



**AUDIT REPORT
ON
THE ACCOUNTS OF
EARTHQUAKE RECONSTRUCTION & REHABILITATION
AUTHORITY
AUDIT YEAR 2014-15**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AFS	Annual Financial Statement
AASHTO	American Association of State Highway and Transportation Officials
AJK/AJ&K	Azad Jammu and Kashmir
ASTM	American Society for Testing and Materials
BCDP	Bagh City Development Project
BOQ	Bill of Quantity
CB	Contingent Bill
CPC	Closing Payment Certificate
C&W	Communication & Works Department
CSR	Composite Schedule of Rates
Cu.m	Cubic meter
DAC	Departmental Accounts Committee
DAR	Damage Assessment Report
DDO	Drawing & Disbursing Officer
DDR	Deputy Director Reconstruction
DG	Director General
DHQ	District Headquarter
DLC	Defect Liability Clearance Certificate
DRAC	District Reconstruction Advisory Committee
DIG	Deputy Inspector General
Dia	Dia meter
DRU	District Reconstruction Unit
ECNEC	Executive Committee of the National Economic Council
EEAP	Earthquake Emergency Assistance Project
EOT	Extension in time
EPC	Escalation Payment Certificate
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FIR	First Investigation Report
FMS	Financial Management Specialist
FTR	Federal Treasury Rules
FWO	Frontier Works Organization
GCC	General Conditions of Contract
GFR	General Financial Rules
GOP	Government of Pakistan
HQs	Headquarters
IPC	Interim Payment Certificate

IPSAS	International Public Sector Accounting Standards
JV	Joint Venture
KP	Khyber Pakhtunkhwa
LD	Liquidated Damages
LS	Lump Sum
MCC	Mumtaz Construction Company (Pvt.) Ltd.
MCDP	Muzaffarabad City Development Project
M&E	Monitoring and Evaluation
M/s	Messer
NBCDP	New Balakot City Development Project
NESPAK	National Engineering Services Pakistan (Pvt.) Ltd.
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
PHE	Public Health Engineering
PHED	Public Health Engineering Department
P.M.	Prime Minister
PM	Program Manager
PMU	Project Management Unit
PMIU	Project Management Implementation Unit
POL	Petrol Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
PWD	Public Works Department
QAC	Quality Assurance Committee
Qty	Quantity
RCC	Reinforced Cement Concrete
RCDP	Rawalakot City Development Project
RD	Road Distance
Rm	Running meter
RWH	Rain Water Harvesting
SERRA	State Earthquake Reconstruction and Rehabilitation Agency
Sft.	Square feet
SFD&KF	Saudi Fund for Development and Kuwait Fund
SPC	Special Project Cell

TOC	Taking Over Certificate
TQT	Tajweed ul Quran Tax
VO	Variation Order
Vol	Volume
Vs.	Verses
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 2013-14. Observations pertaining to the financial year 2012-13 processed during 2nd phase of Audit Plan 2013-14 are also included in this report. The Directorate General Audit (ERRA) conducted audit during 2014-15 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 audit observations in this report were finalized in the light of replies received from the department; however no DAC meeting could be arranged by the management till finalization of this report.

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 2015

[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 49 personnel with 7,968 man days available. The annual budget of the Directorate General Audit ERRA for the financial year 2014-15 is Rs 50.420 million.

ERRA has one PAO and 53 formations. Audit Plan for 2014-15 included audit of both expenditure and receipts of these formations. Out of 53 formations, 49 formations were planned for audit during the Audit Year 2014-15. During the execution of audit plan of phase-I, 41 formations were audited. Remaining 08 formations would be audited in phase-II.

a. Scope of audit

As the ERRA did not provide Annual Financial Statement (AFS), as such the figures as to available resources viz a viz the actual expenses could not be incorporated over here. However, the DG Audit ERRA audited an expenditure of Rs 15,731.266 million. The comparative view of the actual expenditure vs. audited expenditure could not be made due to non availability of AFS. In addition, Performance Audit of DHQ Hospital, Mansehra and Kohala DhirKot Road will be executed in phase-II of Audit Plan 2014-15.

b. Recoveries at the instance of audit

Recoveries of Rs 1,043.163 million were pointed out. However, recoveries of Rs 124.646 million were affected during the Financial Year 2014-15 (from July to 31st December 2014) at the instance of audit.

c. Audit Methodology

The financial audit of ERRA and its formations was to be carried out by examining permanent files, computer generated data and other related documents along with the policies and rules followed but the same could not be completed as the AFS was not provided by ERRA.

d. Audit Impact

As the entity did not provide the Annual Financial Statements as such the financial audit could not be completed. Hence, Audit impact in the scenario could not be discussed over here.

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 upon as the reports generated by these tiers were not shared with Audit.

f. Key audit findings of the report

- i. Irregular/ unauthorized payments/ violation of rules involving Rs 434.395 million.¹
- ii. Lack of internal control was observed in 5 cases.²
- iii. Recoveries were pointed out in 55 cases amounting to Rs 1,159.969 million.³
- iv. There were 2 cases of inappropriate/ irregular asset management amounting to Rs 71.055 million.⁴
- v. Interim payments amounting to Rs 167.402 million were made in 16 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.⁵
- vi. 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 PAO must take the responsibility of getting prepared the Annual Financial Statements according to the prescribed format. The

¹ Para 2.4.1, 2.4.4, 2.4.5, 2.4.8, 2.4.10, 2.4.20, 2.4.32, 2.4.36, 3.2.2, 3.2.50, 3.2.51, 3.2.53, 3.2.57, 3.2.58

² Para 2.4.33, 3.2.10, 3.2.44, 3.2.54, 3.2.55

³ Para 2.4.2, 2.4.6, 2.4.11, 2.4.12, 2.4.14, 2.4.15, 2.4.16 to 2.4.19, 2.4.21, 2.4.22, 2.4.26, 2.4.27, 3.2.2, 3.2.4, 3.2.6, 3.2.10, 3.2.13, 3.2.14, 3.2.21 to 3.2.24, 3.2.34, 3.2.39, 3.2.42, 3.2.49, 3.2.57, 3.2.64, 3.2.66, 3.2.68, 4.2.10, 4.2.12, 4.2.17, 4.2.19 to 4.2.21, 4.2.23, 4.2.29, 4.2.32, 4.2.33, 4.2.37, 4.2.38, 4.2.43, 4.2.44, 4.2.47, 4.2.50, 4.2.54, 4.2.56, 4.2.67, 4.2.68, 4.2.73, 4.2.74

⁴ Para 3.2.46, 3.2.58

⁵ Para 2.4.24, 2.4.25, 2.4.29, 4.2.1, 4.2.2, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.11, 4.2.13, 4.2.18, 4.2.42, 4.2.45, 4.2.62, 4.2.64

PAO also 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 needs to be investigated and got regularized/ recover from the defaulters.
- 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, provisional basis, part rate basis and prorata 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 eradicated.

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	*
2	Total formations in audit jurisdiction	53**	
3	Total Entities(Ministries/PAO's) Audited	01	
4	Total formations Audited	41	
5	Audit & Inspection Reports	41	
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

* ERRA did not provide Annual Financial Statement (AFS), as such the figures as to available resources viz a viz the actual expenses could not be incorporated over here

**Out of 53 formations, 49 formations (41 in phase-I and 8 in phase-II) are selected for audit 2014-15 while remaining 4 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	71.055
2	Financial management (specific)	586.461
3	Internal controls relating to financial management	60.983
4	Others	4,935.914
	Total	5,654.413

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	*	*	*	*	15,731.266	6,362.911
2	Amount Placed under Audit Observations /Irregularities of Audit	4.432	4,094.769	34.384	353.019	4,486.604	3,451.397
3	Recoveries Pointed Out at the instance of Audit	-	957.800	-	85.363	1,043.163	537.757
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	124.646**	-	-	124.646	15.473

*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.	434.395
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.	152.387
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public money	81.159
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	4,986.472

Table 5 **Cost-Benefit**

S. No.	Description	Amount (in million)
1	Outlays Audited (Items 1 of Table 3)	15,731.266
2	Expenditure on Audit	50.420
3	Recoveries realized at the instance of Audit	124.646
	Cost-Benefit Ratio	1:2.47

Chapter-1

Public Financial Management Issues (Earthquake Reconstruction & Rehabilitation Authority)

As per Section 07 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 which stipulates that the Auditor-General shall, on the basis of such audit as he may consider appropriate and necessary, certify the accounts, compiled and prepared by Controller General of Accounts or any other person authorized in that behalf, for each financial year, showing under the respective heads the annual receipts and disbursements for the purpose of the Federation of each Province and of each District, and shall submit the certified accounts with such notes, comments or recommendations as he may consider necessary- to the President or the Governor of a Province or the designated District Authority, as the case may be. Further, as per Section 18 of ERRA Act 2001, the accounts of the Authority shall be audited by the Auditor General of Pakistan.

Accordingly, provision for certification of accounts of ERRA was made in the Audit Plan. In pursuance thereof, the entity was requested vide letters dated 15th July 2014 to entertain the audit to be commenced w.e.f. 25th August 2014. On 27th August 2014, the management was asked to direct the concerned authorities to extend full cooperation in provision of Annual Financial Statements (AFS) 2013-14. Despite frequent visits and verbal requests the management did not provide AFS 2013-14 and verbally intimated that the same have not been prepared as yet. The management also requested verbally that audit may be postponed for a while till the AFS are finalized. After waiting a long, the matter was again taken up with the entity on 28th October 2014 and requisition for production of record was served on the same date. Surprisingly, the team was informed by the entity vide letter dated 31th October 2014 that due to non receipt of essential data from the concerned quarters, Annual Financial Statements for the Year 2013-14 could not be finalized as yet. As soon as it is finalized, Audit will be informed accordingly.

The matter as to non production of AFS 2013-14 was taken up with the Deputy Chairman ERRA vide letter dated 6th November 2014 and 2nd December 2014 but the same remained un-attended. In follow up of the letters, the audit team again visited the entity on 8th December 2014 and requested for provision of record but was not provided.

The matter was accordingly brought to the notice of Deputy Auditor General, Accounting Policy on 15th December 2014 for taking up the issue with the executives at higher level. Despite this all, no record was made available by the entity.

The matter was again taken up with the Auditor General's office vide letter dated 14th January 2015 with the request that we may issue the "Disclaimer". The proposed disclaimer was also attached with the said letter.

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)

As the ERRA did not provide Annual Financial Statement (AFS), as such the figures as to available resources viz a viz the actual expenses could not be incorporated over here.

2.3 Brief comments on the status of compliance with PAC directives

Since inception of ERRA, 6 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 Unjustified execution of scheme beyond ERRRA strategy and release of funds - Rs 3.500 million

As per paragraph 19 of ERRRA Operational Manual each DRU shall formally request PERRA/ SERRA for release of funds after the issuance of the Administrative Approval of a Project. PERRA/ SERRA shall release the funds required for the project to the concerned DRU and send a copy of the release advice to the line department implementing the project. Upon release of funds, the DRU shall request the concerned engineering department to start execution of the project.

An amount of Rs 3.500 million was released on 30th April 2014 (CB # 349) to Director Archaeology & Museums Government of Khyber Pakhtunkhwa for Conservation and Restoration of Monumental Gateway of Central Jail, Abbottabad.

Audit noticed the following irregularities:

1. The scheme was not included in the ERRRA strategy.
2. The PC-I was sent to Program Manager, DRU, Abbottabad for its further clearance/ approval from DRAC on 17th September 2013. But amount was released on 30th April 2014 without obtaining approval from DRAC.
3. The amount was to be released to DRU, Abbottabad but it was released directly to Director Archaeology & Museums Government of Khyber Pakhtunkhwa.

Due to financing the project in question, the management un-authorizedly shifted its priorities from strategic provisions to non strategic. Thus, the project was irregularly financed at the cost of prioritized projects.

The matter was pointed out to the management on 19th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be got inquired for execution of scheme which was not included in the ERRRA strategy. The reasons for release of funds directly to Archaeology Department and without approval of PC-I from proper forum may be intimated. Further, complete record/ vouched accounts may be provided to Audit for scrutiny.

2.4.2 Irregular Drawl of Allowances/ Utility Charges - Rs 52.716 million

As per Cabinet Division letter No. 2-31-88-Min-II dated 17.08.1999 the P.M. Secretariat allowance, electricity, fuel subsidy was allowed to the employees of the President Secretariat and the Prime Minister office on the Public side whose PAOs were the Principal Secretary to the President and the Principal Secretary to the Prime Minister respectively.

The Cabinet Division vide memorandum No. 4-9/2013-Min-I dated 14th June 2013 de-linked the Public Affair Wing from the Prime Minister's Office and transfer it to the Parliament Affairs Division. The Cabinet Division vides letter No. 4-13/2005-Min-I dated 29th April 2014 clarified that ERRA was established through Act as an autonomous/ body corporate, hence ERRA is not part of the Prime Minister's Office. However for the purpose of co-ordination ERRA is administratively attached with the Prime Minister's Office. The authority has not been mentioned in the Schedule-II and III of Rules of Business, 1973 being not under administrative control of any Division of the Federal Secretariat.

The management of ERRA paid an amount of Rs 52.716 million as detailed below on account of PM Secretariat Allowance, Fuel Charges, Utility charges and Mobile subsidy during the year 2013-14.

S. #	Particular	Non Development Fund	Development Fund	Total (Rs)
		Amount (Rs)	Amount (Rs)	
1	PM Secretariat Allowance	35,362,041	5,090,974	40,453,015
2	Fuel allowance	6,428,592	373,066	6,801,658
3	Water Charges	163,519	464,249	3,499,046
4	Electricity Charges	2,253,357		
5	Gas Charges	617,921		
6	Mobile Subsidy	1,567,985	393,875	1,961,860
Total		46,393,415	6,322,164	52,715,579

The payments made were in disregard to the Government orders on the subject as highlighted above, as such were held un-authorized in audit.

Due to un-authorized payment of allowances, the employees of the ERRA were overpaid for Rs 52.716 million during 2013-14.

The matter was pointed out to the management on 19th November 2014 and 18th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the payment of above mentioned allowances may be stopped immediately. Besides, the overpaid sum be recovered.

PDP-471, 472 & 587 (2013-14, ERRA HQ Dev. & ND)

2.4.3 Unjustified/ irregular appointment of advisors – Rs 7.674 million

As per S. No. 7 of guidelines for the appointment of consultants circulated vide Establishment Division, MS Wing’s U.O. No.11-3/2001-MSW-III, dated 25th January 2002 no person retired from a Government organization will be hired as a consultant only to re-employ him/ her. Consultants should not be appointed to perform routine functions of an organization. Special attention should be given by the Divisions/ Organizations to train and develop their own personnel to take up higher responsibilities. An objective evaluation and assessment of a consultant’s performance should invariably be undertaken on a periodic basis in a manner especially designed for the job.

As per Establishment Secretary's D.O. letter No.7/3/ 89-OMG-II dated 28th January 1989 printed at SI. No. 20 of ESTA Code Chapter “Retirement and Re-employment”, re-employment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

ERRA hired the services of two officers who were retired from Government service as Advisors. The hiring was made without the approval of Prime Minister. Further, hiring was made for the routine office jobs. Before appointment there was no post of Advisor/ consultant but both the posts were created through Revised PC-I that too without approval of the competent forum (i.e. ECNEC). So both the officers were paid a sum of Rs 7.674 million as detailed below:

S. No.	Name	Designation	Date of appointment	Monthly Salary (Rs)	Paid up to June 2014
1	Mr. Vakil Ahmed Khan	Advisor (Legal)	14.03.2012	149,500	4,098,000
2	Mr. Muhammad Anwar Khan Rana	Advisor (Audit)	26.06.2012	150,000	3,576,000
					7,674,000

Appointments made as Advisors were in disregard to the Government instructions on the subject.

The irregular engagement of Advisors resulted into an irregular payment of Rs 7.674 million.

The matter was pointed out to the management on 23rd December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility for the appointment of advisors in violation of the Government rules may be fixed and the irregular expenditure incurred be made good from the defaulter(s).

PDP-476 (2013-14, ERRA HQ Dev.)

2.4.4 Irregular appointments of contract employees despite ban on appointments - Rs 15.125 million

According to the Finance Division O.M. No. F. 4(6)/Exp-I/2012 dated 27th July 2012, there shall be no recruitment on contract basis and against contingent posts w.e.f. 1st July 2012.

During scrutiny of record/ personal files of officers it was observed that management of ERRA made appointments of the officers on contract basis after 1st July 2012 on the lump sum salary. Some examples are given as under:

S. No.	Name of Officers	Designation	Date of Appointment	Monthly Salary	Total paid up to 30.06.2014
1	Lt. Col. Ibrar Ismail	Dir. UD-KPK	05.09.2012	103,500	2,173,500
2	Col. (R) Amir Mohsin	Adv. MIS	01.11.2012	130,000 up to 30.04.2013 149,000	2,866,000
3	Col (R) Imtiaz Ahmad	Civil Eng.	10.12.2012	115,000	2,185,000
4	Maj. (R) Shah Zaman Khan		25.02.2013	85,000	1,360,000
5	Atif Shoukat Khan	Civil Eng.	25.02.2013	75,000	1,200,000
6	Farukh Salim Khan	Civil Eng.	01.03.2013	75,000	1,200,000
7	Lt. Col. TahirPervaiz Dar	Civil Eng.	01.10.2012	115,000	2,070,000
8	Lt. Col. Muhammad Ijaz	Civil Eng.	19.09.2012	115,000	2,070,000
Total					15,124,500

Appointments made during ban and expenditure defrayed there against was irregular. Further, the scope of work assigned to the ERRA was decreasing day by day as no new projects were allowed to be undertaken; in hand projects were either completed or were at the verge of completion, so adding the new staff at that juncture of time was totally unjustified.

Thus engagement of staff and payment there against during ban and without proper justification was irregular.

The matter was pointed out to the management on 23rd December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be investigated to fix individual responsibility for making these appointments during ban.

PDP-477 (2013-14, ERRA HQ Dev.)

2.4.5 Irregular appointment of staff/ re-employment of retired army officers and overpayment on account of salary - Rs 13.405 million

As per Policy Guidelines for Contract Appointments for posts in Autonomous/ Semi-Autonomous Bodies, Corporations, Public Sector Companies etc. owned and managed by the Federal Government circulated vide Establishment Division O.M. No.6/2/2000-R.3, dated 6th May 2000 for projects which have a limited life, appointments may be made on contract basis by the prescribed appointing authority after open advertisement of the vacancies. The advertisement should indicate prescribed academic and professional qualifications, experience, age, provincial/ regional quotas, special quotas etc. where applicable, as per rules/ Government policy. In the case of contract appointment/ re-employment of retired Civil Servants; Armed Forces, retired Judges Superior Courts, the condition of open advertisement shall not be applicable, provided that such appointments shall be made by or with the prior approval of prescribe authority in the Federal Government.

The Finance Division vide its O.M. No. F.4 (9) R-3/2008-499 dated 12th August 2008 announced the standard pay package for officers/ staff directly recruited for the execution of Development projects funded from PSDP from open market on contract basis subject to the condition that this pay package shall not be admissible to those who are re-employed /appointed on contract after their retirement. They may be allowed pay and allowance, as per provisions of the contract policy of the Establishment Division issued vide their O.M. No. F.10/ 52/95-R-2 dated 18th July 1996 as amended from time to time. As per standard pay package, the staff was to be appointed on initial stage and annual increment @ 5% upto maximum was to be paid.

As per Establishment Division O.M. No. 10/4/60-E.XIII, dated 3rd June 1961 whenever any Ministry/ Division, or any authority under them propose to employ a released/retired military officer as a result of an application made to them direct (and not through the Ministry of Defence) the Ministry of Defence should be consulted by the Ministry/Division etc. concerned before such an officer is employed by them.

During scrutiny of personal files of officers it was observed that the management of ERRA made appointments of officers/ staff without observing the prescribed criteria as stated above. Besides, their pay was not fixed at the initial stage of the pay scales. For reference purposes few instances are quoted in Annexure-II.

Due to non observance of Government instructions, the officers/ staff were not only engaged irregularly but also were paid at higher rates than the authorized one.

Thus due to fixation of pay beyond authorization, a sum of Rs 13.405 million was overpaid to the above officers.

The matter was pointed out to the management on 23rd December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the pay of all the employees may be re-fixed/ adjusted as per rules and overpayment made in this account be recovered.

PDP-478 & 479 (2013-14, ERRA HQ Dev)

2.4.6 Undue favor to the contractor due to premature release of retention money - Rs 150.768 million

As per GFR-19 “No payments to the contractor by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the rates may be authorized without the previous approval of the Ministry of Finance”.

As per clause # 60.3 of General Conditions of Contract (GCC) awarded on 25th June 2007 for New Balakot City Development Project it was provided that:

- (a) upon the issue of the Taking-Over Certificate (TOC) with respect to the whole of the works, one half of the Retention Money, or upon the issue of a TOC with respect to a section or part of the Permanent Works only such proportion thereof as the Engineer determines having regard to the relative value of such Section or part of the Permanent Works shall be certified by the Engineer for payment to the Contractor.
- (b) Upon the expiration of the Defect Liability Period for the works the other half of the Retention Money shall be certified by the Engineer for payment to the Contractor.

Further, as per amendment No. 4 and 5 of the contract, it was provided that:

(Amendment # 4 dated 02-01-2010) “In order to allow contractor to overcome the financial liquidity problems arising out of recent developments at the work site, the Employer agrees to reduce the rate of Retention Money from 10% as mentioned in Appendix ‘A’ to rate of 5% and release any amount deducted previously in excess of 5% from the contractor payment”

(Amendment #5 dated 15-11-2010) “In order to allow the Contractor overcome the financial liquidity problems arising out of preceding development at work site, the Employer agrees to release the existing amount of Retention Money and deduct a sum @ 10% of Retention Money from the forthcoming bills of the Contractor.

The management of New Balakot City Development Project paid retention money amounting to Rs 150.768 million (vide cheque No. 651457 dated 27th January 2010 for Rs 71.222 million and cheque No. 771522 dated 15th November 2010 for Rs 75.000 million). The payment so made was authorized vide Amendments No 4 & 5 in the contract.

Both the amendments had materially changed the contract and put the interest of State at stake and were also in contravention to the GFR-19 governing the General Principles of Contracts. Even otherwise the post bid amendments have changed the financial terms thus jeopardized the sanctity of the bidding and award of contract, besides the work done is insecure to the extent of defect liability period.

This insecure and undue release of retention money was an un-due favor to the contractor at the public exchequer.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter be investigated for fixing the individual responsibility and making good the loss caused due to undue favour to the contractor for un-due release of retention.

PDP-415 (2012-13, NBCDP)

2.4.7 Undue benefit due to excessive grant of mobilization advance to contractor - Rs 91.223 million

As per Para 19 of GFR Vol-I which provides that “No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in

excess of the contract rates may be authorized without the previous approval of the Ministry of Finance.”

As per clause 60.12 particular condition of the contract awarded on 25th June 2007 for New Balakot City Development Project it was provided that:

- a. An interest-free Mobilization Advance up to 15% of the Contract Price stated in the Letter of Acceptance shall be paid by the Employer to the Contractor in two equal parts upon submission by the Contractor of a Mobilization Advance Guarantee for the full amount of the Advance in the specified form from a Scheduled Bank of Pakistan.
 1. First part within 14 days after signing of the Agreement of date of receipt of Engineer’s Notice to Commence, whichever is earlier; and
 2. Second part within 42 days from the date of payment of the first part, subject to the furnishing of an acceptable Performance Security to the Employer, and to the satisfaction of the Engineer, as to the state of delivery at the Site of essential equipments & materials.
- b. This Advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of Advance and the last installment two months before the date of completion of the Work as per Clause 43 hereof.

Further, as per amendment No. 1 and 2 of the contract, it was provided that:

Amendment No. 1 dated 18th October 2007

Part (a) of Sub-Clause 60.12 is deleted in its entirety and replaced as under:

- a) “An interest free Mobilization Advance of 15% of the contract price shall be paid by the Employer to the Contractor in two parts upon submission by the contractor a Mobilization Advance Guarantee for the amount of the advance applied for in the specified form from a scheduled Bank of Pakistan”.

Amendment No. 2 dated 3rd November 2007

“Only for the purpose of payment of mobilization advance on additional work assigned to the contractor under variation clause 52.3 of Particular Conditions of the Contract, the contract price stated in the contract documents will be read as Rs 3,040,768,367.50 instead of Rs 2,432,614,694. No further claim on any ground shall be entertained on revised contract price except for the above stated purpose”.

Amendment No. 3 dated 29th January 2008

“The recovery of mobilization advance shall be made @ 20% of the value of work done measured and paid in the bill(s) in hand and all future bills received and paid up to 28th January 2009. This percentage shall be reviewed after one year so as to ensure recovery of the outstanding advance two months ahead of the stipulated dated of completion”.

Accordingly the contractor moved a request on 8th August 2007 for the payment of mobilization advance amounting to Rs 122.000 million being 5% of the contract price i.e. (Rs 2,432.615 million). The request was entertained by the management and payment was made vide cheque No. 491653 dated 12th September 2007.

The management of ERRA/ PMIU NBCDP also paid second part of mobilization advance amounting to Rs 334.115 million vide cheque No. 539501 dated 10th December 2007 as detailed below:

Contract Amount	:	Rs 2,432,614,694
25% Variation Amount	:	Rs 608,153,674
Total	:	Rs 3,040,768,368
15% Mobilization Advance	:	Rs 456,115,255
Amount Already Paid	:	Rs 122,000,000
Balance to be paid including Advance for Additional Assigned work	:	Rs 334,115,255

As all the three amendments were made after the award of contract and had changed the financial terms of the contract and had materially affected the scope as well, which was in violation of general principles of contract.

Inclusion of Rs 608.154 million being the cost of variation order appears for the purpose of mobilization advance only without issuance of an award order for the same. Basically the mobilization advance follows the award order and not the other way round. Most interesting feature of the case is the variation at such a large scale is not perpetuating from documentary evidence like Revised PC-I; Revised Engineering Estimates; Revised Award Letter and Revised Performance Guarantee.

Thus, the amendments in question not only jeopardized the openness, fairness and competitiveness of the tender but also resulted into an undue benefit of Rs 91.223 million to the contractor.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated thoroughly as to how the excess mobilization advance of Rs 91.223 million{(Rs 3,040,768,368 x 15%) - (Rs 2,432,614,694 x 15%)} was paid in such an arbitrary way jeopardizing the sanctity of the tender and contract in total disregard of canon of openness and transparency.

PDP-416 (2012-13, NBCDP)

2.4.8 Loss due to camouflaging the works under the cover of civil riots - Rs 58.168 million

As per clause 51.1 of General Condition of Contract Agreement, the Engineer shall make any variation of the form, quality or quantity of the works or any part thereof that may be necessary and for that purpose he shall have the authority to instruct the contractor to do and the Contractor shall do any of the work mentioned in the said clause.

As per GCC clauses 21.1-21.4, PCC clauses 21.1, 21.4 & 25.5 the contractor will insure works from either National Insurance Company or any other Insurance Company as stated in the contract Clause 10.1 the cost of insurance shall be borne by the contractor.

According to the GFR-10, 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.

A) A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. During scrutiny of record, it was observed that the management approved a variation order # 01 dated 20th February 2011 worth Rs 58.168 million which revealed that a huge variation was justified on the ground that there were civil riots at the project site and during that a major damage was caused to the executed works besides, the work site was closed for a period of 13 months (i.e.) from September 2009 to September 2010 and was also damaged due to climatic effect and theft by the locals. While examining the VO #01 along with the Damage Assessment Report (DAR) and that of the IPCs of repair work, it was transpired that the First Investigation Report (FIR) of the incident does

not disclose any damage of the immovable property like infrastructure developed instead it was restricted to the events of civil riots only listing death, injuries, damage of vehicles and moveable property of the contractor. There existed no subsequent FIR. However, there existed a Damage Assessment Report from a committee comprised of the nominees of client, consultant and the contractor who were directly engaged in the execution of original work as well as repair work.

The authenticity of damage work carried out without prime document of FIR is open to doubt. Besides, the authenticity of Damage Assessment Report itself was not clear as the same was prepared by the officers/ officials directly involved in carrying out the original work and the aspect of conflict of interest cannot be ruled out. There also existed a letter from the Project Director stating that M/s MCC has not employed any Structural or Material Engineer which strengthens the audit assertion. Moreover the Damage Assessment Report was to be based upon the drawings; as per site drawing, but no documentary evidence to that extent exists, meaning thereby the assessment was based upon personal judgments instead of material calculations. The DAR is based upon certain photographs and check requests which are least relevant to the procedure meant for damage assessment.

The examination of the DAR with reference to S. No. 29, 36, 41, 48 & 57 disclosed that base course at Road # 04, RD #1700-3400 L/R side was damaged without affecting the Sub-Base and the other allied components at that locations, meaning thereby that the base course was damaged in the most mechanical and precise way, which may not be a natural phenomenon.

Similarly as per S # 29 of the DAR Sub-Base at S # 46, RD # 10-150 measuring 140 Rm was shown to have been changed while cross referencing the same with the base on the same location, it transpired that the base on the said location was measured and paid vide IPC # 30 dated 27th January 2011. It was strange that the sub-base on the same location was paid and measured vide IPC # 31 dated 27th February 2011 meaning thereby the sub base was executed after the base course.

The items of repair work were based on NHA CSR (Mansehra) 2008 to the extent of description of items only while the rates of CSR were not applied. The rates applied do not appear to have been derived from any standard and were not in consonance with the General Principles of the Subject.

It is evident that damage caused to the executed work due to absence of the safety measures, as stipulated in the contractual provisions was shielded under the coverage of civil riots and rectified through a variation order.

B) Further to above, the works were not got insured as required under the contractual provisions referred to above. Had it been, the loss caused could have been made good from the Insurance Company.

C) According to the damage assessment report the following roads were shown to have been damaged and required repair to the extent as mentioned against each:

S. #	Road/ St #	RD #	Length (M)	Problem
1	42	00-142	142	Sub-Base require replacement
2	47	00-480	480	Base course damage
3	47	530-640	110	Base course damage
4	46	10-150	140	Sub-Base require replacement
5	29	20-153	133	Sub-Base require replacement
6	28	20-370	350	Sub-Base require replacement
7	04	1700-3400 (L & R side)	1700	Base course damage
8	3	690-1750 (L & R side)	1060	Base course damage

As per progress report of August 2009 the base course of above mentioned roads was completed and an amount of Rs 47.018 million was paid to the contractor on account of different work of road up to IPC # 33 and EPC # 7 (Repair Work) as detailed below:

Bill #	Description	Amount (Rs)
1	Earth Work	6,606,822
2	Road, Retaining Structure & Ancillary Work	29,581,140
4	Water supply	726,256
5	Sewerage System	1,165,587
	Escalation Charges	8,938,000
Total		47,017,805

A perusal of certain documentary evidence i.e. like contractor's letters dated 25th March 2009, 9th April 2009, 20th July 2009 and 18th August 2009 revealed that the base course and sub base course works were ready for carpeting but were not allowed to be carpeted by the consultant/ employer despite repeated requests of the contractor. The contractor in its letter dated 20th July 2009 categorically pointed out that this situation is extremely disturbing as during the currency of monsoon the entire base course will be washed out and mud will find its way into course channel due to heavy rain. It will thus result into a repeat exercise and as a consequence loss of time and money. So the loss due to repeat exercise as tabulated above was because

of not doing the asphalt work, which was required to be done immediately after the completion of base course. Thus, it was evident that the major component of the damaged work was caused due to un-professional way the handling the situation and was camouflaged in the name of civil riots.

Audit is of the view that had the asphalt work been carried out, a huge expenditure on repair work could be saved.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated thoroughly with a view to ascertain the loss and recover the same from the defaulters.

PDP-417, 419 & 425 (2012-13, NBCDP)

2.4.9 In-fructuous expenditure on fabrication of girders - Rs 5.646 million

According to the GFR-10 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 from his own money.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management paid an amount of Rs 5.646 million to the contractor on account of manufacturing of 8 Nos., 32 meters span girders for bridge on Nallah Jinger, Access Road vide IPC # 48 as per detailed below:

Item #	Description	Unit	Qty.	Rate (Rs)	Amount (Rs)	Price Adj. Factor	Price Adj. Amount (Rs)	Total Amount (Rs)
307	Provide and lay 4000 psi cylinder strength.	Cu.m	62.83	11,088.57	696,739	0.0467	32,538	729,277
308	Provide and lay 5000 psi cylinder strength.	Cu.m	51.20	11,165.53	571,675	0.0467	26,697	598,371
309	Provide & fix hot rolled deformed bars grade 60 as per ASTM 615	Ton	23.01	109,000.00	2,507,991	0.0467	117,123	2,625,114
319	Boring for cast in place concrete piles up to 1m dia.	Rm	80.00	20,000.00	1,600,000	0.0467	74,720	1,674,720
322	Providing and fixing 35mm dia GI Pipe medium duty in girders	Rm	25.60	675.00	17,280	0.0467	807	18,087
					5,393,685		251,885	5,645,569

Subsequently, the design of bridge was changed and span of the bridge was reduced from 32m to 16m. So, the already manufactured girders worth Rs 5.646 million became surplus/ useless.

Thus un-planned/ ill-planned manufacture of girders resulted into wasteful expenditure of Rs 5.646 million.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter be investigated to fix the individual responsibility and make good the loss from the defaulter(s).

PDP-418 (2012-13, NBCDP)

2.4.10 Loss due to duplicate work of RCC wall - Rs 1.971 million

As per clause-2625(B) of the Technical Specification of the contract, it was provided that quantity of stone masonry to be paid shall be in cubic meter measured in completed work and will be considered for payment at the unit price specified in the BOQ.

During scrutiny of record it was observed that management of ERR/ PMIU NBCDP paid the stone masonry work at Road # 4 RD # 3-139 to3-180 (41 m length) through IPC # 34 as per detail below:

Item #	Description	Unit	Qty.	Rate+9%	Amount (Rs)	Price Adjustment		Net Amount (Rs)
						Pn-1	Amount	
201	Trench excavation	Cu.m	223.36	621.30	138,774	0.3260	45,240	184,014
202	Trench excavation	Cu.m	223.36	621.30	138,774	0.3260	45,240	184,014
213	Class 'E' 1:4:8 Concrete	Cu.m	11.168	4,360.00	48,692	0.3260	15,874	64,566
209	Stone Masonry	Cu.m	240.810	2,834.00	682,456	0.3260	222,481	904,937
					1,008,696		328,835	1,337,531

Further as per IPC # 44, the management of ERR/ PMU NBCDP paid RCC Wall on the same road and on RD # 3-140 to3-170 as detailed below:

Item #	Description	Unit	Qty.	Rate + 9%	Amount (Rs)	Price Adjustment		Net Amount (Rs)
						Pn-1	Amount	
301	Trench excavation	Cu.m	206.40	621.30	128,236	0.3835	49,179	177,415
315	Class 'E' 1:4:8 Concrete	Cu.m	12.90	4,360.00	56,244	0.3835	21,570	77,814
312	Class 'C' 1:2:4 Concrete	Cu.m	73.80	10,900.00	804,420	0.3835	308,495	1,112,915
316	Steel	Ton	4.00	109,000.00	436,000	0.3835	167,206	603,206
					1,424,900		546,450	1,971,350

Audit was of the view that at Road # 4, RD # 3-140 to 3-170 (30 m) stone masonry was already executed therefore the RCC work at the same location was duplication.

The payment of Rs 1.971 million made on account of RCC work was against duplicated activity. Thus, the contractor was overpaid to that extent.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that overpaid sum may be recovered from the defaulter besides fixing the individual responsibility.

PDP-420 (2012-13, NBCDP)

2.4.11 Loss due to sub standard work - Rs 54.954 million

As per Technical Specification-2622 (2) (2) Mortar for laying the stone and pointing shall be composed of one part of Portland Cement and four part of Sand and according to Technical Specification -2623 (01) (d) whenever possible the face joints shall be properly pointed before the mortar becomes set. Joints which cannot be so pointed shall be prepared for pointing by racking them out to a depth of 2 inches before the mortar was set.

During scrutiny of record it was observed that management of ERRA/ PMIU NBCDP paid an amount of Rs 54.954 million on account of stone masonry and stone pitching up to IPC # 53 as detailed below:

Item #	Description	Unit	Qty	Rate	Amount (Rs)
209	Providing and laying of grouted stone masonry in retaining walls	Cu.m	16,259.9335	2,600	42,275,827
306	Providing and laying of 12" thick grouted stone pitching	Sq.m	4,849.8520	800	3,879,881
212	Providing and laying of grouted stone masonry in retaining walls (Access Road)	Cu.m	1,638.8900	2,600	4,261,114
					50,416,822
9% Above (50,416,822 x 9%)					4,537,514
					54,954,336

An amount of Rs 616,120 being 5% of the total amount was deducted on account of non-execution of pointing work in IPC # 08 bill # 02 item # 209. The work was physically visited by Audit Party and it was transpired that no pointing work was done on stone masonry and stone pitching.

Audit was of the view that the non executing of the crucial item of pointing had made the entire work as sub-standard and led to quality compromise besides overpayment.

Thus, the entire payment of Rs 54.954 million for incomplete/ below specification work was un-authorized/ irregular.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the cost impact of sub-standard work may be worked out and made good from the defaulters.

PDP-421 (2012-13, NBCDP)

2.4.12 Less Recovery of Mobilization Advance – Rs 103.725 million

As per Clause 60.12 of PCC an interest-free mobilization advance up to 15% of the Contract Price stated in the Letter of Acceptance shall be paid to the contractor in two equal parts upon submission of Mobilization Advance Guarantee. First part within 14 days after signing of the Agreement or date of receipt of Engineer's Notice to commence; whichever is earlier and second part within 42 days from the date of payment of the first part. As per Amendment # 03 dated 29th January 2008, the recovery of Mobilization Advance was to be made @ 20% of the value of work done measured and paid in the bill(s) in hand and all future bills received and paid up to 28th January 2009. This percentage was to be reviewed after one year so as to ensure

recovery of the outstanding advance two months ahead of the stipulated date of completion.

A contract regarding Development Works New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The contract agreement is made between ERRA and MCC on 25th June 2007. The cost of the contract was Rs 2,432.615 million which was enhanced up to Rs 3,040.768 million vide amendment # 02 dated 3rd November 2007.

The record revealed that mobilization advance amounting to Rs 456.115 million (122.000 million + 334.115 million) was paid to the contractor in two installments/ parts on 12th September 2007 and 10th December 2007. The recovery of advance was started from 5th IPC dated 2nd December 2007 @ 20% of work done amount. As per the original schedule the said mobilization advance was required to be adjusted in December 2010 in term of Contract Agreement. The work remained suspended due to public riots for 13 months from September 2009 to September 2010 and no payment was made during this period. The work was started again in October 2010. The management was required to review the rate of recovery which was not done and an amount of Rs 103.725 million was yet to be recovered despite passage of almost seven years since grant of mobilization advance.

Thus the contractor was un-duly benefitted by non adjusting the mobilization advance within the stipulated period.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility be fixed on the person(s) at fault besides; cost impact of undue favor extended to the contractor may be worked out and recovered from the defaulter.

PDP-422 (2012-13, NBCDP)

2.4.13 Loss due to work below specification - Rs 4.173 million

As per clause No 2323 (01) b, sub base aggregates shall be spread on the sub grade in layers not exceeding six (06) inches (15 cm) in compacted depth.

A contract regarding Development Works New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. During scrutiny of record i.e.

check requests and measurement sheets it was observed that contrary to the above, the management of ERRA paid an amount of Rs 4.173 million for one layer of 20 cm, sub base course and base course in IPCs No. 44 to 47. Details are as under:

Item No.	Description	Unit	Measurements & Quantity				Rate (Rs)	Amount (Rs)
			length	width	depth	Total		
205	Sub Grade Preparation	Sq.m	630	6.1		3843	32.70	125,666
206	Providing & Laying of Sub Base Course	Cu.m	630	6.1	0.2	768.6	2,463.40	1,893,369
207	Providing & Laying of Granular Base Course	Cu.m	630	6.1	0.2	768.6	2,692.30	2,069,302
210	Providing & Laying of Asphalt	Cu.m	630	6.1	0.05	192.15	441.40	84,815
Total								4,173,152

Audit is of the view that entire payment of Rs 4.173 million made on account of base, sub base and the other interdependent activities was irregular as the compaction above 15 cm layer was prohibited since it cannot achieve the desired compaction level.

The irregular payment was due to execution of below specification work.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit suggests that the matter may be investigated with a view to fix responsibility on the person(s) at fault for accepting below standard work.

PDP-423 (2012-13, NBCDP)

2.4.14 Overpayment to the contractor due to wrong application of rate - Rs 38.550 million

As per item # 201, Bill # 2 of BOQ of the contract, it was described that 'Structural and trench excavation in all kind of soil/ material wet or dry including soft rock, boulders, gravels, conglomerate etc. and disposal of surplus excavated material as directed by the Engineer for walkways, retaining structures, bridges, culverts, underpasses etc will be paid at the rate of Rs 570/ Cu.m+9% premium. Similarly, as per item # 105, Bill # 1, it was described that 'General excavation in all kind of soil/ material wet or dry including soft rock, boulders, gravels, conglomerate etc. and

disposal of surplus excavated material as directed by the Engineer will be paid at the rate of Rs 300/ Cu.m.+9% premium.

Duding scrutiny of contract regarding Development Works of New Balakot Town awarded to M/s Mumtaz Construction Company on 18th May 2007 it was observed that ERRA paid a sum of Rs 81,383,392 (@ Rs 570/ Cu.m x 130,988.880 Cu.m +9%) for Structural and Trench Excavation under Item # 201, Bill # 2 whereas being a General Excavation it was required to be paid a sum of Rs 42,833,364 (@ Rs 300/ Cu.m x 130,988.880 Cu.m +9%) under Item # 105 Bill # 01 @ Rs 300 per Cu.m+ 9%.

Thus, due to incorrectly classifying the General Excavation as Structural and Trench Excavation, the contractor was allowed payment at wrong rate which resulted into overpayment of Rs 38.550 million {81,383,392 - 42,833,364} up to IPC # 53.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that over payment of Rs 38.550 million may be recovered from the defaulters.

PDP-426 (2012-13, NBCDP)

2.4.15 Overpayment to the contractor due to non-deduction of cost of material obtained from site - Rs 49.526 million

As per Technical Specification # 2231(01)–General Excavation “all material removed from excavation shall be used in the formation of embankments or filling the relatively lower level areas, and at other such locations as directed, unless it is declared unsuitable or surplus by the Engineer/ Engineer’s Representative”.

A) A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The record revealed that a quantity of 1,668,869.29 Cu.m hard rock was obtained from the site up to IPC# 53 during excavation as detailed below:

S.#	Bill #	Item #	Description	Qty. (Cu.m)
1	1	106	Gen. Excavation in hard rock including disposal of excavated material at designated location within the project area.	1,525,956.200
2	2	202	Structural & trench excavation in hard rock including disposal of excavated rock at designated location within the project area.	49,320.218
3	3	302	Excavation for drain & culverts in hard rock & disposal of surplus rock at designated location within the project area.	11,095.129
4	4	402	Excavation of trench in hard rock including back fill with suitable material and disposal of surplus material.	16,177.776
5	5	502	Structural & trench excavation in all kinds of soil/ material wet or dry including hard rock boulders, gravels etc. & timbering & bracing compacted back fill with suitable material & disposal of surplus material.	66,319.967
Total				1,668,869.29

The management of ERRA measured and paid for a quantity of 24,910.79 Cu.m stone works up to IPC # 53 in Bill # 2 & 3 of different IPCs. The contractor used the excavated material (stone) but the cost thereof was not deducted/ recovered from the contractor. Due to non-deduction of material cost an amount of Rs 36.128 million was overpaid to the contractor as detailed in Annexure-III-A.

B) Similarly, a quantity of 1,886,515.044 Cu.m soft material was obtained from the site up to IPC# 53 during excavation as detailed below:

S.#	Bill #	Item #	Description	Quantity (Cu.m)
1	1	105	Structural & trench excavation in all kinds of soil/ material wet or dry including soft rock boulders, gravels etc. & disposal of surplus material or stock piling at designated place within the project area.	1,786,891.281
2	2	201	Structural & trench excavation in all kinds of soil/ material wet or dry including soft rock boulders, gravels etc. & disposal of surplus material for walk ways retaining structures bridges, culverts, underpasses etc.	53,791.980
3	3	301	Excavation for drain and culverts in all kinds of soil/ material wet or dry including soft rock boulders, gravels etc. & disposal of surplus material at designated place within the project area.	12,092.840
4	4	401	Excavation of trenches in all kinds of soil/ material wet or dry including soft rock boulders, gravels etc. compacted back fill with suitable material & disposal of surplus material at designated place.	14,622.229
5	5	501	Structural & trench excavation in all kinds of soil/ material wet or dry including soft rock boulders, gravels etc. & including timbering & bracing compacted back fill with suitable material & disposal of surplus material at designated location.	19116.714
Total				1,886,515.044

The management of ERRA paid an amount of Rs 13.398 million for a quantity of 28,908.6080 Cu.m sand bedding under water supply pipes and sewerage pipes. The

contractor used the material obtained from the site but the cost thereof was not deducted/ recovered from the contractor. Due to non-deduction of material cost an amount of Rs 13.398 million was overpaid to the contractor as detailed in Annexure-III-B.

Non deduction of cost of used available material resulted into overpayment of Rs 49.526 million (Rs 36.128 million+ Rs 13.398 million).

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that over payment of Rs 49.526 million being the cost of material obtained from the site may be recovered from the defaulters.

PDP-427 & 428 (2012-13, NBCDP)

2.4.16 Un-Justified payment due to non deduction of quantity of excavation for manholes - Rs 7.805 million

As per clause 5403(02-a) of Technical Specifications payment shall be made for each manhole as a complete unit at the Contract Unit Price to provide and construct manhole including excavation and back filling, covers with frame, iron steps, plastering, benching and all incidentals related to the item in accordance with lines and grades as shown in the drawings or as directed by the Engineer.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management of ERR/ PMIU NBCDP paid an amount of Rs 7.805 million up to IPC # 53 dated 27th May 2013 Bill # 5 as per detail given below on account of Structural and Trench excavation which includes excavation of manholes and chambers:

Item #	Unit	Qty.	(Rate + 20%) + 9%	Amount (Rs)
501(1)	Cu.m	17,614.726	824	2,305,929
501(2)	Cu.m	1,446.903	824	1,192,248
501(3)	Cu.m	55.085	1,177.20	64,846
502(1)	Cu.m	31,556.108	824	1,035,194
502(2)	Cu.m	3,465.679	824	2,855,719
502(3)	Cu.m	298.518	1,177.20	351,415
				7,805,351

As a matter of fact the quantity of excavation executed for manholes was to be deducted from the total quantity and the net quantity was to be considered for payment which was not done.

Thus due to non deduction of manholes volume from the excavated quantity, the contractor was considerably overpaid. In IPC-53 only the overpaid sum for 10 manholes works out to be Rs 244,204 (i.e. 296.35 Cu.m x Rs 630/ Cu.m +20% + 9%). Total numbers of manhole provided in the BOQ were 810. Exact amount of overpaid sum needs to be ascertained by the management itself.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpaid sum be worked out and recovered from the defaulters.

PDP-430 (2012-13, NBCDP)

2.4.17 Overpayment to the contractor due to wrong application of rate for Dry Stone Masonry – Rs 6.322 million

As per clause 51 and 52 (GCC and PCC) of the contract agreement it was provided that if the contract does not contain any rates or prices applicable to the varied work, the rates and prices in the contract shall be used for variation so far as may be reasonable after due consultation by the Engineer with Employer.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. During scrutiny of record it was observed that the rates of stone masonry were not available in the BOQ of the contract. Accordingly, the Engineer prepared the rates for stone masonry work for Rs 2,834 (2600+9%) per Cu.m. The rates so prepared were not in consonance to the provisions of clause 52 of the contract agreement as the said clause demanded that the rates and prices shall be used as basis. The rates of contract were based on NHA CSR. The NHA CSR 2011 provided that the composite rate for the dry stone masonry random (Item # 411a) would be Rs 1,935.96 per Cu.m. the detailed break up of which was Rs 474.93 Manpower, Rs 165.94 equipment, Rs 907.90 material and Rs 387.19 overhead. Since, the material used (i.e. stone) was available at site as such its cost was not to be paid and the net payable rate for the item of work worked out to be Rs 1,121 per Cu.m (i.e. Rs 1,935.96 – Rs 907.90 = 1028.06 + 9%).

Thus, due to incorrect application of rate the contractor was overpaid for Rs 6.322 million as detailed in Annexure-IV.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the over payment of Rs 6.322 million due to application of wrong rate be recovered from the defaulter.

