



**AUDIT REPORT
ON
THE ACCOUNTS OF
EARTHQUAKE RECONSTRUCTION & REHABILITATION
AUTHORITY
AUDIT YEAR 2013-14**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AC	Air Conditioner
ADB	Asian Development Bank
AFS	Annual Financial Statement
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AJK/AJ&K	Azad Jammu and Kashmir
BCDP	Bagh City Development Project
BOQ	Bill of Quantity
CDWP	Central Development Working Party
CGA	Controller General of Accounts
CLRP	Community Livelihood Rehabilitation Project
CTR	Central Treasury Rules
C&W	Communication & Works Department
DAC	Departmental Accounts Committee
DAO	District Accounts Office
DDO	Drawing & Disbursing Officer
DDR	Deputy Director Reconstruction
DG	Director General
DRAC	District Reconstruction Advisory Committee
DIG	Deputy Inspector General
DRUs	District Reconstruction Units
ECNEC	Executive Committee of National Economic Council
EEAP	Earthquake Emergency Assistance Project
EOT	Extension in time
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FBR	Federal Board of Revenues
FIDIC	Fédération Internationale Des Ingénieurs-Conseils ^(French) International Federation of Consulting Engineers ^(English)
FTR	Federal Treasury Rules
FWO	Frontier Works Organization
GCC	General Conditions of Contract
GFR	General Financial Rules
GOP	Government of Pakistan
HQs	Headquarters
HSD	High Speed Diesel

INGO	International Non Governmental Organization
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
JV	Joint Venture
KP	Khyber Pakhtunkhwa
LD	Liquidated Damages
LS	Lump Sum
MCDP	Muzaffarabad City Development Project
M&E	Monitoring and Evaluation
M/s	Messer
NBCDP	New Balakot City Development Project
NBP	National Bank of Pakistan
NESPAK	National Engineering Services Pakistan (Pvt.) Ltd.
NGO	Non Governmental Organization
NIDA	National Income Daily Account
NIS	New Items Statement
NHA	National Highway Authority
O.M.	Office Memorandum
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Particular Condition of the Contract
PEC	Pakistan Engineering Council
PERRA	Provincial Earthquake Reconstruction and Rehabilitation Agency
PESCO	Peshawar Electric Supply Company
PHA	Provincial Highway Authority
PHE	Public Health Engineering
PHED	Public Health Engineering Department
PIU	Project Implementation Unit
PLD Account	Profit & Loss Deposit Account
PM	Prime Minister
PM	Program Manager
PMU	Project Management Unit
PMIU	Project Management Implementation Unit
PO	Partner Organization
POL	Petrol Oil and Lubricant
PPRA	Public Procurement Regulatory Authority

PSCC	Pakistan Scouts Cadet College
PWD	Public Works Department
QAC	Quality Assurance Committee
Qty	Quantity
RCDP	Rawalakot City Development Project
RWH	Rain Water Harvesting
RWHP	Rain Water Harvesting Project
SERRA	State Earthquake Reconstruction and Rehabilitation Agency
Sft.	Square feet
SFD&KF	Saudi Fund for Development & Kuwait Fund
SOP	Standard Operating Procedures
SPC	Special Project Cell
TOC	Taking Over Certificate
TQT	Tajweed ul Quran Tax
UC	Union Council
VO	Variation Order
WBM	Water Bound Macadam
XEN	Executive Engineer

PREFACE

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

The report is based on audit of the accounts of Earthquake Reconstruction and Rehabilitation Authority (ERRA), Provincial Earthquake Reconstruction and Rehabilitation Agency (PERRA) in Khyber Pakhtunkhwa and State Earthquake Reconstruction and Rehabilitation Agency (SERRA) in AJ&K for the financial year 2012-13. Observations pertaining to the financial year 2011-12 processed during 2nd phase of Audit Plan 2012-13 are also included in this report. The Directorate General Audit (ERRA) conducted audit during 2013-14 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

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

The Audit Report is submitted to the President in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan 1973 for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Dated: 28 February 2014

[Muhammad Akhtar Buland Rana]
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit ERRA conducts the audit of receipts and utilization of funds of ERRA. The office is mandated to conduct regularity audit, financial attest, compliance with authority audit, audit of sanctions and propriety and performance audit of ERRA, PERRA and SERRA. The Director General Audit (ERRA) has a human resource of 43 personnel with 6,328 man days available. The annual budget of the Directorate General Audit ERRA for the financial year 2013-14 is Rs 39.891 million.

ERRA has one PAO and 63 formations. Audit Plan for 2013-14 included audit of both expenditure and receipts of these formations. Out of 63 formations, 50 formations were planned for audit during the Audit Year 2013-14. During the execution of audit plan of phase-I, 37 formations were audited. Remaining 13 formations would be audited in phase-II.

a. Scope of audit

Out of total expenditure of Rs 9,551.758 million (i.e. Rs 5,530.336 million from GOP releases, and multilateral/ bilateral funds, + Rs 482.980 million from Extra Budgetary Resources + Rs 3538.442 million as payment by third parties) of ERRA for the financial year 2012-13, the DG Audit, ERRA audited an expenditure of Rs 6,362.911 million which in terms of percentage is 66.62% of auditable expenditure. In addition, Performance Audit of Health Sector of ERRA, Special Study of Asset Management of ERRA and Special Audit of Consultancy services rendered will be executed in phase-II of Audit Plan 2013-14.

b. Recoveries at the instance of audit

Recoveries of Rs 537.757 million were pointed out. However, recoveries of Rs 15.473 million were effected during the Financial Year 2013-14 (from July to 31st December 2013) at the instance of audit. The total recoveries were not in the notice of the management.

c. Audit Methodology:

The financial audit of ERRA and its formations was carried out by examining permanent files, computer generated data and other related documents along with the policies and rules followed. This facilitated the understanding of system, procedures

and audit entity. In addition risk assessment was carried out performing the analytical procedures, testing controls, substantive testing and evaluating the results.

d. Audit Impact

On the pointation of Audit, “ERRA” stopped operation of Extra Budgetary Account and formally established the “ERRA Fund”. The management got its Financial Rules approved and notified from the Finance Division. Persistent follow up of Audit led to timely reconciliation of receipts and expenditure with AGPR.

e. Comments on Internal Control and Internal Audit Department

There existed Internal Audit and Internal Control Mechanism in the Authority. However, the efficacy or otherwise of both the tiers could hardly be commented one as the reports generated by these tiers were not shared with Audit. Anyhow, no case of fraud/ embezzlement has come to fore which indicates that internal controls exist.

f. Key audit findings of the report

- i. Irregular/ unauthorized payments/ violation of rules involving Rs 3,342.356 million.¹
- ii. Unjustified payment of Rs26.129 million was made to the contractor in 01 case on fake/false documents.²
- iii. Lack of internal controls was observed in 04 cases.³
- iv. Recoveries were pointed out in 19 cases amounting to Rs 537.757million.⁴
- v. There was 01 case of inappropriate/ irregular asset management amounting to Rs 5.340 million.⁵
- vi. Interim payments amounting to Rs 101.778 million were made in 13 cases on the basis of measurement sheets, the authenticity of which were not upto mark as the quantity and rates were curtailed on percentage basis or payments for lump sum items/ jobs were made by phasing out the same unauthorizedly.⁶

¹ Para 2.4.1, 2.4.2, 2.4.6 to 2.4.10, 3.2.6, 3.2.9 to 3.2.11,3.2.13, 3.2.14, 3.2.16, 3.2.17, 3.2.20, 3.2.21, 3.2.22,3.2.25, 4.2.4, 4.2.5, 4.2.7, 4.2.9 to 4.2.11, 4.2.13 to 4.2.19, 4.2.22 to 4.2.35

² 4.2.21

³ Para 2.4.4, 4.2.6, 4.2.12, 4.2.21

⁴ Para 2.4.2, 2.4.7, 2.4.8 to 2.4.10, 3.2.1, 3.2.14, 4.2.2, 4.2.5, 4.2.6, 4.2.8, 4.2.9, 4.2.11, 4.2.13, 4.2.17, 4.2.22, 4.2.23, 4.2.29, 4.2.34

⁵ Para 3.2.7

⁶ Para 2.4.4, 2.4.6, 4.2.3, 4.2.4, 4.2.10, 4.2.14, 4.2.16, 4.2.25, 4.2.27, 4.2.28, 4.2.30, 4.2.31, 4.2.32,

- vii. Payment of running bills was made on the basis of measurements but the progressive quantities of the items of work were shown in negative which was quite contrary to logical sequence of occurrence. This state of affairs questions the integrity of measurement sheets.

g. Recommendations

The Principal Accounting Officer needs to take necessary steps to evaluate the financial management and strengthen and institutionalize the internal controls.

The corrective measures required are:

- i. Irregular/ un-authorized payments made may be got regularized.
- ii. System and procedure may be upgraded so that the chances of payments on the basis of fake/ false documents could be totally eliminated.
- iii. Internal Control weaknesses may be removed.
- iv. Effective steps may be taken to make good the recoveries.
- v. The inventory control system needs to be strengthened.
- vi. Internal Controls provided in the contracts for qualitative and quantitative correctness of the payables may be observed in letter and spirit so that the payments made on percentage basis etc. could be averted well in time.
- vii. The mechanism leading to payments made contrary to the logical sequence of occurrence needs to be discarded once for all.

SUMMARY TABLES & CHARTS

Table 1 *Audit Work Statistics*

(Rs in million)			
S. No.	Description	No.	Budget
1	Total Entities (Ministries/PAO's) in Audit Jurisdiction	01	*9,551.758
2	Total formations in audit jurisdiction	63**	9,551.758
3	Total Entities(Ministries/PAO's) Audited	01	9,551.758
4	Total formations Audited	37	6,362.911
5	Audit & Inspection Reports	37	6,362.911
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

* Total expenditure of ERRA was Rs 9,551.758 million (i.e. Rs 5,530.336 million from GOP releases, and multilateral/ bilateral funds, + Rs 482.980 million from Extra Budgetary Resources + Rs 3,538.442 million as payment by third parties)

** 50 formations (37 in phase-I and 13 in phase-II) are selected for audit 2013-14 while remaining 13 formations having less than rupees one million expenditure were left to be accommodated against contingent mandays allocations.

Table 2 *Audit observations regarding Financial Management*

S. No.	Description (Areas)	Amount Placed under Audit Observation (Rs in Millions)
1	Asset management	5.340
2	Financial management (specific)	200.00
3	Internal controls relating to financial management	123.272
4	Others	3,660.542
	Total	3,989.154

Table 3 **Outcome Statistics**

(Rs in million)

S. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total last year
1	Outlays Audited	*	*	*	*	6,362.911	11,257.005
2	Amount Placed under Audit Observations /Irregularities of Audit	137.608	3,092.350	-	221.439	3,451.397	9,879.870
3	Recoveries Pointed Out at the instance of Audit	-	528.815	-	8.942	537.757	2,302.116
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	15.473**	-	-	15.473	104.089

*ERRA does not record expenditure as per the heads stated in table-3.

** The amount pertains to previous years observations which were realized during this year.

Table 4 **Table of Irregularities pointed out**

(Rs in million)		
S. No.	Description	Amount Placed under Audit Observation
1	Violation of rules and regulations, violation of principle of propriety and probity in public operations.	3,342.356
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting errors (accounting policy departure from IPSAS, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	If possible quantify weaknesses of internal control systems.	123.272
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public money	3.833
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	519.693

Table 5 **Cost-Benefit**

S. No.	Description	Amount (in million)
1	Outlays Audited (Items 1 of Table 3)	6,362.911
2	Expenditure on Audit	39.891
3	Recoveries realized at the instance of Audit	15.473
	Cost-Benefit Ratio	1:0.388

Chapter-1

Public Financial Management Issues (Earthquake Reconstruction & Rehabilitation Authority)

1.1 Audit Paras

1.1.1 Un-authorized transfer of funds from Assignment Account

As per Para 2 (vi) of revised procedure for operation of Assignment Account of Federal Government dated 24th September 2008, the officers holding Assignment Account will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Money will not be drawn for deposit into chest or any bank account.

Contrary to above, the management withdrew bulk amounts from Assignment Account to the tune of Rs 5,530.336 million and deposited in ERRA Fund without immediate requirement.

The position of the expenditure is misrepresented to the AGPR for the drawal of next tranche of budgetary release whilst, the same amount had been retained in the ERRA Fund for the expenditure in the later stage during the financial year. Since, the budgetary release is meant for rehabilitation and reconstruction work in earthquake affected areas, unnecessary withdrawal from Assignment Account led to unnecessary accumulation of funds for profit earning from NIDA/ ERRA Fund account.

Audit recommends that strict compliance of government procedure be ensured. The withdrawal from Assignment Account may only be made for immediate need and may be synchronized with quarterly work targets.

The management explained that the releases are made by the Finance Division as per disbursement plan and the same are received in Assignment Account. The sums are transferred in the ERRA fund and actual disbursements are made therefrom. The only disbursement mechanism with ERRA is ERRA Fund.

Audit is of the view that the mechanism in place led and may lead to unnecessary accumulation of government funds with ERRA. The issue needs to be further looked into with respect to statutory requirement regarding ERRA Fund

establishment. However, ERRA may seek clarification from competent forum for operation of Assignment Account and its interfacing with ERRA Fund account.

1.1.2 Non adjustment of profit – Rs 19.973 million

As per Para 26 of ERRA Accounting Procedure-2006 the receipts, if any, generated by the authority shall be the receipts of the Government and shall be deposited in the Government treasury on the same day, and if received after banking hours, on the next working day.

An amount of Rs 19.973 million on 16th July 2012 was received from bank as profit on NIDA/ ERRA Fund Account. The amount of profit was not accounted for in the budgetary allocation as minus receipt.

This is a serious violation of the aforesaid provisions and led to excess receipts in the next financial year.

The amount of profit on investment may be adjusted in current financial year release.

The management admitted the figure and its non projection on receipt side of the budget but was of the view that the same will be reported to the Finance Division in the next budget as receipt.

The figures may be adjusted against the release of next quarter of current financial year.

1.1.3 Non-reporting of saving to the Finance Division at the end of the year

As per Para 7.2 ERRA Financial Rules 2012, unspent balances of funds allocated and released by the Government in any financial year shall not lapse but instead shall form part of the Fund and shall be credited to non-lapsable PLD account of the authority. Event will be reported to the Government accordingly.

An amount of Rs 909.102 million was disclosed as closing balance in Consolidated Statement of Cash, Receipts and Payments, whereas no record regarding intimation of the same to the Government was produced to audit.

The intimation of unspent balances to the Government is an important part of budgetary control process. In the absence of which, the financial needs of ERRA are mis-projected.

The unspent balances of fund allocated and released by the Government may be reported to the Government.

The management intimated that the closing balance of the ERRA Fund has been disclosed in the AFS and signed/certified AFS are circulated amongst stakeholders. So far as the savings are concerned, same are being reported in the Appropriation Account at the closure of every fiscal year by the AGPR.

The opening/ closing balances of the ERRA Fund need to be further bifurcated with reference to sources of finance i.e. GOP and donations. Funds allocated and released by the Government, need to be reported to the Government exclusively. Further, the ERRA Financial Rules may also be got vetted from CGA and AGP.

Chapter-2

Earthquake Reconstruction & Rehabilitation Authority (ERRA)

2.1 Introduction of Authority

On 8th October, 2005, the earthquake caused severe damage and massive loss of life and assets in the province of Khyber Pakhtunkhwa and the State of AJ&K. Geographically, five districts of Khyber Pakhtunkhwa (Abbottabad, Mansehra, Battagram, Shangla, and Kohistan) and four districts of AJ&K (Muzaffarabad, Bagh, Rawalakot and Poonch) were severely affected. Immediately after the earthquake, the Federal Relief Commission was established on 10th October 2005 to mobilize all resources and coordinate relief activities. Thereafter, on 24th October 2005, the Government of Pakistan established Earthquake Reconstruction and Rehabilitation Authority (ERRA) which took over all the activities from the Federal Relief Commissioner on 31st March, 2006. ERRA started its activities with its mission to “Plan, coordinate, monitor and regulate reconstruction and rehabilitation activities in the earthquake affected areas, encouraging self reliance through private public partnership and community participation and ensuring financial transparencies”.

2.2 Comments on Budget & Accounts (Variance Analysis)

Rs in million)						
Financial Year	Grant no.	Original grant	Supplementary grant	Final grant	Actual Receipts	Difference
2012-13	ID3840	265.338	-	265.338	265.338	
	ID4029	10,000.000	-	10,000.000	8,803.440	1,196.560
Total		10,265.338	-	10,265.338	9,068.778	1,196.560

There is no difference between original and final grant. The difference between actual receipts and final grant was due to the reason that less funds were released from government. During the financial year 2012-13, no funds were released from major donor i.e. World Bank.

2.3 Brief comments on the status of compliance with PAC directives

Since inception of ERRA, 5 Audit Reports on the accounts of ERRA have been finalized, out of which only one report pertaining to the year 2005-06 was

discussed in the PAC. Current status of compliance with PAC directives, for report discussed so far, is given below:

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of Compliance
1	2005-06	44	43	1*	97.73

*Payment of Rs 94.125 million to non entitled persons on rejected housing cash grant forms in Muzaffarabad (AJ&K) – Para 1.1 for the Audit Year 2006-07 (Financial Year 2005-06)

2.4 AUDIT PARAS

Irregularity & Non Compliance

2.4.1 Irregular/ un-authorized purchase of Daewoo bus - Rs 6.625 million

As per Finance Division O.M. No: F.7 (2) Exp. IV/2011 dated 17th August 2011, “there will be a ban on purchase of physical assets including all types of vehicles. Ban on purchase of vehicles will also be applicable to development expenditure.” As per cabinet meeting held on 1st June, 2012 the austerity measures notified vide O.M. dated 17th August 2011 were also continued for the financial year 2012-13.

ERRA paid an amount of Rs 6.625 million to M/s Daewoo Pak Motors (Pvt.) Ltd., Karachi for the procurement of Daewoo Bus (62+1seats) vide cheque No.7183571 dated 21st June 2013 out of the PC-I Capacity Building (Institutional Strengthening).

The purchase of bus despite ban on the purchase of vehicles was a violation of the Govt. instructions. Audit is of the view that the bus was required to be purchased with the specific approval of the Cabinet Division.

Non adherence of Government instructions resulted into irregular expenditure.

When pointed out to the management on 21st October 2013, the management in its reply dated 21st November 2013 stated that the bus was purchased through PC-I Capacity Building (IS) to replace the bus already hired for transport facility for staff. The ERRA Board approved the necessities and financial effect of all activities narrated in the PC-I.

The reply is not acceptable as it was not a case of replacement of existing asset but it was a case of purchase of asset in place of hired facility, so the bus was purchased in violation of Government instructions hence the expenditure is irregular.

The DAC meeting was held on 6th February 2014 and it was decided that the matter may be got regularized from competent forum. However, no progress was intimated till finalization of this report.

Audit recommends that the matter may be got regularized from competent forum.

PDP-399 (2012-13)

2.4.2 Non imposition of LD – Rs 12.344 million

As per contract agreement, in the case of failure of the contractor to meet the time for completion, the liquidated damages @ 0.5% of the contract price excluding provisional sum for each day of delay or part thereof upto a maximum of 10% of the contract price will be recovered from the contractor.

ERRA awarded a Design, Supply and Install-Turnkey contract for the construction of 15 Prefabricated Sandwich Panel School Structures in Old Balakot Town, District Mansehra to M/s United Business Systems (Pvt.) Ltd on 2nd March 2012. As per agreement, the cost of the contract was Rs 123.439 million excluding provisional sum of Rs 12 million. The works were to be completed within 180 days from the date of award of contract.

The contractor could not complete the works within stipulated time and was liable to be penalized for Rs 12.344 million being 10% of the contract price but the management neither inflicted the penalty nor effected the recovery.

When pointed out on 21st October 2013, the management in its reply dated 24th December 2013 stated that the project got delayed due to unavoidable law and order situation on ground from time to time throughout the period of project implementation and paucity of funds due to which mobilization advance @ 15% of the total contract price could not be paid.

The reply is not acceptable as the limitations enumerated above were not substantiated with documentary evidences and the periodicity analysis which is evident from the fact that the situation of law and order emerged in November 2012 and was controlled within six months and the work was not completed till the closure of audit in October 2013.

The DAC in its meeting held on 6th February 2014 decided that extension in time (EOT) in all cases would be produced to Audit for verification. No record was produced to Audit for verification till finalization of this report.

Audit requires that either the LD may be imposed and recovered or extension in time may be produced to Audit.

PDP-413(2012-13)

2.4.3 Undue payment to the contractor - Rs 4.489 million

As per Technical Specifications of Item No. 405 “The quantity to be measured for payment will be the actual number of Pre-cast Pre-stressed Concrete Structure”.

Contrary to above, National Highway Authority (NHA) entertained a bill of M/s Frontier Works Organization (FWO) for construction of “West Bank Bypass Project at Muzaffarabad (Package-II) which included the BOQ items No., Sp405a Pre-cast PC member (PC Girder 29.9 m) under Bill No.4a-15; pertaining to Pre-cast Pre-stressed Concrete Structure worth Rs 4.489 million through IPC No. 2,3 & 4. Quantification of the executed work was done on the basis of percentage (i.e. total 4 No. of concrete structures x 90% = 3.60). The quantity so arrived was multiplied by Rs 1,247,000 being the unit rate. So the quantification technique applied was not covered under the contractual provision, which inter-alia demanded that actual number completed, tested and accepted. Thus undue quantification done resulted into undue payment of Rs 4.489 million.

When pointed out on 13th May 2013, it was replied that as the timely release of funds was not available with NHA from ERRRA, so the purpose of making such payments was to ensure smooth flow of funds in the best interest of the project. The payment was accordingly made on completed and accepted percentage precast PC member (girder). An amount equal to 10% of the BOQ cost of girders was withheld on account of not stressing at the time of verifying the respective IPCs. Remaining 10% cost was paid to the contractor after successful completion of the girders. Therefore in the interest of the project, it was decided to make part payments to the contractor for executed works instead of lump sum. However, the items whose payments are in lump sum basis were not carried out in one go but in parts as per approved construction methodology which is part of the Contract Agreement.

The reply is not cogent as the mode of quantification of work on percentage basis cannot be done as per available clauses of contract.

The DAC in its meeting held on 20th February 2014 decided that Ex-Post Facto approval from Competent Authority for fraction payment may be obtained.

Audit recommends that ex-post facto approval of the Competent Authority for fraction payment may be obtained or the financial impact of the temporary overpayment/ undue payment may be worked out and recovered from the beneficiary or the person(s) at fault.

PDP-366 (2011-12)

2.4.4 Undue payment of retention money - Rs 49.410 million

As per clause 48 of the Contract Agreement withheld retention money was payable in two installments 50% on the issuance of Taking Over Certificate (TOC) and 50% on the satisfaction completion of maintenance period.

NHA retained a sum of Rs 49.410 million against contracts of Alpuri-Basham (Lot I to IV) awarded to M/s A&M Company and M/s Muhammad Irshad & Company. Early release was made through Amendment-2 in the Contract Agreement dated 24th November 2011 which inter-alia provides that retention money may be released subject to the production of Bank Guarantees for the equivalent amount. Accordingly bank guarantees were obtained prior to making payment of retention money to the contractors.

Subsequently the said bank guarantees were released without waiting for completion of the project and satisfactory completion of maintenance period.

The matter was brought to the notice of the management on 13th May 2013 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit stresses that the matter may be investigated to fix responsibility on the person(s) at fault for releasing retention money or bank guarantees. Prima-facie the project interests were not secured.

PDP-367 (2011-12)

2.4.5 Unauthorized/ irregular payment against lump sum provision/ on provisional basis - Rs 54.597 million

As per Technical Specifications of contract agreement of West Bank Bypass Project (Package-1& II), “the quantities of work to be paid for shall be the respective lump sum (LS) completed and accepted in accordance with the drawings or as directed by the Engineer”.

As per contract agreements, payment against different IPCs was to be made on the basis of measurements at site and preparation of abstract of quantities and that of abstract of cost.

