed due to non-participation, reflecting flaws in cost estimation and risk assessment. No further efforts were made to arrange for additional water sources.
3. **Partial Implementation and Governance Shortcomings:** The Planning and Development Working Party (PDWP), in its 31st meeting held on 25th-Oct-2021 eventually capped the scheme after partial completion, directing the Public Health Engineering (PHE) Department to prepare a new PC-1 for sourcing water from Dharabi Dam or another viable source. Despite clear instructions, the PHE Department failed to act and new PC-1 was not initiated to resolve the issue. This reflects governance inefficiencies and poor project management, which have resulted in 65% of the city's population still lacking access to potable water.

11.5.2.2 Impact of Partial Completion of the Project

The incomplete execution of the project has had significant adverse effects, including water scarcity in unserved areas, where a large segment of the population continues to rely on costly and less sustainable alternatives like water bowsers and domestic water bores. This failure to supply potable water has led to a compromised quality of life, negatively impacting hygiene, increasing vulnerability to waterborne diseases, and imposing economic strain on households. Additionally, the project's inability to fulfill its objectives has

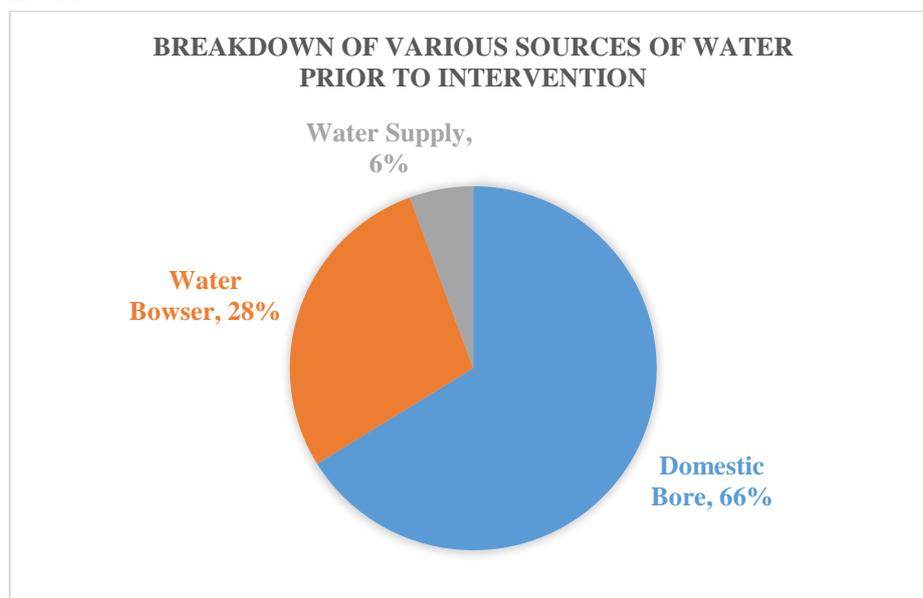
undermined developmental goals, limiting its contribution to overall urban development and equitable resource distribution.

The foregoing reveals flaws in the department’s planning, which underestimated Chakwal city's 9.97% population growth, resulting in water demand projections that were too low. The reliance on 6 cusecs from alternative sources was insufficient for long-term needs. Additionally, the failure to ensure equitable distribution left many without access to water. The project’s inability to deliver clean water to un-served areas highlights issues in planning, stakeholder engagement, risk management, and governance, with unrealistic projections and unresolved procurement issues undermining its objectives.

11.5.3 Addressing Water Shortfall and Quality Issues in Served Areas

11.5.3.1 Transition in Water Sources Post-Scheme Implementation

In response to the public survey question about water sources used before the implementation of the scheme, 66.2% of respondents stated they relied on domestic bores, 28.17% reported using water bowser, and only 5.63% had access to the existing water supply system, though they noted that the water provided was insufficient to meet their needs.



These results signify the following:

- The majority of respondents (66.2%) relied on domestic boreholes as their primary water source, a practice that significantly contributed to the depletion of underground water levels and posed a serious environmental sustainability challenge. By transitioning this population to the project's water supply system, the intervention effectively mitigated the over-extraction of groundwater, addressing a critical environmental concern while ensuring a more sustainable and reliable water source for the community.
- A significant proportion of respondents (28.17%) relied on water bowsers, a source described as expensive and indicative of economic strain for those who depended on it. This highlights that over a quarter of the population faced financial challenges due to the high costs associated with obtaining water through this method. The reduced reliance on costly water bowsers following the scheme's implementation demonstrates its success in providing a more affordable and accessible alternative, thereby alleviating economic stress on households and improving their financial well-being.
- A smaller group (5.63%) relied on the previously existing water supply system but reported that it was insufficient to meet their needs. This indicates that the system, which originally served only 35% of the city, was inadequate even within those areas. By addressing these shortcomings, the intervention has significantly improved water availability for the already served 35% of the city.

11.5.3.2 Sufficiency of Supplied Water

Quantity of Supplied Water: In the served areas, all respondents (100%) reported that the water supplied through the scheme was sufficient to meet their needs, demonstrating its high effectiveness in addressing water scarcity. Additionally, improved water pressure further reflects the scheme's success in meeting demand where implemented. However, the continued lack of coverage in unserved areas underscores a critical gap, highlighting the need for expansion to ensure equitable and universal access to clean and sufficient water.

Timing of Water Supply: Water is supplied daily for one hour in all wards with established supply lines, with adjustments made as needed for technical or administrative reasons, such as maintaining equal pressure distribution, machinery maintenance, or addressing power outages. While this system ensures a consistent daily water supply, the limited duration presents challenges in fully meeting varying user needs and managing unforeseen disruptions. Therefore, there is potential for further optimization to enhance reliability and adaptability.

11.5.4 Provision of Potable Water

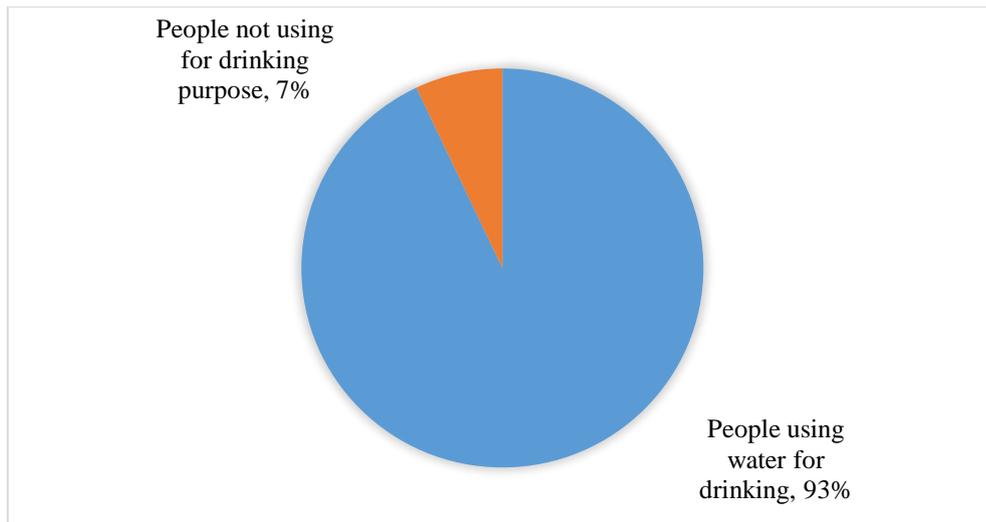
Audit examined the quality of the water supplied by testing samples from various sources and analyzing public trust through a survey. The findings are discussed in the following sections.

11.5.4.1 Laboratory Test Reports

During the site visit, water samples were collected directly from the dam, filtration plant, water works, and water taps in several houses. These samples were then tested at the District Water Testing Laboratory, PHE Division Chakwal. The laboratory reports showed that the water from the dam was unfit for drinking, but after undergoing filtration, it met all the required standards for human consumption. This demonstrates the effectiveness of the scheme in providing potable water, emphasizing the crucial role of filtration plants in ensuring water quality.

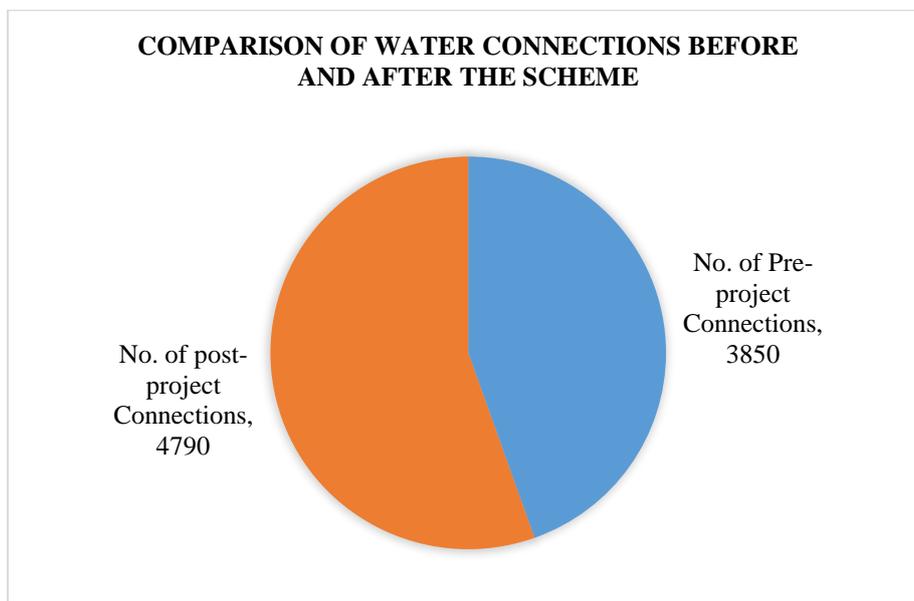
11.5.4.2 Public Perception about the Quality of Supplied Water

Public trust in water quality is strong, with 92.96% of respondents using the supplied water for drinking. However, 7.04% of respondents continue to rely on alternative sources, such as underground bores or home filtration plants, reflecting lingering skepticism. This calls for improved quality assurance and targeted awareness campaigns to address concerns and further build trust among this dissatisfied segment of the population.



11.5.4.3 Increase in Number of New Connections

The increase in the number of new water connections serves as a tangible indicator of the project’s impact and its importance to the community. The number of connections in the already served areas rose from 3,850 to 4,790, reflecting an addition of 940 connections—a significant 24.4% increase. This growth in connections suggests that the project has expanded accessibility to piped water, allowing more households to benefit from a reliable water source. This directly contributes to improved living standards, hygiene practices, and reduced reliance on alternative sources like water bowsers and domestic bores.



11.5.5 Improvement in cleanliness

Cleanliness is directly linked to the availability of water, and during the survey, people were asked about improvement in cleanliness due to increased water access. In the served areas, 100% of respondents expressed satisfaction, noting significant improvements in their cleanliness, which highlights the positive correlation of cleanliness with water scheme.

11.5.6 Decrease in Medical Expenses Incurred on Water-Borne Diseases

This aspect of the impact audit could not be precisely measured for two main reasons. First, respondents lacked awareness of the exact expenses they incurred on water-borne diseases both before and after the implementation of the water supply scheme. Second, hospitals were unable to provide relevant data, as 65% of the city's population in Chakwal remained unserved, and no segregation of patients suffering from water-borne diseases recorded in hospital record.

Despite these limitations, 100% of the selected sample confirmed that the increased potable water supply has significantly improved their hygiene, leading to a noticeable reduction in the occurrence of water-borne diseases.

11.5.7 Maintenance Services by Municipal Committee

The operations and management of the water supply scheme fall under the sole responsibility of the municipal committee, as outlined in the project's PC-1. 100 % of the respondents showed trust in the administrative capacity of the management with regard to maintenance services of water supply scheme.

This responsiveness not only fosters public trust but also underscores the importance of effective governance in ensuring the scheme's sustainability. Timely maintenance and issue resolution are critical for the continued success of the project, as they directly impact the reliability of the service and the users' satisfaction.

However, sustained public trust and long-term viability of the project will depend on the municipal committee's ability to allocate adequate resources for operations, maintenance, and capacity-building. Ensuring consistent service delivery and addressing emerging challenges will be essential for the scheme's ongoing success and its ability to adapt to growing demand.

11.5.8 Improvement in Quality of Life of People

Water scarcity, whether for drinking, hygiene, or other essential uses, has a profound adverse effect on quality of life. The introduction of the water supply scheme has significantly alleviated this issue in served areas, leading to substantial improvements in the daily lives of residents.

The scheme has successfully increased the availability of water, eliminating the reliance on costly water bowsers and reducing the burden of fetching water from distant locations. These changes have not only saved time and financial resources for the residents but have also enhanced their overall well-being. Improved access to water has led to better hygiene practices, which, in turn, have contributed to a reduction in water-borne diseases, further improving public health and reducing medical expenses.

The foregoing demonstrates that the new water supply scheme has effectively reduced groundwater depletion, alleviated economic strain by eliminating costly water bowsers, and improved water availability, ensuring sustainable and reliable access, which has significantly improved residents' quality of life. However, the lack of service in unserved areas remains a critical gap, limiting the scheme's overall impact, as the increase in connections has been confined to already served regions.

11.6 Existing and Future Risks

1. **Limited Coverage:** Approximately 65% of Chakwal's population remains unserved by the water supply scheme. Without further expansion, a large portion of the population will

continue to rely on unreliable or costly water sources, which hinders the overall impact of the project.

2. **Maintenance and Sustainability:** The success of the scheme hinges on regular and effective maintenance, particularly of filtration plants and infrastructure. A lack of proper maintenance could lead to system breakdowns, water quality issues, and loss of public trust.
3. **Public Perception and Trust:** Although the majority of respondents trust the quality of the water, a small percentage remains skeptical. This ongoing mistrust may be attributed to past experiences or concerns about water quality. The perception gap could increase if there are any service disruptions or quality issues in the future.
4. **Resource Constraints:** Funding and resources may limit the expansion and sustainability of the scheme. As the city grows and demands for water increase, additional investments in infrastructure, maintenance, and capacity building will be necessary to meet future needs.

11.7 Recommendations

1. **Initiate a New Project for Unserved Areas:** Expedite the launch of a new water supply scheme to address the needs of the 65% unserved population in Chakwal city. This should involve leveraging Dharabi Dam or any other viable water source to extend the water network to unserved areas, thereby achieving universal access and addressing inequalities in water provision.
2. **Awareness Campaigns on Water Quality:** Conduct public awareness programs to address skepticism about water quality, particularly among the 7.04% of people not using the supplied water for drinking. Educate residents on safety standards and the benefits of using the water for all purposes. This will help in decreasing ground water extraction, preserving the ground water table.
3. **Strengthen Maintenance and Resource Allocation:** Allocate adequate annual resources for the maintenance of filtration plants, pipelines, and related infrastructure to ensure consistent water quality and reliability.

4. Community Engagement in Planning: Actively involve local communities in planning and decision-making processes to address concerns, mitigate resistance, and align projects with public needs.
5. Develop Alternative Water Sources: Explore sustainable alternatives like rainwater harvesting and water recycling to reduce dependency on limited groundwater resources and enhance water security.
6. Implement Monitoring Systems: Establish a robust monitoring framework to continuously evaluate water quality, public satisfaction, and system performance. Regular assessments will enable early detection of issues and ensure timely corrective actions.
7. Enhance Risk Management: Strengthen risk mitigation strategies to address challenges in procurement, financial planning, and administrative delays. Develop contingency plans to ensure project continuity under unforeseen circumstances.
8. Install Water Meters: Implement a consumption-based billing system through the installation of water meters to discourage wastage and promote efficient water use.

By adopting these recommendations, the water supply scheme can overcome existing limitations, enhance sustainability, and ensure equitable access to clean and affordable water for all residents of Chakwal.

11.8 Conclusion

The project successfully reduced groundwater depletion, eased economic strain, and improved potable water access for 35% of households in Chakwal city. However, its overall effectiveness was hindered by planning flaws, including an underestimation of population growth and dependence on unsustainable water sources. Additionally, the failure to expand supply to unserved areas has limited its impact, highlighting shortcomings in planning and governance.

To address these challenges a comprehensive approach is recommended. This includes launching a new water supply project for the unserved population, engaging communities in planning, finding alternative water sources, implementing robust monitoring systems, enhancing risk management and installing water meters for efficient use. By addressing these areas, the scheme can be optimized to achieve more sustainable water access for all residents of Chakwal.

CHAPTER-12

THEMATIC AUDIT

12.1 Theme: Parks & Horticulture Authorities’ Revenues Sub-Theme: Revenue Generation and Sustainability in Parks & Horticulture Authorities

12.1.1 Introduction

Parks and Horticulture Authorities (PHAs) play a pivotal role in enhancing urban life by providing recreational spaces, promoting urban forestry, and improving the aesthetic appeal in the province of Punjab. Operating under the administrative oversight of the Secretary Housing, Urban Development & Public Health Engineering Department (HUD&PHED), the PHAs are essential custodians of public green spaces.

The PHAs are empowered to generate revenue through various means such as advertisement fees, income from parks, fines, rental charges, and other sources. However, audit of its various formations over the years consistently highlighted significant challenges in revenue generation, which impede its ability to fulfill its mandates effectively.

In the light of these challenges, this thematic audit report delves into the core issues affecting revenue generation capabilities of PHAs. It aims to identify key problem areas, propose actionable solutions, and recommend strategies for improving revenue streams and ensuring the long-term sustainability of these authorities. By addressing these challenges, the report seeks to strengthen the PHAs capacity to fulfill its critical mission of creating and maintaining vibrant urban environments for the citizens.

12.1.2 Background

Major districts in Punjab witness rapid sprawling of urban areas. Lahore is projected to rise from the sixth to the third fastest-growing city worldwide by 2030.¹⁷ Growing urban area of Lahore at a rate of 7.1%

¹⁷ Karim, S. et al., Comprehensive geospatial analysis of urban expansion dynamic in Lahore, Pakistan (1998–2023), Journal of Urban Management, <https://doi.org/10.1016/j.jum.2024.11.012>

per annum since 2015, it is expected to get doubled by 2025 increasing to 1,320 sq. km.¹⁸

Moreover, comparison of 2017 and 2023 Censuses data further highlights a steady trend of increasing urbanization.

This growth underscores a rising demand for green spaces and recreational areas, placing greater responsibility on PHAs to expand and maintain these facilities to meet the needs of urban residents.

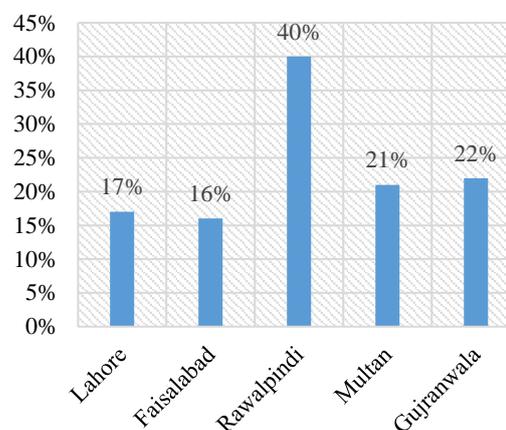
The PHA Act 2012, under Section 18, envisions that PHAs will generate revenues from its own sources to cover its expenses, supplemented by grants from the government. However, a review of revenue and expenditure data from past five years reveals that PHAs are incurring deficits, hence, becoming increasingly reliant on budgetary support from the Provincial Government.