PDP-432 (2012-13, NBCDP)

2.4.18 Overpayment to the contractor due to execution of excavation for Kerb Stone and Gabion Work – Rs 2.083 million

As per Clause 3204 (01) (f) of Technical Specifications except otherwise specified herein or elsewhere in the contract document, no measurement and payment will be made for the excavation and back fill for kerb stones and brick edging complete as per drawings. Item # 211 in Bill # 2 of BOQ is described as “Provide and fix Pre-cast kerb stones in class ‘C’ (1:2:4) concrete”. Further, as per Clause 2625-B of Technical Specifications (Vol-II) of the contract agreement the quantities determined for gabion shall be paid for at the contract unit price, which shall be full compensation for all necessary excavation, furnishing and placing of material and all other costs related to completion of work.

A) A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management of ERRRA/ PMIU NBCDP measured and paid for a quantity of 1,723.16 Cu.m excavation of kerb stone in different IPCs @ Rs 570 plus 9% per Cu.m which is against the above mentioned contract clause. This resulted into overpayment of Rs 1.502 million as detailed at Annexure-V.

B) Similarly, an amount of Rs 580,982 was paid to the contractor on account of excavation for Gabion in different IPCs contrary to the provisions of Technical Specifications which demanded that the excavation charges are included in the gabion rates.

Thus de to duplication of activity, the contractor was overpaid for Rs 0.581 million.

Audit holds that due to non adherence to the clauses of contract, an amount of Rs 2.083 million (Rs 1.502 million + Rs 0.581 million) was overpaid to the contractor.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that over payment of Rs 2.083 million may be recovered from the contractor or the person held responsible.

PDP-433 & 434 (2012-13, NBCDP)

2.4.19 Undue/ unjustified payment on account of Secured Advance - Rs 101.547 million

As per Contract Agreement clause 60.11, secured advance on the material to the contractor is admissible as under:

The Contractor shall be entitled to receive Secured Advances from the Employer against an indemnity bond acceptable to the Employer of such sum as the Engineer may consider proper in respect of such non-perishable materials as are brought at the Site and are directed by the Engineer, but not yet incorporated in the Permanent Works.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management of ERRA/ PMIU NBCDP paid an amount of Rs 36.205 million to the contractor on 25th September, 2008 as first secured advance and an amount of Rs 65.342 million was paid on 8th July 2010 as a second secured advance to the M/s Mumtaz Construction Company (MCC) Pvt. Ltd, Islamabad against his claims for material brought at site. Audit observed that:

- i. The secured advances granted were contrary to the provisions of the contract, as the same was not witnessed by the prime documents like the direction of The Engineer, the materials were in accordance with the specifications, the materials were delivered at site, properly stored, protected against loss or damage or deterioration, record of requirements, orders, receipts and use of materials.
- ii. There existed no store of the Employer and no store accounting record was being maintained by the Employer at site so the requirements of Para 60.11 (4 &5) were not fulfilled.

- iii. The first secured advance Rs 36.205 million was granted without obtaining the indemnity bond. Similarly the second secured advance Rs 65.342 million granted was indemnified by M/s MCC (Contractor) itself. The indemnity bond was not attested and bears no witnesses.
- iv. Secured advance was payable for such material brought on site, 75% of landed cost of imported material or ex-factory/ ex-warehouse price of locally manufactured or produced material or market price of other material. In the instant cases it was paid against base course, RCC pipes, UPVC pipes and steel of manhole covers. None of these items had any declared price so payments of secured advance against such items were not covered under the rules.

In view of the foregoing facts, it is evident that the secured advance was not paid as per contractual obligations.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit suggests that responsibility may be fixed and cost impact be recovered from the defaulter(s) under intimation to audit.

PDP-436 (2012-13, NBCDP)

2.4.20 Over payment to the contractor due to excess measurement - Rs 17.341 million

As per Cross Section of the site being an integral part of the Contract Agreement of New Balakot Town, the width of paved area of the carriage way and streets was 6.70 meter, 4.90 meter and Right of Way (RoW) of roads and streets was 12.20 meter.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management of ERRA measured the width and length of paved area of roads and streets more than the prescribed length and width. Due to taking of excess quantities, an amount of Rs 17.341 million was overpaid to the contractor. The overlapping existed in most of the cases.

The excessive measurements lead to overpayment of Rs 17.341 million.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that overpaid amount may be recovered from the defaulters.

PDP-437 (2012-13, NBCDP)

2.4.21 Over payment to the contractor due to non deduction of quantity already paid – Rs 18.545 million

As per Technical Specification # 2222, after clearing and grubbing the contractor shall carry out stripping of top soil to a thickness of 6 inches (150 mm) or to the depths as directed by the Engineer/ Engineer's Representative. As per description of Item # 104 the depth of Stripping of Top Soil will be 150 mm.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management of ERRA measured and considered for payment a quantity of 3,312,847.481 Cu.m (1,786,891.281+1,525,956.20) as General Excavation of Soft and Hard Soil vide item # 105 & 106 @ Rs 327 (300+9%) per Cu.m up to IPC# 53 dated 27th May 2013 to achieve the Desired Surface Level (DSL). A quantity of 378,089.980 Sq.m was also admitted for payment on account of Stripping of top soil upto IPC No. 53. It is worth noting here that the locations where General Excavation was made were also measured and paid for Stripping of top soil up to 150 mm depth, so these Stripping and General Excavation activities overlapped to the extent of 150 mm depth.

Thus the overlapped position led to overpayment of Rs 18.545 million {i.e. 56,713.497 Cu.m x Rs 327 (378,089.980 sq.m x 0.15)}.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpaid sum may be recovered from the defaulters.

PDP-438 (2012-13, NBCDP)

2.4.22 Un-due favor to the contractor due to excessive measurement – Rs 7.022 million

As per Technical Specification # 2231 and 2233, the quantities computed by the contractor and attested by the Engineer shall be paid for at the contract unit price for the pay item shown in the BOQ.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management paid an amount of Rs 7.022 million for General Excavation @ Rs 327 per Cu.m to the contractor through different IPCs and finally adjusted later on as detailed below:

Item #	BOQ Qty.	Qty. measured & paid		Qty. finally accepted & paid		Diff.	Temp. over payment (Rs)	
		IPC #	Qty.	IPC #	Qty		Rate	Amount
105	1,607,500	Up to 45	1,798,753.873	46	1,777,279.773	(21,474.10)	327	7,022,031

This showed that certain quantities were admitted on hypothetical measurements instead of actual one in some earlier IPCs and subsequently was adjusted as per actual.

This resulted into temporary overpayment to the contractor for Rs 7.022 million which was irregular.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the cost impact of temporary overpayment may be worked out at prevalent market interest rate and made good from the defaulters besides fixing the individual responsibility.

PDP-444 (2012-13, NBCDP)

2.4.23 Un-justified payment to the contractor on percentage basis – Rs 3.610 million

According to S. No. 10 of Appendix-D to Bid, Bill of Quantities A-Preamble ‘Unless otherwise stated in the text of the Bill of Quantities, the quantities have to be measured and paid in accordance with the measurement and payment clauses given in the relevant Technical Specification. As per Technical Specification 2625-B the quantity of stone masonry to be paid shall be in Cu.m measured in the completed

work and the limiting dimensions shall not exceed those shown on the plans or fixed by the Engineer/ Engineer's Representative. The amount of completed and accepted work shall be paid for at the unit price shown in the BOQ.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management paid a quantity of 1,225.464 Cu.m grouted stone masonry as detailed below @ Rs 2,600 per Cu.m vide bill # 2 item # 209 of IPC # 08 on percentage basis whereas the said item was required to be paid after completion of work in terms of technical specifications of contract:

Description of Stone Masonry	Qty. Required to be Paid (Cu.m)	Qty. Accepted and paid (Cu.m)	Qty. Accepted and paid (% Age)
Wall Street # 47 (Ph 2) (P-25)	239.416	167.194	69.83%
Retaining Wall Road # 4 (P-26)	839.800	713.83	85.00%
Retaining Wall Road # 4(P-29)	430.554	344.440	80.00%
Qty. accepted & paid	1,509.770	1,225.464	82.19%

This resulted in un-due benefit/ favor to the contractor amounting to Rs 3.61 million $\{(1,225.464 \text{ Cu.m} \times \text{Rs } 2,600 + 9\%) + \text{Price Adjustment Rs } 136,835\}$ which was irregular and against the contractual terms.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that cost impact (i.e. principal amount + interest for the period) of the undue favor may be worked out and made good from the defaulter besides fixing the individual responsibility.

PDP-445 (2012-13, NBCDP)

2.4.24 Undue benefit to the contractor due to payment on percentage basis – Rs 2.501 million

As per Technical Specification # 3204 (02) (b), payment will be made for the acceptable measured quantity of plain and reinforced cement concrete on the basis of unit rate per cubic meter quoted in the BOQ and shall constitute full compensation for all the works related to the item.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management paid an

amount of Rs 2.501 million for Reinforcement Cement Concrete (1:2:4) vide item # 311 & 316 Bill # 3 IPC # 8 dated 11th March 2008 on percentage basis as detailed below, whereas these items were required to be paid after completion of work:

Item #	Description	Unit	Rate (Rs)	Qty. Required to be Paid	Qty. Paid	Amount (Rs)
311	Class 'C' concrete in Top Slab(69.20 x 7.30 x 0.45)	Cu.m	7,000	227.661	113.661	795,627
311	Class 'C' concrete in Chamfer(top) 4(69.20 x 0.60 x 0.20/2)	Cu.m	7,000	16.610	8.030	56,210
316	Steel Bars Grade 60	M. Ton	100,000	31.090	15.545	1,554,500
Total						2,406,337
Price Adj. (2,406,337 x 0.0394)						94,810
Net undue benefit						2,501,147

Thus the payment made on percentage basis in contravention to the contractual provisions was un-due benefit to the contractor to the tune of Rs 2.501 million.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the financial impact of the undue favor may be made good from the defaulter besides taking the disciplinary action.

PDP-446 (2012-13, NBCDP)

2.4.25 Overpayment and undue favour to the contractor due to erroneous application of rate – Rs 4.526 million

As per clause 51 and 52 (GCC and PCC) of the contract agreement it was provided that if the contract does not contain any rates or prices applicable to the varied work, the rates and prices in the contract shall be used for variation so far as may be reasonable after due consultation by the Engineer with Employer.

As per Technical Specification Section 2220, the Stripping of top soil is done for removal and disposal of unsuitable and surplus material in accordance with the specification. Stripping of top soil is carried out to a thickness of 6 inches (0.15m).

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management paid an

amount of Rs 5.682 million for a quantity of 41,706 Sq.m for stripping of Sub Base Course and Base Course of different roads during repair work upto IPC # 33 vide Item # 101 Bill # 01 @ Rs 136.25 (Rs 125+9%) per Sq.m. whereas, the same was required to be paid under item “scarification” for which the rate was derived in the work of Access Road VO # 02 (i.e.) Rs 27.72 per Sq.m.

Thus due to application of wrong rate, an amount of Rs 4.526 million (Rs 136.25 – Rs 27.72= Rs 108.53 x 41,706 Sq.m) was over paid to the contractor.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that overpaid sum may be recovered from the contractor or the person held responsible.

PDP-448 (2012-13, NBCDP)

2.4.26 Over payment to the contractor due to double measurements – Rs 1.661 million

As per Technical Specification No. 2231-General Excavation shall consist of excavation for road way, side slopes and other areas. According to canon of financial propriety every 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.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. The management verified and paid for 216,229.36 Cu.m of soft earth work cut and fill to the contractor in different roads and streets. This included 5,079.39 Cu.m cut and fill of soft material for Road # 5; St # 52 and St # 53 as detailed below:

S. No.	IPC No.	Description	RD #	Total cut work (Cu.m)	Total fill Qty. (Cu.m)
1	1	Road #5	000-290	32,089.83	6,240.99
2	1	Road # 5	330-440	3,194.51	4,806.27
3	2,3,4	St # 52		17,919.59	2,815.00
4	2,3,4	St # 53		39,884.39	15,650.99
Total				93,088.32	29,513.25

The management verified a quantity of 5,079.39 Cu.m excavation of road @ Rs 300 per Cu.m with a total cost of Rs 1.661 million in IPC # 5, the work of which was already executed and paid in IPC # 1 to 4.

Measuring and verifying the same quantities twice resulted into overpayment of Rs 1.661 million.

The matter was pointed out to the management on 18th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the responsibility may be fixed for overpayment besides recovery of overpaid amount of Rs 1.661 million from the defaulter.

PDP-449 (2012-13, NBCDP)

2.4.27 Unauthorized/ irregular payment against lump sum provision – Rs 44.626 million

As per Technical Specifications under item No. 402.4 of contract agreement of West Bank Bypass Project (Package-1), “the quantities of false 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”.

The accounts record of West Bank Bypass, Muzaffarabad (Package-1) revealed that payment for the works was made on percentage basis to reckon the work for payment on partial completion. Resultantly the NHA paid an amount of Rs 44.625 million to the contractor as detailed below:

Upto IPC #	Bill No.	Item No.	Description	Unit	BOQ amount	%	Amount (Rs)
24	7.8	SP702b1	Furnish and equip facilities for engineer’s site office	LS	537,500	95	510,625
24	7.17	705a	Construction of temporary road	LS	10,820,000	95	10,279,000
24	7.18	705b	Maintenance of temporary road	LS	3,400,000	87	2,958,000
24	7.29	SP710b	Mobilization and demobilization of contractor’s equipment	LS	20,000,000	95	19,000,000
21	4b.48	SP405d15	Form Traveler	Each	44,451,956	1.78	6,223,274
21	4b.76	SP615b	Stairs to bridge deck at pier 4 (steel)	LS	14,612,411	8	1,168,993
21	7.2	SP707a	Removal of electric/Telephone line and existing services as Specified <Provisional Sum>	LS	5,000,000	90	4,485,817
Total							44,625,709

As the payment in question was made in disregard of contractual obligations, the same is held unauthorized/ irregular.

Non observance of contractual provisions resulted into temporary overpayment of Rs 44.626 million.

The matter was brought to the notice of the management on 25th September 2014. The management in its reply dated 12th November 2014 stated that in the absence of smooth flow of funds by ERRA and in the best interest of Package-I of the Project, the lump sum payments were made on proportionate basis for the completed and accepted items of work. Thus no unauthorized/irregular payment and the related benefits were conveyed to the contractors. Hence there is no anomaly in payment against lump sum items.

The reply is not acceptable as the same is not supported by the contractual provisions as highlighted above which inter alia provide that the payment be made on lump sum basis.

No DAC meeting was arranged till finalization of this report.

Audit recommends that unauthorized/ undue payments may either be justified with facts and figures or the consequential financial benefits obtained through temporary overpayments may be worked out and recovered from the contractor or the person(s) held responsible.

PDP-554 (2013-14, NHA)

2.4.28 Undue benefit to contractor due to payment on provisional basis - Rs 18.714 million

According to Technical Specifications item No. 606 (steel railing) of contract agreement of West Bank Bypass Project (Package-1), “the quantity of steel railing to be paid for shall be the number of linear meters installed in the work completed and accepted”.

Contrary to above, IPC # 23 revealed that 608 meters of item # SP 606C were measured and paid for Rs 18.714 million on 29th April 2014 as detailed below on provisional basis:

S. #	Bill #	Item #	Quantity (M)	Rate (Rs)	Amount (Rs)
1	4a.34	606C (Steel Railing)	100	30,779	3,077,900
2	4b.69	606C (Steel Railing)	248	30,779	7,633,192
3	4c.35	606C (Steel Railing)	260	30,779	8,002,540
Total					18,713,632

Audit holds that payment made on provisional basis was irregular which resulted into loss to the Government due to the time value of money.

The matter was brought to the notice of the management on 25th September 2014. The management in its reply dated 12th November 2014 stated that a length of 608m of installed steel railing against the total required length of 955m was verified for Package-I of the Project upto IPC # 23. The works were being undertaken in parts at a number of locations on top of left and right hand side of concrete railing. That is why it was verified on provisional basis, but no advance or excess payment was made.

The reply is not acceptable as the same is not supported by the contractual provision.

No DAC meeting was arranged till finalization of this report.

Audit recommends that loss to the Government due to the time value of money may be calculated as per prevalent market interest rate and recovered from the person(s) at fault.

PDP-555 (2013-14, NHA)

2.4.29 Undue payment due to incorrect measurements – Rs 4.988 million

As per Technical Specification 405.4.1 the quantity to be measured for payment will be the actual numbers of precast pre-stressed concrete structural member, except for piling of the several types and size, installed in place, completed and accepted. Each member will include the concrete, reinforcement and pre-stressing steel, anchorages, plate, nuts, and other such material contained within or attached to the unit.

The accounts record of West Bank Bypass, Muzaffarabad (Package-I1) revealed that payment for the works was made on fraction basis meaning thereby to reckon the work for payment on partial completion. Resultantly the NHA paid an amount of Rs 4.988 million to the contractor.

IPC #	Bill #	Item #	Description	Unit	Qty.	Rate (Rs)	BOQ Amount (Rs)	Qty. Executed	Amount Paid (Rs)
2	4a015	SP405a	Precast PC member (PC Girder L= 29.9M)	Each	4	1,247,000	4,988,000	1.4	1,745,800
3	4a015	SP405a	Precast PC member (PC Girder L= 29.9M)	Each	4	1,247,000	4,988,000	2.2	2,743,400
4	4a015	SP405a	Precast PC member (PC Girder L= 29.9M)	Each	4	1,247,000	4,988,000	0.4	498,800
Total									4,988,000

As the partial payment was made in disregard of contractual obligations, the same was held unauthorized/ irregular.

Non observance of contractual provisions resulted into undue payment of Rs 4.988 million.

The matter was brought to the notice of the management on 25th September 2014. The management in its reply dated 12th November 2014 stated that in the absence of smooth flow of funds by ERRA and in the best interest of Package-II of the Project, the lump sum payments were made on proportionate basis for the completed and accepted items of work. Thus no unauthorized/ irregular payment and the related benefits were conveyed to the contractors. The same has also been approved by the Competent Authority. Hence there is no anomaly in payment against lump sum items.

The reply is not acceptable as the payment was made contrary to the contractual provision.

No DAC meeting was arranged till finalization of this report.

Audit recommends that loss to the Government due to the time value of money may be calculated as per prevalent market interest rate and recovered from the person(s) at fault.

PDP-558 (2013-14, NHA)

2.4.30 Unauthorized/ irregular payment against lump sum provision - Rs 12.282 million

As per Technical Specification of the items of works (as tabulated below), it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

The accounts record of West Bank Bypass, Muzaffarabad (Package-II) revealed that payment for the works was made on percentage basis meaning thereby to reckon the work for payment on partial completion. Resultantly the NHA paid an amount of Rs 12.282 million to the contractor as detailed below:

IPC No.	Bill No.	Item No.	Description	Unit	Qty	%	Qty Paid	Rate (Rs)	Amount (Rs)
6	4c	404b	Reinforcement as per AASHTO M 31 GRADE 60 (Reinforcement for substructure)						
			Abut. A2 footing	Ton	8.8	80	7.042	128,784.79	906,954
			Pier Pile Cap	Ton	18	70	12.628	128,784.79	1,626,294
6	4e.7	411b	Stone Masonry Random with Mortar	Cu.m	3,286	50	1,642.77	3,196	5,251,055
7	4e	411b	Stone Masonry Random with Mortar	Cu.m	1,655	85	1,407.17	3,196	4,497,962
Total									12,282,266

As the payment in question was made in disregard of contractual obligations, the same was held unauthorized/ irregular.

Non observance of contractual provisions resulted into irregular payment of Rs 12.282 million.

The matter was brought to the notice of the management on 25th September 2014. The management in its reply dated 12th November 2014 stated that in the absence of smooth flow of funds by ERRA and in the best interest of Package-II of the Project, the lump sum payments were made on proportionate basis for the completed and accepted items of work. Thus no unauthorized/irregular payment and the related benefits were conveyed to the contractors.

The reply is not acceptable as the payment was made contrary to the contractual provision.

No DAC meeting was arranged till finalization of this report.

Audit recommends that loss to the Government due to the time value of money may be calculated as per prevalent market interest rate and recovered from the person(s) at fault.

PDP-560 (2013-14, NHA)

Internal Control Weaknesses

2.4.31 Doubtful repair of vehicles - Rs 2.668 million

As per Para 21 (3) of Staff Car Rules 1980 repair work is required to be done through garage nominated by the manufacturer or approved automobile workshop. As per Rule-15 (1) of Public Procurement Rules, 2004 a procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily. As per Rule-21 of Public Procurement Rules, 2004 as amended from time to time, subject to the provisions of rules 22 to 37 the procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than one hundred thousand rupees.

The management of ERRRA made payment of Rs 2.668 million to the following firms for the repair/ maintenance of vehicles:

S. No.	Name of Firm	Total No. CB	Amount (Rs)
1	M/s Cartec Automobile Eng.	24	1,324,329
2	M/s Hassan traders	15	517,571
3	M/s A.S Motors	31	826,124
	Total		2,668,024

The following points were observed:

1. PPRA rules were not observed.
2. All the repairs were made through quotation basis instead of open tenders which needs justification.
3. All the procurements were made without getting prior approval from the competent authority which renders all the procurements doubtful.
4. Frequent repairs without executing formal contract agreement were carried out from the above mentioned firms.
5. Repair of vehicles were executed from the General order supplier (M/s Hassan Traders).
6. As per staff car rules, entries of repair work were not recorded in the log books in the absence of which the expenditure is held doubtful.
7. Old/ replaced parts were not taken on charge in the relevant register.

Audit is of the view that the repair work was to be done from the prequalified firms as per PPRA rules or through authorized automobile workshop after obtaining prior approval from the competent authority. Further, the repair work and replaced parts were to be entered in the log book and relevant register and in the absence of which all the repair work is held doubtful.

The matter was pointed out to the management on 19th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the persons at fault besides remedial measures be adopted to avoid such lapses in future.

PDP-470 (2013-14, ERRH HQ Dev.)

2.4.32 Irregular issuance of cheques to DDO development instead of third parties – Rs 12.377 million

Para-157 (2) of Federal Treasury Rules states that cheques drawn in favour of corporate or local bodies, firms or private persons for payments of Rs 200 and above shall be crossed wherever such payments are made by cheques.

In ERRH HQ, cheques amounting to Rs 12.377 million were issued in the name of Drawing and Disbursing Officer (Development) during the financial year 2013-14 instead of third parties.

Audit holds that payment of cheques to DDO instead of third parties was not only violation of rules but shows lack of internal control and mismanagement on the part of the Authority.

The matter was pointed out to the management on 19th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that practice of issuing cheques to DDO instead of third parties may be stopped forthwith besides fixing the responsibility on the person (s) at fault.

PDP-473 (2013-14, ERRH HQ Dev.)

2.4.33 Non deposit of miscellaneous receipts into Federal Government Treasury - Rs 34.384 million

As per Para 26 of ERRA Accounting Procedure, “The receipts, if any, generated by the Authority shall be the receipts of the Government and shall be deposited into Government Treasury. The receipts shall be deposited in the Government Treasury on the same day, and if received after banking hours, on the next working day”.

Contrary to the above, the ERRA collected receipts of Rs 34.384 million during the financial year 2013-14 through different sources as detailed below and deposited it into ERRA fund instead of Federal Government Treasury.

S. No.	Description	Amount (Rs)
1.	Profit	34,046,496
2.	Auction receipts	137,455
3.	Bidding charges	73,932
4.	Cash receipts	89,790
5.	Other receipts	36,250
	Total	34,383,923

Thus due to deposit of misc. receipts into ERRA Fund instead of Government Treasury, the ERRA management has irregularly funded its accounts.

The matter was pointed out to the management on 19th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that amount may be deposited into Federal Government treasury immediately and got verified from Audit.

PDP-474 (2013-14, ERRA HQ Dev.)

2.4.34 Irregular Purchase of Stationary and Misc. Items - Rs 7.939 million

As per Rule 9 of PPRs a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website. As per Rule 20-21 of PPRs the procuring agency shall use open competitive bidding as the principal method of procurement for

the procurement of goods, services and works. The procuring agency shall engage in open competitive bidding if the cost of the object to be procured is more than Rs 100,000.

The management of ERRRA expended an amount of Rs 7.939 million on the purchase of stationary and miscellaneous items during the year 2013-14. As per rules, annual requirement for purchase of stationary and miscellaneous items was required to be made and tender was required to be called for in term of PPRs at the beginning of the financial year which the ERRRA management did not do.

Thus, due to non observing the procurement rules, the management has violated the safeguards for competitive and in-discriminated procurement which resulted into mis-procurement and irregular payment of Rs 7.939 million.

The matter was pointed out to the management on 18th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the responsibility may be fixed on the person(s) at fault. Besides, the irregular purchase of stationary and miscellaneous items may be got regularized from the competent forum.

PDP-588 (2013-14, ERRRA HQ ND)

2.4.35 Irregular payments through cash and loss to State in the shape of Income Tax and Sales Tax - Rs 1.628 million

As per Rule 157 (b) of FTR every cheques of Rs 200 and above may be crossed. As per Rule 160 of FTR cheques shall not be issued for sums less than Rs 10 unless this is permissible under the provisions of any law or rule. As per provision of GFR Vol-I every stock must be recorded in the stock ledgers.

As per Section (3) (1) of Sales Tax Act, 1990 as amended from time to time, subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of supplies made by a registered person in the course or furtherance of any taxable activity carried on by him.

As per Section 153 of Income Tax Ordinance as amended from time to time, every person while making payment on supply of goods shall, at the time of making payment, deduct tax from the gross amount at the rate 3.5%.

The management of ERRA procured miscellaneous items and stationary items amounting to Rs 7.934 million (Rs 2.312 million + Rs 5.622 million) and made the cash payments through DDO. The stock purchased during the year was not entered in the stock register/ ledger.

Audit observed the followings:

- i. The cash payments made through DDO is against the financial discipline, which shows the weak management of finance wing and weak control over expenditure.
- ii. Due to payments made through cash the State suffered a loss of Rs 1.628 million (277,878 + 1,349,696) in the shape of 3.5 % Income Tax and 17 % Sale Tax.
- iii. Non accountal of stock in the stock ledger is a serious lapse against the management of ERRA.

The matter was pointed out to the management on 18th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter be investigated thoroughly to fix individual responsibility and to recover the amount involved from the person(s) at fault.

PDP-591 (2013-14, ERRA HQ ND)

Chapter-3

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

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.

AUDIT PARAS

Non Production of Record

3.2.1 Non-production of record

Section 14 (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that any person or authority hindering the auditorial functions of the Auditor-General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person and as per Para 17 of GFR Vol-I, it is the duty of every departmental and controlling officer to see that the Auditor General is afforded all reasonable facilities in the discharge of his functions and furnished with the fullest possible information for which he may ask, for the preparation of any account or report, which it is his duty to prepare. No such information nor any books or other documents to which the Auditor General has a statutory right of access may be withheld.

During the course of audit of DG PERRA and line departments for the year 2013-14, various record was requisitioned which was not produced for audit scrutiny despite repeated written and verbal requests. The detail is given in Annexure-VI which contained mainly the financial transactions, assets and the personal files. Non availability of such record creates doubts about the authenticity and the actual picture of the organizations. In this way, the record relating to various transactions and assets etc. could not be checked in addition to the personal record of the employees.

The matter was pointed out during September to November 2014 but no satisfactory reply was produced.

Audit holds that non-production of record is serious lapse on the part of management which needs to be probed to fix responsibility as per rules/ regulations under intimation to audit.

DG PERRA, AP No. 85, 86 & 88, (13-14) DDR-MAN AP No. 214, (13-14),
DDR – BTG AP No.241, (13-14), DDR-Shangla AP # 317, (13-14)

Irregularities/ Non Compliance

3.2.2 Loss due to non-termination of contract and non-recovery of secured advance – Rs 99.174 million

According to clause 60.11 of contract, secured advance shall be granted on material against indemnity bond for non-perishable items brought at site but not yet incorporated in the permanent work.

Deputy Director Reconstruction Abbottabad awarded Package No. 08 and Package No. 11 to M/s Massid Developers (Pvt.) Ltd during 2007 as detailed below:

Package No.	No. of schools	Contract Cost (Rs in million)	Date of award	Date of completion	Expenditure upto 30.06.2014 (Rs)	Secured advance granted (Rs)	Outstanding secured advance (Rs)
08	13	47.383	16.06.2007	16.06.2008	35,896,144	7,289,395	3,038,932
11	13	75.910	21.07.2007	20.07.2008	59,392,289	7,548,019	846,480
Total					95,288,433	14,837,414	3,885,412

Following shortcomings were noticed:

- i. The contractor could not complete the work till date. No liquidated damages were imposed for this delay as required under GCC 49.
- ii. The contracts were recommended for termination due to slow progress by NESPAK but no termination of the contracts was made.
- iii. Secured advance of Rs 3,855,412 was still outstanding against contractor.

iv. Performance guarantees expired on 31.12.2013 in violation of GCC 10.

The above state of affairs revealed that undue favor was extended to the contractor by non-imposing LD, non-termination of contract despite recommendation and non-recovery of secured advance since October 2010. This resulted into total loss of Rs 99.174 million (Rs 95.288 + Rs 3.885) due to non completion of work in due course of time.

Likewise due to slow progress of 14 packages of education sector (Annexure-VII) for which an amount of Rs 21.057 million had been incurred, NESPAK recommended for termination of these packages to Deputy Director (Reconstruction) Abbottabad during 2011. Contrary to this fact, department did not terminate the projects. Secured advance of Rs 1.752 million was also outstanding against packages No 53, 56-A, 91 and 97 but no remedial action was taken by the department.

Thus due to non termination of these contracts, the expenditure incurred has gone waste while the advances are also still outstanding. Further due to non-completion of termination action, the loss will aggravate in the shape of claims and counter claims of the contracts.

In these cases total loss of Rs 121.982 million (Rs 99.174 million + Rs 21.057 million + Rs 1.752 million) was given to the Government.

The irregularity was pointed out on 30th October 2014. The department replied that contracts were terminated, consultant recommended the recovery of secured advances and insurance company has been requested for encashment of performance guarantees. The secured advances would be recovered when next claims of contractors are received.

The reply is not acceptable as no documentary evidence in its support was produced. Further the required action was not taken at proper time.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit holds that immediate recovery of the advances may be made beside investigation and fixing the responsibility against the person (s) at fault for causing loss under intimation to audit.

(AP No.104, 105 & 115, DDR Atd 13-14)

3.2.3 Doubtful payment on account of filling of shoulders – Rs 5.240 million

As per NHA General Specification at item No. 100.1, earthwork will consist of all necessary work for the excavation and placing in embankment or backfill or disposal by dumping of earth, rock or other material from or to the roadway and as per item No. 105.3, all material removed from excavation shall be used in the formation of embankment, sub grade, shoulders, and at such other places as directed, unless it is declared unsuitable and ordered to waste by the Engineer.

Deputy Director Reconstruction (PERRA) Abbottabad awarded a contract for reconstruction of Lora Sawar Gali Lahoor Road (P-I) 14.80 Km to M/s Raees Khan & Co. on 7th December 2009 with completion period of 12 months. The road was shown taken over w.e.f. 30th September 2013 vide NESPAK letter dated 7th March 2014.

Scrutiny of IPC No. 14 revealed that an item of work “Shoulder fill” was paid for Rs 5.240 million ($12,187\text{m}^3 \times \text{Rs } 430$) for entire length of 14+880 kilometer. The total fill quantity for entire road was $3,848\text{m}^3$ which showed that either the shoulders were not earlier provided in estimates or the quantity paid was just to accommodate the contractor. Excavation of earthwork for entire road was carried out and measurement/ payment for fill of 1.17m wide shoulder for full stretch of road shows otherwise which creates doubts about widening/ earthwork of such huge quantity.

This resulted into doubtful expenditure of Rs 5.240 million for filling of shoulder on entire length of road.

The irregularity was pointed out on 30th October 2014 and department replied that entire length of shoulder fill has been executed. As such audit point of view was admitted but no recovery has been made.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that doubtful expenditure for filling of shoulder may be investigated to ascertain the negligence on the part of the department and fixing responsibility against person(s) at fault besides recovery under intimation to audit.

(AP No. 109, DDR Atd 13-14)

3.2.4 Excess payment due to execution of earthwork not related to scope of awarded work - Rs 47.159 million

As per administrative approval of PERRA vide letter No. PERRA/AA/2010 dated 18th May 2010, the work of reconstruction of Lora Sawar Gali Lahoor Road

(P # I) was awarded to M/s Raees Khan & Co on 7th December 2009 for 14.80 Km road for Rs 227.00 million.

Para 10 (ii) of GFR Vol-I provides that the expenditure should not be prima facie more than the occasion demand and as per Para 11 of GFR Vol-I each head of the department is responsible for enforcing financial order and strict economy at every step.

Deputy Director Reconstruction (PERRA) Abbottabad paid Rs 206.312 million (IPC # 14) upto 30th June 2014 to contractor. The work was technically sanctioned by Chief Engineer PERRA Abbottabad vide letter dated 29th March 2012 for Rs 242 million. Scrutiny of IPC # 14 and Technical Sanction (TS) revealed that earthwork was executed on two existing metalled roads of 10.2 Km and Rs 40.723 million was paid for this work in addition to approved length of 14.80 Km as detailed below:

S #	Road	Length	Common Material	Hard Rock	Medium Rock	Soft Rock	Total Qty m ³
1	Existing metalled road ending at T junction of Murree Nathia Gali Road	4.6 Km	6777.507	5899.809	6499.158	7337.348	28513.822
2	Existing metalled road from Ghora Gali, Lora Road junction	5.6 Km	12816.127	7948.728	8781.058	11725.620	41271.532
Rate (Rs)			370	750	700	650	---
Total (Rs)			7,249,645	10,386,403	10,696,151	12,390,929	40,723,128

The above state of affairs showed that these works were executed to accommodate the contractor by utilizing the available funds/ resources. This work was not covered in the scope of original PC-I/ Administrative Approval for reconstruction of 14.80 Km road. The work was required to be restricted to original approved scope/ length of road.

No other items of work like sub base, base, and asphalt was executed and paid on these roads except patch work of Rs 3.506 million on certain areas of these two roads. Moreover earthwork of Rs 6.436 million on approaches to link roads was also executed over and above the approved length of 14.80 Km.

This resulted into excess payment of Rs 47.159 million (Rs 40.723 + 6.436) due to execution of excessive work beyond approved scope of work.

The irregularity was pointed out on 30th October 2014 and department replied that additions/ alterations were part of contract and earthwork was done in addition to the patch work/ repair provided in Bill No. 08 of BOQ.

The reply is not tenable because earth work was not included in Bill No.8 of the contract/ BOQ.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that excess payment due to execution of excess work beyond approved scope of work may be recovered and matter be investigated to determine the responsible(s) under intimation to audit.

AP No. 110 & 111, DDR Atd (13-14)

3.2.5 Unjustified expenditure due to enhancement of cost of road work to accommodate the damages caused by rain – Rs 41.774 million

According to (Earthquake Reconstruction and Rehabilitation Authority Act, 2011) Act No. 5 of 2011 published vide No. F.22(52)/2009-Legis dated 14th March 2011, Power of Authority (ERRA) to perform its functions at Sr. No. 6(e), the Authority may approve individual projects, programs and schemes, within the scope of the approved umbrella programme.

According to the Chief Engineer (EQAA) Abbottabad letter No. 1478/14-A dated 15th May 2013 contract cost of Pather Gali via Riali Road was enhanced to Rs 65.544 million from Rs 24.300 million upon recommendation of Deputy Director Reconstruction Abbottabad.

Deputy Director Reconstruction Abbottabad awarded a contract for reconstruction of Pather Gali via Riali Road to M/s Zahir Shah & Bros on 25th November 2008 at cost of Rs 24.300 million. Work was commenced on 5th January 2009 and was required to be completed upto 4th January 2011. An amount of Rs 67.774 million was paid upto 30th June 2014 for reconstruction of said Road (8 Km) but the contractor could not complete the work in stipulated time. Following further shortcomings were noticed:

- i. The contractor could only manage to execute work of Rs 18.580 million (physical progress 55 %) till original date of completion i.e. 4th January 2011.
- ii. Extension for one year was granted till 17th May 2012 without observing contract clause 44 which inter-alia demands that it should be on specific grounds.

- iii. The contract cost was enhanced from Rs 24.300 million to Rs 65.546 million on 29th April 2013 as the consultant M/s NESPAK re-appropriated the BOQ of the road for damages caused by heavy rains. No detail of damages caused by rains was provided.

The management re-appropriated the project cost by regrouping the variations. Prima facie it was a case of enhancement of scope of work in three fold approx. It is incomprehensible that damage work/ cost can never exceed from the original work/cost. But in the instant case, the damage work merely due to rain cause has been enhanced from Rs 24.300 million to Rs 65.546 million which is not understood. This resulted into unjustified expenditure of Rs 41.774 million (Rs 67,773,847 – Rs 24,300,000).

The irregularity was pointed out on 30th October 2014 and department replied that the progress of work was less than planned due to court case. However EOT was granted and revised quantities were approved by competent forum.

The reply is not tenable because estimates were enhanced just to accommodate the contractor on the ground of heavy rains.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that unjustified expenditure due to enhancement of contract may be got investigated to fix responsibility on the person(s) at fault besides effecting recovery.

(AP No. 116, DDR Atd 13-14)

3.2.6 Excess payment due to non-utilization of available common material - Rs 8.459 million

As per NHA specification vide item 108.4.1 (iii) formation of embankment from roadway excavation, the quantity shall be the same as calculated for Roadway Excavation. The contractor will be supposed to use material from Roadway Excavation irrespective of haulage distance.

According to Note 1 of BOQ “the suitable rock material from roadway excavation shall be used in most effective manner in the construction of embankments, widening of road of any sort granular sub base, aggregate base course, water bund macadam, backfill round / behind the structures, stone masonry of culverts, retaining walls, breast walls, culverts, stone grouted / plain riprap, stone gabions or any other work included in the project”.

Deputy Director Reconstruction Abbottabad made payments against various contracts where excavated common material and hard rock was available but the same was not utilized in other works by the contractors. Due to non utilization of available material, an amount of Rs 8.459 million was overpaid to the contractors as detailed below:-

- i. An amount of Rs 97.591 million was paid till 30th June 2014 to M/s Yasin Shah & Bros for reconstruction of Abbottabad Sherwan Road (Package-II). It was observed that 17,773 m³ common material from excavation was available for formation of embankment while the total requirement was only 13,840 m³ for item of work “Formation of embankment from road way excavation in common material”. As such there was no further requirement of material for formation of embankment. So the payment of Rs 3.239 million (13,840 m³ @ Rs 234) on this account was unduly made.
- ii. Similarly IPC-10 of M/s HESPAK for reconstruction of Dewal Manal Road (11 Km) revealed that 28,782 m³ common material from excavation was available for formation of embankment while the total requirement was 35,226 m³ for item of work “Formation of embankment from road way excavation in common material”. However, at the time of payment, the management deducted a quantity of 17,000 m³ @ Rs 196 instead of 28,782 m³. Thus the contractor was overpaid to the extent of Rs 2.309 million (28,782 m³ – 17,000 m³ = 11,782 m³ @ Rs 196) due to less deduction of available material.
- iii. Another contract for Phullanwali Kanyal Road (09 Km) was awarded to M/s Syed Mehboob Shah & Sons on 19th September 2008 for bid cost of Rs 76.640 million. The contractor claimed 6,509 m³ excavation of common material for Rs 3.255 million. Common material obtained from road way excavation was required to be utilized for formation of embankment and sub base etc. This material was not utilized in other item of road work i.e. embankment formation from road way common material of 3,447 m³. As such overpayment of Rs 1.724 million (3,447 m³ x Rs 500) on account of non-utilization of available material was made to contractor.
- iv. Similarly, the record of Lassan Takral Kanger Road revealed that 3,788 m³ common material used in formation of embankment was not deducted from excavation of common material which resulted into excess payment of Rs 473,500 (3,788 m³ x Rs 125). Available 2,553 m³ hard rock was not

utilized in water bound macadam and stone masonry work which resulted in excess payment of Rs 714,840 (2,553 m³ x Rs 280/m³).

This resulted into total excess payment of Rs 8,459,672 (Rs 3,238,560 + Rs 2,309,272 + Rs 1,723,500 + Rs 473,500 + Rs 714,840) on account of formation of embankment from common material.

The irregularity was reported to the management on 30th October 2014. The management replied that common material was not reflected in PC-I and Consultant has been asked to ensure recovery or provide certificate for unsuitability of material which has not been provided. On the other hand, in case of non utilization of common material for road work at S. No. 2 above, it was intimated that during a joint visit of site it was decided that only 25% hard rock be utilized as the remaining material was not suitable. As regards S. No.3 above, the material was not suitable.

The reply is not tenable as no proper action was taken by the department and the material was required to be used and deducted which was not done. The rates paid for common material excavation itself proves its suitability for use.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that responsibility for making such payment and providing undue favour to the contractor be fixed besides recovery of excess payment from the defaulters.

(AP No. 119,120, 121 & 123 DDR Atd 13-14)

3.2.7 Loss due to non-termination of contracts already recommended by NESPAK - 17.820 million

According to GCC clause 63.1, the employer may, after serving 14-days' notice to the contractor, enter upon the site and the works and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or affecting the rights and authorities conferred on the employer or the engineer by the contract".

Deputy Director Reconstruction Abbottabad awarded various packages of education sector to different contractors. Out of which, 11 contracts were recommended for termination by the consultant M/s NESPAK due to slow progress, non-compliance of instruction of consultant and contractual obligations (Annexure-VIII). Amongst those only Package No. 13-C was restored and MOU was

signed with the contractor on 7th January 2013 to take up the balance work that too was incomplete till September 2014. No action for remaining packages was taken by department.

Audit is of the view that delayed action in termination of contracts or non resumption of the balance work has resulted total payment made on these schemes into loss of Rs 17.820 million for the works already executed as the objects tagged to these schemes could not be achieved and expenditure defrayed so far gone waste.

The irregularity was pointed on 30th October 2014. The department replied that Package No. 15-C out of these 11 packages was retendered but the contractor was not willing to work. Appropriate action of retendering will be initiated.

Reply is not tenable because forfeiture/ encashment of guarantee and blacklisting of defaulting contractors was not done.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that loss to the Government due to indecision about termination may be investigated to determine the responsible(s) for taking disciplinary action.

(AP No. 124, DDR Atd 13-14)

3.2.8 Wasteful expenditure on road with least population pressure and traffic count of only 2 vehicles per day – Rs 85.061 million

According to ERRRA Transport Strategy S. No. 2.6.1.1, “the road network and allied structures in the earthquake affected areas will be built-back-better and upgraded to ensure improved and unhindered communication”.

Deputy Director Reconstruction (PERRA) Mansehra awarded the contract for rehabilitation / reconstruction of Kaith Serash Jabbar Baggar Road (Package II) to M/s Muhammad Haroon & Sons for bid cost of Rs 64.997 million on 17th April 2008 with completion period of 20 months. An amount of Rs 85.062 million (upto IPC # 11) was paid till June 2014 to contractor for 100% earthwork and 65% structural work with no carpeting leaving the road as shingle.

The consultant M/s NESPAK vide letter dated 12th April 2012 reported that the road does not serve major population and daily traffic is 2 vehicles. The letter also indicates that the road is passing through hilly area with high gradient. The road structure may damage in future due to threat of active slips at various locations. As

such major rehabilitation is not feasible and recommended that the road may be constructed as shingle to avoid un-necessary expenditure.

It is evident from above referred letter that the rehabilitation of subject road was not actually required, thus the expenditure already incurred has gone waste and motto of ERRA “Built-Back-Better” has been defeated badly.

Following irregularities were also observed:

- i. DRU Mansehra vide letter dated 6th November 2011 raised objections regarding damages to work done, slips and no work/ activity at site by contractor and requested the department to justify the change of scope of work from black top to shingle at belated stage.
- ii. Scope of work was revised through variation order dated 31st March 2009 (Rs 65.076 million to Rs 56.588 million), revised PC-I of Rs 121.639 million (dated 10th March 2011).
- iii. Revised Technical Sanction was not obtained despite revision of PC-I in 2011.
- iv. Engineering estimate was revised by NESPAK due to reduction in length and scope of work but record was not available.

This resulted into unjustified and wasteful expenditure of Rs 85.062 million due to inclusion of road in ERRA strategy requiring no rehabilitation/ reconstruction, award and execution of work on road having no traffic and serving low population.

The matter was pointed out during October 2014. The department replied that there is no change in scope of work and the same is carried out according to revised PC-I. As regards traffic volume it will serve huge population scattered in the surrounding hilly areas particularly in village Bagger.

The reply is not acceptable as the consultant i.e. the most relevant authority speaks otherwise in the matter vide communication referred to above.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that wasteful expenditure be got investigated to fix the responsibility and making the loss good from defaulters.

AP # 160, DDR-MAN, 13-14

3.2.9 Wasteful expenditure on earthwork due to termination of contracts – Rs 55.647 million

As per Para 10 (ii) of GFR Vol-I, the expenditure should not be prima facie more than the occasion demands and Para 11 of GFR Vol-I states that each head of

the department is responsible for enforcing financial order and strict economy at every step.

According to ERRRA Transport Strategy, Sr. No. 2.6.1.1, “the road network and allied structures in the earthquake affected areas will be built-back-better and upgraded to ensure improved and unhindered communication”.

Deputy Director Reconstruction (PERRA) Mansehra terminated six contracts of roads during January 2014 in addition three other contracts were recommended for termination due to stoppage of work/ poor performance of contractors. An amount of Rs 55.647 million was paid to contractors on account of excavation of maximum earthwork against BOQ as detailed below:

S #	Name of Road	Name of contractor	Contract Cost (Rs)	Earthwork	
				BOQ Amount (Rs)	Amount Paid (Rs)
1	Jareed Bazar to Nakkian Road	M/s Raja Naik Muhammad & Co.	37.719	6.60	4.578
2	Kaith Serash Dandar Road	M/s Kala Dhaka Const: Co.	21.151	7.71	6.523
3	Palm GaliKhabbal Road 2.5Km	M/s Pakhal Construction	10.065	4.46	4.369
4	Paras to Suan Road 8 Km	M/s Wali Muhammad & Co.	50.165	6.600	1.745
5	Garhi Habibullah Buraj Road 3 Km	M/s Babar & Co.	21.305	13.96	12.860
6	Mangli Mittikot Road (6 Km)	M/s Haroon & Brothers	31.366	12.75	8.115
7	Galli Gada Road (4 Km)	M/s Mubarrak Rehman & Co.	26.055	8.872	6.24
8	Afzalabad Chiria Raod 4 Km	M/s Babar & Co.	26.694	6.963	4.320
9	Chattar Balimang Road 5 Km	M/s Haroon & Co.	30.991	8.179	6.897
Total					55.647

From the above tabulated information, it is evident that the earthwork was executed on pick and choose basis otherwise there was no justification to go ahead in isolation and that too by setting aside the work schedule. Thus due to execution of earthwork alone the interest of state was compromised as earthwork executed could only be protected with other allied components like sub-base, base and asphalt.

Audit holds that the entire payment on account of earthwork has gone wasted as these roads were planned for carpeting and non-execution of such work caused loss to Government exchequer.

The matter was reported during October 2014. The management replied that the original contracts were terminated after earthwork and the balance work will be retendered.

The reply is not acceptable because the works were not retendered till date of audit and the earthwork already executed has gone wasted.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that the matter may be investigated to fix responsibility on the person(s) at fault and recovery be effected under intimation to audit.

AP No.161, DDR-MAN (13-14)

3.2.10 Loss due to non-forfeiture of performance guarantees – Rs 25.494 million

According to GCC clause 63.1, the employer may, after serving 14 days' notice to the contractor, enter upon the site and the works and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or affecting the rights and authorities conferred on the employer or the engineer by the contract".

Deputy Director Reconstruction (PERRA) Mansehra terminated six contracts for roads works during January 2014 due to poor progress/ stoppage of work by contractors. The performance guarantees were required to be forfeited and en-cashed which was not done.