- (A) The accounts record of Package-I revealed that payment for 12 items (i.e. 4a.14, 4b.22, 4c.13, 4a.12, 4b.22, 4c.13, 4b.18, 4a.12, 4b.19, 4b.20, 4c.12, 4b.17) worth Rs 54.647 million payable on lump sum basis for each and every item of work quantifiable in numbers and payable at certain specified rates, against which a payment of Rs 32.642 million was made to the contractor for the works quantified on percentage basis instead of allowing the payments on completion of each of the item on lump sum basis.
- (B) The accounts record of Package-I revealed that the contractor was paid Rs 19.114 million i.e. equal to 43% of the total BOQ value of Rs 44.452 million for Form Traveler. As per contract agreement, the payment of Form Traveler was to be made in installments i.e. 20% of the amount upon installation of Form Traveler and remaining 80% was to be paid upon completion of each segment. Thus an amount of Rs 10.224 million was paid in excess contrary to the provisions of contract agreement which was unjustified and irregular.
- (C) The accounts record of Package-I revealed that the contractor was paid for Rs 6.091 million for certain quantities through IPC No. 17 and 20 on provisional basis without recording detailed measurements. The payment made was beyond the contractual provisions/ obligations which tantamount to undue favor to the contractor.
- (D) The accounts record of Package-II revealed that the contractor was paid for Rs 5.640 million for a quantity of 1,764.57 CM of item No. 411b (bill No. 4e)

through IPC No. 6 on provisional basis. The payment made was beyond the contractual provisions/ obligations, which tantamount to undue favor to the contractor.

When pointed out on 6th November 2013, the management vide their reply dated 6th December 2013 stated that the smooth flow of funds was of prime importance, but complete funds were not available with NHA from ERRRA even at the start of the Project. According to construction drawings, the works were to be carried out in parts therefore support systems/ scaffoldings were also provided in parts, which spanned over a number of months for viaducts and Naluchi Bridge. The method statement was submitted by the contractor on similar lines and was approved accordingly. The contract states that payment for these works may be made on completion of the said activities, therefore the lump sum payments against these BOQ items were made on %age basis to compensate for the shortage of funds, computed for the completed items of work as accepted on proportionate basis and certified accordingly for payment.

The contention of the management is not acceptable. The payments made were against the contractual obligations and resulted into temporary overpayments.

The DAC in its meeting held on 20th February 2014 decided that Ex-Post Facto approval from Competent Authority for fraction payment may be obtained.

Audit recommends that ex-post facto approval of the Competent Authority for fraction payment may be obtained or the financial impact of the temporary overpayment/ undue payment may be worked out and recovered from the beneficiary or the person(s) at fault.

PDP-383 (2012-13)

2.4.6 Overpayment due to misinterpretation of contract clause - Rs 14.195 million

As per standardized bidding documents Technical Specifications of item No. 701.1 it was provided that “The contractor shall provide necessary surveying staff and surveying equipment to the Engineer for conducting necessary survey work in connection with checking or establishing line, level, control and quantification of

different items of work” Payment for the said item of work were to be made as per the following description:

Pay item No.	Description	Unit of measurement
701a	Provide survey and allied instruments	LS
701b	Maintain survey instruments & provide teams for survey	Months

The above clause was substituted in the contract as follows:

Delete the entire paragraph in item 701.1 and substitute the following:

“The Contractor shall provide and maintain at his own expense surveying instrument/ equipment as well as survey team to be used for conducting the necessary survey work in connection with checking or establishing line, level, control and quantification of different items of work”.

The accounts record of West Bank Bypass Project, Muzaffarabad (Package-I) revealed that an amount of Rs 14.195 million was paid to the contractor vide pay item No. SP701a and Sp701b in 20thIPC. The payment made was not covered under the contract as the contract clause in view of which the same was made stands totally deleted in its entirety and the responsibility for the said work was totally shifted to the contractor at his own cost. **So, the contractor was overpaid for Rs 14.195 million by misconstruing the contract agreement.**

When pointed out on 6th November 2013, the management vide their reply dated 6th December 2013 stated that Clause 701.1 states that “the contractor shall provide and maintain at his own expense surveying instrument/equipment as well as survey team”, whereas Clause 701.3 (Measurement and Payment) of Item 701 (Provision of Survey Teams and Instruments) of NHA General Specifications states that “Payment shall constitute full compensation for all costs of furnishing survey teams and necessary labour, materials, equipment and its maintenance”. Since the payment of an item is governed by its Measurement and Payment Clause, so payment for survey instruments was made as per Clause 701.3. The above clarification has been endorsed by The Engineer also.

The reply is not tenable being contradictory to the technical specifications as the same is based upon a clause which stands deleted in its entirety and substituted by a clause referred to above.

The DAC meeting was held on 20th February 2014. The management stated that a revised reply with justification will be submitted to Audit within two weeks.

Audit recommends either recover the entire amount from the contractor or establish it otherwise through revised reply and establish their view point with facts and figures duly emerging from the contractual provisions.

PDP-385 (2012-13)

2.4.7 Non deduction of Tajweed-ul-Quran Tax and Education Cess - Rs 5.877 million

As per clause 2(3) of Azad Jammu and Kashmir Education Cess Act 1975, education cess equal to 5% of the amount of tax as defined under Sub-section (63) of section 2 of income tax ordinance 2001, as enforced in Azad Jammu & Kashmir is payable by the Semi Govt. and Autonomous bodies.

As per AJK Government Notification dated 17th February 1991 Tajweed-ul-Quran Tax (TQT) @ Rs2/1000 is chargeable to the gross amount of the IPC paid to the contractor.

- (A) The record pertaining to West Bank Bypass Project, Muzaffarabad (Package-I) revealed that Rs 946.224 million were paid to M/s GRC-CCPG JV upto IPC-20 but Education cess amounting to Rs 2.839 million was not deducted from the contractor. An amount of Rs 1.892 million as TQT was also not deducted from the contractor.
- (B) Similarly, the record pertaining to the construction of West Bank Bypass Project (Package-II) revealed that Education cess Rs 687,314 and TQT Rs 458,209 was not deducted from the contractor.

When pointed out on 13th November 2013, the management vide their reply dated 6th December 2013 stated that NHA cannot go beyond the conditions of contract where the said TQT deduction is not given. The Bypass project is being

constructed for AJ&K people being national asset and as such it is not liable for any deduction.

The reply is not acceptable. The contracts are being executed in AJ&K and as per rules the contractors are liable to pay the said taxes.

The DAC meeting was held on 20th February 2014. It was decided that clarification may be got from AJ&K Government regarding deduction of TQT and Education Cess.

Audit recommends that the clarification regarding deduction of TQT and Education Cess may be obtained under intimation to Audit.

PDP-388 (2012-13)

2.4.8 Non deduction of Income Tax – Rs 13.746 million

A contract agreement was executed for the construction of West Bank Bypass Project (Package-II) between NHA and M/s FWO on 21st February 2009 at a total cost of Rs 451.607 million.

The record revealed that income tax was not being deducted at source from M/s FWO on the basis of Income Tax exemption certificate issued by the Commissioner Inland Revenue (Zone-I), Regional Tax Office, Rawalpindi. The detail of income tax payable is as under:

IPC#/EPC#	Gross payable amount	Income tax @6%
Mob. Advance	64,166,668	3,850,000
IPC#1	14,462,587	867,755
IPC#2	18,230,899	1,093,854
IPC#3	15,434,988	926,099
IPC#4	25,837,435	1,550,246
IPC#5	19,666,963	1,180,018
IPC#6	17,823,817	1,069,429
IPC#7	16,344,598	980,676
EPC#1	1,826,155	109,569
EPC#2	19,455,170	1,167,310
EPC#3	15,855,280	951,317
	229,104,560	13,746,273

Audit is of the view that exemption on the basis of certificate issued by the Commissioner Inland Revenue (Zone-I), Regional Tax Office, Rawalpindi is not applicable in this case, as on the one hand the Commissioner Inland Revenue has issued the interim exemption and on the other hand a decision/ direction has been sought from the Federal Board of Revenue. In view of contradictory position the tax needs to be recovered.

When pointed out on 13th November 2013, the management in their reply dated 6th December 2013 stated that the concerns of audit are appreciated and the matter will be taken up with FBR through their consultant. The decision of the FBR will be followed accordingly.

The DAC meeting was held on 20th February 2014 and it was decided that the subject may be referred to FBR for clarification under intimation to Audit.

Audit recommends that clarification from FBR may be produced to Audit otherwise recovery may be effected from the contractor.

PDP-389 (2012-13)

2.4.9 Overpayment on account of mobilization and demobilization of contractor's equipment – Rs 1.8 million

As per clause-60.12 of Particular Conditions of Contract (Standard stipulations), it was provided that financial assistance shall be made to the contractor by the employer by adopting any one of the three alternatives i.e. Alternative One: "Mobilization advance", Alternative Two: "Mobilization/ Demobilization Cost" and Alternative Three: "Material Supplied by Employer". However, while awarding the contract Alternative Two and Three were remarked "Not Applicable" so the contract was restricted to Alternative One only.

Contrary to the above, the management of NHA operated the alternative one and two simultaneously and paid Rs 64.167 million as "Mobilization Advance" and Rs 1.80 million as "Mobilization/Demobilization Cost". Detailed break up is given hereunder:

IPC No.	%	As per BOQ	Amount (Rs)
2	45	2,000,000	900,000
3	10%		200,000
4	35%		700,000
Total			1,800,000

So the contractor was overpaid to the tune of Rs 1.800 million.

Overpaid sum was brought to the notice of the management on 13th November 2013, the management vide their reply dated 6th December 2013 stated that the payment against BOQ Item SP710b (mobilization and demobilization) was verified at 90% of the lump sum (LS) amount, which covers transportation of equipment to site whereas, 15% of the Contract cost was verified to the contractor as mobilization advance under Clause 60.12 of the contract agreement which includes mobilization of resources. This advance payment is recoverable in installments and the whole recovery has been effected. Since both the payments are verified under the Contract Agreement so these are justified.

The reply of the management is not tenable as the same is not supported by any clause of the contract but was rather in direct clash to the contractual obligation. So far as the lump sum provision of 2 million in the BOQ is concerned, the same is a contractual inadequacy as no clause what so ever that may be could override the special stipulations.

In the DAC meeting held on 20th February 2014 it was decided that the amount may be recovered from the contractor under intimation to Audit.

Audit recommends that the overpaid sum may be recovered.

PDP-390 (2012-13)

Chapter-3

Provincial Earthquake Reconstruction and Rehabilitation Agency (PERRA), Khyber Pakhtunkhwa

3.1 Introduction of the Agency

Provincial Earthquake Reconstruction and Rehabilitation Agency (PERRA) was established to implement and coordinate reconstruction and rehabilitation activities in the earthquake affected areas of Khyber Pakhtunkhwa. PERRA acts as the Secretariat to the Khyber Pakhtunkhwa Steering Committee. It performs such duties and powers as determined by the Steering Committee, PERRA Council and the Khyber Pakhtunkhwa Government.

Five (5) District Reconstruction Units (DRUs) at Abbottabad, Mansehra, Battagram, Shangla and Kohistan were established in April, 2006 for implementation of reconstruction and rehabilitation activities in their respective districts. The DRUs function under the advice of the District Reconstruction Advisory Committees (DRAC). The Committee approves the Annual Work plans and the projects costing below Rs 100 million, scrutinizes projects over Rs 100 million, holds quarterly review meetings and forwards the progress to PERRA.

3.2 AUDIT PARAS

Irregularities/ Non Compliance

3.2.1 Overpayment on account of project allowance and incorrect fixation of pay - Rs 3.833 million

According to Finance Division (Regulation Wing) O.M. No. F.16 (1) Reg-14/2003 dated 18th April 2012, project allowance was discontinued in all types of projects with immediate effect.

Para 10(iii) of GFR Vol-I provides that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage while Para 11 of GFR Vol-I says that head of the Department is responsible for enforcing financial order and strict economy at every step.

The Chief Engineer PERRA, Abbottabad paid Rs 3.401 million to his employees on account of project allowance from 19th April 2012 to 30th June 2013 in violation of the Finance Division O.M. dated 18th April 2012.

Additionally Divisional Accounts Officer posted in office of the Deputy Director Reconstruction, Mansehra was paid Rs 431,298 on account of incorrect fixation of pay carried out upon up-gradation of the post of DAO from BPS-16 to BPS-17.

Audit holds that the payment of project allowance granted in violation of Government instructions and overpayment on account of incorrect fixation of pay may be recovered.

When pointed out on 16th August 2013 the management replied that project allowance was paid to officers/officials of Provincial Government who has not yet stopped project allowance.

The plea of the management is not tenable as the payment was met from the Federal Government funds.

In the DAC meeting held on 24th January 2014 it was decided that ERRA may seek a clarification from Finance Division Regulation Wing. In case of incorrect fixation of pay, clarification may be sought from AG/DAO within one month. No progress was intimated till finalization of this report.

Audit recommends overpayment may be recovered from the concerned officers/ staff under intimation to audit.

PDP-2(APs # 54 & 55- CE ATD, 207-DDR-ATD 2012-13)

3.2.2 Irregular expenditure over & above revised PC-I - Rs 16.231million

As per ERRA letter No. 102(8) ERRA/PEC/13 dated 18th June 2013 revised PC-I for capacity building of Police Department was cleared for approval by Project Evaluation Cell (PEC) ERRA for Rs 134.685 million. This amount is to be spent during the period ending 30th June 2014.

The DIG Police Hazara Range Abbottabad incurred an expenditure of Rs 150.916 million till 30th June 2013 thus incurring an excess expenditure of Rs 16.231 million over and above the revised PC-I.

Besides, an expenditure of Rs 1.796 million was defrayed on revolving lights of police vehicles unauthorizedly. On pointation of Audit and directives of DAC, a sum of Rs 448,500 was recovered which was utilized on TA/DA and telephone bills instead of depositing into treasury.

When pointed out on 16th August 2013 the management replied that no excessive expenditure was made while the expenditure on payment of TA/DA and telephone bills was made due to non availability of funds.

The reply is not tenable because excess expenditure beyond revised PC-I was incurred and utilization of recoverable amount of Rs 1.796 million for any other purpose was against the financial rules/ propriety.

In the DAC meeting held on 24th January 2014 it was decided that the expenditure beyond the approved revised PC-I be regularized and amount recovered be deposited as per Government rules. No progress was intimated till finalization of this report.

Audit recommends that regularization action may be expedited. Besides, the amount already recovered and mis-spent on telephone and TA/DA may be deposited into Government treasury.

PDP-6(AP # 69 & 70, DIG Police 2012-13)

3.2.3 Doubtful/ overpayment on account of salaries - Rs 12.087 million

PC-I for Police Department capacity building (Sr. No. 5 Project Objectives) aims at provision of security cover to the Donors/ NGOs/ INGOs working for ERRRA.

The DIG Police Hazara Range, Abbottabad paid 150 constables out of ERRRA fund during 2012-13. The record disclosed that:-

- i. Payment was made to 60 constables deployed on other than ERRRA Projects in District Kohistan and Battagram.
- ii. In District Abbottabad only 5 out of 40 constables were deployed on ERRRA/ PERRA/ Projects.
- iii. 50 constables were deployed in District Mansehra. Detail of deployment was not available.
- iv. 11 constables were deputed on NBCDP but only 5 were found performing their duties as per PMU's information.

In addition to above, it was also observed that salary for 1800(150constables x 12months) constables was drawn during 2012-13 but acquittance roll for 145 constables out of 1800 was not available as detailed in Annexure-II.

The matter was reported on 26th August 2013. The management replied that out of 150 constables, 33 were deployed at District Police Line Mansehra and 40 were deployed at District Police Line Abbottabad. The reply is not tenable as the constables were appointed for ERRA funded projects activities. Further, the reply was not supported by the relevant record.

In the DAC meeting held on 24th January 2014 it was decided that the DG PERRA may ascertain that the deployment of Police officials/ constables has been done as mandated by ERRA and also verify the acquittance role of the paid police officials. Recover the double payment and the amount pointed out may be got regularized. No progress was intimated till finalization of this report.

Audit recommends to ascertain that the deployment of Police officials/ constables was done as mandated by ERRA, and also verify the acquittance role of the paid police officials under intimation to Audit.

PDP-7 (AP # 72, 73,74& 75, DIG Police 2012-13)

3.2.4 Expenditure of Rs 18.240 million beyond PC-I and un-authorized extensions

According to Chapter-3 (Clause 3.3) of guidelines for project management by Planning Commission Government of Pakistan, proper feasibility study should be undertaken before submission of PC-I

Project Implementation Unit (PIU) of Rain Water Harvesting Project (RWHP) Abbottabad started functioning during August 2010 with the mandate to implement the promotion of RWH in 09 Union Councils (U/Cs) of 05-Districts in KPK.

Following shortcomings were noticed:

- i. PC-I was prepared without feasibility study for water scarcity, need and demand.
- ii. PC-I implementation was a periodic activity which could not be achieved and project could not be completed even within three years.

- iii. PC-I was not revised even after incurring an expenditure Rs 25.264 million till 30th June 2013 against the provision of PC-I amount of Rs 7.544 million resulting in an excess expenditure of Rs 18.240 million.
- iv. Base line survey form did not indicate basic information regarding issues/ bio-data of beneficiaries.

ERRA (WatSan) vide letter dated 1st March 2013 communicated extension of project from 1st March 2013 to 31st March 2013 as final extension with the condition that no further extension would be granted. The PC-I revisions required the ERRA Board approval.

When reported on 12th August 2013, the management replied that PC-I is being revised at ERRA level but the same is still awaited.

In the DAC meeting held on 24th January 2014 it was decided that ERRA may direct the concerned authorities to take care of such issues in future. Further, approved revised PC-I be provided to Audit. The approved revised PC-I was not produced to Audit till finalization of this report.

Audit recommends that revised PC-I duly approved from the competent forum may be produced to Audit.

PDP-8(AP # 137, 138 & 142 -PRWHP)

3.2.5 Irregular payment of Rs 1.577 million on account of hub rent without provision in PC-I

According to S.No.8 & 9 of appendix “C” of contract for service provider, installation of complete Rain Water Harvesting (RWH) system was the responsibility of service provider. Material was to be provided by project. Carriage and installation charges from hub to site were to be borne by beneficiary/ household.

PIU (RWHP) Abbottabad paid Rs1.082 million to hub owners engaged by three service providers. These service providers were engaged by ERRA to conduct survey, training, promotion and installation of RWH systems. In addition, an amount of Rs 495,757 was incurred for hiring of 10 hubs for extended works. Agreement was made on simple paper instead of stamp paper. It was also observed that double benefit was granted to the hub owner by paying monthly rent of hub (space) as well as Rs 8,000 per month as salary to chowkidar. These hubs were hired for five months

from 10th October 2012 to 28th February 2013 instead of three months as approved by ERRA.

There was no provision for hub rent in PC-I while paying any amount to watchmen was the responsibility of service provider and not the ERRA.

The irregularity was reported to the management on 12th August 2013 but no reply was given by the management.

In the DAC meeting held on 24th January 2014 the management stated that the hubs were required to be retained for supply and distribution of material of RWH systems till Dec 2012. This compelled to continue hiring of hubs at certain places. As regards the non inclusion of hub rent in PC-1 scope, at the time of procuring and supplying bulk materials at different locations through out AJK & KPK, and in the interest of safeguarding costing public goods, the competent authority had formally approved the arrangement of proper hubs along with necessary security. Accordingly the rent provision based on prevailing local market rates was provided under the project.

The DAC decided that justification may be provided or the payment made in violation of the PC-I provisions may be recovered under intimation to Audit.

No justification or progress towards recovery was intimated till finalization of this report which may be expedited.

PDP-10(AP # 155 & 156 PRWHP)

3.2.6 Doubtful payment on account of TA/DA - Rs 1.826million

As per TA Rule 8.63 (i) a Government servant who has, of necessity, to stay in a hotel may be allowed reimbursement of actual single room rent including taxes, duties and service charges subject to the production of hotel receipts / vouchers, up to the following maximum per day:

- i. Three times the amount of Special Daily Allowance for localities where special Daily Allowance rate is admissible and hotel receipt is linked with claim. However Government of Pakistan allowed two times daily allowance for visit at specified stations without production of hotel bills w.e.f. 1st July 2012.

- ii. One and a half times the amount of ordinary Daily Allowance for localities where Ordinary Daily Allowance rate is admissible subject to provision of hotel receipt.

Rule 174 of CTR Vol-I states, that all payments must be supported with acknowledgement.

The Project Coordinator PRWHP Abbottabad paid Rs 1.827 million on account of TA/DA to the officers/ officials during the year 2010-11 to 2012-13 but the record for Rs 895,178 only was produced to audit. The vouchers / record in respect of Rs 931,818 were not available. Scrutiny of available record revealed following irregularities:-

- i. Rs 323,500 were paid on account of hotel charges without production of actual hotel receipts.
- ii. Rs 161,490 were paid to M&E Officer. The officer claimed TA/DA for maximum working days from 27th September 2011 to 9th June 2012 including public holidays and casual leaves.
- iii. TA/DA of Rs 43,995 was paid to driver even for public holidays. Rs 34,450 were paid to office boy for field activities including public holidays. TA/DA for the whole month of February 2012 was paid to him.
- iv. The expenditure statement did not match the cash book.
- v. Alterations/ changes in record were also observed during audit.
- vi. No approved tour programs/ visit reports and acknowledgement receipts were found.

Non-maintenance of proper record was reported to the management during August 2013. The management replied that record is available and would be produced but with no progress.

In the DAC meeting held on 24th January 2014 it was decided that record pertaining to this Para may be verified from Audit within one month. No record was produced to Audit till finalization of this report.

Audit stresses that the relevant record may be produced for verification otherwise recovery may be effected besides justifying the above irregularities.

3.2.7 Non-Recovery of Jimny Jeeps from NESPAK- Rs 5.340 million

Para 3.10 of the contract agreement between Chief Engineer, PERRA and M/s NESPAK (consultant) indicates that “Equipment, vehicles and material made available to consultant by the client, or purchased by the consultant wholly or partially with funds by the client shall be the property of client and shall be marked accordingly”.

The record of Deputy Director (EEAP) Education, Battagram office revealed that an amount of Rs5.340 million was released to NESPAK in April, 2008 for purchase of Jimny Jeeps. The consultancy contract was cancelled by the management on 30th June 2012 due to poor performance but the vehicles were not returned back.

The matter was reported to management on 1st November 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that the decision of DAC meeting conducted for the audit Para of the Financial Year 2010-11 and 2011-12 is reproduced as “ERRA may look into the matter for early retrieval of assets from NESPAK”. The matter was taken up with M/s NESPAK regarding the complete detail of assets lying in their custody. Further action regarding retrieval of assets may be taken after the reply of NESPAK. It is further added that liability of NESPAK worth Rs 44.551 million is also pending with ERRA and in case of non-returning of assets by NESPAK; the deduction of equal amount of prices of assets may be made.

The DAC decided that final report on the issue may be submitted within two months by ERRA.

Audit stresses that the matter may be finalized without further loss of time besides immediate recovery of assets under intimation to Audit.

PDP-15(AP # 271, EEAP (Edu) BTG 2012-13)

3.2.8 Unjustified expenditure on account of rental vehicles by NESPAK - Rs 1.552 million

As per clause 3.10 of contract agreement between Chief Engineer, PERRA and M/s NESPAK (consultant), equipment, vehicles and materials made available to

the consultant by the client, or purchased by the consultant wholly or partly with funds provided by the client, shall be the property of the client. Appendix-D of agreement includes cost of vehicles and the POL. The said agreement did not contain any provision for rental vehicles.

The Consultants, M/s NESPAK submitted a claim of Rs 1.553 million to the Deputy Director EEAP (Education), Battagram on account of rental vehicles vide bill No.52 dated 31st July 2012 despite the availability of 10 vehicles provided by employer.

In the presence of 10 vehicles, the expenditure of Rs 1.552 million on account of rental vehicles was held unjustified and irregular.

The matter was reported to management on 1st November 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that initially 6 No. vehicles had been purchased by M/s NESPAK for provision of consultancy services. But later on, as the pace of work was increased, the aforesaid vehicles were insufficient and thus extra vehicles were hired/ rented by them due to its requirement. The expenditure of rented vehicles has been approved in the revised PC-1 of M/s NESPAK.

The DAC decided that the record pertaining to vehicles provided and rental vehicles be provided to Audit for verification within two months. No record was produced to Audit till finalization of this report.

Audit recommends that the relevant record may be produced for verification or otherwise responsibility may be fixed for making un-authorized payment and recovery of Rs 1.552 million on account of rental vehicles may be made from consultants under intimation to Audit.