Year wise data pertaining to surplus/deficit of the five PHAs are given below:

<i>(Rs in million)</i>					
Year	PHA Lahore	PHA Rawalpindi	PHA Faisalabad	PHA Multan	PHA Gujranwala
2019-20	(445.391)	(2.320)	(87.601)	55.810	(12.962)
2020-21	(562.672)	(88.647)	(74.599)	68.551	(21.929)
2021-22	(73.979)	(56.487)	59.400	71.125	8.787
2022-23	(938.270)	(30.907)	(14.593)	69.170	3.902
2023-24	(808.890)	(89.213)	(4.290)	(117.404)	17.417

All PHAs, except Multan, have consistently reported deficit over the years. PHA Multan has been an exception, maintaining surpluses

Percentage Increase in Urban Population from 2017 to 2023



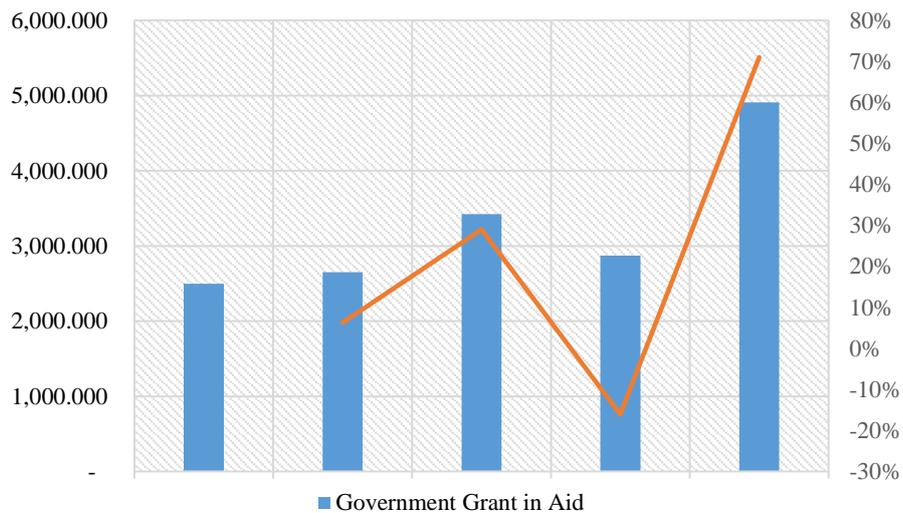
¹⁸ The Urban Gazette, January 2018 Issue

since 2019-20, but it recorded a deficit in 2023-24. PHA Lahore consistently reports the largest deficits, that maximized in 2022-23 amounting to Rs 938.270 million. Although there is slight improvement in 2023-24, it still holds the highest deficit amongst all PHAs.

PHA Gujranwala, after reporting small deficit in its early years, recorded surplus in the financial year 2021-22, reaching zenith of Rs 17.417 million in 2023-24. PHA Rawalpindi's deficit has fluctuated, with the largest recorded in 2023-24 at Rs 89.213 million. PHA Faisalabad showed improvement by achieving a surplus of Rs 59.400 million in 2021-22 after years of deficit, but deficit returned in subsequent years. However, by 2023-24, the deficit significantly reduced.

Furthermore, grant-in-aid to these PHAs has steadily increased over past five years, reaching Rs 4,909.726 million in 2023-24.

Year-wise Grant in Aid Trend



This growing reliance on government grants highlights the pressing need to evaluate the current revenue-generation practices of PHAs and identify inefficiencies and gaps.

Practical steps must be taken to improve financial performance to achieve financial sustainability and reduce dependence on government grants.

12.1.3 Establishing the Audit Theme

12.1.3.1 Reasons for Selection

The audit theme was selected due to the significance of revenue generation and sustainability for PHAs in the wake of increasing deficits. This focus is particularly relevant as the demand for recreational spaces and a healthy environment grows, driven by rising urban population.

12.1.3.2 Objectives

The audit objectives are as follows:

- *Evaluate Transparency in Bidding Processes:* Assess the fairness and transparency of bidding processes for leasing advertisement rights, shops, food courts, and other revenue-generating ventures managed by PHAs.
- *Identify Causes of Revenue Leakages:* Investigate the reasons behind revenue leakages and analyse systemic or operational factors contributing to these shortcomings.
- *Assess Compliance with Plantation Charges Policy:* Verify whether the mandated 1% plantation charges from all development schemes are being accurately collected and deposited into PHAs' accounts.
- *Review Future Revenue Enhancement Plans:* Examine any strategic or operational plans devised by PHAs to boost revenue generation and reduce reliance on government funding.

12.1.3.3 Scope

Scope of the audit activity is:

- To assess mechanism of for revenue collection and remittance, thereon, into bank account(s)
- To identify possible sources of revenue leakage
- To check if proper and complete record / system of assets is being maintained

- To check recovery of plantation charges from government departments as per FD's instructions
- To assess rationality of reserve prices of the amusement parks, canteens etc.

The audit scope excludes following areas:

- PHAs' operational activities, such as park maintenance and management
- PHAs' human resource management practices

12.2 Legal Framework for Revenue Generation by PHAs

The PHAs are governed by PHA Act 2012 which empowers the authorities to generate revenues from:

- Deployment of allocated public parks for provision of food, playing facilities, sale of plants, horticultural equipment, books or for any other purpose – section 10(6);
- Installation of billboard, sky sign or outdoor advertisement – section 12(8);
- Advertisements on vehicles – section 13(2);
- Maintenance or beautification of public park, green belt or green area in a privately developed area – section 15(3); and
- Fixed charges in accordance with a schedule of charges from the owner of the property for maintaining a green belt, which comes between the property and a public road, which the owner has failed to maintain in accordance with its directions – section 16(2)

12.3 Stakeholders and Government Organizations Identified as Directly/Indirectly Involved

Following stakeholders and government organizations are directly or indirectly involved:

- Parks and Horticulture Authorities, Punjab
- Government of the Punjab
- HUD&PHE Department
- Municipal Corporation
- Citizens

12.4 Role of Important Organizations

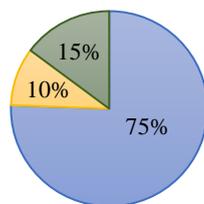
Following organizations play a crucial role in supporting PHAs revenue generation and financial sustainability efforts:

- Government of the Punjab which provides financial support and oversight.
- HUD&PHE Department, being the administrative/line department, is responsible for providing administrative and policy guidelines.
- Local government institutions which collaborate with PHAs in their drive to generate revenues and undertake sustainability initiatives.
- National and multi-national clients of advertisement agencies

12.5 PHAs' Financials

PHAs operations are financed through a combination of government grants and own-source revenues. Review of five years data pertaining to own source revenues shows that the Authorities generate 75% of their own source revenues from advertisement/publicity fees annually. The revenue is collected from various advertisement media

Major Sources of Own Revenue



- Advertisement/Publicity Income
- Income from Parks, Canteens & Nurseries
- Others

such as static / digital streamers, sky signs, shop boards, muppy signs, and shop signs etc. The other major source of revenue is income earned from parks which constitutes 10% of total annual revenues. This mainly comprises income from renting out of canteens, cafes, and

play areas. Other incomes consisting upon yield earned through bank deposits and miscellaneous revenues from shops/nurseries etc.

An analysis of the revenues of PHAs from 2019-20 to 2023-24 is presented below to gain meaningful insight into the main causes behind the increase/decrease observed over this period

(Rs in million)

Main Heads	2019-20	2020-21	2021-22	2022-23	2023-24
Advertisement income	1,063.119	717.201	1,563.224	1,993.621	2,301.766
Income from parks	94.496	151.852	234.821	229.962	233.981
Others	121.165	194.933	187.758	341.166	604.111
Total Revenue	1,278.780	1,063.986	1,985.803	2,564.749	3,139.858

Total revenue has nearly tripled from Rs 1,278.780 million in 2019-20 to Rs 3,139.858 million in 2023-24.

Advertisement income: It experienced a 32% dip in 2020-21 due to strict government lockdowns on public spaces during the Covid-19 pandemic. However, recovery accelerated in 2021-22 as receivables from previous years were collected. The revenue increase in 2022-23 and beyond is attributed to introduction of new outdoor advertisement contracts, expansion of advertising sites, and diversification of advertisement types by all PHAs.

Income from Parks: This component increased from Rs 94.496 million in 2019-20 to a peak of Rs 234.821 million in 2021-22, but has since remained relatively stable at around Rs 233.981 million in 2023-24.

In PHA, Gujranwala, there was an overall increasing trend of income, however, in PHA, Lahore income from parks declined from Rs 195.498 million in 2021-22 to Rs 159.800 million in 2023-24 which reflected an 18.26% drop. This decline is attributable to increase in rates for booking of parks as the same was not accompanied by better facilitation in park related services from PHA, driving away potential customers.

Other Income: Income from other sources has more than quadrupled, growing from Rs 121.165 million in 2019-20 to Rs 604.111 million in 2023-24. This rise is mainly seen in case of PHA, Lahore due to increase in NOC charges of private housing societies.

12.6 Audit Activity

12.6.1 Methodology

The audit methodology included both field and desk-audit activities, such as interviews, observations, record reviews, and trend analyses of financial data. Furthermore, audit observations raised by Field Audit Teams from 2019-20 to 2022-23 were reviewed to identify systemic and recurring issues related to the audit theme.

12.6.2 Audit Analysis

12.6.2.1 Review of Internal Controls

For this thematic audit, internal controls ensuring transparency in the bidding process were reviewed, along with controls related to revenue collection and remittance into bank accounts.

It was observed that the Authorities, in general, comply with PPRA Rules for awarding various contracts, with no significant deviations noted during the period under review. Regarding the revenue collection and remittance mechanisms of PHAs, inspectors are responsible for collecting revenues. Periodic installments of advertisement fees, rental charges, and similar payments are submitted as pay orders to PHA inspectors, who then issue a manual challan to the advertiser or contractor. The inspectors subsequently deposit the pay orders, along with a copy of the challan, into the PHAs' bank account.

The existing revenue collection and remittance system has several weaknesses:

- **Manual Processes:** The issuance of manual challans increases the risk of errors, delays, and potential misappropriation.
- **Concentration of Responsibilities:** Inspectors exercise broad discretionary powers, handling both the collection and deposit into the bank. This lack of segregation of duties creates opportunities for mismanagement or fraud.

- **Lack of Digital Oversight:** There is an absence of a digital oversight which prevents real-time monitoring, which is critical for ensuring transparency and accountability.

It appears that the existing system for revenue collection and remittance is outdated and inefficient, posing significant risks to transparency and accountability.

12.6.2.2 Critical Review

A critical review of the practices of PHAs vis-a-vis revenue generating activities has been done over the course of past five years, in the light of the framed audit objectives.

Revenue leakage is a broad term which refers to non-realization/collection of earned revenues by an entity. This includes issues related to non-collection of revenues, whether recently earned or long outstanding due to non-recovery. The audit of various formations of PHAs shows that receivables amounting to Rs 515.28 million are yet to be recovered.

Revenue leakages persist across all audited formations, with key issues outlined below:

A. Incorrect Pricing and Underestimation of Advertisement Rights

Accurately determining the reserve price is crucial to ensuring that revenue-generating assets are utilized optimally. However, in several cases involving PHAs in Lahore and Multan, incorrect pricing or underestimation of reserve prices has been observed.

Another major concern is the lack of accurate surveys of advertisement sites, which leads to undervalued contracts. For instance, PHA Multan conducted its annual survey in 2023 after a three-year gap, failing to account for market trends and rising prices. This led to the allocation of advertisement rights at nominal rates resulting in revenue losses.

B. Lack of Enforcement Capabilities

PHAs lack dedicated enforcement wings, hindering their ability to implement rules and hold violators accountable.

Section 28 of the PHA Act, 2012 mandates police assistance for PHAs in executing their functions. However, in practice, there is minimal coordination between the authorities and law enforcement agencies. Without a formal working relationship with the police, PHAs find it difficult to curb violations such as illegal encroachments and unauthorized advertisements.

Moreover, despite having sanctioned posts, PHAs do not have dedicated judicial magistrates. In Lahore, Multan, and Gujranwala, civil and session court judges handle cases on an additional-charge basis, with no follow-up mechanisms for realization of issued challans. The situation is worse in Faisalabad and Rawalpindi, where these positions remain vacant, forcing PHAs to issue challans directly. Consequently, PHAs have limited authority over the collection of fines and penalties.

C. Inability to Handle Pressure Groups

PHAs also face difficulties in recovering outstanding revenues due to their inability to manage pressure groups. Trade unions, in particular, have obstructed revenue collection from shop boards, signboards, and similar sources. Additionally, as a subsidiary of the Lahore Development Authority (LDA), PHA Lahore is susceptible to political pressures, especially when receivables involve politically connected individuals or organizations.

D. Unclear Geographical Jurisdiction

A major obstacle to revenue generation is the lack of clearly defined jurisdiction for revenue collection within various parts of the city. This is particularly evident in private and cooperative housing schemes, where PHAs have been unable to capitalize on revenue-generating opportunities from green areas, advertisement rights, and parks.

One key area of confusion is the boundary between PHA and the Defense Housing Authority (DHA) in Lahore. As DHA operates under its own rules for park maintenance and development, PHAs are excluded from horticulture activities within DHA's jurisdiction. Given DHA's substantial land area, this limitation results in significant revenue loss for PHAs.

E. Improper Inventory Management

Another major contributor to revenue leakage is poor inventory management. Several PHAs, including Faisalabad, Multan, Gujranwala, and Rawalpindi, lack a complete and properly maintained record of revenue-generating assets such as parks, green belts, and other public spaces.

PHA Lahore is comparatively better in this regard, utilizing internally developed software for record maintenance. However, a standardized and systematic approach to inventory management is needed across all PHAs to ensure transparency and efficiency.

F. Poor Customer Management

Customer satisfaction is a key component of an effective marketing strategy, yet PHAs lack structured customer service standards. Staff members are not adequately trained on service expectations, and there is no proper mechanism for gathering customer feedback or resolving complaints. As a result, PHAs miss opportunities to improve service quality and address customer concerns effectively.

G. Non-compliance with the Act by non-conducting External Audit

As per legal provisions, PHAs are required to conduct external audits by chartered accountants. However, PHAs in Lahore and Multan have failed to carry out regular external audits since 2019–20, raising concerns about financial transparency. Without proper audits, discrepancies, revenue leakages, and potential mismanagement remain undetected, making it difficult to ensure financial accountability and oversight.

Non-Compliance with Plantation Charges Policy

In accordance with the Chief Minister Punjab's directive issued on July 11, 2011, all development works executing departments and agencies were required to pay plantation charges at a predetermined rate to their respective PHAs. Subsequently, a Planning & Development (P&D) Board notification dated December 27, 2022, revised the fund collection and transfer mechanism. Under the new policy, P&D was mandated to deduct plantation charges at the source from approved project funds of the works departments, with allocations made to PHAs upon submission of horticulture sub-projects or schemes. The audit revealed several shortcomings in the execution of this policy:

- *Lack of Compliance with Earlier Directives:* Compliance with the original policy remained unsatisfactory. Many executing agencies failed to pay the requisite amounts to PHAs due to inadequate assessment, collection systems, and monitoring mechanisms, as noted in the minutes of the P&D Board meeting on November 30, 2022.
- *Disparity in Funds Received by PHAs:* Over the years, PHA Faisalabad and PHA Rawalpindi received significantly lower amounts compared to the Annual Development Program (ADP) allocations of the works departments/agencies.
- *Inconsistent Recovery:* While PHA Lahore successfully recovered full plantation charges from the Lahore Development Authority (LDA), it did not receive substantial funds from other departments, indicating inconsistent enforcement and collection efforts.
- *Lack of Accurate Financial Data:* PHAs lacked accurate records of plantation charges received and outstanding amounts from various departments, further complicating financial oversight and accountability.
- *Non-Implementation of the New Fund Transfer Mechanism:* Despite the revised mechanism introduced in December 2022, no funds have been received from the P&D Department to date, raising concerns about the effectiveness and enforcement of the updated policy.

H. Lacking Future Plans for Revenue Enhancement

Long-term revenue planning is crucial for the sustainable growth of PHAs. Currently, PHAs primarily focus on annual revenue generation for budget preparation rather than adopting a strategic, long-term approach.

PHA Faisalabad, in its Annual Business Plan for 2023-24, identified 15 potential income streams with an estimated revenue target of Rs 192.80 million. However, no further targets for 2024-25 were set in the Budget Book, and actual earnings amounted to only 3% of the projected target, highlighting serious implementation challenges. PHA Gujranwala has outlined future plans emphasizing park development and facility improvements, along with efforts to recover outstanding dues.

Despite these initiatives, a lack of long-term strategic planning for identifying new revenue streams and ensuring their successful implementation was observed across PHAs.

12.6.2.3 Significant Audit Observations

12.6.2.3.1 Less assessment of reserve price by applying incorrect rate – Rs 46.434 million

As per the minutes of the meeting chaired by the Additional Director General of PHA, Lahore, on August 16, 2023, the auction for shop board fee collection rights for FY 2023-24 was approved. It was decided that fees would be collected from both individual and branded shop owners for boards affixed to shop façades. Additionally, PHA would collect advertisement fees for publicity boards installed in parking areas or rooftops.

PHA Lahore awarded a contract on October 21, 2023, for shop board fee collection at a rate of Rs 22 per sq. ft./month for the first year. However, the scheduled rate for FY 2023-24 was Rs 22.667 per sq. ft./month, resulting in an under-assessment of the reserve price, amounting to a loss of Rs 12,601,498. The contract stipulated a 10% rate increase for the second year, setting it at Rs 24.20 per sq. ft./month.

However, the scheduled rate for FY 2024-25 was Rs 26 per sq. ft./month, causing an additional revenue loss of Rs 17,003,520.

Similarly, PHA Multan awarded an advertisement contract in FY 2023-24 for Rs 200,750,000, only 1% higher than the previous year's bid. This minimal increase resulted in a potential revenue loss of Rs 16,830,000, considering a standard 10% annual increase.

DP No 639, 647, 726 (2024-25)

12.6.2.3.2 Non-recovery of registration fee and advertisement charges – Rs 22.994 million

As per para 5(1) of Parks & Horticulture Authority Outdoor Advertisement Regulations 2017, the registered advertisers shall get the renewal on annual basis on payment of prescribed fee before 30th of June every year.

PHAs Lahore and Multan, in various cases, did not recover registration/renewal and advertisement fee from contractors, which resulted in a loss of Rs 22,994,487.

DP 655 (2024-25) Printed para No 3.4.7.2 (2022-23) DP No.286,287&288(2021-22)

12.6.2.3.3 Non/less recovery of 1% plantation charges from development projects – Rs 2,038.62 million

As per Chief Minister Punjab's directives (No. PSO/DS/CMS/11/0T47 (B) 0104636, dated July 11, 2011), executing authorities and agencies were required to allocate 1% of the estimates for development schemes towards tree plantation and horticulture works. This amount was to be subsequently transferred to the respective Parks and Horticulture Authority (PHA).

PHAs in Lahore, Rawalpindi, and Faisalabad recovered or received reduced amounts of plantation charges from various departments, including C&W, Irrigation, and WASA, which were involved in executing development projects. This led to the non-recovery or less-recovery of 1% plantation charges for various development projects resulting in a financial shortfall of Rs 2,038.62 million.

DP No. 619, 782(2024-25 Phase-I), DP No. 131, 163(2022-23)

12.6.2.3.4 Non/ Less recovery of arrears of advertisement fee and rental charges – Rs 515.28 million

According to sub-section 8 of Section 12 of the Parks and Horticulture Authority Act 2012, “the Authority may charge such fees for the grant of permission for installation of a billboard, sky sign or outdoor advertisement as the Authority may approve”. Further, the para 7 of Parks and Horticulture Authority Outdoor Advertisement Regulations 2017 states that “the charges for shop signs will be levied and collected by the Authority according to the rates and manner prescribed from time-to-time”.

PHAs Lahore, Gujranwala, Multan, Rawalpindi did not recover the arrears of advertisement fee and rental charges for previous years. This resulted in non-recovery Rs 515.28 million.