Similarly three (03) contracts of roads were recommended for termination (S. No. 7 to 9). The performance guarantees of contractors were found expired long before termination of these contracts as detailed below:

S #	Name of Road	Name of contractor	Contract Cost (Rs)	Date of award	Physical Progress	Performance Guarantee expired on	Amount of Performance guarantee (Rs)
1	Kaith Serash Dandar Road	M/s Kala Dhaka Construction Co.	21.151	18.12.2008	33%	13.11.2011	2.151
2	Palm Gali Khabbal Road 2.5 Km	M/s Pakhal Construction	10.065	22.12.2008	38%	18.01.2011	1.006
3	Jareed Bazar to Nakkian Road	M/s Raja Naik Muhammad & Co.	37.719	09.12.2008	21%	13.11.2009	3.771
4	Mangli Mittikot Road (6 Km)	M/s Haroon & Brothers	31.366	22.12.2008	39%	05.02.2011	3.136
5	Paras to Suan Road 8 Km	M/s Wali Muhammad & Co.	50.165	22.12.2008	18%	15.01.2011	5.016
6	Garhi Habibullah Buraj Road 3Km	M/s Babar & Co.	21.305	26.12.2008	42%	23.12.2013	2.130
7	Gali Gadda Khan Road (4Km)	M/s Mubarrak Rehman & Co.	26.055	01.01.2009	38%	02.09.2011	2.605
8	Afzalabad Chiria Road 4Km	M/s Babar & Co.	26.694	19.12.2008	59%	01.12.2011	2.669
9	Chattar Plain Balimang Road 5Km	M/s Haroon & Co.	30.991	15.01.2009	83%	13.02.2013	3.010
Total							25.494

Audit holds that timely forfeiture of performance guarantees was not carried out which resulted into loss of Rs 25.494 million to Government exchequer.

The irregularity was reported during October 2014. It was replied that the contracts were terminated with forfeiture of retention money beside recommendation to Pakistan Engineering Council for punitive action.

The reply is not acceptable as no such action has been reported so far.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that loss due to non-forfeiture of performance guarantees may be investigated and responsibility be fixed on the person(s) at fault, besides recovery under intimation to audit.

AP No. 165, DDR-MAN (13-14)

3.2.11 Loss on account of sub-base and base course without carpeting of roads due to termination of contracts – Rs 8.978 million

According to NHA General Specification (206.3.5 Maintenance), the completed base course shall be maintained in an acceptable condition until the necessary subsequent treatment is applied.

Deputy Director Reconstruction (PERRA) Mansehra paid Rs 8.978 million to contractors for execution of sub base and base course without protection work like blacktopping for following three roads terminated during January 2014:

S #	Name of road	Contractor Name	Amount paid for sub base & Base Course
1	Palm Gali Khabbal Road 2.5 Km	M/s Pakhal Construction	1.746
2	Afzalabad Chiria Raod 4 Km	M/s Babar & Co.	3.025
3	Chattar Balimang Road 5 Km	M/s Haroon & Co.	4.207
Total			Rs 8.978

Audit is of the view that the work i.e. sub-base and base course laid during 2010 and 2011 on road without carpeting was wasteful and caused loss to Government due to improper planning, lack of supervision and monitoring.

The matter was reported during October 2014 and department replied that terminated contracts are being put to re-tenders for execution of balance work.

The reply is not tenable because tendering has been banned by ERRRA. Sub-base and base already will deteriorate and require repair before carpeting.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that matter may be investigated to fix responsibility on the person(s) at fault and recovery under intimation to audit.

AP No.166, DDR-MAN (13-14)

3.2.12 Doubtful payment due to non-availability of detailed measurement sheets and revised X-Section – Rs 8.054 million

According to GCC 56.1, the engineer shall ascertain and determine by measurement the value of the works in accordance with the contract and the contractor shall be paid that value in accordance with clause 60. According to GCC 60, the contractor shall on the basis of joint measurement of work done submit to the engineer at the end of each month six copies, each signed by the contractor representative approved by the engineer.

Deputy Director Reconstruction (PERRA) Mansehra paid Rs 8.054 million to M/s Trand Construction Company for earthwork on Jabbar Changri Naral Ban Road (7 Km). The detail measurement sheets in support of payments were not available on record with the department. The detail is as under:

S #	IPC No.	Amount of Earthwork (Rs)	Remarks
1	6	2,535,000	Detail measurement sheets were not available/ attached to ascertain the excavation of earthwork.
2	7	630,000	
3	8	1,194,627	
4	10	447,660	
5	13	1,972,104	
6	15	1,275,000	
Total		8,054,391	---

The table also reveals that the measurement upto IPC No. 5 was carried out and non-carrying out the measurement in IPC No. 6 onward is not understood. Further it is also not clear as to how the earthwork remained in progress till IPC No. 15 where payment on this account has been made for Rs 1.275 million.

Moreover the road was completed and handed over to concerned department. Retention money was also released to contractor vide IPC No. 20. However revised X-sections and schedule of quantities were not obtained from contractor as required in order to ascertain the excavation.

Audit holds that payment made for earthwork without detailed measurement was doubtful.

The matter was reported during October 2014. The department replied that payment was made on the basis of cross section which is not acceptable because payment was required to be made by measurement.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that doubtful payment in absence of measurement may be investigated to fix responsibility on the person(s) at fault and carrying out the recovery from responsible(s).

AP No. 167, DDR-MAN (13-14)

3.2.13 Overpayment due to less deduction of available hard rock material – Rs 4.836 million

Note 1 of BOQ provides that the suitable rock material from roadway excavation shall be used in most effective manner in the construction of embankments, widening of road of any sort granular sub base, aggregate base course, water bound macadam, backfill round/ behind the structures, stone masonry of culverts, retaining walls, breast walls, culverts, stone grouted/ plain riprap, stone gabions or any other work included in the project.

Contract for reconstruction/ rehabilitation of Jabbar Changri Naral Ban Road (7 Km) was awarded to M/s Trand Construction Company by Deputy Director Reconstruction (PERRA) Mansehra. The contractor was paid Rs 6.423 million vide IPC No. 20 for 16,056.74 m³ quantity of work “Excavate surplus Hard Rock Material”. The consultant M/s NESPAK expressed that 85% of the excavated hard rock is usable in stone masonry work.

The record further revealed that only 1,794 m³ of hard rock was deducted whereas quantity of 13,885 m³ (16,335 m³ x 85%) was required to be deducted. This resulted into overpayment of Rs 4.836 million (13,885 m³ – 1,794 m³ = 12,091 m³ x Rs 400) due to less deduction of available hard rock material.

The matter was reported during October 2014. Management admitted overpayment to the extent of Rs 2.373 million (5,933 m³ x Rs 400) but recovery was not made.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that overpayment be recovered under intimation to audit.

AP No.169, DDR-MAN (13-14)

3.2.14 Excess payment on account of price adjustment for non-BOQ item of work - Rs 1.781 million

According to clause GCC 70 of contract condition (Price Adjustment), all rates contained in the priced bill of quantities (BOQ), shall be deemed to include all variations in cost of the inputs to the contract.

As per Para 10 (ii) of GFR Vol-I, the expenditure should not be prima facie more than the occasion demands and Para 11 of GFR Vol-I states that each head of the department is responsible for enforcing financial order and strict economy at every step.

According to variation order No. 1 of Berkund Nokot Road (5.5 Km) vide Chief Engineer letter No. 1095/4-D dated 3rd November 2010, at Sr. No. 7 (Adjustment of Contract Price) Plant mix asphalt (non-BOQ item) was approved without markup and rebate.

Deputy Director Reconstruction (PERRA) Mansehra approved variation order of Rs 4.184 million for reconstruction of Berkund Nokote Road (5.5 Km) on 3rd November 2010. The item of work “Bit mac” was deleted and “Plant mix asphalt 50 m” was proposed with no markup on rate. The rate of asphalt was fixed for Rs 13,130

against rate of hot bit mac of Rs 13,000. It was observed that Price adjustment was paid to the contractor against asphalt (non-BOQ item) work executed vide IPC No. 5, 6 and 7 as detailed below:

S #	IPC No.	Amount of asphalt (Rs)	Price adjustment allowed (Rs)
1	5	5,398,890	517,752
2	6	2,958,039	335,845
3	7	377,512	927,890
Total			1,781,487

This resulted into overpayment of Rs 1.781 million on account of price adjustment on non-BOQ item.

The irregularity was pointed out during October 2014. The department replied that necessary recovery will be made from retention money of contractor. No such action was reported.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit holds that overpayment may be recovered besides investigation for such lapse under intimation to audit.

AP No. 184, DDR-MAN (13-14)

3.2.15 Unjustified expenditure for reconstruction of self-financing private institution/ college – Rs 155.722 million

According to Earthquake Reconstruction and Rehabilitation Authority Act, 2011 published vide No. F.22 (52)/2009-Legis dated 14th March 2011; Power of Authority (ERRA) to perform its functions at Sr. No. 6(e), the Authority may approve individual projects, programs and schemes, within the scope of the approved umbrella programme.

As per S. No. 1.6 of approved Education Strategy of ERRA, 2,766 damaged Government educational facilities were planned for reconstruction in KP.

Deputy Director Reconstruction (PERRA) Mansehra paid Rs 155.722 million for construction of Pakistan Scouts Cadet College Batrasi Mansehra as detailed below:

(Rs in million)

P. No.	Name of facility	Bid cost	Expenditure (June 2014)
80-A	Kaghan House & RBN Block	101.840	130.629
80-B	Chinar House, Hospital unit & Office block	27.711	8.335
80-C	Principal House, Category IV residence & Shops, bank	31.540	16.758
Total		161.091	155.722

The above schemes were not included in ERRA Education Strategy. PC-I of these non-strategy schemes was approved by ERRA during 2008. The status of college is self-financing private institution as no government is involved in its management/ financing etc.

In view of the above, incurrence of such a huge amount of Rs 155.722 million on a private institution being non-strategy schemes is beyond the mandate of ERRA. This not only deprived the damaged schools of government sector identified for reconstruction through Education strategy but also placed extra burden on Government of Pakistan.

The irregularity was reported during October 2014 and the management replied that the work was carried out after approval of ERRA.

Reply is not tenable because these works were not part of ERRA Education Strategy covered under approved umbrella programme.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that incurrence of huge expenditure on self-financing private institute may be investigated to fix responsibility and amount may be recovered from responsible(s) under intimation to audit.

AP No. 185, DDR-MAN (13-14)

3.2.16 Irregular enhancement of cost of contract beyond permissible limits without retendering - Rs 46.578 million

According to ERRA letter No.1-2/2006/EDU (Mansehra)/ ERRA dated 16th October 2011, the scope of work of M/s One Ten (Pvt.) Ltd was changed by deleting four schools previously awarded to the contactor and replacing Government Girls Degree College (GGDC), Hassa.

Deputy Director Reconstruction (PERRA) Mansehra awarded the work Design, Supply and Install Turnkey contract of Pre-Engineered Structure (Light Gauge Cold Formed Steel Structure) 18 schools buildings on covered area basis. An

area of 39,000 sft covered these school buildings, contract of which was awarded to M/s One Ten (Pvt.) Ltd. at bid cost of Rs 130.865 million on 28th July 2009. Following shortcomings were observed in this contract:

- i. 4 schools were deleted from the scope of work. The covered area of deleted schools was shown 14,000 Sft. according to Chief Engineer Abbottabad letter dated 1st December 2011 while this area was shown as 9,500 Sft. in variation order issued by same authority on 10th January 2012.
- ii. GGDC Hassa was included by ERRA vide Dir. General II ERRA letter dated 16th December 2011 with covered area of 25,127 Sft. in the contract. The total covered area of the contract was increased to 56,350 Sft. enhancing original scope of work by 91%. This resulted in increase of Rs 46.578 million in the contract cost which is 40% of original contract cost of Rs 130.865 million.

Audit holds that:

- i. The increase of Rs 46.578 million in cost of contract is not covered under any rule as PPRA allows increase of 15 % only.
- ii. The scope of work has also been increased upto 91 % of original work which is also contrary to PPRA as retendering was required for inclusion of independent college unit in the contract.
- iii. The GGDC Hassa was included after three years of award of contract which shows that undue favor was extended to contractor.

The irregularity was reported during October 2014. The department replied that the facility was included in the contract through variation with the approval of ERRA and contract cost increased by 40%.

The reply was not tenable as increased portion pertained to add up a college being independent unit. The ceilings / limits fixed pertained to particular scope of work awarded in the contract and not inclusion of new scheme in awarded contracts.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that matter be investigated as to how additional work was made a part of contract that too without competitive rates to fix responsibility on the person(s) at fault under intimation to audit.

AP No. 188, DDR-MAN (13-14)

3.2.17 Unjustified award of non-strategy scheme despite ban on award of fresh contracts – Rs 32.001 million

According to ERRA letter No. F-1(Q2) 09/ Coord-II/ERRA of August 2010 award of fresh contracts was banned. As per S. No. 1.6 of approved Education Strategy of ERRA, 2,766 damaged Government educational facilities were planned for reconstruction in KP.

As per Rule-12 (2) of Public Procurement Rules, 2004 “All procurement opportunities over one million rupees should be advertised on the Authority’s website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu”.

Deputy Director Reconstruction (PERRA) Mansehra awarded the contract for construction of 15 additional class rooms of Government Girls Higher Secondary School GGHSS, Garhi Habibullah to M/s Gul Haider & Co for contract cost of Rs 32.001 million on 22nd July 2013. Following shortcomings were observed:

- i. Contract has been awarded in violation of ERRA Policy issued vide letter referred above.
- ii. The scheme was not included in ERRA Education Strategy.
- iii. Advertisement was published in only one local newspaper i.e. Daily “The Patriot” Islamabad dated 23rd May 2013 in violation of PPRA requirements for wide publicity.
- iv. Director General (P-II) ERRA appointed M/s S.S&A Associates, Islamabad for consultancy of this contract for Rs 1.455 million vide agreement dated 12th July 2013. M/s NESPAK is performing consultancy services since 2006 for all ERRA related works as design and general consultant. The appointment of M/s. S.S &A Associates Islamabad in presence of M/s. NESPAK is not understood. It may be further mentioned that the relevant record for appointment of this consultant viz. advertisement for Expression of Interest and comparative statements etc were not available on record.

This resulted into unjustified/ irregular award of contract in violation of PPRA and ERRA Policy/ strategy.

The irregularity was reported during October 2014. The management replied that contract for non-strategy scheme was awarded on the directions of ERRA.

The reply is not tenable as it is against the policy of ERRA and the approved strategy could have only been amended by the ERRA Council not by ERRA.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that the matter may be got regularized from ERRA Council.

AP No. 189 &S.O # 47, DDR-MAN (13-14)

3.2.18 Doubtful expenditure due to non-availability of record – Rs 19.196 million

As per Clause 33.1.4 of Contract agreement break down for each lump sum item was required within 28 days after receipt of letter of acceptance.

Deputy Director Reconstruction (PERRA) Mansehra paid Rs 19.196 million upto IPC No. 69 to M/s One Ten Pvt. Ltd. for 18 school buildings of LGSS awarded during July 2009. This payment was made against schedule 2.1(a) i.e. “supply of Pre-fabricated structural and non-structural light gauge cold forged galvanized steel parts of the buildings including patent connections and accessories”.

The record revealed that contractor added condition to PCC sub clause 48.2 in schedule “G” of bid which states that “certain items under category “A” will be transported from port of entry Pakistan to M/s. One Ten premises Islamabad for further processing before being transported to site”.

The record of import was demanded which was not provided despite repeated written and verbal requests and scrutiny of transactions could not be carried out. However Audit is of the view that:

- i. Break down of items was required to be obtained from contractor regarding items imported under schedule clause 2.1(a) but no such documents were available on record,
- ii. Invoices for import of the plants (schedule 2.1(a) were demanded but was not provided which created doubts that actually no plants were imported and the contractor carried out processing at Islamabad,
- iii. Storage/ warehouse record or stock taking, measurement etc. was not available and
- iv. Price adjustment was paid on this material which also supported the view point of audit.

Non-availability of record relating to break down for item of work, shipping invoices, bill of lading, bill of entry, packing list, delivery challans, LC, port clearance certificate, certificate of origin and storage record resulted in doubtful payment of Rs 19.196 million.

The matter was pointed out during October 2014. It was replied that payment was made on receipt of full material for super structure and recovery for price adjustment against cladding sheets will be made from next IPCs.

The reply is not tenable as above mentioned record was not available with the organization.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that doubtful expenditure may be investigated, action taken and recovery be effected from responsible(s) under intimation to audit.

AP No. 192, DDR-MAN (13-14)

3.2.19 Doubtful payment without break down of items of work – Rs 17.930 million

As per Clause 33.1.4 of Contract agreement break down for each lump sum item was required within 28 days after receipt of letter of acceptance.

Deputy Director Reconstruction (PERRA) Mansehra paid an amount of Rs 254.291 million to M/s One Ten Pvt. Ltd and M/s Ascent Construction Company for construction of Light Gauge Steel Structure Schools (LGSS) upto 30th June 2014 as briefed below:

Contractor	IPC No.	Total payment (Rs)	Area Sft.	Rate (Rs)	Amount paid for Schedule-IV (Rs)
M/s One Ten Pvt. Ltd.	69	123.110	56350	197.00	11,100,950
Ms/ Ascent Construction Company	30	131.181	68291	100	6,829,190
Total		254.291	---	---	17,930,140

The contractors claimed Rs 17.930 million under schedule-IV against dismantling of existing damages sub and super structure, rubble removal and its disposal at locations, clearing & grubbing the site, cutting of trees including removal of stumps and roots, removal of minor rocks from uphill side angering the structure, excavation and filling , leveling and dressing complete in all respects. The breakdown of the lump sum items was required to be obtained from contractor but no such record was found available. In the absence of this detail, the payment is doubtful.

This resulted into doubtful expenditure of Rs 17.930 million without obtaining break down of lump sum items as required under contract clause.

The matter was pointed out during November 2014. It was replied that the contractors have been directed to submit the breakdown of lump sum item failing which recovery would be made in coming IPCs.

The department has accepted the stance of audit but no further action was taken.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that expenditure so incurred be investigated and recovered from the defaulters.

AP No. 194 & 195, DDR-MAN (13-14)

3.2.20 Loss due to expenditure on non-strategy school buildings and subsequent deletion from scope of work/ contract – Rs 6.179 million

According to ERRA letter No. 12-4/2009-(ERM) ERRA dated 10th October 2012, Fifty (50) non-strategy school buildings included for reconstruction were deleted.

Deputy Director Reconstruction (PERRA) Mansehra awarded the contract for reconstruction of 18 schools of light gauge school structure to M/s One Ten (Pvt.) Ltd for bid cost of Rs 130.865 million. The record revealed that Rs 5.196 million were paid to the contractor for dismantling, soil testing, Geo investigation, designing and steel structures (IPC-30 & 69) for 2 school buildings. Later on these schools were deleted from contractor's scope of work vide ERRA letter dated 10th October 2012 being non-strategy schools as detailed below:

S #	School Name	Progress	Expenditure (Rs)
1	GPS Seri Manoor Bala	4%	3.971
2	GPS Agla Gran	3%	1.225
Total			5.196

Similarly another contract for Design, Supply and Install Turnkey contract of Pre-Engineered Light Weight Structures (SCIP Technology) for 50 schools was awarded to M/s Relief International for bid cost of Rs 229.950 million on 10th September 2008. Out of these, 14 schools were terminated after incurring expenditure of Rs 0.983 million on these buildings.

Audit holds that inclusion of non-strategy school buildings and deletion after incurrence of expenditure of Rs 6.179 million (Rs 5.196 + Rs 0.983) resulted into loss to the state.

The irregularities were pointed out during October 2014. The department replied that payment for deleted schools was verified before decision of ERRRA for deletion.

The reply of management supports the stance of Audit.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that the matter may be investigated to fix responsibility on the person(s) at fault besides the loss may be recovered under intimation to audit.

APs No. 197 & 204, DDR-MAN (13-14)

3.2.21 Unjustified payment on account of price adjustment for imported items under supply schedule-II(a) – Rs 3.421 million

As per appendix “A” price adjustment under Clause 47.1 (Note-5), the price adjustment factor shall not be applicable for payment claimed against work done for schedule 1&2(b) and advance payment against clause 33.5 of PCC.

Deputy Director Reconstruction (PERRA) Mansehra awarded the work Design, Supply and Install Turnkey contract of Pre-Engineered Structure (Light Gauge Cold Formed Steel Structure) school (18 schools) on covered area basis of 39,000 Sft. to M/s One Ten (Pvt.) Ltd for bid cost of Rs 130.865 million on 28th July 2009.

The contract was based on following four schedules:

Schedule-I	Topographic Survey, Soil Investigation and Design/ structure
Schedule-II	Supply of Plant (Structural & non-structural) Wall Cladding sheets
Schedule-III	Supply of plant (structural & non-structural) and wall cladding sheets local
Schedule-IV	(a) Dismantling (b) installation (c) retaining walls (d) boundary walls

Schedule I and Schedule II (b) were excluded from price adjustment while Schedule II (a) was not excluded from price adjustment. These both (a) and (b) were meant for parts and cladding sheets imported to Pakistan from manufactures of such material. Price adjustment of Rs 3.421 million was paid against one out of two imported items under same terms of contract whose supply cost was Rs 21.007 million under Schedule II(a).

This resulted into unjustified payment of price adjustment of Rs 3.421 million (Annexure-IX) for items measured and covered area items rate basis.

The irregularity was pointed out during October 2014. The department replied that price adjustment of Rs 2.313 million will be recovered from next IPC of contractor.

No such action has so far been reported. Further, the recoverable amount worked out to Rs 3.421 million and not Rs 2.313 million.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that total recovery of Rs 3.421 million may be made under intimation to audit.

AP No.198, DDR-MAN (13-14)

3.2.22 Loss due to termination of contract without forfeiture of performance guarantee and re-award without risk and cost of defaulting contractor - Rs 4.234 million

As per GCC 49.4, in case of default on the part of contractor, the employer shall be entitled to employ and pay other persons to carry out the work which was liable to do by contractor at his own and then all cost shall be recovered from the contractor.

Deputy Director Reconstruction (PERRA) Mansehra terminated the contract of M/s Mian Arifullah Jan & Co for construction of GMS Gul Dheri (KFW-83) vide letter 2083/5-M dated 6th August 2013 due to stoppage of work by contractor. The contract was awarded for bid cost of Rs 14.490 million during March 2010 and Rs 8.580 million were paid to the contractor against 65% physical progress.

The performance guarantee for Rs 1.449 million was not forfeited.

The scheme was retendered for balance work and was awarded to M/s Ghulam Sadiq, Government contractor for Rs 8.704 million on 15th April 2014. The contract was required to be awarded at risk and cost of previous contractor which was not done. Thus Government suffered loss of Rs 4.243 million as detailed below:

(Rs in million)

Original contract cost	Work done on termination	Balance work left by defaulting contractor	Cost of new contract	Loss due to termination	Amount of P. Guarantee not forfeited	Total loss
14.490	8.580	5.910	8.700	2.794	1.449	4.243

The irregularity was pointed out during October 2014 and the department replied that balance work was awarded at risk & cost of original contractor and additional cost will be recovered. However the required action was not taken.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that loss may be recovered from defaulting contractor besides; investigation for non-forfeiture of performance guarantee may be carried out under intimation to audit.

AP No. 200, DDR-MAN (13-14)

3.2.23 Overpayment on account of cladding sheets due to wrong deduction of previous payment – Rs 1.523 million

As per Para 209(d) of CPWA code, it is mandatory upon the person taking the measurement to record the quantities clearly and accurately. The measurement taken in connection with a running contract on which work has been previously measured he is further responsible for reference to the last set of measurement.

Deputy Director Reconstruction (PERRA) Mansehra paid Rs 7.698 million to M/s One Ten (Pvt.) Ltd (18 LGSS schools) against schedule 2-1(b) Wall Cladding sheets, for a quantity of 21,073.66 Sft. vide IPC No. 17, 20 & 21. Detail is given as under:

IPC No.	Qty. of wall cladding (Sft.)	Rate (Rs)	Gross Amount (Rs)	20% Retention (Rs)	Payment (Rs)
11	21,073.66	361.25	7,612,860	1,522,572	6,090,288
17, 20 & 21	22,417.21	361.25	8,098,217	401,586	1,606,344
Total	22,417.21	---	8,098,217	1,924,158	7,696,632

The above facts revealed that an amount of Rs 9.621 million (Rs 7,696,632 + Rs 1,924,158) was paid to contractor against work done of Rs 8.098 million. This resulted into overpayment of Rs 1.523 million (i.e. Rs 9,620,796 – Rs 8,098,217) due to twice measurement of same quantity.

The irregularity was pointed out during October 2014. It was replied that no overpayment was made to the contractor. The reply is not acceptable because payment was made twice to contractor against same quantity.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that overpayment should be recovered besides investigation to fix responsibility on the person(s) at fault under intimation to audit.

AP No. 203, DDR-MAN (13-14)

3.2.24 Loss due to non-termination of contracts during the validity period of performance security bonds – Rs 1.590 million

According to GCC clause 63.1, the employer may, after filing 14-days' notice to the contractor, enter upon the site and the works and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or effecting the rights and authorities conferred on the employer or the engineer by the contract”.

Deputy Director Reconstruction (PERRA) Mansehra awarded the work reconstruction of Governance Buildings (AD office Oghi & Store at Oghi) Package No. 46 to M/s Imperial Construction Pvt. Ltd on 25th June 2009 for bid cost of Rs 8.379 million. The contractor submitted performance security bond for Rs 836,922 valid upto 18th May 2010. The contractor failed to do the work. The management after 2 days of expiry of performance security bond issued letter of termination of contract. Meanwhile a request was also made to United Insurance Company for encashment of performance security bond vide letter dated 25th May 2010. No further action was forthcoming from record on the subject. Issuance of letter for encashment of performance bond after its expiry is not understood.

Similarly Deputy Director Reconstruction (PERRA) Battagram awarded contract for construction of Civil Dispensary Kuzabanda (Package # H-86) to M/s Umar Rehman & Company for Rs 7.535 million during February 2010 with completion date of 15th June 2011. The contractor failed to start work during contract period. Chief Engineer (PERRA) Abbottabad vide letter dated 26th March 2014 terminated the contract after 4 years of award of contract without forfeiture of performance guarantee or any other penalty.

Since these contracts were not terminated during the validity period of performance security bonds, undue favor was extended to contractors which caused loss to Government for Rs 1.590 million (Rs 836,922 + Rs 753,500) by non-forfeiture of performance security bonds.

The matter was pointed out during October 2014. The department replied that termination of contract is itself penalty.

The reply is not acceptable as performance security bonds were required to be forfeited.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that loss due to non-forfeiture of performance guarantee may be investigated to fix responsibility on the person(s) at fault for not taking timely action against the contractors besides recovery under intimation to audit.

(AP No. 237, DDR –BTG, & 205-DDR MAN (13-14)

3.2.25 Unjustified payment on account of supply of material at higher rates – Rs 73.00 million

According to M/s Urfan Khan & Co. letter No. MUK/ SS/ 330 dated 9th October 2008, the contractor offered adjustments in quoted rates for supply of plants and cladding sheets.

Deputy Director Reconstruction (PERRA) Office Battagram awarded the contract for construction of 37 light gauge steel structure schools with covered area of 65,493 sft to M/s Urfan Khan & Co for bid cost of Rs 298.172 million during December 2008.

The contractor quoted Rs 3,800 per Sft. for schedule-III (Supply of structural & non-structural parts local) which was reduced to Rs 2,800/Sft. vide letter referred to above through negotiation. The bid cost was not altered as rate of schedule-IV were increased from Rs 300/Sft. to Rs 1,000/Sft. An amount of Rs 146.705 million was paid against schedule-III upto 30th June 2014.

Further probe into the matter revealed that two other contracts of similar nature having same specs were awarded in District Mansehra after six (06) months of awards of this contract. Those contracts were awarded to M/s One Ten (Pvt.) Ltd and M/s Ascent Construction at total rate of Rs 1,203/Sft. and Rs 1,120/Sft. respectively. The contracts in District Mansehra also contained imported material while in the case of Battagram; local material was to be used. As such the rates allowed at Battagram were not in consonance to the prevailing market rates; rather it was more than two times. In the situation it remained quite un-understandable that what was the rationale on the basis of which rates in multiple ratios with same specs and in the same time span were declared reasonable, workable and economical being the prime requirement of any of the competitive bidding.

Audit holds that due to non observance of market tendency of rates, government was put to loss of Rs 73.00 million as detailed below:

Rate of M/s Urfan Khan & Co	Rate offered by M/s One Ten Pvt. Ltd	Higher than max. offered	*Add: 30%	Excessive Rate (Audit working)
Rs 2,800 per Sft.	Rs 1,203	Rs 1,597 per Sft.	Rs 479 per Sft.	Rs 1,118 per Sft.
Contract price worked out by Audit (total covered area x rate)(65493sft x Rs 1,118) = Rs73,221,174				

*(Cushion for transportation etc for District Battagram being located at 64 Km distance form Mansehra)

The matter was pointed out during November 2014. The department replied that the contract was awarded on item rate not on CRS basis, so rates of one contract cannot be compared with the rates of other contracts of this type.

Reply is not tenable because rates were required to be analyzed being item/market rates in order to safeguard the interest of Government regarding economy.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that award of contract at higher rates may be investigated and action be taken against the persons responsible for this loss to the Government.

(AP No. 218, DDR – BTG 13-14)

3.2.26 Overpayment due to use of 9mm wall cladding instead of 10mm as prescribed in specification and non-availability of record

As per clause 12 of Specifications-special & technical provisions of contract, the thickness of cladding should not be less than 12mm for exterior and 10mm for interior walls.

Deputy Director Reconstruction (PERRA) Battagram awarded the contract for construction of 37 schools of light gauge steel structure (LGSS) to M/s Urfan Khan & Co for bid cost of Rs 298.172 million during December 2008. An amount of Rs 54.177 million was paid to contractor on account of quantity of wall cladding sheets for 65,493 sft vide IPC No. 14.

The contract specifications provide that wall claddings of 12mm for exterior walls and 10mm for interior walls were required to be affixed in LGSS school buildings. Relevant record revealed that the contractor used 9mm wall cladding instead of 10mm for interior walls. The consultant M/s NESPAK was asked to rationalize the action as to acceptance of execution of wall cladding sheets of 9mm instead of 10mm but no adequate clarification was provided to the extent. Prima facie reduction in thickness goes for under specification and also use of lesser material and overhead that ultimately impact on per unit cost.

Audit holds that use of wall cladding sheets of less thickness resulted into overpayment, undue favor to contractor and loss to Government exchequer.

The matter was pointed out during November 2014. The department replied that contractor has been advised to submit rate analysis for reduction in rate of wall cladding and recovery will be made but no recovery was effected till finalization of this report.

DAC meeting was not arranged by ERRRA till finalization of this Report.

The overpaid amount may be worked out in all contracts of the nature, recovery effected and responsibility fixed on the person(s) at fault for extending undue favor to the contractor on the cost of Government exchequer under intimation to audit.

(AP No. 219, DDR – BTG 13-14)

3.2.27 Overpayment due to non-deduction for usable material of hard rock and medium rock – Rs 21.156 million

According to Note 1 of BOQ “the suitable rock material from roadway excavation shall be used in most effective manner in the construction of embankments, widening of road of any sort granular sub base, aggregate base course, water bund macadam, backfill round/ behind the structures, stone masonry of culverts, retaining walls, breast walls, culverts, stone grouted/ plain riprap, stone gabions or any other work included in the project”.

Deputy Director Reconstruction (PERRA) Battagram awarded the contract for reconstruction/ rehabilitation of Battagram Shamali Road (7 – 13 Km) to M/s Khattak Allied Construction for Rs 123.879 million during February 2010. The contractor claimed 32,849m³ and 67,288m³ quantities for hard rock and medium rock respectively vide 15th IPC. The excavated hard rock and medium rock was required to be utilized in other works i.e. sub base, base (WBM) and stone masonry as envisaged in BOQ/ contract/ specification of work. However no such deduction for usable quantity was made.

The excavated hard rock and medium rock were shown by M/s NESPAK useable in other works for 40 and 35 percent respectively of available quantity. The detail is as under:

Item of work	Qty. of Revised BOQ (m ³)	% of usable material	Usable Qty. (m ³)	Qty. paid upto IPC 15 (m ³)	Qty: required to be paid (m ³) (2 – 4)	Excess Qty. (m ³) (6 – 5)	Rate (Rs)	Amount (Rs)
1	2	3	4	5	6	7	8	9
Hard Rock	39,480	40%	15,792	32,849	23,688	9,116	710	6,504,310
Medium Rock	93,282	35%	32,649	67,288	60,633	6,655	710	4,725,050
Total								11,229,360

Similarly Rs 291.671 million were paid for earthwork vide IPC No. 23 to M/s Muhammad Haroon & Co for Kund Banna Road (20 Km). Following shortcomings were observed:

- i. The excavated hard rock 673,888m³ and medium rock 211,372m³ was required to be utilized in other works i.e. sub base, base (WBM) and stone masonry as envisaged in BOQ and specification of work. However no deduction for use of this suitable material was made.
- ii. Stone masonry was paid for 8,244m³ but no deduction was made from usable quantity of hard rock.
- iii. The hard rock quantity was revised in BOQ to 86,460m³ with 40% useable/ deductible material but the same was not done as detailed below:

Qty. of Revised BOQ (m ³)	% of usable material	Usable Qty. (m ³)	Qty. required to be paid (m ³)	Qty: paid upto IPC 15 (m ³)	Excess Qty. paid (m ³)	Rate per m ³ (Rs)	Amount (Rs)
86,460	40%	34,584	51,876	67,388	15,512	670	9,927,680

As such total overpayment of Rs 21.156 million (Rs 11.229 + Rs 9.927) was made to contractors.

The matter was pointed out during November 2014. The department replied that payment was made after deduction of usable material but no evidence in support of reply was provided to ascertain the recovery / deduction.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that overpayment may be recovered besides investigation to fix responsibility on the person(s) at fault for extending undue favor to contractors.

(AP No. 221 & 222, DDR – BTG 13-14)

3.2.28 Excess payment due to non-deduction of quantities of fill area and non-availability of X-section of 10 Km road – Rs 4.480 million

According to NHA General Specification 100.1, earthwork will consist of all necessary work for the excavation and placing in embankment or backfill or disposal

by dumping of earth, rock or other material from or to the roadway or adjacent thereto or from borrow areas.

According to NHA Specification 100.9, the contractor shall be responsible for setting out of work in accordance with Clause 17 of the General Conditions of Contract' notwithstanding that project drawings have been issued to the contractor'. The contractor shall also be responsible for taking joint cross-sections on the proposed alignment of the road, submitting three copies of the plotted cross-sections and longitudinal profile to the Engineer and obtaining the approval of the Engineer to such cross-section and longitudinal profile before any work in connection with Earthwork is commenced.

Deputy Director Reconstruction (PERRA) Battagram awarded the contract for reconstruction/ rehabilitation of Battagram Shamali Road (7-20Km) to M/s Khattak Allied Construction for Rs 123.879 million during February 2010. The contractor was paid Rs 148.462 million for earthwork executed on 13 Km road upto 14th IPC. The record further revealed that X-section of 10 Km road was not available with the organization.

The available X-section of only 3 Km (0+00 to 3+00) road revealed that a quantity of 62,170 m³ for fill area was required to be deducted from contractor's claim which was not done, hence overpayment of Rs 4.481 million (62,170m³ x Rs 710) was made to contractor.

The matter was pointed out during November 2014 and the department replied that a quantity of 21,868 m³ has already been deducted but the reply was not substantiated with any evidence.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that:

- i. Overpayment of Rs 4.480 million may be recovered from contractor.
- ii. X-section of 10 Km road may be obtained, quantity for fill area be worked out and overpayment involved may also be recovered; and
- iii. Payment of earthwork for 10 Km road without obtaining X-sections may be investigated.

(AP No.223, DDR – BTG 13-14)

3.2.29 Unjustified/ excess expenditure on link road without approval and beyond scope of original work – Rs 3.228 million

According to ERRA Transport strategy (Category I, Package III Sr. No. 4 of Annex-7C), rehabilitation of damaged length of 13 Km of Battagram Shamali Road was required.

Deputy Director Reconstruction (PERRA) Battagram awarded the contract for reconstruction/ rehabilitation of Battagram Shamali Road (7-20 Km) to M/s Khattak Allied Construction for Rs 123.879 million on 1st February 2010.

The contractor was paid against quantity of 4,546.263m³ for excavation of common material for link road. The link road was not included in approved scope of work/ part of BOQ; hence unauthorized expenditure of Rs 3.228 million was incurred for earthwork on link road.

Audit holds that incurrence of excess expenditure on link road is unjustified and undue favor to contractor at the cost of Government exchequer.

The matter was pointed out during November 2014 and it was replied that link road was approved in revised PC-I.

The reply is not tenable as it is against the policy of ERRA and the approved strategy could have only been amended by the ERRA Council and not by ERRA.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that excess expenditure may be recovered besides investigation for undue favor to contractor under intimation to audit.

(AP No. 224, DDR – BTG 13-14)

3.2.30 Loss due to wasteful expenditure on sub-base laid/ executed 3 years ago with no subsequent work - Rs 1.281 million

According to NHA General Specification 201.3.3, immediately after the placing of first layer of base course the sub base layer (both under the travel way and the shoulders) shall conform to the required level and shape. Prior to placing the succeeding layers of the material, the top surface of each layer shall be made sufficiently moist to ensure bond between the layers. The edges or edge slopes shall be bladed or otherwise dressed to conform to the lines and dimensions. No material or

construction of the base shall be placed until the sub base has been approved by the Engineer.

Deputy Director Reconstruction (PERRA) Battagram awarded the contract for reconstruction/ rehabilitation of Kund Banna Road (20 Km) to M/s Muhammad Haroon & Sons for 384.998 million during March 2010. The record revealed that contractor laid a quantity of 2,463.75m³ of sub-base during 2011 and was paid Rs 1.281 million for this work but no further work i.e. prime coat and asphalt wearing course was carried out on that part of road. As such the sub-base executed during 2011 lost its utility/ quality due to rainy seasons and traffic flow which resulted into loss of entire amount paid i.e. Rs 1.281 million to Government exchequer.

The matter was pointed out during November 2014 and it was replied that contractor suspended site activities due to pending liabilities and it is the responsibility of the contractor to maintain, care and repair the damaged work.

Reply is not tenable because contractor suspended the work during 2012 and all the work executed so far has gone waste.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that loss may be recovered and responsibility be fixed on the person(s) at fault.

(AP No. 226, DDR – BTG 13-14)

3.2.31 Wasteful expenditure due to non-carpeting of road and other irregularities - Rs 291.671 million

According to ERRRA Transport strategy (Category I, Package VI Sr. No.16 of Annex-7C), rehabilitation of damaged length of 20 Km of Kund Banna Road was required.

Deputy Director Reconstruction (PERRA) Battagram awarded the contract for reconstruction/ rehabilitation of Kund Banna Road (20 Km) to M/s Muhammad Haroon & Sons for Rs 384.998 million during March 2010 which was required to be completed by September 2011 (550 days).

The contractor executed earthwork on 20 Km road length and claimed Rs 291.671 million upto 30th June 2014 against BOQ cost of Rs 140.565 million. No sub-base, base and black topping work was carried out despite execution of earthwork at entire length of the road. Prima facie the most suited item i.e. earthwork was

executed on pick and choose basis on entire length and the integral components of work were not executed. The PC-I has been revised twice to accommodate the excessive quantities of earthwork. The pre earthquake road was shingle road which was planned to be reconstructed/ rehabilitated as black topped road; therefore earthwork was designed to cater such specifications.

A huge expenditure was incurred on earthwork which will be increased manifold when carpeting of the road will be done. Black topping of the road seems difficult as ERRRA is constantly in dire financial crunch and the concept of “Build Back Better” is going to be badly defeated. The amount incurred so far is going to be wasted due to non-carpeting of the road as such huge earthwork was not required for shingle road already serving the community.

Following further shortcomings were also observed:

- i. X-sections of road were not available on record. The consultant M/s NESPAK was also requested who has not provided the same with the plea that these are in revision process at NESPAK Abbottabad Office.
- ii. Soil classification report was not provided to ascertain the excavation of earthwork i.e. common, hard and medium rock.
- iii. No measurement of slips has been carried out / available on record.
- iv. Updated schedule of work not available on record.
- v. Performance guarantee expired.

Audit holds that payment so far made will result in loss to the government as no earthwork was required for shingle road beside non-availability of record and non-revalidation of performance guarantee is serious lapse on the part of the management.

The matter was pointed out during November 2014. The department replied that PC-I was revised after detailed survey and rock classification. The record of X-sections, soil classification and measurement of slips is available.

The reply is not acceptable as record was not produced during audit as well as with the reply.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Wasteful expenditure may be investigated with a view to ascertain how the element of pick and choose was facilitated besides the fate of executed earthwork protection be un-earthen.

3.2.32 Overpayment due to non-utilization of available common material for backfill behind retaining wall – Rs 3.394 million

According to NHA Specification of work vide item No. 107.2.3, use of excavated material as backfill may be allowed under this item. Use of borrow material for common backfill shall be allowed subject to approval of back fill material by the Engineer.

Contrary to above, Deputy Director Reconstruction (PERRA) Shangla paid Rs 4.267 million to M/s AM & Company for “common back fill” against bill No. 5-A (Retaining Structure) in reconstruction/ rehabilitation of Yakhtangi Puran Martoong (YPM) road (Package 8-A). IPCs revealed that common material 24,190.63m³ was available from structural excavation for use under retaining structure at the same area where backfill of 10998.46m³ was claimed. As a matter of fact this material was to be used for the purpose and no payment was to be made for this material whereas the management paid for the same a sum of Rs 2.880 million (10,998.46m³ x Rs 261.90) for this item.

Similarly, Rs 513,279 were paid to M/s Shoukat Khan & Company for the work “common back fill” under 5-A (Retaining Structure) for reconstruction/ rehabilitation of YPM road (Package 8-B). Common material for 25,043.84 m³ was available for use from structural excavation of retaining structure at same area. The available material was not deducted and fill quantity 2851 m³ was claimed. This resulted into excess payment of Rs 513,280 (2,851m³ x Rs 180) on account of common back fill.

As such total overpayment of Rs 3.394 million (Rs 2,880,497 + Rs 513,280) was made to contractors.

The irregularity was pointed out during November 2014 but no reply received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that overpayment may be investigated and recovered under intimation to audit.

3.2.33 Overpayment on account of price adjustment due to application of higher weight for asphalt and bitumen – Rs 1.622 million

According to clause 70 (ii) b, price adjustment shall be allowed only for quantities of cement, bitumen and steel which have been incorporated in permanent work during the correspondence period of increase or decrease.

As per Para 10 (ii) of GFR Vol-I provides that the expenditure should not be prima facie more than the occasion demands and Para 11 of GFR Vol-I each head of the department is responsible for enforcing financial order and strict economy at every step.

As per the laid down standards, the density of the bitumen to be used is 2.34 tons per cubic meter.

Deputy Director Reconstruction (PERRA) Shangla paid Rs 7.448 million as price adjustment for bitumen vide IPC No. 14 (Price Escalation # 3) to M/s AM & Co. for reconstruction/ rehabilitation of Yakhtangi Puran Martoong (YPM) Road (Package # 8-A). However, it was observed that the weight (density) of asphalt for one cubic meter (m³) in tons was claimed @ 2.45 (IPC # 9 escalation, IPC # 11 & 14) instead of 2.34 tons. Thus the incorrect application of standards resulted into excess per unit weight of 0.11 ton (2.45 – 2.34) per cubic meter.

Moreover the weight of bitumen in asphalt was claimed and paid for 3.90% in IPC # 9 and 4.1% in IPC # 11 & 14. This resulted in overpayment of Rs 1.433 million (Annexure-X) due to application of higher asphalt weight (density) @ 2.45 instead of 2.34 and bitumen rates of 4.1% instead of 3.9%.

Similarly, Rs 5.675 million were paid to M/s Shoukat Khan & Co. for price adjustment vide IPC No. 12 for reconstruction/ rehabilitation of YPM Road (Package-8B). The contractor claimed weight of asphalt for one cubic meter (m³) in tons as 2.43 while the standard weight of asphalt for one cubic meter is 2.34 tons, thus overpayment of Rs 188,758 was made to contractor.

This resulted into overpayments of Rs 1.622 million (Rs 1,432,801+ Rs 188,758) to contractors.

The irregularity was pointed out during November 2014 but no reply received.

DAC meeting was not arranged by ERRA till finalization of this Report.

It is recommended that matter may be investigated not only for this work but for all other works of similar nature and exact overpaid amount may be worked out and recovered from the defaulters.

AP # 289 &294, (13-14) DDR-Shangla

3.2.34 Overpayment due to non-deduction of area of cause ways from quantity of asphalt wearing course – Rs 1.992 million

As per NHA General Specification at S. No. 305.1, the asphalt spreading and compaction of the mixture is required on primed or tacked base, sub base, sub grade, bridge deck or concrete pavement in accordance with these specifications and in conformity with the lines, grades and typical cross-sections shown in the drawings or as directed by the Engineer.

Deputy Director Reconstruction (PERRA) Shangla awarded the contract for reconstruction/ rehabilitation of Yakhtangi Puran Martoong (YPM) road (Package-8A) to M/s AM & Company for bid cost of Rs 498.195 million during February 2009. The contractor was paid Rs 112.149 million against item of work “Asphalt wearing course” for 7,268.25m³. The contractor executed total 440m area of causeways on various RDs upto IPC-15. This area of 440m was required to be deducted from asphalt wearing course instead of 113m. Thus due to short deduction of causeway areas from the asphalt work, the contractor was overpaid Rs 1.992 million as detailed below:

S. No.	Item of work	Length of PCC/causeway required to be deducted	Length of PCC/causeway deducted	Excess length paid	Qty	Rate (Rs)	Amount (Rs)	
1	Prime coat	440 meter	113 meter	327	2,354.4 m ²	96.10	226,258	
2	Asphalt	do	do	327	114.45 m ³	15,430	1,765,963	
Total								1,992,222

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that overpaid amount may be recovered from the defaulters.

AP # 290, (13-14) DDR-Shangla

3.2.35 Unjustified payment due to execution of asphaltic concrete wearing course without laying sub base & base course – Rs 1.090 million

As per NHA General Specification at Sr. No. 305.1, the asphalt spreading and compaction of the mixture is required on primed or tacked base, sub base, sub grade, bridge deck or concrete pavement in accordance with these specifications and in conformity with the lines, grades and typical cross-sections shown in the drawings or as directed by the Engineer.

Deputy Director Reconstruction (PERRA) Shangla awarded the contract for reconstruction/ rehabilitation of Yakhtangi Puran Martoong (YPM) road (Package-8A) to M/s AM & Company for bid cost of Rs 498.195 million during February 2009.

The contractor was paid Rs 1.089 million vide IPC No. 15 for item of work “Cut back asphalt for bituminous prime coat” and “Asphalt wearing course” at RDs No. 3+525 to 3+725. It was observed that no base course and sub base was executed on this area which was in disregard of the natural sequence of occurrence of items and its specifications. This resulted into unjustified payment of Rs 1.090 million to contractor as detailed below:

Item of work	RDs	Length	Width	Height	Qty	Rate (Rs)	Amount (Rs)
Cut Back asphalt for bituminous prime Coat	3+525 to 3+700	169.80 (175m – Culvert 5.20m)	7.20	--	1260m ³	96.10	117,488
Asphaltic Concrete for wearing course			7.20	0.050	63m ³	15,430	972,090
Total							1,089,578

Audit holds that the execution of asphalt work without supporting structures i.e. base course and sub-base itself speaks the level of supervision and monitoring by the department and NESPAK.

The issue was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that matter may be investigated with a view to fix the responsibility and effect the recovery from defaulters.

3.2.36 Wasteful expenditure due to cracks in 1st floor of double storey LGSS school building – Rs 36.463 million

As per scope of work at Sr. No. 07 of bidding documents, the life of the structure elements of the buildings including frames, foundation, roof etc should be at least 50 years.

Deputy Director Reconstruction (PERRA) Shangla awarded contract for construction of 28 Light Gauge Steel Structure (LGSS) school buildings which included one double storey building of GHS & GPS Karora in District Shangla to M/s AM & Co-CMES JV on 17th March 2009 with completion period of 270 days. An amount of Rs 189.048 million was paid to contractor upto 30th June 2014.

The completed double storey LGSS building of GHS & GPS Karora was visited by audit team on 28th October 2014 along with staff of Reconstruction PERRA Shangla. Huge cracks were found in 1st floor from one edge to other i.e. veranda to end of room. Similarly various cracks were also seen in almost all class rooms and veranda. Building was not handed over to education department till October 2014 but was in the use of Education department and children were studying there.

Audit holds the view that passage of time and use, the cracks may expand and entire expenditure incurred on the building may go waste.

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that an inquiry may be conducted to investigate how the substandard work was measured and accepted by consultant and client besides effecting recovery of loss from the defaulters.

AP # 295, (13-14) DDR-Shangla

3.2.37 Overpayment due to use of cladding sheets of 9mm instead of 10mm in walls of 55 LGSS School buildings

As per clause 12 of Specifications (Special & technical provisions of contract) the thickness of cladding should not be less than 12mm for exterior and 10mm for interior walls.