PDP-16(AP # 272, EEAP (Edu) BTG 2012-13)

3.2.9 Non-electrification of 76 schools despite payment of Rs 37.034 million

Para 10(1) of GFR “ Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

Deputy Director EEAP Education, Battagram released Rs 37.033 million to PESCO for external electrification of 76 schools in 2011. The detail of amount paid is given as under:

Date	Cheque No.	Amount (Rs)
08.12.2011	354669	23,467,000
08.12.2011	354670	137,250
15.11.2011	585128	5,295,000
15.11.2011	585125	45,750
15.11.2011	585126	8,046,000
15.11.2011	585127	42,700
Total		37,033,700

During the site visit on 25th September 2013 it was observed that the external electrification work was not carried out by PESCO (in Battagram) despite elapse of more than one and a half year.

The matter was reported to management on 1st November 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that this office tried to provide external electrification to 124 schools, hence the payment was also arranged for the said activity out of ADB Grant and to avoid burden on GOP. The matter was pursued with PESCO for early electrification. The work on the said activity has been commenced by PESCO. Further, as the payment has been made to PESCO being a Government Department, there is no fear that payment will be gone waste.

The DAC decided that ERRA may actively pursue electrification process.

Audit recommends that the matter may be pursued vigorously with PESCO for external electrification under intimation to Audit.

PDP-17(AP # 273, EEAP (Edu) BTG 2012-13)

3.2.10 Irregular release of retention money without rectification of defects - Rs 17.700 million

Clause 27.7 of General Conditions of Contract (GCC) provides that “if the contractor failed to commence the work necessary to remedy such defects or any damage to facilities caused by such defects within a reasonable time, the employer

may following notice to the contractor, proceed to do such work, and the reasonable cost incurred by the employer in connection therewith shall be paid to the employer by the contractor or may be deducted by the employer from any monies due for the contractor”.

Clause 14.9 of the General conditions of contract provides that 50% of the retention money shall be certified by the Engineer for payment to the contractor upon issuance of completion certificate while rest of the 50% was payable upon expiry of defect liability period and certification by the engineer to the extent.

Contrary to above, retention money amounting to Rs 17.700 million was paid to the contractor in anticipation of completion certificate and that of the satisfactory completion certificate of defect liability period. Alternate mechanism for release of retention money against bank guarantee was adopted. However, the Bank Guarantee obtained was not subjected to verification prior to recommending the IPC by the Deputy Director EEAP Education, Battagram. Withdrawal application for direct payment of Rs 176.928 million including Rs 17.700 million to the contractor M/s A&ACC Build Core against the IPC No. 84 dated 13th December 2011 was forwarded to the ADB in Philippines. Direct payment was accordingly made by the bank. Subsequent to payment, the Bank Guarantee was got verified and found fake and formal FIR was registered against the contractor. Further the contractor failed to remove the defects from school buildings and handed it over to education department. The punch list of completed schools was also not provided to audit.

The matter was reported to management on 1st November 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that IPC No. 84 was forwarded to Asian Development Bank for direct payment to the contractor's account including the Retention Money; hence after the closure of ADB funding on 30th June 2011, no burden of the same will rest on GOP. It is further added that retention money to the tune of Rs 17.700 million was released to the contractor against those facilities, which were completed by him and handed over to the line department. The defects, if any, at the time of handing over have been removed and the schools are fully functional.

The DAC observed that the bank guarantees provided against the release of retention money were fake. The DAC decided that ERRA may investigate the matter and fix responsibility for accepting fake guarantees.

Audit recommends that the decision of the DAC may be implemented besides getting the defects rectified.

PDP-18(AP # 274, EEAP (Edu) BTG 2012-13)

3.2.11 Irregular Payment on account of Consultancy Charges - Rs 59.577 million

Para 2.9.1 (h) of the contract agreement between Chief Engineer, PERRA and M/s NESPAK (consultant)“the client may terminate the contract in case of the occurrence of any of the events, if the loan agreement has been terminated or the ADB has suspended disbursement under the loan agreement”.

The contract agreement with NESPAK for consultancy services was entered on March 2008 for a cost of Rs 60 million. This amount was enhanced to Rs247.444 million. The closing date of ADB loan was 30th June 2011 but the payment of Rs 59.577 million was made during July 2011 to June 2012 out of GOP fund instead of ADB loan.

Payment from GOP funds which was to be met from ADB loan is unjustified.

The matter was reported to management on 1st November 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that it was the requirement of Asian Development Bank (ADB) that a dedicated Project Implementation Unit (PIU) may be established and consultant may be hired. For the said purpose the consultancy services of M/s NESPAK were hired. At the time of closure of ADB grant agreement, the project was not completed 100% and hence the continuation of consultancy services of the said consultant was felt and hence continued. The expenditures incurred so far in respect of consultancy services stands justified as the PC-1 has already been revised and approved from the Competent Forum.

The DAC decided that the record pertaining to payment to consultant may be verified from Audit with respect to the arrears claimed. No record was produced to Audit till finalization of this report.

Audit recommends that the relevant record may be produced for verification without further loss of time besides regularization from the competent forum.

PDP-19(AP # 277, EEAP (Edu) BTG 2012-13)

3.2.12 Loss due to non-encashment of performance security bond - Rs 1.641 million

Particular condition of contract 10.1 states that the contractor shall provide performance guarantee to the employer in prescribed form within fourteen days after the receipt of letter of acceptance and the performance security shall be of an amount equal to 10% of the contract price stated in letter of acceptance. Para 3 of Performance Security states that total liability under this guarantee is limited to the sum of Rs 1.641 million that the claim for payment in writing shall be received to insurance company within validity period of guarantee, failing which the insurance company discharged of liability.

Deputy Director Reconstruction Office, Battagram awarded work order for construction of package No.43A (GPS Kakati Bala, GPS Andar Wali Takya) to M/s Imperial Construction Company for bid cost of Rs 8.206 million with the completion period of one year from 11th February 2009 to 10th February 2010. The performance security bond of Rs 1.641million of United Insurance Company was submitted by the contractor on 14th January 2009 with expiry date as 13th January 2010.

Contractor failed to complete the work within stipulated period of time and contract was terminated vide letter No. 9978/4-c dated 17th June 2010. The process for encashment of security bond was initiated vide letter dated 31st December 2009 and the insurance company was requested to encash the guarantee. The Insurance Company refused encashment of the bond on the plea that request for encashment of performance security bond was received by them on 11th March 2010 as shown by post office stamp on envelop.

Thus due to non encashment of performance security in time the Government sustained loss of Rs 1.641million.

The matter was reported to management on 1st November 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that the contract for package No 43-A was awarded to M/s Imperial Construction Co. amounting to Rs 8.206 million. Under clause 63.1 of contract agreement, department was supposed to recover 10% amount of bid cost which comes to Rs 0.82 million where as department has recovered 1.2 million from the contractor

The DAC decided that the amount may be recovered as per contract clauses within two months.

Audit recommends that the recovery may be effected without further loss of time.

PDP-20(AP # 245, DD (R) Battagram 2012-13

3.2.13 Non recovery of mobilization advance -Rs 5.656 million

As per PCC of contract clause 60.12 (b) the advance shall be recovered in equal installments, first installment at the expiry of 3rd month after the date of payment of first part of advance and the last installment two months before the date of completion of works.

Deputy Director Reconstruction office Battagram awarded work order for construction of 37 schools building of light gauge steel structure to M/s Muhammad Urfan Khan & Co. on 16th December 2008 for a bid cost of Rs 298.172 million with a completion period of 9 months commencing from 1st April 2009 to 3rd October 2009. The progress report of June 2013 showed that the work was not completed by the contractor even after a lapse of 4 years.

The mobilization advance of Rs 24 million was granted to contractor on 16th April 2009. An amount of Rs 18.343 million was recovered from concerned contractor up to IPC#13 and an amount of Rs 5.656 million is still outstanding against the contractor. The guarantee of Khyber Bank against which the advance payment was made expired on 30th September 2013. No arrangements for recovery of outstanding mobilization advance and revalidation of bank guarantee were made by the department.

The irregularity was reported to the management on 1st November 2013 but with no reply was received.

In the DAC meeting held on 24th January 2014 it was decided that recovery may be verified from Audit within two months. No record was produced for verification till finalization of this report.

Audit stresses that the record regarding recovery may be produced for verification without further delay.

PDP-22 (AP # 250, DD (R) Battagram 2012-13

3.2.14 Non-imposition and deduction of liquidated damages – Rs 228.952 million

As per clause 47 of General Conditions of Contract (GCC), liquidated damages up to maximum 10% of contract price for delay in completion of work will be imposed.

The contractors failed to complete the construction/ repair works as detailed in Annexure-III within stipulated period of time within the given time. The management did not initiate any action against the contractors for imposition of Liquidated Damages amounting to Rs 228.952 million.

In the DAC meeting held on 24th January 2014 it was decided that either EOT granted be produced to Audit or LD be imposed. No record was produced to Audit for verification till finalization of this report.

Audit recommends that either the relevant record regarding grant of extension in time (EOT) may be produced for verification or liquidated damages may be recovered from the contractor(s) under intimation to audit.

PDP-26 (APs # 02, 82, 84, 85, 119, 123, 182, 184, 186, 204, 211, 216, 220, 240, 248, 250 & 252 - 2012-13)

3.2.15 Irregular payment on defective supply of furniture to 525 schools - Rs 130.983 million

As per section VI (Schedule of supply) of the contract, the supplier/manufacturer shall supply a sample of each item dully satisfying the required specification for approval of the purchaser/ employer before transporting the

consignment, which (after approval) shall be kept in the office of the Project Manager NESPAK. The designated Inspectors of the purchaser/ employer would visit each school after receipt of delivery therein to inspect the furniture for its conformity (as per condition of acceptance) with samples kept in the office as stated herein above. The inspectors shall issue the inspection certificates for the items delivered and found in accordance with the specification and conformity with the samples for release of payment tied with the inspection certificates.

The following firms were awarded contract by PERRA in January 2011 for supply of furniture to 525 schools in the Districts of Abbottabad, Battagram, Shangla and Kohistan and were paid Rs 130.983 million without inspection certificates.

S. No.	Name of firm	No. of school	Date of contract
1	Asain Trading	194	January, 2011
2	-do-	124	January, 2011
3	Jaffer Brothers	207	January, 2011
	Total	525	

Quality Assurance Committee (QAC) noted defects in first consignment of furniture in April 2011. Neither deficiencies were removed nor the clearance certificates obtained.

In the DAC meeting held on 24th January 2014 the management stated that the supply of furniture to all these schools have duly been made by the supplier. Clearance certificates and receiving certificates from Education Department of all Districts and PM, DRUs concerned have been received. There is no issue of quality and quantity in the supply of furniture.

The DAC decided that record pertaining to rectification measures be produced to Audit. No record was produced to Audit for verification till finalization of this report.

Audit recommends that either the relevant record may be produced for verification or payment made without clearance certificates may be investigated for fixing the responsibility under intimation to audit.

PDP-27(AP No. 128 - 2012-13)

3.2.16 Non surrender of unspent money of Rs 2.896 million by C&W Shangla and Director Kohistan and non collection of Rs 0.745 million from PHA

Para 7 of GFR Vol-I requires that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department.

Para 8 of GFR Vol-I require that subject to such general or specific instructions as may be issued by the Government in this behalf, it is the duty of the Administrative Department concerned to see that the dues of government are correctly and promptly assessed, collected and paid into the treasury.

PERRA provided Rs 20.460 million and Rs40.606 million to C&W department of Shangla and Kohistan respectively for repair of Government buildings out of ERRA funds in 2009-10 out of which Rs 1.956 million and Rs 0.940 million were still lying unspent in the bank accounts of Director C&W Shangla and Kohistan respectively. The department neither spent the amount for the purpose nor refunded to ERRA.

It is further added that Rs 745,000 were collected from sale proceed of tender forms fee, for the contracts awarded from ERRA fund but said amount was wrongly deposited in the account of Provincial Highway Authority (PHA) instead of the Federal treasury.

In the DAC meeting held on 24th January 2014 it was decided that the unspent amount may be returned to ERRA within two months. No progress was intimated till finalization of this report.

Audit recommends that the unspent amount may be returned to ERRA besides depositing the sale proceeds of tender forms into Federal treasury under intimation to Audit.

3.2.17 Loss of Rs 7.573 million due to non encashment/ non-forfeiture of performance guarantee

Clause 75.1 of particular conditions of contract says that the Employer shall be entitled to terminate the Contract at any time for the Employer's convenience after giving 56 days prior notice to the Contractor, with a copy of the Engineer.

Clause 63.1 of particular conditions of contract, the Employer may also refer the case of default of the Contractor to Pakistan Engineering Council for punitive action under the Construction and Operation of Engineering Works Bye-Laws 1987, as amended from time to time.

Deputy Director Reconstruction District Kohistan awarded contract of Rs 75.735 million for construction of 25 school buildings of light gauge to M/s AM & Co. in March 2010. Contract was to be completed within one year. Following shortcomings were observed:-

- i. Physical progress of work on this project remained zero upto October 2012 i.e. two years and six months after the work was awarded. In some buildings it was however raised to 3%. Since light gauge buildings were available in complete constructed form, these school buildings could easily be completed within given period or even before.
- ii. No preventive measures for acceleration of work were forthcoming from the record. The contract was required to be cancelled upon abnormal delay at the risk and cost of the contractor in time for forfeiting the performance guarantee.
- iii. Due to non-forfeiture of Performance Guarantee, Government suffered financial loss of Rs 7.573 million. This loss did not include the amount of expenditure incurred on designing, tendering and supervisory/ consultancy charges and work done whose detail was not provided. Dismantling of 25 school buildings was another loss of the state.

This project was ill planned and mismanaged on the part of department and a clear favour to the contractor.

The issue was reported to office concerned in October 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that no work has been done by the contractor at site. Physical and financial progress of work at site is 0%. The management requested that the scheme may be terminated.

The DAC decided that ERRA may look into detail of the project under observation and take remedial action.

Audit recommends that the matter may be looked into with a view to fixing responsibility on the person(s) at fault for extending undue favour to the contractor besides taking remedial action.

PDP-29(AP No. 181, DDR Koh -2012-13)

3.2.18 Unlawful drawal of Rs 200 million for construction of 124 light gauge schools

According to Notification No. NWFP-ERRA-/P&D/ERRA/01-2006/004 dated 13th February 2006; PERRA will be overall responsible and accountable for the timely and efficient execution of all program activities in the area of its jurisdiction. The terms and reference of PERRA will be as follows:

- i. Establish financial management systems at all levels;
- ii. Establish appropriate monitoring and evaluation system for effective supervision of the program implementation in the target districts;
- iii. Formulate required regulations and/ or policies.

A contract for construction of 124 school buildings of light gauge in Districts Battagram and Shangla was awarded to M/s ACC Build Core in 2008 and required to be completed in 2009 but could not be completed even a lapse of five years. The following irregularities were also observed:

1. Technical sanction of this project is still awaited.
2. In November 2011, Rs 200 million were drawn from ADB account and placed in the Bank Account of contractor on the basis of fictitious IPCs/ bills. The un-authorized generation of funds also led to take illegal measures, undue benefit to the contractor and risk to the national exchequer. This unlawful drawal was objected by the audit during previous year. DAC in its meeting held on 12th September 2013 directed that Bank statement of the contractor's Bank Account would be produced to audit for scrutiny but the same was not produced.

The matter was reported to the management in September 2013, but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that amount was withdrawn against bank guarantee submitted by the contractor. The DAC decided that record be verified from Audit. No record was produced to Audit for verification till finalization of this report.

Audit recommends that relevant record may be produced for verification otherwise illegal withdrawal, placement of Government money in private account and non-provision of the required information as directed by DAC may be investigated and necessary remedial measures taken.

PDP-31(AP No. 123 - 2012-13)

3.2.19 Unknown whereabouts of 1,951 precious trees

Para 23 of GFR Vol-I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other govt. officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Deputy Director Reconstruction Abbottabad prepared “Bills of Quantity” (BOQ) for construction of two roads i.e. Kala Bagh - Cher Sajikot, Jabri and Sawar Gali to Lahoor roads wherein 1,951 No. of trees were to be removed.

S.No.	Detail of trees	Total Trees
1	Removal of trees with girth 150 to 300	15
2	Removal of trees with girth 301 to 600	30
3	Removal of trees with girth 600 and above	12
4	Removal of trees with girth 150 to 300	153
5	Removal of trees with girth 300 to 600	1,307
6	Removal of trees with girth 600 and above	444
	Total	1,951

Despite lapse of three and half years and also completion of earth work on maximum portion of these roads, no information about the trees is available on record.

The matter was reported to the management in October 2013 who replied that no such trees were found during construction.

In the DAC meeting held on 24th January 2014 it was decided that record pertaining to handing/ taking over and joint cross-sections be verified from Audit. No record was produced to Audit for verification till finalization of this report.

Audit recommends that either the relevant record pertaining to handing/ taking over of trees may be produced to Audit for verification otherwise the cost of the trees may be got assessed from the relevant department and recovered from the contractor.

PDP-32(AP No. 231, 233 - 2012-13)

3.2.20 Irregular payment for construction of contractor's office - Rs 1.783 million

Clause 15.1of contract requires that the Contractor shall establish and maintain a site office. The contractor shall provide all facilities in connection with the execution, completion, of the works, remedying defects therein and maintenance of the utilities services. The facilities shall not be limited to the contractor's site office, labor camps, works yard and storage areas, temporary water supply, waste water disposal, temporary electricity, medical unit, temporary roads, fire protection and fire fighting equipment's etc. The contractor shall be solely responsible for arranging all utilities and the contractor shall setup maintain and operate an architectural and engineering facility at site with adequate number of technical and support staff as well as equipment required for particular nature of job covered under the contract to prepare drawings / shop drawings for approval of the Engineer.

Provision of Rs 16.240 million for construction of offices and laboratories was made in BOQ of various contracts awarded by Deputy Director Reconstruction Abbottabad. Payment of Rs1.783 million was also made for construction of offices to various contractors. The detail is as under:-

S. No.	Name of facilities	Package No.	Amount of BOQ(Rs)	Amount paid(Rs)	Balance (Rs)
1	Cher Sajikot Jabry Road	II	2,400,000	-	2,400,000
2	Lassan Thakral Road	-	3,700,000	-	3,700,000
3	Sajikot to Jabry Road	II	2,400,000	582,000	1,818,000
4	Kala Bagh to Sajikote	I	2,230,000	-	2,230,000
5	Sawar Gali to Lahoor Road	II	580,000	100,000	480,000
6	Kala BaghCher Sajikot Jabry	I	2,230,000	1,101,220	1,128,780
7	Dalola Daban Road	-	2,700,000	-	2,700,000
	Total		16,240,000	1,783,220	14,456,780

Either the establishment of contractor's office should have been the responsibility of contractor himself or the dismantled material should have been the property of the employer.

Reasons for incorporation of such provision and payment need justification. No detail/ relevant record of items and assets purchased for construction of these offices and facilities was produced.

The matter was reported to the management but no satisfactory reply was given.

In the DAC meeting held on 24th January 2014 it was decided that the amount paid to contractor in violation of the conditions of contract be recovered and action taken against the responsible. No progress was intimated till finalization of this report.

Audit recommends that the amount paid in violation of the conditions of contract may be recovered besides fixing responsibility and taking action against the responsible.

PDP-34(AP No. 225 DDR Atd-2012-13)

3.2.21 Failure to complete the road/ work within the stipulated time and heavy expenditure of Rs 629.244 million

As per Chapter-6 (Adherence to certain principles) of ERRA Operational Manual, maximum cost effectiveness in relation to the activities financed by ERRA shall always be ensured in decision making at all levels within ERRA, by Reconstruction Agencies, and DRU, by all other executing Agencies and

implementing Agencies including NGOs and Partner Organization (POs), and in the practical application of its procedure.

Deputy Director Reconstruction Abbottabad awarded contracts for construction of Kala Bagh Cher Sajikot Jabri Road, Package I & II (24km & 29km) for Rs 320.211 million and Rs 420.287 million to M/s Khattak Allied (JV) and M/s Lodhi & Co (JV) respectively. The work started on 11th April 2010 with a completion period of one year.

Audit raised the following observations:

- i. The contract was split into two phases to avoid the approval of ERRA Board.
- ii. The work was incomplete even after four year.
- iii. The item of work beneficial to the contractor was executed in one go but remaining schedule was not adhered to.
- iv. Water Bound Macadam (WBM) work was done on 50% length of road about two years ago and asphalt work was not carried out. The WBM work already carried out has lost its quality due to non-carpeting of road.

Despite the payment of Rs 629.244 million (Rs 261.237 million + Rs 368.007 million), the road is still in bad shape and cannot be used by the commuters.

This matter was reported to the management in October 2013. The management replied that the work was carried out as per specifications and ground requirements.

The reply is not satisfactory. Delay in completion of road & improper supervision/ monitoring may be investigated.

In the DAC meeting held on 24th January 2014 it was decided that the ERRA may actively pursue the completion of work.

Audit recommends that the pace of the completion of the project may be increased to avoid further loss of time and cost over run.

PDP-35(AP No.241 & 243, DDR Atd-2012-13)

3.2.22 Doubtful disposal of dismantled material collected from various projects

As per clause 3.10(c) of West Pakistan Building and Road, when buildings are to be dismantled a demolition statement should be prepared including probable cost of demolition, probable cost of the material to be obtained from dismantling, how it is proposed to dispose of the material and sent for sanction of the competent authority.

Record of office of the Deputy Director Reconstruction Abbottabad revealed that the following buildings were demolished for reconstruction/ rehabilitation but whereabouts of dismantled material i.e. GI Sheets, iron bars, windows, doors, bricks and iron grills etc. are not known.

S. No.	Name of Facilities	Package No.	Bid Cost (Rs in million)
1	Peshawar High Court Atd	14	107.000
2	BHU Moolia	H-61	28.646
3	BHU Bareen Gali	H-40	26.960
4	GPS Tarhatee	136A	7.894
5	GPS Masooma	44,45,48,49	43.385
6	GGHS Pind Kargoo Khan	142 A,142 B,142 C	
7	GPS Rata Bagla		29.138

The matter was reported to management during October 2013 but no response was given.

In the DAC meeting held on 24th January 2014 the management stated that salvage value has been determined and is deducted/ being deducted accordingly in the cases at S.No.1 to 3 and in the cases at S. No. 4 to 7 no payment on account of dismantling of the super structure and sub structure has been paid to the contractor and hence no deduction of the useable material has been made from the contractor.

The DAC decided that the record pertaining to the dismantled material as per contract clauses / BOQ be verified from Audit. No record was produced to Audit for verification till finalization of this report.

Audit recommends that complete detail about dismantled material and amount received after auction/ adjustment be intimated to Audit.

PDP-37 (AP No.232, DDR Atd-2012-13)

3.2.23 Financial loss of Rs 18.452 million due to non-forfeiture of performance guarantee and non-cancellation of contract

Clause 75.1 of particular conditions of contract says that the Employer shall be entitled to terminate the Contract at any time for the Employer's convenience after giving 56 days prior notice to the Contractor, with a copy of the Engineer.

Clause 63.1 of particular conditions of contract, the Employer may also refer the case of default of the Contractor to Pakistan Engineering Council for punitive action under the Construction and Operation of Engineering Works Bye-Laws 1987, as amended from time to time.

Contract for the construction of 33 school buildings of light gauge was awarded for a bid cost of Rs 184.52 million to M/s Karwan Builders and M/s PEB in March 2010 with a completion period of six months. Payment of Rs 4 million was made to contractor; however no progress was reported till September 2013.

The contractor failed to fulfill the contractual obligations and was needed to be penalized as per contract agreement. The non-forfeiture of performance guarantee resulted into loss of Rs18.452 million to the Government.

Matter was reported to management in October 2013 but no reply was received.

In the DAC meeting held on 24th January 2014 the management stated that the contract was awarded in March 2010. The contractor started work on 10 schools, but due to financial crunch ERRA has stopped the work. Most of the schools are located in snowbound area.

The DAC decided that the ERRA may review the projects in the light of the expenditure already incurred.

Audit recommends that the matter may be investigated with a view to fixing responsibility on the person(s) at fault.

PDP-41 (AP No.81 DDR Kohistan 2012-13)

3.2.24 Loss of Rs 5.001 million due to damages to water supply schemes during reconstruction of roads

Para 23 of GFR Vol-I requires that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other govt. officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Following water supply schemes constructed by ERRA for Rs 39.160 million were damaged during the construction of various roads by the contractors engaged by DDR Abbottabad but damage was not repaired by the contractor/ department.