(Annexure-XXVIII)

12.7 Departmental Responses

The issues raised during financial year 2023-24 were not discussed in SDAC meetings. However, departmental response in respect of issues raised in the form of audit observations pertaining to the theme from 2019-20 to 2022-23 is detailed/listed down below:

A) Non/ less recovery of 1% plantation charges - Rs 2,038.62 million

PHA, Faisalabad explained that matter had already been taken up with concerned departments for recovery of plantation charges at the earliest.

B) Non-recovery of registration fee and advertisement charges – Rs 22.994 million

The Authorities explained that notices had been served to concerned shop keepers, advertisers etc., however, there has been resistance from trade unions for payment. No record in this regard was provided to the Audit.

C) Non/less recovery of arrears of advertisement fee and rental charges – Rs 571.89 million

Authority explained that partial recovery has been made, whereas, for remaining amount, letters have been written to Additional Deputy Commissioner Revenue, Gujranwala for effecting balance recovery as land revenue.

12.8 Recommendations

To address financial vulnerabilities and enhance revenue generation, PHAs should implement the following measures:

1. Leveraging Technology for Accurate Revenue Assessment

- Adopt Geographic Information Systems (GIS) and online reporting platforms to improve accuracy in site surveys, ensuring all billboards, signboards, and leased grounds are mapped and monitored.
- Maintain transparent inventory and record-keeping systems to ensure all revenue-generating assets are accurately documented and utilized.

2. Strengthening Revenue Tracking and Financial Oversight

- Transition from manual to digital revenue tracking by implementing software for real-time monitoring, reporting, and analysis of financial transactions. This will increase accuracy, reduce human error, and improve financial transparency.
- Implement segregation of duties in the collection and remittance process to reduce risks of mismanagement.
- Conduct regular external financial audits to identify areas for improvement and ensure compliance with regulations.

3. Enhancing Pricing Mechanisms and Revenue Collection

- Strengthen internal controls on pricing mechanisms to prevent underpricing and incorrect pricing of advertisement contracts.
- Conduct third-party site surveys to determine accurate reserve prices, ensuring fair valuation of revenue-generating assets.
- Establish a dedicated enforcement wing to ensure compliance with financial and contractual obligations, take action against violations, and improve the collection of outstanding dues.

4. Strengthening Legal and Administrative Enforcement

- Improve coordination with law enforcement agencies to curb illegal encroachments, unauthorized advertisements, and other violations.
- Ensure clear jurisdictional demarcation to prevent conflicts over revenue collection and maximize revenue opportunities within city boundaries.

5. Developing a Customer-Centric Approach

- Establish a comprehensive customer service framework with clear service standards, policies, and procedures to improve stakeholder engagement.
- Implement effective feedback mechanisms to capture and address customer concerns, ensuring better service quality.

6. Implementing a Structured, Long-Term Business Strategy

- Develop structured, long-term business plans that focus on diversified income sources beyond traditional advertisement revenues.
- Make concrete efforts to enforce PHAs' jurisdiction within city limits in compliance with legal mandates, taking full advantage of revenue-generating opportunities.

12.9 Conclusion

This thematic audit has highlighted key issues affecting revenue generation such as incorrect pricing of advertisement rights, inadequate enforcement capabilities, political and trade union pressures, unclear jurisdictional boundaries, and poor inventory management have significantly contributed to financial shortfalls. Additionally, non-compliance with external audit requirements and ineffective implementation of plantation charge policies further weaken financial oversight and transparency.

Despite some efforts by PHAs, such as PHA Faisalabad's revenue enhancement plans and PHA Lahore's structured recovery process, a comprehensive, long-term revenue generation strategy remains absent across all formations. Without systematic reforms and accountability measures, PHAs will continue to struggle with financial

sustainability, limiting their ability to develop and maintain urban green spaces effectively.

12.10 References

The audit report relied on several sources of information, including:

- PHAs' financial statements, budget reports, audit reports of past five financial years (2019-20 to 2023-24)
- PHA's Act, Regulations, policies and procedures
- Observations of PHA's operations and activities
- Relevant laws and regulations

**Annexure-A: Memorandum for Departmental Accounts
Committee (MFDAC) Paras**

Annexure-A/1: C&W Department

Buildings

(Rs in million)

S#	DP #	Amount
1	4	0.575
2	5	5.159
3	9	38.194
4	10	0.500
5	11	0.910
6	12	0.115
7	13	4.458
8	14	0.187
9	15	0.803
10	16	0.836
11	17	2.004
12	18	24.723
13	19	41.261
14	21	0.874
15	22	2,109.148
16	23	0.056
17	24	0.258
18	25	0.194
19	26	0.412
20	27	0.276
21	28	1.625
22	29	0.170
23	30	15.121
24	31	0.666
25	33	16.325
26	34	318.094
27	35	22.383
28	36	57.293
29	40	0.561
30	41	13.470
31	42	-
32	51	678.613
33	59	4.547
34	64	3.120
35	67	7.213
36	68	4.322
37	69	1.111

S#	DP #	Amount
38	72	3.300
39	75	2.910
40	76	0.247
41	79	0.407
42	80	5.028
43	83	0.575
44	85	1.103
45	87	0.161
46	88	1.456
47	89	0.249
48	91	0.329
49	92	0.151
50	93	0.030
51	94	19.030
52	95	0.258
53	96	88.548
54	98	5.733
55	99	1.038
56	100	75.714
57	101	37.808
58	104	2.824
59	105	0.685
60	107	0.623
61	109	2.042
62	110	0.479
63	112	1.432
64	113	0.203
65	114	0.293
66	115	5.126
67	118	4.352
68	120	32.014
69	121	0.186
70	122	0.233
71	123	0.364
72	124	4.439
73	125	7.406
74	126	107.463

S#	DP #	Amount
75	127	311.826
76	128	-
77	129	223.527
78	130	292.221
79	131	0.599
80	132	9.850
81	133	51.210
82	135	241.890
83	136	178.971
84	137	-
85	138	31.453
86	139	0.537
87	142	23.248
88	143	14.430
89	144	2.556
90	145	1.067
91	146	55.471
92	147	4.555
93	148	469.589
94	149	-
95	150	4.489
96	154	0.231
97	155	2.414
98	157	6.845
99	158	582.165
100	160	0.947
101	161	32.571
102	162	20.181
103	163	1.130
104	164	5.682
105	165	3.310
106	166	13.114
107	169	1.500
108	170	6.744
109	172	24.426
110	175	3.085
111	176	0.304

S#	DP #	Amount
112	178	1.318
113	179	1,305.914
114	180	427.405
115	181	23.658
116	183	291.095
117	184	0.490
118	185	6.592
119	187	0.973
120	188	3.074
121	189	1.463
122	190	4.374
123	191	0.668
124	193	1.240
125	194	322.802
126	195	7.463
127	197	0.339
128	198	4.522
129	199	0.500
130	200	0.281
131	201	6.209
132	202	21.382
133	203	9.325
134	204	3.275
135	206	0.078
136	207	0.113
137	219	38.047
138	225	0.332
139	226	17.405
140	228	2.716
141	229	2.884
142	230	4.802
143	231	0.339
144	232	2.409
145	236	0.381
146	238	4.198
147	240	0.587
148	241	0.563
149	247	0.485
150	248	-
151	249	0.107

S#	DP #	Amount
152	250	3.428
153	251	-
154	252	6.496
155	253	0.703
156	254	4.500
157	256	0.383
158	257	1.863
159	258	1.792
160	259	2.981
161	261	812.218
162	264	214.136
163	269	49.962
164	270	3.692
165	272	0.896
166	273	8.900
167	274	2.789
168	275	96.613
169	278	3.866
170	279	22.091
171	280	64.031
172	281	0.885
173	282	175.214
174	284	186.869
175	287	14.517
176	288	0.091
177	289	6.183
178	290	0.789
179	291	12.470
180	292	140.150
181	298	34.775
182	307	47.093
183	310	17.038
184	311	13.084
185	312	23.408
186	316	14.123
187	324	1.232
188	325	1.433
189	328	1.448
190	330	1.525
191	333	438.156

S#	DP #	Amount
192	334	166.929
193	339	5.000
194	341	-
195	345	6,977.428
196	346	1.160
197	347	55.555
198	348	264.404
199	353	4.890
200	362	2.303
201	363	12.530
202	366	3.705
203	367	1.199
204	369	13.828
205	370	5.561
206	371	0.466
207	372	0.628
208	374	0.203
209	375	215.887
210	376	0.390
211	378	0.237
212	379	6.061
213	380	1.940
214	382	11.427
215	383	-
216	384	-
217	386	54.740
218	388	2.469
219	389	0.722
220	391	0.496
221	393	1.825
222	395	0.316
223	396	3.113
224	397	0.425
225	399	4.101
226	402	0.625
227	404	5.364
228	405	24.929
229	406	-
230	407	54.524

Highways**(Rs in million)**

S#	DP#	Amount	S#	DP#	Amount	S#	DP#	Amount
1	3	7.346	43	85	0.341	85	163	178.035
2	4	0.137	44	86	6.487	86	170	1.404
3	5	1.219	45	87	0.208	87	179	45.431
4	8	1.052	46	88	1.994	88	184	1.045
5	10	1.139	47	89	3.151	89	190	0.312
6	11	13.739	48	90	24.222	90	192	0.303
7	14	120.362	49	92	3.080	91	193	150.053
8	17	31.787	50	94	16.543	92	194	199.380
9	20	200.471	51	95	0.643	93	195	21.300
10	21	0.296	52	96	0.163	94	196	18.053
11	22	1.070	53	97	0.351	95	199	174.104
12	24	1.787	54	98	0.088	96	200	60.113
13	25	0.296	55	99	0.147	97	201	7.030
14	29	9.904	56	100	11.534	98	202	396.900
15	32	22.172	57	102	0.819	99	207	0.642
16	33	1.737	58	103	0.972	100	209	125.628
17	34	39.980	59	106	0.230	101	211	57.035
18	35	65.742	60	107	0.063	102	216	0.194
19	36	300.443	61	108	1.788	103	219	300.592
20	37	0.500	62	109	9.536	104	221	,089.311
21	45	2.838	63	110	60.630	105	222	7.282
22	48	0.224	64	111	0.172	106	223	634.895
23	49	0.501	65	112	0.355	107	227	0.901
24	53	4.836	66	113	7.606	108	228	2.919
25	54	235.455	67	114	0.508	109	229	6.361
26	57	29.081	68	115	10.323	110	230	0.931
27	58	1.301	69	116	0.164	111	236	0.888
28	63	11.405	70	117	2.484	112	237	2.757
29	65	11.219	71	119	116.859	113	238	7.757
30	66	25.481	72	125	5.553	114	246	200.510
31	68	3.183	73	128	0.554	115	249	0.600
32	69	6.575	74	133	30.732	116	253	1.619
33	70	2.469	75	135	1.096	117	256	679.937
34	71	10.639	76	137	6.490	118	257	0.232
35	74	2.343	77	138	897.136	119	258	0.420
36	76	0.741	78	140	1.491	120	259	4.853
37	77	53.537	79	145	20.063	121	269	44.125
38	78	4.474	80	146	312.173	122	271	54.723
39	79	87.360	81	149	1.079	123	273	98.954
40	80	58.240	82	151	29.444	124	275	0.750
41	81	0.749	83	152	35.648	125	276	11.781
42	84	1.831	84	155	0.457	126	277	1.990

S#	DP#	Amount
127	280	124.194
128	281	39.231
129	282	0.211
130	284	600.593
131	285	312.579
132	286	8.944
133	289	4.007
134	290	3.396
135	291	14.447
136	292	1.076
137	293	5.512
138	294	3.323
139	296	26.947
140	304	2.308
141	305	0.609
142	308	6.157
143	310	1.368
144	312	3.709
145	315	1.673
146	316	73.556
147	317	0.498
148	318	573.925
149	319	0.261
150	321	12.485
151	323	1.046
152	324	0.687
153	325	4.957
154	326	0.469
155	328	24.964
156	330	1.247
157	332	-
158	335	0.673
159	336	0.603
160	337	0.230
161	338	-
162	339	0.261
163	340	5.088
164	342	2,371.389
165	343	2,516.214
166	344	14.142
167	346	-
168	348	0.150
169	349	3.439
170	352	7,604.419
171	355	120.506

S#	DP#	Amount
172	358	0.565
173	359	0.729
174	361	34.980
175	363	19.461
176	364	0.725
177	365	0.305
178	366	0.437
179	370	1.337
180	371	5.744
181	375	84.983
182	378	10.000
183	380	122.638
184	384	6.059
185	393	47.738
186	396	2.267
187	401	0.396
188	403	3.139
189	405	49.903
190	406	0.153
191	407	0.710
192	408	2.574
193	410	65.425
194	413	0.151
195	414	0.114
196	415	1.395
197	416	0.134
198	417	0.074
199	418	3.206
200	420	0.797
201	421	1.595
202	423	1.083
203	424	0.923
204	426	14.213
205	427	0.138
206	429	0.328
207	430	192.229
208	434	9.989
209	437	130.444
210	439	5.133
211	440	11.636
212	441	5.311
213	442	6.738
214	443	14.218
215	444	7.954
216	445	0.207

S#	DP#	Amount
217	446	28.067
218	448	7.019
219	449	0.618
220	450	14.398
221	452	0.828
222	453	-
223	454	359.883
224	456	111.707
225	457	10.139
226	458	36.383
227	459	3.927
228	461	172.251
229	462	62.033
230	463	0.443
231	464	9.607
232	465	1.311
233	466	34.502
234	467	0.207
235	468	0.091
236	471	0.503
237	475	0.417
238	477	3.199
239	481	3.138
240	482	0.535
241	484	1.131
242	485	7.461
243	486	16.506
244	487	34.018
245	492	0.675
246	494	95.192
247	496	1.600
248	498	2.207
249	499	0.244
250	500	0.996
251	503	7.006
252	504	1.460
253	511	3.348
254	512	1.242
255	513	0.400
256	514	2.660
257	521	4.128
258	526	0.498
259	530	0.516
260	535	216.893
261	536	530.272

S#	DP#	Amount
262	538	2.429
263	541	4,979.372
264	545	20.303
265	546	37.967
266	557	32.226
267	561	128.822
268	562	430.724
269	566	5.170
270	567	85.150
271	568	0.239
272	569	37.874
273	570	-
274	571	568.245
275	575	0.287
276	577	0.257
277	586	946.870
278	587	116.995
279	588	60.061
280	589	10.889
281	590	36.479
282	595	14.057
283	596	997.498
284	604	0.427
285	608	48.783
286	610	8.174
287	612	0.810
288	614	23.617
289	616	40.874
290	619	13.488
291	620	1.153
292	622	26.829
293	623	8.241
294	624	19.230
295	625	0.474
296	626	8.964
297	628	1.349
298	629	81.562
299	630	9.224
300	631	459.601
301	632	1.462
302	633	29.455
303	634	2.181
304	638	27.837
305	639	2.156
306	640	7.888

S#	DP#	Amount
307	642	6.368
308	648	106.879
309	649	0.693
310	681	5.455
311	776	7.729
312	682	4.749
313	683	400.867
314	684	0.497
315	686	1.157
316	687	0.681
317	688	1,347.630
318	689	0.185
319	690	3.003
320	692	2.112
321	695	5.956
322	715	0.660
323	716	0.480
324	717	2.190
325	718	27.686
326	719	10.567
327	724	12.733
328	730	395.611
329	735	2.501
330	752	3.809
331	753	15.710
332	756	3.522
333	757	4.718
334	759	4.570
335	760	2.790
336	761	2.877
337	762	58.365
338	763	0.572
339	765	7.179
340	766	0.941
341	768	5.136
342	770	8.474
343	774	1.734
344	777	0.874
345	778	15.550
346	779	-
347	780	698.145
348	781	3.984
349	783	50.025
350	786	1.262
351	787	0.350

S#	DP#	Amount
352	789	5.897
353	790	0.851
354	793	0.236
355	794	4.203
356	797	1.455
357	800	44.366
358	805	0.435
359	806	7.285
360	807	5.057
361	809	0.323
362	812	48.240
363	815	89.457
364	816	46.543
365	817	1.702
366	818	0.488
367	823	84.824
368	650	3.665
369	651	0.334
370	654	20.277
371	655	0.240
372	657	532.147
373	658	939.335
374	659	-
375	660	80.051
376	663	7.865
377	664	24.946
378	671	0.702
379	672	0.130
380	675	1.262
381	679	2.425
382	680	1.327
383	696	3.502
384	697	29.822
385	698	0.156
386	699	0.190
387	701	10.537
388	702	8.421
389	707	82.546
390	708	2.233
391	712	0.035
392	713	0.123
393	714	0.526
394	729	3.470
395	737	220.632
396	773	8.940

Annexure-A/2: HUD & PHE Department

Development Authorities/Agencies

PHA Lahore

(Rs in million)

S#	DP #	Amount
1	2	1.341
2	3	3.594
3	4	1.008
4	5	0.964
5	6	1.261
6	7	6.553
7	8	5.405
8	9	9.310
9	11	5.206
10	12	7.134
11	14	2.570
12	15	9.460
13	18	0.663
14	19	0.405
15	20	0.531
16	21	0.920
17	22	-
18	23	1.323
19	24	1.195
20	25	1.341
21	26	0.480
22	27	1.343
23	131	0.448
24	132	0.561
25	133	0.131
26	134	0.060
27	135	0.493
28	136	0.057
29	137	31.300
30	138	1.430
31	139	4.964
32	140	32.027
33	141	3.292
34	142	4.664
35	143	2.000
36	144	0.500
37	145	15.050
38	146	3,727.550

S#	DP #	Amount
39	147	1.642
40	148	1.802
41	149	2.571
42	151	8.717
43	152	29.998
44	153	2.230
45	154	0.444
46	155	2.000
47	156	0.865
48	157	-
49	158	6.093
50	161	0.790
51	162	1.753
52	163	0.393
53	164	6.621
54	165	32.500
55	324	2.089
56	325	-
57	326	0.150
58	327	-
59	328	15.359
60	329	9.215
61	330	66.748
62	331	307.173
63	332	-
64	333	-
65	334	-
66	335	-
67	336	-
68	337	-
69	338	30.720
70	619	1,309.693
71	620	99.988
72	621	831.809
73	622	0.673
74	623	3.430
75	624	4.718
76	625	41.384

S#	DP #	Amount
77	626	0.180
78	628	-
79	629	36.113
80	630	0.250
81	631	552.850
82	632	2.895
83	633	0.200
84	634	25.148
85	636	-
86	637	11.842
87	638	0.077
88	639	12.601
89	640	46.741
90	641	112.500
91	642	182.124
92	643	455.000
93	644	72.800
94	645	30.096
95	646	-
96	647	17.004
97	648	50.328
98	649	-
99	682	1.516
100	683	-
101	684	-
102	685	-
103	686	14.482
104	687	0.122
105	650	0.436
106	651	1.668
107	652	0.462
108	653	1.861
109	654	3.523
110	655	1.110
111	656	2.394
112	657	3.697
113	658	3.121
114	659	3.777

S#	DP #	Amount
115	660	0.243
116	661	0.806
117	662	0.896
118	663	-
119	664	0.713
120	666	1.095

S#	DP #	Amount
121	667	8.682
122	668	1.411
123	670	-
124	672	0.385
125	673	0.548
126	674	1.000

S#	DP #	Amount
127	675	3.858
128	676	60.800
129	678	-
130	679	1.369
131	680	0.226

UD-Wing LDA

(Rs in million)

Sr.	DP #	Amount
1.	2	0.888
2.	3	1.111
3.	4	1.704
4.	6	1.761
5.	8	4.988
6.	9	6.102
7.	10	1.541
8.	11	1.245
9.	13	-
10.	14	-
11.	15	0.033
12.	16	0.703
13.	17	17.280
14.	18	15.446
15.	19	33.112
16.	20	-
17.	21	31.501
18.	22	34.708
19.	24	0.292
20.	25	604.395
21.	26	-
22.	27	0.315
23.	28	0.343
24.	29	0.511
25.	339	1,172.450
26.	340	653.374
27.	341	56.900
28.	342	104.510
29.	343	22.230
30.	344	1.000
31.	345	5,966.888
32.	346	80.000
33.	347	2,556.093
34.	348	30.000