Deputy Director Reconstruction (PERRA) Shangla awarded two contracts for Design, supply and install Turnkey contract of Pre-engineered Structure (Light Gauge

Cold Formed Galvanized steel Structure) School buildings in District Shangla. It was observed that contrary to the provisions of contract, the contractors used 9mm wall claddings instead of 10mm for interior walls as detailed below:

(Rs in million)

S. No.	Name of contractor	No. of schools	Date of award	Contract Cost (Rs)	Total payment upto June 2014 (Rs)	Qty. of wall cladding (Sft.)
1	M/s AM & Co-CMES (JV)	27	March 2009	240.905	189.048	64,635
2	M/s Competent PEB SAFN (JV)	28	March 2009	254.149	96.216	59,450
Total					285.264	124,085

Moreover Audit team along with staff of DDR visited double storey building of GHS & GPS Karora constructed by M/s AM & Co-CMES (JV) on 28th October 2014 and GPS Shang of M/s Competent PEB on 6th November 2014 and observed that cladding sheets of 9 mm were used by contractors in these school buildings.

The consultant M/s NESPAK was asked to rationalize the action as to acceptance of execution of wall cladding of 9mm instead of 10mm but no adequate clarification was provided to the extent. Prima facie reduction in thickness goes for under specification and also use of lesser material and overhead that ultimately impact on per unit cost.

Audit holds that use of wall cladding sheets of less thickness has resulted into overpayment, undue favor to contractor and loss to Government exchequer.

The matter was pointed out during November 2014 but no reply was furnished.

DAC meeting was not arranged by ERRRA till finalization of this Report.

The amount overpaid may be worked out in all contracts of the nature, recovery effected and responsibility fixed on the person(s) at fault for extending undue favor to contractor, under intimation to audit.

(AP No. 40, 12-13, & AP No. 308, DDR Shangla – 13-14)

3.2.38 Over payment on account of application of higher exchange rate of US \$ - Rs 7.247 million

According to sub clause 35.3 (Preamble to Conditions of Contract), the rate of exchange used for the purpose of the contract shall be TT & OD composite rate (selling) as published by the State Bank of Pakistan on the date for submission of bids

for the works. PCC 35.3 provides that rate(s) of exchange and authorized bank for conversion for the purpose of the contract shall be as stated in Preamble to Conditions of Contract.

As per Amendment No. 1 communicated by NESPAK letter dated 23rd September 2008 vide S. No. G (Preamble to Conditions of Contract Clause 35.3) exchange rates, text of volume-I was deleted and replaced with “The exchange rate(s) used for the purpose of the contract shall be TT & OD composite rate as published / authorized by SBP at the date of opening of LC by the contractor (Foreign component)”.

Deputy Director Reconstruction (PERRA) Shangla paid an amount of Rs 31.946 million to M/s AM & Co-CMES (JV) for reconstruction/ rehabilitation of 28 LGSS school buildings during 2013-14. The contract was awarded for bid cost of Rs 240.905 million on 17th March 2009. This amount included US \$ 1.465 million. The bid was submitted on 7th October 2008 and the financial bid of the contractor was opened on 8th November 2008.

The contractor quoted rates in US \$ for supply of steel/ cladding sheets under Schedule-II of the contract. Scrutiny of IPC No. 11 revealed that an amount of Rs 98.031 million was paid against schedule-II. The US \$ rate was applied @ Rs 84.82 while the rate required to be applied was Rs 78.55 per US \$, the rate of date of submission of financial bid as per contract clause.

No LC was opened as such the operation of amendment No. 1 meant for opening of LC and application of exchange rate for import became inoperative and contractor was made authorized to receive payment as per original contract clause which inter-alia demanded that contractor be allowed the payment at the prevailing exchange rate on the bid opening date. This resulted into overpayment of Rs 7.247 million as detailed below:

US\$ rate paid	Rate required to be paid	Excess paid	Total amount paid	Overpayment (4 x 3)
Rs 84.82	Rs 78.55	Rs 6.27	US \$1,155,755.40	Rs 7,246,586

The matter was pointed out during November 2014 but no reply received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that overpayment may be investigated and recovery effected under intimation to audit.

3.2.39 Unjustified payment due to non-deduction of area of doors and windows from quantity of steel and cladding – Rs 28.115 million

As per scope of work S. No. 15, all windows shall be of aluminum, 6mm glass will be used for glazing and Sr. No. 16, single/ double leaf doors comprising aluminum frame and medium density board or better alternative as approved by the engineer shall be provided.

Deputy Director Reconstruction (PERRA) Shangla awarded three contracts for construction of light gauge steel structure (LGSS) schools. Another contract for construction of 37 schools of light gauge steel structure (LGSS) was awarded to M/s Urfan Khan & Co for bid cost of Rs 298.172 million on 18th December 2008 by Deputy Director Reconstruction (PERRA) Battagram. Analysis of technical and financial bids revealed that two items of work “steel parts” and “cladding sheets” under schedule-II of contract were paid to the contractor on total covered area basis.

Structural drawing of buildings showed that doors and windows were part of the structure. Medium Density Fiberboard (MDF) door was required to be installed with frame of aluminum while windows were covered with 6mm glass having aluminum frame. The material and installation of doors/windows was part of schedule IV of the contract.

The steel parts and cladding sheets were measured and paid on covered area basis while no steel or cladding was used in doors and windows. Hence the total area of doors and windows was required to be deducted from quantity of steel structure and cladding sheets which was not forthcoming from record.

Detail of area paid for steel, cladding sheets and door/ windows for three contracts upto June 2014 is as under:

Contractor	Item	Qty: Paid (Sft.)	Area of doors (6.25 %) & windows (6.25%)(Sft.)	Rate / Sft. (Rs)	Weight age of doors/windows in covered area rate	Excess payment (4x5x6)
1	2	3	4	5	6	7
M/s AM&C-CMES JV	Steel Parts	64635	8,080	1,200	60 %	5,817,600
	Cladding	64635	8,080	1,200	60 %	5,817,600
M/s Competent-PEB	Steel Parts	59450	7,431	1,200	4.25 %	371,550
	Cladding	59450	7,431	1,200	4.25 %	371,550
M/s Urfan Khan & Co	Steel Parts	65493	8,186.66	2,433	45 %	8,963,902
	Cladding	65493	8,186.66		34 %	6,772,726
Total Rs						28,114,935

This resulted into overpayment of Rs 28.115 million due to non-deduction of area of doors and windows from steel and cladding sheets.

The irregularity was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that overpayment may be recovered besides carrying out investigation to fix responsibility on the person(s) at fault, under intimation to audit.

AP # 298, (13-14) DDR-Shangla
(AP No. 217, DDR – BTG 13-14)

3.2.40 Unjustified expenditure on account of dismantling without break down of lump sum items – Rs 41.371 million

As per contract clause 33.1.4 break down for each lump sum item was required within 28 days after receipt of letter of acceptance.

Deputy Director Reconstruction (PERRA) Shangla paid an amount of Rs 189.048 million to contractor M/s AM Co. & CMES (JV) for construction of Light Gauge Steel Structure Schools upto 30th June 2014.

The contractor claimed Rs 5.280 million vide IPC No. 11 dated 22nd April 2014 under schedule-IV against dismantling, clearance, rubble removal, leveling, dressing etc. The breakdown of the lump sum items was required to be obtained from contractor but no such record was found available. In the absence of this detail, the payment is doubtful.

Similarly, Deputy Director Reconstruction (PERRA) Battagram also paid Rs 176.973 million to M/s Urfan Khan & Co for construction of 37 Light Gauge Steel Structure Schools upto 30th June 2014. The contractor claimed Rs 36.091 million vide IPC No. 14 dated December 2012 under schedule-IV against same items as mentioned above. The breakdown of the lump sum items was not available on record of this organization.

This resulted into unjustified total expenditure of Rs 41.371 million (Rs 5.280 million paid by DDR Shangla + Rs 36.091million paid by DDR Battagram) without obtaining of breakdown of lump sum items which apparently seems to be doubtful.

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that expenditure so incurred may be recovered from the defaulters.

AP # 299, (13-14) DDR-Shangla
(AP No.215, DDR – BTG 13-14)

3.2.41 Overpayment on account of installation of Rain Water Harvesting – Rs 4.216 million

According to ERRA HQr vide letter No. F-10-21/07 Relief Int. /Edu-ERRA dated 23rd October 2012 construction of Rain Water Harvesting (RWH) system was waived off.

Deputy Director Reconstruction (PERRA) Shangla awarded the contract for reconstruction/ rehabilitation of 28 LGSS school buildings to M/s AM & Co-CMES (JV) for bid cost of Rs 240.905 million on 17th March 2009 with completion period of 270 days. Contrary to above mentioned letter's instructions, the management paid a sum of Rs 4.215 million for Rain Water Harvesting till IPC No. 11 dated 20th March 2014. The detailed breakup is as under:

IPC No.	Total covered area	Amount paid under schedule – IV	Percentage of RWH	Amount (Rs) (3x4)
11	64,635 Sft	Rs 12,775,322	33%	Rs 4,215,856

Thus the contractor was overpaid to the extent of Rs 4.216 million on this account.

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that:

- i. Overpayment may be recovered.
- ii. Matter may be investigated to determine responsibility on the person(s) at fault.

AP # 300, (13-14) DDR-Shangla

3.2.42 Non-deduction of Income Tax – Rs 11.761 million

As per Income Tax Ordinance 2001(amended from time to time) Section 153 I Schedule I (Part III) Division III, 6.5% of the gross amount was required to be deducted from the contractor's bills/ IPCs.

The Deputy Director Reconstruction (PERRA) Shangla made following payments to various contractors for school buildings without deduction of income tax as detailed below:

- i. An amount of Rs 178.981 million was paid (upto June 2014) to contractor M/s AMC-CMES (Joint venture). Income tax was not deducted on the plea that the contractor M/s AMC was a resident of tax exempted area i.e. District Shangla. Audit holds that income tax was required to be deducted as other joint venture partner, M/s CMES belonged to Islamabad so contention of the contractor was not plausible. Thus due to mis-reliance on the exemption, contractor has been overpaid Rs 10.899 million as detailed below:

IPC No.	Work done amount (Rs)	Tax required to be deducted	Income tax deducted (Rs)	Amount of Income tax due (Rs)
1 to 9	146,977,877	6%	Nil	8,818,673
11	32,003,000	6.5%	Nil	2,080,195
Total				10,898,868

- ii. Rs 3.888 million were paid to M/s KARWAN PEB (JV). The contractor submitted IPC during February 2011 and was paid during March 2013. Income tax was not deducted with the plea that contractor produced tax exemption certificate of flood effected area issued by Commissioner Inland Revenue Peshawar (valid upto 30th June 2012). Audit held that the exemption was valid till June 2012 while the payment was made in March 2013, hence income tax @ 6% i.e. Rs 233,278 was required to be deducted from contractor which was not done.
- iii. Rs 2.939 million were paid to M/s Competent PEB SAFN (JV) against IPC No.17 without deduction of income Tax of Rs 191,038 (Rs 2,939,045 x 6.5%). Similarly Rs 350,866 were shown as income tax deducted from IPC No. 16 but the amount was not deposited into Government treasury despite lapse of more than one year.
- iv. Income tax of Rs 87,351 was not deducted from M/s Wazir Muhammad Wazir & Co in construction of five school buildings under education package No. 5-B.

Non-deduction of income tax Rs 11.761 million (Rs 10.899 million + Rs 0.233 million + Rs 0.191 million + Rs 0.351 million not deposited + Rs 0.087 million) from contractors resulted into loss to Government.

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRRA till finalization of this Report.

Audit recommends that income tax may be recovered under intimation to audit.

APs # 301,302, 304 & 309, (13-14)
DDR-Shangla 13-14

3.2.43 Unjustified payment on account of opening of LC due to non-availability of record of LC and invoices/ accountal for imported material – Rs 83.318 million

As per sub clause 33.1 (Terms of payment), seventy (70) % of the total or pro rata FOB or FCA amount upon Incoterm “FOE” or “FCA” within forty five (45) days after receipt of invoice and shipping documents. On the other hand according to Deputy Director PERRA Battagram letter No. 1643/1-G dated 26th April 2011, Director General PERRA was requested for revalidation of LC No. 505.01.0001 amounting to Rs 83.318 million already expired on 31st March 2011.

The contractor M/s Competent PEB-SAFAN Constt. Quoted US \$ 172,500 against schedule-III (supply of plants/ cladding etc. from outside Pakistan) for contract of Design, supply and installation Turnkey contract of Pre-engineered Structure (Light Gauge Cold Formed Galvanized steel Structure) 27 School buildings in District Shangla.

Deputy Director Reconstruction (PERRA) Shangla opened LC for imported plants/ cladding sheets etc. through PERRA for Rs 83.318 million (70% of the schedule-II) from different countries. Following short comings were noticed:

- i. Contractor claimed Rs 62.416 million (IPC No. 9-A dated 30th April 2011) wherein supply of 58,620 Sft. material was shown under schedule-II-1(A). Payment against this IPC was not forthcoming from record. Quantity of total material imported under LC, charges of opening of LC, its revalidation import invoices, taxes paid etc. was not available.
- ii. Location of warehouse, custody of material, inward/ outward material record. Stock register were not available.
- iii. Material imported through LC was not shown in subsequent IPCs i.e. 12 to 17 while inspection/ verification of material by DDR, PERRA, NESPAK, Chief Engineer was not forthcoming which creates doubts about import of material.
- iv. IPC No. 11 and advance payment bill for imports were missing from record.

It is worth mentioning here that ERRA Islamabad also awarded two separate contracts of LGSS schools in District Battagram (124 schools) and in AJK (144 schools) to the same contractor. It was apprehended by Chief Engineer vide letter

dated 9th July 2010 that the material imported for Battagram and Shangla Districts was being sifted to AJK for use in other contracts and requested the DCO Battagram of imposition of Section 144 on removal and shifting of material.

Moreover the Chief Engineer (Reconstruction) EEAP AJK vide letter dated 15th July 2010 requested incharge Warehouse Battagram (124 schools EEAP-Education) for provision of 200,000 self-drilling screws on loan basis for use in similar projects in AJK. The request was honored by Chief Engineer PERRA KPK. During audit of EEAP (Education) Battagram no such detail/ record of material (as well as above S. No. i. to Sr. iv) were produced to audit. Therefore import of material for one contract and utilization in other contract(s) cannot be ruled off.

In absence of relevant record, expenditure incurred on import of material through LC for Rs 83.372 million was doubtful.

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that unjustified expenditure and Non-availability/ production of record needs justification as well as investigation to fix responsibility on the person(s) at fault under intimation to audit.

APs # 303 & 305, (13-14) DDR-Shangla

3.2.44 Loss due to non-recovery of mobilization advance – Rs 6.529 million

Clause 60(12) (Financial Assistance to contractor) of Bidding documents reveals that:

- a. An interest free Mobilization Advance up to 15% of the contract price stated in letter of acceptance in two equal installments will be paid.
- b. This advance shall be recovered in equal installments, first at the expiry of third month after the payment of first part of payment of advance and last two month prior to completion date of work.

Deputy Director Reconstruction Kohistan awarded the contract for construction of 09 schools in Tehsil Pattan to M/s Wazir Muhammad Wazir & Co. for Rs 47.624 million on 13th January 2007 with completion period of one year. Mobilization advance of Rs 7.144 million in two equal installments was released during September and December 2007 respectively. A sum of Rs 5.729 million was

outstanding against contractor till 30th June 2014 while the progress was upto 29%. The mobilization advance guarantee expired on August 14, 2008.

Similarly, Deputy Director Reconstruction (PERRA) Mansehra awarded a contract for reconstruction of Tehsil Building Mansehra to M/s SNA Builders for bid cost of Rs 19.272 million during May 2009 with completion period of 365 days. The contractor was granted mobilization advance of Rs 2.800 million during May and June 2009. Rs 800,000 were outstanding till June 2014 while the bank guarantee expired on 31st March 2014. The progress of work till June 2014 was 14% only.

Heavy advance amounting to Rs 6.529 million (Rs 5,729,240 + Rs 800,000) were outstanding against the contractors and that too without tangible security. No action by the management for recovery of advances, revalidation of guarantees and acceleration of work was taken. This was gross negligence on the part of the department.

The matter was reported to the management during October & November 2014. It was replied by DDR Mansehra that amount will be recovered on receipt of IPC while no reply was received from DDR Kohistan.

The reply of DDR Mansehra is not acceptable as bank guarantee was required to be revalidated besides recovery of mobilization advance.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that responsibility may be fixed on persons(s) at fault and early recovery of mobilization advance with interest may be made from defaulters.

APs # 320, DDR Koh, AP # 206, DDR MAN, 2013-14

3.2.45 Loss due to non-forfeiture of performance guarantees – Rs 2.582 million

As per particular condition of contract clause 10.1 Performance Security Bond @ 10% of contract price would be provided by the contractor. Non-completion of work within due date the department shall take up the case for encashment of the same.

Deputy Director Reconstruction Kohistan issued work order for construction of BHU Soyal Dara to M/s Manawar Shah for a cost of Rs 25.821 million on 2nd July 2009 with completion period of one year. The progress report of June 2014 showed the progress of the project as zero. Performance guarantee of the project expired on 21st June 2010. Chief Engineer PERRA terminated the contract on 31st March 2010

but forfeiture of performance guarantees amounting to Rs 2.582 million was not made. Thus Government sustained loss to that extent.

The irregularity was reported to management on 19th November 2014 but no reply was received.

DAC meeting was not arranged by ERRA till finalization of this Report.

Audit recommends that responsibility for non-forfeiture of the performance guarantee may be fixed on the person(s) at fault and loss may be made good from the defaulters.

AP # 325 & 329 (DDR Koh) 2013-14

3.2.46 Non retrieval of assets to ERRA (HQ) Islamabad – Rs 53.055 million

According to Para 13 of GFR Vol-I, every controlling officer must satisfy himself not only the adequate provision exists within the department for systematic internal checks calculated to prevent and detect reasons or irregularities in the financial proceedings of its subordinate officer and to guard against waste and loss of public money or stores, but also that the prescribed checks are effectively applied.

The works and activities of ERRA in earthquake affected area are being reduced due to completion of projects and the durable assets provided for operational activities, should be surrendered to the ERRA (HQ) for safeguard and further utilization.

Contrary to above it was observed that the following items were purchased by certain organizations from ERRA funds for various projects:

- i. DIG Police Abbottabad purchased 10 vehicles (5 double Cabin and 5 single Cabin), 213 SMGs, 852 Magazines and 40,000 rounds costing Rs 44.409 million. These items were available in various police offices.
- ii. PMU (NBCDP) Mansehra parked 6 vehicles costing Rs 5.546 million since long and performing no activities.
- iii. C&W Division Shangla purchased two (2) Jimny Jeeps for Rs 3.100 million from ERRA funds. The projects were completed and said vehicles were not surrendered.

The matter was reported to management on various occasions during 2014 but no response was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that vehicles and arms & ammunition may be surrendered to ERRA immediately for further disposal under the rules under intimation to Audit.

AP#129 (DIG Atd), AP#246 (NBCDP) 2013-14
AP# 02(C&W Shangla) 2012-13

3.2.47 Irregular payment of build up property on rough cost assessment – Rs 11.010 million

According to Para 13 of GFR Vol-I, every controlling officer must satisfy himself not only the adequate provision exists within the department for systematic internal checks calculated to prevent and detect reasons or irregularities in the financial proceedings of its subordinate officer and to guard against waste and loss of public money or stores, but also that the prescribed checks are effectively applied.

The award for acquisition of 91 Kanal and 9 Marlas land for construction of District Complex at Lilownai was announced by District Collector Revenue & Estate Shangla at Alpuri on 30th May 2011. The payment on account of cost of buildup property of Rs 11.010 million was made to owners on assessment carried out by C&W Department Shangla. Detail is as under:

S. No.	Name of owner	House description Kacha/ Pacca	Covered area (Sft)	Rate (Rs)	Total amount (Rs)	Salvage Value	Net Payment (Rs)
1	Mr. Sakhidad	Pacca	3,566	1,400	4,992,400	--	4,992,400
2	Mr. Sher Ali	Kacha	3,567	200	713,400	178,350	535,050
3	Mr. Said Rehman	Kacha H-1	1,991	400	796,400	--	796,400
4	Mr. Khazar	Kacha	2,080	450	936,000	--	936,000
5	Mr. Said Rehman	Pacca-2	2,679	1,400	3,750,600	--	3,750,600
Total					11,188,800	178,350	11,010,450

It was observed that:

- a. The payment was made to the owners on cost assessment by C&W on the basis of covered area rate (Sft.) without adopting any mechanism for analysis of rates i.e. katcha, pacca, PCC/RCC and CGI sheets. Assessment papers of the owners mentioned at serial No. 3 to 5 were not signed by any officer of C&W department.
- b. Compensation of Rs 4.992 million was paid to Mr. Sakhidad S/o Sultan Zareen for house through voucher No. 02 dated 21st August 2011. However, documents of ownership of land in his name were not available with the department.
- c. The salvage material was also allowed to be taken over by owners without any deduction on this account (except Mr. Sher Ali) by department.

The irregularity was reported to the management in June 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that investigation may be made for payment without proper assessment of buildup property and fix responsibility on person (s) at fault.

AP # 13 (DOR & E Shangla, 2012-13)

3.2.48 Double payment on account of provision of Engineering Facilities – Rs 3.897 million

As per Para 01 of Appendix H to contract agreement dated 20th February 2009 between ERRA and Engineering Associates, “the contract price for consultancy services for the purpose of the agreement is Rs 51.338 million and all direct non salary/ reimbursement cost will be paid at the rate provided in appendix H-2 & 3”.

For provision of Engineering Facilities in District Kohistan under Package-2 “Construction of Building”, M/s Engineering Associate (EA) Karachi was hired through contract by ERRA at the cost of Rs 51.338 million which was enhanced to Rs 82.633 million. An amount of Rs 51.275 million was paid upto February 2014 as per detail given below:

Description	Total Cost (Rs)	Paid (Rs)
Salary	57,470,176	34,675,524
Non Salary cost (Rent for office, Utilities, Operational cost, Communication expenses)	7,695,000	6,100,000
Re-imburement Cost	1,430,000	370,369
Planning & Designing	14,337,500	10,111,522
Contingency	1,700,000	-
Total	82,632,676	51,257,415

Package-2 Contract No 6 was awarded to M/s Amin & Co on 31st December 2010. The lump sum provision of Engineering Facilities of Rs 10.00 million was added in BOQ. An amount of Rs 3.898 million up to 9th IPC was paid to the contractor under “Provision of Engineering Facilities” for rent of office, residential buildings, rent of hired vehicles, salaries of drivers, POL charges, purchase of sugar, tea, oil etc. duly verified by consultant “EA Karachi”. Prima facie the element of engineering facilities was overlapped between the two contracts i.e. M/s EA and M/s Amin & Co. So due to this overlapping one and same service i.e. engineering facilities was paid twice, once to the consultant and secondly to the contractor.

The matter was reported to organization in September 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends investigation in the matter, recovery of double payment of Rs 3.898 million and taking necessary action against the person (s) at fault under intimation to audit.

AP No 257(PMIU) 2013-14

3.2.49 Non-recovery of mobilization advance – Rs 5.444 million

Under clause 60.12 (a) of contract agreement an interest free Mobilization Advance up to 15% of the Contract Price, stated in the Letter of Acceptance, shall be paid by the Employer to the Contractor. The advance shall be recovered in equal installments at the expiry of third month after the date of payment of first part of Advance and the last installment 02 months before the date of completion of works.

In Project Management Implementation Unit (PMIU) SFD/ IDB Abbottabad, the following projects were completed and handed over to respective departments but mobilization advances were not fully recovered from the contractors as detailed below:

S. No.	Name of Project	Date of completion	Mob. Advance paid (Rs)	Recovered (Rs)	Balance (Rs)
1	BHU Develi	20.01.2012	4,350,568	1,864,479	2,486,089
2	BHU Jabbar Develi	24.01.2012	4,067,222	1,743,042	2,324,180
3	BHU Sachan Kalan	20.12.2012	4,438,093	3,804,042	634,051
Total			12,855,883	7,411,563	5,444,320

The advances were to be kept under watch to ensure that the same are adjusted as per contractual obligations i.e. 02 months before the date of completion of works. Thus non-recovery of mobilization advance after completion of projects was a serious lapse on the part of management. The bank guarantees against mobilization advances were demanded but not provided by the management.

The matter was reported to the management during September 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that recovery of mobilization advance may be made from the contractors besides taking disciplinary action against the person(s) at fault.

(AP No 255-PMIU, SFD/IDB 2013-14)

3.2.50 Wasteful expenditure of Rs 20.360 million

As per Para 5 of ERRA Act 2011, the authority shall be responsible for all reconstruction and early recovery programs and projects in the affected areas and towards this end, may perform to conduct survey to assess damages, to formulate a comprehensive umbrella development program for construction of government buildings and offices, utilities and services, infrastructure, roads, subways and bridges etc.

Contrary to above, the PMIU (SFD/IDB) Abbottabad incurred an expenditure of Rs 20.360 million during April to October 2011 on account of purchase of land for 12 IDB projects through DOR&E Kohistan in District Kohistan. According to Director Technical of PMIU Abbottabad letter dated 31st December 2013 addressed to the Project Coordination Officer PMIU Headquarter ERRA Islamabad, these projects were dropped by the management on technical reasons. However the action as to dropage of the project was taken after payment to the land owners. It was also suggested by the Director Technical that the acquired land may be handed over to the line departments for further disposal and to regularize the payment made by ERRA.

Audit is of the view that acquisition of land was made in the most ill planned way otherwise there seems no justification to drop these schemes at such a belated stage after expanding a huge amount of Rs 20.360 million.

The matter was reported to the management during September 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that acquired land may be de-awarded after inquiry for fixing responsibility and loss may be made good from person (s) at fault.

AP No 256(PMIU) 2013-14

3.2.51 Loss due to non-deposit of Income Tax – Rs 48.346 million

As per clause 73.1 of contract agreement the contractor, subcontractor and their employees shall be responsible for payment of all their Income Tax, super tax and other taxes on Income arising out of contract and the rates and prices started in contract shall be deemed to cover all such taxes”.

As per Income tax ordinance 2001, Income tax at source shall be deducted from contractors/ suppliers and employees bills according to specified rate.

Chief Engineer PMIU (SFD/IDB) Abbottabad released payment of Rs 964.785 million to consultants/ contractors for construction of various projects but the Income Tax amounting to Rs 47.604 million was not deducted/ not deposited into Government Treasury as per following detail:

(Rs in million)

S. No.	Name of contractor/ consultant	Name of work	Total payment	Income Tax due	Tax deposited	Tax not deposited
1	M/s Echo West (Pvt.) Ltd	King Abdullah Teaching Hospital	425.240	25.541	9.434	16.107
2	M/s EA (Pvt.) Ltd	Consultant	26.846	1.745	0.980	0.765
3	M/s New Malik Afridi & Co	GGDC Besham	239.810	14.389	---	14.389
4	M/s Amin & Co	GHS Pattan & GMS Ranolia	42.356	2.541	---	2.541
5	M/s M Feroz Khan & Co	GMS Kayall GPS Moreen	24.778	1.486	---	1.486
6	M/s M Ghayour & Co	GGHS Kuzkana	20.695	1.242	---	1.242
7	M/s Fazal Karim & Co.	Lilwani to Balkani road	10.976	0.658	---	0.658
8	/s Raja Sabir Khan & Co	Ancillary block DHQ Hospital	69.742	4.184	---	4.184
9	M/s AM & Co.	Tehsil Complex Palas	26.093	1.566	---	1.566
10	M/S National RCC Works	Karora Donai, Shahpur Ambayla Road	20.560	1.233	---	1.233
11	M/s Architects	Consultant	10.333	0.620	---	0.620
12	M/s PEPAC	Consultant	47.356	2.841	---	2.841
Total			964.785	58.046	10.414	47.632

It is worth mentioning here that it was the case of direct payment to the contractors/ consultants through withdrawal applications and via media mechanism was devised to pay the contractors/ consultants entire sum alongwith the income tax and subsequent to that they were to deposit the amount of income tax as per the management calculation in government treasury. The contractor in above cases did not follow the devised mechanism and short deposited or not deducted the income tax.

The matter was reported to the management during September 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that recovery of Income Tax may be made and deposited into Government Treasury under intimation to audit. Disciplinary action may be taken against persons responsible for non/ less deduction of Income Tax and corrective action may be initiated to avoid the recurrence of such irregularity in future.

3.2.52 Wasteful expenditure on account of design of bridges – Rs 4.631 million

As per Appendix “H” of Clause 2 (B-V) of contract with consultant M/s Engineering Associates (EA), on approval of final Engineering designs (road, structure etc.) 25% of lump sum amount of planning and design shall be paid to consultant.

PMIU (SFD/IDB) Abbottabad awarded the work “construction of 04 bridges i.e. Chakisar Khawar, Karora Donai, Karmung and Ranyal” to M/s Shangla Construction Company on 4th July 2011. The work was commenced on 19th July 2011 and the completion date was 18th July 2012. The Chief Engineer PMIU informed the Project Coordination Officer Islamabad on 27th May 2014 that progress of the work was not up to the mark and contract could not be terminated due to paucity of time to avoid litigation as a consequence of termination.

After laps of 03 years, the Chief Engineer PMIU Abbottabad changed the design of 03 bridges from steel bridges to RCC except Chakisar Khawar Bridge and awarded the contract to another contractor M/s New Malik Afridi & Co. on 6th August 2014. An amount of Rs 15.438 million was already released to M/s Engineering Associates upto February 2014 for planning, design and supervision of these projects.

Audit is of the view that the expenditure of Rs 4.631 million (Rs 15,437,512 x 40% x 3/4) incurred on account of concept development and final engineering designs of these three (03) steel bridges has gone waste as the consultant will also have to be paid for redevelopment of concept and redesigns of above mentioned RCC bridges.

The matter was reported to the management during September 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that responsibility may be fixed on person(s) at fault and wasteful payment for planning and designing be recovered.

AP No 261(PMIU) 2013-14

3.2.53 Blockade of funds and loss due to non-utilization and missing of tents and CGI sheets provided during 2008 – Rs 7.366 million

According to 11 of GFR Vol-I each head of the department is responsible for enforcing financial order and strict economy at every step and Para 23 of GFR Vol-I

provides 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 on part of other Government officer.

As per ERRRA letter dated 25th February 2008, Office Manager ERRRA was authorized to collect 2000 CGI sheets and 682 tents from SRSD C/O CMT&SD Chaklala on behalf of ERRRA. PMU letter No. F(1)/2010(BKT)/NBCDP-Admn/388 dated 12th September 2011 indicates that tents and CGI sheets lying with PMU were no more required for affectees of NBCDP as all the compensation packages were cancelled and these items be shifted to other location for further disposal due to security issues.

In Project Management Unit (PMU, NBCDP) Mansehra stock register of tents and CGI sheets revealed that 1,300 CGI sheets and 661 tents were lying at project site since Feb/ May 2008 respectively. These items were provided for issuance to the affectees of Bakriyal whose houses were to be demolished for execution of works at site but were not given to them due to change in policy.

Tents were received in bad condition during 2008 from SRSD C/O CMT&SD Chaklala. ERRRA letter dated 25th February 2008 shows that 2,000 CGI sheets had been transferred to PMU but only 1,600 CGI sheets were received as reported by Office Manager. No action was initiated for missing 400 CGI sheets. Tents were deteriorating due to improper storage as PMU lacks such arrangements.

Audit is of the view that un-necessary holding of CGI sheets and already deteriorated tents resulted into blockade/ wastage of funds and loss of Rs 6.566 million approximately (CGI sheets 1,300 x Rs 2,000 = Rs 2,600,000 + Tents 661 x Rs 6,000 = Rs 3,966,000). On the other hand, no action for 400 missing CGI sheets was initiated which resulted further loss of Rs 800,000 (i.e. 400 sheets x Rs 2,000) to the Government.

The irregularity was reported to the management on 4th December 2013 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit holds that un-necessary retaining of CGI sheets, already deteriorated tents and missing CGI sheets may be investigated and responsibility fixed under intimation to audit.

3.2.54 Loss due to missing of 2,216 CGI sheets taken over from DRU Mansehra - Rs 4.432 million (approximately)

According to Para 148 of GFR Vol-I, all material should be examined, counted, measured or weighed, as the case may be, when delivery is taken by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to the effect.

According to ERRA (Urban Development) letter vide F. No.3-13/ 2008 (NBCDP)/ ERRA (P-III) 1439 dated 9th February 2012, Program Manager (PM) District Reconstruction Unit (DRU) Mansehra was informed about establishment of space/ compartment for remaining 2,260 CGI sheets out of 4,000 CGI sheets provided earlier.

2,216 CGI sheets were received from DRU on 7th March 2012 for storage at Project Management Unit (PMU) New Balakot City Development Project (NBCDP) Mansehra. The stock register and other record showed that no such consignment was received and accounted for at PMU NBCDP. Moreover the specification of CGI sheets i.e. length, width and weight were not mentioned on handing/ taking over note dated 6th March 2012 recorded vide No. F-13/ UD KPK/ ERRA/ PMU/ (P-III)/ UD.

Audit is of the view that CGI sheets received from DRU are apprehended to be taken away by someone which resulted into loss of Rs 4.432 million (2,216 sheets x Rs 2,000 per sheet approx.).

The irregularity was reported to the management on 4th December 2013 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that loss due to missing CGI sheets may be investigated and fix responsibility against person (s) at fault effecting recovery under intimation to audit.

AP-310 NBCDP 2012-13

3.2.55 Undue favor to contactors due to payment against expired performance guarantees – Rs 103.555 million

As per GCC 10.2, 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.

Deputy Director Reconstruction (PERRA) Shangla paid Rs 68.888 million during 2013-14 for various contracts. The performance guarantees of contracts were found expired and revalidated performance guarantees were not obtained till date of audit viz October 2014.

Moreover performance guarantees of following projects/ schemes were not produced to audit.

Sector	Package # / Name of scheme
Education	1-G, (2,3,4,& 5), 3-A, 5, 5-A, 5-B, 6&7, 7, 7-B, 8 ,9 , VIII-B, X-A, VI-A, VI-B, VII, IV-A, VII-B, GHS Titwal, GPS Donchaka, GPS Koz Pao, GHS Dheri, GGPS Sanila
Governance	3, 14
Forest	2

Similarly, Deputy Director Reconstruction (PERRA) Battagram paid Rs 34.667 million during 2013-14 to various contractors whose performance guarantees were also expired. No action for revalidation of these guarantees was taken till October 2014 i.e. the date of Audit.

Hence undue favor was extended by DDR Shangla and DDR Battagram to the contractors by putting Government money amounting to Rs 103.555 million (Rs 34.667 + Rs 68.888) as detailed in Annexure-XI.

The matter was pointed out during November 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that payments made against expired performance guarantees and non-availability of performance guarantees may be investigated.

(AP # 310, DDR-Shangla & AP No.232 &238, DDR – BTG 13-14)

3.2.56 Loss due to non-imposition of Liquidated damages – Rs 577.195 million

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

Various organizations and executing agencies of PERRA and Chief Engineer PMIU SFD/ IDB) Abbottabad awarded different works to the various contractors with specific period for completion of work. The contractors could not completed the work within stipulated period even in some cases extension of time was also granted. According to relevant clauses of bidding documents/ contract agreements, Liquidated

Damages (LD) 10% / 5% amounting to Rs 577.195 million were required to be imposed on contractors which was not done. Detail is given in Annexure-XII.

Non-imposition of LD was pointed out in September 2014 but no response was received from management.

DAC meeting was not conducted till finalization of this report.

Audit recommends that responsibility may be fixed for non-imposition of liquidated damages and recovery may be made from concerned contractors under intimation to audit.

AP No 258,266,267,278,280(PMIU), AP 324 (DDR Kohistan), AP 306 (DDR Shangla),
AP 190,193,201, (DDR Mansehra), AP 125,127(DDR Mansehra),
AP 231(DDR Batagram-2013-14), AP # 01 (C&W Shangla),
AP 31, 35, 36(DDR Shangla), SO 01, 05, 21, 22, 26, 37&48 (DDR Mansehra-2012-13)

3.2.57 Irregular expenditure on POL and repair & maintenance of vehicles – Rs 4.204 million

Para 3.5 of ERRA Operational Manual states, “ In so far spending from the ERRA funds, the ERRA, all concerned executing agencies and all concerned implementing agencies shall observe the provisions of GFR and FTR of the Government of Pakistan and Public Procurement Rules 2004. Furthermore, Para 10 (i) of GFR Vol-I provides that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Chief Engineer Abbottabad allotted 20 vehicles on full time basis to the contract employees such as Deputy Directors, Assistant Directors and technical officers during 2013-14.

Following irregularities were found:

- i. The provision of vehicle on full time basis or part time basis was not found in contract agreement of these employees even then, these employees were provided full time vehicles.
- ii. All the Deputy Directors and Assistant Directors/TO were paid Rs 30,000 and 20,000 per month each as POL charges on verbal orders of Chief Engineer.
- iii. Three officers who were on deputation, (Shahid Aziz DD, Ms. Nadia Bashir AD and Yasir Mehmood AD) were allowed full time vehicle and were also being paid Rs 30,000 and Rs 20,000 monthly each for fuel of vehicles but remained drawing conveyance allowance in salary which was not admissible to them.

- iv. Vouchers/ bills of POL revealed that POL was also drawn/ consumed on close holidays i.e. Saturdays and Sundays.
- v. Log books of only 8 vehicles out of 20 were produced to audit which were also incomplete. The log books of other vehicles were not produced despite repeated verbal and written requests.

Audit is of the view that on the very outset the payment of POL charges without lawful authority is not only irregular but undue favour and is recoverable from the concerned unauthorized users of vehicles ab-initio. This resulted into unauthorized expenditure of Rs 3.582 million on POL and Rs 0.622 on repair and maintenance.

The irregularity was reported to the department in August 2014. The department replied that vehicles were allowed to Engineers on need basis only. It cannot be included in standard format of contract agreement. As such conveyance allowance cannot be deducted. Moreover, ceiling cannot be fixed for field staff but every effort is made to ensure proper utilization of vehicles and POL.

The reply is not satisfactory as the contract employees were not entitled for full time use of vehicles. So far as operation of vehicles on need basis is concerned, those were governed by Staff Car Rules, 1980 which inter-alia demands that it should be arranged through pool and formal demands (requisitions) and not in the way as was done.

DAC meeting was not conducted till finalization of this report.

Audit recommends that payment of POL ceiling and repair may be recovered from the unauthorized users besides recovery of conveyance allowance from entitled officers from the day first till the time this allowance has been discontinued.

AP# 92& 97 (CE PERRA, Abbottabad, 2013-14)

3.2.58 Loss due to non-disposal of off-road Government vehicles parked in open space - Rs 18.00 million

According to Para 3.5 of ERRA Operational Manual, ERRA and all concerned executing agencies/ implementing agencies shall observe the provisions of GFR and FTR of the Government of Pakistan and Public Procurement Rules 2004. Furthermore, Para 23 of GFR Vol-I provides 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 or on the part of any

other government official to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

In the office of Chief Engineer Abbottabad, ten vehicles (Toyota Hilux single cabin) were found permanently parked in open yard of office and causing regular damages and deterioration. The issue was also highlighted in previous audit but no steps were taken for utilization/ further disposal. Such parking of vehicles is resulting loss of Rs 18.00 million (approx Rs 1,800,000 x 10) to Government.

The irregularity was reported to department in August 2014. It was replied that the vehicles for vacant posts are parked in the office of Chief Engineer to avoid misuse of these vehicles and efforts will be made for their protection.

The reply is not satisfactory as it has not coverage of any material step taken to address the issue.

DAC meeting was not conducted till finalization of this report.

Audit recommends that non-disposal of said vehicles may be investigated and arrangements be made for immediate returning the vehicles to ERRA under intimation to audit.

AP # 98 (CE PERRA, Abbottabad, 2013-14)

3.2.59 Non-adjustment of secured advances – Rs 5.927 million

Clause 60.11 (b) of the Bidding Document of ERRA provides that secured advance shall be made /effected from the monthly payments on actual consumption bases.

Deputy Director Reconstruction (PERRA) Shangla paid Rs 22.882 million during 2008-09 and 2009-10 to contractors on account of secured advances but complete adjustment of these advances was not made despite lapse of four years. As a matter of fact, secured advances were to be adjusted in just forthcoming bills, despite payment of different IPCs a considerable sum of more than Rs 5.927 million is lying unadjusted. Moreover register of secured advances was also not maintained. Detail is given below:

S. #	Name of contractor	Package #	Page No. of Adv. Register	Secured advance paid (Rs)	Amount Recovered (Rs)	Outstanding (Rs)
1	M/s Shoukat Khan & Co.	V-A	07 & 39	4,283,365	3,463,993	819,372
2	M/s Wazir Muhammad Wazir	IV-B	15 & 16	7,078,242	5,800,000	1,278,242
3	M/s Amin & Co.	IV-A	20 & 60	5,440,176	3,025,953	2,414,223
4	M/s Faiz-ur-Rehman	VI-B	21	2,808,041	1,712,462	1,095,579
5	M/s Amin & Co.	V-B	22	3,272,993	2,953,251	319,742
				22,882,817	16,955,659	5,927,158

From the above position, it is evident that either the advances were granted more than immediate requirement or the adjustment mechanism was not followed. Non-maintenance of record leads to doubts about actual receipts/ payments and chances of mis-utilization cannot be ruled out.

The irregularity was reported to the department during May 2014 but no reply was received.

DAC meeting was not conducted till finalization of this report.

Audit recommends that proper investigation may be made to ascertain whether the secured advance was granted against the immediate requirement of material or otherwise. Responsibility for liberal grant of secured advance and non-recovery of the same be fixed and the outstanding secured advances alongwith financial charges may be recovered.

(AP # 43, 49 & 50, DDR, 2012-13)

3.2.60 Doubtful payment on account of hard rock – Rs 3.568 million

Para 3.5 of ERRA Operational Manual regarding observance of rules and regulations states,“ In so far spending from the ERRA funds, the ERRA, all concerned executing agencies and all concerned implementing agencies shall observe the provisions of GFR and FTR of the Government of Pakistan and Public Procurement Rules 2004. Moreover, 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 Government officer.

Deputy Director Reconstruction PERRA Mansehra awarded contracts for reconstruction of 03 roads and payment of Rs 3.568 million was made for “excavation in hard rock” on the basis of measurement certified by the contractor as

well as site engineer. However, keeping in view percentage quantification the mode of quantification became doubtful and a site visit of the said roads was carried out on 26th March 2014 by Audit team alongwith representative engineers of NESPAK and Deputy Director Reconstruction Mansehra. It was found that neither such item of work was done at site nor soil of such nature existed on these roads but payment was made as detailed below:

(Rs in million)

S #	Name of Road	Name of contractor	Contract Cost	IPC No.	Payment for hard rock
1	Pairan Khair Abad Road (4 Km)	M/s M Tahir & Co.	28.828	14	0.603
2	Battal Sathan Gali Road (P-II)	M/s SMS& Co.	43.408		0.906
3	Battal Sathan Gali Road (P-III)	--do--	49.940		2.059
Total					3.568

Audit is of view that payment so made was doubtful.

The matter was reported to the department during May 2014. The department replied that the quantity of hard rock of each work was 5%, 4% and 8% respectively.

The reply is not satisfactory as payments made for hard rocks were more than the said ratio and no such area was found at site and the hard rock shown paid were also more than the said ratio.

DAC meeting was not conducted till finalization of this report.

Audit recommends that matter may be investigated for taking legal action against the defaulters and the amount may be recovered from concerned contractors.

AP based on SO No-12 (DDR Mansehra, 2012-13)

3.2.61 Wasteful expenditure on construction of Chatter Plain-Balimang Road - Rs 23.470 million

As per clause 63.1 of PCC of the contract, it has been provided that in addition to the action taken by the Employer against the contractor the default of the contractor may be referred to the Pakistan Engineering Council for punitive action under the Construction and Operation Work Bye Laws 1987.

Deputy Director Reconstruction (PERRA) Mansehra, awarded the contract for construction of Chatter Plain Balimang Road (5 Km) to M/s Haroon for a cost of Rs 23.470 million. Construction of this road was started in January 2009 and was to be completed in July 2011 but it was not completed till April 2014. However, to dig

out the real causes of the stagnancy of the work, the matter was enquired in person from the management and it was transpired that due to substandard and low quality material, major portion of black topping (asphalt) of this road was washed away before completion.

The matter was reported to the department during May 2014. The management replied that contract has been recommended for termination by the Engineer/ consultant to the Chief Engineer PERRA vide letter dated 31st March 2014 due to unsatisfactory performance.

The reply is not satisfactory as recommendation for termination is not sufficient. No further proceeding against the contractor was reported till finalization of this report. Moreover the project was to be completed on 31st July 2011 whereas no liquidated damages for delay were imposed on contractor.

DAC meeting was not conducted till finalization of this report.

Audit recommends that besides referring the case against the contractor to the Pakistan Engineering Council for punitive action, the retention money and performance guarantee of the contractor may be forfeited and recovery of the amount paid as supervision charges to NESPAK for monitoring be made good from the quarter concerned. L.D may also be imposed on the contractor and disciplinary action be taken against the officials responsible for loss to the Government under intimation to audit.

AP based on SO No.8 (DDR Mansehra, 2012-13)

3.2.62 Defective planning and substandard execution of road of Rs 50.907 million

Clause 3 (a) of contract agreement requires that call deposit may be forfeited in case a contractor fails to fulfill contractual obligations. Moreover clause 63.1 of contract provides that in addition to the action taken by the employer against the contractor, the employer may also refer the case of default of the contractor to the Pakistan Engineering Council for punitive action.

Deputy Director Reconstruction PERRA Mansehra awarded the contract of Battal Sathan Gali Road to M/s SMS & Co and payment of Rs 50.907 million was made to the construction company. Site visit of this road alongwith engineer of NESPAK and DDR office concerned revealed following shortcomings:

- i. The road was damaged and patches were appeared on many places.
- ii. Causeways were not constructed; especially on the area where water is continuously coming from upper side of the mountains, due to which the said road was not only badly damaged but will also be damaged badly in future.
- iii. Payment of Rs 1.500 million was made for excavation of hard rock material during construction of the road but no such site was found anywhere on the road.
- iv. Defect Liability Clearance (DLC) Certificate and punch lists were not provided.

The matter was reported to the department during May 2014. The management replied that the work has been completed and handed over to the C&W department and contractor was asked to rectify the defects. Only Rs 16,607 have been paid for excavation in hard rock.

The reply is not satisfactory as no evidence for rectification of defects was provided till finalization of this report.

DAC meeting was not conducted till finalization of this report.

Audit recommends that the defective work as pointed out by the C& W Mansehra may be got executed according to BOQ and road duly completed in all respect be handed over to concerned department besides taking necessary action against the person(s) responsible for making doubtful payment against hard rock excavation.

AP based on SO No.15, (DDR Mansehra, 2012-13)

3.2.63 Un-justified retention of money in PERRA account for the last six years - Rs 87.665 million

According to Para 96 of GFR Vol-I “In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year”.

Government of Pakistan transmitted an amount of Rs 1,500.00 million to District Officer (Revenue & Estate) Mansehra for the acquisition of land for New Balakot City through Government of KP/ Director General, PERRA. District Officer (Revenue & Estate) Mansehra disbursed due amount and refunded unspent balance of Rs 87.665 million during August 2008 to DG PERRA for onward transmission to

Federal Government. The amount is still lying in the account of DG PERRA for the last six (06) years as the same was not deposited into Government treasury.

Audit holds that retention of such huge Government money for a period of more than six years by DG PERRA is clear violation of rules.

The unjustified retention of funds was pointed out on 30th September 2014. It was replied that few cases of land compensation are in court and amount will be released to land owners after decision of the court.

The reply is not acceptable as the disputed amount has already been retained by the DOR&E Mansehra and amount returned to DG PERRA was in excess of award of total sum of Rs 1,412.335 million.

DAC meeting was not conducted till finalization of this report.

Audit recommends that unauthorized retention of Government money may be investigated for taking appropriate action against responsible person(s) besides refund of the amount to Government under intimation to audit.

(AP No. 74, DG-PERRA, 13-14)

3.2.64 Irregular dual appointment of legal counsel and concealment of record of court cases – Rs 1.752 million per annum

According to Sr. No. 4 (i) of terms and conditions of contract agreement of legal counsel in DG PERRA office, the legal council will devote whole time to duties of legal counsel and (iv) he shall not indulge in private practice, business or occupation. The same terms and conditions are incorporated in another contract agreement dated 1st March 2011 of legal counsel in Chief Engineer's office.

Para 96 of GFR Vol-I requires that money should not be spent hastily or in ill-considered manner just because it is available or that the lapse of a grant could be avoided. Para 11 of GFR Vol-I, provides that each head of the Department is responsible for enforcing financial order and strict economy at every step.

DG PERRA office Abbottabad appointed Mr. Aurangzeb Assad Advocate as legal counsel @ Rs 60,000 per month. It was observed that:

- i. Initial appointment on contract was made during August 2009 for one year. The contract was extended several times for more than five years and still functioning under the extended period.