S. No.	Name of water supply schemes	Expected Expenditure as demanded by PHE Atd (Rs)	Expenditure incurred (Rs in million)
1	WSS Marhise	622,400	3.221
2	WSS Haryala	399,500	14.527
3	WSS Sando Gali	152,700	6.383
4	WSS Stora, Cher Sajikot road	2,012,500	12.200
5	WSS Kanthialy	611,000	2.162
6	WSS Talkandi	1,203,200	0.668
	Total	5,001,300	39.160

Matter was reported to the management during October 2013, but no satisfactory reply was received till finalization of this report.

In the DAC meeting held on 24th January 2014 the management stated that payment was made on account of relocation of the existing water supply pipe line and the work was assigned to the Public Health Engineering Department. The cost of relocation of water supply scheme in Kantiali Marhasis contract was not provided and hence separate estimate was prepared for repair/relocation after consultation with concerned public health department. The PHED being the executing agency has completed the water supply scheme of Sando Gali.

The DAC decided that the formation (S. No. 05) may actively pursue the case and record relating to remaining formations be produced to Audit. No record was produced to Audit for verification till finalization of this report.

Audit stresses that the relevant record may be produced for verification without further delay and recovery affected from the road contractors.

PDP-43(AP No. 34 PHE Atd, 215 DDR Atd 2012-13)

3.2.25 Irregular payment of Rs 67.754 million for Community Livelihood Rehabilitation Projects (CLRPs)

Rule 27(2) of strategy for formulation and implementation of the CLRPs under ERRA livelihood says that in case of schemes containing civil works, the Program Manager DRU shall assign the DRU Engineer to verify satisfactory completion of scheme in accordance with project documents and approved design and cost estimates.

Payment of Rs 67.754 million was made by DRU Battagram against 115-CLRP schemes. Verification reports carried out by Engineer of DRU were not available. As such payment made in absence of verification report of Engineer is unauthentic.

The irregularity was brought to the notice of department in April 2013. In reply, the management stated that no payment was made during the period of audit which is not tenable as payment of Rs 67.754 million already made was not yet properly adjusted as required under the procedure.

No DAC meeting was arranged till finalization of this report.

Audit recommends to investigate the matter.

PDP-44(AP-10 DRU Batagram 2011-12)

Chapter-4

State Earthquake Reconstruction and Rehabilitation Agency (SERRA), Azad Jammu and Kashmir

4.1 Introduction of the Agency

State Earthquake Reconstruction and Rehabilitation Agency (SERRA) was established to implement and coordinate reconstruction and rehabilitation activities in the earthquake affected areas of AJ&K. SERRA acts as the secretariat of the State's Steering Committee. It performs such duties and exercises powers as determined by the Steering Committee, ERRA Council and the State Government.

Three District Reconstruction Units (DRUs) viz. DRU Muzaffarabad, DRU Bagh and DRU Rawalakot were established in April, 2006 for the implementation of reconstruction and rehabilitation activities in their respective districts. The DRUs work under the advice of the District Reconstruction Advisory Committees (DRAC) which approves the Annual Work Plans upto Rs 100 million.

The audit findings on the accounts of SERRA and its DRUs for financial year 2010-11 are as under:

4.2 AUDIT PARAS

Irregularities/ Non Compliance

- 4.2.1 (A) Non-forfeiting of performance security - Rs 10.209 million**
(B) Wastage of Government money due to non observance of contract clause - Rs 4.186 million

As per clause 63.1 of General Condition of the Contract (GCC) and Particular Condition of the Contract (PCC), if the Contractor is deemed to by Law unable to pay his debt as they fall due, then the employer may, after giving 14 days' notice to the Contractor, terminate the employment of the Contractor and may himself complete the Works or may employ any other contractor to complete the Works, provided further that in addition to the action taken by the Employer against the Contractor under this Clause, the Employer may also refer the case of default of the contractor to Pakistan Engineering Council (PEC) for punitive action.

- (A) A contract bearing No. SERRA/BAG/Edu/2008 regarding Reconstruction of School Buildings in District Bagh under package No.60 was awarded to M/s Hajji Painda Khan & Son on 1st July 2009 at a total cost of Rs 66.337 million. The date of completion was 21st October 2010. The contractor submitted the performance security for Rs 6.637 million. The performance security expired on 14th July 2012. The progress of the package was 11% up to 30th June 2013. An amount of Rs1.963 million was paid to the contractor vide cheque No.865379 dated 29th October 2010 against the work done. The Engineer, M/s NESPAK, recommended to terminate the contract on 30th January 2012. The Executive Engineer vide letter dated 10th April 2012 served 14 days' notice and also approached the Insurance Company i.e. M/s United Insurance Company of Pakistan Ltd. Lahore on 10th May 2012 to en-cash the Performance Security Bond but the Insurance Company did not give any response. Meanwhile the validity of the Performance Security Bond expired. The Executive Engineer approached the contractor on 12th June 2013 to revalidate the performance bond but the contractor did not do the same.
- (B) Similarly, a contract bearing No. SERRA/BAG/03/2007 regarding reconstruction of school buildings in District Bagh under package No.11 was awarded to M/s Shoukat Khan & Co on 27th August 2007 with a total cost of Rs 35.719 million. The date of completion was 30th September 2008. The contractor submitted the performance security for Rs 3.572 million validated up to 9th December 2010. The contract was terminated on 21st September 2011 after issuance of 14 days notice. Executive Engineer issued a letter to the Insurance Company for encashment of Performance Security Bond on 27th May 2010 followed by seven reminders but no response was received. An amount of Rs 2.223 million was paid to the contractor up to IPC#06 for 11% physical progress. The contractor suspended the work in June 2009. After termination of the contract, the work was required to be completed in terms of clause-63.1 of GCC which was not done due to which the whole expenditure is held wasteful.

The matter was pointed out to the management on 23rd October 2013 but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that in view of default of the contractor regarding renewal of the performance security, the department has forfeited retention money and the rest of process regarding its termination is under process as per terms and conditions of the contract.

DAC decided that the matter may be actively pursued as per terms and conditions of performance guarantee and the forfeited amount be deposited into Government Treasury as and when recovered.

Audit recommends that the matter may be expedited and forfeited amount may be deposited into Government treasury under intimation to Audit.

PDP-252& 253 (2012-13)

4.2.2 Overpayment to the contractor on account of taxes and duties - Rs 5.019 million

As per contractor letter No. MIL/MD-203/08 dated 24th July 2008 it was agreed by the contractor with the procurement committee to bear the expenses in connection with the payment of all rates and duties on import of items to be purchased in connection with the said contract as special favor to the people of earthquake affected areas.

XEN Building/Reconstruction Division Bagh awarded a contract bearing No. SEERA/Bagh/18/2008 to M/s Gujrat Meridian Build Fast JV Islamabad for construction of 13 Pre-Engineered Light Gauge Schools in District Bagh on 23rd October 2008 vide Package#56. The total value of the contract was Rs 85.963 million. The work order was issued on 16th June 2009.

An amount of Rs 5.019 million was paid to the contractor on account of taxes and duties vide Item # 1(a) of Schedule No.2-Plant (Pre-Engineering Structure including fixture for its erection) and Machinery Spare Parts supplied from outside the Employer's Country. Payment of the taxes and duties was made in contravention to the agreed provision as referred to above and was an overpayment.

Audit held that the overpayment on account of taxes and duties was due to weak financial management and be deducted.

The matter was pointed out to the management on 23rd October 2013 but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that explanation from the consultant was sought and corresponding reply was awaited.

The DAC decided that the amount be recovered within two months under intimation to Audit.

It is stressed that the amount may be recovered and Audit informed accordingly.

PDP-254 (2012-13)

4.2.3 Overpayment to the contractor due to non-observance of payment procedure - Rs 5.343 million

Following terms of advance payments were defined in Sub-Clause 33.1 Particular Condition of Contract:

- I. **Schedule No.1-Design Services:-**
Eighty percent (80%) of the total or pro rata design services amount upon acceptance of design by the Engineer within forty five (45) days after receipt of invoice.
- II. **Schedule No.02-Plant and Equipment Supplied from Abroad (outside the Employer Country)**
Seventy percent (70%) of the total or pro rata DDP amount upon Incoterm "DDP" upon delivery to site within forty five (45) days after receipt of invoice, less seventy percent (70%) of the FOB amount already paid or authorized for payment.
- III. **Schedule No.04- Installation and other Services**
Seventy percent (70%) of the measured value of work performed by the Contractor, as identified in the said Program of Performance, during the preceding month, as evidenced by the Employer's authorization of the Contractor's application, will be made monthly within forty five (45) days after receipt of invoice.

XEN Building/Reconstruction Division Bagh awarded a contract bearing No. SEERA/Bagh/18/2008 to M/s Gujrat Meridian Build Fast JV Islamabad for Construction of 13 Pre-Engineered Light Gauge Schools in District Bagh on

23rd October 2008 vide Package # 56. The total value of the contract was Rs 85.963 million. The work order was issued on 16th June 2009. An amount of Rs 59.209 million was paid up to IPC # 05.

Contrary to the contractual obligations as to observance of threshold of 80% and 70%, the XEN PWD Building/ Reconstruction Division Bagh paid an amount of Rs 19.022 million against the permissible amount of 13.606 million leaving a difference of Rs 5.343 million being the undue payment. The detailed break up of undue payment is given hereunder:

Sch. No.	Description	Amount of IPC (Rs)	Amount Paid (Rs)	%age of Payment as Per Clause of Contract	Amount Require to be paid (Rs)	Difference/ Overpayment (Rs)
1	1) Geotechnical/ Soil Investigation	1,430,000	1,430,000	80%	1,144,000	286,000
	2) Complete Architectural Etc.	1,474,740	1,401,003	80%	1,179,792	221,211
2	a) Single Story Structure	13,022,315	13,022,315	70%	9,115,621	3,906,694
4	2-i) Construction Retaining/ Brest Wall up to 5'	786,952	786,952	70 %	550,866	236,086
	2-ii) Construction Retaining/ Brest Wall up to 8'	1,757,200	1,757,200	70%	1,230,040	527,160
	2-iii) Construction Retaining/ Brest Wall up to 12'	551,218	551,218	70%	385,853	165,365
Total		19,022,425	18,948,688		13,606,172	5,342,516

The matter was pointed out to the management on 23rd October 2013 but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that as per terms and conditions regarding execution of project, the consultant has been intimated regarding interim payment in contrast to schedule of payments. Due explanation is awaited and would be soon presented accordingly.

The DAC decided that the financial impact may be worked out and responsibility may be fixed for payment not due. No further progress was intimated till finalization of this report.

Audit recommends that financial impact may be worked out and responsibility for release of undue payment may be fixed.

PDP-255 (2012-13)

4.2.4 Overpayment to the contractor - Rs 3.920 million

As per Schedule No. 4-Installation & Other Services, in accordance with Specification-Special & Technical Provision, Dismantling of existing damaged sub and superstructures and rubble removal and its disposal at safe locations, clearing and grubbing the site, cutting of tress including removal of stumps and roots, removal of minor rocks from uphill side endangering the structure, excavation and filling, leveling and dressing, construction and installation erection of all architectural, structural (including steel structure) civil (including water supply, sanitation and rain water harvesting) and electrical works as well as materials and fixtures for these works etc. execution of the facilities as listed in Specifications Special and Technical Provisions excluding retaining/ breast walls and compound/ boundary walls, on covered area basis.

XEN Building/Reconstruction Division Bagh, awarded a contract bearing No. SEERA/Bagh/18/2008 to M/s Gujrat Meridian Build Fast JV Islamabad for Construction of 13 Pre-Engineered Light Gauge Schools in District Bagh on 23rd October 2008 vides Package # 56. The total value of the contract was Rs 85.963 million. The work order was issued on 16th June 2009. An amount of Rs 59.209 million was paid up to IPC # 05.

Contrary to the above, the management paid a sum of Rs 3.920 million on percentage basis. Detailed break up is given as under:

Item No.	Description	Covered Area (Sft.)	Rate (Rs)	Amount (Rs)
1(a)	Single Story			
	(i) Up to erection, cladding 2 schools 60%.	3,006	1,227.60	3,690,166
	(ii) Dismantling/ Demolishing & site Preparation 2 sites	3,571.86	64.24	229,496
Total				3,919,662

This resulted into undue benefit to the contractor for Rs 3.920 million.

The matter was pointed out to the management on 23rd October 2013 but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that the payments made were interim and according to prescribed schedule as verified by the consultant.

The DAC decided that the financial impact may be worked out and responsibility fixed for payment not due. No further progress was intimated till finalization of this report.

Audit recommends that financial impact may be worked out and responsibility for payment not due may be fixed.

PDP-256 (2012-13)

4.2.5 Irregular payment of price adjustment - Rs 17.360 million

According to Para A-2 of Pakistan Engineering Council's standard procedure for price adjustment issued in March 2009 and adopted by ERRA vide letter No. 1(64)/IA/ERRA/EA/Vol-IV/2009-10/592 dated 28th April 2011, "The price adjustment shall be applicable only for the contracts having contract price exceeding financial limit of PEC Contractors Registration Category C-5 as amended from time to time". The limit of C-5 Category at the time of award of Contracts was Rs 30 million.

The following contracts were awarded to different contractors and payment there against was made for Rs 17.360 million as price adjustment. Details thereto are given hereunder:

(Rs in million)

S. No.	Name of Department	Package #	Name of Contractor	Name of facility	Date of Award	Cost of Contract	Price Adjustment Paid
1	XEN Building/ Reconstruction Division, Bagh	H-68	M/s Haider & Co	BHU Dewar	04.02.2010	29.311	3.648
2	--do--	327	M/s Technocrat	GGMS Qadirabad	09.03.2010	16.628	0.811
3	XEN PWD Buildings, Muzaffarabad	Edu-19	Abbaseen Associates	---	---	27.246	6.441
4	--do--	67-A	M/s. Raja Saqib Majeed	---	---	9.656	0.855
5	--do--	Edu-266	M/s. Shoukat Ali Turk	---	---	8.926	0.904
6	XEN PWD Buildings, Neelum	---	---	---	---		4.701
Total							17.360

The limit of C-5 Category at the time of award of Contract was Rs 30 million. The payment of price adjustment thus was held undue as all the contracts were below the prescribed threshold.

When pointed out, the XEN PWD Buildings, Muzaffarabad stated that the payments were made as per provision of contract agreement and on the direction of SERRA. However, no reply was given by the management of other entities.

Reply of the XEN PWD Buildings, Muzaffarabad is not acceptable as the payments were made in violation of PEC instructions being an integral part of International Federation of Consulting Engineers (FIDIC) and the contract.

In the DAC meeting held on 27th January 2014 it was decided that the escalation charges not due and paid be recovered and action be taken against the responsible for negligence.

Audit recommends that the escalation charges not due may be recovered and action be taken against the person(s) held responsible for negligence.

PDP-257, 288, 302 (2012-13)

4.2.6 Unauthorized payment on account of price adjustment - Rs 44.601 million

The Chief Engineer (Building/ Reconstruction Division) Muzaffarabad granted the time extension in different on going projects under clause 44.1 with the condition that EOT is without any entitlement to financial compensation or any claim on this account subsequently.

In XEN Building/ Reconstruction Division, Bagh an amount of Rs 44.601 million was paid to the contractors as price adjustment in different packages after the expiry of the permissible time limits. So, allowing the price adjustment tantamount to undue benefit to the contractor.

The matter was pointed out to the management on 23rd October 2013 but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that as reported by the consultant no price adjustments were paid in violation of EOT, instead the price adjustments were frozen according to the previous time intervals of the extension.

The DAC decided that the escalation charges not due and paid may be recovered and action be taken against the responsible for negligence.

Audit recommends that the escalation charges not due may be recovered and action be taken against the person(s) held responsible for negligence.

PDP-258 (2012-13)

4.2.7 Non verifiable receipts and expenditure - Rs 113.612 million

As per Rule 16 of Accounting Procedure of ERRA, the funds shall be transferred by ERRA directly to the dedicated Bank Accounts of the respective organization to be opened with National Bank of Pakistan. Further, the account record is to be maintained as per Rule 77 of FTR Vol-I and the expenditure will be incurred observing the canon of financial propriety as per Para-10 of GFR Vol-I.

Project Coordinator maintained following bank accounts in the National Bank of Pakistan:

S. No.	Account No.	Name of Bank & Branch	Title of Account
1	3993-4	NBP, Chatter Domel, Muzaffarabad	Project Director PMIU SFD &KF (Source Account)
2	2926-8	--do--	DDO PMIU SDF & KF
3	3111-1	--do--	Chief Engineer, DDO Development

In addition to above PMIU, SFD&KF, Muzaffarabad also maintained following three bank accounts:

S. No.	Account No.	Name of Bank	Title of Account	Period	Volume of Transactions	Balance
1	482627011000550	MCB Chatter Domel MZD	Chief Engineer/ Dy. Director Technical	01.01.2009 to 25.10.2013	63,630,300	100
2	50197900129803	HBL Madina Market	Chief Engineer/ Dy. Director Technical	18.07.2011 to 06.04.2013	9,232,251	1,499,950
3	0100166959	Meezan Bank Ltd. Madina Markeet	Chief Engineer/ Dy. Director Technical	25.05.2010to 23.01.2013	40,752,891	300
Total					113,615,442	1,500,350

As per bank statement the only available document transactions of Rs 113.615 million were made from these accounts but the receipts and payments were not taken in any cash book. In the presence of already maintained three accounts, purpose of the said accounts was not clear. The origin of remittances and its disbursement was vague and was not verifiable as the record as detailed hereunder was demanded but not made available:

- a) A copy of the authority letter may be provided in which the account was asked to be opened.
- b) Bank reconciliation statement of the said accounts may be provided.
- c) Counter folio of the cheque books operated may be provided.
- d) Third party conformation of the accounts made may be provided.
- e) Detail of the Authorized signatory of the account may be provided.
- f) Bank book/cash book and all vouchers of the accounts may be provided.
- g) Income and expenditure of the accounts may be provided.

In response to the preliminary observation, the department in its reply dated 21st November 2013 stated that the account maintained in the Meezan Bank was under scrutiny at PMIU. As regard the other two accounts the Ex. Chief Engineer

and Ex. Director Technical were asked for production of record as they were operating the said bank accounts vide letter No. SFD&KF/ Admn/2160-65/2013 dated 18th November 2013. The progress will be communicated to audit in due course of time.

Audit is of the view that all the remittances were utilized illegally; unauthorized and Chief Engineer misused his power.

In the DAC meeting held on 19th February 2014 the management stated that Director General SPC, ERRA directed the Chief Engineer, SFD&KF Project for compliance of Audit instructions at the earliest. In the light of audit observation, some of the record was obtained from the then Chief Engineer and Deputy Director Technical, SFD&KF Project regarding these Bank Accounts. Matter is under detailed scrutiny and necessary measures are going to be taken regarding the closure of these Bank Accounts. Latest progress will be communicated to the Audit Authorities.

The DAC decided that the matter may be investigated within two weeks.

Audit recommends that:

1. The matter may be investigated and disciplinary proceedings may be initiated against the defaulters.
2. The said bank accounts may be closed immediately,
3. Available balances may be deposited into Federal Govt. Treasury,
4. All the above mentioned record may be provided to audit for detailed scrutiny.

PDP-263 (2012-13)

4.2.8 Overpayment on account of escalation charges - Rs 1.140million

According to standard procedure for price adjustment issued by Pakistan Engineering Council, each of the cost elements, having cost impact of five (05) percent or higher can be selected for adjustment. Cost elements of HSD and labour shall be included in the Price Adjustment formula irrespective of their percentage determined for a particular project, if these are applicable for that project.

XEN Highways, Muzaffarabad awarded a contract for construction of Airport Hotrary Road to Syed Mukhtar Hussain Naqvi on 14th January 2010 at a cost of

Rs156.621 million. Contrary to above mentioned procedure, item of steel having a cost impact of less than 5% was selected and an amount of Rs 1.140 million was paid for escalation charges.

When pointed out on 7th November 2013, no reply was given by the management.

In the DAC meeting held on 27th January 2014 the management stated that price adjustment was paid under clause 70.1 of condition of contract and as per Appendix-C to Bid, the weightage of steel is 7%. As per contract condition, no payment is recoverable from the contractor. The DAC decided that the record be verified from Audit.

No record was produced to Audit till finalization of this report.

Audit stresses that the record may be got verified or otherwise overpayment made to the contractor may be recovered.

PDP-268 (2012-13)

4.2.9 Non imposition of liquidated damages - Rs 83.163million

As per General Conditions of Contract, liquidated damages upto maximum 10% of contract price for delay in completion of work will be imposed.

Different works of construction/ repair of buildings/ roads were awarded to contractors for completion within specified time as per contract agreements. The contractors failed to complete the work within time frame therefore liquidated damages of Rs 83.163 million were to be imposed by the departments as detailed below:

S. No.	Name of Department	PDP No.	LD Charges (Rs in million)
1	XEN Highway, Muzaffarabad	269	58.571
2	XEN Highway, Bagh	292	5.908
3	XEN Buildings, Neelum	300	14.139
4	Divisional Forest Officer (Normal) Rawalakot	369	4.545
Total			83.163

Non imposition of liquidated damages resulted into loss to the State and delay in completion of projects.

When pointed out, no reply was given by the management.

The matter was discussed in the DAC meeting held on 27th January 2014. The DAC decided that the EOT be verified from Audit within two months.

No record was produced to Audit for verification till finalization of this report.

Audit recommends that the relevant record may be got verified or liquidated damages be recovered from the contractors concerned under the relevant clauses of contracts and deposited into Government treasury under intimation to Audit.

PDP-269, 292,300, 369 (2012-13)

4.2.10 Undue payment to contractors for incomplete work – Rs 1.067 million

As per clause 7.3 (6700-5) of Specification-Technical Provision “measurement of acceptable completed respective type of painting/texture coating works will be made on the basis of net actual areas in square feet of the surface painted as shown on the drawings or as directed by the Engineer. Payment will be made for acceptable measured quantity of respective type of painting/texture coating on the basis of unit rate per square feet quoted in the Bill of Quantities and shall constitute full compensation for all the works related to the item including all preparatory works.

XEN PWD Buildings Division Muzaffarabad paid an amount of Rs1.067 million to the contractors on the basis of measurements recorded in the measurement sheets and verified by the Engineer (i.e. NESPK), with the remarks “80% paid due to poor quality” and like other. Mode of measurement/quantification was quite contrary to the engineering standards referred to above and the payment made on the basis thereof is totally undue rather based on certain undefined quantification techniques.

The matter was pointed on 7th November 2013. The management replied that payment made was against the Internal Payment Certificates (IPCs) verified by the NESPAK.

The reply of the management is not tenable as the certification itself does not evolve the management from its prime responsibility of ensuring the physical execution of work as per the terms and condition of the contract.

The DAC meeting was held on 27th January 2014 and it was decided that a certificate may be provided that no quality has been compromised in this particular case and responsibility be fixed for making payment on %age basis.

No progress was intimated till finalization of this report.

Audit recommends that a certificate that no quality was compromised in this particular case may be provided besides responsibility be fixed for making payment on %age basis.

PDP-276 (2012-13)

4.2.11 Non recovery of income tax surcharge – Rs 3.312 million

According to section 4(a) of Income Tax (Amendment) Ordinance 2011, a surcharge @15% on income tax payable for the period from March 2011 to June 2011 shall be payable by every taxpayer in addition to normal income tax .

- (A) XEN PWD, Muzaffarabad made payments to various contractors but income tax surcharge amounting to Rs3.201 million was not deducted from the running bills of the contractors. The detail is as under:

Sr. No.	Description	Income tax deducted (Rs)	Income tax surcharge required to be deducted @15% of income tax
1	Income tax deducted in March, 2011	8,282,642	1,242,396
2	Income tax deducted in March, 2011	2,891,316	433,697
3	Income tax deducted in June, 2011	10,165,882	1,524,882
TOTAL		21,339,840	3,200,975

- (B) Similarly, XEN Buildings, Neelum deducted an amount of Rs 741,117 from the contractors' bills as income tax, but surcharge on income tax amounting to Rs 111,168 was not deducted. The detail is as under:

Package No.	Vender	Income Tax deducted (Rs)	Income tax surcharge required to be deducted @ 15% of income tax
153	Faqir builders	9,027	1354
156	Shahi Khan	120,899	18,135
152	Ejaz Qasim	64,428	9,664
152	Nisar Ahmed Abbasi	452,031	67,805
2	Technocrats INC	94,732	14,210
Total		741,117	111,168

Non deduction of income tax surcharge was undue favour to the contractors which caused a loss of Rs 3.312 million to Government exchequer.

When pointed out on 7th November 2013 and 1st October 2013 respectively, the XEN, PWD, Muzaffarabad replied that payments were not made in the financial year whose audit has been carried out whereas no reply was given by the XEN Buildings, Neelum.