Sr.	DP #	Amount
35.	349	0.236
36.	350	-
37.	351	-
38.	352	1.439
39.	353	2,464.790
40.	354	0.962
41.	355	0.139
42.	356	14.334
43.	357	85.210
44.	361	2.160
45.	362	5.481
46.	363	1.420
47.	364	0.738
48.	365	0.210
49.	366	8.802
50.	367	2.658
51.	369	0.204
52.	370	6.640
53.	371	-
54.	372	85.986
55.	373	354.476
56.	374	84.987
57.	375	-
58.	376	119.225
59.	377	-
60.	378	0.339
61.	379	5.550
62.	380	0.858
63.	381	2.600
64.	382	10.901
65.	383	-
66.	384	4.976
67.	387	30.196
68.	388	0.195

Sr.	DP #	Amount
69.	389	1.762
70.	390	8.679
71.	394	1.545
72.	395	642.555
73.	396	8.022
74.	397	13.183
75.	398	4.022
76.	399	0.481
77.	400	0.520
78.	401	0.410
79.	402	1.958
80.	403	3.064
81.	404	197.499
82.	405	2.113
83.	406	35.017
84.	407	0.542
85.	409	2.231
86.	410	0.348
87.	411	0.495
88.	412	9.647
89.	414	4.838
90.	415	0.696
91.	416	0.294
92.	417	0.692
93.	418	1.771
94.	419	4.146
95.	420	0.696
96.	421	0.083
97.	422	1.818
98.	423	0.273
99.	424	29.946
100.	425	0.187
101.	426	0.661
102.	427	3.452

Sr.	DP #	Amount
103.	428	40.172
104.	430	130.098
105.	431	173.464
106.	432	44.786
107.	433	0.380
108.	434	0.500
109.	435	0.358
110.	436	0.416
111.	437	18.778
112.	438	0.807
113.	439	324.896
114.	440	0.794
115.	441	0.148
116.	442	3.298
117.	443	4.640
118.	444	4.635
119.	447	1.135
120.	448	1.719
121.	449	9.645
122.	450	5.880
123.	451	0.787
124.	452	2.333
125.	455	297.653
126.	456	34.124
127.	457	2.684
128.	458	0.749
129.	459	33.302
130.	460	2,662.120
131.	461	6.575
132.	462	116.948
133.	463	32.203
134.	464	27.993
135.	465	2.798
136.	466	8.994
137.	467	0.723
138.	468	0.758
139.	469	0.089
140.	470	0.736
141.	471	0.366
142.	472	5.768
143.	473	11.273
144.	474	0.415
145.	475	1.857
146.	477	42.336
147.	478	0.412

Sr.	DP #	Amount
148.	479	160.613
149.	480	85.672
150.	481	7.341
151.	482	25.564
152.	483	572.943
153.	484	0.556
154.	485	0.422
155.	486	0.394
156.	487	1.403
157.	488	4.945
158.	489	33.044
159.	490	0.586
160.	491	56.669
161.	492	44.093
162.	493	20.090
163.	494	0.243
164.	495	13.341
165.	496	29.648
166.	497	2.864
167.	498	563.751
168.	499	0.134
169.	500	0.745
170.	501	2.000
171.	502	2.873
172.	503	1.555
173.	504	2.525
174.	505	-
175.	558	-
176.	559	-
177.	560	1,949.200
178.	561	493.200
179.	562	-
180.	563	-
181.	565	5.500
182.	567	-
183.	568	-
184.	569	-
185.	570	-
186.	571	-
187.	575	0.412
188.	576	606.905
189.	577	2,681.773
190.	578	2,735.000
191.	580	5.042
192.	582	1.000

Sr.	DP #	Amount
193.	583	-
194.	586	172.500
195.	587	3,264.000
196.	588	236.000
197.	589	-
198.	590	-
199.	591	5.160
200.	592	93.000
201.	593	-
202.	594	-
203.	595	-
204.	596	-
205.	597	-
206.	598	-
207.	599	-
208.	600	-
209.	601	-
210.	603	3.945
211.	604	0.780
212.	605	-
213.	607	-
214.	608	0.259
215.	609	-
216.	610	-
217.	869	2.479
218.	870	0.849
219.	871	-
220.	872	-
221.	873	-
222.	874	-
223.	875	-
224.	876	-
225.	877	-
226.	878	-
227.	879	2.802
228.	880	-
229.	881	-
230.	887	0.906
231.	889	6.138
232.	892	-
233.	894	0.599
234.	895	-
235.	896	-
236.	901	-
237.	907	372.300

Sr.	DP #	Amount
238.	911	-
239.	915	0.566
240.	916	-
241.	917	7.553
242.	918	-
243.	921	1.405
244.	924	0.785

Sr.	DP #	Amount
245.	927	-
246.	933	-
247.	936	-
248.	937	-
249.	943	66.290
250.	945	-
251.	951	0.342

Sr.	DP #	Amount
252.	956	666.400
253.	957	25.260
254.	958	414.614
255.	959	180.095
256.	960	105.255
257.	961	-

WASA LDA

(Rs in million)

S#	DP #	Amount
1	3	0.106
2	5	163.254
3	8	5.120
4	9	-
5	10	0.057
6	11	26.584
7	12	1.061
8	13	0.985
9	14	0.452
10	15	0.124
11	17	0.247
12	166	0.205
13	167	119.448
14	168	1.352
15	169	2.389
16	170	20.423
17	171	1.030
18	172	202.203
19	173	0.137
20	174	4.756
21	175	2.638
22	176	0.736
23	177	0.247
24	178	2.200
25	179	0.046
26	180	0.144
27	181	0.174
28	182	0.316
29	183	0.150
30	184	0.097
31	185	2.307
32	186	0.447
33	187	2.472
34	188	0.734

S#	DP #	Amount
35	189	0.385
36	190	0.143
37	191	6.413
38	192	1.224
39	193	0.642
40	194	0.578
41	195	3.623
42	196	0.649
43	197	39.818
44	198	0.406
45	199	0.306
46	200	11.973
47	201	0.359
48	202	0.307
49	204	0.242
50	205	0.130
51	206	0.250
52	208	4.451
53	210	19.675
54	211	0.702
55	212	0.459
56	213	1.381
57	214	0.069
58	215	0.263
59	216	0.133
60	217	26.945
61	219	0.207
62	220	7.801
63	221	0.083
64	222	0.100
65	223	0.101
66	224	0.269
67	225	0.105
68	226	0.583

S#	DP #	Amount
69	227	3.127
70	230	0.148
71	231	0.100
72	232	0.323
73	233	0.224
74	234	0.235
75	235	2.926
76	236	0.355
77	237	7.305
78	238	0.116
79	239	11.719
80	240	0.122
81	241	2.595
82	242	-
83	243	2.358
84	244	3.748
85	248	16.221
86	250	1.240
87	251	32.244
88	253	100.880
89	254	0.844
90	255	0.916
91	256	4.054
92	257	0.364
93	258	10.782
94	259	15.172
95	260	40.026
96	261	13.599
97	262	7.038
98	264	5.919
99	266	0.549
100	267	1.047
101	268	189.014
102	269	0.531

S#	DP #	Amount
103	270	92.358
104	271	0.695
105	272	107.780
106	274	36.400
107	275	2.044
108	276	0.627
109	277	4.790
110	278	2.630
111	279	0.578
112	280	1.536
113	281	0.087
114	282	0.081

S#	DP #	Amount
115	284	0.534
116	285	0.164
117	286	1.376
118	287	3.187
119	288	1.392
120	290	0.140
121	293	0.201
122	295	0.228
123	300	0.484
124	534	-
125	535	-
126	536	-

S#	DP #	Amount
127	537	-
128	538	-
129	539	-
130	540	-
131	541	-
132	542	-
133	543	-
134	544	-
135	545	-
136	546	-

PCBDDA Lahore

(Rs in million)

S#	DP #	Amount
1	301	243.074
2	303	5.626
3	304	119.192
4	306	7.525
5	307	5.486
6	308	30.900

S#	DP #	Amount
7	309	8.034
8	310	3.775
9	311	44.610
10	312	3.649
11	313	36.997
12	314	19.041

S#	DP #	Amount
13	315	12.130
14	317	495.656
15	318	168.835
16	319	13.427
17	320	3.220
18	322	3.789

RUDA Lahore

(Rs in million)

S#	DP #	Amount
1	506	699.240
2	507	138.600
3	516	33.330

S#	DP #	Amount
4	519	205.211
5	522	362.701
6	528	6,413.000

S#	DP #	Amount
7	529	2,784.864

PHA Faisalabad

(Rs in million)

S#	DP #	Amount
1	793	3.459
2	794	103.778
3	795	43.281
4	796	16.500
5	797	434.300
6	798	3.000
7	799	0.900

S#	DP #	Amount
8	800	-
9	801	-
10	802	434.300
11	813	3.929
12	816	-
13	817	-
14	818	23.196

S#	DP #	Amount
15	819	0.215
16	820	-
17	821	1.549
18	822	-
19	823	-
20	814	-

UD-Wing FDA**(Rs in million)**

S#	DP #	Amount
1	83	5,250.294
2	84	-
3	85	1.411
4	87	-
5	88	-
6	89	300.713
7	90	-
8	91	-
9	101	-

S#	DP #	Amount
10	108	5.523
11	110	7.808
12	112	35.942
13	113	0.501
14	114	0.529
15	116	27.408
16	118	1.259
17	119	4.631
18	120	78.074

S#	DP #	Amount
19	121	0.380
20	122	2.334
21	123	0.430
22	124	0.764
23	125	20.672
24	126	378.199
25	127	170.896
26	128	1.034
27	129	-

PHA Gujranwala**(Rs in million)**

S#	DP #	Amount
1	830	1.069
2	831	0.442
3	832	121.166
4	844	14.139
5	849	96.775
6	850	35.046
7	851	0.105

S#	DP #	Amount
8	852	0.250
9	853	0.529
10	855	0.585
11	857	0.223
12	859	4.377
13	860	0.345
14	861	2.033

S#	DP #	Amount
15	863	0.159
16	864	0.119
17	865	4.751
18	866	0.746
19	867	0.148
20	868	5.773

PHA Multan**(Rs in million)**

S#	DP #	Amount
1	706	0.817
2	716	1.039
3	717	22.224
4	718	6.108

S#	DP #	Amount
5	719	0.396
6	720	0.018
7	728	25.673
8	707	2.175

S#	DP #	Amount
9	711	0.156
10	712	1.692
11	713	0.112
12	729	1.799

UD-Wing MDA**(Rs in million)**

S#	DP #	Amount
1	1	32.467
2	2	0.208
3	3	0.766
4	4	36.225
5	5	2.580
6	6	0.184
7	7	7.338

S#	DP #	Amount
8	9	1.014
9	10	38.116
10	11	-
11	12	-
12	13	0.095
13	14	3.670
14	15	-

S#	DP #	Amount
15	18	0.495
16	19	0.271
17	20	0.690
18	21	1.042
19	22	4.848
20	23	0.129
21	24	-

S#	DP #	Amount
22	26	36.577
23	27	2.102
24	28	0.134
25	29	11.040
26	30	1.487
27	31	1,438.454
28	32	1.132
29	33	2.788

S#	DP #	Amount
30	34	10.205
31	35	21.427
32	36	3.512
33	37	51.562
34	38	32.467
35	39	0.060
36	550	-
37	551	-

S#	DP #	Amount
38	552	8.752
39	553	-
40	554	4.500
41	555	-
42	556	1,995.468
43	557	-

PHA Sargodha

(Rs in million)

S#	DP #	Amount
1	742	0.337
2	743	0.127
3	744	0.483
4	745	0.256
5	746	2.674
6	747	25.171
7	748	0.741
8	749	2.831
9	750	0.188
10	751	1.176

S#	DP #	Amount
11	752	25.171
12	753	2.866
13	754	7.945
14	755	1.452
15	756	4.366
16	757	6.819
17	758	1.188
18	759	5.139
19	760	19.469
20	761	-

S#	DP #	Amount
21	762	0.326
22	763	0.087
23	764	0.766
24	765	1.364
25	766	6.070
26	767	0.121
27	768	1.194
28	769	-
29	740	0.380

PHA Rawalpindi

(Rs in million)

S#	DP #	Amount
1	776	0.674
2	770	-
3	771	-
4	772	-
5	773	-
6	774	19.204

S#	DP #	Amount
7	775	0.180
8	777	0.505
9	778	1.000
10	779	0.198
11	780	-
12	785	37.495

S#	DP #	Amount
13	786	2.963
14	787	16.156
15	788	-
16	789	0.295

UD-Wing RDA

(Rs in million)

S#	DP #	Amount
1	40	1.029
2	41	535.581
3	42	19.082

S#	DP #	Amount
4	43	-
5	44	4,474.996
6	45	-

S#	DP #	Amount
7	46	3.029
8	47	-
9	48	-

S#	DP #	Amount
10	49	-
11	50	-
12	51	-
13	52	-
14	53	300.585
15	54	1.352
16	55	0.180
17	56	0.024
18	57	8.739
19	58	0.859

S#	DP #	Amount
20	59	9.701
21	60	0.098
22	62	3.727
23	63	0.084
24	64	2.101
25	65	0.707
26	66	0.093
27	68	0.621
28	69	1.095
29	70	1.200

S#	DP #	Amount
30	71	1.100
31	72	16.274
32	73	1.997
33	74	5.450
34	75	2.959
35	76	2.020
36	79	0.196
37	80	11.438
38	81	2.250
39	82	9.450

WASA RDA

(Rs in million)

S#	DP #	Amount
1	547	-

S#	DP #	Amount
2	548	4.306

S#	DP #	Amount
3	549	5.634

PHA DG Khan

(Rs in million)

S#	DP #	Amount
1	688	1.732
2	689	26.107
3	690	15.138
4	691	1.260
5	692	0.635
6	693	1.882

S#	DP #	Amount
7	694	12.555
8	695	1.933
9	696	0.984
10	697	5.420
11	698	187.502
12	699	6.190

S#	DP #	Amount
13	700	11.790
14	701	15.744
15	702	1.192
16	704	535.054

PHATA

(Rs in million)

S#	DP #	Amount
1	3	5.200
2	5	40.950

S#	DP #	Amount
3	7	12.048
4	8	107.598

S#	DP #	Amount
5	10	185.718
6	12	4.989

PHE

(Rs in million)

S#	DP #	Amount
1	2	3.422
2	4	9.342
3	5	0.222
4	6	16.656
5	7	33.112

S#	DP #	Amount
6	8	0.639
7	9	0.287
8	10	4.346
9	11	0.307
10	12	2.275

S#	DP #	Amount
11	13	3.877
12	14	0.081
13	15	4.742
14	16	0.435
15	17	0.437

S#	DP #	Amount
16	18	4.872
17	19	0.059
18	25	3.699
19	29	12.228
20	31	0.839
21	33	5.959
22	34	32.664
23	36	11.669
24	39	189.807
25	52	19.219
26	59	1.312
27	69	2.290
28	70	-
29	71	62.183
30	72	0.664
31	73	15.229
32	74	22.238
33	75	15.108
34	76	0.687
35	77	1.800
36	78	7.597
37	80	12.828
38	81	30.736
39	82	49.453
40	83	13.840
41	84	31.692
42	85	156.780
43	86	0.422
44	88	11.632
45	90	44.721
46	91	1.251
47	92	12.804
48	93	2.654
49	95	86.368
50	96	1.792
51	98	3.806
52	101	6.362
53	102	3.274
54	105	2.461
55	106	0.608
56	107	52.045
57	108	2.118
58	109	4.296
59	110	3.500
60	113	480.972

S#	DP #	Amount
61	114	10.557
62	115	4.866
63	121	1.581
64	122	564.275
65	124	4.670
66	125	1,167.122
67	126	287.871
68	127	-
69	128	767.374
70	129	69.396
71	130	9.130
72	131	3.768
73	132	2.545
74	133	7.497
75	134	0.610
76	135	40.985
77	136	49.839
78	137	16.443
79	138	-
80	139	-
81	143	0.098
82	146	1,215.880
83	149	36.582
84	160	0.120
85	161	4.209
86	162	7.045
87	164	0.259
88	166	7.911
89	167	0.380
90	168	0.043
91	170	1.218
92	171	3.209
93	172	22.501
94	176	38.613
95	177	2.520
96	178	0.467
97	179	0.614
98	180	26.625
99	182	13.046
100	183	0.647
101	184	0.971
102	186	6.328
103	187	0.276
104	188	0.884
105	189	0.700

S#	DP #	Amount
106	190	2.300
107	191	0.916
108	192	0.680
109	193	2.843
110	194	0.439
111	195	0.319
112	196	0.860
113	197	7.000
114	198	17.308
115	199	0.164
116	200	3.495
117	201	0.437
118	202	0.274
119	203	2.077
120	204	1.283
121	205	1.136
122	206	0.529
123	207	-
124	208	106.997
125	209	0.079
126	210	0.079
127	211	0.086
128	213	0.349
129	214	5.853
130	215	12.890
131	216	0.617
132	217	16.179
133	218	0.545
134	219	0.502
135	220	0.418
136	221	3.042
137	222	1.737
138	223	0.526
139	224	0.229
140	225	1.180
141	226	20.169
142	227	6.123
143	228	0.271
144	229	0.311
145	230	85.210
146	231	0.114
147	232	44.492
148	233	2.546
149	234	2.842
150	235	0.671

S#	DP #	Amount
151	236	0.507
152	237	0.172
153	238	0.189
154	240	0.993
155	242	0.542
156	243	43.270
157	244	1.616
158	245	3.309
159	246	51.051
160	247	0.217
161	248	0.985
162	249	53.698
163	250	0.587
164	251	16.749
165	253	5.656
166	254	28.800
167	255	1.115
168	256	0.844
169	257	0.220
170	259	97.582
171	260	3.805
172	261	6.289
173	263	33.662
174	264	25.443
175	265	115.443
176	266	1.617
177	267	0.327
178	268	7.879
179	269	0.600
180	270	21.563
181	271	1.871
182	272	1.215
183	273	43.772
184	274	3.215
185	275	12.333
186	276	1.311
187	277	45.642
188	278	1.704
189	279	30.496
190	281	43.349
191	282	3.494
192	283	2.550
193	284	54.756
194	285	12.187
195	286	48.171

S#	DP #	Amount
196	287	0.601
197	288	1.766
198	289	2.021
199	290	0.144
200	291	1.351
201	292	0.391
202	293	6.367
203	294	-
204	295	1.434
205	297	1.667
206	298	1.949
207	299	1.264
208	300	1.175
209	301	1.650
210	302	241.479
211	303	1.487
212	304	0.175
213	305	0.207
214	306	0.477
215	307	133.507
216	308	3.310
217	309	0.265
218	311	26.631
219	312	0.469
220	313	0.449
221	314	19.360
222	318	109.255
223	319	25.865
224	320	11.037
225	321	1.288
226	322	2.568
227	324	5.680
228	325	57.611
229	326	6.272
230	327	46.836
231	328	273.429
232	329	94.069
233	330	20.916
234	331	9.728
235	332	1.657
236	333	8.641
237	334	68.498
238	335	0.831
239	336	43.970
240	337	7.215

S#	DP #	Amount
241	338	44.366
242	339	1.905
243	340	0.884
244	341	4.000
245	342	3.704
246	343	1.056
247	344	1.171
248	345	43.494
249	346	5.517
250	347	2.417
251	348	1.004
252	349	0.766
253	350	0.104
254	351	2.029
255	352	0.176
256	353	0.865
257	354	0.157
258	355	4.595
259	356	15.370
260	357	0.391
261	358	0.326
262	361	6.007
263	363	4.792
264	364	2.814
265	365	94.618
266	366	131.414
267	367	132.912
268	368	0.403
269	369	1.505
270	371	33.542
271	372	110.503
272	373	7.500
273	374	92.219
274	375	26.256
275	376	4.832
276	377	1.318
277	378	3.086
278	379	2.896
279	380	9.435
280	381	0.321
281	383	0.839
282	384	3.709
283	385	1,990.820
284	386	2.129
285	387	35.070