- ii. The officer was also appointed as Chief Legal Counsel in Chief Engineer PERRA Abbottabad office @ Rs 86,000 pm. A full time vehicle (Suzuki Jimny) alongwith driver was allotted to the officer. Moreover POL charges @ Rs 15,000 p.m. were also being paid regularly.
- iii. Services of separate advocates were also hired for each District i.e. Abbottabad, Mansehra, Battagram and Shangla/ Kohistan through DRUs.
- iv. Detail of court cases was demanded but despite repeated written and verbal requests no record was provided during current as well as previous audits.

Audit holds that:

- a. As the legal counsel was regular incumbent of two posts with one and the same job description that too on full time basis at two different pay packages as such appointment of one and the same person with two faces resulted into compensating a person twice for one and the same job.
- b. The reward for one position needs to be recovered from the individual ab-initio. The recoverable amount for one year for the position held in Chief Engineer's office worked out to Rs 1.392 million (Rs 86,000 + Rs 15,000-POL + Rs 15,000-driver's pay x 12 months).
- c. Non-production of record/ detail of court cases as pointed out from the last 3 years is concealment of record.

The irregularity was reported to the management on 30th September 2014. It was replied that a single lawyer can be a legal counsel of few offices.

The reply is not acceptable as the legal council was appointed on full time basis twice in the same organization.

DAC meeting was not conducted till finalization of this report.

Audit recommends that the matter may be investigated to fix responsibility on the person(s) at fault besides effecting recovery of overpaid sum right from the very first day of dual appointment.

(AP No. 75, DG- PERRA 13-14)

3.2.65 Missing of vehicles and irregularities in use of Government vehicles – Rs 2.998 million

According to Para 46(i) of ERRA Financial Rules 2012, movement registers of vehicles indicating the distance covered per day shall be maintained and shall remain in custody of driver or the entitled officer and 46 (ii) provides that log book shall be maintained recording therein daily running, entry of POL and rapairs/ maintenance.

According to Para 161(iii) of GFR Vol-I, in making a physical verification, shortages and damages, as well as unserviceable stores, should be reported to the competent authority.

DG PERRA Abbottabad incurred Rs 2.998 million on POL of vehicles during the year 2013-14. Detail of vehicles and annual physical verification thereof was demanded during audit. The management provided three separate details showing number of vehicles as 20, 21 and 22 which included 3 motorcycles, while annual physical verification carried out by DG PERRA Office (June 2014) revealed 11 vehicles and 3 motorcycles available with PERRA office.

On carrying out physical verification, only 08 vehicles were found available and the whereabouts of 11 vehicles were not made known to audit.

Following further irregularities were observed on the use of vehicles:

- i. On checking record of one month (December 2013) on sample basis, average local duty of 10-vehicles (out of 22) was 450 Km/ per day. 3 motorcycles were also being used daily for local duty.
- ii. 8 vehicles were shown on pool duty. No justification/ use of vehicles on Pool was produced to audit.
- iii. 3 vehicles bearing registration No. A-1488, A-1564 and A-9050 were shown in use of DG PERRA whereas POL of Rs 845,213 was paid during 2013-14.
- iv. 2 vehicles were allotted to Assistant Director (Admn). The officer proceeded on one month ex-Pakistan leave during December 2013 but the vehicles were not returned/ handed over to office. Logbooks showed running of 2,689 Km and consumption of POL of Rs 36,902 during leave period.
- v. Vehicle No. A-5890 was shown in use of Director Finance while the said post was lying vacant from the last many years. Rs 130,472 were paid for POL (from July 2013 to February 2014) on use of this vehicle.
- vi. Vehicle No. LE-318 was shown allotted to PS to DG (appointed on contract basis BPS-16).
- vii. Vehicle No. 8214 was provided to Commissioner Hazara. The same was not returned despite pointation by audit during the last three year's audit.
- viii. One Vehicle Toyota Hiace No. A-8760 was used for pick & drop purposes. However no relevant record i.e. name and designation of beneficiaries, places from where pick and drop was provided and deduction of conveyance allowance was shown to audit.

- ix. 09 drivers against sanctioned posts of 06 are serving; 3 drivers were paid salary from Chief Engineer PERRA office and TA/ DA from DG PERRA.

The irregularities were reported to the management on 30th September 2014 and it was replied that all vehicles are used with the approval of DG PERRA.

Reply is not tenable as no record relating to missing vehicles was provided and the vehicles allotted to unauthorized persons were not covered under rules.

DAC meeting was not conducted till finalization of this report.

Audit holds that missing of Government vehicles and irregular allotment/ use may be investigated besides effecting recovery under intimation to audit.

(APs No. 79, 80 & 82, DG-PERRA13-14)

3.2.66 Unauthorized payment of Special Allowance and Utility Allowance – Rs 1.600 million

According to Government of KP, Finance Department (Regulation Wing) letter No. FD (SOSR.II)8-7/2202/Vol-IV dated 3rd March 2008, 20% Special Allowance will be admissible to all those who are on deputation to Civil Secretariat and employees of Civil Secretariat posted outside. Notification No. FD (SOSR.II) 8-53/2008 dated 6th February 2008 provides that 10% Utility Allowance will be allowed to officers and officials of NWFP Civil Secretariat, Chief Minister's Secretariat and Governor's House/ Secretariat.

Contrary to above, DG PERRA paid Rs 953,112 as 20% Special Allowance and Rs 646,464 on account of 10% Utility Allowance to various officials posted in PERRA and DRU Offices from KP Government during 2013-14. The payment was made out of 1/3rd Provincial funds in violation of above notifications who were not on the strength/ part of Civil Secretariat, hence not entitled for these allowances.

The irregularity was pointed on 30th September 2014 and the department replied that PERRA is headed by Secretary cum DG who has been notified as ex-office Secretary to Provincial Government.

Reply is not plausible as PERRA was declared agency of ERRA and not the Provincial Government Secretariat.

DAC meeting was not conducted till finalization of this report.

Audit recommends that unauthorized payment may be recovered for entire period of posting of employees under intimation to audit.

(AP No. 84, DG-PERRA 13-14)

3.2.67 Illegal continuation/ assumption of charge of the post of Deputy Director Finance after resignation from the post – Rs 2.366 million

According to Estacode, Termination of Service, Resignation etc, Sr. No. 10 (f), if the resignation of temporary Government servant is accepted, he does not continue his service.

According to S. No. 133(ii) of Estacode, where it is considered necessary to fill in a post on contract, the decision to fill the vacant post on contract basis shall be taken at the level of the Secretary of the Ministry/ Division and/ or head of the Department/ Organization etc, 141 (b) the vacancies should be advertised in the leading national and regional newspapers (c) selection should be made through regularly constituted Selection Committees/ Boards.

ERRA Islamabad vide letter No. 14 (2)/2006/Pro-I/ERRA dated 20th November 2009 appointed Mr. Haider Ali as Financial Management Specialist (FMS) B-19 @ Rs 80,000 p.m in DG PERRA Office out of World Bank Credit (Cr.4134). The officer assumed the charge on 1st December 2009. Earlier the officer was serving as Deputy Director Finance PERRA (B-18) in the same office since 2007-08 from where he submitted resignation which was approved by competent authority before his joining new appointment.

Later on, during revision/ rationalization of PC-I of PERRA, the post of FMS was likely to be abolished. The officer again submitted resignation from the post of FMS. The Director Finance PERRA vide office order No. PERRA/ Admn/ Notification /10-11/1082 dated 17th May 2011 allowed Mr. Haider Ali to continue against the post of Deputy Director Finance PERRA (lying vacant for 17 months) on his previous contract conditions. The officer assumed charge on 15th May 2011 and Rs 2.366 million were paid to the officer till June 2014 on account of salary in addition to other perks and privileges. However the record relating to appointment and resignation of Deputy Director Finance/ FMS was not produced/ available.

Audit holds that the appointment for the post of Deputy Director Finance was required to be made through advertisement by competent authority as required under the rules which was not done.

This irregularity was reported to the management on 30th September 2014. The department replied that the officer was transferred from the post of FMS to Deputy Director Finance without giving any resignation.

The stance of department is not correct as according to above mentioned office order dated 17th May 2011, the officer was allowed to continue against the post of Deputy Director Finance on acceptance his resignation from post of FMS.

DAC meeting was not conducted till finalization of this report.

Audit holds that matter may be investigated for carrying out illegal appointment and for fixing responsibility under intimation to audit.

(AP No. 90, DG-PERRA13-14)

3.2.68 Unauthorized payment of project allowance - Rs 1.879 million

As per approval by Chief Minister KP dated 25th March 2006 vide S. No. 7(vii), the pay of provincial staff would be borne by the Government of KP if funds for this purpose were not provided by ERRRA. In that case, these employees would be governed by rules of KP Government and PERRA would get the PC-1 approved from concerned forum of KP Government. Further, the notification of Planning & Development Division, Government of N.W.F.P. No. SO/ ESTT / P&D/3-3/ S.FATA/ 2005 dated 14th May 2005 prescribes the terms & conditions of deputationists in two types of Projects. Para No. III states that “they shall be given an additional monthly project allowance equivalent to running basic pay.” Serial No. V of this notification provides, “Sub Para II, III, IV above shall be applicable to those projects only where the PC-1 carries lump sum salary provision. Where the PC-1 already prescribes BPS salary, only scale salary plus 20% deputation allowance and 10% project allowance shall continue to apply.”

Contrary to above, PERRA Abbottabad never prepared and got approved the PC-1 from Government of KP and continued making payment of project allowance to its various employees deputed from provincial Government and drawing salary on prescribed basic pay scales. These employees were entitled to 10% project allowance of running basic pay plus 20% deputation allowance only. PERRA paid Rs 1.879 million on account of project allowance as detailed below:

S. #	Name	Organization	Running Basic pay (Rs)	Actual drawn project allowance per month (Rs)	Admissible @ 10% of basic pay per month (Rs)	Excess drawn per month (Rs)	Total excess drawn in F.Y. 2013-14 (Rs)
1	Mr. Latif ur Rehman Pro. Mgr, Shangla	DRU Shangla/Koh	48,500	30,000	4,850	25,150	301,800
2	Mr. Atta ur Rehman AO, Shangla	-do-	44,000	30,000	4,400	25,600	307,200
3	Khizer Hayat Pro. Manager Mansehra	DRU Mansehra	23,200	30,000	2,320	27,680	332,160
4	Muhammad Aslam, AO, Mansehra	-do-	50,000	30,000	5,000	25,000	300,000
5	Mr. Afrasiab Khattak, AO, Abbottabad	DRU Abbottabad	17,200	30,000	1,720	28,280	339,360
6	Mr. Khan Muhammad, AO, Battagram	DRU Battagram	51,500	30,000	5,152	24,850	298,200
TOTAL							1,878,720

Audit is of view that the payment of project allowance was unauthorized without approval of PC-1 for 1/3rd share of Provincial Government KP and payment on excessive rates instead of fixed rate of 10% of basic pay.

The irregularity was reported to the department during October 2014. The department replied that officers are drawing project allowance from Provincial Government funds who has not issued any orders for discontinuation.

The reply is not relevant as the same does not address the requirements of policy mentioned above.

DAC meeting was not conducted till finalization of this report.

Audit recommends that overpayment of project allowance made during the financial year 2013-14 and in previous years may be recovered after allowing actual due 10% of running basic.

APs # 159, 284,342,347 (2013-14)

Performance

3.2.69 Non-achievement of targets

As per Clause 1:2 of ERRA Operational Manual, ERRA is responsible for reconstruction and development of earthquake affected areas and rehabilitation of

affected population also according to ERRA Notification No. NWFP-ERRA/ P&D/ ERRA/ 01-2006/ 004, ERRA will be overall responsible and accountable for the timely and efficient execution of all programs activities in the area of its jurisdiction.

According to Notification No. NWFP-ERA/P&D/ERRA/ 01-2006 /004, “PERRA will be overall responsible and accountable for the timely and efficient execution of all programs activities in the area of its jurisdiction”.

The officers/ officials of PERRA have been paid attractive pay packages, project allowance, fleet of vehicles and other perks/ privileges for timely and satisfactory completion of ERRA related projects/ schemes. Despite lapse of more than 9 years, huge expenditure on operational cost and repeated pointation of non-achievement of targets by audit, the progress is not satisfactory/ poor and still going on snail space. The sector wise progress/ achievement of targets on 30th June 2014 is as under:

Sector	Total Schemes	Tender Invited	Bids Evaluation	Tender Award	Work Start	0%	1-25 %	26-50 %	51-75 %	76-95 %	Completed
Education	2,909	2,611	2,416	2,381	2,294	57	180	140	224	164	1,529
Environment	338	338	328	328	326	3	43	16	33	51	180
Governance	479	474	465	464	459	6	9	14	27	36	367
Health	147	144	141	134	123	3	1	17	8	12	82
Livelihood	906	843	829	829	822	37	20	73	17	143	532
Medical Rehabilitation	4	4	4	4	4	0	0	0	0	0	4
Power	7	4	4	4	4	0	0	0	2	0	2
Social Protection	9	9	9	9	5	0	0	0	3	2	0
Transport	150	148	145	145	145	1	6	7	17	19	95
WatSan	1,938	1,938	1,937	1,937	1,937	3	2	8	6	3	1,915
Total	6,887	6,513	6,278	6,235	6,119	110	261	275	337	430	4,706

The progress report shows that inflated progress was shown by including schemes/ projects pledged to and completed by sponsors. Planned and approved targets could not be achieved despite instruction by ERRA for release of funds for the schemes having physical progress of more than 90%.

Non-achievement of targets is resulting in recurring loss to Government on account of operational cost as well as cost overrun of projects/ schemes.

Non achievement of target was pointed out during September 2014 to November 2014 and the department replied that targets could not be achieved due to financial crunch.

DAC meeting was not conducted till finalization of this report.

Audit recommends that non achievement of planned and approved targets and inclusion of sponsors completed schemes in ERRA/ PARRA's progress may be investigated for fixing responsibility upon defaulters and expedition of progress of work under intimation to Audit. Future planning for completion of the projects/ facilities may also be provided.

(APs No. 89 PERRA, 96 CE Atd, 113 DDR Atd, 140 PHE Man, 213 DDR Man, 235 DDR Btm, 263 PMIU SFD/IDB, 286 DRU Man, 315-DDR Shangla, 326 DDR Koh, 346 DRU Atd & 350DRU Shg/Koh – 13-14)

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 Temporary overpayment due to misleading/ fake entries in measurement sheet – Rs 4.404 million

As per Technical Specification of the items of works read in conjunction with the BOQ item No. C-G3, C-G4, C-G5, C-H1 and C-I1, it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at the rates specified in the BOQ.

During scrutiny of IPC # 21 of SPC-11 it was transpired that management of SFD&KF, Muzaffarabad measured and accepted certain items of the work and paid at the rate given in the BOQ upto IPC # 20. However while processing IPC # 21 the management curtailed the rate paid to 25% by regarding it as part rate. Allowing the part rate for the items of work which were previously quantified with respect to

quality and quantity after having been measured, accepted and paid has questioned the genuineness of the measurement sheet and the abstract of quantities and that of abstract of cost prepared on the basis thereof. So in this way IPC # 21 gave certain minus entries in the current bill. This phenomenon of measurement led to temporary overpayment of Rs 2.687 million as detailed below:

School	Item No.	Unit	BOQ Rate	Qty	Amount Paid upto 20 th IPC (Rs)	Part Rate allowed in 21 st IPC (Rs)	Amount admitted in 21 st IPC (Rs)	Over paid Sum as determined in 21 st IPC (Rs)
GBDC Athmaqam	C-G3	Sft	850	2,462.72	2,093,313	212.5	523,328	1,569,985
	C-G4	Sft	825	1,804.76	1,488,929	206.26	372,232	1,116,697
Total								2,686,682

Similarly, the management measured and paid certain items of BOQ on percentage basis. So the contractor was paid for Rs 1.717 million as detailed below:

School	Item No.	Unit	Qty	%age	Qty Paid	Rate	Amount (Rs)
GBDC Athmaqam	C-G5	Sft	4,993.5	30	1,498.05	625	936,281
	C-H1	Sft	867.4	80	694	650	450,913
	C-I1	Sft	11,010.2	30	3,303	100	330,305
Total							1,717,499

Thus the contractor was overpaid for Rs 1.717 million facilitated through fake measurement sheet.

The department in its reply dated 3rd December 2014 stated that the payment against item CG-3 was made to contractor after execution of work at site and certification by the NESPAK. At the time of certification of IPC No. 21, it was found that due to improper fixing of ply wood on wooden framing, some defects were appeared due to which the payment against aforesaid item was curtailed to 25% i.e. only for door frame.

The reply is not acceptable as same is not perpetuating from the contractual provision besides the management admitted the part payment by reducing the rate and quantity.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the cost impact of the temporary overpayment be worked out and recovered from besides fixing the individual responsibility for making fake entry in the measurement sheet.

PDP-561 (2013-14 SFD&KF)

4.2.2 Undue benefit to the contractor due to payment of works on percentage basis – Rs 4.550 million

As per Technical Specification # 4600, it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at the rates specified in the BOQ.

During scrutiny of IPC-28 of Government Boys Post Graduate College, Muzaffarabad it was observed that doors, windows, lights, paints and others items were measured and paid on part rate basis. The way the works were quantified and considered for payment is in total disregard to the mechanism provided for the purpose.

Thus the contractor was unduly favored by releasing a payment of Rs 4.550 million for the works which were either partially executed or were not executed at the spot and certain misleading entries were made in the measurement sheet.

The department in its reply dated 3rd December 2014 stated that at the time of verification of IPC No. 28 only door frame was fixed therefore 25% payment was made. Similarly, due to breakage of some tiles 5% amount was withheld. Further due to remaining works of polishing 75% was paid for terrazzo tiles. Also 40% amount was withheld for overhead and underground water tanks due to remaining works of Top Slab and Plaster whereas 25% amount was withheld due to remaining costs of paints.

The reply is not acceptable as the viewpoint is not substantiated with contractual provisions besides the management itself admitted the fact as to undue provisional/ part payments.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the cost impact of undue payments may be worked out and recovered from the person(s) held responsible.

PDP-563 (2013-14 SFD&KF)

4.2.3 Undue/ excess payment due to fake entries in measurement sheets - Rs 19.276 million

As per Technical Specification # 4600, it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at the rates specified in the BOQ.

During scrutiny of IPCs 1 to 28 of the Government Boys Post Graduate College, Muzaffarabad it was observed that the payment of Rs 19.276 million (Rs 11.418 million + Rs 3.839 million escalation charges + Rs 4.019 million) was made against item # C21-doors; C23; C26; P-31 and for fly proofing; windows louver; projections, drains, railing etc. The payment was made on the basis of measurement sheets duly verified by the NESPAK and accepted by the employer. However, at the time of preparation of statement of completion, the payment made against these items was adjusted/ withheld on the ground that work was not done. The contradictory position of the record has questioned the integrity of measurement sheets. A further scrutiny of the running bills of these items of the work revealed that the payment against these items were certified on the basis of measurement sheets by applying certain percentage cut i.e. at the initial stage the payments were made @ 75%. At another stage, a percentage cut was also applied to 50% and 25% with zero quantity at the end of day. The mode of quantification adopted was beyond the contractual provisions.

Thus the contractor was unduly favored by releasing a payment of Rs 19.276 million for the works which were either partially executed or were not executed at the spot and certain fake entries were made in the measurement sheet.

The department in its reply dated 3rd December 2014 stated that doors were initially paid @ 25% and escalation was not paid on this amount. In statement at completion, previous 25% amount and also remaining 75% amount along with payable escalation amount was withheld due to defects found in the wood work. Railing is too fixed in buildings and external. For buildings all executed work was paid, whereas amount withheld against railing in statement of completion is basically the estimated amount of work to be done for the said item, in external work. Item C-26 projection was paid @ 90% (admin) in IPC No. 28 and in IPC No.30, 30% paid for multipurpose hall 1 & 2. However in statement of completion full amount for item C-26 was withheld along with the payable escalation amount due to improper fixing and subsequent leakage problems.

The reply is not acceptable as the viewpoint is not substantiated with contractual provisions. Further, the management itself admitted the departure from the laid down procedure.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the cost impact of undue payments may be worked out and recovered from the person(s) held responsible.

PDP-564 (2013-14 SFD&KF)

4.2.4 Undue/ excess payment on account of percentage basis - Rs 2.528 million

As per BOQ item # C-06 and C-07 under the head miscellaneous work, construction of overhead tank and underground water tank were to be made. Payment for these works was to be made on job basis.

During scrutiny of record regarding construction of Government Boys Post Graduate College, Muzaffarabad (SPC-14) it was observed that the management of PMIU, Saudi Fund for Development & Kuwait Fund (SFD&KF) paid 45% of Rs 3.188 million being Rs 1.434 million for overhead tank in first installment and 15% for said tank being Rs 0.478 million as second installment. Similarly, for the underground tank Rs 0.462 million being 45% of Rs 1.026 million as first installment and then Rs 0.154 million being 15% as second installment were paid to the

contractor. So till 28th IPC, total payment of Rs 2.528 million was made for both the jobs.

Thus the payment of Rs 2.528 million in contravention to the contractual provisions resulted into undue favour to the contractor.

The department in its reply dated 3rd December 2014 stated that the rates for works under ground water tank and over head water tank were for “per job”. Payment on percentage basis was made for the executed works keeping in view the share of executed work to overall job/ work.

The reply is not acceptable as the payment made in this way was in disregard to the contractual obligations which demanded that the payment be made on completion of the job.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-565 (2013-14 SFD&KF)

4.2.5 Undue payment on part rate basis – Rs 2.048 million

As per Technical Specification # 4600 read in conjunction with BOQ item No. C-G3 and C-G4, it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

During scrutiny of IPC # 20 to 22 regarding construction of Government Boys Degree College (GBDC), Athmuqam, SPC-11 it was observed that payment of Rs 2.048 million was made to the contractor for providing and fixing of wooden hollow doors complete in all respect against BOQ item # C-G3 and C-G4. An examination of the transaction revealed that up to 21st IPC, payment for said items was made at full rate i.e. Rs 850 per Sft. for BOQ item # C-G3 and Rs 825 per Sft. for C-G4. Payment was made after certification by the consultant and acceptance by the employer as to completion of the work in all respect, while in 22nd IPC, payment for

above mentioned items was made on 90% of Academic block and 25% of others which clearly showed that payment made in 21st IPC was not correct.

Thus, the entire payment made was an undue favour to the contractor facilitated through fake entries in the measurement sheet.

The department in its reply dated 3rd December 2014 stated that the payment against item CG-3 “fixing of doors” was made to contractor after execution of work. At the time of certification of IPC No.22, some defects were found in the executed works therefore some percentage of payment was withheld for ratification as per provision of clause 60.4 of GCC.

The reply is not acceptable as the payment made in this way was in disregard to the contractual obligations rather it was an undue favor to contractor.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-566 (2013-14 SFD&KF)

4.2.6 Undue payment due to reckoning partially executed items for payment on part rate basis – Rs 5.363 million

As per Technical Specification read in conjunction with of BOQ items No. C-G5, C-J7 and C-J8, the items of works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

During scrutiny of IPC # 20 to 22 regarding construction of Government Boys Degree College (GBDC), Athmuqam SPC-11 it was observed that the payment for different items was made on percentage basis. Details are as under:

IPC #	Items No.	Amount Due (Rs)	Amount Paid (Rs)	percentage Paid
22	C-G5	3,577,200	3,313,098	90%
20	C-J7	947,039	852,335	90%
20	C-J8	1,330,761	1,197,685	90%
		Total	5,363,118	

The payment made on percentage basis was totally in disregard to the provisions of Technical Specifications and BOQ.

Thus, the contractor was unduly benefitted for Rs 5.363 million.

The department in its reply dated 3rd December 2014 stated that percentage payment for the said items was made as per actual executed work at site and some amount was withheld due to few remaining works for any particular item.

The reply is not acceptable as the payment made in this way was in disregard to the contractual obligations.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-567 (2013-14 SFD&KF)

4.2.7 Undue payment due to part rate – Rs 19.604 million

As per Technical Specification read in conjunction with items No. C-K2 and C-K3 of the BOQ, the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

A) During scrutiny of IPC 20 regarding construction of Government Boys Degree College (GBDC), Athmuqam (SPC 11), it was observed that management of SFD&KF curtailed the rate paid to 60% and 35% by regarding it as part rate. Allowing the part rate for the items of work which were previously accepted for payment on the basis of certification made by the consultant and acceptance by the employer was against the contractual provisions. This phenomenon of measurement has led to temporary overpayment of Rs 2.649 million. The details breakup is as under:

School Name	IPC #	Item No.	Description	Unit	BOQ Rate (Rs)	Qty	Part Rate allowed in 20 th IPC	Amount Paid (Rs)
GBDC Athmaqam	20	C-K2	3 coat of plastic emulsion paint complete in all respect	Sft	35	102,457	21	2,151,588
		C-K3	3 coat of weather sheet paint complete in all respect	Sft	40	35,541	14	497,578
Total								2,649,167

B) Similarly, during scrutiny of IPC # 28 regarding construction of King Abdullah University, Muzaffarabad it was transpired that management measured and accepted certain items of the work and paid on part rate basis. Allowing the part rate for the items of work which were not complete in all respect were not covered under the contractual provisions.

Thus the contractors were unduly benefitted for Rs 2.649 million and Rs 16.955 million for Government Boys Degree College (GBDC), Athmuqam and King Abdullah University, Muzaffarabad respectively against the contractual provisions.

The department in its reply dated 3rd December 2014 to the initial observation stated that percentage payment for the said items was made as per actual executed work at site and some amount is withheld due to few remaining works for any particular item.

The reply is not acceptable as the same is not supported by the contractual provision. Audit is of the view that the payment made in the way was in disregard to the contractual obligations rather it was an undue favor to contractor.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

4.2.8 Undue payment due to fake entries in measurement sheets – Rs 3.577 million

As per Technical Specification read in conjunction with items No. BM1, PCC2, WP1, PCC2, RCC1 (II), TM1, PCC1 and RCC1 (I) of the BOQ, the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

During scrutiny of IPC 25 regarding construction of King Abdullah University Muzaffarabad it was observed that the management of SFD&KF paid Rs 13.553 million on account of different items and in IPC No. 25, the management deducted an amount of Rs 3.577 million on the following items:

IPC #	Item #	Amount (Rs)	Deducted Amount (Rs)
25	BM1	4,478,100	47,797
	PCC2	1,721,157	136,958
	WP1	495,062	495,062
	PCC2	1,286,839	132,052
	RCC1 (II)	1,258,371	67,584
	TM1	48,905	54,005
	PCC1	625,869	557,816
	RCC1 (I)	3,639,060	2,085,366
		13,553,363	3,576,640

Deduction of quantity of items of work which were previously measured, accepted and paid was not covered under the contractual provisions which inter alia demanded that the quantities may be certified in terms of units for the completed works.

This phenomenon of measurement led to overpayment of Rs 3.577 million.

The department in its reply dated 3rd December 2014 stated that the payment against item block masonry (BM-1) 12" thick was initially made on execution of work but due to appearance of defective work in some portion, quantity was decreased as per provision of clause 60.4 of GCC of Contract Agreement.

The reply is not acceptable as the reliance on clause 60.4 of the GCC has been mis-placed. There existed no provision for allowing payments on fake measurements.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-569 (2013-14 SFD&KF)

4.2.9 Undue benefit to the contractor due to entertaining the IPCs below the threshold limit – Rs 1,241.403 million

As per clause 60.2 of the GCC read with special stipulation of the contract agreement, the minimum amount of IPC/ running bill will be Rs 100 million.

The management of the Saudi Fund for Development & Kuwait Fund (SFD&KF) entertained 27 running bills worth Rs 1,241.403 million in respect of King Abdullah University, Muzaffarabad. The amount of the bills ranged from Rs 14 million to Rs 86 million. So, not a single IPC was entertained by observing the minimum threshold limit of Rs 100 million.

Payment against the contractual provisions resulted into undue favour to the contractor.

The department in its reply dated 3rd December 2014 stated that as per Clause 60.2 “The Engineer shall not be bound to certify any payment under this Sub-Clause if the net amount thereof, after all retentions and deductions, would be less than the minimum amount of Interim Payment Certificates stated in the Appendix to Tender.” In light of contents of the above referred clause, it is quite evident that if the amount of IPC is less than minimum specified amount then The Engineer is not “bound” to entertain the IPC but he can process the IPC as the contract has not restricted to process the IPCs. Further, IPCs less than minimum specified amount were entertained in the best interest of Project. Further it is submitted that contractor was entitled to suspend the work due to delay in payments therefore in order to facilitate the contractor to manage his cash flow which was affected due to delay in payments, IPCs of less amount were entertained.

The reply is not acceptable as the same is not supported by the contractual provisions. Besides, the management has admitted the violation.

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility may be fixed for not adhering the contractual obligations.

PDP-571 (2013-14 SFD&KF)

4.2.10 Overpayment of pay and allowances to contract employees due to fixation of pay at maximum stage - Rs 9.807 million

As per Notification No. F.4 (9)R-3/2008-592/09 dated 18th August 2009 of Finance Division of Government of Pakistan, Standard pay package for the project staff directly recruited for development projects was announced.

The Finance Division vide its O.M. No. F.4(9) R-3/2008-499 dated 12th August 2008 announced the standard pay package for officers/ staff directly recruited for the execution of Development projects funded from PSDP from open market on contract basis. As per standard pay package, the staff was to be appointed on initial stage and annual increment @ 5% upto maximum was to be paid.

As per Para (2-ii) of above stated notification “The above lump sum pay package will be admissible for fresh/ direct appointees. However, pay of the new appointees shall be fixed at the initial stage and thereafter an annual increase @ 5% of the initial stage would be admissible. The projects employees will be appointed on contract basis in PSDP Project for an initial period not exceeding two years which will be extendable further till the completion period of the project on yearly basis after evaluation of their performance.”

The management of SERRA appointed contract employees and fixed their salary at maximum stage contrary to above orders. Audit is of the view that fixing salary of contract employees at maximum stage was irregular and payment of salary less or more than the offer of appointment was irregular.

Thus, due to fixing of salary at maximum stage, an amount of 9.807 million was overpaid to the contract employees as detailed in Annexure-XIII.

The matter was pointed out to the management on 7th November 2014. The management in its reply dated 28th November 2014 stated the payment of salary to the contract employees was made as per approved PC-I's of PMIU from time to time and as per contract agreement/ offer letter approved by the competent authority.

The reply is not acceptable as the same was not supported by the legal provision as to fixation of pay over and above the admissible package. So far as the PC-1 is concerned; the same is a rough cost estimate and could not override the legal provisions with regards to fixation of pay.

No DAC meeting was arranged till finalization of this report.

Audit recommend that the matter may be investigated and overpayment be recovered.

PDP-627 (2013-14 SFD&KF)

4.2.11 Undue benefit to the contractor due to payment on percentage basis – Rs 19.744 million

As per Technical Specification of the items of works read in conjunction with abstract of quantities and cost part-B (NSI), it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

During scrutiny of IPC-3 regarding Satellite Town, Lungerpura, Part-B, it was transpired that management of MCDP paid item (construction of main holes alongwith chamber) on percentage basis. Details are as under:

S. #	Description	Rate (Rs)	Qty Executed	Amount to be Paid (Rs)	Amount Paid (Rs)	Remarks
	Construction of RCC Manholes alongwith chamber.					
1	Upto 1.5 m (5ft) depth	113,644	269	30,570,236	15,285,118	50% paid
2	Upto 3 m (10ft) depth	171,503	52	8,918,156	4,459,078	50% paid
Total					19,744,196	

Payment on percentage basis resulted into un-due benefit to the contractor to the tune of Rs 19.744 million.

The matter was pointed out on 4th December 2014. The department in its reply stated that there are number of activities involved in Construction of RCC Manhole chambers. In spite of various activities there is only 1 unit rate in BOQ for making RCC Manholes (@ Rs 113,644/ No. upto 1.5 m depth). As per actual site execution there are number of RCC Manholes (Total 673 Manholes) at various stages. Therefore in accordance with rate analysis physical progress at site was calculated on prorata basis.

The reply is not acceptable as there existed no provision in the contract for admitting the quantity/ rates on prorata basis. Thus, payment made in this way was in disregard to the contractual obligations.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-597 (2013-14 MCDP)

4.2.12 Overpayment due to misconstruing BOQ item – Rs 14.572 million

As per BOQ Item No. CSR 21-74 (S. No. 52) it was provided that “excavation in all kind of soil in tranches and channels including dressing to required section and back filling of excavated stuff including watering, ramming in layers including disposal of surplus earth”.

During scrutiny of record regarding Development of Satellite Town Lungerpura, Part-II Muzaffarabad (Water Supply & Sewerage System) Project, it was observed that as per S. No. 54, 55 and 56 (NSI, CSR 1-5 and NSI); the management paid a sum of Rs 14.572 million upto IPC No. 10. Since, item No. CSR 21-74 itself is a composite item which included back filling, watering, ramming in layers including disposal of surplus earth and a sum of Rs 3.971 million was paid against said item upto 10th IPC as such payment against the above items as separate item tantamount to overlap one and the same activity in different names and has lead to misconstrue an item and overpayment of Rs 14.572 million as detailed below:

S. No.	CSR Ref.	Description	Unit rate (Rs)	Work done Qty (cu.m)	Amount (Rs)
54	NSI	Re-handling of excavated ordinary soil	465	7,028.32	3,268,642
55	1-5	Carriage of unsuitable excavated material. Lead upto 1.0 Km	326	3,268.68	1,065,599
		Lead from 1.0 Km to 2.0 km	96	3,268.68	313,784
56	NSI	Filling around pipes with locally available sand including watering, dressing, consolidation by ramming in layers not exceeding 9” in depth to full compaction including all lead and lift.		3,203.86	9,923,928
					14,571,953

Thus due to misconstruing one and the same activity in two names, the contractor was overpaid Rs 14.572 million.

The matter was pointed out on 4th December 2014. The department in its reply stated that all BOQ items of work were thoroughly studied and implemented in connection with given rate analysis. Only excavation is covered in Item No. 21-74 but not the sand cushion.

The reply is not acceptable as the same is not perpetuating from the Technical Specification of the item provided in the BOQ.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpaid sum may be recovered from the defaulters besides fixing individual responsibility.

PDP-598 (2013-14 MCDP)

4.2.13 Undue benefit due to payment on percentage basis – Rs 65.752 million

As per CSR Ref. No. NSI regarding House Connections “Construction of house connection chambers for sewer pipelines, the scope of work consists of brick ballast, PCC 1:1.5:3 for base slab, PCC 1:4:8 for benching and top beam, brick masonry in 1:3 cement sand mortar, RCC 1:2:4 manhole cover, complete as per drawings or as approved by the engineer.”

As per CSR Ref. No. NSI regarding Manholes “Construction of RCC manholes chamber for various diameters and depths, the scope of work consists of PCC 1:2:4 in bed and PCC 1:2:4 benching, RCC 1:4:8 in bed slab, RCC 1:1.5:3 in top slab, Precast RCC cylinders 1:1.5:3. 1/2” thick plaster inside the chamber in 1:3”. The above items were to be paid on each number of unit complete in all respect.

During scrutiny of IPC-10 in respect of Development of Satellite Town Lungerpura, Part-II Muzaffarabad (Water Supply & Sewerage System) Project it was observed that the management of MCDP paid Rs 65.752 million on percentage basis against the items as detailed below:

CSR Ref	Unit	Rate (Rs)	Wok done Qty	Amount due (Rs)	%age	Amount paid (Rs)
House Connection (NSI)	No.	40,687	330	12,328,161	80	9,862,534
Manhole (NSI)						
a) Upto 1.5 m depth	Each	113,644	606	68,868,264	80	55,094,611
b) Upto 3 m depth	Each	171,503	76	13,034,228	80	10,427,382
c) Upto 6 m depth	Each	287,152	1	287,152	80	229,721
				82,189,644		65,751,714

Thus, the contractor was unduly benefitted for Rs 65.752 million.

The matter was pointed out on 4th December 2014. The department in its reply stated that there are number of activities involved in construction of RCC Manhole chambers. In spite of these various activities there is only 1 unit rate in BOQ for making RCC Manholes (@ Rs 113,644/ No. upto 1.5 m). As per actual site execution, there are number of RCC Manholes (Total 673 Manholes) at various stages. Therefore in accordance with rate analysis, physical progress at site was calculated on prorata basis and paid accordingly.

The reply is not acceptable as the same is not supported by the contractual provision and there is not even an iota as to prorata payments in the rates provided for the items.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-600 (2013-14 MCDP)

4.2.14 Undue payment due to recording incomplete or the works without recording exact location – Rs 82.152 million

As per Technical Specification of the items of works read in conjunction with BOQ item No. CSR 23-23, 23-4, 23-1, 23-15, 23-2, 23-5, 23-47, 25-3, 25-4 and 25-5 it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates provided in the BOQ.

During scrutiny of IPC # 10 regarding Old District Court Shopping Complex, Muzaffarabad, it was transpired that management of MCDP made payment of

Rs 82.153 million on the basis of certain measurement recorded on percentage basis. Further, certain works were measured without identifying their exact location of execution. The measurements made were against the contractual provisions which inter alia demanded that it must be certified for units completed and accepted for payment.

Thus, due to accepting the quantities on percentage basis that too without exact location of execution, the contractor was unduly benefitted.

The matter was pointed out on 4th December 2014. The department in its reply stated that payment on percentage basis on account of excavation type was made in accordance with COC 1967.

The reply is not acceptable as the same is not supported by the contractual provision. Audit is of the view that the payment made in the way was in disregard to the contractual obligations rather it was an undue favor to contractor.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-606 (2013-14 MCDP)

4.2.15 Undue payment due to fake entries in the measurement sheet – Rs 4.786 million

As per Technical Specification of the items of works read in conjunction with BOQ item No. 3-9 (Bill No.7) it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

During scrutiny of IPC # 02 regarding Domail Access Road, Muzaffarabad, it was transpired that management of MCDP made payment of Rs 4.786 million in current bill with a minus quantity of 5,248 Cu.m @ Rs 912 per Cu.m against BOQ item No. 3-9 (d). The measurement made was against the contractual provisions and was showing some fake entries in the measurement sheets of the previous bills.

Thus the contractor was overpaid for Rs 4.786 million.

The matter was pointed out on 4th December 2014. The department in its reply stated that for deductions from previous IPCs clause 14.3 (g) of COC Plant and Design Build may be referred.

The reply is not acceptable as it was a matter of fake entries in the measurement sheets which in no way is covered under the contract.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides recovery from the defaulters.

PDP-607 (2013-14 MCDP)

4.2.16 Undue payment due to fake entries in the measurement sheet – Rs 29.571 million

As per Technical Specification of the items of works read in conjunction with BOQ item Nos. 3-21, 12-5 and NSI, it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

A) During scrutiny of IPC # 03 regarding Bararkot Road, Muzaffarabad, it was transpired that management of MCDP made certain minus entries in the current bill. Minus entries of items of work which were previously quantified with respect to quality and quantity after having been measured, accepted and paid has questioned the geniuses of the measurement sheet. The details breakup is as under:

Item No.	Rate (Rs)	Quantity Executed	Amount (Rs)
(Bill #05) 3-21 (b)	191.48	-2,767	529,741
(Bill #04) 3-21 (b)	191.48	-1,020	195,310
12-5 (b-ii)	6600.91	-541.33	3,573,271
5-Jan	108.15	-7366.59	796,697
5-44(h)	6648.75	-7.386	49,108
NSI-2	685.28	-95	65,102
Total			5,209,229

B) Similarly, during scrutiny of IPC # 03 and 04 regarding Mera Tanolian Road, Muzaffarabad, it was transpired that management made certain entries of minus quantities in the current bill. The measurement made was against the contractual

provisions and was showing some fake entries in the measurement sheets of the previous bills. Thus the contractor was overpaid for Rs 24.362 million. The detailed breakup is as under:

S. No.	IPC No.	Item No.	Rate (Rs)	Quantity Executed	Amount (Rs)
1	4	3-21(b)	191.48	-208.876	39,995
2	4	3-21(b)	191.48	-568.221	108,802
3	4	3-21(b)	191.48	-4212.68	806,643
4	3	3-21I	213.82	-106.091	22,684
5	3	NSI-2	685.28	-128	87,715
6	3	NSI-13			2,329,6151
Total					24,361,994

This phenomenon of measurement led to temporary overpayment of Rs 29.571 million (Rs 5.209 million + Rs 24.362 million) due to recording fake entries in the measurement sheets at initial stage.

The matter was pointed out on 4th December 2014. The department in its reply stated that for deductions from previous IPCs, clause 14.3 (g) of COC Plant and Design Build may please be referred.

The reply is not acceptable as it was a matter of fake entries in the measurement sheets which in no way was/ is covered under the contract.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-609 & 614 (2013-14 MCDP)

4.2.17 Undue payment due to wrong application of rates – Rs 1.244 million

As per Umbrella Contract Para-B-5(i) it was provided that based on design approved by the employer, rates analysis of each item provided in the BOQ shall be worked out on the basis of price of labour, material and equipment given in a mutually agreed composite schedule of rates (CSR). 25% of this amount shall be added for contractor's design, overhead costs and profit, and then income tax shall be added to the cost so obtained to determine the total cost of that item.

During scrutiny of IPCs # 12 regarding Tariqabad Bypass Road, Muzaffarabad it was transpired that management of MCDP has applied certain rates worked out on the basis of rate analysis given in the CSR 2009. While going through working of rates it was transpired that the material, labour and other standards were overstated in the estimates which resulted into exorbitant rates. It may be added here that it was not a case of the open tender rather it was the case of tender through negotiation held in consonance to the umbrella contract entered into Government of Pakistan and Government of China. In the said agreement it was spelled out that rate analysis of each item provided in the BOQ shall be worked out on the basis of prices of labour, material and equipment given in mutually agreed composite schedule of rates (CSR) + 25% for overhead and 06% income tax. Keeping in view of said provisions mutually agreed CSR was determined as CSR-2009 of AJ&K.

Thus due to wrong calculation, the rates applied were overstated which resulted into overpayment of Rs 1.244 million.

The matter was pointed out on 4th December 2014. The department in its reply stated that as per clause B.5 (iii) of the umbrella contract agreement the Chinese Contractor have agreed on AJK CSR Muzaffarabad June, 2009 with application of negotiated market rates and only inputs of the agreed schedule of rate. Same was endorsed by Program Steering Committee ERRA; the highest forum in ERRA HQ for all works.

The reply is not acceptable as it was the matter of incorrect application of the standards given in the rate analysis of CSR August 2009 (final) and not the interim schedule.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpayment made may be made good from the contractor/ defaulter(s) along with the financial impacts besides fixing the individual responsibility.

PDP-610 (2013-14 MCDP)

4.2.18 Undue benefit to the contractor due to acceptance of partially executed works as complete in all respect – Rs 1.724 million

As per Technical Specification of the items of works read in conjunction with BOQ item No. 21-1C, it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

During scrutiny of IPC # 01 regarding Mera Tanolian Road, Muzaffarabad, it was transpired that management of MCDP measured a quantity of 12,251.54 Cu.m against bill # 01 Item # 21.1C. The quantity so measured was subjected to percentage cut with narration “percentage of completed” @ 70%. So a quantity of 8,576.078 Cu.m (i.e. 12,251.54 x 70%) was paid @ Rs 201.06 per Cu.m. Thus the contractor was overpaid for Rs 1.724 million.

Payment on percentage basis against the contractual provisions resulted into irregular/ overpayment of Rs 1.724 million and undue favour to the contractor.

The matter was pointed out on 4th December 2014. The department in its reply stated that at the time of payment contractor only completed road way excavation which was average 70% of the total required excavation. As such payment was made accordingly.

The reply is not acceptable as the same is not supported by the contractual provision. Audit is of the view that the payment made in this way was in disregard to the contractual obligations rather it was an undue favor to contractor.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated; responsibility be fixed on person(s) at fault besides the cost impact of the overpayment be calculated and recovered from the defaulters.

PDP-611 (2013-14 MCDP)

4.2.19 Undue payment due to wrong application of rates – Rs 9.498 million

As per Umbrella Contract Para-B-5(i) it was provided that based on design approved by the employer, rates analysis of each item provided in the BOQ shall be

worked out on the basis of price of labour, material and equipment given in a mutually agreed composite schedule of rates (CSR). 25% of this amount shall be added for contractor's design, overhead costs and profit, and then income tax shall be added to the cost so obtained to determine the total cost of that item.

During scrutiny of record of MCDP, Muzaffarabad it was transpired that management of MCDP applied certain rates worked out on the basis of rate analysis given in the CSR 2009. While going through working of rates it was transpired that the material, labour and other standards were overstated in the estimates which resulted into exorbitant rates.

Thus due to acceptance of exorbitant rates, the project was put to a considerable loss of Rs 9.498 million the detailed working of which is given in the Annexure-XIV.

The matter was pointed out on 4th December 2014. The department in its reply stated that as per clause B.5 (iii) of the umbrella contract agreement the Chinese Contractor have agreed on AJK CSR Muzaffarabad June, 2009 with application of negotiated market rates and only inputs of the agreed schedule of rate. Same was endorsed by Program Steering Committee ERRA the highest forum in ERRA HQ for all works.

The reply is not acceptable as it was the matter of incorrect application of the standards given in the rate analysis of CSR August 2009 (final) and not the interim schedule.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpayment made may be made good from the contractor/ defaulter(s) along with the financial impacts besides fixing the individual responsibility.

PDP-616 (2013-14 MCDP)

4.2.20 Overpayment due to in-correct application of rates – Rs 45.187 million

As per Umbrella Contract Para-B-5(i) it was provided that based on design approved by the employer, rates analysis of each item provided in the BOQ shall be worked out on the basis of price of labour, material and equipment given in a

mutually agreed composite schedule of rates (CSR). 25% of this amount shall be added for contractor's design, overhead costs and profit, and then income tax shall be added to the cost so obtained to determine the total cost of that item.

During scrutiny of record of MCDP Muzaffarabad it was observed that the management agreed upon CSR 2009 of AJK. On the basis thereof, the management got prepared analysis of rates and get the same approved and made that a part of priced BOQ of the contract agreement. While examining the analysis of rates prepared it was transpired that the inputs (i.e. labour, equipment and material) provided in the CSR was not observed in toto. Instead, the same were provided on higher rates as compared to the CSR.

Thus, the contractor was overpaid to the extent of Rs 45.187 million the detailed working of which is given in the Annexure-XV.

The matter was pointed out on 4th December 2014. The department in its reply stated that as per clause B.5 (iii) of the umbrella contract agreement the Chinese Contractor have agreed on AJK CSR Muzaffarabad June 2009 with application of negotiated market rates and only inputs of the agreed schedule of rates. Same was endorsed by Program Steering Committee ERRA the highest forum in ERRA HQ for all works.

The reply is not acceptable as it was the matter of incorrect application of the standards given in the rate analysis of CSR August 2009 (final) and not the interim schedule.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpayment made may be made good from the contractor/ defaulter(s) along with the financial impacts besides fixing the individual responsibility.

PDP-617 (2013-14 MCDP)

4.2.21 Overpayment due to in-correct application of rates – Rs 8.145 million

As per Umbrella Contract Para-B-5(i) it was provided that based on design approved by the employer, rates analysis of each item provided in the BOQ shall be worked out on the basis of price of labour, material and equipment given in a

mutually agreed composite schedule of rates (CSR). 25% of this amount shall be added for contractor's design, overhead costs and profit, and then income tax shall be added to the cost so obtained to determine the total cost of that item.

During scrutiny of contract agreement regarding Water Rising Main Component "B", Muzaffarabad it was observed that the management agreed upon CSR 2009 of AJK. On the basis thereof, the management got prepared analysis of rates and get the same approved and made that a part of priced BOQ of the contract agreement. While examining the analysis of rates prepared it was transpired that the inputs (i.e. labour, equipment and material) provided in the CSR was not observed in toto. Instead, the same were provided on higher rates as compared to the CSR.

This resulted into overpayment to the contractor to the extent of Rs 8.145 million as detailed below:

IPC #	Item #	Description	Unit	Rate Analyzed (Rs)	BOQ Rate (Rs)	Excess Rate (Rs)	Paid Quantity	Amount (Rs)
10	3-22	Cutting hard rock	Cu.m	1,365.3	2445.9	1,080.66	7,400.44	7,997,359
	4-19 (a)	Dismantling of PCC 1:2:4	Cu.m	2,342	2749.5	407.51	154.62	63,009
	21.17b	P/1 graded	Cu.m	2,854.8	3482.6	627.82	134.63	84,523
Total								8,144,892

The matter was pointed out on 4th December 2014. The department in its reply stated that as per clause B.5 (iii) of the umbrella contract agreement the Chinese Contractor have agreed on AJK CSR Muzaffarabad June, 2009 with application of negotiated market rates and only inputs of the agreed schedule of rates. Same was endorsed by Program Steering Committee ERRA the highest forum in ERRA HQ for all works.