The reply is not acceptable as the amount was due from the contractors which was not recovered at the time of payment.

In the DAC meeting held on 27th January 2014 XEN Buildings, Neelum stated that the payment was made before February 2011. At that time flood tax was not implemented. DAC decided that record may be got verified from Audit within two months.

No record was produced to Audit till finalization of this report.

Audit recommends that either the relevant record may be produced for verification or otherwise amount involved may be recovered from the contractors concerned besides intimating the reasons for non recovery of income tax surcharge at its due time.

PDP-278& 307 (2012-13)

4.2.12 Undue benefit to the contractor by accepting the performance guarantee of lesser amount – Rs 3.065 million

According to clause 10.1 of special stipulations of contract agreement, the contractor shall provide a performance security equal to 10 % of the contract price

stated in the letter of acceptance, which will remain effective till successful completion of the defect liability period.

XEN PWD Buildings, Muzaffarabad awarded a contract under package No.13-Edu to M/s. Techni Style Engineering Services for Rs72.650 million. As per contract agreement, performance guarantee @ 10% of contract cost i.e. Rs 7.265 million was required to be provided. Instead, the contractor provided a performance guarantee of Rs 4.2 million which was accepted by the management.

Audit holds that undue favour was granted to the contractor by accepting performance guarantee of lesser amount.

When pointed out on 7th November 2013, the management replied that the contractor has been directed to provide a fresh performance guarantee @ 10% of the contract price.

The reply of the entity is not tenable as the acceptance of performance guarantee of lesser amount beyond the contractual provision was unauthorized and Government interest was put at stake to the extent of Rs 3.065 million (Rs 7.265 million – Rs 4.200 million).

The DAC in its meeting held on 27th January 2014 decided that the matter may be investigated by ERRA and responsibility fixed on person(s) at fault.

No further progress was intimated till finalization of this report.

Audit recommends that matter may be investigated and fix responsibility on the person(s) at fault for accepting the lesser amount of guarantee. Besides, the performance guarantee as per provisions of contract agreement may be obtained from the contractor with a view to safeguard Government interest.

PDP-282 (2012-13)

4.2.13 Overpayment of price adjustment – Rs 2.289 million

According to Para 4 (i) of Pakistan Engineering Council guidelines for price adjustment/escalation, in case of default on the part of the contractor causing delay in original scheduled completion, the rates of price adjustment will be frozen at the original scheduled date of completion.

XEN PWD Buildings Muzaffarabad awarded a contract under Package No. SERRA/Live Stock/Mzd/01/2008 for construction of Tehsil Veterinary Hospital to M/s Syed Mukhtiar Hussain Naqvi. The original completion date of the contract was 25th August 2009. The contractor failed to complete the work within stipulated time and first extension was granted upto 30th July 2010. The work remained incomplete and 2nd EOT was granted upto 30th April 2012.

The consultant (NESPAK) recommended EOT on general basis without any specific reason of delay which revealed that non completion of work within stipulated time frame was at the part of contractor. Hence the rates applied for payment of price adjustment were required to be frozen at the actual date of completion. Instead of freezing the rates at original completion date, price adjustment was paid to the contractor at full rates.

Due to non-freezing of rates an amount of Rs 2.290 million overpaid to the contractor under price adjustment.

When pointed out on 7th November 2013 the management replied that consultant recommended EOT on generic grounds without going into details of delay on the part of contractor or employer and it did not tantamount that fault is on the part of contractor.

Reply of the management is not cogent. Non freezing the rates at original completion date was irregular and needs recovery.

The DAC in its meeting held on 27th January 2014 decided that the escalation charges paid be recovered and action be taken against the responsible for negligence.

Audit recommends that overpayment made on account of escalation charges may be recovered besides taking action against the responsible(s) for negligence.

PDP-287 (2012-13)

4.2.14 Undue favor to contractor by making excess payment on account of earth work -Rs 4.750 million

As per section 1100-Earth Work sub section 4.2.1 measurement for excavation “unless otherwise shown on the drawings quantities of excavation shall be measured of acceptably completed works on the basis of vertical excavations required

in accordance with lines of concrete works. Measurement for acceptably completed excavation works shall be made on the basis of number of cubic feet of material excavated for foundation and service trenches as shown on the drawings or as directed by the Engineer. Further, section 4.2.2 provides that payment will be made for acceptably measured quantity of excavation on the basis of unit rate per cubic feet quoted in the BOQ and shall constitute full compensation for all works related to the item, including but not limiting to back billing.

XEN Highway, Bagh awarded a contract for completion of Harighal via Shujabad Road to M/s Progressive Technical Associate amounting to Rs 268.554 million. The work was to commence on 27th March 2010 and to be completed upto 26th March 2012 (original schedule) and 17th May 2013 (extended schedule). An amount of Rs 4.750 million against 7,308 cft of item 106-a in bill No. 1 in IPC-12 was deducted which negates the principle given above, which inter alia demands that in no way the progressive quantities should be decreased one. Prima facie, it is a case of payment on the basis of fake measurement.

The matter was brought to the notice of the management on 3rd September 2013 followed by reminder dated 22nd October 2013, but no reply was furnished.

In the DAC meeting held on 27th January 2014 the management stated that increase of quantities of the work is based on actual site requirement and due to realignment of 01 Km road. The variation order was issued by the Chief Engineer Highways, Muzaffarabad. The DAC decided that the matter may be investigated by ERRA and responsibility fixed for the payment not due.

Audit recommends that the matter may be investigated for fixing responsibility on the person(s) at fault for the payment not due. Besides, a copy of the Inquiry Report may be provided to Audit.

PDP-294 (2012-13)

4.2.15 Irregular payment made against the expired performance guarantee - Rs 17.247 million

In terms of clause-10.2 of General Conditions of Contract Agreement, the performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract.

XEN Buildings, Neelum failed to get the performance guarantees renewed in respect of seven projects for Rs 14.704 million. However, payment against the said works amounting to Rs 17.247 million was made. Interestingly, payment in Package No. 325 worth Rs 1.788 million was made against personal guarantee of Mr. M. Nazeer S/o Saain Khan.

The matter was brought to the notice of the management on 1st October 2013 followed by reminder dated 22nd October 2013, but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that 6 projects have been completed and handed over to concerned department. The last project has been completed up to 35% for which the contractor has been requested for renewal of performance guarantee.

The DAC decided that the matter may be investigated by ERRA and responsibility fixed for making payment against the expired Performance Guarantees.

Audit recommends that responsibility may be fixed on the person(s) at fault for making payment against the expired Performance Guarantees and a copy of the inquiry report be produced to Audit.

PDP-301 (2012-13)

4.2.16 Undue payment to contractor by making excess payment against work not done- Rs 2.105 million

As per section 1100-Earth Work sub section 4.2.1 measurement for excavation “unless otherwise shown on the drawings quantities of excavation shall be measured of acceptably completed works on the basis of vertical excavations required in accordance with lines of concrete works. Measurement for acceptably completed excavation works shall be made on the basis of number of cubic feet of material excavated for foundation and service trenches as shown on the drawings or as directed by the Engineer. Further, section 4.2.2 provides that payment will be made for acceptably measured quantity of excavation on the basis of unit rate per cubic feet quoted in the BOQ and shall constitute full compensation for all works related to the item, including but not limiting to back billing.

In PWD Buildings, Neelum an amount of Rs 2.105 million was deducted from the IPCs of contractors which negates the principle given above, which inter alia

demands that in no way the progressive quantities should be decreased one. Prima facie, the contractors were made payment on the basis of fake measurement in the previous IPCs.

The matter was brought to the notice of the management on 1st October 2013 followed by reminder dated 22nd October 2013, but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that 04 projects have been completed and handed over to line department. Final payments are under process at NESPAK level. M/s NESPAK was approached on 22nd October 2013 for justification of recorded amount of Rs 2.105 million. The consultant (NESPAK) has replied that subject matter was done as per contract clause 60.4. The DAC decided that the matter may be investigated by ERRA and responsibility fixed for the payment not due.

Audit recommends that the matter may be investigated for fixing responsibility on the person(s) at fault for the payment not due. Besides, a copy of the Inquiry Report may be provided to Audit.

PDP-303 (2012-13)

4.2.17 Irregular payment to the contractor on account of escalation- Rs 4.911 million

The notification of Extension of Time (EOT) clearly stipulated that the contractor is not entitled to any financial compensation during the extended period of execution. The same was undertaken by the contractor while requesting for extension of time in four packages.

XEN PWD Buildings, Neelum paid Rs 4.911 million to the contractor on account of price adjustment despite the expiry of work completion date as given in the EOT.

The matter was brought to the notice of the management on 1st October 2013 followed by reminder dated 22nd October 2013, but no reply was received.

In the DAC meeting held on 27th January 2014 the management stated that all four packages are completed and handed over to line department. EOT of all four packages are required. The consultant i.e. NESPAK has been requested to expedite

the cases of EOT. The DAC decided that escalation charges not due and paid may be recovered and action be taken against the responsible for negligence.

Audit recommends that responsibility may be fixed on the person(s) at fault for making payment on account of escalation charges not due besides recovery of undue payment from the contractor concerned.

PDP-305 (2012-13)

4.2.18 Non provision of insurance for design – Rs 1,756.915 million

As per Sub-Clause 18.5 of Particular Condition of the Contract, the Contractor shall effect professional indemnity insurance, which shall cover the risk of professional negligence in the design of the Works. This insurance shall be for a limit of not less than 10% of the Individual Contract Price. The contractor shall use his best endeavors to maintain the professional indemnity insurance in full force and effect until three years after issuance of the Performance Certificate of the Individual Contract.

- (A) PMU, BCDP awarded contracts of construction costing Rs 4,303.55 million to two Chinese contractors i.e. M/s China International Water and Electric Corp. (CWE) and M/s China Xinjiang Beixin Construction Company Limited (CXB) for construction of Greater Water Supply, Sewerage and Drainage System, School, Sports Complex and Roads etc. in the Bagh city. The contractors did not provide the professional indemnity insurance (Rs 430.355 million) of the individual contract price to cover the risk of professional negligence in the design of the works.
- (B) Similarly, the management of Muzaffarabad City Development Projects could not obtain design insurance from both the contractors of the projects in violation of condition of contract. Total project cost comes to Rs 13,265.599 million and 10% of design insurance comes to Rs 1,326.560 million.

When pointed out, the management replied that both the contractors were asked to submit the Design Insurance as per Clause 18.5 of PCC. Audit will be provided the copies of the insurance cover as and when received from the contractors.

In the DAC meeting held on 30th January 2014 it was decided that the efforts be made to obtain the insurance coverage to comply with the contract clauses.

Audit recommends that insurance cover may be obtained immediately as per provisions of contract agreement.

PDP-314 & 323 (2012-13)

4.2.19 Non deposit of sale proceeds of trees into Government treasury

As per Para 26 of Accounting Procedure of ERRRA “the receipts, if any, generated by the Authority shall be the receipt of the Government and shall be deposited into the Government Treasury”

MCDP paid an amount of Rs 145,888 to the contractor for cutting and removing of 121 numbers of trees. The department neither took the removed trees on charge nor deposited the sale proceeds of the trees in Government treasury. The detail is as under:

IPC No.	Size	Quantity as per BOQ	Name of project
3	0.75 mm girth	63	Mera Tanolian Road
	0.75 mm to 1.8 mm girth	33	
4	0.75 mm girth	14	Shopping Plaza Old Courts
	0.75 mm to 1.8 mm girth	4	
1	0.75 mm to 1.8 mm girth	3	Talhi Mandi Road
	Total	121	

The management intimated that trees were taken over by the Government departments/ owners of the land in whose area these were cut.

No documentary evidence was provided by the management regarding handing over certificate by the contractor to the government department/owner of the land. The department neither took the removed trees on charge nor deposited the sale proceeds of the trees in Government treasury.

In the DAC meeting held on 30th January 2014 it was decided that the record pertaining to sale proceeds be verified.

No record was produced for verification till finalization of this report.

Audit recommends that either the relevant record may be produced for detailed scrutiny otherwise the rate of trees may be assessed and its sale proceeds be deposited into government treasury under intimation to audit.

PDP-322(2012-13)

4.2.20 Non adjustment of advance/ blockade of Government funds - Rs 55.893 million

As per Rule-668 of FTR Vol-I, advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

MCDP made advance payments to different line departments on the basis of estimates furnished by the departments for clearance of their sites for the financial years 2009-10 to 2012-13 amounting to Rs 55.893 million. But the concerned department did not furnish adjustment of the said advances despite lapse of 5 years which resulted into non adjustment/ blockade of government money.

The management replied that the said departments were requested number of times to submit expenditure statements along with the bill/vouchers as per actual work done and other documentary evidences for the amount released to them for removal/shifting of the communication assets from the sites of the projects but the same were still awaited. Bill/vouchers along with expenditure statement as per actual work done will be furnished to audit authority as and when received from the above departments.

In the DAC meeting held on 30th January 2014 it was decided that the efforts be made to get certified adjustment accounts or adjustment through adjustor.

Audit recommends that concerted efforts may be made to get adjustment accounts from the departments concerned.

PDP-324 (2012-13)

4.2.21 Payment of secured advance to the contractor based upon unauthentic receipts - Rs 26.196 million

As per clause 14.5 of General Conditions of Contract, the engineer shall determine and certify each addition and the contractor has kept satisfactory record including the orders, receipts, costs and use of plant and machinery which are available for inspection and submit statement of the cost of acquiring and delivering the plant and machinery to the site supported by satisfactory evidence. The additional amount to be certified shall be the equivalent of 80% of the engineer's determination of the cost. M/s CXB were paid secured advance as per following detail:

IPC#	Name of Supplier	Receipt No. and date	Amount(Rs)	Remarks
3	Nomee Industries	2092 dated 19.11.2012	9,082,699	
7		2092 dated 31.03.2013	10,085,480	Receipt tempered
5		1952 dated 26.01.2013	7,027,938	
			26,196,117	

The contractor claimed secured advance on the material (steel) shown to have been procured from M/s Nomee Industries Hattar on receipts having no validity/authenticity as at the very first it was issued in favour of the M/s Kingcrete Builders instead of the contractor i.e. M/s. CXB. Secondly, one and the same receipt with same serial Number 2092 was tempered to the extent of date and amount by making certain assertions. It is not only an act of deceiving on the part of contractor but was a gross negligence of the Engineer and the Employer as well, otherwise there seems to be no justification to entertain the claim of such huge amount that too without ensuring mobilization of much tangible quantity of steel.

The management replied that the secured advance paid was recovered from the contractor. However, point is noted for future compliance. The reply is not tenable as the same has not addressed the core issue raised.

In the DAC meeting held on 30th January 2014 it was decided that ERRA to investigate the matter and fix the responsibility.

The investigation report from ERRA was awaited till finalization of this report.

Audit recommends that the matter may be investigated for fixing responsibility on the person(s) at fault. A copy of investigation report may also be produced to Audit.

PDP-326 (2012-13)

4.2.22 Overpayment of salaries to project staff – Rs 1.797 million

As per Para 2 (ii) of Finance Division O.M. No. F.4 (9) R-3/2008-592/09 dated 18th August 2009, and as per clarifications issued by the Finance Division U.O. No. 4(3) R-3/2010/16 dated 24th February 2010 and No.4 (20) R-3/2008-016/2010 dated 18th May 2010 pay of the new appointees shall be fixed at the initial stage and thereafter an annual increase @ 5% at the initial stage would be admissible.

ERRA (HQ) appointed staff against the posts contained in the PC-1 of Project Management Unit, Muzaffarabad City Development Project (MCDP) with higher scale of pay instead of initial pay which resulted into overpayment of salaries Rs 1.797 million during the financial year 2012-13.

The management replied that the pay of the officers/staff of PMU-MCDP was fixed as per Annexure-B of the revised PC-I, approved by the Competent Authority. Pay was fixed for the employees as per their qualification and experience. Contract employees were not willing to join at lower limit of pay scale. Good qualified staff was not available in the market; hence they were employed at the higher scale. Those employed at higher scale were not given any increment being already on upper limit. Pay Scales for contract officers/staff were issued by Finance Division in August 2008. After 2008, Government increased pay and allowances of the government officers/staff @ 15% and 20% by three times. Contract employees were not given this benefit. As result of huge price hike after 2008, no qualified/experienced officers/staff was ready to work on the lower pay scale as they were not provided any other facility such as vehicle, hiring, conveyance allowance and other benefit enjoying the government employees.

Reply of the management is not tenable as the same is not supported by the provisions of rules instead it was just narration of the prevailing situations.

In the DAC meeting held on 30th January 2014 it was decided that the matter may be regularized from competent forum.

Audit recommends that the case for regularization may be pursued vigorously.

PDP-329 (2012-13)

4.2.23 Non deposit of forfeited amount of bid security into Government treasury –Rs 1.50 million

As per clause IB 15.6 of Contract Documents Vol-I the bid security may be forfeited:-

1. If bidder withdraws his bid except as provided in Sub- Clause 22.1.
2. If the bidder does not accept the correction of bid Price pursuant to Sub-Clause 27.2 hereof.
3. In the case of successful bidder, if he fails with in the specified time limit to (i) furnish the required Performance Security or (ii) sign the Contract Agreement.

In SFD&KF, Muzaffarabad the bids for Package No. SPC-25 were opened on 8th December 2009. Amongst the five (5) participant bidders, M/s YTM Builders were the lowest with a total cost of Rs 65.339 million. While evaluating the bids the consultant reported that the rate quoted for some BOQ items by the lowest evaluated bidder were unbalanced and recommended that the value of the performance bond may be increased from 5% to 20% in term of Clause IB 28.4 of Contract document Vol-I. On the recommendation of the Consultant/ the Engineer, the Chief Engineer SDF&KF vide letter dated 8th January 2010 asked the lowest bidder (i.e.) N/s YTM Builders to submit the performance guarantee of an amount of 20% of the bid price. In response to the Chief Engineer's letter, M/s YTM Builder vide letter dated 12th January 2010 requested to cancel the bid due to the reason that they were unable to deposit 20% performance Security of the bid price. They also requested to release the call deposit of Rs 1.5 million. The Chief Engineer vide Order dated 12th February 2010 canceled the bid of M/s YTM Builders and forfeited the bid security, but the same was not deposited in the Govt. Treasury. M/s YTM vide letter dated 2nd May 2011 approached the Chairman Redressal of Grievances, ERRRA for refund of call deposit. Director Coordination vide letter dated 5th May 2011 forwarded the request of the bidder to the Chief Engineer, PMIU, SDF&KF for comments. The Chief Engineer vide letter dated 25th February 2013 reported and concluded that when a bidder participated in a bid and was declared lowest does not deposit the Performance

Security the only penalty was forfeiture of his Bid Security. Deputy Director SPC, ERRA vide letter dated 19th June 2013 stated that the Competent Authority had decided to retain the 40-50% of security and refund the remaining amount to the bidder without mentioning the delegation of power and the rationales for partial forfeiture of bid security.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that the Deputy Chairman, ERRA decided to restrict the forfeiture of bid security upto 40-50% and release the balance amount. In the light thereof the amount in question was released.

The reply is not tenable as the same is not supported by the delegation of powers in view of which the Deputy Chairman has waived off the penalty.

In the DAC meeting held on 19th February 2014 it was decided that the matter may be investigated within two weeks.

Audit recommends that:

1. The entire amount may be deposited into Government Treasury.
2. The interest on the amount may be calculated for three years and deposited in the Government Treasury.

PDP-330 (2012-13)

4.2.24 Irregular purchase/execution of work – Rs 17.476 million

According to clause 52.1 of the PCC, if the contract does not contain any rates or prices applicable to the extra or additional work, then suitable rates or prices applicable, based so far as may be reasonable on the contract rate and prices, shall be agreed, after due consultation with the employer, by the Engineer with the Contractor. Failing such agreement, the Engineer shall fix such rates and prices as are, in his opinion, appropriate.

According to the PPRA Rules if the value of goods/ services exceeds Rs 100,000; open bidding system may be adopted.

In SFD&KF, Muzaffarabad a contract for Package No. 2 was awarded to M/s Kingcrete Builders (Pvt.) Ltd. on 3rd March 2010 at a total cost of Rs 199.973 million. The date for completion of contract was 15th May 2011. A Variation Order

No. 1 amounting to Rs 17.476 million was approved on 8th April 2013. The variation order was not based on material/ labour standards and the provisions for indirect cost. Market rates of the same were not ascertained by obtaining the competitive quotations. The Engineer did not consult the Employer while approving the rates. This act was against the contractual obligations. Most of the items were included in the drawings but were not included in the BOQ. This showed that the consultant, while making the BOQ, deliberately omitted the items from the BOQ to benefit the contractor.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that the well for passenger elevator was included in the BOQ as well as the drawings but the provision of passenger elevator was not included in the BOQ which was included in the scope as per the instructions of the donors. Further, the Engineer has authority to determine the rates of non BOQ items. The reply is not tenable as provision in drawing for passenger lift well itself speaks that the scope of work was intentionally understated just to keep the things in hand. So far as the authority of the Engineer is concerned the same was there but it was to be exercised judiciously by observing the procedure for competitiveness of the rates.

In the DAC meeting held on 19th February 2014 the management stated that the contractor obtained the rates of Non BOQ items from market on competitive basis and the Engineer verified the same. The DAC did not accept the plea of the management and directed to produce a detailed reply with supporting documents to Audit within two weeks.

Audit recommends that the reply with supporting documents may be produced for detailed scrutiny otherwise matter may be investigated through an independent inquiry committee to ascertain how such a huge quantum of work was kept outside the competition, determine the competitiveness of the rates allowed, work out the differential cost impact and make good the same from the defaulter(s).

PDP-331 (2012-13)

4.2.25 Undue favor to the contractor due to payment on percentage basis for ceramic tiles on floor - Rs 9.472 million

As per S. No. 5.4 of Section 6600 measurement of acceptability completed works of Ceramic Tiles will be made on the basis of net actual area in Sft. of dado laid in position as showing in the drawing. The payment will be made for acceptable measured quantity of Ceramic tile in dado on the basis of unit rate per sft. quoted in the bill of quantity.

The Chief Engineer, SFD&KF, Muzaffarabad made payments to M/s Kingcrete Builders (Pvt.) Ltd. for Package No. 2 as detailed below:

- a) Rs 214,236 on account of “Providing and laying best quality of 8”x8”of approved local ceramic tiles matt finish of approved color on floor including 2” thick PCC (1:2:4) with 1:3 cement mortar etc” vide item No 32 on percentage basis in IPC # 13,
- b) Rs 8.125 million on account of “Providing and laying Terrazzo Tiles flooring (12”x12”x1”) in gray cement with approved color & shade including a Base of cement sand mortar (1:3) 1” thick including 1-1/2” thick PCC 1:2:4 compacting grouting, curing grinding chemical polishing etc” vide item No 27 on percentage basis up to IPC # 13,
- c) Rs 211,762 on account of “Providing, laying and fixing of 1” thick dressed stone parapet walls including 1:2 cement sand mortar, scaffolding, curing, joints filling, cutting and dressing etc. complete in all respects as per drawings, Technical Provisions and or as directed by the Engineer in charge” vide item No 45a on percentage basis up to IPC # 13,
- d) Rs 921,670 on account of “Construction of Under Ground Water Tank 25,000 gallon capacity” @ Rs 47 per gallon for 19,610 gallon vide item No 54 on percentage basis up to IPC # 13 (i.e.) 50% in IPC # 12 and 50% in IPC # 13, whereas the said item is required to be paid after completion of work because the construction of water tank is a complete one job.

The above payments were made contrary to the Technical Specifications as highlighted above which led to undue benefit to the contractor for Rs 9.472 million (Rs 214,236+Rs 8,124,527+Rs 211,762+Rs 921,670).

Audit is of the view that payment was not due at that time and was made only to facilitate the contractor.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that partial payments were made on completion of different stages and satisfying the technical specifications. Reply is not tenable as the contract did not provide any mechanism for part payment.

In the DAC meeting held on 19th February 2014 it was decided that since the project has been completed and handed over, the approval of the Donor for variations be provided alongwith final paid bill of the project for verification. ERRAs should issue instructions to all consultants to prepare contract documents in accordance with approved engineering practices to avoid such lapses in future.

Audit recommends to:

1. Investigate how the payments were made in disregard to the contractual obligations.
2. Fix responsibility on the person(s) at fault; and
3. Determine the exact amount of undue benefit extended to the contractor and make it good from the defaulters.