S#	DP #	Amount
286	388	107.908
287	389	-

S#	DP #	Amount
288	390	-
289	391	-

S#	DP #	Amount
290	402	598.506
291	403	936.377

Annexure-A/3: Irrigation Department

(Rs in million)

S#	DP #	Amount
1	1	3.362
2	2	171.098
3	3	6.341
4	4	1.415
5	5	54.425
6	6	0.035
7	8	4.168
8	9	0.071
9	10	0.353
10	11	0.876
11	13	0.467
12	14	50.725
13	15	-
14	16	-
15	17	4.172
16	18	3.212
17	20	20.007
18	22	35.628
19	23	0.370
20	25	30.673
21	26	0.393
22	30	57.176
23	33	0.719
24	36	0.422
25	37	115.975
26	38	3.062
27	40	4.735
28	43	25.768
29	44	0.649
30	46	6.437
31	47	1.597
32	48	9.637
33	49	29.225
34	50	275.010
35	51	1.838
36	52	419.030
37	53	8.659

S#	DP #	Amount
38	54	27.246
39	55	8.118
40	56	2.096
41	57	3.740
42	58	0.333
43	59	12.791
44	60	6.945
45	61	0.709
46	62	2.229
47	63	0.981
48	64	8.717
49	65	3.090
50	66	6.506
51	67	0.927
52	68	0.925
53	69	1.308
54	70	7.674
55	71	18.197
56	72	1.318
57	76	3.151
58	77	5.485
59	78	2.152
60	79	308.027
61	80	52.647
62	83	0.175
63	84	397.971
64	86	32.981
65	87	8.201
66	90	0.553
67	93	61.044
68	95	428.379
69	96	6.842
70	97	34.305
71	98	5.384
72	99	0.345
73	100	2.886
74	101	31.440

S#	DP #	Amount
75	102	44.713
76	103	0.542
77	104	0.370
78	107	0.155
79	109	2.311
80	110	0.135
81	111	0.803
82	115	0.173
83	116	-
84	119	14.086
85	120	31.084
86	122	3.330
87	123	10.028
88	124	11.406
89	126	0.103
90	127	75.444
91	128	0.384
92	130	92.100
93	131	196.886
94	132	2.296
95	134	18.411
96	135	4.257
97	136	1.021
98	137	2.199
99	138	2.262
100	139	106.635
101	140	5.158
102	141	7.751
103	142	308.501
104	143	15.730
105	144	44.510
106	145	10.884
107	150	0.821
108	151	2.081
109	153	0.568
110	154	0.200
111	155	1.071

S#	DP #	Amount
112	156	0.688
113	159	0.348
114	160	0.683
115	162	0.169
116	163	0.173
117	164	0.245
118	165	0.337
119	166	0.414
120	167	0.869
121	168	1.224
122	170	0.361
123	172	2.458
124	173	0.353
125	174	0.353
126	175	0.300
127	176	1.567
128	177	0.644
129	178	1.244
130	179	59.042
131	180	0.423
132	181	0.423
133	182	0.970
134	183	-
135	184	3.882
136	185	11.704
137	186	87.641
138	187	0.258
139	188	3.033
140	189	49.238
141	191	553.899
142	192	4.766
143	193	4.898
144	194	0.297
145	195	3.570
146	196	0.898
147	197	0.554
148	198	0.413
149	199	15.372
150	201	0.419
151	202	3.484
152	203	14.083
153	204	0.365
154	205	0.514
155	206	16.033
156	207	2.980

S#	DP #	Amount
157	209	4.646
158	210	1.144
159	211	9.509
160	212	0.887
161	213	8.051
162	214	0.821
163	215	39.427
164	216	0.435
165	217	0.336
166	218	1.551
167	219	0.301
168	220	0.102
169	221	2.449
170	224	10.081
171	225	22.380
172	231	1.260
173	233	0.861
174	234	44.240
175	236	0.234
176	237	0.462
177	242	0.205
178	248	0.178
179	250	145.036
180	251	649.863
181	252	19.961
182	253	4.489
183	255	312.610
184	256	0.362
185	257	1.153
186	259	0.709
187	260	0.685
188	261	11.101
189	262	6.300
190	263	4.221
191	264	179.193
192	265	13.996
193	266	126.247
194	267	-
195	268	274.028
196	269	0.067
197	271	0.789
198	272	3.984
199	274	-
200	275	1.543
201	276	0.239

S#	DP #	Amount
202	277	0.296
203	280	1.120
204	282	-
205	286	121.856
206	289	626.779
207	290	-
208	293	37.019
209	297	111.026
210	298	1.514
211	299	3.042
212	301	3.337
213	303	10.580
214	304	3.592
215	306	10.258
216	307	172.497
217	311	37.368
218	312	52.084
219	313	21.612
220	314	89.231
221	321	90.825
222	323	1.304
223	324	21.265
224	325	2.519
225	326	1.549
226	328	3.482
227	329	4.100
228	330	169.115
229	331	0.907
230	332	3.153
231	334	34.190
232	335	42.390
233	336	334.303
234	337	352.055
235	338	38.700
236	340	-
237	341	153.296
238	343	1.507
239	344	3.022
240	345	15.290
241	346	20.355
242	347	1.226
243	348	17.400
244	349	3.542
245	350	1.804
246	351	8.237

S#	DP #	Amount
247	352	267.249
248	353	25.110
249	354	0.362
250	356	0.555
251	357	2.259
252	360	2.162
253	362	0.606
254	366	2.592
255	367	2.701
256	368	1.174
257	370	2.800
258	372	1.651
259	373	0.936
260	381	0.647
261	382	382.863
262	384	2.227
263	385	2.214
264	387	0.261
265	388	0.666
266	392	0.292
267	394	0.117
268	396	11.106
269	397	0.158
270	402	0.650
271	403	5.392
272	404	80.584
273	405	6.359
274	406	126.567
275	407	70.000
276	409	2.560
277	410	-
278	411	0.895
279	412	30.730
280	414	41.469
281	415	5.682
282	416	4.490
283	417	15.941
284	419	-
285	423	1.411
286	424	1.462
287	426	0.209
288	428	2.370
289	430	3.050
290	435	21.161
291	437	0.346

S#	DP #	Amount
292	439	-
293	440	2.000
294	441	0.558
295	444	-
296	447	0.127
297	449	2.745
298	453	29.436
299	454	0.546
300	455	8.515
301	456	69.750
302	459	12.139
303	464	2.586
304	465	-
305	466	340.362
306	467	-
307	470	1.377
308	472	1.146
309	476	5.049
310	478	7.113
311	483	11.042
312	484	14.095
313	485	2.258
314	486	8.123
315	487	12.370
316	488	75.502
317	489	73.676
318	490	3.804
319	494	31.766
320	496	0.355
321	499	0.823
322	501	60.349
323	505	0.577
324	506	2.050
325	507	25.086
326	508	129.472
327	509	9.433
328	510	0.341
329	511	1,154.309
330	512	39.591
331	513	5.088
332	516	3.657
333	517	174.506
334	518	4.081
335	519	26.917
336	520	2,727.462

S#	DP #	Amount
337	521	13.376
338	522	3.962
339	523	27.743
340	524	16.416
341	525	64.367
342	526	4.804
343	527	73.022
344	528	31.704
345	529	0.970
346	531	2.727
347	532	2.244
348	533	1.913
349	534	1.020
350	535	-
351	536	-
352	537	10.450
353	538	0.092
354	539	2.052
355	540	1.881
356	541	0.858
357	542	0.265
358	543	3.154
359	544	2.601
360	545	5.071
361	550	16.997
362	551	19.999
363	552	1,988.040
364	553	2.200
365	554	8.989
366	555	1.245
367	556	7.887
368	557	52.517
369	558	28.935
370	559	6.489
371	560	0.355
372	561	23.780
373	562	165.319
374	564	30.026
375	565	1.002
376	566	13.006
377	567	8.579
378	568	113.063
379	569	10.662
380	571	2.245
381	572	37.915

S#	DP #	Amount
382	573	51.944
383	574	12.500
384	576	1.489
385	577	47.691
386	578	15.300
387	579	12.495
388	581	15.474
389	582	1.801
390	585	1.525
391	586	197.539
392	587	1.360
393	588	594.343
394	589	32.749
395	590	257.250
396	591	733.185
397	592	26.721
398	593	9.044

S#	DP #	Amount
399	594	1.048
400	595	1,149.551
401	596	115.646
402	597	3.261
403	598	21.960
404	599	5.452
405	600	37.979
406	601	568.383
407	602	84.253
408	603	44.406
409	604	174.150
410	605	-
411	606	-
412	607	6.847
413	608	3.450
414	610	7.463
415	612	-

S#	DP #	Amount
416	613	32.585
417	614	51.278
418	615	146.941
419	616	107.453
420	617	50.077
421	618	81.069
422	619	4.316
423	620	38.314
424	621	1.024
425	624	0.278
426	627	6.544
427	628	0.850
428	629	0.710
429	630	10.040
430	631	542.617
431	632	1,244.459

Annexure-A/4: LG&CD Department

(Rs in million)

S#	DP #	Amount
1	1	2.731
2	2	3.429
3	3	142.508
4	5	0.249
5	6	16.041
6	7	9.385
7	9	8.907
8	10	1.982
9	11	0.870
10	14	8.481
11	16	9.266
12	17	4.821
13	18	3.031
14	20	0.807
15	21	407.471
16	23	20.989
17	25	0.648
18	26	0.546
19	27	0.256
20	28	0.148
21	29	3.562
22	30	1.130

S#	DP #	Amount
23	31	4.435
24	33	0.269
25	35	0.064
26	36	1.952
27	37	1.002
28	38	0.375
29	39	0.778
30	40	0.029
31	41	11.219
32	42	0.781
33	43	5.760
34	44	0.296
35	45	0.720
36	46	0.355
37	48	490.000
38	50	3.927
39	52	1.367
40	55	0.468
41	57	0.142
42	59	11.990
43	60	0.149
44	61	43.841

S#	DP #	Amount
45	62	2.155
46	63	8.170
47	66	1.179
48	68	2.670
49	70	3.127
50	72	17.404
51	73	7.460
52	74	2.817
53	76	16.232
54	80	1.648
55	83	1.055
56	87	8.046
57	88	6.411
58	89	6.272
59	90	1.770
60	92	1.739
61	95	17.805
62	96	22.300
63	98	116.840
64	99	5.785
65	100	-
66	101	1.856

S#	DP #	Amount
67	102	6.272
68	103	1.564
69	104	0.855
70	105	9.576
71	106	7.472
72	108	0.352
73	110	19.744
74	112	1.691
75	113	1.117
76	115	0.666
77	117	3.393
78	119	1.262
79	120	0.554
80	121	170.813
81	122	0.319
82	123	0.362
83	124	7.481
84	125	0.208
85	126	47.542
86	127	9.638
87	128	0.278
88	129	8.536
89	131	11.675
90	132	225.216
91	133	6.409

S#	DP #	Amount
92	134	3.442
93	135	146.954
94	137	3.575
95	138	80.618
96	141	0.500
97	143	2.187
98	144	0.592
99	145	0.377
100	146	0.494
101	147	0.219
102	148	1.118
103	149	35.884
104	150	0.553
105	151	8.753
106	153	0.824
107	154	23.424
108	155	0.108
109	157	0.979
110	158	3.500
111	159	4.109
112	160	14.680
113	161	0.078
114	162	76.248
115	163	0.059
116	164	19.661

S#	DP #	Amount
117	165	0.278
118	166	14.174
119	167	0.449
120	168	47.820
121	170	38.878
122	171	0.348
123	172	19.262
124	173	-
125	174	784.291
126	175	0.050
127	176	0.225
128	177	0.098
129	178	0.218
130	179	-
131	180	0.152
132	181	350.000
133	182	-
134	183	208.785
135	184	636.107
136	185	-
137	186	-
138	187	-
139	188	-
140	189	-

Annexure-A/5: Energy Department

(Rs in million)

S#	DP #	Amount
1	6	4.653
2	10	17.699
3	12	5.206
4	16	4.168
5	17	0.306
6	18	0.583
7	19	15.282
8	20	22.500

S#	DP #	Amount
9	24	878.626
10	25	17.225
11	26	73.824
12	27	0.504
13	28	0.364
14	29	0.735
15	30	0.168
16	31	0.664

S#	DP #	Amount
17	32	0.314
18	33	1.181
19	34	31.094
20	35	0.290
21	36	-
22	37	19.329
23	38	-
24	39	-

**Annexure-A/6: S&GAD
PGSHF**

(Rs in million)

S#	DP #	Amount
1	1	-

S#	DP #	Amount
2	3	-

S#	DP #	Amount
3	6	0.240

S#	DP #	Amount
4	7	0.409
5	8	0.900
6	9	39.604
7	10	-
8	11	-
9	12	73.260
10	13	-
11	14	-
12	16	-
13	17	-
14	18	-
15	19	155.250
16	21	0.547
17	22	2146.510
18	23	2.065
19	24	-
20	25	8.877
21	26	682.915
22	30	0.300
23	32	1.684
24	33	26.665
25	34	9.850
26	36	62.495
27	37	0.164
28	38	0.121
29	40	2.851
30	41	31.339
31	43	2.015
32	44	3.908
33	45	0.234

S#	DP #	Amount
34	46	5.763
35	47	1.013
36	48	28.311
37	49	0.759
38	50	4.678
39	51	74.070
40	52	5.882
41	54	5.224
42	55	0.153
43	56	-
44	62	1.487
45	64	17.644
46	67	23.694
47	68	3.608
48	69	4.961
49	70	0.325
50	71	0.092
51	72	2.520
52	73	170.743
53	74	0.309
54	75	0.509
55	76	45.061
56	77	14.896
57	78	418.091
58	79	0.891
59	80	3.968
60	82	4.211
61	83	560.290
62	85	-
63	87	0.553

S#	DP #	Amount
64	88	1.081
65	89	4.123
66	90	10.164
67	91	3.476
68	92	1.008
69	93	0.975
70	94	0.271
71	95	76.652
72	96	0.194
73	97	0.414
74	98	9.272
75	99	0.446
76	100	0.322
77	101	1.980
78	102	83.004
79	103	11.182
80	104	0.967
81	105	-
82	106	38.300
83	107	-
84	109	3.691
85	110	203.576
86	111	293.151
87	112	-
88	113	-
89	114	-
90	115	36.347
91	117	13.849

Annexure-A/7: Secretary I&C

IDAP

(Rs in million)

S#	DP #	Amount
1	2	7.202
2	3	0.419
3	4	7.627
4	9	4.729
5	11	0.770
6	12	2.904

S#	DP #	Amount
7	16	1.250
8	20	-
9	23	0.312
10	24	1.603
11	30	11.449
12	33	978.826

S#	DP #	Amount
13	37	1.695
14	42	0.248
15	44	145.748
16	45	1.105
17	47	0.168
18	49	928.442

Annexure-A/8: P&D Department

CDA, Bahawalpur

(Rs in million)

S#	DP #	Amount
1	1	-
2	2	9.387
3	3	0.845
4	4	1.184
5	5	0.544
6	6	0.846
7	7	92.565

S#	DP #	Amount
8	8	0.084
9	9	506.206
10	10	0.975
11	11	30.419
12	17	22.641
13	18	1.695
14	19	2,966.600

S#	DP #	Amount
15	21	1,640.884
16	22	-
17	23	-
18	24	-
19	26	0.394

Annexure-A/9: Secretary School Education Department

PDS&CEA

(Rs in million)

S#	DP #	Amount
1	1	5.320
2	2	188.615
3	4	124.061
4	10	3.137
5	17	33.253
6	18	0.342
7	19	0.738
8	23	29.983
9	28	347.891
10	29	1.053
11	32	3.876
12	34	189.660

Annexure-B*(Rs in Millions)*

Expenditure comparison in major head (PC21010)						
Sr. No.	Description	FY	Irrigation	C&W	Diff.	% Above
1	Stationary	2021-22	60.374	12.538	47.836	481.53
		2022-23	101.697	14.189	87.508	716.73
		2023-24	132.558	22.511	110.047	588.86
2	Computer Stationary	2021-22	63.358	10.248	53.110	618.25
		2022-23	111.199	11.735	99.464	947.58
		2023-24	135.993	16.211	119.782	838.89
3	Printing & Publication	2021-22	45.233	13.423	31.810	336.98
		2022-23	96.600	15.231	81.369	634.23
		2023-24	93.636	19.001	74.635	492.80
4	Furniture & Fixture	2021-22	21.363	2.994	18.369	713.53
		2022-23	12.594	3.529	9.065	356.87
		2023-24	27.643	3.854	23.789	717.25
5	Cost of other store items	2021-22	21.542	7.499	14.043	287.26
		2022-23	27.734	11.124	16.610	249.32
		2023-24	50.506	11.926	38.580	423.49
6	POL	2021-22	44.720	19.298	25.422	231.73
		2022-23	64.799	30.484	34.315	212.57
		2023-24	65.763	39.881	25.882	164.90

(Source: SAP Figures FY 2021-22 to 2023-24)

Annexures I to XXVIII

Annexure-I

Para 2.4.1.1

Overpayment due to application of incorrect rates of non-BoQ items – Rs 339.927 million

Sr. No.	DP No.	Item	Rate Paid Rs	Rates payable Rs	Amount(R)	SDAC Minutes
1	303 (2024-25) Phase-I	“P/L Corian marble for counter top of specified thickness over ¾ thick (1:2) cement sand mortar”	17,634 per sft	3,749 per sft	115,884,210	The Committee directed the department to effect the recovery as approved in 2nd revised TSE/ NS rates.
2	300 (2024-25) Phase-I	“Supply and Installation of Gypsum Board of 12 mm thick including cost of fixtures, galvanized angle iron frame all around including rawal plug etc complete in all respects as approved by the Engineer Incharge”	564.19 per sft	348 per sft	60,817,659	-do-
			450 per sft	348 per sft		
			540 per sft	348 per sft		
3	314 (2024-25) Phase-I	P/F of Signage Board in Corridors and rooms Displaying Like Toilets Entrance, Exit, Emergency, Stairs, Wards, Pharmacy, Service Unit, Medical Unit, Patient Unit, etc complete in all respect different sizes	45000 each	35000 each	50,965,000	-do-
			35000 each	25000 each		
			25000 each	10000 each		
			25000 each	8000 each		
			33000 each	10000 each		
4	317 (2024-25) Phase-I	“P/F of 1" thick Terrazo specified size 2'x2' in approved design color and shade with adhesive / bond over ¾" thick (1:3) cement plaster i/c cost of sealer for finishing the joints i/c cutting grinding complete in all respect as approved by the Engineer Incharge”	653 per sft	465 per sft	31,639,944	-do-
5	304 (2024-25) Phase-I	“P/F of bumper rail having aluminum base and top PVC anti microbial in different colors Installation with anti-mircobial brackets, elbows & inner joints with alloysteel 1.2 mm thickness having size of 180 mm”	4,792 per rft 3,200 per rft	2,500 per sft	31,558,048	-do-
6	327(2024-25)	P/F of marble gola 4" width of china Verona	1,100 P.rft	500 P.rft	10,576,200	-do-