The reply is not acceptable as it was the matter of incorrect application of the standards given in the rate analysis of CSR August 2009 (final) and not the interim schedule.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpayment made may be made good from the contractor/ defaulter(s) along with the financial impacts besides fixing the individual responsibility.

4.2.22 Doubtful payment on account of lead and lift – Rs 13.794 million

As per Technical Specifications of the contract read in conjunction with BOQ item No. 1-5, S. No. 6, the lead and lift were to be paid at certain rates to be determined w.r.t. the lead chart showing the designated place to where, from where the deficit earth is to be arranged or the surplus earth is to be disposed off. The route chart is to be followed and the calculated distance between the two points. This lead chart was to be approved prior to allowing the lead disposal.

During scrutiny of IPC # 08 regarding construction of Tariqabad Bypass Road (Part-II), it was transpired that the management of MCDP paid vide IPC # 08 a sum of Rs 13.794 million on account of lead and lift vide BOQ item # 1-5, Sr. # 06. The payment of lead and lift was made without approval of lead chart. In the absence of prime documentary evidences for justifying the lead and lift the expenditure defrayed on this account is totally unjustified.

Thus, the contractor was paid lead and lift charges on the basis of doubtful documents.

The matter was pointed out on 4th December 2014. The department in its reply stated that due to non-resolution of land issues at proper times when material was required for filling and unavailability of stock pile place due to working in urban areas most of the material was disposed off at the designated place for the lead measured from the centre of excavated area to the centre of disposed off area.

The reply is not acceptable as the same is not supported by the relevant documentary evidences i.e. approved lead chart.

No DAC meeting was arranged till finalization of this report.

Audit recommends that doubtful payment may be recovered from the defaulter besides fixing the individual responsibility.

PDP-621 (2013-14 MCDP)

4.2.23 Overpayment due to non deduction of available cost of material (hard stone) - Rs 2.386 million

As per Technical Specification # 2231(01)–General Excavation “all material removed from excavation shall be used in the formation of embankments or filling the relatively lower level areas, and at other such locations as directed, unless it is declared unsuitable or surplus by the Engineer/ Engineer’s Representative”.

During scrutiny of IPC # 10 regarding construction of MeraTanolian Road, it was transpired that a quantity of 602.35 Cu.m was available against BOQ item No. 3.22. The management paid a sum of Rs 77.714 million for providing, dressing and laying coursd rubble masonry in foundation vide BOQ item No 12.5. The detail breakup of which is as under:

S. No.	BOQ Item #	Description	Unit	Rate (Rs)	Qty. Executed	Amount (Rs)
43	12-5	providing, dressing and curing	Cu.m	6,600.91	7600.175	50,168,071
52	12-5	providing, dressing and curing	Cu.m	6600.91	4173.037	27,545,842
Total					11,773	77,713,913

The stone masonry work was to be paid by using the available excavated stone 602.35 Cu.m first and then the deficit stone was to be arranged from the out source.

Thus due to non-adjusting available stone, the contractor was overpaid to the extent of Rs 2.386 million i.e. (602.35 Cu.m x Rs 6,600.91/Cu.m x 60% being the cost of stone in the rate).

The matter was pointed out on 4th December 2014. The department in its reply stated that the rock excavation carried out by using chiseling & hammering and rocks so excavated were not the dressed stones as required in stone masonry walls. Therefore excavated rock was disposed at designated places like soil material. The deductions of hard rock encountered during road excavation from stone masonry wall was not the part of BOQ, therefore this may be evaluated at the end of Contract Section.

The reply is not acceptable as the stone in question was required to be used as rubble stone having least concern as to dressing etc. Further, the stone shown to have been disposed was never declared as un-useable.

No DAC meeting was arranged till finalization of this report.

Audit recommends that overpaid amount may be recovered from the defaulters.

PDP-622 (2013-14 MCDP)

4.2.24 Unjustified payment on account of trees, structure and business loss compensation – Rs 2.309 million

According to the GFR-10, 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.

Para 23 of GFR Vol-I provides 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 on part of other Government officer.

The Collector Land Acquisition (Urban) issued award No. 06/2012 dated 18th September 2012 for land acquisition for extension of Airport to Lungerpura Road, Muzaffarabad. It was revealed from the record that following payments were made to Mr. Muhammad Khursheed Ali against Mouza Lungerpura, Khasra No. 105:

S. No.	Mouza	Khasra No.	Compensation paid for	Amount (Rs)
1	Lungerpura	105	Trees – Non fruit	45,712
2	Lungerpura	105	Built-up Structure	2,082,992
3	Lungerpura	105	Business Loss – Poultry form	145,000
4	Lungerpura	105	Business Loss – Rent of House	36,000
Total				2,309,704

However, it was noticed from the award that no land was acquired from Khasra No. 105 and without acquiring of land; the compensation of trees, built-up structure and business loss amounting to Rs 2.309 million stood unjustified.

Thus, payment for compensation of trees, structure and business loss for Khasra No. 105 which was not included in the award was an undue benefit to the concerned.

The matter was pointed out on 22nd December 2014 but the no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that individual(s) responsibility may be fixed for making payment of compensation over & above the award besides effecting the recovery from the defaulters.

PDP-520 (2013-14 CLA, Mzd)

4.2.25 Undue favour due to payment of certain item not executed at site but shown executed initially worth Rs 18.295 million and irregular adjustment of overpayment for NCB-4 against NCB-4A - Rs 42.736 million

As per GCC 39 and 40 of the contract agreement read in conjunction with Technical Specification of the BOQ items given in the annexed statement revealed that payments for the items of works was to be made on the basis of quantities measured, accepted and recommended by the consultant and duly approved by the employer.

A contract for the construction of 3 Major Bridges in District Bagh (NCB-4) was awarded to M/s Shoukat Khan & Company. During audit of EEAP (Transport), Muzaffarabad it was observed that contrary to above clauses of contract, payment against certain items of the work were made in IPCs No. 1 to 22 for certain quantities which were shown to have been decreased and duly projected/ reflected in IPC-23 and final bill for Rs 18.295 million. Obviously, the progressive quantities of any of the item could not be negative. Recording negative quantities in the measurement sheets revealed that initially quantities were recorded in the measurement sheets on hypothetical basis instead of actual measurements. This hypothetical measurement recording mechanism led to overpayment to the contractor. The detailed calculations are given in Annexure-XVI.

Further, the contract NCB-4 was shown to have been finalized with a negative balance of Rs 42.386 million which inter-alia included a penal sum of Rs 27.560 million. The said negative balance was shown to have been adjusted against contract NCB-4A being another contract of the same contractor i.e. M/s Shoukat Khan & Co.

At the very outset, it was totally against the prudent practice of civil works to charge the expense of one contract to another. So the adjustment mechanism adopted was irregular/ unauthorized. As a matter of fact the overpaid sum was to be recovered from the contractor in cash and deposited into the Government Treasury. Secondly, rewriting of record entries of measurement sheets after such a longer period itself questioned the authenticity of measurement record particularly of the concealed/ hidden items like steel reinforcement, bitumen prime coat, granular backfill etc.

In view of forgoing effects of the case, it is evident that the measurement recorded in the measurement sheets was not trustworthy ab-initio and the contractor was unduly benefitted in the shelter of measurement sheets arranged at such a belated stage.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommend that the case may be investigated thoroughly with a view to fix the individual responsibility and determine the exact amount of undue benefit extended to the contractor and recovery thereof be made from the contractor.

PDP-534 (2013-14 EEAP, Mzd)

4.2.26 Over payment due to incorrect deduction of stone masonry – Rs 1.692 million

As per Technical Specification No. 106.2 – construction requirements “all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment, for widening of roadway, for backfill, or for other work included in the contract.”

A contract for Reconstruction and Rehabilitation of Bagh – Arja Road (NCB-3) was awarded to M/s HAKKAS. During audit of EEAP (Transport), Muzaffarabad

it was observed that 1,057.545 Cu.m excavated surplus medium rock material was available from the site upto IPC No. 8. Accordingly, the contractor was paid a sum of Rs 338,414 for total quantity 1,057.545 Cu.m @ Rs 320 per cubic meter as excavation charges. However, in IPC No. 8 the quantity of the said item was shown as zero and the amount in the bill was shown as negative Rs 338,414. The detailed measurement sheet transpired that the quantity of said item was shown as zero with the remarks that “deduct stone masonry = 1,057.545 Cu.m.”

The management measured and paid a quantity of 5,355.261 Cu.m stone masonry upto IPC No. 8 in Bill No. 4. According to Technical Specifications, the contractor used the material which was obtained from the excavation. Therefore, the material cost (i.e.) cost of stone was required to be deducted/ recovered from the contractor instead of making of a reverse entry of excavation charges of stone masonry which was Rs 338,414.

Due to non-deduction of material cost an amount of Rs 1.692 million (1,057.545 Cu.m x Rs 1,920 being the proportionate material cost of the stone masonry by observing the proportions given in the NHA CSR 2009 for Abbottabad rates = Rs 2,030,486 – Rs 338,414 = Rs 1,692,072) was over paid to the contractor.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

The issue highlighted was just for illustration. Audit recommends that the management may investigate all other cases on the line and determine the exact overpaid sum in all other cases etc. Besides, individual responsibility may be fixed for non-observing the codal formalities and over payment may be recovered immediately from the concerned under intimation to Audit.

PDP-535 (2013-14 EEAP, Mzd)

4.2.27 Unjustified payment due to quantifying the item on percentage basis – Rs 24.372 million

As per GCC 12.1 and 12.2 of the contract agreement read in conjunction with Technical Specification of the BOQ items that payment for the items of works was to

be made on the basis of quantities measured, accepted and recommended by the consultant and duly approved by the employer.

A contract for the Reconstruction and Rehabilitation of Tain Cross to Dhirkot Road (ICB-3) was awarded to M/s Frontier Works Organization (FWO). During audit of EEAP (Transport), Muzaffarabad it was observed that contrary to the laid down provision of the contract agreement for quantification, the management of EEAP quantified BOQ Item No. 201(Granular sub base) as 28,794.800 Cu.m up to 13th IPC, however, for the purpose of final bill, it was recorded as 31,594.370 Cu.m with the remarks that paid 70% i.e. 22,088.05 Cu.m so the amount and quantity of current bill in the Closing Payment Certificate (CPC) was recorded as Rs 7.400 million and 6,706.741 Cu.m respectively.

The negative progressive quantity speaks that initially fake measurements were made to facilitate the contractor and on the basis thereof, the contractor was overpaid Rs 24.372 million.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that independent and unbiased inquiry committee may be constituted to fix the individual responsibility and overpayment may be recovered from the concerned.

PDP-536 (2013-14 EEAP, Mzd)

4.2.28 Undue favour due to payment of items not executed at site but shown to have been executed initially – Rs 98.434 million

As per General Condition of Contract agreement read in conjunction with Technical Specification of the BOQ items, the payments for the items of works was to be made on the basis of quantities measured, accepted and recommended by the consultant and duly approved by the employer.

The management of EEAP (Transport and Health), Muzaffarabad made payment against certain items of the works in different IPCs for certain quantities which were shown to have been decreased. Recording of negative quantities in the

measurement sheets revealed that initially these quantities were recorded in the measurement sheets on hypothetical basis instead of actual measurements at site.

Thus, hypothetic measurement mechanism led to overpayment of Rs 98.438 million to the contractor as detailed below:

S. No.	Contractor Name	Project	Rs in million
1	M/s Royal Construction Co.	Rehabilitation & Reconstruction of Azad Pattan to Naruri Road (NCB-5)	5.859
2	M/s Xinjiang Bexixin	Rehabilitation & Reconstruction of Muzaffarabad – Athmuqam Road (ICB-1)	66.996
3	M/s Hakkas	Rehabilitation & Reconstruction of Bagh – Arja Road (NCB-3)	0.356
4	M/s Design and Engineering System	Rehabilitation & Reconstruction of Bagh – Arja Road (NCB-3)	9.633
5	M/s Matracon	Construction of THQ Hospital, Hajira – Package No. 5	1.521
6	M/s Matracon	Construction of THQ Hospital, Hattian Bala – Package No. 3	14.069
Total			98.434

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be investigated thoroughly and fix the individual responsibility for non-observing the codal formalities besides determine the financial impact of undue benefit under intimated to Audit.

PDP- 537, 538, 539, 540, 548, 549 (2013-14 EEAP, Mzd)

4.2.29 Over payment due to incorrect deduction of stone masonry etc.- Rs 148.845 million

As per Technical Specification No. 106.2 – construction requirements “all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment, for widening of roadway, for backfill, or for other work included in the contract”.

A contract for the Reconstruction & Rehabilitation of Muzaffarabad – Athmuqam Road (ICB-1) was awarded to M/s Xinjiang Beixin Road & Bridge Construction Co. Ltd. During audit of EEAP (Transport), Muzaffarabad it was

observed that the excavated surplus medium rock material of 82,453 Cu.m was used in detailed below work.

During scrutiny of Closing Payment Certificate (CPC), it was observed that excavated surplus medium rock material was obtained from the site during excavation. Accordingly, the contractor was paid a sum of Rs 30.178 million for the quantity 82,453 Cu.m @ Rs 366 per cubic meter as excavation charges. However, in CPC the quantity and amount of the said item was deducted from Earthwork with remarks that said stones were used in retaining and breast walls.

According to Technical specifications the contractor used the material which was obtained from the excavation. Therefore, the material cost (i.e.) cost of stone was required to be deducted/ recovered from the contractor instead of deducting the excavation charges.

Due to deduction of excavation charges instead of material cost, the contractor was overpaid for an amount of Rs 148.845 million (Rs 179.023 – Rs 30.178). The detailed working of the overpaid sum is as under:

S. No.	Description	Qty in Cu.m	Deducted Rate in Rs/ Cu.m	Deducted Amount (Rs in million)	Rate Charged in Rs/ Cu.m	Charged Amount (Rs in million)
1	Stone used in retaining & breast walls	56,121	366	20.540	4316 (material percentage =2590 60%)	145.353
2	Stone used in Rock fill in Gabion	24,357	366	8.915	1808 (material percentage =1157 64%)	28.184
3	Stone masonry used in bridges	1,975	366	.723	4630 (material percentage =2778 60%)	5.486
Total		82,453		30.178		179.023

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpayment may be recovered from the defaulter besides fixing responsibility.

4.2.30 Un-due favor to the contractor due to non observing contractual obligation – Rs 130.502 million

As per clause 40.5 of Particular condition of contract agreement, the minimum amount of an Interim Payment Certificate shall be not less than Rs 18.00 million.

A contract for the Reconstruction & Rehabilitation of Bagh – Arja Road (NCB-3) was awarded to M/s Design & Engineering System (DES). Contrary to above, contractor was paid a sum of Rs 130.502 million through IPC Nos. 1 to 14 which ranged from Rs 0.335 million to Rs 15.321 million.

Thus the contractor was unduly benefited by making payments contrary to the payment schedule given in the contract.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the cost impact of undue benefit extended to the contractor may be determined and recover the same from the contractor besides fix the individual responsibility for non-observing the codal formalities for payment schedule stipulated in the contract.

PDP-543 (2013-14 EEAP, Mzd)

4.2.31 Irregular payment on account of secured advance – Rs 294.083 million

As per contract agreement clause PCC 48.1 and GCC 48.2, the advance payment shall be 15% of the accepted contract price and the contractor was required to use the advance payment only to pay for equipment, plant, materials and mobilization expenses required specifically for execution of contract. However, there was no separate provision for secured advance.

Contrary to the contractual provisions, the management of EEAP (Transport), Muzaffarabad paid an amount of Rs 294.083 million to contractors as secured advance in addition to mobilization advance. The detail is given as under:

S. No.	Contactor Name	Project	Payment of Secured Advance (Rs in million)
1	M/s Royal Construction Company	Rehabilitation and Reconstruction of Azad Pattan to Nauri Road (NCB-5)	27.105
2	M/s Frontier Works Organization (FWO)	Rehabilitation and Reconstruction of Tain Cross to Dhirkot Road (ICB-3)	24.828
3	M/s Matracon	Rehabilitation and Reconstruction of Muzaffarabad –Athmuqan Road and 5 major bridges (ICB-1)	242.15
	Total		294.083

Thus, the contractors were unduly benefitted for Rs 294.083 million in the name of secured advance.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the case may be investigated thoroughly with the view to fix individual responsibility for making the payment over & above the contractual obligation and determine the exact amount of undue benefit extended to the contractor and recovery thereof may be made from the defaulter.

PDP-544, 545, 546 (2013-14 EEAP, Mzd)

4.2.32 Irregular payment on account of escalation charges – Rs 49.59 million

As per PCC Part (A) of contract agreement, the adjustment for cost was not allowed to the contractor.

A contract for the Reconstruction & Rehabilitation of Tain Cross to Dhirkot Road (ICB-3) was awarded to M/s Frontier Works Organization (FWO). During audit it was observed that contrary to the provisions of contract agreement, an amount of Rs 49.59 million was paid to contractor on account of price adjustment up to CPC and 13th IPC, which tantamount to over payment to the contractor.

Thus the contractor was overpaid for Rs 49.59 million in the shape of price adjustment.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the case may be investigated thoroughly with a view to fix individual responsibility and recover the overpaid sum from the defaulter.

PDP-547 (2013-14 EEAP, Mzd)

4.2.33 Non imposition of liquidated damages – Rs 10.636 million

As per Special Stipulation Clause No. 47.1, liquidated damages will be imposed @ 0.05% of the contract price for each day of delay incompleteness of the works subject to maximum of 10% of the contract price sated in the letter of acceptance.

It was observed that a contract was awarded to M/s Ittehad Engineering & Construction (Pvt.) Limited for construction of Chest Diseases and General Hospital Hill, District Bagh for a contract price of Rs 106.355 million on 18th March 2009. Afterward, the extension of time (EOT) was granted upto 2nd February 2012. Thereafter, EOT applied by the contractor was not recommended by the consultant and approved by the employer. Keeping in view of the above, liquidated damages of Rs 10.636 million (Rs 106.355 million x 10%) was required to be imposed which was not done and contractor was unduly favoured.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the liquidated damages Rs 10.636 million may be imposed and recovered from the contractor.

PDP-550 (2013-14 EEAP, Mzd)

4.2.34 Irregular payment on account of escalation charges – Rs 12.609 million

As per Particular Conditions of the Contract Clause No. 70.1, the amount payable to the contractor shall be adjusted in respect of rise or fall in the price of

labour, materials, and other input to the works by applying to such amount to the formula prescribed.

During audit of EEAP, Muzaffarabad it was observed that a contract for construction of Chest Diseases and General Hospital Hill, District Bagh was awarded to M/s Ittehad Engineering & Construction (Pvt.) Limited on 18th March 2009 for a contract price of Rs 106.355 million. The contractor claimed escalation charges of Rs 14.835 million for which a provisional payment of Rs 12.609 million being 85% was recommended by the consultant upto IPC-24 and paid by the client.

Payment made on provisional basis was contrary to contractual provisions and an undue favour was extended to the contractor in shape of financial assistance.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be investigated thoroughly and fix the individual responsibility for non-observing the contractual provisions besides determine the financial impact of undue benefit and recovery thereof be made from the contractor.

PDP-551 (2013-14 EEAP, Mzd)

4.2.35 Irregular payment by making provisional measurements – Rs 1.572 million

As per Technical Specifications of the contract, “measurement of acceptably completed works of respective types of items will be made on the basis of net actual number of items provided and installed in position as shown on the drawings or as directed by the engineer. Payment will be made for acceptable measured quantity of items on the basis of unit rate per number quoted in the bill of quantities. Payment shall constitute full compensation for all the works related to the item.”

The Executive Engineer, PWD Building, Muzaffarabad paid an amount of Rs 1.572 million to different contractors. Audit observed that items were measured and paid on provisional/ percentage basis which was contrary to the aforementioned criterion. The measurement recorded in the measurement sheets was not reflecting

true and fair picture. The detail of payment of on account of provisional measurement is as under:

S. No.	Package No.	Contractor Name	Amount paid on %age basis (Rs)
1	276	M. Aslam Zia	140,908
2	276	M. Aslam Zia	30,800
3	276	M. Aslam Zia	2,400
4	276	M. Aslam Zia	60,000
5	46-A	Mir Mushtaq	93,968
6	6	Shaheen Corporation	327,301
7	6	Shaheen Corporation	783,771
8	6	Shaheen Corporation	50,565
9	6	Shaheen Corporation	82,666
Total			1,572,379

Mode of measurement/ quantification was quite contrary to the engineering standards and the payment made on the basis thereof was totally undue.

Thus, the contractors were unduly benefitted for Rs 1.572 million due to acceptance of measurements on provisional/ percentage basis.

The matter was pointed out to the management on 26th December, 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be investigated and to fix responsibility for making payments in disregard to the contractual obligation. The financial impact of overpayment may be worked out and recovered from the responsible(s).

PDP-522 (2013-14 XEN Bld., Mzd)

4.2.36 Irregular payment without renewal of performance securities – Rs 6.175 million

As per clause 60.2(b) of GCC, “no amount will be certified by the Engineer for payment until the performance security was provided by the contractor and approved by the Employer.”

Executive Engineer, PWD (Building/ Reconstruction Division), Muzaffarabad paid an amount of Rs 6.175 million to the contractors. However, performance

securities expired and were not renewed whereas payments for the works were made without obtaining the same. The detail is as under:

S. No.	Package No.	Contractor Name	Performance Security renewed up-to	Date of payment	Gross amount paid (Rs)
1	20H & 113	M/s Raja Baber	21.04.2012	Cheque No. 5285714 dated 25.01.2014	1,712,236
2	20H & 113	M/s Raja Baber	21.04.2012	Cheque No. 5285718 dated 25.01.2014	1,684,000
3	No. 6 (LS)	M/s Shaheen Corporation	09.08.2012	Cheque No. 8751347 dated 07.02.2014	1,095,000
4	No. 6 (LS)	M/s Shaheen Corporation	09.08.2012	Cheque No. 9597109 dated 23.06.2014	1,684,000
Total (Rs):					6,175,236

Payment to contractors after expiry of performance securities and without getting renewed was irregular and was undue favour to the contractors.

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

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility may be fixed on the individual for non-observing the contractual provisions and making payment without renewal of performance securities.

PDP-523 (2013-14 XEN Bld., Mzd)

4.2.37 Non imposition of liquidated damages – Rs 8.371 million

According to clause 47.1 of special stipulations of contract document, if the contractor fails to complete the work within stipulated time frame, liquidated damages will be imposed at the rate of 0.05% of the contract price for each day of delay in completion of the works subject to a maximum of 10% of contract price.

Executive Engineer (Building/ Reconstruction Division), PWD, Muzaffarabad awarded different civil works contracts to different contractors for completion within specified time. The contractors failed to complete the works within time frame there fore liquidated damages of Rs 8.371 million were to be imposed which was not done. The detailed break up is given below:

S. No.	Name of Contractor	Package No.	LD Charges (Rs in million)
1	M/s BKZ	32	2.628
2	M/s Mir Mushtaq Hussain	46A	0.024
3	M/s Shaheen Corporation	6	4.414
4	M/s Shoaib Construction Company	5	1.305
Total			8.371

Non imposition of liquated damages revealed that undue favor was given to the contractors at the cost of Government exchequer.

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

No DAC meeting was arranged till finalization of this report.

Audit recommends that liquidated damages may be recovered from the contractors concerned under relevant clauses of the contracts.

PDP-524 (2013-14 XEN Bld., Mzd)

4.2.38 Non imposition of liquidated damages – Rs 2.671 million

As per NESPAK’s letter No. 2778/334/IT/322/263 dated 23rd September 2013 the approval of 2nd EOT for Package No.157 is only valid if the performance guarantee is extended upto the end of defect liability period and insurance cover is provided according to the contract. According to clause 47.1 of special stipulations of contract document, if the contractor fails to complete the work within stipulated time frame, liquidated damages will be imposed at the rate of 0.05% of the contract price for each day of delay in completion of the works subject to a maximum of 10% of contract price.

The Executive Engineer (Building/ Reconstruction Division), PWD, Neelum awarded a contract to M/s Naseer Ahmed Abbasi for construction of educational facilities under Package No. 157 at a cost of Rs 41.194 million. Contrary to the above, insurance cover was not provided by the contractor which was prerequisite for application of EOT. In absence of insurance cover, the EOT was invalid ab-initio, as the contractor did not complete the work within stipulated time period as such liquidated damages was to be imposed on the contractor. The detail breakup to the LD charges is tabulated here under:

S. No.	Facility Name	EOT upto	Date of TOC	Contract cost (Rs)	Delay in completion (Days)	Amount of LD (Rs)
1	Gmosq – Mandkro	31.08.2012	17.09.2012	8,127,046	17	69,080
2	GBPS – Chari Dudnial	31.08.2012	17.09.2012	7,698,897	17	65,441
3	GBPS – Bela Mohd. Khan	31.08.2012	02.07.2013	11,514,762	305	1,151,476
4	Gmosq – Battangi	31.08.2012	02.07.2013	13,853,497	305	1,385,349
Total						2,671,346

Non imposition of liquidated damages of Rs 2.671 million was undue favour to the contractor which resulted into a loss to Government exchequer.

The matter was pointed out to the management on 1st October, 2014. The department replied that it was obligatory to NESPAK to analyze the case of EOT by considering every factor regarding delayed payments, delayed site possession and worse weather conditions. Several cases were finalized however, EOT of the remaining projects as mentioned by the consultant i.e. NESPAK to expedite the EOT cases. However, based on consultant's recommendation LDs may be imposed after finalization of EOT cases.

The reply of the department is not satisfactory as it has not readdressed the core issue as to granting EOT by ignoring the prerequisite the insurance cover.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be investigated thoroughly and liquidated damages may be imposed and recovered from the defaulters.

PDP-529 (2013-14 XEN Bld., Neelum)

4.2.39 Non imposition of liquidated damages – Rs 2.999 million

According to clause 47.1 of special stipulations of contract document, if the contractor fails to complete the work within stipulated time frame, liquidated damages will be imposed at the rate of 0.05% of the contract price for each day of delay in completion of the works subject to a maximum of 10% of contract price.

Executive Engineer (Building/ Reconstruction Division), PWD, Neelum awarded different civil work contracts 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 2.999 million were to be imposed which was not done. The detailed break up is as under:

S. No.	Name of Contractor	Package No.	LD Charges (Rs)
1	M/s Sardar M. Yousaf	302A	951,837
2	M/s Ejaz Qasim	152	459,000
3	M/s Javed Iqbal	01	1,587,783
Total			2,998,620

Non imposition of liquidated damages of Rs 2.999 million was undue favour to the contractor which resulted into a loss to Government exchequer.

The matter was pointed out to the management on 1st October, 2014. It was the management replied that it was obligatory to NESPAK to analyze the case of EOT by considering every factor regarding delayed payments, delayed site possession and worse weather conditions. Several cases have been finalized however, EOT of the remaining projects as mentioned by the consultant i.e. NESPAK to expedite the EOT cases. However, based on consultant's recommendation LDs may be imposed after finalization of EOT cases.

The reply of the department is not satisfactory as EOT was not granted.

No DAC meeting was arranged till finalization of this report.

Audit recommends that liquidated damages may be recovered from the contractors concerned under relevant clauses of the contracts.

PDP-530 (2013-14 XEN Bld., Neelum)

4.2.40 Temporary overpayment facilitated through fake measurements – Rs 1.188 million

As per Technical Specification of the items of works it was provided that the works completed in all respect will be measured, certified and accepted will be considered for payment at specified unit rates.

A) During scrutiny of 8th IPC regarding construction of Agricultural Extension Centers (AECs) under Package No. 2, it was revealed that a payment of Rs 540,000 (180,000 x 5) was made upto 7th IPC for construction of 30 manholes @ Rs 18,000 each. Out of which 6 manholes were shown to have been constructed at each of the centers (i.e. 5 centers x 6 Nos.). Besides, a payment of Rs 240,000 was

shown to have been made upto 7th IPC for the cast iron cover of the said manholes. In the 8th IPC, the payment made and the record entries of the manholes were cancelled with a negative impact of Rs 540,000. However, the record entry and the abstract of cost of the manhole covers remained intact/ un-cancelled which showed that payment for the said manholes and covers were facilitated through fake measurement entries otherwise there seems no justification to undo the work done and cancel the same, besides allowing the payment for cover by omitting the manhole.

B) During scrutiny of 8th IPC regarding construction of Agricultural Extension Centers (AECs) under Package No. 2, it was observed that a payment of Rs 603,380 (Rs 120,676 x 5 AECs) was made upto 6th IPC for construction of Septic Tanks. However in the 8th IPC the payment against the said item of work was shown to have been curtailed to zero (0) and the record entries of the said work was shown to have been cancelled ab-initio.

C) During the scrutiny of IPC No. 10 in respect of contract awarded to M/s Naseer Ahmed Abbasi for construction of educational facilities under Package No. 157 at a cost of Rs 41.194 million. It was observed that the lean concrete of septic tank was shown to have been measured and paid vide item No. P33, the other corresponding entries like RRC and steel work in foundation slab, walls etc. was shown to have been measured and then cancelled. However, the RRC work of top slab and that of the steel work in top slab was shown to have been measured and paid for Rs 42,473 $\{(24.75 \times \text{Rs } 310 = 7,673) + (0.29 \text{ tons} \times \text{Rs } 120,000 = 34,800)\}$. Similarly, plaster work on the walls (internal side) was shown to have been measured and paid for Rs 2,669. Since, the walls of the septic tank do not seem to have been executed, measured and paid, the existence of top slab and that of the plaster work may be a fake one not the actual.

The controversy in question has made the authenticity of measurement record of the works doubtful to every man of ordinary prudence.

Thus, the contradictory position of record entries has lead to doubtful payment of Rs 1.188 million.

The matter was pointed out to the management on 1st October, 2014. The department replied that measurement of reconstruction projects were made after verification by NESPAK.

The reply of the department is not satisfactory as the core issue as to fake measurement and making payment there against has not been addressed. Verification by the consultant for fake work did not preclude the employer from its prime responsibility as to test check the existence of work.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be thoroughly investigated with a view to fix the individual responsibility for recoding fake measurements, besides work out the financial impact of payment made on the fake documents of measurements and recover from the defaulter.

PDP-532 (2013-14 XEN Bld., Neelum)

4.2.41 Undue favour due to payment of certain item not executed at site but shown as executed initially – Rs 2.453 million

As per GCC 39 and 40 of the contract agreement read in conjunction with Technical Specification of the BOQ items given in the annexed statement revealed that payments for the items of works was to be made on the basis of quantities measured, accepted and recommended by the consultant and duly approved by the employer.

In XEN Buildings/ Reconstruction Division, Neelum a contract for the Construction of Agricultural Extension Centers – Package No. 2 was awarded to M/s Technocrat. During audit it was observed that contrary to above provisions of contract, payments against certain items of the work were made in IPCs No. 6 to10 for certain quantities which were shown to have been decreased. Payment of Rs 2.453 million was made against negative quantities. Progressive quantities of any of the item could not be negative. Recording negative quantities in the measurement sheets revealed that initially certain fake quantities were recorded in the measurement sheets which lead to overpayment to the contractor.

Thus, the fake entries in the measurement sheets has resulted into over payment of Rs 2.453 million.

The matter was pointed out to the management on 1st October, 2014. The department replied that measurement of reconstruction projects were made after verification by NESPAK.

The reply of the department is not satisfactory as the core issue as to fake measurement and making payment there against has not been addressed. Verification by the consultant for fake work did not preclude the employer from its prime responsibility as to test check the existence of work.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be thoroughly investigated with a view to fix the individual responsibility for recoding fake measurements, besides work out the financial impact of payment made on the fake documents of measurements and recover from the defaulter.

PDP-533 (2013-14 XEN Bld., Neelum)

4.2.42 Un-justified payment to the contractor on percentage basis - Rs 3.335 million

According to Bill of Quantities A-Preamble 'Unless otherwise stated in the text of the Bill of Quantities, the quantities have to be measured and paid in accordance with the measurement and payment clauses given in the relevant Technical Specification. As per Technical Specification the amount of completed and accepted work shall be paid for at the unit price.

Contrary to the above, the management paid an amount of Rs 3.335 million on percentage basis whereas the said items were required to be paid after completion and acceptance of the number of units at the specified rates. Payment on percentage basis was not covered under the contractual provisions.

Thus the contractor was unduly benefitted for Rs 3.335 million due to making payment on percentage basis.

The matter was pointed out to the management on 15th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility may be fixed for payment on percentage basis besides the cost impact of the undue favor be worked out and made good from the responsible.

PDP-481 (2013-14 XEN Bld., Rwk.)

4.2.43 Excess payment of price adjustment due to non freezing of rates - Rs 3.700 million

As per Para 4 (i) Pakistan Engineering Council policy, in case of default on the part of the contractor causing delay in original scheduled completion the rate of Price Adjustment will be frozen at the original scheduled date of completion.

During audit of XEN, PWD Building Rawalakot it was observed that a contract of education sector under package No.31 was awarded to M/s Abid Associates Rawalakot on 2nd November 2009 with a completion period of 365 days. The contractor failed to complete the work within stipulated time. M/s NESPAK in their letter dated 5th April 2011 recommended EOT with the remarks that no contemporary record is available nor contractor has identified individual delay event. The contractor has applied generally for extension in time; justifications provided by the contractor were general and global. EOT was granted accordingly.

Granting EOT in general terms warranted that the provisions of Para 4(i) of the PEC be invoked and price adjustment factor was to be frozen at the original schedule of completion. Contrary to that, the management paid a sum of Rs 3.700 million to the contractor as price adjustment without taking into account the element of freezing the factor which resulted into overpayment to the contractor.

Thus, due to non freezing the factor, the contractor was overpaid for Rs 3.70 million.

The matter was pointed out to the management on 15th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that overpayment on account of price adjustment amounting to Rs 3.700 million be recovered from the contractor.

PDP-482 (2013-14 XEN Bld. Rwk)

4.2.44 Non imposition of liquidated damages – Rs 48.716 million

According to clause 47.1 of special stipulations of contract document, if the contractor fails to complete the work within stipulated time frame, liquidated damages will be imposed at the rate of 0.05% of the contract price for each day of delay in completion of the works subject to a maximum of 10% of contract.

During audit it was observed that the contracts as detailed below were awarded to different contractors for completion of civil work within a period of 365 days (01 year) but the contractors failed to complete the work even after lapse of 04 years and the Extension of Time (EOT) granted to these contractors. Liquidated damages were required to be imposed. Non imposition of liquidated damages resulted undue benefit to contractors amounting to Rs 48.716 million.

Sr. #	Name of Package	Package No.	W/order Amount	Total Exp, during the year 2013-14	EOT upto	LD @10%
1	Abid Associate Pvt. (Ltd)	Rw – Ed 31	55.855	23,161,315	17.06.2013	5.586
2	Meridian Consolidate RHC Banjosa	94 “H” Health	105.192	19,814,744	04.11.2012	10.519
3	M/s Nisar Ahmed & Brothers	Rw – Ed 244	32.188	13,191,866	09.03.2013	3.219
4	Haji Muhammad Ali	Rw – Ed 241 ‘B’	61.554	9,181,692	01.12.2011	6.155
5	Al-Kawish construction Company Rawalakot	Govr: 01	52.066	7,880,151	24.02.2012	5.207
6	M/s S.S Construction Company Lucky Marwat	Rw – Ed 29 “H”	59.815	7,856,071	01.05.2012	5.982
7	Abdullah Khan Sakardu	Rw – Ed 49	22.459	7,644,149	01.05.2012	2.246
8	SGS Construction & Drilling	Rw – Ed 292	20.536	7,607,443	09.01.2014	2.054
9	Wahab Construction company	Rw – Ed 25 “A”	35.453	7,438,274	13.06.2011	3.545
10	Al-Kawish Construction Company Rawalakot	Rw – Ed 35 “H”	42.044	5,225,057	31.10.2011	4.204
				TOTAL		48.716

Thus, due to non imposition of Liquidated Damages clause the contractors were unduly benefitted for Rs 48.716 million.

The matter was pointed out to the management on 15th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be investigated and responsibility be fixed against the person(s) at fault besides imposition of liquidated damages amounting to Rs 48.718 and its recovery.

PDP-483 (2013-14 XEN Bld., Rwk.)

4.2.45 Overpayment to contractor due to provisional measurement – Rs 9.480 million

According to Bill of Quantities A-Preamble ‘Unless otherwise stated in the text of the Bill of Quantities, the quantities have to be measured and paid in accordance with the measurement and payment clauses given in the relevant Technical Specification. As per Technical Specification the amount of completed and accepted work shall be paid for at the unit price.

XEN Highway Rawalakot and M/s NESPAK verified the IPCs worth Rs 9.480 million on percentage basis as detailed below:

IPC No.	Pay Item	Item Description	Unit	Qty Reported by Contractor	Qty Allowed by Consultant	Allowed %age	Rate (Rs)	Amount(Rs)
16	106a	Excavation of unsuitable common material	Cu.m	25,330.463	12,665.230	50	190	2,406,393.70
	106b	Excavation of unsuitable unclassified rock material	Cu.m	5,672.560	2,836.280	50	530	1,503,228.40
	108b	Formation of embankment form road way excavation	Cu.m	3,335.195	1,667.595	50	290	483,602.55
	107a	Excavation	Cu.m	2,358.003	1,886.400	80	160	301,824.00
	401f	Lean Concrete	Cu.m	219.800	175.840	80	4400	773,696.00
	411b	Stone masonry	Cu.m	1,468.001	1,174.400	80	2829.6	3,323,082.24
	107a – 4D	Excavation	Cu.m	83.722	66.980	80	160	10,716.80
	407f – 4	Lean Concrete	Cu.m	47.220	37.780	80	4400	166,232.00
411b – 4D	Stone masonry	Cu.m	220.380	176.304	80	2900	511,281.60	
Total:								9,480,057.29

Mode of measurement/ quantification was quite contrary to the engineering standards as referred above and the payment made there against was undue benefit to the contractor.

Thus, the contractor was unduly benefitted for Rs 9.480 million

The matter was pointed out to the management on 18th June 2014. The management replied that consultant reduced the quantities of contractor generated bill from 50% to 80%.

The reply is not acceptable as the payment was made for the quantities arrived at arbitrarily for partially completed instead of completed and accepted work.

No DAC meeting was arranged till finalization of this report.

Audit recommends that matter may be got investigated to fix responsibility for making payment for partially completed works besides cost impact of undue payments be worked out and make good from responsible.

PDP-484 (2012-13 XEN Highway, Rwk)

4.2.46 Undue payment without renewal of performance guarantee – Rs 3.901 million

As per clause-10.1 and 10.2 of General Conditions of Contract the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance in the sum stated in the Appendix to tender. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate in accordance with clause-62.1.

A contract (Package No. 4) for the reconstruction & rehabilitation of 17 No. forest buildings was awarded to M/s Ittehad Engineering & Construction (Pvt.) Ltd. Islamabad at a total cost of Rs 80.347 million on 25th February 2009 to be completed within 365 days i.e. upto 26th March 2010. The contractor provided a performance guarantee issued by the United Insurance Co. Ltd. Rawalpindi equal to 10% of the contract cost i.e. Rs 8.035 million. The validity of performance guarantee expired on 22nd January 2013 while the works were not yet completed.

A similar observation was issued on 16th April 2013 during the audit for the financial year 2011-12 upon which it was replied that the contractor was requested for renewal of performance guarantee as per clause 10.1 and 10.2 of contract in the absence of which no payment will be released.

It was observed that the contractor was paid Rs 3.901 million during the financial year 2013-14 totally in disregard to the earlier stance of the management without renewal of performance guarantee by extending undue favour to the contractor.

The matter was reported to the management on 9th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for payment without renewal of performance guarantee.

PDP-489 (2013-14 DFO, Bagh)

4.2.47 Non imposition of LD due to delay in completion of works – Rs 8.035 million

As per clause 47.1 of GCC read with special stipulation stated in Appendix-A to bid, if contractor fails to comply with the time for completion, then the contractor shall pay liquidated damages equal to 0.04% of the contract price for each day of delay in completion of the works subject to a maximum 10% of contract price stated in the letter of acceptance.

A contract (Package No. 4) for the reconstruction & rehabilitation of 17 No. forest buildings was awarded to M/s Ittehad Engineering & Construction (Pvt.) Ltd. at a total cost of Rs 80.347 million on 25th February 2009 to be completed within 365 days i.e. upto 26th March 2010. The work could not be completed in-time but neither EOT for completion of works was granted nor LD imposed as per provisions of contract. The period for implementation of PC-I was upto April 2011.

The matter was reported to the management on 9th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that LD equal to 10% of the contract price i.e. Rs 8.035 million may be recovered from the contractor under intimation to Audit. Besides, the pace of the works may also be expedited.

PDP-493 (2013-14 DFO, Bagh)

4.2.48 Irregular execution of work not included in PC-I/Contract – Rs 1.881 million

As per PC-I, Contract Agreement (Rs 80.347 million) and work award letter, construction of 17 number Forest Buildings one of which included construction of Forester Quarter at Dhulli was awarded to M/s Ittehad Engineering & Construction (Pvt.) Ltd.

Scrutiny of IPC-34 revealed that the Forester Quarter was constructed at Lasdana instead of Dhulli which was not included in the PC-I, Contract agreement and work award letter. A sum of Rs 1.881 million was paid to the contractor for the construction of Forester Quarter, Lasdana. The payment made was totally unauthorized.

The issue was initially highlighted during the audit for the financial year 2011-12. In response the management clarified that it was a clerical mistake. Actually, it was Forester Quarter Dhulli not Lasdana.

The stance taken by the management was not correct as DFO, Bagh in its letter dated 14th May 2009 maintained that Forester Quarter Dhulli was initially planned at Dhulli but due to conflict and un-availability of land, the representative of NESPAK and Forest Department decided to construct the said Forester Quarter at Lasdana. Further, construction of forest quarter at Lasdana was against the ERRA policy which demands that it should be the work of reconstruction only.

Thus the expenditure defrayed for construction of quarter at Lasdana was totally unauthorized and beyond the scope of contract agreement.

The matter was reported to the management on 9th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter be investigated to fix the responsibility and make good the un-authorized expenditure from the defaulters.

PDP-496 (2013-14 DFO, Bagh)

4.2.49 Un-authorized payment due to execution of work beyond the contract – Rs 17.963 million

As per Contract agreement for the construction of Water Supply Scheme from Mahal River to Jaglari Top District Bagh, “Slow Sand Filter # 2” was not included in the work order issued to the contractor.

The construction of Water Supply scheme from Mahal River to Jaglari Top District Bagh was awarded to M/s Progressive Technical Associate vide letter dated 17th November 2009. It was observed that an amount of Rs 17.963 million was paid to the contractor on account of Slow Sand Filter # 2 upto IPC No. 10. Thus, due to non provision of said work in contract agreement, the payment made was un-authorized.

The matter was reported to the management on 30th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for un-authorized execution of works and making good the expenditure from the defaulter.

PDP-466 (2013-14 PHED, Bagh)

4.2.50 Undue favour to the contractor – Rs 21.579 million

As per Clause 62.12(a) of PCC an interest free mobilization advance upto 15% of the contract price stated in the Letter of Acceptance shall be paid by the Employer to the Contractor in two equal parts upon submission by the Contractor of a Mobilization Advance Guarantee/ Bond for the full amount of the Advance in the specified form from a Scheduled Bank in Pakistan or an insurance company acceptable to the Employer. This Guarantee shall remain in force until the advance is fully adjusted against payments from the Interim Payment Certificates of the Contractor or until a specified date whichever is earlier.

XEN PWD Buildings, Bagh awarded 03 packages for the construction of school buildings to M/s Sana Khan & Co. Mobilization advance was paid to the contractor as detailed below:

S. No.	Package No.	Work Order No.	Date of start of work	Work Order Amount	Mobilization advance paid (Rs)	Retention Money deducted from IPCs
1	32	1832-44/XEN/PWD/Building/ Drawing 2009 dated 17.04.2009	25.04.2009	79,302,088	7,930,000	1,563,285
2	40	1861-74/XEN/Building/Drawing/ 2009 dated 17.04.2009	25.04.2009	49,450,713	4,945,000	1,158,836
3	41	1847-60/XEN/Building/ Drawing /2009 dated 17.04.2009	25.04.2009	87,056,576	8,704,000	1,821,802
					21,579,000	4,543,923

From the position as tabulated above, it is evident that against the total advanced sum of Rs 21.579 million, a sum of Rs 17.323 million of mobilization advances was recovered leaving a balance of Rs 4.256 million. However, due to unsatisfactory performance, the contracts were cancelled under clause 63.1 of the conditions of contract vide letter Chief Engineer PWD (Building/ Reconstruction), Muzaffarabad letters dated 19th October 2012. The un-recovered/ un-adjusted mobilization advances were adjusted against retention money balance of Rs 4.544 million. Mode of adjustment of mobilization advance against retention money was in contradiction to the contractual provisions rather it was to be made good by liquidating the Bank Guarantees which was either not obtained or revalidated. Thus, the work guarded against retention money has become unsecured.

The matter was reported to the management on 26th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non obtaining bank guarantees from the contractor and unlawful adjustment of advance against retention money.

PDP-457 (2013-14 XEN Bldg, Bagh)

4.2.51 Non encashment of Performance securities – Rs 21.581 million

As per clause-10.1 and 10.2 of General Conditions of Contract the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance in the sum states in the Appendix to tender. The security shall be valid until the contractor has executed and completed the works and remedied any

defects therein in accordance with the contract or till the issuance of defects liability certificate in accordance with clause-62.1.

XEN PWD Building/ Reconstruction Division, Bagh awarded 03 packages for the construction of schools to M/s Sana Khan & Co. The contractor submitted performance guarantees issued by M/s United Insurance Company of Pakistan Ltd. amounting to Rs 21.581 million as detailed below:

Package #	Work Order No.	Date of start of work	Work Order Amount (Rs)	Amount of Performance Guarantee (Rs)
32	1832-44/XEN/PWD/Building/ Drawing 2009 dated 17.04.2009	25.04.2009	79,302,088	7,930,208
40	1861-74/XEN/Building/Drawing/ 2009 dated 17.04.2009	25.04.2009	49,450,713	4,945,071
41	1847-60/XEN/Building/ Drawing /2009 dated 17.04.2009	25.04.2009	87,056,576	8,705,657
			215,809,377	21,580,936

The extended date of performance guarantees was 30th June 2012. The contractor vide letters dated 1st June 2012 was requested to get the performance guarantees renewed which was not done. The said letters were also endorsed to the General Manager United Insurance Company with the remarks that if contractor will not get extension within 7 days, these letters may be treated as request for encashment of performance bonds and amount of bonds be transferred into employer's official account. However, the performance guarantees were neither got renewed by the contractor nor the same were got encashed from the Insurance Company by the employer.

Thus due to non encashment of performance security, the State was put to loss of Rs 21.581 million.

The matter was reported to the management on 26th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility may be fixed for non encashment of the guarantees and consequential loss be made good from the defaulters.

PDP-459 (2013-14 XEN Bldg, Bagh)

4.2.52 Subletting of contracts – Rs 1,165.575 million

As per Clause 3.1 of GCC, the contractor shall not, without the prior consent of the employer, assign the contract or any part thereof, or any benefit or interest therein or there-under, otherwise than by:

- (a) A charge in favour of the contractor's bankers of any monies due or to become due under the contract, or
- (b) Assignment to the contractor's insurers (in cases where the insurers have discharged the contractor's loss or liability) of the contractor's right to obtain relief against any other party liable.

In PWD Building/ Reconstruction Division Bagh, Education and Governance Buildings packages were awarded to the contractors for construction. The Progress Report of NESPAK (as on 30th June 2014) revealed that packages worth Rs 1,165.575 million were sublet due to which the projects delayed as the capacity of the sub contractors was not compatible with the volume of awarded work. The detail of sublet projects/ packages is given in enclosed Annexure-XVII.

Thus, due to un-authorized/ imprudent subletting of the packages, the management has not only defrayed irregular expenditure but also compromised the timely completion of the projects.

The matter was reported to the management on 26th September 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

The matter may be investigated with a view to fix responsibility on the person(s) at fault for this gross negligence.

PDP-464 (2013-14 XEN Bldg, Bagh)

4.2.53 Irregular payment of Rs 94.014 million after the expiry of performance guarantee

As per clause-10.1 and 10.2 of General Conditions of Contract the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance in the sum stated in the Appendix to tender. The security shall be valid until the contractor has executed and completed the works and remedied any

defects therein in accordance with the contract or till the issuance of defects liability certificate in accordance with clause-62.1.