PDP-333 (2012-13)

4.2.26 Undue favor to the contractor due to non inclusion of items in BOQ - Rs 13.225 million

According to Rule 10 of GFR Vol-I every public servant is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

In office of the Chief Engineer, SFD&KF, Muzaffarabad it was observed that variations were made in Civil, Electrical & Plumbing works (Package-2) as per detail given in the table.

Sr. No.	Description	BOQ Amount	Excess/Saving of original BOQ		Net Effect
			Addition	Deletion	
A	Civil works	173,465,831	43,880,605	34,259,533	9,621,073
B	Electrical Works	12,991,537	6,988,327	3,886,226	3,102,101
C	Plumbing Works	1,262,342	502,109	0	502,109
Total		187,719,710	51,371,041	38,145,759	13,225,283

The bidding was required to be made on the rationale basis that all the participants were to be given equal chance, but after heavy variation the letter and spirit of bidding procedure was jeopardized. The analysis of variation revealed that it was up to 47.68% $\{(51,371,041+38,145,759) \times 100/187,719,710\}$ of the total contract cost, which was a material part of contract. If all the items would have been included in the BOQ at the time of bidding and the same were quantified on the basis of rates given by other competitors, the results might have been otherwise. The consultant objectively omitted the items from BOQ which were included in the drawings.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that passenger lift and the tower clock etc. were kept in drawing for anticipated future requirements. There were also certain optional items. All the procurements were made after fulfillment of all required formalities.

Reply is not tenable as the foreseeable/ foreseen items worth 47.68% were kept outside the competition.

In the DAC meeting held on 19th February 2014 it was decided that Justification for all variations duly approved by the competent authority may be provided.

Audit recommends that justification for all variations duly approved by the competent authority may be provided.

PDP-334 (2012-13)

4.2.27 Undue favor to the contractor due to payment on percentage basis on account of installation of passenger elevator – Rs 2.674 million

An item regarding “Providing and Fixing of Lift (Passenger elevator) of Fuji make up to 3 floors” was added through variation order, which is a complete job and payment will be made after completion of job. It is further stated that M/s Al Makkah Elevators, Satellite Town, Rawalpindi (who was the supplier) quoted the rate to M/s Kingcrete (the Contractor for construction of building) and not to the department.

The Chief Engineer, SFD&KF, Muzaffarabad paid an amount of Rs 2.674 million against Package No. 2 to the contractor on account of “Providing and Fixing of Lift (Passenger elevator) of Fuji make up to 3 floors” @ Rs 2.971 million for 90 % of the work done on percentage basis up to IPC # 13 (i.e. 50% in IPC # 12 and 40% in

IPC# 13), whereas the said item was required to be paid after completion of work because providing and fixing of lift is a complete one job. This resulted into un-due benefit/ favor to the contractor amounting to Rs 2.674 million which was un-justified.

Audit is of the view that payment at that time was made only to give the undue benefit to the contractor which was irregular and against the contractual obligations.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that the part payment was made as per prevailing engineering practices.

Reply is not tenable as there exists no clause in the contract for allowing part payment rather the rate was for one job.

In the DAC meeting held on 19th February 2014 it was decided that detailed reply with supporting documents may be provided to Audit within two weeks.

No detailed reply was received till finalization of this report.

Audit recommends that the financial impact of the temporary overpayment/ undue payment may be worked out and recovered from the beneficiary or the person(s) at fault.

PDP-335(2012-13)

4.2.28 Undue favor to the contractor - Rs 1.860 million

As per Technical Provisions Vol-II of Contract Agreement, payment against electrical items like LT distribution Boards, Light Fixtures, Wiring and its Accessories, LT cables, etc. was to be made upon supplying, fixing, testing and commissioning of the electrical installations.

The Chief Engineer, SFD&KF, Muzaffarabad paid an amount of Rs 1.860 million to M/s Sambu (JV), the contractor of Package No. 6, on account of work done and measured in the measurement sheets and thereafter recommended @ 30%. The qualification tagged in the payment revealed that the payment was not due at that time. Thus the contractor was unduly benefitted for Rs 1.860 million during the period.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that part payment was allowed as per prevailing engineering practices.

Reply is not tenable as there exists no clause in the contract for allowing part payment.

In the DAC meeting held on 19th February 2014 it was decided that mode of payment be amended and approved from competent forum to avoid any irregularity. ERRRA should issue instructions to all consultants to prepare contract documents in accordance with approved engineering practices to avoid such lapses in future.

Audit recommends that either mode of payment be amended and approved from competent forum or otherwise the financial impact of the temporary overpayment/ undue payment may be worked out and recovered from the beneficiary or the person(s) at fault.

PDP-337 (2012-13)

4.2.29 Irregular payment on account of price adjustment - Rs 20.106 million

The NESPAK vide its letter No. 2778/ 334/JK/05- 5332 dated 21st February 2011 granted extension of time on the recommendation of Chief Engineer, Saudi Fund for Dev.& Kuwait Fund (SFD&KF), Muzaffarabad under clause 44.1 with the condition that EOT is without any entitlement to financial compensation or any claim on this account subsequently.

An amount of Rs 20.106 million was paid to M/s Zakir Abbasi & Brothers and M/s Masood Enterprises (the contractors of Package No. SPC-03 & 07) as price adjustment after the expiry of the permissible time limits. Thus undue financial benefit of price adjustment was allowed to the contractors.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that price adjustment is not “financial compensation” and also not falls under claim.

Reply is not tenable as the same is not supported by the authority to elucidate the term used.

In the DAC meeting held on 19th February 2014 it was decided that detailed reply with supporting documents may be provided to Audit within two weeks. No reply/ record was produced till finalization of this report.

Audit recommends that the detailed justification for allowing price adjustment after the permissible time limit duly supported with supporting evidence may be provided otherwise amount may be recovered from the contractor concerned or the person(s) held responsible.

PDP-338 (2012-13)

4.2.30 Undue favor to the contractor due to payment on percentage basis - Rs 4.572 million

A variation order No. 2 was submitted to the Chief Engineer on 13th March 2012. In variation order three complete jobs regarding ‘Overhead and Underground Water Tank’; ‘Parking area’ and ‘Open drain’ were included. The jobs were required to be completed on lump sum basis and not on measurement basis. The payment was required to be made after completion of job except or otherwise mentioned in the contract agreement or in the variation order. The total cost of all the jobs was Rs 6.144 million as per detail given here under:

S. No.	Description	Unit	Qty	Rate (Rs)	Total Cost (Rs)	Remarks
1	Overhead & under ground water tank	Job	1	3,096,175	3,096,175	Including Non BQ rates + BQ rates (after rebate)
2	Parking Area	Job	1	2,211,956	2,211,956	BOQ rates (after rebate)
3	Open Drain	Job	1	835,601	835,601	BOQ rates (after rebate)
Total				6,143,732	6,143,732	

Contrary to the above the Chief Engineer, SFD&KF, Muzaffarabad paid an amount of Rs 4.572 million to M/s Zakir Abbasi & Brothers (contractor of Package No. SPC-3) as per detail given below on measurement basis at the rate given in the BOQ for different steps involved in the completion of Jobs:

IPC #	Date	Amount Paid (Rs)
Parking Area		
17	04.08.2011	985,240
18	26.08.2011	1,120,264
19	01.10.2011	384,155
22		77,856
Total		2,567,515
Open Drain		
21	03.01.2012	1,019,026
Under Ground Water Tank		
20	17.11.2011	494,349
21	23.12.2011	106,161
22		19740
		620,250
Over Head Water Tank		
20	17.11.2011	362,431
21	23.12.2011	435,825
22		570,900
Total		1,369,156
Total		5,575,947
Less 18%		1,003,670
Net		4,572,277

This resulted into undue benefit to the contractor amounting to Rs 4.572 million for a period of one year which was un-justified and against the contract agreement.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that jobs were approved on the basis of detailed estimates rather than on lump sum basis.

Reply is not tenable as the rates approved were for complete jobs which included so many activities. The activity wise rates were given in the detailed estimate just to emerge the job rate and could not be relied upon in any way. So the management has mis-relied on estimates instead of variation order.

In the DAC meeting held on 19th February 2014 it was decided that responsibility for lapse be fixed and intimated to Audit.

Audit recommends that the matter may be investigated thoroughly to determine the exact amount of undue benefit and making good from the defaulters.

4.2.31 Undue favor to the contractor due to payment on percentage basis - Rs 5.909 million

As per Section 6600 Floor and Wall Finishes, Sub Section 5.5 Measurement and Payment of Cast in place Terrazzo, of Specification- Technical Provisions Vol-II of Contract Document, "measurement of acceptably completed works of cast in place terrazzo floor will be made on the basis of net actual area in square feet of floor as shown in the drawing or as directed by the engineer".

As per Section 3000, 4600, & 6700 Sub Section 9, 6 & 7 Measurement and Payment, of Specification- Technical Provisions Vol-II of Contract Document "Measurement of acceptably completed respective type of Steel/Wooden Doors will be made on the basis of net actual areas in square feet fabricated installed in position as shown on the drawing. Painting / texture coating works will be made on the basis of net actual areas in square feet of the surface painted as shown on the drawings or as directed by the Engineer".

(a) The Chief Engineer, SFD&KF, Muzaffarabad paid an amount of Rs 5.249 million to M/s Zakir Abbasi & Brothers (contractor of Package No. SPC-3) on account of 30"x40"x3/4" terrazzo cast in situ laid in panels etc. vide item No C-J5, C-I4, C-I5, C-I6 on percentage basis.

(b) It was also observed that 2,207.25 Sft. was allowed in IPC#17 as detailed below:-

IPC #	Item #	Description	Qty. Allowed (Sft.)	Rate (Rs)	Amount (Rs)	Remarks
13 dated 11 Jan 2011	C-G1	Providing and fixing in position wooden hollow core flush doors with mild steel frame, fabricated from 18 SWG sheet. Door shutter of deodar wooden frame/ battens having commercial ply on both sides, complete in all respects.	681.75	162.50	110,785	25% of the quoted rate i.e. Rs 650 * 25% = Rs 162.50 per Sft.
17 dated 04 Aug. 2011	C-G1	--do--	1525.50	455.00	694,103	70 % of the quoted rate i.e. Rs 650 * 70 % = Rs 455 per sf t.
Total					804,888	
18% Rebate					144,880	
Net Paid Amount					660,008	

In BOQ of said package total quantity for item No.C-G1 in Academic Block (AC-1) was 1,552 sft. Initially payment for incomplete item of work was made on %age terms and subsequently on completion of works balance amount was released. Payment so made was in fact an undue favor to the contractor, as the contract authorized the payment for the items of work completed in all respect, accepted and measured.

The said items were required to be paid after completion of work. This resulted into un-due benefit/ favor to the contractor amounting to Rs 5.909 million (Rs 5,249,480+ Rs 660,008) for a period of one year which was un-justified and against the contract agreement.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that part payments were made after satisfactory completion of part work.

Reply is not tenable as the same is not covered under the contractual obligations because the contract has no provision for part rates and payment there against.

In the DAC meeting held on 19th February 2014 it was decided that responsibility for lapse be fixed and intimated to Audit.

Audit recommends that the matter may be investigated thoroughly to determine the exact amount of undue benefit and making good from the defaulters.

PDP-340 (2012-13)

4.2.32 Temporary overpayment to the contractor - Rs 1.020 million

As per Technical Specifications Vol-II of the Contract Agreement measurement of acceptability completed works will be made on the basis of net actual area in cft, sft, rft. as the case may be as shown in the drawing. The payment will be made for acceptable measured quantity of work on the basis of unit rate per cft, sft, rft. as the case may be quoted in the bill of quantity.

Chief Engineer, SFD&KF, Muzaffarabad paid an amount of Rs 1.020 million to M/s Masood Enterprises (the contractor of Package No. SPC-07) through different IPCs and finally adjusted in the 14thIPC dated 15th February 2012.This showed that

the payment was not due at that time and the quantities were not measured with due diligence rather it was on presumptive basis. This resulted into temporary overpayment to the contractor amounting to Rs 1.020 million for a period of one and a half year.

When pointed out on 31st October 2013, the management in its reply dated 30th December 2013 stated that the Engineer may make any correction or modification in previous certificates (IPCs) as to omit or reduce value of work in any IPC. Accordingly the deductions were made in 14th IPC.

Reply is not tenable as the corrections are always made mathematically and there is no concept of changing the record entries in the measurement sheets.

In the DAC meeting held on 19th February 2014 it was decided that the matter may be investigated by ERRA and responsibility fixed for the payment not due.

Audit suggests that:

- i. A detailed inquiry may be conducted through an independent committee to ascertain how the partially/ incomplete/ non-executed items of work were measured and recommended for payment.
- ii. Work out the financial implications/ losses and made good the same from the defaulters.

PDP-344 (2012-13)

4.2.33 Irregular payment due to excess work done from BOQ - Rs 1.838 million

Clause 315 of CPWD Code says that subject to the terms of the contracts and such subsidiary instructions as may be laid down by the local administration to ensure that the works are executed in accordance with the prescribed specification, plans and drawing, payments for work done are not made to the contractor otherwise than on the certificates of the officer in-charge of the work.

Conservator of Forest Poonch Circle Rawalakot issued a work order regarding Construction of Forest Department Buildings Forest Package No. 05 (ERRA) Poonch Rawalakot to M/s Sulmani Builders Rawalakot on 21st January 2009. The IPC-6 revealed that certain quantities under different items of works exceeded the BOQ quantities which shows that the scope of work was increased. This resulted into

overpayment of Rs 1.838 million to the contractor over and above the provision of BOQ.

When pointed out, no reply was given by the management till finalization of this report.

In the DAC meeting held on 27th January 2014 the management stated that BOQ was prepared based on estimates and was not prepared on site practically. When the original work was done on site it exceeded the estimated BOQ due to the nature of site. Therefore, the different quantities exceeded BOQ. All these excessive quantities were made in the light of the direction & permission of NESPAK (consultant) and up till now the final payment is still outstanding. At the time final bill, the “Deviation Statement” will be prepared and then final payment will be made. The overall cost of the project is not exceeding the amount of work order. All the payments are within the limit of work order’s amount.

The DAC decided that revised PC-I be produced and verified from Audit.

The revised PC-I was not produced to Audit for verification till finalization of this report.

Audit recommends that revised PC-I and variation order for excess quantities of work over and above the approved BOQ quantities may be got approved from the competent authority and produced to Audit.

PDP-371 (2011-12)

4.2.34 Non deduction of LD charges – Rs 71.812 million

According to Letters of Acceptance and sub clause 8.7&14.15 of condition of the contract, if the contractor fails to complete the work within stipulated time period the employer is at the liberty to impose a penalty @ Rs 0.05% to 0.1% of the contract price per day to maximum of 5% to 10 % of the contract price in the currency of the payment.

Project Director, Rawalakot City Development Project (RCDP) issued letters of acceptance for different projects which were required to be completed within stipulated period but the same were not completed in time.

As per clause of contracts, liquated damages/ penalty of Rs 71.812 million as per detail given in Annexure-IV were required to be imposed and recovered from the contractors concerned which was not done.

When pointed out on 18th April 2013, the management in its letter dated 13th June 2013 replied that in most of the cases delay was due to issues related to land acquisition. It is discretionary power of the employer to impose such penalty and it is not mandatory to do so. Further, the projects are required to be re-submitted for fresh approval of competent authority if the scope/ cost of the projects will be increased 15% above the approved amount.

The reply is not acceptable. No documentary evidences regarding land acquisition issue and handing over site to the contractor after resolving the land acquisition issues is provided. The projects were required to be completed within the stipulated time as per letter of acceptance and condition of the contract and the contractor could not complete the work with in the stipulated time so LD was required to be imposed under the contract clauses which was not done.

In the DAC meeting held on 30th January 2014 it was decided that either EOT be obtained or LD be imposed as per contract clauses.

Audit recommends that either the EOT may be produced for verification or otherwise LD may be recovered form the contractors under intimation to Audit.

PDP-373 (2011-12)

4.2.35 Irregular acceptance of performance guarantee of lesser amount– Rs 8.520 million and undue favour to contractor

In accordance with clause 10.1 of the condition of contract, the contractor shall provide Performance Security equal to 10% of the contract price stated in the letter of acceptance.

XEN PWD, Rawalakot awarded a contract for package No. 94 H (RHC Banjosa) to M/s Meridian Consolidated (Pvt.) Ltd. on 28th October 2009 at a cost of Rs105.193 million. The contractor submitted performance guarantee of Rs 10.519 million (i.e. equal to 10% of the contract price) issued by the Adam Jee Insurance Company with expiry date of 29th October 2011, which was revalidated up to 25th

November 2012. Later on the contractor cancelled the previous performance guarantee issued by Adam Jee Insurance Company and provided a new guarantee issued by Jubilee General Insurance Company of Rs 2 million. Acceptance of performance guarantee of amount less by Rs 8.519 million (Rs 10.519 – Rs 2.000) is violation of the contract clauses and undue favour to the contractor.

The management intimated that the lesser amount of performance guarantee was accepted in the best interest of the organization. The reply of the management is not correct as the contractor was bound to furnish the performance guarantee as per terms and condition of the contract and undue favour to the contractor.

In the DAC meeting held on 27th January 2014 it was decided that the matter may be investigated by ERRRA and responsibility fixed on person(s) at fault.

Audit recommends that the matter may be investigated with a view to fixing responsibility on the person(s) at fault. Besides, the contractor may also be asked to provide the guarantee equal to 10% of contract price.

PDP-396 (2012-13)

Observations regarding Performance

4.2.36 Loss to state due to ill planning and mismanagement - Rs 9.360 million

A PC-1 for the project "Promotion of Rain Water Harvesting in Earthquake Affected Areas of NWFP & AJK" was prepared at a cost of Rs 495.757 million to overcome the water scarcity problems in earthquake affected areas. The period of implementation of the project was 12 months from June 2009 to May 2010.

According to scope of PC-1, full package of rain water harvesting including gutter, first flush diverter and storage tanks were to be provided/ installed to 8,000 houses to be identified, and 20 complete RWH units were required to be installed at public/ community buildings in all selected union councils. In addition, 32,000 households were required to get the basic component of FFD,3-GI plain sheets etc. and one demonstrative water pond of about 150,000 gallons was also to be constructed in each Union Council.

Instead of completing the project in May 2010, the project was started in January, 2011. According to the time schedule provided, the project was required to

be completed (in one year) on 31st December 2011 but remained incomplete. The expiry date of project remained extended from time to time upto December, 2013. An expenditure of Rs 9.360 million was incurred on operational expenditures (pay & allowances) after one year period given/ allowed in PC-1(January, 2012 to 30th June, 2013). A period of one and a half years has elapsed up to June, 2013 but the work is still incomplete. Moreover, out of work done, only 50 gallon filter tank was provided to the households. Neither storage tank was provided to any of the households nor any water pond constructed in any of the Union Councils.

Project was delayed about two years but some work as stated above was completely deleted from the project and the work selected to be done is still incomplete. This state of affairs indicates ill planning and weak contract management.

The matter was pointed out on 7th November 2013 but no reply was given by the management.

In the DAC meeting held on 27th January 2014 the management stated that project was delayed due to late release of funds from OPEC, selection of service providers (NGOs), snowfall area, and consumption of substantial time in procurement, pre-qualification of suppliers of bulk materials of specified nature and designs etc.

The DAC decided that the EOT granted may be verified.

No record was produced to Audit for verification till finalization of this report.

Audit stresses that the EOT granted may be got verified. Besides, strenuous efforts may be made to finalize the project to avoid time and cost over run.

PDP-275 (2012-13)

Internal Control Weaknesses

4.2.37 Unspent balance in Account No.2210-3 - Rs 12.950 million

An Amount of Rs 12.950 million was lying as closing balance on 30th June 2013 with SERRA in bank account No.2210-3 despite the fact that a period of more than 8 years has elapsed after the earthquake. The amount was provided by ERRA

for further disbursement as a housing cash grant to the earthquake affectees for construction of their houses.

Audit holds that the amount of housing cash grant is lying un-disbursed due to improper pursuance of the cases which shows weak internal control on the part of the management.

When pointed out on 11th October 2013, the management replied that payments are being disbursed through payment lists into the beneficiaries account maintained in almost 1800 branches of banks and post offices in all over AJK and Pakistan. Due to some incorrect account information, payments are being returned back to SERRA. The SERRA after obtaining the correct information transmits back the funds to concerned banks/ post offices for crediting into the beneficiaries accounts.

Reply is not convincing as a period of more than 8 years has elapsed after the earthquake but the amount has not yet been disbursed.

In the DAC meeting held on 27th January 2014 it was decided that the amount disbursed be verified from Audit within two months and remaining amount may be disbursed to the beneficiaries at the earliest.

No record was produced to Audit for verification till finalization of this report.

Audit recommends that payment of housing cash grant lying in banks may be made to the beneficiaries immediately or the remaining amount, if any, may be refunded back to ERRA under intimation to this office.

PDP-266 (2012-13)

Annexures

MFDAC

Annexure-I

S. No.	AP/ PDP No.	FY	Name of Formation	Subject
HQ				
1	398	2012-13	ERRA HQ (Dev. Fund)	Irregular payment to Earthquake Affected People of Turkey (VAN)- US \$ 3.000 Million
2	400	2012-13	ERRA HQ (Dev. Fund)	Non Recovery of Penalty and L.D Charges – Rs 4.456 Millions
3	401	2012-13	ERRA HQ (Dev. Fund)	Irregular appointment of the officer during LPR
4	402	2012-13	ERRA HQ (Dev. Fund)	Irregular appointment against the post of Director (UD-KP)
5	403	2012-13	ERRA HQ (Dev. Fund)	Excess payment on account of legal fee - Rs 1.380 million
6	404	2012-13	ERRA HQ (Dev. Fund)	Non deposit of Govt. Receipts into government treasury - Rs 4.786 million
7	405	2012-13	ERRA HQ (Dev. Fund)	Irregular extension in contract agreement with NESPAK resulting into irregular expenditure – Rs 361.582 million
8	406	2012-13	ERRA HQ (Dev. Fund)	Irregular issuance of cheques to DDO development instead of third parties - Rs 21.435 million
9	407	2012-13	ERRA HQ (Dev. Fund)	Over payment due to appointment of staff over & above the prescribed salary package
10	408	2012-13	ERRA HQ (Dev. Fund)	Non deduction of conveyance allowance from the officers/ officials – Rs 2.432 million
11	409	2012-13	ERRA HQ (Dev. Fund)	Irregular grant of increase in pay of retired contract employees
12	410	2012-13	ERRA HQ (Dev. Fund)	Irregular expenditure under the sharing formula - Rs 6.956 million
13	411	2012-13	ERRA HQ (Dev. Fund)	In-admissible/ irregular payment of PM Secretariat Allowance – Rs 4.397 million
14	412	2012-13	ERRA HQ (Dev. Fund)	Unjustified expenditure on installation of Biometric Identification System - Rs 499,600
15	414	2012-13	ERRA HQ (Dev. Fund)	Irregular re-appointments without adopting the prescribed procedures and fixation of pay resulting into overpayment
16	351	2012-13	ERRA HQ (Non Dev. Fund)	Improper maintenance and non-recording of expenditure in cash book - Rs 265.338 million
17	352	2012-13	ERRA HQ (Non Dev. Fund)	Irregular purchase of physical assets from the budget head “Others” despite ban - Rs 307,308
18	355	2012-13	ERRA HQ (Non Dev. Fund)	Irregular expenditure on account of Non Combatant Bearer (NCBs) – Rs 3.924 million
19	357	2012-13	ERRA HQ (Non Dev. Fund)	Irregular payment on account of repair of transport – Rs 8.108 million