7	302 (2024-25) Phase-I	“Supply and installation of LED ceiling light antimicrobial LED ceiling light 4000 Lux, color temp 5000 K size 2'x2”	14900 each	12000 per sft	10,528,600	-do-
			16200 each			
			14800 each			
8	313 (2024-25) Phase-I	“P/F of upper vanity counter (21"x33") vanity size (26"x35") (Master / Porta) i/c top granite marble with RCC Shelf, Fabrication with PVC sheet 15mm thick for leaves / drawers etc complete”	163,824 95,000 each	78,600 each	9,388,654	-do-
9	315 (2024-25) Phase-I	“P/F of 5-1/2" x 1-1/2" thick WPC chowkat i/c hinges complete in all respect as approved by the Engineer Incharge”	1938.10 per sft	1,235 per sft	5,566,894	-do-
			1835 per sft			
			1819.40 per sft			
10	299 (2024-25) Phase-I	“P/F of WPC wood plastic composite material door having door thickness of 38mm upper sheet layer's thickness 4.5 - 5mm lower sheet thickness 4.5-5 mm, door inner ribs 2.2 mm & WPC thickness 0.60 g/cm3 i/c 100% water proofing”	1,855 per sft	1,355 per sft	4,485,455	-do-
11	301 (2024-25) Phase-I	“S/E of False Ceiling fan 2'x2' size (G.F.C or equivalent) complete in all respect as approved by the Engineer Incharge”	18806 each	16500 per sft	3,905,700	-do-
			18000 each			
12	320 (2024-25) Phase-I	“P/L Corian marble for counter top of specified thickness over ¾ thick (1:2) cement sand mortar”	4500 per sft	3749 per sft	2,665,299	-do-
13	329 (2024-25) Phase-I	“P/L full chowkat 2" thick for door & windows & C. windows i/c hold fast etc.”	3400 per sft	2500 per sft	1,944,900	-do-
Total					339,926,563	

Annexure-II

Para 2.4.1.3

Overpayment of price variation due to incorrect calculation - Rs 84.363 million

Sr No.	DP No.	Name of Divisions	Amount	Minutes SDAC
1	285 (2024-25) Phase-I	BD No,1 Gujranwala	49,427,741	Sub Para No.28 & 38 The department admitted the recovery that shall be effected in next running bill. This Sub-Para was kept pending for recovery. Sub Para No.40 & 44. The Committee directed the department

				to refer the case to FD for seeking clarification. These Sub-Paras were kept pending for clarification from FD.
2	167 (2023-24) Phase-II	BD No 3 Lahore	19,625,239	The Committee kept the para pending for recovery.
3	359 (2024-25) Phase-I	BD Sheikhupura	7,220,774	The Committee directed the department to effect recovery. Para was kept pending.
4	358 (2024-25) Phase-I	BD Sheikhupura	3,675,444	The department admitted to effect recovery of Rs3.675 (M) Para was kept pending for admitted recovery
5	152 (2023-24) Phase-II	BD No 3 Lahore	1,687,327	After detailed deliberation the Committee kept the para pending for recovery.
6	06 (2023-24) Phase-II	BD No. 1 Rawalpindi	1,621,839	er observation were got done from the contractor on composite rate basis in which the carriage and labour was included. Audit contended that no price variation (labour & diesel) was allowed on electrical items i.e. ACs, Fans & Lights as per FD instructions. Further, composite rates of these items included nominal charges of installation. The Committee accepted the view point of Audit and directed the department to effect the recovery at the earliest. Para was kept pending for recovery.
7	400 (2024-25) Phase-I	BD Muzaffargarh	1,104,259	The department admitted to make adjustment in next running bill. Para was kept pending.
Total			84,362,623	

Annexure-III

**Para 2.4.1.4
Overpayment due to application of incorrect MRS rates
– Rs 80.475 million**

Sr No.	DP No.	Name of Divisions	Name of item	Rate paid Rs	Rate to be paid	Amount Rs
1	277(20 24-25)	BD No.1 Gujranwala	Preparing surface and Lacquar polish to reveal wooden grains by application of multiple coat of wooden sealer.....	260 per sft	222.35	15,841,192
			P/F 2mm thick duple glazed aluminum window of anodized powder coated partly....	2910 per sft	2731.2	
			P/F flase ceiling gypsum board non-laminated sheet	216 per sft	108.6	
			P/L Ceramic Tiles dado or skirting 12*18	309 per sft	257.2	
			P/A torch on plain water proofing bituminous membrain	146 per sft	120.1	
			P/L Insulation Material extruded polystyrene XPS / Foam Board desity 32-38 kg/M	10543.50 per % sft	9529.5	
			P/L 3/4" thick Glaxy Black Slab for venties shevels windows	2200 per sft	1746.05	
			P/A wall patti of 2mm thickness over blustered surface	484 per % sft	419	
			P/L cutting joining testing,pipe line of PVC of BSS with D class	1270.50 Per rft	1031.6	
			P/F wodden box type 22" (550mm) thick box and shelves (25mm)	2815.15 per sft	2218.3	
			P/F 4" deep cable tray	990 per rft	698.55	
			PIF 200kva ATS (Auto Trasfer Switch), panel Board with 100 microns 4 Phase	2319749.55 each	1967005.85	
			P/F 500 KVA ATS panel board, fabricated with 14SWG MS Sheet with cooper Bus Bar	3800000 each	3744784.15	
2	321(20 24-25)	BD No.1 Faisalabad	AC copper piing indoor to outdoor	3,103 P.rft	577.25 P.rft	11,360,250
3	1(2023 -24)	BD No. 1 Rawalpindi	Excavation in foundation	19679	6607	9,482,536
4	296(20 24-25)	BD No.1 Faisalabad	P/L superb quality Percaline glazed tiles flooring	544 per sft	529	7,662,810
			P/L superb quality Percaline glazed tiles flooring Dado/ skirting	544 per sft	529	
			P/L superb quality Percaline glazed tiles 1:3	440 per sft	425	

			P/L superb quality Percaline glazed tiles 1:2	375 per sft	260	
			P/L superb quality Percaline glazed tiles 24 x 48	625 per sft	610	
5	305(20 24-25)	BD No.1 Faisalabad	AC copper piing indoor to outdoor	1021.81 P.rft	577.25 P.rft	7,613,090
6	294(20 24-25)	BD No.1 Faisalabad	Single Layer of tile 9"x4.5x1.5	15,088.34 %sft	13,846.89 %sft	4,989,000
7	173 (2024- 25)	BD No. 3 Lahore	Fabrication of mild steel reinforcement deformed bar cage	22,854.39 %kg	18,741.25 %kg	4,239,043
8	338(20 24-25)	BD No.1 Faisalabad	P/A 1.5mm thick fine texture high quality sandtax coating	224.21 P.sft	61.80 P.sft	4,031,016
9	365(20 24-25)	BD Sheikhupur a	P/F Power Factor Improvement Plant P/L Floor of Mosaic Marble Chips tile 1" thick	3,491,455 200 P.sft	1,246,838 94 P.sft	3,422,065
10	276(20 24-25)	BD No.1 Gujranwala	P/F Ist Class solid wood... Glazed Door and Window	2,980 P.sft	2,199.30 P.sft	3,311,729
11	326(20 24-25)	BD No.1 Faisalabad	Preparing surface and Lacquer polish to reveal wooden grains by application of multiple coat of wooden sealer.....	274.35 per sft	258.05	2,756,776
			P/L PCV Pipe line of BSS with with D Class pressure Pipe	610 per rft	565	
			P/F of PVC vent cowl 4" dia	500 each	325	
			Cutting hole 4" *6" (100*150mm) in stone masonry or brick wall with chisel	600 each	549	
			P/F of mixing valve for W,H,B or Sink (Faisal / Master Brand)	13500 each	3690.75	
			P/F of C.P Tee stop cock 1/2" dia	1920 each	1392.6	
			P/F of Bib cock 1/2" dia	2352 each	1392.6	
P/F of automatic hand dryer completed in all respect	25000 each	16500				
12	196(20 23-24)	BD No. 3 Lahore	Pacca Brick Work 5th floor	36333	30503	2,593,140
			Pacca Brick Work 6th floor	42163	30503	
			Pacca Brick work 6th floor	37262	31411	
13	306(20 24-25)	BD No.1 Faisalabad	P/A torch on plain water proofing bituminous membrain	164.24	152.96	1,936,505
14	3(2023 -24)	BD No. 1 Rawalpindi	Mosaic Flooring, P/F Marble Strips, Porcelaine tiles	21000	19946	1,235,407
Total						80,474,559

Annexure-IV

Para 2.4.1.20

Irregular enhancement of agreement/change of scope –

Rs 5,092.047 million

Sr No.	DP No.	Name of Divisions	Agreements Amount	Payments Amount	Enhanced Amount	%age of variation	SDAC Minutes
1	308 (2024-25) Phase-I	BD No.1 Faisalabad	1,138.75	3,055.33	1,916.59	168.31%	The Committee directed the department to refer the case to FD for regularization.
2	267 (2024-25) Phase-I	BD No.1 Gujranwala	339.795	876.65	536.855	158.00%	The Committee directed the department to refer the case to PPRA for seeking clarification. Para was kept pending for clarification from PPRA.
			178.493	512.465	333.972	187.11%	
3	318 (2024-25) Phase-I	BD No.1 Faisalabad	260.568	819.149	558.581	214.37%	The Committee directed the department to refer the case to FD for regularization.
4	141 (2023-24) Phase-II	BD GORs Lahore	93.192	579.693	486.501	522.00%	The committee directed the Department to refer the case to FD for regularization. Para was kept pending for regularization.
5	07 (2023-24) Phase-II	BD No. 1, Rawalpindi	414.919	856.207	441.288	106.35%	The Committee directed the department to regularize the matter from FD. Para was kept pending for regularization.
6	283 (2024-25) Phase-I	BD No.1 Gujranwala	178.493	512.465	333.972	187.11%	The Committee kept the para pending for verification of record.
7	108 (2023-24) Phase-II	BD No.1 Lahore	313.00	528.45	215.45	68.83.00%	The Committee directed the department to regularize the matter from FD. Para was kept pending for regularization.
8	322 (2024-25)	BD No.1 Faisalabad	337.452	505.74	168.288	49.87%	The Committee directed the department to

	Phase-I						refer the case to FD for regularization.
9	222 (2024-25) Phase-I	BD No.1 Multan	97.512	235.32	137.808	141.32%	The Committee directed the department to refer the case to PPRA for seeking clarification. Para was kept pending for clarification from PPRA.
10	186 (2023-24) Phase-II	BD No.8 Lahore	107.27	172.94	65.675	61.00%	The committee directed the Department to take up the matter with FD for clarification and get time extension verified. Para was kept pending.
Total					5,194.98		

Annexure -V

Para 2.4.2.2 Overpayment due to application of uneconomical items – Rs 1,167.926 million

(Amount in Rs)

Sr. No	Audit Year	DP No	Division	Amount Objected	SDAC Directives
1	2024-25 (Phase-I)	597	M.B. Din	218,991,557	Refer the case to FD for rationalization
2	2024-25 (Phase-I)	435	Khushab	135,034,681	-do-
3	2024-25 (Phase-I)	544	RCD, Gujranwala	121,513,195	-do-
4	2024-25 (Phase-I)	301	Bahawalpur	114,753,058	-do-
5	2024-25 (Phase-I)	755	Chakwal	107,252,374	-do-
6	2024-25 (Phase-I)	565	Multan	99,544,438	-do-
7	2024-25 (Phase-I)	288	Kasur	96,632,267	-do-
8	2024-25 (Phase-I)	653	Sheikhupura	80,106,080	-do-
9	2024-25 (Phase-I)	705	Taunsa	47,977,959	-do-
10	2024-25 (Phase-I)	395	Bhakkar	45,056,235	-do-
11	2023-24 (Phase-II)	93	Rajanpur	20,263,498	-do-
12	2024-25 (Phase-I)	613	D.G.Khan	15,050,069	-do-

13	2024-25 (Phase-I)	373	Muzaffargarh	13,554,264	-do-
14	2024-25 (Phase-I)	647	Sheikhupura	10,915,097	-do-
15	2024-25 (Phase-I)	693	Sargodha	8,853,104	-do-
16	2024-25 (Phase-I)	661	Sargodha	7,065,725	-do-
17	2024-25 (Phase-I)	814	Okara	7,041,072	-do-
18	2024-25 (Phase-I)	802	Okara	6,900,839	-do-
19	2023-24 (Phase-II)	82	Khanewal	6,446,113	-do-
20	2024-25 (Phase-I)	788	Okara	3,349,277	-do-
21	2024-25 (Phase-I)	820	Okara	1,625,495	-do-
Total				1,167,926,397	

Annexure-VI

Para 2.4.2.3

Overpayment due to allowing excess quantity of bitumen than actually used – Rs 530.801 million

(Amount in Rs)

Sr. No.	Audit Year	DP No.	Division	Amount Objected	Balance amount	Effectuated amount	SDAC directives
1	2024-25 (Phase-I)	432	Khushab	60,684,000	60,684,000	0	To effect actual recovery
2	2024-25 (Phase-I)	673	Sargodha	76,551,000	76,551,000	0	To effect actual recovery
3	2024-25 (Phase-I)	247	Kasur	136,082,204	136,082,204	0	To effect actual recovery
4	2024-25 (Phase-I)	572	Mandi Bahauddin	96,032,000	96,032,000	0	To effect actual recovery
5	2024-25 (Phase-I)	507	RCD, Gujranwala	36,934,101	29,110,176	8,620,573	Reduced to Rs 29,110,176 effect balance recovery
6	2024-25 (Phase-I)	262	Kasur	30,782,480	30,782,480	0	To effect recovery
7	2023-24 (Phase-II)	01	Nankana	27,179,362	10,245,008	3,134,679	Reduced to actual Rs 10,245,008, effected

8	2023-24 (Phase-II)	168	RCD Faisalabad	21,887,940	21,887,940	0	To effect actual recovery in 7 cases
9	2024-25 (Phase-I)	520	RCD, Gujranwala	15,556,707	15,556,707	0	To re visit the rate analysis and effect recovery
10	2024-25 (Phase-I)	785	Okara	14,715,421	2,504,876	0	Reduced to Rs 2,504,876
11	2024-25 (Phase-I)	600	Mandi Bahauddin	11,832,249	11,832,249	0	To effect admitted recovery
12	2024-25 (Phase-I)	732	Sialkot	8,737,104	7,091,235	1,645,869	To effect balance recovery
13	2024-25 (Phase-I)	390	Bhakkar	7,630,240	1,677,404	0	To effect recovery Rs 1,677,404
14	2024-25 (Phase-I)	813	Okara	6,391,541	6,391,541	0	Effect actual recovery
15	2024-25 (Phase-I)	822	Okara	6,352,911	6,352,911	0	Effect actual recovery
16	2024-25 (Phase-I)	799	Okara	5,529,715	5,529,715	0	Effect actual recovery
17	2024-25 (Phase-I)	399	Bhakkar	4,867,310	4,596,311	0	Reduced, to Rs 4,596,316
18	2024-25 (Phase-I)	564	Multan	3,755,010	3,051,983	703,027	To effect Balance recovery 3,051,983
19	2024-25 (Phase-I)	731	Sialkot	3,266,386	3,266,386	0	To Effect actual recovery
20	2024-25 (Phase-I)	821	Okara	1,574,742	1,574,742	0	Effect actual recovery
Total				576,342,423	530,800,868	14,104,148	

Annexure-VII

**Para 2.4.2.4
Overpayment due to incorrect calculation of price variation –
Rs 238.179 million**

-(Amount in Rs)

Sr. No.	Audit Year	DP No.	Division	Amount Objected	Balance amount	SDAC directives
1	2024-25 (Phase-I)	601	MB Din	64,518,228	64,518,228	To effect actual recovery
2	2024-25 (Phase-I)	455	Khushab	34,801,015	34,801,015	pending for re-verification of price variation statement.
3	2023-24 (Phase-II)	176	RCD Faisalabad	34,411,433	30,325,000	to effect admitted actual recovery
4	2024-25 (Phase-I)	741	Sialkot	27,396,454	27,396,454	to refer the case to FD for clarification
5	2024-25 (Phase-I)	523	RCD, Gujranwala	26,403,475	12,399,475	To effect balance recovery
6	2024-25 (Phase-I)	508	RCD, Gujranwala	16,357,761	3,841,761	Reduced to Rs 3,841,761
7	2024-25 (Phase-I)	603	MB Din	10,492,417	10,492,417	To effect actual recovery & probe by SE
8	2024-25 (Phase-I)	591	MB Din	7,105,573	7,105,573	To effect admitted recovery
9	2024-25 (Phase-I)	398	Bhakkar	5,916,847	2,067,865	To effect balance recovery
10	2023-24 (Phase-II)	240	Rahim Yar Khan	5,104,190	5,104,190	To effect recovery
11	2024-25 (Phase-I)	436	Khushab	4,451,902	4,451,902	To effect recovery besides issuance of warning letter to Sub-Engineer concerned.
12	2024-25 (Phase-I)	784	Okara	4,045,732	4,045,732	Reduced to Rs 4,045,732.
13	2024-25 (Phase-I)	264	Kasur	3,778,245	3,778,245	To effect recovery
14	2023-24 (Phase-II)	7	Nankana	3,376,964	2,779,872	Reduced to Rs 2,779,872
15	2024-25 (Phase-I)	329	Murree	3,177,179	2,443,905	Reduced to Rs 2,443,905
16	2024-25 (Phase-I)	581	MB Din	3,162,067	3,162,067	To effect admitted recovery
17	2024-25 (Phase-I)	263	Kasur	3,066,376	3,066,376	Pending for admitted recovery
18	2024-25 (Phase-I)	751	Chakwal	2,652,892	1,310,371	Pending for recovery
19	2024-25 (Phase-I)	510	RCD, Gujranwala	2,355,959	2,355,959	Pending for recovery
20	2024-25 (Phase-I)	621	D.G.Khan	1,980,777	1,980,777	Refer the case to FD

21	2023-24 (Phase-II)	180	RCD Faisalabad	1,885,894	1,885,894	to effect recovery
22	2024-25 (Phase-I)	392	Bhakkar	1,638,315	1,384,141	reduced to Rs 1,384,141
23	2024-25 (Phase-I)	700	Taunsa	1,732,629	1,593,834	Reduced to Rs 1,593,834
24	2024-25 (Phase-I)	678	Sargodha	1,343,830	1,343,830	To effect admitted recovery
25	2024-25 (Phase-I)	593	MB Din	1,194,993	1,194,993	To effect admitted recovery
26	2023-24 (Phase-II)	91	Rajanpur	1,155,295	1,155,295	To effect recovery and probe
27	2024-25 (Phase-I)	598	MB Din	1,130,605	1,130,605	To effect admitted recovery
28	2024-25 (Phase-I)	691	Sargodha	1,063,653	1,063,653	To effect recovery
				275,700,700	238,179,429	

Annexure-VIII

Para 2.4.2.6.1 Overpayment due to incorrect rate – Rs 77.361 million

(Amount in Rs)

Sr. No.	Audit Year	DP No	Division	Name of item	Amount Objected	SDAC Directives
1	2023-24 (Phase-II)	141	Faisalabad	Removal of existing cold milling	18,574,550	To effect actual recovery
2	2023-24 (Phase-II)	182	RCD Faisalabad	Removal of existing cold milling	14,445,883	Pending for clarification from FD
3	2024-25 (Phase-I)	252	Kasur	Compaction of existing bed with extra 10% stone dust	12,801,851	To refer the case to FD
4	2024-25 (Phase-I)	746	Sialkot	Supplying clean and screened river pit sand	9,687,055	Pending for re verification of record
5	2023-24 (Phase-II)	41	PRRA Lahore	Removal of sludge and waste material	8,088,350	pending for the decision of FD
6	2023-24 (Phase-II)	42	PRRA Lahore	Bitumen Emulsion Crack Filler / Cure etc	6,739,932	To effect recovery
7	2024-25 (Phase-I)	606	Dera Ghazi Khan	shifting of unsuitable material lead up to 3	2,913,430	Pending for re verification

				km complete		
8	2024-25 (Phase-I)	297	Bahawalpur	Providing and Mixing admixture	2,477,876	To effect actual recovery
9	2024-25 (Phase-I)	27	RCD, Lahore	P/L river pit sand lead 10 mile	1,632,561	To effect actual recovery
Total					77,361,488	