XEN Highway, Bagh awarded a contract for the Reconstruction & Rehabilitation of Rawalakot to Harighel via Shujabad Road (Package-II) to M/s Progressive Technical Associate (Pvt.) Ltd. on 31st December 2009 for an amount of Rs 268.554 million. The work was to be commenced w.e.f. 15th January 2010 and to be completed within 720 days. The validity period of performance guarantee valuing Rs 26.855 million expired on 15th July 2013 but the same was neither got renewed nor encashed from the respective insurance company. An amount of Rs 94.014 million was paid to the contractor after the expiry of performance guarantee vide IPC-14, 15 & 16.

Thus due to non renewal/ encashment of performance guarantee, the Government interest was put to risk.

The matter was reported to the management on 23rd October 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non renewal of performance guarantee or its encashment within the validity period and making payment without observing contractual obligations.

PDP-465 (2013-14 XEN Highway, Bagh)

4.2.54 Non imposition of liquidated damages – Rs 26.855 million

As per clause 47.1 of GCC read with special stipulation stated in Appendix-A to bid, if contractor fails to comply with the time for completion, then the contractor shall pay liquidated damages equal to 0.05% of the contract price for each day of delay in completion of the works subject to a maximum 10% of contract price stated in the letter of acceptance.

XEN Highway, Bagh awarded a contract for the Reconstruction & Rehabilitation of Rawalakot to Harighel via Shujabad Road (Package-II) to M/s Progressive Technical Associate (Pvt.) Ltd. on 31st December 2009 for an

amount of Rs 268.554 million. The work was to be commenced w.e.f. 15th January 2010 to be completed within 720 days. The work could not be completed within stipulated period and the contractor was granted extension in time for completion upto 17th May 2013. The work could not be completed even in the extended period but neither the contractor was granted further EOT nor LD was imposed as per provisions of the contract.

The matter was reported to the management on 23rd October 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that LD equal to 10% of the contract price i.e. Rs 26.855 million may be recovered from the contractor.

PDP-467 (2013-14 XEN Highway, Bagh)

4.2.55 Over payment due to duplication of activity of Base and Sub Base – Rs 59.041 million

As per General Specifications of NHA (Item No. 209), the quantities measured shall be paid for at the contract unit price per Cubic meter of breaking of road pavement structure and per Sq. meter of scarification of existing road pavement structure, for carrying out the works including cost of labour, equipment, tools and incidental necessary to complete these items.

In XEN Highway, Bagh a contract for the Reconstruction & Rehabilitation of Rawalakot to Harighel via Shujabad Road (Package-II) was awarded to M/s Progressive Technical Associate (Pvt.) Ltd. on 31st December 2009 for an amount of Rs 268.554 million. IPC-5, 8 and 16 transpired that as per BOQ item No. 209b (Bill No. 2) “Scarification of existing Road Pavement” was paid to the contractor for certain locations. However, while going through the other items of related activities like granular sub base/ aggregate base as provided in BOQ item No. 201 and 202 it was transpired that both the items of work have been shown executed on the locations mentioned against BOQ item No. 209b. As a matter of fact, the granular sub base and aggregate base at the said locations were already in existence and only scarification of existing road pavement was to be executed. So, the activities

in question were duplicated which lead to excess payment of Rs 59.041 million detailed break up of which is as under:

Scarification on Chainage (Item No. 209 b)			Granular Sub Base (Item No. 201)			Aggregate Base (Item No. 202)		
From	To	Length	Quantity (Cu.m)	Rate (Rs)	Amount (Rs)	Quantity (Cu.m)	Rate (Rs)	Amount (Rs)
10+000	13+012.5	3,012.5	5,034.50	1,525	7,677,612.50	3,835.27	2,010	7,708,892.70
13+100	18+800	5,700.0	9,453.29	1,525	14,416,267.25	7,221.55	2,010	14,515,315.50
19+900	22+700	2,800.0	4,920.84	1,525	7,504,281.00	3,591.25	2,010	7,218,412.50
Total					29,598,160.75			29,442,620.70

The matter was reported to the management on 23rd October 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that overpaid sum may be recovered from the defaulters besides fixing responsibility.

PDP-468 (2013-14 XEN Highway, Bagh)

4.2.56 Non imposition of liquidated damages – Rs 181.627 million

As per Clause 8.7, 14.15 (b) and Appendix to Tender, if the contractor fails to complete the whole of the works within the time for completion, the contractor shall pay delay damages equal to 0.1% of the contract price per day in the currencies of payment maximum upto 5% of the contract price for this default.

In BCDP, Bagh contracts for the construction of works were awarded to M/s China Xingiang Beixin Construction & Engineering (Group) Company Ltd and M/s China International Water & Electric Company but the contractors could not complete the construction work in time. However, liquidated damages (LD) amounting to Rs 181.627 million as detailed in Annexure-XVIII were not imposed and recovered from the contractors.

In their reply dated 24th October 2013 it was stated that apart from contractor's failing, the delay in timely completion of projects also involves various other factors like land issues, natural calamities/ hazards, non availability of counterpart funding (15% GOP share) etc. Keeping in view these factors, each case is being considered separately and in certain cases extension of time are under process.

Wherever fault of the contractor is established, case for LD will be processed as per rules.

The reply is not convincing. The date of completion of all the projects has already expired since long but process of EOT has not yet been finalized which should have been completed well before the expiry of the completion period.

No DAC meeting was arranged till finalization of this report.

Audit recommends that LD amounting to Rs 181.627 million may be imposed and recovered from the contractors under intimation to Audit.

PDP-498 (2013-14 BCDP)

4.2.57 Over payment due to duplication of activity of Base and Sub Base – Rs 3.253 million

As per BOQ item No. 21-63 “Dismantling of bitumen carpet/ TST of any description from existing road surface including its removal and disposal with 90m lead” was provided.

In BCDP, Bagh the IPC-10 and 11 in respect of Kohala-DhirKot Road Project (Component-A) transpired that payment for item No. 21-63 was made to the contractor for certain locations. However, the other items of related activities like sub base/ base as provided in BOQ item No. 21-15 I and 21-17 (b) it was transpired that both the items of work were shown executed on the locations mentioned against BOQ item No. 21-63. As a matter of fact, the base and sub base at the said locations were already in existence and only bitumen carpet and TST were dismantled. So, the activities in question were duplicated which lead to excess payment of Rs 3.253 million as detailed in Annexure-XIX.

In their reply dated 24th October 2014 it was stated that CSR 21-63 is only for dismantling of old TST/carpeting and is measured in Sq.m and its width varies mostly between 2 to 5 meters at different locations. However, laying of granular sub base course and aggregate base course are separate items and laid separately as per profile of the road in full width of 9.3 m/ 7.3 meter respectively. The item under 21-63 is in Bill No.1 whereas granular sub base and aggregate base course are in Bill No. 2. Since dismantling of old TST/ carpeting and granular sub base course/ aggregate base course are absolutely separate items, hence there is no duplication of activities.

The reply is not acceptable as the measurement sheets did not depict any deduction for existing work. A copy of joint survey report at the time of taking over of project was demanded which was not provided.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility and make good the overpaid amount.

PDP-500 (2013-14 BCDP)

4.2.58 Over payment due to duplication of one and the same activity at two points (Base and Sub-Base) – Rs 62.989 million

As per BOQ item No. NSI (Bill No. 2), “cutting/ loosening of existing base/ sub base material including watering and compaction with suitable mechanical means to required compaction level as per AASHTO specification to full depth” was provided.

In BCDP, Bagh scrutiny of IPC-10 and 11 in respect of Kohala Dhir Kot Road Project (Component-A) transpired that the measurement of NSI (Bill No. 2) of work was made and the contractor was paid for the sum so determined. However, while examining the measurement sheets of other related items of BOQ like Base, Sub-Base (BOQ item No. 21-15 c and 21-17 b) it was transpired that the management allowed the provision of Base/ Sub-Base and their compaction at the locations where NSI item was executed which tantamount to duplication of one and the same activity on the sites where NSI was executed, the base and sub-base were already in existence and these were loosened first and then compacted to the desired specification. Thus the contractor was overpaid to the extent of Rs 62.989 million as detailed in Annexure-XX.

In their reply dated 24th October 2013 it was stated that cutting and loosening is for the surface prepared by FWO which was abandoned for a long period. The remaining quantity of granular sub base course or aggregate base course is added in the FWO surface to bring it to the required profile as per design. The quantities of sub base/ base added only are paid to the contractor. These are separate activities and there is no overpayment to the contractor.

Reply is not acceptable as no documentary evidence was provided in support.

No DAC meeting was arranged till finalization of this report.

Audit recommends that a copy of joint survey report/ inventory sheet at the time of taking over of project and any other relevant record may be provided to Audit or otherwise overpaid amount may either be recovered from the contractor or the person(s) held responsible.

PDP-502 (2013-14 BCDP)

4.2.59 Irregular/ un-authentic payment on account of asphaltic concrete wearing course (class-A) – Rs 6.790 million

As per General Specifications of NHA (Item No. 305), the quantity determined shall be paid for at the contract unit price respectively for each of the particular pay items shown in the Bill of Quantities, which prices and payment shall constitute full compensation for all the costs necessary for the proper completion of the work prescribed in this item.

During scrutiny of IPC-10 of Kohala Dhirkot Road it was transpired that an amount of Rs 6.790 million was paid to the contractor on account of asphaltic concrete wearing course (class-A) under item No. 305a for a total quantity of 730.380 cu.m @ Rs 9,296.27 per cum. on the basis of measurement sheet. An examination of the measurement sheet disclosed that the same was not perpetuating from the check requests not only for the purpose of wearing course but also for the purpose of prime coat. It is worth noting here that any of the work tendered for measurement is firstly tendered for technical acceptance through check request and then the same is measured and accepted for payment. Further, the payment made for the work was not cross referenced to the joint measurement sheet signed by all the stake holders at the eve of termination of contract.

Thus, the contractor was paid a sum of Rs 6.790 million without supporting the same with authentic measurement record.

The matter was reported to the management on 18th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated to fix the responsibility for release of payments without linking the prime record.

PDP-508 (2013-14 SERRA)

4.2.60 Irregular payment due to classification of earth on percentage basis – Rs 125.71 million

As per General Specification of NHA (Item No. 106), the payments for the items of works was to be made on the basis of quantities measured, accepted and recommended by the consultant and duly approved by the employer.

During scrutiny of IPC-10 of Kohala Dhirkot Road it was transpired that an amount of Rs 125.71 million was paid on account of excavation of surplus common material, excavation of surplus hard rock material, excavation of surplus medium rock material and excavation of surplus soft rock material for a total quantity as detailed below:

Item No.	Description	Unit	Rate (Rs)	Qty. consumed	Amount (Rs)
106-c	Excavation of surplus common material	Cum	164.81	70,002.384	11,537,093
106-d(i)	excavation of surplus hard rock material	Cum	666.46	77,540.256	51,677,479
106-d(ii)	excavation of surplus medium rock material	Cum	431.77	67,515.182	29,151,030
106-d(iii)	excavation of surplus soft rock material	Cum	349.78	95,330.225	33,344,606
					125,710,208

From the position tabulated above and as given in the measurement sheet, it is evident that the excavation works were done in the years 2007 and 2008 but their classification was made in the year 2012 and onward. Making the classification on such a belated stage that too on percentage basis is quite un-understandable and could hardly be believed. Normally, the excavated material is classified and stacked as and when the occasion arises.

Thus, the mode of classification has created the doubt about the genuineness of the transaction and the payment made for Rs 125.710 million also became doubtful/ undue.

The matter was reported to the management on 18th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated thoroughly with a view to fix the responsibility for re-classification and payment of claims at such a belated stage.

PDP-510 (2013-14 SERRA)

4.2.61 Undue favour to the contractor by making excess payment on account of excavation of surplus common material – Rs 1.944 million

As per General Specification of NHA (Item No. 106), the payments for the items of works was to be made on the basis of quantities measured, accepted and recommended by the consultant and duly approved by the employer.

During scrutiny of IPC-9 of Kohala Dhirkot Road it was observed a quantity of 82,166.27 cum. of excavation of surplus common material (item No. 106c) was shown to have been executed upto 8th IPC and in 9th IPC it was recorded to be 70,369.58 cum. So in the 9th IPC it was shown to be payable with a negative balance of (-)11,796.69 cum worth Rs (-)1,944,213 which is quite contrary to logical sequence of occurrence as in no way the progressive quantities should be decreased. The reduction in quantity indicates that payment was made on the basis of hypothetical figures at certain initial stage thereafter an attempt was made to rectify the difference just to reconcile.

The matter was reported to the management on 18th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to work out the cost impact of the undue benefit and making good the same from the defaulter(s).

PDP-511 (2013-14 SERRA)

4.2.62 Undue payment to the contractor on percentage basis – Rs 3.015 million

As per General Specification of NHA (Item No. 412), the quantity of stone masonry to be paid shall be the number of cubic meters measured in the completed work.

During scrutiny of IPC-9 & 10 of Kohala Dhirkot Road it was observed that stone dressed course with mortar (item No. 412a for slab culverts and retaining walls) was paid as detailed below:

Item No.	Description	Unit	Rate (Rs)	Qty. consumed	Amount (Rs)
412-a (Slab Culvert)	stone dressed course with mortar	Cum	3,107.69	251.36	781,148.95
412-a (Retaining Walls)	stone dressed course with mortar	Cum	3,107.69	718.71	2,233,527.88
					3,014,676.83

Audit observed that the quantities arrived at have been worked out on percentage completion basis (i.e. 70%, 80%, 50% etc.). The mode of quantification adopted was not covered under the contractual provisions. From the mode of quantification adopted it is evident that some partially completed items were accepted and paid.

The matter was reported to the management on 18th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility for payments against in-complete work and over & above the contractual provisions be recovered from the defaulters.

PDP-512 (2013-14 SERRA)

4.2.63 Irregular payment due to classification of structural excavation on percentage basis – Rs 7.408 million

As per General Specifications of NHA (Item No. 107), the quantities determined shall be paid for at the contract unit price that is shown in the BOQ,

which price and payment shall be full compensation for all the costs involved in the proper completion of the work prescribed in this item.

During scrutiny of IPC-10 of Kohala Dhirkot Road it was transpired from Bill No 4&5 “Structures and Drainage” that an amount of Rs 7.408 million was paid on account of excavation of surplus common material, excavation of surplus hard rock material, excavation of surplus medium rock material and excavation of surplus soft rock material for a total quantity as detailed below:

Item No.	Description	Unit	Rate (Rs)	Qty. consumed	Amount (Rs)
107-a (Retaining walls)	Excavation of surplus common material	Cum	192.65	17,132.867	3,300,647
107-c(i) (Retaining walls)	excavation of surplus hard rock material	Cum	666.46	0	0
107-c(ii) (Retaining walls)	excavation of surplus medium rock material	Cum	524.37	4,741.140	2,486,112
107-c(iii) (Retaining walls)	excavation of surplus soft rock material	Cum	403.96	4,014.353	1,621,638
					7,408,397

From the position tabulated above and as given in the measurement sheet, it is evident that the excavation works were done in the 2007, 2008, 2009 and 2011 but their classification was made in the year 2012 and onward. Making the classification on such a belated stage that too on percentage basis is quite un-understandable and could hardly be believed. Normally, the excavated material is classified and stacked as and when the occasion arises.

Thus, the mode of classification has created doubt about the genuineness of the transaction and the payment made there against has also become doubtful.

The matter was reported to the management on 18th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated thoroughly with a view to fix the responsibility for re-classification and payment of claims at such a belated stage.

4.2.64 Undue payment to contractor due to acceptance of partially completed work on percentage basis – Rs 1.030 million

As per general specification of item No. 511, the quantities of grouted stone pitching shall be measured by the square meter of completed and accepted work and payment shall be paid for at the contract unit price specified in the Bill of Quantities, which price shall be full compensation for furnishing all materials, for all labour, equipment, tools, supplies, and all other item necessary for the completion of the work.

During scrutiny of IPC-10 of Kohala Dhirkot Road it was transpired from Bill No 4&5 “Structures and Drainage” item No. 511-b1 that an amount of Rs 1.030 million was paid on account of grouted stone pitching (15-20 cm thick) for a quantity of 1,064.01 sq.m. @ Rs 968.19 per sq.m. Quantities arrived at were worked out on percentage completion basis (i.e. 70%).

The mode of quantification adopted was not covered under the contractual provisions which resulted into undue payment of Rs 1.030 million to the contractor.

The matter was reported to the management on 18th November 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility for payments against in-complete work and over & above the contractual provisions be recovered from the defaulters.

PDP-514 (2013-14 SERRA)

4.2.65 Undue payment without extension of performance security – Rs 18.121 million

As per General Conditions of Contract, the contractor shall provide the employer a performance security after the receipt of letter of acceptance in the specified sum. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate.

During audit of Conservator of Forest, Muzaffarabad it was observed that the validity period of performance guarantees of certain contracts expired but the same were neither got renewed nor encashed from the respective insurance companies. An amount of Rs 18.121 million was paid to the contractors after the expiry of performance guarantees. Thus due to non renewal/ encashment of performance guarantees, the Government interest was put to risk. The detail of payments made after the expiry of performance guarantees is as under:

S. No.	Name of Contractor	Package No.	Contract cost	Amount of Per. Security	Expiry date of Per. Security	Payment made	Date
A. FOREST DEPARTMENT							
1	Raja Tajammal Hussain	14	12.228	1.222	14.02.2013	2,055,624	07.08.2013
2	Raja Sajid Khan	15	13.363	1.336	13.12.2012	1,755,000	07.08.2013
						518,100	10.12.2013
						555,500	05.03.2014
3	M. Rafique Khan	17	13.523	1.352	29.01.2012	1,000,000	20.01.2014
						692,609	20.01.2014
						300,000	10.06.2014
4	Syed Mukhtar Hussain Naqvi	B	62.277	6.228	28.02.2013	2,294,979	26.07.2013
						765,000	04.10.2013
5	M. Munir Qureshi	C	20.927	2.597	29.01.2012	2,000,000	20.01.2014
						836,000	20.01.2014
						300,000	27.06.2014
6	Syed Manzoor Hussain Bukhari	10	10.977	1.098	02.11.2012	1,921,000	07.08.2013
						275,528	06.02.2014
B. WILDLIFE AND FISHERIES DEPARTMENT							
7	M. Rafique Khan	6	7.762	0.776	09.08.2012	2,137,334	26.07.2013
						52,026	06.02.2014
8	Quality Engineering Services	7	7.305	0.73		662,110	26.07.2013
						18,120,810	

The matter was reported to the management on 15th December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non renewal of performance guarantee or its encashment within the validity period and making payment without observing contractual obligations.

PDP-506 (2013-14 Conservator, Mzd)

4.2.66 Non renewal of performance guarantee of Rs 4.545 million and payment of Rs 3.210 million after the expiry of performance guarantee

As per clause-10.1 and 10.2 of General Conditions of Contract the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance in the sum stated in the Appendix to tender. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate in accordance with clause-62.1.

DFO, Rawalakot awarded two work orders for the reconstruction & rehabilitation of Forest Department Buildings Forest (ERRA), Poonch (Package No. 5 and 6) to M/s Sulemani Builders at a total cost of Rs 45.447 million (Rs 26.204 million and Rs 19.243 million respectively) on 21st January 2009 to be completed within 365 days. The contractor provided performance guarantee equal to 10% of the contract cost. It was observed that the validity period of performance guarantee expired on 19th February 2012 but the same was neither got renewed nor encashed from the insurance company. An amount of Rs 3.210 million was paid to the contractor on 4th July 2012 after the expiry of performance guarantee. Thus due to non renewal/ encashment of performance guarantees, the Government interest was put to risk.

The matter was reported to the management on 23rd June 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non renewal of performance guarantee or its encashment within the validity period and making payment without observing contractual obligations.

PDP-584 (2012-13 DFO, Rwk)

4.2.67 Irregular execution of work not included in work order – Rs 1.808 million

As per contract agreement (Rs 26.204 million) and work award letter, 07 numbers Forest Buildings including construction of Forester Quarter, Banbehk was awarded to M/s Sulmani Builders, Rawalakot.

Scrutiny of IPC-7 revealed that a sum of Rs 1.808 million was paid to the contractor for the construction of Forester Quarter, Rawalakot (instead of Forester Quarter, Banbehk) which was not included in the Contract agreement and work order. The payment made was totally un-authorized.

Thus the expenditure defrayed for construction of Forester Quarter, Rawalakot was totally unauthorized and beyond the scope of contract agreement and against the ERRRA policy which demands that it should be the work of reconstruction only.

The matter was reported to the management on 23rd June 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter be investigated to fix the responsibility and make good the un-authorized expenditure from the defaulters.

PDP-586 (2012-13 DFO, Rwk)

4.2.68 Overpayment on account of price adjustment due to non deduction of secured advance from work done – Rs 4.134 million

As per clause 60.2-b (GCC), the engineer shall within 28 days of receiving statements, certify to the employer, the payment to the contractor which he consider due and payable subject to the deduction of any sums which may have become due and payable by the contractor to the employer.

XEN PWD Rawalakot awarded a contract for the reconstruction of Captain Hussain Khan Shaheed Government Post Graduate Boys College Rawalakot to M/s Turcon for bid cost of Rs 136.050 million on 17th July 2008. Scrutiny of IPC No. 35 revealed that Rs 24.813 million were paid to M/s Turcon for price adjustment. Further, secured advance of Rs 23.851 million was also paid to the contractor during

the period. The amount of secured advance was required to be deducted from work done while paying price adjustment which was not done.

This resulted into overpayment of Rs 4.134 million as detailed in Annexure-XXI.

The matter was reported to the management on 23rd June 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the overpaid amount may be recovered besides fixing responsibility on the person(s) at fault.

PDP-577 (2012-13 PWD, Rwk)

4.2.69 Irregular payment without renewal of performance guarantees – Rs 25.153 million

As per clause-10.1 and 10.2 of General Conditions of Contract the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance in the sum stated in the Appendix to tender. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate in accordance with clause-62.1.

During audit of XEN PWD, Rawalakot it was observed that the validity period of performance guarantees of certain contracts expired but the same were neither got renewed nor encashed from the respective insurance companies. An amount of Rs 25.153 million was paid to the contractors after the expiry of performance guarantees.

Thus due to non renewal/ encashment of performance guarantees, the Government interest was put to risk. The detail of payments made after the expiry of performance guarantees is given in Annexure-XXII.

The matter was reported to the management on 23rd June 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non renewal of performance guarantee or its encashment within the validity period and making payment without observing contractual obligations.

PDP-578 (2012-13 PWD, Rwk)

4.2.70 Non encashment of performance security – Rs 2.938 million

As per clause-10.1 and 10.2 of General Conditions of Contract the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance in the sum stated in the Appendix to tender. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate in accordance with clause-62.1.

XEN PWD, Rawalakot awarded a contract for the construction of Education Sector package (GGHS Rawalakot No.2) to M/s Al-Nafio Enterprises, Rawalakot at a cost of Rs 29.380 million vide work order dated 12th June 2008 with completion schedule of 365 days.

M/s NESPAK vide their letter dated 26th March 2012 intimated the Chief Engineer (Reconstruction/Buildings), Muzaffarabad that the work of the contractor was not satisfactory and recommended to terminate the contract as per provision of clause 63.1 after giving a notice of 14 days. At that time the physical progress was 51%.

The contractor was given 14 days notice for termination of contract by XEN PWD, Rawalakot on 29th March 2012. M/s Pakistan Insurance Company were requested to encash the performance guarantee valuing Rs 2.938 million. However, neither the guarantee was encashed nor the case was pursued with the insurance company.

The matter was reported to the management on 23rd June 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that case may be pursued vigorously with the insurance company for encashment of performance guarantee besides fixing responsibility on the person(s) at fault.

PDP-582 (2012-13 PWD, Rwk)

4.2.71 Non-renewal and returning back of original performance guarantee – Rs 28.452 million

As per clause 4.2 of General Conditions of Contract, 5% of umbrella contract price and 5% of individual accepted contract amount stated in the letter of acceptance may be obtained as performance guarantee from contractor which shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract.

During audit it was observed that performance guarantees of the contractor CWE for following projects expired and original Bank Guarantee were returned to the contractor but the same were not submitted after renewal. An amount of Rs 62.587 million was paid to the contractor without renewal of bank guarantees during 2013-14.

Project Name	Expiry date of Performance Guarantee	Amount of Performance Guarantee (Rs)	Expenditure during 2013-14
Water Distribution	20.07.2013	16,284,450	18,021,653
Dahrak Water Supply	29.08.2013	12,167,700	44,565,111
Total		28,452,150	62,586,764

Payment without renewal of performance guarantee was irregular and the Government interest was put at stake.

The matter was reported to the management on 31st December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that responsibility may be fixed for putting the interest of the State at risk besides getting the performance guarantees renewed or arranged afresh.

PDP-631 (2013-14 RCDP)

4.2.72 Non provision of insurance cover for design – Rs 331.684 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% (ten percent) 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.

PMU, RCDP awarded contracts 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 different projects. During audit it was observed that the contractors did not provide the professional indemnity insurance of the individual contract price to cover the risk of professional negligence in the design of the works. The detail is given at Annexure-XXIII.

Thus due to non providing the insurance cover for the design, the State interest of Rs 331.684 million has been put at stake.

The matter was reported to the management on 31st December 2014 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that insurance for design as per contract clause may be obtained.

PDP-637 (2013-14 RCDP)

4.2.73 Over payment due to non freezing of price adjustment factor – Rs 5.923 million

As per Para 4 (i) Pakistan Engineering Council policy, in case of default on the part of the contractor causing delay in original scheduled completion the rate of Price Adjustment will be frozen at the original scheduled date of completion.

A contract for reconstruction and rehabilitation of Rawalakot to Harighal via Shujaabad road was awarded to M/s New Khan Builders at a cost of Rs 167.670 million on 27th March 2010. According to clause 43.1 of special stipulations, time for completion was 550 days i.e. 30th October 2011.

During audit it was noticed that the contractor failed to complete the work in original scheduled time. Extension was granted on generic basis. No specific reason of delay was recorded which indicated that delay was at the part of the contractor. But price adjustment factor was not frozen as per the original scheduled date. Resultantly, the contractor was overpaid to the extent of Rs 5.923 million as detailed in Annexure -XXIV.

The matter was pointed out to the management on 2nd January 2015 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that the matter may be investigated with a view to fix responsibility and over payment may be recovered from the defaulters.

PDP-640 (2013-14 XEN Highway, Rwk)

4.2.74 Non imposition of liquidity damages – Rs 16.767 million

According to clause 47.1 of the contract agreement, if the contractor fails to complete the work in stipulated time frame, the liquidity damages at the rate of 0.05% for each day of delay in completion will be imposed subject to a 10% of contract price stated in the letter of acceptance.

A contract for reconstruction and rehabilitation of Rawalakot to Harighal via Shujaabad road was awarded to M/s New Khan Builders at a cost of Rs 167.670 million on 27th March 2010. The work was to be started on 25th April 2010 and to be completed on 30th October 2011. According to clause 43.1 of special stipulations, time for completion was 550 days i.e. 30th October 2011. The contractor failed to complete the work in time. Contrary to above mentioned clause of the contract agreement, liquidity damages Rs 16.767 million were not imposed and recovered from the contractor.

The matter was pointed out to the management on 2nd January 2015 but no reply was received.

No DAC meeting was arranged till finalization of this report.

Audit recommends that LD may be imposed and recovered from the contractor.

PDP-642 (2013-14 XEN Highway, Rwk)

Annexures

MFDAC

Annexure-I

S. #	AP/ PDP #	FY	Name of Formation	Subject
ERRA HQ				
1	475	2013-14	ERRA HQ (Dev)	Re-appointments after addition of increments in salary
2	589	2013-14	ERRA HQ (Non Dev)	Unjustified expenditure on entertainment – Rs 2,242,322
3	590	2013-14	ERRA HQ (Non Dev)	Irregular award of contract regarding maintenance of lawn @ Rs 65,000 per month (Rs 780,000 per annum)
4	593	2013-14	ERRA HQ (Non Dev)	Non-conducting of Annual Stock Taking of store
5	424	2012-13	New Balakot City Dev. Project	Loss to state due to non-deduction of surcharge on income tax – Rs 198,567
6	429	2012-13	New Balakot City Dev. Project	Overpayment to the contractor due to over lapping of different items of work – Rs 6.742 million
7	431	2012-13	New Balakot City Dev. Project	(a) Un-justified payment to the contractor – Rs 3.924 million (b) Un-authorized payment of price adjustment – Rs 1.148 million
8	435	2012-13	New Balakot City Dev. Project	Irregular payment to the contractor due to work done beyond the scope of work – Rs 3.508 million
9	439	2012-13	New Balakot City Dev. Project	Over payment to the contractor due to excess measurement of striping – Rs 893,085
10	440	2012-13	New Balakot City Dev. Project	Over payment due to wrong calculation – Rs 3.563 million
11	441	2012-13	New Balakot City Dev. Project	Un-authorized payment due to non measurement of quantity –Rs 1,301,567
12	442	2012-13	New Balakot City Dev. Project	Unauthorized Payment due to recording the measurements on hypothetic basis instead of actual measurements in hard earth filling - Rs 1,040,598,324
13	443	2012-13	New Balakot City Dev. Project	Un-authorized payment due to non measurement of quantity – Rs 7,919,979
14	447	2012-13	New Balakot City Dev. Project	Over payment to the contractor due to work already done – Rs 1.050 million
15	450	2012-13	New Balakot City Dev. Project	Un-justified payment on account of doubtful stripping of top soil – Rs 47.261 million

16	451	2012-13	New Balakot City Dev. Project	Irregular payment to the contractor due to over and above the BOQ - Rs 170.758 million
17	452	2012-13	New Balakot City Dev. Project	Over payment to the contractor due to execution of work already done – Rs 2.264 million
18	453	2012-13	New Balakot City Dev. Project	Over payment to the contractor due to taking of excess width of road - Rs 731,067
19	454	2012-13	New Balakot City Dev. Project	Over payment to the contractor due to wrong calculation of labour, equipment & overhead cost - Rs 614,154
20	455	2012-13	New Balakot City Dev. Project	Over payment to the contractor due to taking of excess length - Rs 425,266
21	456	2012-13	New Balakot City Dev. Project	Over payment to contractor due to extra work on road & street curves - Rs 477,489
22	553	2013-14	NHA	Undue benefit to the contractor due to less recovery of retention money - Rs 8.352 million
23	556	2013-14	NHA	Mis-procurement of saddle worth Rs 28.072 million
24	557	2013-14	NHA	Undue benefit due to temporary overpayment - Rs 601,650
25	559	2013-14	NHA	Undue payment due to acceptance of incomplete item of work – Rs 768,312
SERRA				
1	562	2013-14	SFD&KF	Temporary overpayment due to misleading/ fake entries in measurement sheet – Rs 652,133
2	570	2013-14	SFD&KF	Undue payment due to allowing payment on percentage basis against partial executed quantities – Rs 77.11 million
3	572&573	2013-14	SFD&KF	Undue benefit to the contractor due to payment of works done on percentage basis – Rs 14.162 million
4	574	2013-14	SFD&KF	Undue benefit to the contractor due to payment of works of partially completed job – Rs 212,500
5	575	2013-14	SFD&KF	Undue benefit to the contractor – Rs 884,631
6	626	2013-14	SFD&KF	Inadmissible expenditure on account of mobile subsidy - Rs 138,000
7	594	2013-14	MCDP	Irregular/ unjustified payment to the contractor - Rs 85.916 million.
8	595	2013-14	MCDP	Overpayment due to wrong carry forwarding executed quantities - Rs 11.582 million
9	596	2013-14	MCDP	Undue payment to the contractor due to partially completed items - Rs 44.931 million
10	601	2013-14	MCDP	Undue benefit to the contractor due to payment on percentage basis – Rs 4.380 million
11	602	2013-14	MCDP	Undue benefit to the contractor due to acceptance of partially executed works as complete in all

				respect – Rs 4.096 million
12	603	2013-14	MCDP	Unverifiable expenditure due to measuring certain item of work in total disregard to the natural sequence of occurrence - Rs 8.95 million
13	604	2013-14	MCDP	Doubtful execution of earthwork worth Rs 1.266 million
14	605	2013-14	MCDP	Undue payment on account of secured advance – Rs 968,160 million
15				Overpayment due to misconstruing BOQ item – Rs 679,888
16	608	2013-14	MCDP	Overpayment due to incorrect analysis of rate – Rs 284,931
17	612	2013-14	MCDP	Doubtful execution of earthwork – Rs 0.873 million
18	613	2013-14	MCDP	Undue payment on account of secured advance – Rs 973,600
19	615	2013-14	MCDP	Undue payment due to minus entries in measurement sheet – Rs 595,676
20	618	2013-14	MCDP	Over payment due to payments against BOQ items over & above the agreed rates – Rs 49.151 million
21	620	2013-14	MCDP	Irregular/ excess payment over & above the BOQ – Rs 460.526 million
22	521	2013-14	SP Chinese Security, Muzaffarabad	Irregular payment on account of additional security staff – Rs 5.315 million
23	515	2013-14	Collector Land Acquisition, Muzaffarabad	Irregular payment on account of structure compensation – Rs 3.729 million
24	516	2013-14	Collector Land Acquisition, Muzaffarabad	Unjustified payment on account of compensation of structure – Rs 272,342
25	517	2013-14	Collector Land Acquisition, Muzaffarabad	Irregular payment on account of compensation – Rs 17.488 million
26	518	2013-14	Collector Land Acquisition, Muzaffarabad	Irregular payment on account of compensation – Rs 9.253 million
27	519	2013-14	Collector Land Acquisition, Muzaffarabad	Irregular payment on account of land compensation for crown land – Rs 94,289
28	542	2013-14	EEAP, Muzaffarabad	Overpayment on account of escalation – Rs 89,959
29	552	2013-14	EEAP, Muzaffarabad	Irregular payment on account escalation charges – Rs 4.081 million
30	525	2013-14	XEN PWD Buildings/	Excess payment on account of price adjustment –

			Reconst: Div. Muzaffarabad	Rs 167,510
31	526	2013-14	XEN PWD Buildings/ Reconst: Div. Muzaffarabad	Irregular payment on account of backfill/ fills – Rs 542,451
32	527	2013-14	XEN PWD Buildings/ Reconst: Div. Muzaffarabad	Irregular payment on account of price adjustment – Rs 5.149 million
33	528	2013-14	XEN PWD Buildings/ Reconst: Div. Neelum	Irregular payment by making provisional measurements – Rs 450,611
34	531	2013-14	XEN PWD Buildings/ Reconst: Div. Neelum	Irregular payment on account of price adjustment – Rs 770,517
35	485	2012-13	XEN Highway, Rawalakot	Unjustified provisional payment to the contractor – Rs 4.579 million
36	486	2012-13	XEN Highway, Rawalakot	Undue favor to the contractor by making advance payment – Rs 247,438
37	487	2012-13	RCDP Rawalakot	Non deposit of sale proceeds of trees into Government Treasury
38	488	2012-13	RCDP Rawalakot	Overpayment due to non utilization of available material – Rs 2.176 million
39	490	2013-14	DFO, Bagh	Irregular payment over & above the BOQ – Rs 5.555 million
40	491	2013-14	DFO, Bagh	Irregular payment on account of Non BOQ items – Rs 2.804 million
41	492	2013-14	DFO, Bagh	Irregular payment of Rs 1.355 million over & above the BOQ
42	494	2013-14	DFO, Bagh	Irregular sub-letting of contract
43	495	2013-14	DFO, Bagh	Non execution of work of Forest Rest House, Kahuta due to non provision of land/ site
44	497	2013-14	DFO, Bagh	Irregular payment on account of purchase of furniture and office equipment – Rs 1.521 million
45		2013-14	XEN, PHED Bagh	Non renewal of performance guarantee of Rs 13.595 million and payment of Rs 12.934 million after the expiry of performance guarantee
46		2013-14	XEN, PHED Bagh	Irregular payment on account of execution of excess quantities than BOQ – Rs 4.215 million
47		2013-14	XEN, PHED Bagh	Loss due to ill planning in the award of contract – Rs 12.701 million
48	458	2013-14	XEN PWD Buildings/ Reconst: Div. Bagh	Wastage of funds to the tune of Rs 56.969 million
49	460	2013-14	XEN PWD Buildings/ Reconst: Div. Bagh	Undue favour to the contractor – Rs 7.871 million
50	461	2013-14	XEN PWD Buildings/ Reconst: Div. Bagh	Non imposition of LD – Rs 6.40 million

51	462	2013-14	XEN PWD Buildings/ Reconst: Div. Bagh	Non renewal of performance guarantees – Rs 316.518 million
52	463	2013-14	XEN PWD Buildings/ Reconst: Div. Bagh	Non Imposition of liquidated damages – Rs 231.223 million
53		2013-14	XEN Highway, Bagh	Irregular/ excess payment over & above the BOQ – Rs 104.857 million
54	499	2013-14	BCDP, Bagh	Over payment due to application of incorrect rates – Rs 1.777 million
55	501	2013-14	BCDP, Bagh	Overpayment due to incorrect carry forwarding the previous bill quantities – Rs 5.985 million
56	503	2013-14	BCDP, Bagh	Irregular payment over & above the BOQ – Rs 42.867 million
57	504	2013-14	BCDP, Bagh	Irregular/ excess payment over & above the BOQ – Rs 9.283 million
58	505	2013-14	BCDP, Bagh	Irregular/ excess payment over & above the BOQ – Rs 24.022 million
59	507	2013-14	Conservator Forests, Muzaffarabad	Irregular/ excess payment over & above the BOQ – Rs 2.882 million
60	509	2013-14	SERRA, Muzaffarabad	Irregular payment on account of excavation of unsuitable common material – Rs 2.068 million
61	585	2012-13	DFO, Rawalakot	Irregular payment due to excess work done from BOQ – Rs 2.425 million
62	628	2013-14	RCDP, Rawalakot	Non deposit of income tax into Government Treasury – Rs 29.471 million
63	630	2013-14	RCDP, Rawalakot	Non-deposit of sale proceeds of trees into Government Treasury – Rs 1.610 million
64	632	2013-14	RCDP, Rawalakot	Overpayment due to non utilization of available material – Rs 849,395
65	633	2013-14	RCDP, Rawalakot	Irregular payment in excess of BOQ quantity – Rs 6.762 million
66	636	2013-14	RCDP, Rawalakot	Un-authorized payment made to line departments - Rs 264,679
67	480	2013-14	XEN PWD Buildings/ Reconst: Div. Rawalakot	Unauthorized payment on account of price adjustment – Rs 46.082 million
68	579	2012-13	XEN PWD Buildings/ Reconst: Div. Rawalakot	Irregular payment on account of Non BOQ items without approval and rate analysis – Rs 4.571 million
69	580	2012-13	XEN PWD Buildings/ Reconst: Div. Rawalakot	Excess payment on account of double roofing – Rs 2.080 million
70	581	2012-13	XEN PWD Buildings/ Reconst: Div. Rawalakot	Undue favour to contractor due to assignment of contract to other contractor
71	583	2012-13	XEN PWD Buildings/	Loss due to award of contract on higher cost –

			Reconst: Div. Rawalakot	Rs 5.501 million
72	629	2013-14	RCDP, Rawalakot	Irregular payment to different line departments – Rs 6.698 million
73	634	2013-14	RCDP, Rawalakot	Irregular/ excess payment for Non BOQ items – Rs 28.578 million
74	635	2013-14	RCDP, Rawalakot	Non deduction of TQT and Education Cess – Rs 2.465 million
75	638	2013-14	XEN Highway, Rawalakot	Undue financial benefit to the contractor by making temporary advance payment – Rs 5.798 million
76	639	2013-14	XEN Highway, Rawalakot	Over payment to the contractor – Rs 1.217 million
77	641	2013-14	XEN Highway, Rawalakot	Irregular payment of price adjustment – Rs 10.157 million
78	643	2013-14	XEN Highway, Rawalakot	Non obtaining of third party insurance cover – Rs 2.00 million
79	644	2013-14	XEN Highway, Rawalakot	Payment to contractor without obtaining insurance policy – Rs 51.438 million

Annexure-II to Para-2.4.5

S. No.	Name of Officer	Designation	Date of Appointment	Appointed against PC-I	BPS in PC-I	Pay fixed (Rs)	Pay to be fixed (Rs)	Diff. (Rs)	period		Total month	Over payment (Rs)
									From	To		
1	Farrukh Saleem Khan	Civil Eng.	01.03.13	M & E	18	75,000	50,000	25,000	01.03.13	30.06.14	16	400,000
2	Atif Shaukat	Civil Eng.	08.03.13	M & E	18	75,000	50,000	25,000	01.03.13	30.06.14	16	400,000
3	Hammad Ahmad	Elc. Eng.	14.03.12	M & E	18	75,000	50,000	25,000	14.03.14	30.06.14	27.5	687,500
4	Assad Mahmood	Mgr. MMG	30.09.11	M & E	18	70,000	50,000	20,000	30.09.13	30.06.14	31	620,000
5	Aftab Gul	FMS	01.07.11	SPC	19	90,000	75,000	15,000	01.07.11	30.06.14	36	540,000
6	Muneer Ahmad Khan	Prog. Officer	04.04.12	Cap. Bldg.	19	80,500	75,000	5,500	04.04.12	30.06.14	26.9	147,950
7	Asrar Ayub Khan	Dir Linkage	16.06.11	Cap. Bldg.	19	80,500	75,000	5,500	16.06.11	30.06.14	36.5	200,750
8	Fasil Ghani	Sec. Co-Ord.	28.02.11	Cap. Bldg.	19	80,500	75,000	5,500	28.02.11	30.06.14	40	220,000
9	Shabaz Qasir	System Analyst	13.08.11	Cap. Bldg.	19	86,250	75,000	11,250	13.08.11	30.06.14	39.32	442,350
10	Lt. Col Khan Bahadar	Civil Eng.	01.06.12	M & E	19	90,000	75,000	15,000	01.06.12	30.06.14	24	360,000
11	Lt. Col Masood Ahmad	Civil Eng.	28.05.12	M & E	19	100,000	75,000	25,000	28.05.12	30.06.14	24.9	622,500
12	Maj. Naeem Iqbal	Civil Eng.	28.05.12	M & E	18	80,000	50,000	30,000	28.05.12	30.06.14	24.9	747,000
13	Lt. Col Syed Shaukat Ali Shah	Mgr. MMG	26.04.12	M & E	18	80,500	50,000	30,500	26.04.12	30.06.14	26.16	797,880
14	Lt Col Tahir Pervaiz Dar	Civil Eng.	01.10.12	M & E	19	115,000	75,000	40,000	01.10.12	30.06.14	21	840,000
15	Lt.Col.(R) M. Ijaz	Civil Eng.	19.09.12	M & E	19	115,000	75,000	40,000	19.09.12	30.06.14	21.4	856,000
16	Brig. Parvaiz Hyat Khan Niazi	DG	09.01.12	M & E	20	49,500	100,000	49,500	09.01.12	30.06.14	29.71	1,470,645
17	Col (R) Rana Shujaat Ali	Sec. Co-Ord.	16.06.11	Cap. Bldg.	19	90,000	75,000	15,000	01.06.11	30.06.14	36	540,000
18	Lt. Col (R) M. Saadat Janjua	Evaluator	26.04.12	M & E	19	92,000	75,000	17,000	26.04.12	30.06.14	25.19	428,230
19	Lt. Col (R) Gh. Murtaza Shah	Dir	01.11.11	M & E	19	90,000	75,000	15,000	01.11.11	30.06.14	30	450,000
20	Maj. Shah Zaman khan	Civil Eng.	25.02.13	M & E	19	85,000	50,000	35,000	25.02.13	30.06.14	16.14	564,900
21	Col (R) Imtiaz Ahamad	Civil Eng.	10.12.12	M & E	19	115,000	75,000	40,000	10.12.12	30.06.14	18.71	748,400
22	Lt. Col Sheryar Niamat	Sec. Co-Ord.	05.04.12	Cap. Bldg.	19	103,500	75,000	28,500	05.04.12	30.06.14	26.87	765,795
23	Lt. Col Akhter Ahmad	DRR Exp.	01.06.11	Cap. Bldg.	19	90,000	75,000	15,000	01.06.11	30.06.14	37	555,000
												13,404,900

Annexure-III-A to Para-2.4.15

S. #	IPC #	Bill #	Item #	Description	Qty (Cum)	Payment (Rs)		Deduction required			Amount (Rs)	% Age (9%)	Amount (Rs)	Price Adjustment		Amount to be recovered (Rs)
						Rate	Amount (Rs)	Qty	Rate	Amount (Rs)				Ph-1	Amount (Rs)	
1	3	2	209	Providing and laying grouted stone masonry (1.4 Cement mortar) in retaining walls	16,259.93	2,600	42,275,827	16,259.93	1,560	25,365,496	2,282,895	27,648,391	(0.0002)	(5,530)	27,642,861	
2	53	2	210	Providing and laying gabion with 10swg wire frame and 10swg wire mesh of size 100mm*100mm and box size 1m*1m*3m	2,163.00	300	648,900	2,163.00	180	389,340	35,041	424,381	0.4764	202,175	626,556	
3	53	3	306	Providing and laying 12" thick grouted stone pitching with 1.4 Cement mortar in cut fall structures or elsewhere.	4849.85	800	3,879,882	4,849.85	480	2,327,929	209,514	2,537,443	0.4764	1,208,838	3,746,280	
4	53	2	212	Providing and laying grouted stone masonry (1.4 Cement mortar) in retaining walls (Access Road)	1,638.00	2,600	4,258,800	1,638.00	1,560	2,555,280	229,975	2,785,254	0.4764	1,326,895	4,112,151	
					24,910.78			24,910.78		30,638,045	2,757,424	33,395,469		2,732,378	36,127,846	

Annexure-III-B to Para-2.4.15

S. #	IPC #	Bill #	Item #	Description	Qty (Cum)	Payment		Deduction required							Price Adjustment		Amount to be recovered (Rs)
						Rate (Rs.)	Amount (Rs.)	Qty Cum	Rate Rs	Cost	% age (20%) Rs	Total Rs.	% age (9%) Rs	Amount (Rs)	Pr-1	Amount (Rs)	
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv	xv			
1	53	4	403	Provide and Place s and bedding in trenches as showing in the drawing or as directed by the Engineer.	13,894.910	400	5,557,964	13,894.910	240	3,334,778	666,956	4,001,734	360,156	4,361,890	0.4764	2,078,004	6,439,895
2	53	5	503	Provide and Place s and bedding for concrete pipes as showing in the drawing or as directed by the Engineer.	15,013.698	400	6,005,479	15,013.698	240	3,603,288	720,658	4,323,945	388,155	4,713,100	0.4764	2,245,321	6,958,421
					28,908.608			28,908.608		6,938,066	1,387,613	8,325,679	749,311	9,074,990		4,323,325	13,398,316

Annexure-IV to Para-2.4.17

IPC #	Bill #	Item #	St./ Road #	Wall#	RD #	Step #	Section No.	Quantity		Rate applied	Rate applicable		Diff.	Over payment (Rs)	Price adjustment Pr-1	Net over payment (Rs)			
								Length	Area		NHA CSR 2011	9 % Premium					Total		
51	2	209	53	1	0-160-330	1		41.6	1.395	58.032	2.834	1.028	92.53	1,121	1,713	99,433	47,489	146,922	
51	2	209	53	1	0-160-330	1	C-C	41.6	2.000	83.200	2.834	1.028	92.53	1,121	1,713	142,556	0.4776	68,085	210,641
51	2	209	53	1	0-160-330	2	C-C	41.6	13.499	561.558	2.834	1.028	92.53	1,121	1,713	962,182	0.4776	459,538	421,721
51	2	209	53	1	0-160-330	3	C-C	41.6	0.203	8.445	2.834	1.028	92.53	1,121	1,713	14,469	0.4776	6,911	21,380
53	2	209	53	1	0-160-330	1	A-A	18.6	2.088	38.837	2.834	1.028	92.53	1,121	1,713	66,544	0.4764	31,701	98,245
53	2	209	53	1	0-160-330	1	A-A	18.0	1.476	26.568	2.834	1.028	92.53	1,121	1,713	45,522	0.4764	21,687	67,209
53	2	209	53	1	0-160-330	2	A-A	18.0	8.604	154.872	2.834	1.028	92.53	1,121	1,713	265,360	0.4764	126,417	391,777
53	2	209	53	1	0-160-330	3	A-A	18.0	-	-	2.834	1.028	92.53	1,121	1,713	-	0.4764	-	-
48	2	209	61	10	210.32-311.65		F-F	20.0	1.896	37.920	2.834	1.028	92.53	1,121	1,713	64,973	0.4442	28,861	93,834
48	2	209	61	10	210.32-311.65	1	F-F	28.4	2.619	74.380	2.834	1.028	92.53	1,121	1,713	127,443	0.4442	56,610	184,053
49	2	209	61	10	210.32-311.65	2	F-F	28.4	27.908	792.530	2.834	1.028	92.53	1,121	1,713	1,357,933	0.4442	603,194	1,961,127
48	2	209	61	10	210.32-311.65	3	F-F	28.4	0.203	5.765	2.834	1.028	92.53	1,121	1,713	9,878	0.4497	4,442	14,320
48	2	209	61	10	210.32-311.65	1	G-G	11.6	2.745	31.842	2.834	1.028	92.53	1,121	1,713	54,559	0.4442	24,235	78,793
49	2	209	61	10	210.32-311.65	2	G-G	11.6	25.355	294.118	2.834	1.028	92.53	1,121	1,713	503,946	0.4497	226,625	730,571
49	2	209	61	10	210.32-311.65	3	G-G	11.6	0.203	2.355	2.834	1.028	92.53	1,121	1,713	4,035	0.4497	1,814	5,849
49	2	209	61	10	210.32-311.65	1	H-H	8.7	2.160	18.792	2.834	1.028	92.53	1,121	1,713	32,198	0.4497	14,480	46,678
49	2	209	61	10	210.32-311.65	2	H-H	8.7	15.750	137.025	2.834	1.028	92.53	1,121	1,713	234,781	0.4497	105,581	40,361
49	2	209	61	10	210.32-311.65	3	H-H	8.7	0.203	1.766	2.834	1.028	92.53	1,121	1,713	3,026	0.4497	1,361	4,387
49	2	209	4		Catch pit at top stream of pipe culvert			20.0	4.500	90.000	2.834	1.028	92.53	1,121	1,713	154,207	0.4497	69,347	223,554
49	2	209	4		Walls Nallah			41.2	0.645	26.574	2.834	1.028	92.53	1,121	1,713	45,532	0.4497	20,476	66,008
49	2	209	4		Walls Nallah			41.2	0.300	24.720	2.834	1.028	92.53	1,121	1,713	42,356	0.4497	19,047	61,403
50	2	209	4		Catch pit at d/stream of pipe culvert			15.0	3.600	54.000	2.834	1.028	92.53	1,121	1,713	92,524	0.477	44,134	136,659
49	2	209	4	-do-				3.9	0.450	1.755	2.834	1.028	92.53	1,121	1,713	3,007	0.4497	1,352	4,359
49	2	209	4	-do-				3.8	0.450	1.710	2.834	1.028	92.53	1,121	1,713	2,930	0.4497	1,318	4,248
49	2	209	4	-do-				3.1	0.450	1.395	2.834	1.028	92.53	1,121	1,713	2,390	0.4497	1,075	3,465
49	2	209	4	-do-				4.2	0.450	1.890	2.834	1.028	92.53	1,121	1,713	3,238	0.4497	1,456	4,695
										2,830						4,336,023		1,987,2366	322,259

Annexure-V to Para-2.4.18

IPC #	Bill #	Item #	Description	Unit	Qty	Rate + 9%	Amount (Rs)	Price Adj. Factor (Pn-1)	Price Adj. (Rs)	Total Amount overpaid (Rs)
24	2	202	Structural excavation in hard rock including disposal of excavated rock at designated locations with in the project area as approved by the Engineer	Cu.m	83.3	621.3	51,754	0.1231	6,371	58,125
25	2	202	--do--	Cu.m	110.50	621.3	68,654	0.1289	8,849	77,503
26	2	202	--do--	Cu.m	106.38	621.3	66,094	0.1524	10,073	76,167
29	2	202	--do--	Cu.m	39.60	621.3	24,603	0.2360	5,806	30,410
30	2	201	--do--	Cu.m	16.65	621.3	10,345	0.2496	2,582	12,927
42	2	201	--do--	Cu.m	11.27	621.3	7,005	0.3721	2,606	9,611
48	2	201	--do--	Cu.m	35.44	621.3	22,017	0.4442	9,780	31,797
49	2	201	--do--	Cu.m	331.69	621.3	206,079	0.4497	92,674	298,753
50	2	201	--do--	Cu.m	302.81	621.3	188,135	0.477	89,740	277,875
50	2	201	--do--	Cu.m	596.09	621.3	370,348	0.477	176,656	547,003
51	2	201	--do--	Cu.m	43.88	621.3	27,263	0.4776	13,021	40,283
52	2	201	--do--	Cu.m	45.56	621.3	28,303	0.4764	13,484	41,787
					1,723.16		1,070,599		431,642	1,502,241

(Non-Production of record)

<p>DG PERRA (AP No. 85, 86 &88, 13-14)</p> <ul style="list-style-type: none"> i. Record relating to clearance of outstanding liability of Rs 6.778 million and NOC/ clearance certificate from QAC for provision of furniture to 546-schools. ii. Handing/ taking over of assets & accounts record and final completion report of EEAP (Education) Battagram. iii. Handing/ taking over record/ file of vehicles, Logbooks of vehicle No. A-1488, A-9049, A-1458, A-9051, A-1564. iv. Annual physical verification reports of assets/ record for each year after shifting of PERRA at Abbottabad. v. Detail of court cases viz total number of cases filed & pending against PERRA, case No. nature, name of court(s), number of cases decided, appeals/ revision/ petitions filed by legal counsel etc. vi. Appropriation registers for POL, utility expense, TA-DA etc. vii. Registration Book of vehicles No. UN-67-1520, A-1488, LE-318, LJ-334, A-0004, A-1475 viii. Personal file of Deputy Director Finance/ FMS.
<p>DDR-MAN AP No. 214, (13-14)</p> <ul style="list-style-type: none"> i. Detail of revised PC-1 for developmental schemes. ii. Contractor security/ retention money register. iii. Site visit inspection reports/ notes. iv. Material at site register. v. Taken over/ handed over certificates of completed schemes. vi. Detail of imported material with stock taking of warehouse of LGSS schools. All invoices of plants imported under schedule-II of three contracts awarded for LGSS schools. vii. Exchange rate detail with all import details. viii. Breakdown of lump sum items of all schedules of LGSS. ix. EOTs and TOCs of completed LGSS schools. x. Approval of ERRA Board for inclusion of GGDC Hassa in contract for LGSS schools xi. Addendum of contract of M/s One Ten Pvt. Ltd. xii. Design/ basis of cost estimates for LGSS schools by NESPAK. xiii. Reasons for enhancement of plants (Pre-fabricated structural and non-structural LGSS parts under schedule-II, from item 2 to I.
<p>DDR – BTG (AP No.241, 13-14)</p> <ul style="list-style-type: none"> i. Variation orders issued during 2013-14. ii. Check requests of contractors especially for roads IPCs paid during 2013-14. iii. Cross sections/ revised cross sections of Kund Banna Road and Battagram Shamalai Road. iv. Security/ retention register. v. Site inspection reports/ notes. vi. Soil investigation reports of 36-schools of LGSS as only one report was provided.