20	358	2012-13	ERRA HQ (Non Dev. Fund)	Irregular payment on account of petrol to contractual employees - Rs 2.964 million
21	360	2012-13	ERRA HQ (Non Dev. Fund)	Unjustified/ inadmissible payment of utility charges - Rs 3.102 million
22	384	2012-13	ERRA HQ (Non Dev. Fund)	Un-justified/ irregular payment to contractor on account of removal of utilities - Rs 6.056 million
23	387	2012-13	ERRA HQ (Non Dev. Fund)	Overpayment due to payment of excess quantities - Rs 758,714
24	384	2012-13	NHA	Un-justified/ irregular payment to contractor on account of removal of utilities - Rs 6.056 million
25	386	2012-13	NHA	Irregular/ un-justified payment without supporting documents - US \$ 5,708,769
26	387	2012-13	NHA	Overpayment due to payment of excess quantities - Rs 758,714
27	391	2012-13	NHA	Overpayment due to excess measurement of item Rubble/ Cyclopean Concrete – Rs 1.009 million
SERRA				
1	248	2010-11	ERRA-Performance Audit	Cost over run- Rs 3.258.43 million
2	249	2010-11	ERRA-Performance Audit	Interim payment certificate without recording in measurement book - Rs 88.510 million
3	250	2010-11	ERRA-Performance Audit	Asset management - Rs 185.401 million
4	251	2011-12	DRU-Rawalakot	Expenditure in excess of receipt - Rs 30.752 million
5	259			Overpayment due to calculation mistake on account of price adjustment - Rs 306,340
6	260	2012-13	XEN Building - Bagh	Irregular expenditure utilization of retention money - Rs 124.069 million
7	261	2012-13	XEN Building - Bagh	Undue favor to contractor due to excess payment of secured advance - Rs 0.586 million
8	262	2012-13	XEN Building - Bagh	Irregular payment to contractors - Rs 2.595 million
9	264	2012-13	PMIU, SFD&KF, Muzaffarabad	Non surrender of saving - Rs 12.142 million
10	265	2012-13	SERRA - Muzaffarabad	Inadmissible payment of special / secretariat allowance - Rs 1.399 million
11	267	2012-13	SERRA - Muzaffarabad	Irregular payment of arrears - Rs 0.242 million
12	PDP-270, 321 & PDP-372 (2011-12)	2012-13		Award of contract without getting technical sanction - Rs 13,467.666 million
13	271	2012-13	XEN Highway Muzaffarabad	- Non renewal of performance and mobilization guarantee - Rs 47.847 million
14	272	2012-13	XEN Highway Muzaffarabad	- Unauthorized payment in excess of BOQ - Rs 13.369 million
15	273	2012-13	RWHP - Muzaffarabad	Irregular payment of Hub rent - Rs 1.329 million
16	274	2012-13	RWHP - Muzaffarabad	Mis-procurement - Rs 0.596 million
17	277	2012-13	XEN Building Muzaffarabad	- Non recovery of mobilization advance - Rs 1.855 million

18	279	2012-13	XEN Building - Muzaffarabad	-	Non confirmation of performance security - Rs 23.203 million
19	280	2012-13	XEN Building - Muzaffarabad	-	Non availability of performance security - Rs 2.556 million
20	281	2012-13			Unauthorized/ irregular release of retention money - Rs 1.200 million
21	283	2012-13	XEN Building - Muzaffarabad	-	Unauthorized payment without renewal of performance security - Rs 2.636 million
22	284	2012-13	XEN Building - Muzaffarabad	-	Less deduction TQT - Rs 0.165 million
23	285	2012-13	XEN Building - Muzaffarabad	-	Undue favor to contractor due to non recovery of mobilization advance - Rs 1.067 million
24	286	2012-13	XEN Building - Muzaffarabad	-	Non encashment of performance securities - Rs 1.539 million
25	289	2012-13	XEN Building - Muzaffarabad	-	Non imposition of LD - Rs 32.199 million
26	290	2012-13	SP Chinese Security - Muzaffarabad	-	Irregular purchase of uniform in violation of PPRA rules - Rs 11 million
27	291	2012-13	SP Chinese Security - Muzaffarabad	-	Irregular expenditure of Rs 12 million in violation of PPRA rules and overpayment - Rs 80,000
28	293	2012-13			Irregular expenditure on execution and payment for excess quantities than approved - Rs 67.178 million
29	295	2012-13	XEN Highway - Bagh		Undue financial aid to contractor
30	296	2012-13	EEAP - Muzaffarabad		Irregular expenditure for acquiring of land - Rs 2.744 million
31	297	2012-13	EEAP - Muzaffarabad		Irregular pay on account of work charge salary out of provisional sum - Rs 0.288 million
32	298	2012-13	EEAP - Muzaffarabad		Vague disposal / whereabouts of assets - Rs 16.410 million
33	299	2012-13	XEN Building - Neelum		Non forfeiting of performance securities - Rs 134.476 million
34	304	2012-13	XEN Building - Neelum		Undue financial aid to contractor - Rs 0.428 million
35	306	2012-13	XEN Building - Neelum		Excess payment on account of back fill out side the area - Rs 0.146 million
36	308	2012-13	Kohala Dhirkot Road - Muzaffarabad	-	Irregular utilization of retention money - Rs 8.483 million
37	309	2012-13	Conservator Forest - Muzaffarabad	-	Non renewal of performance guarantees - Rs 49.295 million
38	310	2012-13	Conservator Forest - Muzaffarabad	-	Irregular payment to contractors - Rs 6.291 million
39	311	2012-13	BCDP - Bagh		Irregular payment on account of shifting of utilities - Rs 1.718 million
40	PDP-312, 316 & PDP-376	2012-13			Non deposit of income tax - Rs 261.818 million

	(2011-12)			
41	313	2012-13	BCDP - Bagh	Non renewal of performance guarantees - Rs 19.070 million + USD 172,495
42	315	2012-13	BCDP - Bagh	Non deduction of TQT - Rs 8.607 million
43	317	2012-13		Undue favor to contractors with regard to income tax - Rs 263.325 million
44	318	2012-13		Non recovery of mobilization advance – Rs 756.613 million
45	319	2012-13		Irregular payment of design vetting fee - Rs 3.97 million
46	320	2012-13		Irregular payment in excess of approved BOQ – Rs 237.499 million
47	325	2012-13		Non submission of base of negotiated rate with the contractors - Rs 2,516.058 million
48	328	2012-13		Irregular award of contract to subcontractor - Rs 86.517 million
49	332	2012-13	MCDP - Muzaffarabad	Non approval of project cost due to change of work - Rs 230.675 million
50	336	2012-13	CE SFD&KF - Muzaffarabad	Irregular and unjustified payment to contractor on account of stair marble - Rs 1.562 million
51	341	2012	CE SFD&KF - Muzaffarabad	Irregular and unjustified payment to the contractor - Rs 2.045 million
52	342	2012	CE SFD&KF - Muzaffarabad	Overpayment to contractor due to wrong application of current indices - Rs 787,665
53	343	2012-13	CE SFD&KF - Muzaffarabad	Un-justified payment of Rs 886,790
54	345	2012-13	CE SFD&KF - Muzaffarabad	Overpayment to the contractor due to calculation mistake - Rs 0.164 million
55	346	2012-13	CE SFD&KF - Muzaffarabad	Payment made without recording proper measurement - Rs 0.395 million
56	347	2012-13	CE SFD&KF - Muzaffarabad	Overpayment to the contractor due to addition of excess quantities - Rs 0.141 million
57	349	2012-13	CE SFD&KF - Muzaffarabad	Undue/ un-Justified payment to the contractor - Rs 563,162
58	350	2012-13	CE SFD&KF - Muzaffarabad	Overpayment to the contractor due to double work at same place - Rs 0.144 million
59	353	2012-13	ERRA HQ (ND) - Islamabad	Non maintenance of appropriation account - Rs 265.338 million
60	354	2012-13	ERRA HQ (ND) - Islamabad	Non deduction of conveyance allowance - Rs 1.613 million
61	356	2012-13	ERRA HQ (ND) - Islamabad	Irregular re-appropriation of fund - Rs 37.830 million
62	359	2012-13	ERRA HQ (ND) - Islamabad	Irregular payment of advances - Rs 0.400 million
63	361	2012-13	ERRA HQ (ND) - Islamabad	Non deduction of normal rent of 5% from the salaries of deputations - Rs 0.626 million
64	362	2012-13	ERRA HQ (ND) - Islamabad	Irregular/ inadmissible payment of allowances to non combatant bearer - Rs 1.323 million
65	364	2011-12	NHA - Islamabad	Irregular award of contract beyond the scope of

				PC-I
66	365	2011-12	NHA - Islamabad	Unauthorized payment against lump sum provision - Rs 57.075 million
67	368	2011-12	NHA - Islamabad	Unauthorized payment beyond the provision of BOQ - Rs 710.630 million
68	370	2011-12	DFO (Normal) - Rawalakot	Irregular expenditure due to expiry of PC-I - Rs 3.210 million
69	371	2011-12	DFO (Normal) - Rawalakot	Irregular payment due to excess work done from BOQ - Rs 1.838million
70	374	2011-12	RCDP - Rawalakot	Irregular expenditure after expiry of PC-I - Rs 17.383 million
71	375			Irregular payment to the contractor - Rs 11.431 million
72	377	2011-12	CE Electricity - Muzaffarabad	Unauthorized expenditure without fulfilling codal formalities - Rs 7.497 million
73	378	2011-12	CE Electricity - Muzaffarabad	Irregular expenditure on account of purchase of transformers - Rs 9.023 million
74	379	2011-12	DFO - Bagh	Non renewal of performance guarantees - Rs 8.035 million
75	380	2011-12	DFO - Bagh	Irregular / unjustified payment on account of non BOQ items - Rs 1.422 million
76	381	2011-12	DFO - Bagh	Irregular / unjustified payment on account of non BOQ items - Rs 1.197 million
77	382	2011-12	DFO - Bagh	Irregular execution of work non included in PC-I - Rs 1.538 million
78	386	2011-12	NHA (WBB) - Muzaffarabad	Irregular / unjustified payment without supporting documents - USD 5.709 million
79	393	2011-12	NHA (WBB) - Muzaffarabad	Non provision of Insurance cover - Rs 924 million
80	394			Un-authorized payment for dismantling and demolition of existing structure – Rs 1.037 million
81	395	2011-12	NHA (WBB) - Muzaffarabad	Wasteful expenditure on account of work left unfinished - Rs 26.510 million
82	397			Non obtaining of performance guarantee and payment of Rs 6.014 million
PERRA				
1	PDP-1 (SO # 12)	2010-11	PSCC Batrasi,	Unauthorized recoupment of funds to private body - Rs 21.776 million
2	1	2012-13	PHE Mansehra	Loss due to excess payment to contractor - Rs 130,246
3	3	2012-13	PHE Mansehra	Irregular retention of vehicles
4	5	2012-13	PHE Mansehra	Non-production of record.
5	6	2012-13	PHE Mansehra	Irregular expenditure - Rs 126,180
6	7	2012-13	PHE Mansehra	Irregular payment due to non-revision of PC-I / technical sanction - Rs 12.414 million
7	8	2012-13	PHE Mansehra	Non-observance of instruction of planning commission
8	9	2012-13	DRU Battagram	Improper maintenance of record / stock register

				relating to Govt. vehicles
9	11	2012-13	DRU Battagram	Unjustified expenditure during only one year on functioning of District Reconstruction Unit Battagram - Rs 6.741 million
10	12	2012-13	DRU Battagram	Loss due to less deduction of income tax from salaries Rs 333,290
11	13	2012-13	DRU Battagram	Mis-use and unjustified expenditure - on telephone charges - Rs 134,313
		2012-13	DRU Battagram	Weak internal control
12	14	2012-13	DRU Battagram	Irregular expenditure on construction of two roads without obtaining of technical sanctions - Rs 500.038 million
13	15	2012-13	DRU Battagram	Non reconciliation of expenditure on developmental operational charges - Rs 192.938 million and Rs 6.73 million
14	16	2012-13	DRU Battagram	More than 120 facilities were shown as 100% completed but not clear whether these are handed over or otherwise.
15	17	2012-13	DRU Battagram	Unjustified expenditure on account of consumption of POL - Rs 462,380
16	18	2012-13	DRU Battagram	Despite lapse of eight (08) years after earthquake 74 school buildings are still lying in designing stage / process and have no chance of their completion.
17	19	2012-13	DRU Battagram	Mis-use of Govt. vehicles
18	20	2012-13	DRU Battagram	Un-justified expenditure incurred without obtaining of administrative approval - Rs 355.041 million
19	21	2012-13	DRU Battagram	Non-completion of water supply scheme "Ajmeera" despite decision from court
20	22	2012-13	DRU Battagram	50% schemes of CLRP are still lying incomplete
21	23	2012-13	DRU Battagram	Non-production of record
22	24	2012-13	DRU Mansehra	Non-achievement of targets of reconstruction / rehabilitant of developmental schemes.
23	26	2012-13	DRU Mansehra	Non production of record
24	27	2012-13	DOR&E Mansehra	Non completion of basic formalities before payment of compensation of land.
25	28	2012-13	DOR&E Mansehra	Doubtful payment by converting mosque into private property – Rs 0.650 million
26	30	2012-13	PHED Abbottabad	Unjustified expenditure without obtaining technical sanction for completed schemes - Rs 34.542 million
27	31	2012-13	PHED Abbottabad	Loss due to non-imposition and recovery of penalty - Rs 3.380 million
28	32	2012-13	PHED Abbottabad	Unjustified payment due to non energizing of schemes - Rs 8.760 million
29	33	2012-13	PHED Abbottabad	Irregular payment due to change in specifications

				without approval - Rs 6 million
30	35	2012-13	PHED Abbottabad	Non-production of record
31	36	2012-13	DFOR Kunhar Water Shed Manserha	Irregular expenditure on accounts of purchase of fruit plants - Rs 377,900
32	37	2012-13	DFOR Kunhar Water Shed Manserha	Irregular expenditure of Rs 848,839
33	38	2012-13	DFOR Kunhar Water Shed Manserha	Loss due to non-deduction of income tax and general sale tax - Rs 273,184
34	39	2012-13	DFOR Kunhar Water Shed Manserha	Blockade of funds to the tune of Rs 129,675
35	40	2012-13	DFOR Kunhar Water Shed Manserha	Doubtful distribution of 36,000 fruit plants - Rs 377,900
36	41	2012-13	DFOR Kunhar Water Shed Manserha	Unjustified expenditure of Rs 40,000
37	42	2012-13	DFOR Kunhar Water Shed Manserha	Irregular/unjustified expenditure per month - Rs 360,000
38	43	2012-13	DRU Abbottabad	Financial loss due to non imposition of liquidated damages and recovery of amount of liquidated damages - Rs 2.047 million
39	44	2012-13	DRU Abbottabad	Irregular award of contract for construction of building for BHU Malkot without handing over of site - Rs 25.971 million
40	46	2012-13	DRU Abbottabad	Construction of about 10 CLRP projects / schemes were not properly reported
41	47	2012-13	C&W Shangla	Buildings were repaired with ERRA funds but whereabouts of dismantled material received from these buildings is not known.
42	48	2012-13	C&W Shangla	Financial loss due to non imposition and recovery of liquidated damages - Rs 1.742 million
43	49	2012-13	C&W Shangla	Financial loss due to non deposit of tender form fee in ERRA account - Rs 914,000
44	50	2012-13	C&W Shangla	Irregular expenditure due to non-obtaining of technical sanction - Rs 5.398 million
45	51	2012-13	C&W Shangla	Un-confirmed status of civil dispensary Ganshal
46	52	2012-13	C&W Shangla	Non production of record.
47	53	2012-13	C&W Shangla	Irregular payment for various items not supplied and work actually not done - Rs 73,600
48	PDP-3 (AP # 56 & 57)	2012-13	CE Abbottabad	Non-recovery of Rs 710,000 from persons allotted full time vehicles
49	PDP-4	2012-13	(APs # 4-PHE MAN, 45-DRU ATD, 67-CE ATD, 102-DRU BTM, 114-DRU MAN, 121-PERRA	Non achievement of targets
50	58	2012-13	Chief Engineer PERRA Abbottabad	Irregular expenditure on account of rent of other office buildings - Rs 1,477,500
51	59	2012-13	Chief Engineer PERRA	Doubtful expenditure on account of stationery due

			Abbottabad		to non maintenance of stationary register during 2012-13 - Rs 358,520
52	60	2012-13	Chief Engineer Abbottabad	PERRA	Missing record of assets and non-availability of original stock register produced during previous audits - Rs 34.678 million
53	61	2012-13	Chief Engineer Abbottabad	PERRA	Irregular expenditure on POL and on repair & maintenance of vehicles - Rs 3,192,065 and Rs 728,097
54	62	2012-13	Chief Engineer Abbottabad	PERRA	Non-disposal of Govt. vehicles resulting accelerated depreciation due to parking in open space
55	63	2012-13	Chief Engineer Abbottabad	PERRA	Irregular excess expenditure of sui gas charges - Rs 178,290
56	64	2012-13	Chief Engineer Abbottabad	PERRA	Doubtful payment of electricity charges for outstanding bill of 33-months - Rs 150,494
57	65	2012-13	Chief Engineer Abbottabad	PERRA	Appointment of contact staff without verification of degrees, non maintenance of updated personal files of employees
58	66	2012-13	Chief Engineer Abbottabad	PERRA	Non reconciliation with PERRA / ERRA
59	68	2012-13	Chief Engineer Abbottabad	PERRA	Non productions of log books
60	71	2012-13	DIG Abbottabad	Hazara Police	Doubtful payment on account of TA/DA - Rs 351,835
61	76	2012-13	DIG Abbottabad	Hazara Police	Non-production of record
62	77	2012-13	DRU Shangla / Kohistan		71 facilities were shown as 100% completed and handed over, but no TOC were produced
63	79	2012-13	DRU Shangla / Kohistan		Despite lapse of several years and nominal financial liabilities, construction of many buildings still incomplete
64	80	2012-13	DRU Shangla / Kohistan		Irregular expenditure without obtaining of revised administrative approvals - Rs 37.538 million
65	86	2012-13	DRU Shangla / Kohistan		Financial loss due to non collection/recovery of tender forms fee wrongly deposited in PHA account - Rs 0.745 million
66	87	2012-13	DRU Shangla / Kohistan		Construction of projects and schemes were still without any sign boards
67	88	2012-13	DRU Shangla / Kohistan		Projects shown as substantively completed but still not completed.
68	89	2012-13	DRU Shangla / Kohistan		Expenditure of incurred on construction of various projects without obtaining of technical sanctions - Rs 21.948 million and Rs 913,618
69	92	2012-13	DRU Shangla / Kohistan		Irregular payment for contracts of which performance guarantees were already expired.
70	94	2012-13	DRU Shangla / Kohistan		Unjustified expenditure on POL charges - Rs 482,923

71	PDP-12	2012-13		Irregular payment on account of project allowance - Rs 2.566 million
72	95	2012-13	DRU Shangla / Kohistan	Irregular expenditure due to various irregularities in hiring of office accommodation - 360,000
73	96	2012-13	DRU Shangla / Kohistan	Loss due to less deduction of income tax from salaries during 2010-11 - Rs 193,159
74	97	2012-13	DRU Shangla / Kohistan	Overpayment on account of rent of office building - Rs 48,000
75	98	2012-13	DRU Shangla / Kohistan	Non-completion of 65-clrp schemes out of 129 despite release - Rs 82.631 million
76	99	2012-13	DRU Shangla / Kohistan	Irregular payment on account of project allowance - Rs 371,613
77	100	2012-13	DRU Shangla / Kohistan	Irregular payment on account of POL for vehicles not at the charge of DRU Battagram - Rs 28,225
78	101	2012-13	DRU Shangla / Kohistan	Overpayment on account of transfer grant - Rs 39,800
79	103	2012-13	DRU Mansehra	Doubtful payment on account of CLRP schemes - Rs 4.795 million
80	104	2012-13	DRU Mansehra	Irregular expenditure on account of water supply scheme due to non monitoring by DRU - Rs 1,465 million
81	106	2012-13	DRU Mansehra	Irregular expenditure on account of POL due to unauthorized use of two vehicles by program manager - Rs 432,944
82	107	2012-13	DRU Mansehra	Irregular expenditure on account of hiring of office accommodation - Rs 297,878
83	108	2012-13	DRU Mansehra	Irregular expenditure due to un-authorized use of official telephone - Rs 197,190
84	109	2012-13	DRU Mansehra	Irregular payment on account of POL for vehicles not at the charge / pool of DRU Mansehra - Rs 118,380
85	110	2012-13	DRU Mansehra	Irregular / unjustified payment on account of shifting of office accommodation - Rs 106,700
86	111	2012-13	DRU Mansehra	Irregular expenditure of Rs 49,924 on account of repair of vehicle No. A-5765
87	112	2012-13	DRU Mansehra	Overpayment on account of hotel charges - Rs 41,400
88	113	2012-13	DRU Mansehra	Improper maintenance of stock register and unknown whereabouts of assets received from NGOs/UNDP etc.
89	PDP-5	2012-13		Non reconciliation with PERRA/ ERRA
90	116	2012-13	PHE Abbottabad	Six water supply schemes which were damaged during the construction of various roads still lying in damage position.
91	117	2012-13	PHE Abbottabad	25 No. water supply schemes shown as completed 90 to 100% but not clear whether energized and functioning or otherwise.

92	118	2012-13	PHE Abbottabad	Overpayment made to contractor - Rs 294,000
93	120	2012-13	DRU Abbottabad	Unjustified termination of construction of various school buildings.
94	122	2012-13	PERRA Abbottabad	Misuse and unjustified allotment of costly and luxury vehicles.
95	124	2012-13	PERRA Abbottabad	Irregular release for payment of pay of 150 constables and supervisory staff - Rs 19.270 million
96	125	2012-13	PERRA Abbottabad	Stock register showing detail of assets and items of billion of rupees maintained improperly.
97	PDP-30	2012-13		Un-authorized payment of Rs 2.917 million on account of pay & allowances
98	129	2012-13	PERRA Abbottabad	Un justified and irregular retention of an huge amount president relief funds - Rs 87.665 million
99		2012-13	PERRA Abbottabad	Improper maintenance of cash books.
100	130	2012-13	PERRA Abbottabad	Where about of a huge quantity of costly vehicles, furniture & other assets lying with NESPAK consultant for EEAP education project for Battagram and Shangla, is not known.
101	131	2012-13	PERRA Abbottabad	Laptop as well as computers has been issued to various officers.
		2012-13	PERRA Abbottabad	Several costly assets like lap top and other i.e. computers issued from store without adopting of required procedure
102	133	2012-13	PERRA Abbottabad	Less deduction of income tax - Rs 27,615
103	135	2012-13	PERRA Abbottabad	Expected loss of million of rupees due to unnecessary blockage of office equipment/ furniture
104	139	2012-13	PRWHP Abbottabad	Doubtful selection of area for installation/ provision of RWH system without feasibility for scarcity, need & demand of water
105	140	2012-13	PRWHP Abbottabad	Award of service provider contract at higher rates to M/s NSHD
106	141	2012-13	PRWHP Abbottabad	Overpayment to service provider - Rs 1.497 million
107	143	2012-13	PRWHP Abbottabad	Non availability of Iqar Namas despite release / distribution of RWH system material to 2960 household & 86 PIS for extended works
108	PDP-9	2012-13	PRWHP Abbottabad	Irregular payment of Rs 252,000 due to elevation of M&E Officer as Project Coordinator
109	145	2012-13	PRWHP Abbottabad	Irregular appointment of assistant finance officer without observing codal formalities
110	146	2012-13	PRWHP Abbottabad	Irregular appointment of two Social Mobilizers without observing codal requirements
111	147	2012-13	PRWHP Abbottabad	Irregular appointment of staff without adopting proper procedure
112	148	2012-13	PRWHP Abbottabad	Unjustified payment for rent of office

				accommodation used by DG PERRA for office and residence purpose - Rs 1,707,900
113	149	2012-13	PRWHP Abbottabad	Unjustified expenditure on account of POL of vehicles - Rs 2.126 million
114	150	2012-13	PRWHP Abbottabad	Doubtful payment on account on conference & seminar due to objection by ERRRA and non production of record to audit - Rs 1,450,000
115	151	2012-13	PRWHP Abbottabad	Doubtful expenditure on account of orientation tour due to non production/ availability of any record - Rs 400,000
116	152	2012-13	PRWHP Abbottabad	Unjustified expenditure on account of seminar at COMSAT University - Rs 389,900
117	153	2012-13	PRWHP Abbottabad	Unjustified expenditure on account of enumerators due to non availability/ production of record - Rs 235,000
118	154	2012-13	PRWHP Abbottabad	Doubtful payment on account of hiring of vehicles without agreement on doubtful documents - Rs 120,000
119	157	2012-13	PRWHP Abbottabad	Excess payment on account of installation charges for public institutions by PIU for extended works
120	158	2012-13	PRWHP Abbottabad	Irregular purchase of computer hardware - Rs 47,250
121	159	2012-13	PRWHP Abbottabad	Non production of record of petty cash - Rs 35,000
122	160	2012-13	PRWHP Abbottabad	Unjustified expenditure on account of equipment for PERRA office - Rs 46,997
123	165	2012-13	PRWHP Abbottabad	Doubtful payment of salaries in cash - Rs 1.338 million
124	166	2012-13	PRWHP Abbottabad	Irregular payment on account of sui gas & electricity charges - Rs 379,366
125	167	2012-13	PRWHP Abbottabad	Non production of record of inquiry report
126	168	2012-13	PRWHP Abbottabad	Non- redressal of complaint lodged by inhabitants of union council Berote
127	169	2012-13	PRWHP Abbottabad	Doubtful expenditure on meeting /seminars - Rs 324,016
128	170	2012-13	PRWHP Abbottabad	Uncertain completion of pilot phase due to non-availability of installation record of 410 housed and 52 public institutions
129	171	2012-13	PRWHP Abbottabad	Management of project activities through contract employees
130	172	2012-13	PRWHP Abbottabad	No action on allegation by ex-employee regarding huge TA/DA for negligible visit, fake bills for expenditure, installations of PIS by community itself
131	173	2012-13	PRWHP Abbottabad	Non submission / preparation of M&E reports
132	174	2012-13	PRWHP Abbottabad	Doubtful expenditure on repair and maintenance

					of vehicles - Rs 429,453
133	175	2012-13	PRWHP Abbottabad		Suspected embezzlement due to non preparation of proper accounts record for payment - Rs 26.454 million
134	177	2012-13	Reconstruction Kohistan	Wing	13 building shown as 100% completed but no TOC produced.
135	178	2012-13	Reconstruction Kohistan	Wing	Majority of performance guarantees from contractors were lying un-confirmed and expired long ago.
136	179	2012-13	Reconstruction Kohistan	Wing	Despite lapse of several years and nominal financial liabilities, construction of many buildings are still lying incomplete
137	180	2012-13	Reconstruction Kohistan	Wing	Irregular expenditure without obtaining revised administrative approval - Rs 96.313 million
138	183	2012-13	Reconstruction Kohistan	Wing	Irregular payment for contracts of which performance guarantees were already expired - Rs 21.948 million
139	185	2012-13	Reconstruction Kohistan	Wing	Loose and weak internal control.
140	187	2012-13	Reconstruction Kohistan	Wing	Unjustified payment of on account of price adjustment - Rs 0.504 million
141	188	2012-13	Reconstruction Kohistan	Wing	2. Non production of record relating payments made on accounts of work done , mobilization and secured advances
142	PDP-40	2012-13			Wasteful expenditure of Rs 6.639 million due to abandoning the projects
143	190	2012-13	Reconstruction Kohistan	Wing	Several projects has not only completed but also handed over, but their technical sanctions were still awaited
144	191	2012-13	Reconstruction Kohistan	Wing	Financial loss due to non collection/ recovery of tender forms fee wrongly deposited in PHA account - Rs 0.745 million
145	192	2012-13	Reconstruction Kohistan	Wing	Expenditure incurred on construction of various projects without obtaining of technical sanctions - Rs 148.624 million
146	194	2012-13	Reconstruction Kohistan	Wing	Non deduction of income tax - Rs 0.928 million
147	195	2012-13	Reconstruction Kohistan	Wing	Un justified payment on account of price adjustment - Rs 0.676 million
148	196	2012-13	Reconstruction Kohistan	Wing	An huge financial loss due to non cancellation of contracts and forfeiture of performance guarantees on poor progress of work
149	197	2012-13	Reconstruction Kohistan	Wing	Some flaws found in the construction of building of agriculture office for Tehsil Palse Kohistan
150	198	2012-13	Reconstruction Kohistan	Wing	Un justified expenditure on the construction of building for police station Dubair Kohistan Rs 7 million