Annexure-IX

Para 2.4.2.8.2

Overpayment due to allowing excess lead for carriage of stone for Rs 16.469 million

(Amount in Rs)

Sr. No.	DP No.	Sub Para No.	Paid (km)	To be paid (km)	Excess (km)	Amount (Rs)	
1	295	5	202	182	20	6,104,745	
2		38	202	182	20	3,521,003	
				233	213	20	683,857
3		20	183	164	19	3,663,559	
4		22	130	122	8	1,393,835	
5		17	234	200	34	863,163	
6		18	221	206	15	121,852	
7	30	223	212	11	116,630		
Total						16,468,644	

Annexure-X

Para 2.4.2.10

Overpayment due to non-utilization of available earth – Rs 95.673 million

(Amount in Rs)

Sr. #	Audit Year	DP No.	Division	Amount Objected	Reduced / enhanced amount	SDAC directives
1	2023-24 (Phase-II)	167	RCD Faisalabad	18,331,549	18,331,549	To effect admitted recovery
2	2024-25 (Phase-I)	579	M.B Din	13,144,150	11,335,073	To effect actual recovery
3	2024-25 (Phase-I)	386	Bhakkar	12,950,276	12,950,276	To effect recovery / adjustment
4	2024-25 (Phase-I)	438	Khushab	12,195,584	16,220,524	to effect actual recovery
5	2024-25 (Phase-I)	685	Sargodha	7,747,418	7,747,418	To effect recovery / adjustment
6	2024-25 (Phase-I)	515	RCD, Gujranwala	7,512,750	21,726,786	To effect minus bill recovery
7	2023-24 (Phase-II)	136	Faisalabad	5,180,788	3,146,401	Reduced the para to Rs 3,146,401

8	2024-25 (Phase-I)	266	Kasur	4,214,804	4,214,804	To effect admitted recovery
Total				81,277,319	95,672,831	

Annexure-XI

Para 2.4.2.11.1 Overpayment due to non-deduction of area of culverts and gaps – Rs 58.154 million

(Amount in Rs)

Sr. No.	Audit Year	DP No.	Division	Amount Objected	Balance amount
1	2024-25 (Phase-I)	267	Kasur	17,258,956	17,258,956
2	2023-24 (Phase-II)	169	RCD Faisalabad	17,240,108	17,240,108
3	2023-24 (Phase-II)	123	Faisalabad	6,548,983	5,603,126
4	2023-24 (Phase-II)	177	RCD Faisalabad	4,688,894	4,688,894
5	2023-24 (Phase-II)	175	RCD, Faisalabad	4,124,940	2,062,462
6	2024-25 (Phase-I)	382	Bhakkar	3,672,193	3,672,193
7	2024-25 (Phase-I)	540	RCD, Gujranwala	3,048,177	3,048,177
8	2023-24 (Phase-II)	643	Sheikhupura	2,450,446	2,450,446
9	2024-25 (Phase-I)	750	Chakwal	2,129,389	2,129,389
Total				61,162,086	58,153,751

Annexure – XII

Para 2.4.2.18.1 Less/non-recovery of Government Taxes - Rs 223.808 million

Sr. No.	Audit year	DP No.	Division	Subject	Amount objected	SDAC Decision
1	2023-24 (Phase-I)	581 (SS)	Kasur	Non-recovery of PST on toll collection	48,990,601	To refer the case to PRA for clarification.
2	2023-24 (Phase-I)	275 (SS)	Sargodha	Non-recovery of PST on toll tax collection	33,017,945	To refer the case to PRA for clarification.
3	2023-24 (Phase-I)	393 (SS)	Sahiwal	Non-recovery of PST on toll tax collection	31,013,601	To refer the case to PRA for clarification.

4	2023-24 (Phase-II)	153 (SS)	Faisalabad	Non-recovery of PST on toll tax collection	28,152,593	To refer the case to PRA for clarification.
5	2023-24 (Phase-II)	203 (SS)	RCD Faisalabad	Non-recovery of PST on toll tax collection	19,265,034	To refer the case to PRA for clarification.
6	2023-24 (Phase-I)	718 (SS)	Vehari	Non-recovery of PST on toll tax collection	13,822,238	To refer the case to PRA for clarification.
7	2023-24 (Phase-I)	925 (SS)	Jhang	Non-recovery of PST on toll collection	12,796,286	To refer the case to PRA for clarification.
8	2023-24 (Phase-I)	796 (SS)	Chakwal	Loss to Govt. due to non-recovery of Govt. taxes	11,922,472	To refer the case to PRA for clarification.
9	2023-24 (Phase-I)	794 (SS)	Chakwal	Loss to govt. due to non-recovery of govt. taxes	9,754,448	To refer the case to PRA for clarification.
10	2023-24 (Phase-I)	853 (SS)	Hafizabad	Non-recovery of PST on toll collection	4,247,060	To refer the case to PRA for clarification.
11	2023-24 (Phase-I)	225 (SS)	Sheikhupura	Non-recovery of PST on toll tax collection	6,172,880	To refer the case to PRA for clarification.
12	2023-24 (Phase-I)	623 (SS)	Okara	Non-recovery of PST on toll collection	2,420,838	To refer the case to PRA for clarification.
13	2023-24 (Phase-II)	188 (SS)	Pakpattan	Non-recovery of PST on toll tax collection	2,231,504	To refer the case to PRA for clarification.
Total					223,807,500	

Annexure-XIII

Para 2.4.2.19

Non/less recovery of cost of retrieved material – Rs 243.315 million

Sr No.	Audit Year	DP No.	Division	Amount Objected	Reduced	Effectuated	SDAC directives
1	2024-25 (Phase-I)	644	Sheikhupura	105,767,260	72,674,991	33,092,269	Reduced to 72,674,991
2	2024-25	764	Chakwal	51,803,570	51,803,570	0	To probed by Chief

	(Phase-I)						Engineer concerned
3	2024-25 (Phase-I)	748	Chakwal	36,586,917	19,209,190	17,377,727	To refer the case to CE concerned for advice
4	2023-24 (Phase-II)	2	Nankana	23,267,368	3,808,484	0	To effect actual recovery
5	2023-24 (Phase-II)	166	RCD Faisalabad	19,813,578	7,874,000	0	Reduced to Rs 7.874 million
6	2024-25 (Phase-I)	749	Chakwal	11,178,303	8,020,244	2,013,869	Reduced to Rs 8,020,244
7	2024-25 (Phase-I)	356	Kasur	10,774,196	5,333,975	5,440,221	To effect admitted recovery
8	2024-25 (Phase-I)	474	Jhang	10,462,273	4,154,404	0	Reduced to Rs 4,154,404
9	2023-24 (Phase-II)	19	Nankana	9,116,961	5,466,418	0	To effect admitted recovery Rs 5,466,418
10	2024-25 (Phase-I)	602	Mandi Bahauddin	9,665,786	9,665,786	0	To effect admitted recovery
11	2024-25 (Phase-I)	727	Sialkot	8,876,029	8,796,020	80,000	to refer the case to FD for clarification.
12	2024-25 (Phase-I)	531	RCD, Gujranwala	8,829,210	5,239,069	1,412,135	To effect balance recovery Rs 5,239,069
13	2023-24 (Phase-II)	165	RCD Faisalabad	7,062,638	2,507,559	4,555,079	Reduced for balance recovery Rs 2,507,559
14	2024-25 (Phase-I)	636	Sheikhupura	6,975,461	1,485,993	4,010,651	Reduced to Rs 1,485,993
15	2024-25 (Phase-I)	516	RCD, Gujranwala	6,772,550	1,288,000	5,484,000	To effect recovery of Rs
16	2024-25 (Phase-I)	551	Multan	5,785,343	5,357,658	427,685	Reduced to Rs 5,357,658

17	2024-25 (Phase-I)	322	Murree	5,651,849	4,850,659	801,190	Reduced to Rs 4,850,659
18	2024-25 (Phase-I)	248	Kasur	5,470,019	2,080,435	3,389,584	To effect recovery
19	2023-24 (Phase-II)	62	Khanewal	5,147,315	2,907,202	2,240,113	To effect recovery
20	2024-25 (Phase-I)	383	Bhakkar	4,519,710	1,602,691	2,599,419	To effect recovery Rs 1,602,691
21	2024-25 (Phase-I)	250	Kasur	4,567,984	3,677,378	890,606	To effect recovery
22	2024-25 (Phase-I)	795	Okara	2,964,446	2,964,446	0	To probe by SE Highways Circle Lahore
23	2023-24 (Phase-II)	121	Faisalabad	2,065,043	2,065,043	0	Pending for recovery
24	2024-25 (Phase-I)	725	Sialkot	2,403,517	3248831	0	To effect actual recovery
25	2023-24 (Phase-II)	101	Rajanpur	1,562,906	1,562,906	0	To effect actual recovery
26	2024-25 (Phase-I)	728	Sialkot	1,287,954	1,287,954	0	to refer the case to FD for clarification
27	2023-24 (Phase-II)	208	RCD, Faisalabad	1,605,793	1,605,793	0	To effect recovery
28	2024-25 (Phase-I)	552	Multan	6,489,575	1,585,078	0	To effect recovery
29	2023-24 (Phase-II)	130	Faisalabad	1,191,099	1,191,099	0	To effect recovery
Total				377,664,653	243,314,876	83,814,548	

Annexure-XIV

Para 2.4.2.20
Non/less-recovery of toll collection and fine on delayed period - Rs
74.596 million

(Amount in Rs)

Sr. No.	Audit Year	DP No.	Division	Subject	Amount	Reduced / enhanced amount	SDAC Decision
1	2023-24 (Phase -I)	614 (SS)	Okara	Non-recovery of fine on delayed payment	11,707,034	11,954,000	To effect recovery for Rs 11.954 million
2	2023-24 (Phase -I)	578 (SS)	Kasur	Less recovery of toll collection / fine for delayed period	8,099,238	8,099,238	To effect admitted recovery
3	2023-24 (Phase -I)	574 (SS)	Kasur	Less recovery of toll collection / income tax	23,233,128	37,233,728	To effect actual recovery Rs 37,233,728
4	2023-24 (Phase -II)	72	Khanewal	Non-recovery of outstanding dues	7,224,662	7,224,662	To effect recovery
5	2023-24 (Phase -II)	75	Khanewal	Non-recovery of fine due to late deposit	2,182,399	2,182,399	To effect recovery
6	2023-24 (Phase -I)	575 (SS)	Kasur	Non-recovery of default surcharges	6,455,753	6,455,753	To effect admitted recovery
7	2023-24 (Phase -I)	577 (SS)	Kasur	Non-recovery of default surcharges	556,756	556,756	To effect recovery
8	2023-24 (Phase -I)	398 (SS)	Sahiwal	Non-recovery of penalty	542,498	542,498	To effect recovery
9	2023-24 (Phase -I)	278 (SS)	Sargodha	Less recovery on account of installment	346,618	346,618	Pending for verification
Total					60,348,086	74,595,652	

Annexure-XV

Para 2.4.2.23.1

Non-obtaining/revalidation of performance/quality assurance securities and non-forfeiture of earnest money- Rs 490.905 million

Sr. #	Audit Year	DP No.	Division	Issue	Amount Objected	Reduced amount	SDAC directives
1	2024-25 (Phase-I)	585	M.B Din	Non-revalidation of performance guarantee and additional performance/quality assurance guarantee	313,085,000	313,085,000	Condonation from FD
2	2024-25 (Phase-I)	573	M.B Din	Non-revalidation of Performance Guarantee / Security	91,280,374	91,280,374	Condonation from FD
3	2023-24 (Phase-II)	210	RCD Faisalabad	Non-obtaining of performance and quality assurance securities	88,177,041	51,688,000	Reduced to Rs 51.688 million besides condonation from FD.
4	2023-24 (Phase-II)	105	Rajanpur	Non-revalidation of performance guarantee	15,288,500	15,288,500	Condonation from FD
5	2024-25 (Phase-I)	451	Khushab	Non-revalidation of performance security	11,391,000	11,391,000	To get the matter probed by SE HC Lahore
6	2023-24 (Phase-II)	150	Faisalabad	-do-	7,172,604	7,172,604	To refer the case to FD for condonation
7	2024-25 (Phase-I)	803	Okara	-do-	1,000,000	1,000,000	Pending for verification
Total					527,394,519	490,905,478	

Annexure-XVI

Para 2.4.2.23.2

Non-obtaining/revalidation of performance/quality assurance securities and non-forfeiture of earnest money- Rs 28.550 million

Sr. No.	Audit Year	DP No.	Division	Amount	Effected Recovery	Reduced amount	SDAC Decision
1	2023-24 (Phase-I)	584 (SS)	Kasur	7,097,425	0	7,097,425	To effect admitted recovery
2	2023-24 (Phase-I)	190 (SS)	Pakpattan	6,133,479	0	2,018,000	To forfeiture of the security.

3	2023-24 (Phase-I)	397 (SS)	Sahiwal	5,000,000	0	4,000,000	Reduced to Rs 4,000,000 for verification.
4	2023-24 (Phase-II)	160 (SS)	Faisalabad	2,000,000	0	2,000,000	Pending for verification of bonds
5	2023-24 (Phase-I)	226 (SS)	Sheikhupura	5,000,000	0	5,000,000	Condonation by FD
6	2023-24 (Phase-II)	206 (SS)	RCD Faisalabad	4,000,000	0	4,000,000	To probe the matter by SE
7	2023-24 (Phase-I)	576 (SS)	Kasur	3,345,850	0	3,345,850	To effect recovery/forfeit the earnest money.
8	2023-24 (Phase-I)	926 (SS)	Jhang	6,264,900	5,176,000	1,088,900	Reduced to 1,088,900 for balance recovery
Total				38,841,654	5,176,000	28,550,175	5,176,000

Annexure – XVII

Para 2.4.2.27.1

Loss due to non-auction of toll plaza and less recovery of toll tax than approved reserve price - Rs 774.887 million

Sr. No.	Audit Year	DP No.	Division	Amount	SDAC Decision
1	2024-25 (Phase-I)	354	Secretary C&W	178,279,000	Transferred the para to concerned Chief Engineer Highways for production of record
2	2023-24 (Phase-II)	51	PRRA	137,349,009	Pending till the decision of summary by the CM Punjab
3	2023-24 (Phase-II)	204 (SS)	RCD Faisalabad	86,673,027	Reduced to balance recovery Rs 29,610,231
4	2023-24 (Phase-II)	162 (SS)	RCD Faisalabad	67,912,488	To probe by SE Highway Circle, Faisalabad.
5	2023-24 (Phase-II)	156 (SS)	Faisalabad	46,784,407	To probe by CE Highway, Lahore
6	2023-24 (Phase-I)	902 (SS)	Jhang	30,746,870	Verification of record within 07 days.
7	2023-24 (Phase-II)	157 (SS)	Faisalabad	29,317,884	To probe by CE Highway, Lahore

8	2023-24 (Phase-I)	286 (SS)	Sargodha	25,248,114	To get the matter probed by Chief Engineer, Highways (North) within thirty (30) days.
9	2023-24 (Phase-II)	223 (SS)	Sheikhupura	21,908,288	To get the matter probed by CE, Highways (Central).
10	2024-25 (Phase-I)	460	Khushab	15,425,332	Directed to effect admitted recovery
11	2023-24 (Phase-I)	927 (SS)	Jhang	15,396,754	Verification of record within 07 days.
12	2023-24 (Phase-I)	583 (SS)	Kasur	13,938,933	Inquire the matter from Chief Engineer Highways (Central) on account of less toll collection.
13	2023-24 (Phase-I)	395 (SS)	Sahiwal	13,132,333	To inquire the matter by CE Highways (Central) for fixing reserve price on higher side
14	2024-25 (Phase-I)	362	Kasur	10,878,012	Pending for re verification
15	2023-24 (Phase-I)	903 (SS)	Jhang	10,724,970	Verification of record within 07 days.
16	2023-24 (Phase-II)	186 (SS)	Bahawalpur	9,771,580	To produce record for verification.
17	2023-24 (Phase-I)	619 (SS)	Okara	8,305,176	Verification of record
18	2023-24 (Phase-II)	158	Faisalabad	8,115,333	to get the matter probed by CEHC
19	2023-24 (Phase-I)	792 (SS)	Chakwal	7,072,153	To refer the case to Chief Engineer Highways North.
20	2023-24 (Phase-I)	719 (SS)	Vehari	5,599,657	Verification of record within 07 days.
21	2023-24 (Phase-I)	579 (SS)	Kasur	5,245,120	The Committee directed the department to get the matter inquired from Chief Engineer Highways (Central) on account of less toll collection.
22	2023-24 (Phase-I)	695 (SS)	Gujrat	5,077,487	To get the matter probed by CE, Highways
23	2023-24 (Phase-II)	154 (SS)	Faisalabad	4,772,845	To probe by CE Highway, Lahore
24	2024-25 (Phase-I)	669	Sargodha	3,429,809	to get the matter probed by SE, HC, Faisalabad
25	2023-24 (Phase-I)	900 (SS)	Jhang	3,145,545	Verification of record within 07 days.

26	2023-24 (Phase-I)	764 (SS)	Chakwal	2,948,260	To refer the case to Chief Engineer Highways North regarding less collection.
27	2023-24 (Phase-I)	854 (SS)	Hafizabad	2,594,527	To effect actual recovery
28	2023-24 (Phase-I)	580 (SS)	Kasur	2,129,225	To get the matter inquired from CE Highways (Central) on account of less toll collection.
29	2024-25 (Phase-I)	549	Multan	1,643,560	Directed to submit fact findings report by SE, Highways circle Multan within 30 days
30	2023-24 (Phase-I)	943 (SS)	Jhang	857,156	To produce record for verification.
31	2024-25 (Phase-I)	804	Okara	463,934	Administrative department for provision a fact finding report
Total				774,886,788	

Annexure-XVIII

Para 3.4.1.4

Overpayment due to less utilization of available material - Rs 19.247 million

(Amount in Rs)

DP No. (2023-24)	Sub Para No	Unit	Quantity dismantled	90% Usable	Reused	Balance available	New sub base	Rate applied (Rs/cft)	% above / below	Over payment
386	18	cft	202450.95	182205.86	29215.83	152990.03	59804.12	13125	(9%)	7,142,855
	21	cft	17850	16065	1975.40	14089.60	11610.08	10229.70	-	1,187,676
413	(i)	cft	114120.27	102708.24	65794.40	36913.84	54995.20	15877.50	3.75	6,080,783
	(ii)	cft	96526.00	86873.40	57915.60	28957.80	5791.56	10229.70	2.15	605,197
	(iii)	cft	19400.00	17460.00	9700.00	7760.00	-	5114.00	0.00	396,846
	(iv)	cft	32254.00	29028.60	20014.00	9014.60	78637.00	10229.70	4.45	963,203
	(v)	cft	44830.00	40347.00	13449.00	26898.00	31381.00	10229.70	4.32	2,870,453
Total										19,247,013

Annexure-XIX

**Para 3.4.1.8
Non/less recovery of authority dues – Rs 6,482.380 million**

(Amount in Rs)

Sr. No.	DP No. (2024-25)	Name of Directorate	Recoverable Amount	Remarks	Authority Reply
1	949	TP-V	1,815,131,836	Permanent commercialization fee	No reply.
2	939	TP-IV	892,838,345	Permanent commercialization fee	No reply.
3	929	TP-III	725,643,346	Permanent commercialization fee	No reply.
4	948	TP-V	574,220,882	Permanent commercialization fee	No reply.
5	953	TP-V	574,220,882	Annual commercialization fee	No reply.
6	932	TP-III	305,988,000	Annual commercialization fee	No reply.
7	955	TV-V	248,880,632	Permanent commercialization fee	No reply.
8	585	Housing-VI	191,475,000	Reserve price	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery
9	579	Housing-V	189,358,241	Land charges, extension of building completion period, excess area and fees/charges etc.	Rs 8,032,838 was recovered and notices issued to the owners for remaining recovery. Audit stress upon early recovery.
10	940	TP-IV	109,974,944	Annual commercialization fee	No reply.
11	902	TP-II	85,309,417	Annual commercialization fee	No reply.
12	884	TP-I	84,615,073	Permanent commercialization fee	No reply.
13	883	TP-I	80,570,303	Annual commercialization fee	No reply.
14	602	Housing-VII	74,299,353	Extension of building period, cost of plots, development charges and publication fee etc.	Recovery will be made as and when the owner approach the Authority for process of application. Audit stress upon early recovery.
15	946	TP-V	65,801,958	Miscellaneous penalties	No reply
16	904	TP-II	62,521,168	Annual commercialization fee	No reply.
17	941	TP-IV	43,497,934	Excess area cost	No reply
18	564	Housing-III	40,463,064	Land charges, extension of building completion period surcharge, miscellaneous penalties and fees/charges	No reply

19	925	TP-III	36,500,000	Annual commercialization fee	No reply.
20	909	TP-II	26,799,279	Annual commercialization fee	No reply.
21	950	TP-V	23,124,591	Plan submission fee	No reply
22	922	TP-III	19,817,450	Annual commercialization fee	No reply.
23	903	TP-II	19,404,957	Annual commercialization fee	No reply.
24	612	Housing-VIII	19,037,518	Cost of plots and grid station charges	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
25	614	Housing-VIII	18,407,047	Excess area cost	Notices were issued to the owner of the property for recovery. Audit stress upon early recovery.
26	613	Housing-VIII	16,792,086	Development charges	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
27	573	Housing-IV	15,479,022	Building period surcharge	Rs 3,561,654 was recovered and notices issued to the owners for remaining recovery. Audit stress upon early recovery.
28	891	TP-I	12,960,000	Less recovery of commercialization fee	No reply
29	574	Housing-IV	12,089,340	Building period surcharge	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
30	617	Housing-VIII	9,508,734	Cost of plots, building period fee, recovery of lease/rent, excess area charges, possession charges, NOC fee and transfer charges	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
31	897	TP-I	9,355,000	Annual/Permanent commercialization fee	No reply.
32	616	Housing-VIII	8,681,020	Building period surcharge	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
33	942	TP-IV	8,516,534	Excess area cost	No reply
34	611	Housing-VIII	8,414,000	Building period surcharge	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
35	566	Housing-III	8,379,144	Building period surcharge	Notices were issued to the owners of the properties for

					recovery. Audit stress upon early recovery.
36	615	Housing-VIII	7,909,159	Markup/interest on belated payments	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
37	618	Housing-VIII	7,250,000	Misc. penalties	Notices were issued to the owners of the properties for recovery. Audit stress upon early recovery.
38	919	TP-III	5,319,167	Less recovery of commercialization fee	No reply
39	886	TP-I	5,177,705	Less recovery of commercialization fee	No reply
40	944	TP-IV	3,330,322	Excess area cost	No reply
41	910	TP-II	3,316,811	Less recovery of commercialization fee	No reply
42	947	TP-V	3,201,514	Dues on account of completion certificates	No reply.
43	572	Housing-IV	2,839,680	Revised building plan and penalty of commercial use of residential plot	Notices were issued to the owner of the property for recovery. Audit stress upon early recovery.
44	606	Housing-VII	1,936,000	Excess area cost	Notices were issued to the owner of the property for recovery. Audit stress upon early recovery.
45	952	TP-V	1,560,984	Excess area cost	No reply
46	905	TP-II	1,332,901	Annual commercialization fee	No reply.
47	882	TP-I	1,129,299	Interest on delayed payment	No reply.
Total			6,482,379,642		

Annexure-XX

Para 3.4.1.10 Non-imposition of penalties on account of commercial use of residential properties – Rs 887.220 million

(Amount in Rs)

Sr. No.	DP No. (2024-25)	Name of Directorate	Recoverable Amount
1	912	TP-II	131,400,000
2	954	TP-V	112,240,000
3	913	TP-II	109,500,000
4	906	TP-II	102,200,000
5	931	TP-III	73,000,000
6	908	TP-II	65,700,000
7	938	TP-IV	58,650,000
8	885	TP-I	37,430,000
9	898	TP-I	36,500,000
10	899	TP-I	32,850,000

11	893	TP-I	29,200,000
12	900	TP-II	29,200,000
13	920	TP-III	21,900,000
14	888	TP-I	14,600,000
15	890	TP-I	10,950,000
16	928	TP-III	7,300,000
17	930	TP-III	7,300,000
18	934	TP-III	7,300,000
Total			887,220,000

(Annexure-XXI)

Para 3.4.6.1
Overpayment due to application of uneconomical items –
Rs 6.270 million

(Amount in rupees)

DP No.	Name of Scheme	Bi Annual	Above /below %	Name of Item	Quantity (cft)	Rate Paid (%o cft)	Rate to be paid	Diff.	Overpayment (Rs)
17(1)	Balance work of 40' wide roads F-32, R-2 and D-50 in Fatima Jinnah town phase-I Vehari road Multan.	2nd 2021	4.47 %	Earthwork excavation in open cutting for sewers 0 ft to 7 ft	52,635.00	7,235.92	2,326.55	4,909.37	258,405
		2nd 2021	4.47 %	Earthwork excavation in open cutting for sewers 7 ft to 15 ft & above	10,326.52	12,159.96	2,326.55	9,833.41	101,545
	Construction / Rehabilitation of Metalled Road from Suraj Kund Road from Chowk Shah Abbas to Canal Wali Muhammad, Multan.	2nd 2019	4.50 %	Excavation in foundation	266553.50	6,912.47	2,547.71	4,364.76	1,163,442
			4.50 %	Earthwork excavation in open cutting	595634.00	5,354.89	2,547.71	2,807.18	1,672,052
	Widening and improvement of Lodhran Road from Sunar Mill to BCG Chowk, Multan.	2nd 2017	4.45 %	Earthwork excavation open cutting	373,570.00	4,946.12	1,712.98	3,233.14	1,207,804

17 (16)	Constructi on / rehabilitat ion of metaled road / tuff tiles in UCs 51,52,54, 55,56 Multan	2nd 2022	- 18.9 5%	E/W embankment	48,753. 00	16,275. 86	4,002 .25	12,273. 61	598,375
	Deposit Works (Improve ment of road from MDA Chowk to Dera Adda Chowk, Multan	1st 2018	4.45 %	Earthwork excavation open cutting	329,45 3.11	5,736.9 2	1,885 .32	3,851.6 0	1,268,921
Total									6,270,544

Annexure-XXII

Para 3.4.14.3

Loss due to non-deposit of Bid Security by PHATA - Rs 11.536 million

(Amount in Rs)

Sr. No.	Months	Rate (as per Sharia)	Principal	Profit	Compound Amount
1	Apr-21	5.0%	10,000,000	41,667	10,041,667
2	May-21	5.0%	10,041,667	41,840	10,083,507
3	Jun-21	5.0%	10,083,507	42,015	10,125,522
4	Jul-21	5.0%	10,125,522	42,190	10,167,711
5	Aug-21	5.0%	10,167,711	42,365	10,210,077
6	Sep-21	5.0%	10,210,077	42,542	10,252,619
7	Oct-21	5.0%	10,252,619	42,719	10,295,338
8	Nov-21	5.0%	10,295,338	42,897	10,338,235
9	Dec-21	5.0%	10,338,235	43,076	10,381,311
10	Jan-22	5.0%	10,381,311	43,255	10,424,567
11	Feb-22	5.0%	10,424,567	43,436	10,468,002
12	Mar-22	5.0%	10,468,002	43,617	10,511,619
13	Apr-22	5.0%	10,511,619	43,798	10,555,417
14	May-22	5.0%	10,555,417	43,981	10,599,398
15	Jun-22	6.9%	10,599,398	60,947	10,660,345
16	Jul-22	6.9%	10,660,345	61,297	10,721,642
17	Aug-22	5.9%	10,721,642	52,715	10,774,357
18	Sep-22	6.1%	10,774,357	54,770	10,829,126
19	Oct-22	6.3%	10,829,126	56,853	10,885,979
20	Nov-22	6.0%	10,885,979	54,430	10,940,409
21	Dec-22	6.4%	10,940,409	58,349	10,998,758
22	Jan-23	6.0%	10,998,758	54,994	11,053,752
23	Feb-23	6.4%	11,053,752	58,953	11,112,705
24	Mar-23	6.4%	11,112,705	59,268	11,171,973

25	Apr-23	5.6%	11,171,973	52,136	11,224,109
26	May-23	6.5%	11,224,109	60,797	11,284,906
27	Jun-23	6.2%	11,284,906	58,305	11,343,211
28	Jul-23	6.5%	11,343,211	61,442	11,404,654
29	Aug-23	7.1%	11,404,654	67,478	11,472,131
30	Sep-23	6.7%	11,472,131	64,053	11,536,184

Annexure-XXIII

Para 3.4.14.5 Undue financial aid by granting loans to ineligible persons – Rs 10.600 million

(Amount in Rs)

Sr. No.	Name and Designation/ Profession	Loan Amount	Income/Assets Description
1	Muhammad Ali Branch Manager at Bank Alfalah	1,000,000	Head/Branch Manager of Bank Alfalah, Sillanwali Branch, Sargodha
2	Muhammad Hafeez Private Business	1,000,000	Net assets worth Rs 5.029M, Commercial plot 4 Marla, Gold 20 Tola, Cash-in-hand Rs 2.372M, Prize Bond for Rs 1.250 M etc.
3	Arshad Mehmood Khan Adminitrator /Executive at PWC (Fergosan lead Audit Firm)	1,000,000	Executive in Lead Audit Firm i.e. Fergosan Pvt Ltd
4	NASIR ABBAS Lecturer (Grade-18) at GCU Faisalabad	900,000	Net Assets worth Rs 5,763,696, House 4 Marla, Car Honda City, Motor Vehicle, Motor Cycle, Gold 20 Tola, Cash in hand for Rs 3,239,481, Prize Bond for Rs 500,000.
5	HAMIDA KOUSAR Asstt Professor (Grade-18) at Women College Khanpur District Rahim Yar Khan	800,000	Salary Rs 147,402 per month, Net Assets worth Rs 4,243,667, 10 Marla House, Plot 5 Marla, Price Bond 507,557, Cash in hand Rs 3,486,110.
6	Ali Nasir Private Business CEO of Bhutto Phot State and Computer Housing Center, T.T. Singh	800,000	Net assets worth Rs 4.626 M, Cash in hand+Bank for Rs 2.420M, Plot 2 Marla, Gold 7 Tola etc.
7	Muhammad Sajid Sharif Private Business	800,000	Net Assets worth Rs 2.980 M, Cash-in-hand Rs 1.500M, Prize Bond Rs 1.50M, Gold 20 Tola etc.
8	Waqar Yousaf Private Business	800,000	Net Assets worth Rs 22.763 M, Motor Vehicle and Car Mira, Cash-in-hand Rs 6.813 M etc.

9	Imtiaz Haider Senior Sales Officer at Jadeed Group of Companies	800,000	Senior Sales Officer in International Company
10	Muhammad Asim Malik Instructor at Vocational Training Institute Township Lahore	800,000	Instructor at Vocational Training Institute Township, Lahore
11	Abu Bakkar M. Raza Private Business (Book and Stationery Shop)	700,000	Net Assets worth Rs 6,646,000, Commercial property, House 4 Marla, House 5 Marla, House 2 Marla, Plot 5 Marla, Animals for Rs 1.200 M, Cash in hand Rs 2.820M, Gold 20 Tola etc.
12	Muhammad Tariq Private Business	700,000	Net Assets worth Rs 4.595 M, Gold 5 Tola, Cash-in-hand Rs 1.690M, House 4 Marla etc.
13	Abdul Rashid Private Business CEO of Idea Chemical Firm	500,000	Net assets worth Rs 6.935 M, Cash in hand+Bank for Rs 5.137M, Plot 2 Marla, Gold 10 Tola, Cash 19 Lac, Agriculture land etc.
Total		10,600,000	

Annexure-XXIV

Para 3.4.15.2

Overpayment due to incorrect calculation of price variations– Rs 58.036 million

(Amount in Rs)

Sr. No.	DPs	Formations	Amount	Reasons of overpayment
1.	316 (2024-25)	PHE-II DG Khan	17,183,684	The department paid Price variation on cement, steel, bricks, labour and diesel by incorrectly applying base rate of material for 2015 instead April 2019.
2.	99 (2023-24)	PHE T.T.Singh	8,915,575	Price variation on diesel and labour, the department taken excess value of work done.
3.	94 (2023-24)	PHE T.T.Singh	7,451,475	The department applied base rate of Rs 122.04 per litter instead of Rs 144.62 per litter.
4.	118 (2023-24)	PHE T.T.Singh	5,845,080	Price variation on tuff paver was inadmissible before 16.11.2022 as per FD.
5.	262 (2024-25)	PHE Gujranwala	4,973,681	While calculating price variation, the department

				less deducted of value of work done on machineries.
6.	239 (2024-25)	PHE Gujranwala	3,825,078	The department applied month of July 2022 instead June 2022.
7.	323 (2024-25)	PHE-II DG Khan	2,828,300	Price variation on PPRC and HDPE pipes was inadmissible before 16.11.2022 as per FD.
8.	103 (2023-24)	PHE T.T.Singh	2,027,149	Price variation on diesel and labour, the department taken excess value of work done.
9.	280 (2024-25)	PHE Jhang	1,682,724	While calculating price variation, the department less deducted of value of work done on RO Plant.
10.	258 (2024-25)	PHE Gujranwala	1,411,776	The department applied month of June 2022 and February 2023 instead of March to May 2022 and January 2023 respectively.
11.	104 (2023-24)	PHE T.T.Singh	1,105,723	Price variation on diesel and labour, the department taken excess value of work done.
12.	241 (2024-25)	PHE Gujranwala	785,887	Price variation on diesel and labour, the department taken excess value of work done.
		Total	58,036,132	

Annexure-XXV

Para 4.4.17

Misappropriation due to non-accountal and consumption of costly electric, computer, I.T and furniture items - Rs 441.330 million

Sr No.	DP No	Items	Expenditure during 2022-23	Qty/ Vouchers	Expenditure during 2023-24	SDAC Decision
1	563 (2024-25) Ph-I	Stationery items, file covers, LED lights, computer accessories, Tissue papers	318030951	428 vouchers	390,798,230	Not held
2	570 (2024-25) Ph-I	Computer hardware	6,999,211	68 vouchers	10,062,421	Not held

3	575 (2024-25) Ph-I	IT Equipments, Computers Dell 11 th Generation, TP link Devices etc.	10,999,343	64 vouchers	12,499,976	Not held
4	580 (2024-25) Ph-I	Inverter split AC's	3,085,611	17 items	3,167,356	Not held
5	583 (2024-25) Ph-I	Computer chairs, Computer tables, Steel almirahs, file cabinet, sofas etc.	7,199,611	392 items	15,474,638	Not held
6	584 (2024-25) Ph-I	Electric geyser, Ceiling Fans, LEDs, Vacuum Cleaner, Pedestal Fans, Microwave ovens, Photocopy machines & Single door refrigerators	6,995,971	145 items	9,328,018	Not held
		Total	353,310,698		441,330,639	

Annexure-XXVI

Para 5.4.1.1

Overpayment on account of execution of uneconomical item – Rs 31.047 million

DP No.	Name of Divisions	Item	Quantities (cft)	Rate Paid (%o cft)	Rate to be paid (%o cft)	Rate difference between machinery and manual labour (%o cft)	Amount Overpaid
4 (2023-24)	Faisalabad	Earthwork undressed single throw of kassi	4524055	7,371.00	6,153.70	1,217.30	5,507,132
			6051130	7371.14	6153.70	1,217.44	7,366,887
53 (2024-25)	Multan	Earth work in ordinary soil for embankment etc.	342173	11,394.25	8,288.71	3,105.53	1,062,629
			448570	10,232.49	7,104.89	3,127.60	1,402,948
			673191	11,015.49	8,230.68	2,784.81	1,874,709
			631000	9,612.01	6,672.19	2,939.82	1,855,027
			1660213	9,438.27	6,500.70	2,937.51	4,876,884
			565351	6,080.34	3,222.62	2,857.72	1,615,612
			522671	9,207.50	6,391.40	2,816.10	1,471,894
			235328	9,423.19	6,490.38	2,932.81	690,173
		232404	10,060.23	7,318.29	2,741.94	637,238	

152 (2024-25)	Bahawalpur	Earth work excavation in ordinary soil for making embankment	842767	10,096.78	7,354.38	3,186.66	2,685,612
		Total	16728853				31,046,745

Annexure-XXVII

Para 5.4.1.4 Overpayment due to application of incorrect rate – Rs 6.168 million

DP Nos. 2024-25	Formation	Quantity Paid	Rate paid	Rate to be paid	Excess rate Paid	Amount Overpaid	Reasons of overpayment
114	Gujranwala	3121 cft	24,552.00	22,697.40	1,854.60	57,882	The excess rates of the items "P/L crush stone, tuff pavers, RCC etc" paid than relevant MRS.
		11912 cft	15,681.60	14,636.15	1,045.45	124,534	
		11912 cft	4,276.60	3,991.70	284.90	33,937	
		14986 cft	17,801.50	11,516.40	6,285.10	941,885	
		2028 rft	2,139.90	2,040.15	99.75	202,293	
		44025 sft	230.15	222.95	7.20	316,980	
		25662 sft	200.05	195.25	4.80	123,178	
		43 Nos.	25,024.90	21,304.65	3,720.25	159,971	
		3778 cft	24,552.00	22,697.40	1,854.60	70,067	
		12688 cft	30,818.22	29,844.06	974.16	123,601	
118	Gujranwala	18410 cft	3,650.00	1,550.75	2,099.25	398,065	The excess rates of the items "Dismantling of existing road and pacca brick work" paid than relevant MRS.
		21331 cft	20,045.10	19,476.40	568.70	124,938	
142(05)	Bahawalpur	1154169 cft	6,334.90	5,847.05	487.85	563,061	Rate of dressing & leveling was already included in compaction.
142(06)		998 meter	1,859.25	451.80	1,303.86	1,301,253	The excess rate paid than MRS for item "S/E of insulated PVC sheathed 4 core".
142(08)		61687 cft	15,503.71	12,867.90	2,635.81	1,625,952	The excess rate paid than MRS for item "P/L crushed stone complete".
Total						6,167,597	

Annexure-XXVIII**Non/ Less recovery of arrears of advertisement fee and rental charges – Rs 515.28 million***(Rs in million)*

PDP No.92 (2022-23) Gujranwala	9.29
Printed Para No. 3.5.4.1 (2020-21) PHA, Gujranwala	11.21
PDP No. 723, 725, 721, 722, 730, 724 (2023-24 PHA Multan)	77.56
PDP No. 826, 827, 829, 840, 841, 842 (2023-24 PHA Gujranwala)	70.08
Printed Para No. 3.4.4.3 (Annexure-XXX) (2023-24) PHA Lahore	75.52
Printed Para No. 3.4.3.3 (2022-23) PHA Lahore	27.36
Printed Para No. 3.4.7.1 (2022-23) PHA Multan	56.12
Printed Para No. 3.5.7.3 (2019-20) PHA Multan	11.70
Printed Para No. 3.4.9.1 (2022-23) PHE Faisalabad	52.13
Printed Para No. 3.4.5.1 (2021-22) PHA Rawalpindi	14.60
Printed Para No. 3.4.12.1 (2022-23) PHA Rawalpindi	53.76
Director Marketing PHA, Lahore (2024-25)	15.69
Director Coordination PHA, Lahore (2024-25)	40.26
Total:	515.28