151	199	2012-13	Reconstruction Kohistan	Wing	Irregular and un justified termination of several facilities contract of which were awarded in 2007.
152	200	2012-13	Reconstruction Kohistan	Wing	Irregular payment to contractor over and above from BOQ - Rs 0.829 million
153	201	2012-13	Reconstruction Kohistan	Wing	Irregular payment on account of escalation after expiry of completion period - Rs 1.268 million
154		2012-13	Reconstruction Kohistan	Wing	Non-imposition of LD - Rs 2.508 million
155	203	2012-13	Reconstruction Kohistan	Wing	02 roads were shown as 100% completed but no TOC i.e. handing and taken over certificate produced
156	205	2012-13	Reconstruction Abbottabad	Wing	Unjustified termination of contract of construction of various school buildings.
157	206	2012-13	Reconstruction Abbottabad	Wing	Despite lapse of 7 years and repeatedly issuance of EOTs and nominal financial liabilities, some roads are still lying incomplete.
158	207	2012-13	Reconstruction Abbottabad	Wing	Irregular payment on account of project allowance Rs 122,000
159	208	2012-13	Reconstruction Abbottabad	Wing	Unjustified use of several official vehicles
160	209	2012-13	Reconstruction Abbottabad	Wing	After expenditure on construction of large number of school buildings and were near completion but their technical sanctions are still awaited – Rs 237.017 million
161	210	2012-13	Reconstruction Abbottabad	Wing	(1) Stock register showing detail of assets and items of million of rupees maintained improperly.
		2012-13	Reconstruction Abbottabad	Wing	2) Despite lapse of 7 years no stock taking was carried out so far.
162	212	2012-13	Reconstruction Abbottabad	Wing	Unjustified payment for rent of office building occupied for DDR office Abbottabad Rs 0.600 million
163	213	2012-13	Reconstruction Abbottabad	Wing	A long portions of three roads constructed with ERRA funds, was badly damaged due to throwing of cutout(excavated) material for lying of water supply and gas pipe line
164	PDP-33	2012-13			No transparency in awarding the contracts for designing of Peshawar High Court Building amounting to Rs 3.820 million and procurement of furniture Rs 9.849 million
165	217	2012-13	Reconstruction Abbottabad	Wing	Performance guarantees of various projects were lying expired or un conformed.
166	218	2012-13	Reconstruction Abbottabad	Wing	Stoppage of construction work on three roads started many years ago,
167	219	2012-13	Reconstruction Abbottabad	Wing	Contract for construction of Basic Health Unit Malkote was awarded 2 and half years, prior to handing over of proposed site - Rs 25.971 million
168	221	2012-13	Reconstruction Abbottabad	Wing	Financial loss due to non deduction of share of use of hard rock - Rs 3.420 million

169	222	2012-13	Reconstruction Abbottabad	Wing	Doubts about completion of construction work on Boi Sathal road 5 km
170	223	2012-13	Reconstruction Abbottabad	Wing	Expenditure incurred on construction of various projects without obtaining of technical sanctions Rs 500 million
171	224	2012-13	Reconstruction Abbottabad	Wing	Un justified delay in completion of construction work of "Lassan Thakral Kanger road" caused n huge financial loss.
172	225	2012-13	Reconstruction Abbottabad	Wing	Irregular payment on construction of well furnished offices for contractors and their engineers - Rs 16.24 million
173	226	2012-13	Reconstruction Abbottabad	Wing	Un justified delay in completion of construction of "Lora Sawar Gali Lahoor Raod".
174	228	2012-13	Reconstruction Abbottabad	Wing	Several projects started more than 4 years ago and still stand below 30 % in physical progress but neither cancelled nor liquidated damages imposed.
175	229	2012-13	Reconstruction Abbottabad	Wing	Financial loss due to non deduction of share of hard rock - Rs 4.820 million
176	230	2012-13	Reconstruction Abbottabad	Wing	Non completion of ancillary work on road.
177	234	2012-13	Reconstruction Abbottabad	Wing	Unjustified expenditure on construction of Bakot Sangreri Road,7km - Rs 65 million
178	235	2012-13	Reconstruction Abbottabad	Wing	Unjustified expenditure on use of non BOQ items in construction of Phulan Wali Kenyal road,12 km with out approval of competent authority - Rs 2,381 million
179	236	2012-13	Reconstruction Abbottabad	Wing	Non production of record showing detail about payments and recovery or adjustment of mobilization and secured advances.
180	237	2012-13	Reconstruction Abbottabad	Wing	Several projects which were shown as substantively completed and their rectification work in progress about one year ago, but still not shown as 100% completed.
181	238	2012-13	Reconstruction Abbottabad	Wing	Doubts about completion of construction work declared defective about year ago, not rectified so for.
182	239	2012-13	Reconstruction Abbottabad	Wing	Several projects which were recommended for termination, but neither these projects were terminated nor any further and reasonable progress shown on these so for.
183	242	2012-13	Reconstruction Abbottabad	Wing	Rajoya road was not constructed as per required specification.
184	244	2012-13	Reconstruction Abbottabad	Wing	Irregular payment being over and above quantity shown and approved in the BOQ - Rs 694,672
185	246	2012-13	Reconstruction Battagram	Wing	irregular award of work to m/ s Pakhal construction company - Rs 24.33 million
186	PDP 21 (APs#247)	2012-13	DD (R) Battagram		Excess payment of Rs 639,561 on account of non-utilization of available material

	& 253,)				
187	249	2012-13	Reconstruction Battagram	Wing	Irregular expenditure of Rs 4.497 million
188	251	2012-13	Reconstruction Battagram	Wing	Irregular expenditure of Rs 5.207 million
189	254	2012-13	Reconstruction Battagram	Wing	Irregular / unjustified payment of Rs 2.545 million
190	PDP-23	2012-13	Reconstruction Battagram	Wing	Loss of Rs 3.437 million due to non encashment of performance guarantee
191	PDP-24		Reconstruction Battagram	Wing	Whereabouts of two Hilux Single Cabin Vehicles
192	259	2012-13	Reconstruction Battagram	Wing	Irregular operation of one account by two different offices
193	261	2012-13	Reconstruction Battagram	Wing	Unknown position of terminated projects
194	262	2012-13	Reconstruction Battagram	Wing	Irregular expenditure of Rs 12.55 million
195	263	2012-13	Reconstruction Battagram	Wing	Non production of record
196	264	2012-13	Reconstruction Battagram	Wing	Non conduction of physical verification of assets and non maintenance of proper record of accounts.
197	265	2012-13	Reconstruction Battagram	Wing	Non maintenance of as built drawings by the contractor
198	266	2012-13	Reconstruction Battagram	Wing	Unknown position of GMS Banna 2. Non imposition of LD 3. Non forfeiture of performance guarantee
199	PDP-13 (AP # 267)	2012-13	EEAP (Edu) BTG		Unjustified expenditure of Rs 1.380 million
200	268	2012-13	EEAP Education Battagram		Overpayment of Rs 2,123,383
201	PDP-14	2012-13	EEAP Education Battagram		Whereabouts of assets worth Rs 4.594 million
202	275	2012-13	EEAP Education Battagram		Non conduction of physical verification of assets and non maintenance of proper record of accounts.
203	276	2012-13	EEAP Education Battagram		Non production of record
204	277	2012-13	EEAP Education Battagram		Irregular expenditure of Rs 59.77 million

Annexure-II to Para-3.2.3

Month	Districts				No. of constables paid as per acquaintance roll	Excess salary drawn
	ATD	Mansehra	Battagram	Kohistan		
July 2012	67	51	--	14	132	18
August 2012	65	54	--	--	119	31
Sep: 2012	85	52	--	--	135	15
Dec: 2012	61	60	17	--	138	12
Jan: 2013	65	61	16	--	142	08
Feb: 2013	66	56	16	--	138	12
March 2013	75	49	--	--	124	26
April 2013	71	56	--	--	127	23
Total						145

Annexure-III to Para-3.2.14

(Rs in million)

S. No.	Name of formation	Name of contractor	Date of commencement	Date of Completion	Cost of Contract	10 % LD	
1	Rest House Yakh Tangai	M/s Faizur Rehman & Co.	Sep-08	Sep-09	7.700	0.770	
2	DFO Residence Alpuray		Sep-08	Sep-09	7.700	0.770	
3	RFO Residence Alpuray		Sep-08	Sep-09	7.700	0.770	
4	DFO Residence Corra		Sep-08	Sep-09	7.700	0.770	
6	Senior Clerk IV Quarters Alpuray		Sep-08	Sep-09	3.510	0.351	
7	Class IV Quarters		Sep-08	Sep-09	3.510	0.351	
8	Class IV Quarters		Sep-08	Sep-09	3.260	0.326	
9	Class IV Quarters		Sep-08	Sep-09	3.260	0.326	
10	Class IV Quarters		Sep-08	Sep-09	3.260	0.326	
11	Class IV Quarters		Sep-08	Sep-09			
12	Class IV Quarters		Sep-08	Sep-09			
13	Class IV Quarters		Sep-08	Sep-09			
14	Class IV Quarters		Sep-08	Sep-09	3.260	0.326	
15	Class IV Quarters		Sep-08	Sep-09	3.260	0.326	
16	Compound wall Alpuray			Jan-09	Jan-10	1.530	0.153
17	Compound wall Corra			Jan-09	Jan-10	1.530	0.153
18	GPS Bar Kaly Dandi		M/s Amin & Co.	Sep-07	Sep-08	11.049	1.105
19	GPS Mani Maira	M/s Shaukat Khan & Co.	Sep-07	Sep-08	11.049	1.105	
20	GPS Bala Manai	M/s Shaukat Khan & Co.	Sep-07	Sep-08	11.049	1.105	
21	GPS Saidano Dheri	M/s Act. International	Sep-07	Sep-08	22.646	2.265	
22	GPS Katkor		7-Oct	Oct-08	12.936	1.294	
23	GGPS Faiza Dheri	M/s Said Ghani & Co.	7-Oct	Oct-08	12.936	1.294	
24	GGPs Ser Dandai	M/s Faizur Rehman & Co.	7-Oct	Oct-08	11.049	1.105	

25	GPS Dowlat Kaly Banda	FaizurRehman & Co.	7-Oct	Oct-08	11.049	1.105
26	GPS Inzaro	M/sTajir con Co.	7-Oct	Oct-08	11.049	1.105
27	BHU Goshali	M/s Manawar Shah & Brothers	Jun-09	Jun-10	31.365	3.137
28	BHU Batterra	M/s Zardad Khan & Bro.	Oct-09	Oct-11	27.250	2.725
29	BHU Sharakot	M/s Shahnawaz & Sons	Jun-09	Jun-10	29.565	2.957
30	BHU Jijal	M/s Haji Bahadur	Jul-09	Jul-10	29.134	2.913
31	BHU Soyal Dara	MunawarShah & Bro.	Jun-09	Jun-10	25.821	2.582
32	BHU Ranolia	MunawarShah & Bro	Nov-09	Nov-10	30.147	3.015
33	BHU Karang	MunawarShah & Bro	Jun-09	Jun-20	31.409	3.140
34	RHC Shatyal	M/s Sultan Mehmud	Mar-10	Mar-11	19.457	1.946
35	BHU Dara Mada Khail	Haji Nasim & Co.	Jun-10	Jun-10	29.233	2.923
36	GPS Galgan	M/s Arif Khan & Bro.	Sep-07	Sep-08	3.540	0.354
37	GPS Sagnai		Sep-07	Sep-08	3.540	0.354
38	GPS Bala Gaiddan		Jul-07	Jul-08	5.030	0.503
39	GPS Dubair Kass		Jul-07	Jul-08	5.030	0.503
40	GPS Faqir Abad		Jul-07	Jul-08	5.030	0.503
41	GPS Mori Shalkai		Jul-07	Jul-08	5.030	0.503
42	GGPS Kass Dubair		Jul-07	Jul-08	5.030	0.503
43	GPS Dara Shabe Khel		Jul-07	Jul-08	5.030	0.503
44	GPS Yazai	M/s Haroon & Sons	Jul-07	Feb-08	5.030	0.503
45	GPS Seo		Jul-07	Jul-08	3.040	0.304
46	GHS Sharakot	M/s Akbar Khan Govt. Cont.	Nov-09	11-010	34.560	3.456
47	Police Station Dubair	M/s Arif Khan & Bro.	Jun-07	Jun-08	18.610	1.861
48	Patrolling Post Karu		Jun-07	Jun-08	5.030	0.503
49	BHU Shahrakot	M/s Shahnawaz & Sons	Jun-09	Jun-10	29.560	2.956
50	BHU Jijal	Haji Bahadur Sher & Sons	Jul-09	Jun-10	29.130	2.913
51	GPS Ashial Seo	M/s Arif Khan & Bro.	Sep-07	Sep-08	6.260	0.626
52	GGPS Kai Rustumabd		Sep-07	Sep-08	6.260	0.626
53	GPS Ramal		Sep-07	Sep-08	6.260	0.626
54	GHS Batiara	Haji Mohammad Anwar & Sons	Mar-09	Mar-10	60.900	6.090
55	The Agri office No 1 Dassu	M/s Umar Rehman & Co.			14.250	1.425
56	The Agri office No 2 Dassu		Feb: 2009	Feb-10		
57	Agri office No 3 Dassu Chowkidar Residence					
58	BHU Tarrash	M/s Gulzar Khan & co.	May-09	May-10	27.850	2.780
59	BHU Pattan Kalan		May-09	May-10	28.880	2.880
60	BHU Morra	M/s Saif-ur-Rehman & Co.	May-09	May-10	28.211	2.820
61	BHU Berrote Kalan	M/s Saleh Ejaz & Co.	May-09	May-10	27.696	2.760
62	BHU Barrin Gali	M/s Khan Bahadur & Co.	6/1/2009	Jun-10	26.960	2.690
63	C F/PD Residance F-ABT-01					
64	Forest Rest House Dagri F-ABT-					

	12					
65	Forest Rest House B/Gali F-ABT-12					
66	D FO Residence Kakul Road Mirpur					
67	DFO Residence Abbottabad F-ABT-01	M/s Fiaz-ur-Rehman & Co.	Sep-08	10-Sep	63.000	6.299
68	Range Quarter Thandiani at Thaido					
69	Range Quarter B/Gali Thandiani					
70	Range Quarter FC Camp Thai					
71	Forester Quarter Thandiani at Thaido					
72	Forester Quarter Barrian Gali F-ABT-01					
73	Forester Quarter Ander Sarri F-ABT-12					
74	GGMS Ali Abad	M/s A & AC Con Co.	Jun-07	Jun-08		
75	GHS Sarandra				24.500	2.453
77	GGPS Julail				15.548	1.554
78	GPS Lamian Iaran					
79	GGPS Hill Berote					
80	GPS Namal	M/s Anwar & Brothers.	May-07	May-08		
81	GPS Chaleesan				51.366	5.136
82	GPS Majuhan					
83	GGPS Lower Kurli					
84	GGPS Upper Kurli					
85	GGPS Garhi Nambal					
86	GPS Rahi	M/s Anwar & Brothers	Sep-07	Sep-08	27.954	2.795
87	GMS Bathian					
89	GGPS Kutlian 79 80	M/s Gulzar Khan & Brothers	Aug-08	Aug-09		
90	GPS Panakha Satora	M/s Saleh Ejaz Contractor & Co.			32.730	3.273
91	GPKholian Chamiali	M/s Gulzar Khan & Brothers				
92	GHS Chamiali	M/s Rafiullah Jan & Co.	16-8-2008	Aug-09	33.607	3.360
93	GHS Bakot	M/s Abdul Tawab & Co.	19-9-2009		46.441	4.644
94	GPS Driar	M/s Tahir Khan & Co.	18-01-2008	Sep-09	4.792	0.479
95	GHS Dhamtor	M/s Darwaish Engg: Co.	3/1/2008	Jan. 2009	28.465	2.846
96	GHS No. 2 Havalian	M/s Haroon Rashid & Brothers	3/5/2008	May-09	31.690	3.169
97	GGHSS Malik pura	M/s Jamal Mohammad Khan & Sons	4/1/2009	Jan-10	9.149	0.914
98	GGHS Bagnotar	M/s Shahnawaz Khan & Sons	2/8/2008	Aug-09	28.251	2.825

99	GGPS Dotar	M/s Shahnawaz Khan & Sons	18-9-2008	Sep-09	17.957	1.795
100	GPS Takia Camp		18-9-2008	Sep-09		
101	GGPS Taiher	Iftikhar Ahmed Khan & Brothers	22-9-2008	Sep-09	49.152	4.915
102	GPSBandi Mandrach					
103	GPS Pando Thana					
104	GPS Paswal Mian					
105	GPS Sial					
106	GPS Kohlian	M/s Rashid & Brothers	10/8/2008	Aug-09	11.657	1.165
107	GGPS Stora	M/s Mohammad Sadiq & Sons	13-11-2008	Nov-09	21.317	2.131
108	GPS Stora		13-11-2008	Nov-09		
109	GGPS H/ Beeran Gali	M/s Sajid Akhtar & Co.	8-4-2009	Apr-10	24.735	2.473
110	GGPS Dheri Hoter					
111	GPS Pehalwali					
112	GHS Mirpur	M/s Bashir Ahmed	10-2-2009	Feb-10	25.605	2.560
113	GPS & GGPS Sari Bagnotar	M/s Khadim Shah	4-6-2009	Jun-10	10.186	1.018
114	GPS Malach & GPS Salwala	M/s Shangla Con Co.	3-6-2009	Jun-10	11.197	1.119
115	GPS Nakkar Pakhe	Unique Construction	23-7-2009	Jul-10	7.639	0.763
116	GPS Larri, GPS Barwala, GPS Chamiali GPS Gahair	M/s Shangla Con Co.	23-7-2009	Jul-10	22.506	2.205
117	GGPS Shaqiqa	Umer Draz Khan	11-9-2009	Sep-10	11.705	1.170
118	GGPS Bugla	Mohammad Raziq Khattak	28-9-2009	Sep-10	43.365	4.336
119	GMS Kukhrialia	Iftikhar Ahmed Khan & Brothers	19-10-009	Oct-10	14.119	1.411
128	Bara Gali Kassala Road	M/s Zia-ur-Rehman & Co	15-12-2008	1-1-2013	69.960	6.996
129	Pulanwali Kanyal Road	M/s Syed Mehboob Shah & Sons	15-12-2008	29-11-2012	78.120	7.812
130	Kunhar Kass kohala	M/s Saleh Ejaz & Co.	5-1-009	23-8-2013	24.308	2.431
131	Khanuspur Riala	M/s Haroon Rashid & Sons	3-4-2010	18-10-2012	47.000	4.700
132	Karlan Bagh Road	M/s Zardad Khan & Co.	8-12-008	9-5-2013	57.093	5.709
133	Abbottabad Danna Nurral	M/s Sardar M Sadiq & Sons	Jan-08	11-12-2012	32.963	3.297
134	Lassan Thakral road	M/s Saleh Ejaz & Co.	Oct-08	11-2-2012	60.250	6.025
135	Dallolla Daban Road	M/s Zia-ur-Rehman & Co.	Dec-08	Jun-11	59.500	5.950
136	WSS Dhangri	M/s Syed Iqbal Shah	Feb-11	Feb-12	1.168	0.117
137	GP's Bar Tandool	Haji Muhammad Naeem	Feb-10	Feb-11	13.970	1.397
138	GPS Tandal Gul Sabtar					
139	37-light Gauge Steel Structure Schools	M/s Muhammad Urfan & Co.		Oct-09	298.170	29.817
140	GPS Dheri Jehangir Khan	M/s Wali Muahmmad	Nov-07	Nov-08	16.570	1.657
141	GGMSManai Maira					
142	GMSManai Maira					

143	GPS Toka Maira	M/s Amin & Co.	Oct-07	Oct-08	26.000	2.600
144	GGPSManai Maira					
145	GPS Bala Manai					
146	GPS Boi and Sachan	Akhal Construction Co.	Sep.2007	Sep. 2008	23.760	2.370
147	GHSS Boi	Saleh Ejaz	Nov. 2007	Nov. 2008	4.909	0.490
				Total	2,289.52	228.952

Annexure-IV to Para-4.2.34

S. No.	Name of Projects	Name of contractor	Date of issue of Letter of Acceptance	Date of Start of Work	Prescribed date of Completion	Actual date of completion	Delay period (Days)	Cost of contract (Rs in million)	Penalty /LD (Rs in million)
1	Sabir Shaheed Pilot School	M/s China Int. Water & Elec. Corp.	09.02.10	16.02.10	24.08.11	02.01.12	133	84.364	4.218
2	Water Distribution Network	M/s China Int. Water & Elec. Corp	06.01.11	20.01.11	20.07.12	Not completed at the time of audit	Continued	301.560	30.156
3	Dharek Water Supply Scheme	M/s China Int. Water & Elec. Corp	15.8.11	01.09.12	1.09.12	--do--	Continued	228.502	22.850
4	Southern Bypass Road	M/s China Int. Water & Elec. Corp	16.4.11	01.05.11	31.12.11	--do--	Continued	152.885	7.646
5	Police Station to Baldia Adda	C & B	12.11.11	27.11.11	27.12.12	--do--	Continued	138.834	6.942
Total									71.812