- vii. Break down of rates of items paid under Schedule-IV for LGSS contract.
- viii. Detail of material (claddings etc) paid under Schedule-III of LGSS contract.
- ix. Stock register for material paid vide schedule-III for LGS contract.
- x. Current status regarding land issue, slow progress, final notices and termination of packages No. 19, 23-B, 27-A, 36-B, 37, 49-B, 51-A, 55-B, 36&55, 49-50&66, KFW-1, KFW-3, KFW-4

DDR-Shangla AP # 317, (13-14)

- i. Detail of Bank Accounts with opening ending balances as on 01.07.13 & 30.06.14.
- ii. Complete record of all schemes funded by ERR/PERRA (Paid during 2013-14).
- iii. Check requests
- iv. Reconciliation with PERRA, DRUs & others.
- v. Cheque registers.
- vi. General correspondence file(s).
- vii. Contractor ledger, Contractor Security register, Secured Advance register and Material at site register.
- viii. Detail of payment made on accounts of security releases to the contractors.
- ix. Detail of sanctioned and list of working strength on 01.07.13 & 30.06.14
- x. Site visit inspection notes/ reports.
- xi. Break down of lump sum rates quoted for all schedule-I to IV of LGSS contracts.
- xii. Detail of material imported under Schedule-II of all LGSS Contracts.
- xiii. Stock register of contracts of LGSS.
- xiv. Detail of LCs, payment against LCs and custody of material imported under LCs.
- xv. Drawing of LGSS Schools
- xvi. Soil investigation reports, topographic survey reports of all schools of LGSS
- xvii. Detail of handing/ taking over, punch lists, inventory and DLCs of all completed facilities / schemes.
- xviii. PC-Is, revised PC-Is, TS/ Revised TS of all LGSS Contracts.

Annexure-VII to Para-3.2.2

S. No	Pack- age No.	Name of facility	Contractor	Bid cost (Rs in million)	Commence- ment date	Completion date	Exp (Rs in million)	Secured Advance (Rs)	Progress
1	97	GPS Shaheed Abad	M/s	6.198	02.05.2009	01.05.2010	0.743	154,980	14.23 %
2	91	GGPS Rialy	Saifullah Umer Khalil Cons: Co.	5.333			2.239	260,637	46.95 %
3	20	GGPS Kehal	M/s Itehad Builders	7.577	31.03.2010	30.03.2011	0.780	0	18.34 %
4	56A	GGPS Dotar	M/s Shahnawaz	17.957	02.10.2008	31.12.2009	5.857	1,246,843	44.41 %
5		GPS Takia Camp	Khan & Sons						
6	127B	GPS Mukdabi		18.191	09.11.2009	08.11.2010	1.036	0	15.10 %
7		GPS ZaroGali						0	
8	79B	GPS DandKhaiteer	M/s M Shoaib & Son	6.287	22.02.2010	21.02.2011	0.568	0	9.04 %
9	72B	GPS Bagnotar	M/s Samiullah Khan	7.826	09.01.2010	08.01.2011	1.593	0	20.35 %
10	12B	GGPS Noormang	M/s Rehmat Jan & Sons	6.398	09.02.2010	08.02.2011	0.661	0	13.11 %
11	33A	GPS Kaseel	M/s Workman Const	9.695	03.10.2009	02.10.2010	0.655	0	2.44 %
12	113B	GPS Nakkarpakho	M/s Unique Construction	7.699	06.08.2009	05.08.2010	0.424	0	5.76 %
13	53	GPS Thannah Totani	M/s Ihsanullah Khan	12.413	06.08.2009	05.08.2010	4.493	89,267	42.28 %
14		GHS Bhuraj							
15	137D	GPS Maira Bala	M/s Maqsood ur Rehman	5.291	03.03.2010	02.03.2011	0.488	0	9.22 %
16	88	GGPS Turkabad	M/s Sohrab	17.955	31.03.2010	30.03.2011	1.170	0	6.51 %
17	&141	GGPS Kakote	Sons						
18		GPS Kishna							
19	129 B	GGPS Karhakki	Rehmat Jan & Sons	8.771	09.02.2010	08.02.2011	0.35	0	3.94 %
Total				137.591			21.057	1,751,727	

Annexure-VIII to Para-3.2.7

S. No.	Package No.	Name of facility	Contractor	Bid cost (Rs in million)	Commencement date	Completion date	Exp. (Rs in million)	Progress
1	15C	GPS Bat Nara	M/s Saleh Ejaz & Co.	19.193	13.03.2008	13.03.2009	9.520	49.58 %
2		GPS Nagri Tutial						
3		GPS Gamber # 1						
4	14	GPS Ghari	M/s Perfect Builder	8.548	01.12.2007	30.11.2008	3.230	37.80 %
5	140E	GMS Banota	M/s Munshi Khan & Sons	13.374	20.03.2010	19.03.2011	0.000	000 %
6	109	GGMS Tharyati	M/s Munshi Khan & Sons	10.813	25.02.2010	24.02.2011	0.000	000 %
7	67	GGPS Dubran	M/s Munshi Khan & Sons	10.297	20.03.2010	19.03.2011	0.000	000 %
8		GPS Danna Noral						
9	96	GPS Beri Chamhatti	M/s Rashid & Brothers	5.192	25.03.2010	24.03.2011	0.000	000 %
10	117A	GPS Bunj Beeran Gali	M/s Shahpur Const	13.186	10.09.2009	09.09.2010	1.830	13.87 %
11	46 & 118B	GPS Hotrary	M/s Progressive Associates	13.128	13.08.2010	12.08.2011	0.000	000 %
12		GPS Teruthian						
13	44	GGHS Berote	M/s Mangla Construction	22.831	06.07.2010	05.07.2011	0.700	0.30 %
14	19A	GGPS Battakeri	M/s Khan Muhammad Khan	13.673	21.07.2007	20.07.2008	2.540	18.59 %
15		GMS Thunda						
16		GPS Topla						
Total							17.820	

Annexure-IX to Para-3.2.21

Price Adjustment for Schedule-I

S. No.	IPC No.	Amount of Schedule-I (Rs)	Factor	Price Adjustment Paid (Rs)
1	8	2,012,052	---	122368.71
2	24	86,709	0.06368	5521.63
3	26	3,056,536	---	271,488.42
4	29	1,032,297	0.15210	157012.37
5	30	3,807,015	0.19864	136,366.43
6	56	11,012,410	0.24772	2,727,965.45
Total				3,420,723.01

Annexure-X to Para-3.2.33

IPC No.	Total Qty. of asphalt	Weight factor for asphalt /cm	Weight of asphalt/ cm	Factor for bitumen (% / ton)	Qty. of bitumen	Qty. claimed as per IPC period	Base price (Rs)	Current price (Rs)	Diff. (Rs)	Amount (Rs)	Total for IPC (Rs)	Paid (Rs)	Excess payment (Rs)
6	1,190	2.34	2,784.6	3.9	108.5994	18.72	34,303	63,450	29,147	545,632	2,439,763	2,554,198	114,435
						89.88	34,303	55,377	21,074	1,894,131			
8	1,478.75	2.34	3,460.275	3.9	134.9507	43.63	34,303	77,343	43,040	1,877,835	6,075,405	6,362,961	287,556
						91.321	34,303	80,268	45,965	4,197,570			
10	823.5	2.34	1,926.99	3.9	75.15261	--	34,303	79,582	45,279	3,402,835	3,402,685	3,745,313	342,628
12	1,682.52	2.34	3,937.0968	3.9	153.5468	--	34,303	55,375	21,072	3,235,538	3,235,538	3,561,379	325,841
13	1,837	2.34	4,298.58	3.9	167.6446	--	34,303	55,375	21,072	3,532,607	3,532,607	3,894,948	362,341
Total													1,432,801

Annexure-XI to Para-3.2.55

(Payment against expired guarantees)

S. No.	Package No.	Sector	Date of expiry of Performance Guarantee	Payment during 2013-14 (Rs)
DDR Shangla (a)				
1	1-A	Education	15.03.12	2,677,534
2	2-A	Education	15.03.12	5,634,180
3	IV-B	Education	14.03.12	723,179
4	VIII	Education	10.01.14	6,053,214
5	LSG (AM & Co)	Education	19.05.14	31,946,000
6	LSG (PEB)	Education	11.01.13	15,486,656
7	LSG (Karwan)	Education	11.01.14	2,200,000
8	1-A	Governance	16.03.10	1,223,860
9	8	Governance	12.10.12	1,530,076
10	13-G	Governance	01.04.10	813,610
11	H-21	Health	19.05.13	600,000
Total (DDR Shangla)				68,888,309
DDR Battagram (b)				
1	Education Pack KFW 13	Education	15.07.12	451,751
2	Education Pack 49 A	Education	30.06.13	1,480,020
3	Education Pack 11	Education	31.12.11	60,000
4	Package # 22GHS Peshora	Education	26.08.12	779,418
5	GGPS Jhangri Karso Pack 35	Education	04.01.11	1,368,989
6	Education Pack 58 A (KFW)	Education	31.03.12	177,422
7	Education Pack KFW 02	Education	25.11.12	2,605,007
8	Education Pack 63 KFW	Education	24.02.14	354,033
9	Education Pack 52 C	Education	07.06.14	1,649,826
10	Education Pack 40 (GPS Hussaini & Jandar)	Education	24.03.12	951,734
11	Education Pack 36 & 55	Education	21.06.12	17,646,681
12	Pack 54 B GPS Kandi Peshora	Education	05.01.13	1,099,501
13	Rest House Kuzabanda	Governance	19.09.12	791,357
14	Health Pack H 17	Health	20.10.11	1,310,198
15	Health Package 48 BHU G.N Said	Health	22.06.14	1,487,111
16	BHU Bateela, Kuz Tandool, Pomang	Health	30.03.13	1,926,737
17	Agriculture Pack 3	Agriculture	05.01.13	527,716
Total (DDR Battagram)				34,667,501
Grand Total (DDR Shangla + DDR Battagram)				103,555,810

Annexure-XII to Para-3.2.56

(Liquidated damages) (Rs in million)

S #	Name of Office	Advance Para/ SO No.	Package No/ Name of work	Cost of project	Date of completion	Amount of LD
1	Chief Engineer (PMIU) Abbottabad	AP-258 (2013-14)	Construction of 04 bridges in Kohistan	117.827	18.07.2012	5.891
2	Chief Engineer (PMIU) Abbottabad	AP-266 (2013-14)	Const; of Lilwani to Balkani road	86.147	05.11.2011	4.307
3	Chief Engineer (PMIU) Abbottabad	AP-267 (2013-14)	Package # 1-A const; of GGC Abbottabad	87.882	16.03.2012	4.39
4	Chief Engineer (PMIU) Abbottabad	AP-267 (2013-14)	Package # 1-A Repair /Retrofitting of AMI	90.296	17.01.2012	4.514
5	Chief Engineer (PMIU) Abbottabad	AP-267 (2013-14)	Package # 04 Const; of KAH Mansehra	497.438	03.10.2012	24.87
6	Chief Engineer (PMIU) Abbottabad	AP-267(2013-14)	Package # 03 Const; of RHC Kawai Mansehra	64.187	24.06.2012	3.209
7	Chief Engineer (PMIU)Abbottabad	AP-267 (2013-14)	Package # 05 Const; of BHU Maira Madakhel Mansehra	23.67	21.01.2012	1.183
8	Chief Engineer (PMIU)Abbottabad	AP-278 (2013-14)	Package # 08-B Const; of 02 GPS in Kohistan	31.211	02.06.2012	1.560
9	Chief Engineer (PMIU)Abbottabad	AP-258 (2013-14)	Package # 08-B Const; of 02 roads	78.797	09.08.201	3.929
10	Chief Engineer (PMIU)Abbottabad	AP-280 (2013-14)	Package # 86 Const; of Tehsil Complex Palas	261.460	27.07.2012	13.073
11	Deputy Director Reconst: (PERRA) Kohistan	AP-324 (2013-14)	Package #9	60.167	20.11.2009	6.017
12	Deputy Director Reconst: (PERRA) Shangla	AP-306 (2013-14)	Pre- engineers structure of school buildings	184.520	27.10.2010	18.452
13	Deputy Director Reconst: (PERRA) Mansehra	AP-201 (2013-14)	Retrofitting of GCC Mansehra	23.648	18.05.2012	2.364
14	Deputy Director Reconst: (PERRA)Mansehra	AP-193 (2013-14)	Pre- engineers structure of school buildings	167.167	24.03.2011	8.358`
15	Deputy Director Reconst: (PERRA) Mansehra	AP-190 (2013-14)	Pre- engineers structure of school buildings	216.965	25.08.2010	21.695
16	Deputy Director Reconst: (PERRA) Abbottabad	AP-127 (2013-14)	Package # 4-C Education	44.441	21.02.2013 (Extended)	4.444
17	Deputy Director Reconst: (PERRA) Abbottabad	AP-128 (2013-14)	Package- 61 Education	38.750	26.11.2013	3.875
18	Deputy Director Reconst: (PERRA) Abbottabad	AP-125 (2013-14)	Reconstruction of Central Jail	242.509	04.06.2009	24.251
19	Deputy Director Reconst: (PERRA) Battagram	AP-231 (2013-14)	Construction of 03 BHUs	89.905	06.03.2013	8.990
20	Deputy Director Reconst: (PERRA)	SO-01 (2012-13)	RCC bridge over siren river at Shinkhari	55.480	31.05.2010	5.548

	Mansehra					
21	Deputy Director Reconst: (PERRA) Mansehra	SO-01 (2012-13)	RCC bridge over siren river at Gojra Phulra	16.996	-	1.699
22	Deputy Director Reconst: (PERRA) Mansehra	SO-01 (2012-13)	RCC bridge over siren river at Baffa	70.669	31.05.2010	7.067
23	Deputy Director Reconst: (PERRA) Mansehra	SO-01 (2012-13)	Bridge at BHU Shergarh Khamiani	26.303	-	2.630
24	Deputy Director Reconst: (PERRA) Mansehra	SO-26 (2012-13)	Reconstruction of 29 School building	143.751	-	14.375
25	Deputy Director Reconst: (PERRA) Mansehra	SO-22 (2012-13)	Light gauge cold galvanized steel structure school buildings	490.517	11.08.2013	49.042
26	Deputy Director Reconst: (PERRA) Mansehra	SO-37 (2012-13)	Package#39 school building	32.712	15.04.2009	3.271
27	Deputy Director Reconst: (PERRA) Mansehra	SO-37 (2012-13)	Package # F 03 school buildings	31.19	27.02.2012	3.119
28	Deputy Director Reconst: (PERRA) Mansehra	SO-48 (2012-13)	Police station Mansehra buildings	26.780	17.04.2010	2.678
29	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package#V-B Education	26.520	10.2008	2.652
30	Deputy Director Reconst: (PERRA) Shangla	Advance Para# 35&36 (2012-13)	Package #VII-B Education	29.900	12.2008	2.990
31	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012-13)	Package# IV-A Education	11.049	09.2008	1.104
32	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package#VII-B Education	11.049	11.2008	1.104
33	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package#V-B Education	59.901	09.2008	5.990
34	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package#H -1 THQ Hospital Chakisar	83.385	11.03.2010	8.338
35	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package#H-21 BHU Shahpur	11.139	21.04.2010	1.139
36	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package#2 Forest	12.483	01.2010	1.248
37	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012- 13)	Package# 1 Environment	68.602	09.2009	6.860
38	Deputy Director	AP- 35&36 (2012- 13)	Packag # 1-G Governance	25.848	08.2009	2.584

	Reconst: (PERRA) Shangla	13)				
39	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012-13)	Construction of 27 LSG school buildings	268.000	31.12.2009	26.800
40	Deputy Director Reconst: (PERRA) Shangla	AP- 35&36 (2012-13)	Construction of 29 LSG school buildings	240.910	31.12.2009	24.910
41	Deputy Director Reconst: (PERRA) Shangla	AP- 31 (2012-13)	Package #01&02	1463.284	08.2009	146.328
42	Deputy Director Reconst: (PERRA) Mansehra	SO-06(2012-13)	Construction of Pairan Khairabad road	28.828	07.08.2011	2.882
43	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#40-A Construction of 4 GPS buildings	23.87	27.07.2008	2.387
44	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#48-A Construction of 5 GPS buildings	41.089	13.07.2009	4.109
45	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#54-A Construction of GHS Lassan Nawab building	40.216	16.07.2009	4.021
46	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#59-A Construction of 4 GPS buildings	36.81	11.11.2009	3.681
47	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#60-B Construction of GPS buildings	18.691	15.4.2010	1.869
48	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#62-A Construction of GGHS Chitta Batta	26.352	13.10.2009	2.635
49	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#64-A Construction of 2 GPS buildings	36.757	26.06.2010	3.675
50	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#66-A Construction of GGPS Elaimong	15.413	11.05.2010	1.541
51	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#66-B Construction of GPS Kotdilbani	5.264	28.04.2011	0.526
52	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#66-C Construction of GGPS Tumbah	9.767	23.06.2011	0.976
53	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#73-A Construction of GHS Thakra	39.589	29.11.2010	3.959
54	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#73-B Construction of GPS Salabat	27.632	16.07.2009	2.763
55	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#95-A Construction of GPS Geemang	10.187	07.11.2011	1.018

56	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#134-A Construction of GPS ilaTra	5.072	18.02.2012	0.507
57	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#135 Construction of 4 GPS buildings	25.693	04.12.2012	2.568
57	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#143 Const; of GPS Mooratmaira	20.053	29.01.2012	2.005
58	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#148 Construction of 3 GPS buildings	25.394	12.10.2011	2.539
59	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#162 Const; of 02 GPS buildings	18.564	12.10.2011	1.856
60	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#141,144 &185 Const; of 03 GPS buildings	25.262	10.07.2012	2.562
61	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#5 –B Const; of GPS/GGPS Bhangian	13.101	13.12.2011	1.31
62	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#25 Construction of 02 GPS buildings	18.688	04.03.2010	1.868
63	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#27 Construction of 06 GPS buildings	47.942	31.12.2009	4.794
64	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package # 36 Const; of 02 GPS buildings	20.11	17.10.2012	2.011
65	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package # 119-A,120-A Construction of 06 GPS buildings	3.684	29.03.2011	0.368
66	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Construction of GPS Rawalkot-1	16.233	19.01.2011	1.623
67	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#13-B Const;of GPS Shamdara	8.377	07.11.2008	0.837
68	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#13-C Const;of GPS Katthai	4.642	30.09.2011	0.464
69	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#13-B Const;of GPS Shamdara	8.377	07.11.2008	0.837
70	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#14-A,Const; of 06 School buildings	39.577	23.09.2009	3.958
71	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#14-B Const;of GHS Oghi	51.125	05.10.2009	5.112
72	Deputy Director Reconst: (PERRA)	SO-21 (2012-13)	Package#14-C Const;of GGHS Oghi	16.181	12.11.2009	1.618

	Mansehra					
73	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#53-A Const; of GPS Mairakhario	5.406	26.10.2010	0.540
74	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#68-A Const;of GHS Kolika	32.091	02.04.2011	3.209
75	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#69-B Const;of GPS Jaggipayen	8.448	07.06.2011	0.844
76	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#76-A Const;of 02 School buildings	12.205	15.04.2010	1.22
77	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#78 Const;of GPS Kundgran	14.065	26.02.2012	1.406
78	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#94-A Const;of GPS Chapri	10.375	13.05.2010	1.037
79	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#94-A Const;of GPS Malkana	4.55	17.02.2012	0.455
80	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#100 Const;of GPS Dolarian	16.7	22.09.2011	1.67
81	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#05 Const;of 02 GPS buildings	25.823	23.11.2011	2.582
82	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#126-B Const;of 02 GPS buildings	57.962	25.01.2012	5.796
83	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#139-A Const;of 03 GPS buildings	26.383	18.01.2012	2.638
84	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#157 Const;of GPS Shadorebala	12.018	16.01.2011	1.202
85	Deputy Director Reconst: (PERRA) Mansehra	SO-21 (2012-13)	Package#159-A Const;of GPS Gali Badral & Batto Bandi	30.643	22.08.2009	3.064
86	XEN C&W shangle	AP-01 (2012-13)	Repair of Rest House Ajmir	0.808	06.2011	0.080
87	XEN C&W shangle	AP-01 (2012-13)	Repair of Rest House Shangla Top	0.831	06.2011	0.083
Total						577.195

Annexure-XIV to Para-4.2.19

S. #	IPC #	Project Name	Item #	Description	Rates Applied	Rates to be Applied	Diff. of Rate	Quantity Executed	Amount (Rs)
1	12	Tariqabad Bypass Road-I	21-17(b)	Providing and laying ----- depth to be	3483.4	2856.38	627.02	4605.365	2,887,656
2			3.21 (c)	Hard Soil or soft murum	258.37	211.33	47.04	1483.028	69,762
3			3.21 (d)	Shingle or gravel	393.34	268.97	124.37	205.739	25,588
4			3.9 (d)	under water including dewatering	819.7	776.43	43.27	133.72	5,786
1	14	Water Distribution	22-Mar	Cutting hard rock	2468	1465.579	1002.421	4509.88	4,520,798
2			3-24 (a)	Mixing ----- for compaction	30.08	17.6755	12.4045	8407.42	104,290
3			4-19(a)	Dismantling----- mixes	2749.52	2342.004	407.516	837	341,091
4					1379.2	1193.096	186.104	734.9	136,768
1	12	Tariqabad Bypass Road-II	4-13(b)	Dismantling stone -----9" width	1115.53	961.91	153.616	118.05	18,134
2			4-19(a)	Dismantling Plain -----richer mixer	3059.12	2605.709	453.411	301.151	136,545
3			4-20	Dismantling----- the same	5017.94	3888.61	1129.33	96.485	108,963
4			3-Apr	Dismantling stone----- cement mortar	729.38	619.899	109.481	81.405	8,912
5			21-17	Providing and laying -----for payment)	3875.63	3178	697.63	1051.2	733,349
1	5	Additional Access Road	3-Apr	Dismantling stone ----- cement mortar	729.38	619.899	109.481	1024.21	112,131
2	5	Additional Access Road	4-13(b)	Dismantling stone -----9" width	1115.53	961.91	153.616	20.153	3,096
3	5	Additional Access Road	4-19(a)	Dismantling Plain----- richer mixer	3059.12	2605.71	453.411	628.424	284,934
Total					30,283	24,573	5,710	24,238	9,497,803

Annexure-XV to Para- 4.2.20

IPC #	Bill #	Item # of CSR	Description	Unit	Rate Analyzed	BOQ Rate	Excess Rate	Paid Quantity	Amount (Rs)
Sewerage and Disposal of Waste Water , Old City Zone									
15	1A	3-42	Excavation in open----- -----water in all types						
		(a) (iv)	Shingle or gravel	Cu.m	307.4	347.06	39.66	18,724.67	742,620
		(b) (iv)	Shingle or gravel	Cu.m	368.88	462.75	93.87	5,311	498,587
		(c) (iv)	Shingle or gravel	Cu.m	442.66	539.88	97.22	1,038.59	100,972
		(d) (iv)	Shingle or gravel	Cu.m	531.04	578.44	47.4	202.30	9,589
		3-22	cutting hard rock----- -----foundation	Cu.m	1468.2	2459.38	991.18	13,870.47	13,748,132
4-19 (a)	Dismantling of PCC 1:2:4 -----	Cu.m	2341.48	2749.52	408.04	461.37	188,257		
Sewerage and Disposal of Waste Water , Gojra Zone									
15	1A	3-42	Excavation in open----- -----water in all types						
		(a) (iv)	Shingle or gravel	Cu.m	307.4	347.06	39.66	25,438.20	1,008,879
		(b) (iv)	Shingle or gravel	Cu.m	368.88	462.75	93.87	2,366	222,073
		(c) (iv)	Shingle or gravel	Cu.m	442.66	539.88	97.22	237.75	23,114
		(d) (iv)	Shingle or gravel	Cu.m	531.04	578.44	47.4	2.03	96
		3-22	cutting hard rock----- -----foundation	Cu.m	1468.2	2459.38	991.18	9,732.54	9,646,699
Sewerage System Muzaffarabad(Jalalabad Zone)									
9	2A	3-42	Excavation in open----- -----water in all types						
		(a) (iv)	Shingle or gravel	Cu.m	648.18	347.06	301.12	8,734.98	2,630,277
		(b) (iv)	Shingle or gravel	Cu.m	763.87	462.75	301.12	1,748.52	526,514
		(c) (iv)	Shingle or gravel	Cu.m	841	539.88	301.12	85.31	25,689
		3-22	cutting hard rock----- -----foundation	Cu.m	2390.98	1468.28	922.7	440.10	406,080
Sewerage System Muzaffarabad(Chattar Zone)									
10	1A	3-42	Excavation in open----- -----water in all types						
		(a) (iv)	Shingle or gravel	Cu.m	307.4	347.06	39.66	13,680.90	542,584
		(b) (iv)	Shingle or gravel	Cu.m	368.88	462.75	93.87	2,463.20	231,221
		(c) (iv)	Shingle or gravel	Cu.m	442.66	539.88	97.22	406.30	39,500
		3-22	cutting hard rock----- -----foundation	Cu.m	1468.2	2459.38	991.18	13,870.47	13,748,132
		4-19 (a)	Dismantling of PCC 1:2:4- - - - -	Cu.m	2342.01	2749.52	407.51	461.37	188,013
Sewerage System Muzaffarabad(Challa Bandi Zone)									
10	1A	3-42	Excavation in open----- -----water in all types						
		(a) (iv)	Shingle or gravel	Cu.m	307.4	347.06	39.66	11,386.85	451,602
		(b) (iv)	Shingle or gravel	Cu.m	368.88	462.75	93.87	2,080.95	195,339
		(c) (iv)	Shingle or gravel	Cu.m	442.66	539.88	97.22	129.72	12,611
Total									45,186,583

Annexure-XVI to Para-4.2.25

S. #	BOQ Item #	Bill #	Description	Unit	Measured, accepted and paid previously			Measured, accepted and paid			Difference		
					Rate (Rs)	Qty	Amount (Rs)	Rate (Rs)	Qty	Amount (Rs)	Rate (Rs)	Qty	Amount (Rs)
Mahvani Bridge													
1	107a	1	Structural excavation in common material	Cum	410	436.30	178,883	410	(25,790)	(10,574)	(25,790)	(10,574)	(10,574)
2	107d	1	Granular backfill	Cum	700	453.00	317,100	700	(453,000)	(317,100)	(453,000)	(317,100)	(317,100)
3	401a	1	Concrete Class A-1 on ground	Cum	9,500	7.66	72,789	9,500	(7,662)	(72,789)	(7,662)	(72,789)	(72,789)
4	404b	1	Reinforcement Grade 60	Ton	125,000	321.55	40,193,625	125,000	(9,366)	(1,170,750)	(9,366)	(1,170,750)	(1,170,750)
5	411b	1	Stone Masonry random with mortar	Cum	3,400	237.79	808,486	3,400	(31,290)	(113,186)	(31,290)	(113,186)	(113,186)
6	BOQ	3	Plum Concrete 1:3:6 with 30% stone	Cum	6,347	555.50	3,525,759	6,347	(99,500)	(631,527)	(99,500)	(631,527)	(631,527)
7	BOQ	3	Paint of Jersey Barrier	Sq.m	425	619.50	263,288	425	(1,700)	(723)	(1,700)	(723)	(723)
Thandi Kassi Bridge													
8	107-a	1	Structural excavation in common material	Cum	410	147.00	60,270	410	(147,000)	(60,270)	(147,000)	(60,270)	(60,270)
9	107d	1	Granular backfill	Cum	700	133.00	93,100	700	(133,000)	(93,100)	(133,000)	(93,100)	(93,100)
10	401a	1	Concrete Class A-3 on ground	Cum	10,800	115.78	1,250,424	10,800	(17,340)	(187,272)	(17,340)	(187,272)	(187,272)
11	401g	1	pre cast concrete class-A	Cum	11,500	3.53	40,595	10,800	(3,530)	(38,124)	(3,530)	(40,595)	(40,595)
12	406e	1	Elastomeric bearing Pad	Cum	9	224,640.00	2,021,760	9	(138,240,000)	(1,244,160)	(138,240,000)	(1,244,160)	(1,244,160)
13	SIW-7	1	Providing and placing of in position Dowel Bars with PVC Cap	Each	3,000	128.00	384,000	3,000	(2,000)	(6,000)	(2,000)	(6,000)	(6,000)
14	404b	1	Reinforcement Grade 60	Ton	125,000	155.56	19,445,000	125,000	(26,510)	(3,313,750)	(26,510)	(3,313,750)	(3,313,750)
15	BOQ	3	Plum Concrete 1:3:6 with 30% stone	Cum	6,347	123.87	786,228	6,347	(41,114)	(260,951)	(41,114)	(260,951)	(260,951)
16	BOQ	3	Structural excavation of medium rock	Cum	410	872.73	357,818	410	(96,369)	(39,511)	(96,369)	(39,511)	(39,511)
17	BOQ	3	Paint of Jersey Barrier	Sq.m	425	129.25	54,931	425	(31,900)	(13,558)	(31,900)	(13,558)	(13,558)
18	BOQ	3	Embankment fill from borrow material	Sq.m	277	117.00	32,409	277	(117,000)	(32,409)	(117,000)	(32,409)	(32,409)
Harrighail Bridge													
19	107d	1	Granular backfill	Cum	700	111.00	77,700	700	(111,000)	(77,700)	(111,000)	(77,700)	(77,700)
20	401a	1	Concrete Class A-3 under ground	Cum	10,300	432.70	4,456,769	9,500	(0,074)	(703)	(0,074)	(703)	(703)
21	401a	1	Concrete Class A-1 elevated	Cum	11,500	509.37	5,857,778	9,500	(6,286)	(59,717)	(6,289)	(72,289)	(72,289)
22	SIW-4	1	Bridge Deck Expansion Joints N-65	M	3,000	36.50	109,500	3,000	(7,300)	(21,900)	(7,300)	(21,900)	(21,900)
23	411b	1	Stone Masonry random with mortar	Cum	3,400	6,059.24	20,601,409	3,400	(2,267,079)	(7,708,069)	(2,267,079)	(7,708,069)	(7,708,069)
24	108am	2	Formation of embankment from roadway excavation in soft rock material	Cum	410	970.26	397,807	410	(970,260)	(397,807)	(970,260)	(397,807)	(397,807)
25	109-a	2	Sub grade preparation in earth cut	Sq.m	40	592.50	23,700	40	(592,500)	(23,700)	(592,500)	(23,700)	(23,700)
26	202	2	Aggregate base course	Cum	1,500	503.88	755,820	1,500	(276,294)	(414,441)	(276,294)	(414,441)	(414,441)
27	302-a	2	Bituminous prime coat	Sq.m	50	1,701.70	85,085	50	(167,802)	(8,390)	(167,802)	(8,390)	(8,390)
28	BOQ	2	Asphalt-bit-Mac	Cum	12,989	80.67	1,047,758	12,989	(5,705)	(74,102)	(5,705)	(74,102)	(74,102)
29	BOQ	3	Plum Concrete 1:3:6 with 30% stone	Cum	6,347	1,431.08	9,083,090	6,347	(58,347)	(370,328)	(58,347)	(370,328)	(370,328)
30	BOQ	3	Embankment fill from borrow material	Sq.m	277	15,107.39	4,184,746	277	(5,383,761)	(1,491,302)	(5,383,761)	(1,491,302)	(1,491,302)
31	BOQ	3	Paint of Jersey Barrier	Sq.m	425	249.88	106,197	425	(61,175)	(25,999)	(61,175)	(25,999)	(25,999)
Total (Rs)													(18,295,013)

Annexure-XVII to Para-4.2.52

S. No.	Sector	Package No.	Name of Contractor	Contract Amount (Rs in million)	Remarks
1	Education	11	M/s Shoukat Khan & Co.	36.239	The main events of delay are on contractor's part as project was sublet to a contractor whose capacity is not compatible with the volume of awarded work.
2	Education	16	M/s Zain-ul-Abdeen & Sons.	35.718	The major reason of delay is subletting of the contract. Initial delay of 3 months was due to the land issue and then work stopped by the main contractor on the basis of non availability of funds. Now contractor claims that he cannot start the work due to the stay order at the site by the subcontractor.
3	Education	5	M/s Abaseen Associates	23.630	The drawings were strengthened as sites were near to fault line. Major delay reason is subletting of the project. Strict Punitive contractual action is recommended against this contractor.
4	Education	3	M/s Abaseen Associates	24.394	The delays are due to non availability of funds and subletting of the contract.
5	Education	17	M/s Shoukat Khan & co.	45.900	Delay of blockage of access road, community issues, stay order for work on block # 10+0 and current financial crises have caused the project to delay. The project has been sublet.
6	Education	19	M/s Umer Rehman & co.	32.943	The major delays are due to cash flow crisis and subletting of the project. Delay event is the stoppage of work due to decision by the designer about the fate of retaining wall at back side of school.
7	Education	30	M/s Raja Mumshad & co.	63.949	Current financial crises, subletting of the whole project & non serious attitude of contractor.
8	Education	31 & 46 A	Mehmood Hussain & co.	66.720	Subletting of the project to a sub contractor whose capacity is not compatible with the volume of awarded work is main reason of delay. The financial crisis has also added to the delays.
9	Education	59	M/s Sitara Khan & Co	10.780	The subletting of the contract is major reason of delay.
10	Education	2	M/s Iqbal Khan & Co.	64.000	The structural drawings were revised due to seismic susceptibility of the site. The major delay is due to non continuous flow of funds and subletting of the contract.
11	Education	46B & 9B	M/s Raja Mumshad & co.	24.746	The major delay is due to non continuous flow of funds and subletting of the contract.
12	Education	26	M. Umer Khan & Sons.	36.924	Sub Contractor has demobilized due to non continuous flow of funds.
13	Education	50B	Sitara Khan Engineering Solutions	24.214	Sub Contractor has demobilized due to non continuous flow of funds.
14	Education	58	Geo Engineering	23.569	The Project is delayed due to subletting of the

			& Construction		project and non continuous flow of funds.
15	Education	49A	Raja Mumshad & Co.	26.128	The Project is delayed due to subletting of the project and non continuous flow of funds.
16	Education	46C	Raja Mumshad & Co.	19.493	The Project is delayed due to subletting of the project and non continuous flow of funds.
17	Education	61 & 62 (94)	Al Meezan Enterprises	8.110	The project is delayed due to subletting of the project and non continuous flow of funds.
18	Education	49 C	Jhangir Khan & Brothers	7.592	The project is delayed due to subletting of the project and non continuous flow of funds.
19	Education	61 & 62 (69)	Behr – I – Karam & Sons.	16.277	Sub Contractor has demobilized due to non continuous flow of funds.
20	Education	55 A	Malik Dost Muhammad & Co.	17.217	The main reason of delay is subletting of the project by the main contractor.
21	Education	61 & 62 (72)	Behr-I-Karam & Sons	15.916	The subletting of the project and financial crisis is a main reason of delay.
22	Education	46 D	Sherbaz Khan & Brothers	12.436	The subletting of the project and financial crisis is a main reason of delay.
23	Education	52A	Yazdan Engineering Services	45.019	The subletting of the project and financial crisis is a main reason of delay.
24	Education	50C	Sherbaz Khan & Brothers	7.877	The subletting of the project and financial crisis is a main reason of delay. However project is complete now.
25	Education	54A	M/s Sitara Khan Engineering Solutions	43.286	The subletting of the project and financial crisis is a main reason of delay.
26	Education	349	M/s Myra Engineering Company	7.192	The main contractor has sublet the project to a subcontractor which is main reason of delay other than the financial crisis.
27	Education	357A	M/s Hussnain Construction Company	7.037	Contractor's Lack of capacity and subletting
28	Agriculture	1	M/s Mehmood Hussain & Co	45.27	Project has been delayed due to subletting and non continuous flow of funds.
29	Agriculture	2	Raja Mumshad Khan & Co.	61.2	Project has been delayed due to subletting and non continuous flow of funds.
30	Agriculture	4	M/s Ittehad Engineering & construction, Islamabad	124.902	The work stopped due to subletting and uncertainty of availability of funds
31	Agriculture	5B	M/s Abel & Amin Brothers	40.574	Work delayed due to subletting and uncertainty of funds. But main contractor has mobilized now.
32	Live Stock	1	M/s Competitive Engineering, Islamabad	66.943	Work delayed due to subletting and uncertainty of funds.
33	Live Stock	2	M/s Al-Burraq Construction Co	44.78	Work delayed due to subletting and uncertainty of funds.
34	Live Stock	3	M/s Sitara Khan Eng.	34.6	Work delayed due to subletting and uncertainty of funds.
				1,165.575	

Annexure-XVIII to Para-4.2.56

S. #	Project Name	Date of Contract	Date of work ward	Date of completion	Contract amount (Rs)	LD (Rs)
1	Ring Road Section-I (RRS-1)	11.03.2011	14.03.2011	14.12.2013	390,452,569	19,522,628
2	Greater Water Supply Part-B	12.05.2011	01.12.2010	31.05.2012	207,386,417	10,369,321
3	Greater Water Supply Part-C	12.05.2011	23.03.2011	22.11.2012	348,843,682	17,442,184
4	Greater Water Supply Part-A	26.08.2011	13.09.2011	09.12.2012	152,856,000	7,642,800
5	Infrastructure Services-Part-A (Sewerage and Waste Water Treatment), Bagh	20.02.2012	18.01.2012	17.01.2014	399,521,886	19,976,094
6	Infrastructure Services-Part-B (Drainage System), Bagh	20.02.2012	18.01.2012	17.01.2014	568,693,892	28,434,695
7	Infrastructure Services-Part-C (Water Distribution System), Bagh	20.02.2012	18.01.2012	17.01.2014	512,163,299	25,608,165
8	Hullar Bridge, Bagh (HBB)	09.06.2012	20.04.2012	19.04.2014	316,914,088	15,845,704
9	Bridge Near Nauman Pura Area, Bagh	09.06.2012	29.03.2012	28.03.2014	284,062,841	14,203,142
10	Bagh By Pass Road Part-A (Road Portion)	12.06.2012	09.05.2012	08.08.2013	161,963,910	8,098,196
11	Bagh By Pass Road Part-B (Flood Protection Work)	12.06.2012	09.05.2012	08.08.2013	96,714,110	4,835,706
12	FG Public School, Bagh	19.04.2012	30.04.2012	29.10.2013	149,194,743	7,459,737
13	L. Road from Boys College to Nendrai	28.02.2013	15.08.2013	31.02.2014	43,764,741	2,188,237
				Total	3,632,532,178	181,626,609

Annexure-XIX to Para-4.2.57

Chainage (Item No. 21-63)	Quantity (Cu.m) for sub base	Rate (Rs)	Amount (Rs)	Quantity (Cu.m) for base	Rate (Rs)	Amount (Rs)
3+600	1.321	2,841.57	3,753.71	14.525	4,223.1	61,340.52
3+610	13.358	2,841.57	37,957.69	14.700	4,223.1	62,079.57
3+620	13.077	2,841.57	37,159.21	14.350	4,223.1	60,601.48
3+630	11.849	2,841.57	33,669.76	12.950	4,223.1	54,689.14
3+640	12.167	2,841.57	34,573.38	13.300	4,223.1	56,167.23
3+650	11.420	2,841.57	32,450.73	12.425	4,223.1	52,472.01
3+660	11.857	2,841.57	33,692.49	12.950	4,223.1	54,689.14
3+670	11.849	2,841.57	33,669.76	12.950	4,223.1	54,689.14
3+680	11.850	2,841.57	33,672.60	12.950	4,223.1	54,689.14
3+690	11.839	2,841.57	33,641.34	12.950	4,223.1	54,689.14
3+700	11.247	2,841.57	31,959.13	12.250	4,223.1	51,732.97
3+710	3.556	2,841.57	10,104.62	12.950	4,223.1	54,689.14
16+200	5.570	2,841.57	15,827.54	16.880	4,223.1	71,285.92
16+210	12.740	2,841.57	36,201.60	15.915	4,223.1	67,210.63
16+220	18.270	2,841.57	51,915.48	12.780	4,223.1	53,971.2
16+230	18.800	2,841.57	53,421.51	12.780	4,223.1	53,971.21
16+240	19.330	2,841.57	54,927.54	12.780	4,223.1	53,971.21
16+620	18.650	2,841.57	52,995.28	12.780	4,223.1	53,971.21
16+630	18.385	2,841.57	52,242.26	12.780	4,223.1	53,971.21
16+640	18.055	2,841.57	51,304.54	12.780	4,223.1	53,971.21
16+650	17.990	2,841.57	51,119.84	12.780	4,223.1	53,971.21
16+660	17.990	2,841.57	51,119.84	12.780	4,223.1	53,971.21
16+664	17.990	2,841.57	51,119.84	12.780	4,223.1	53,971.21
17+040	18.635	2,841.57	52,952.65	12.780	4,223.1	53,971.21
17+050	19.330	2,841.57	54,927.54	12.780	4,223.1	53,971.21
17+060	18.915	2,841.57	53,748.29	12.780	4,223.1	53,971.21
17+070	18.550	2,841.57	52,711.12	12.780	4,223.1	53,971.21
17+080	18.580	2,841.57	52,796.37	12.780	4,223.1	53,971.21
17+090	18.945	2,841.57	53,833.54	12.780	4,223.1	53,971.21
17+100	19.330	2,841.57	54,927.54	12.780	4,223.1	53,971.21
17+110	18.915	2,841.57	53,748.29	12.780	4,223.1	53,971.21
17+120	18.915	2,841.57	53,748.29	12.780	4,223.1	53,971.21
17+130	19.330	2,841.57	54,927.54	12.780	4,223.1	53,971.21
Total	498.605		1,416,821.01	434.865		1,836,478.38

Annexure-XX to Para-4.2.58

Chainage (for NSI & Ploughing)		Sub Base Qty (Cu.m)	Rate (Rs)	Amount (Rs)	Base Qty (Cu.m)	Rate (Rs)	Amount (Rs)
From	To						
2+525	2+590	18.105	2,841.57	51,446.62	86.713	4,223.10	366,197.67
2+600	2+990	98.871	2,841.57	280,948.87	497.818	4,223.10	2,102,335.20
3+000	3+610	246.201	2,841.57	699,597.38	881.575	4,223.10	3,722,979.38
3+710	3+990	97.107	2,841.57	275,936.34	396.089	4,223.10	1,672,723.46
4+000	4+630	185.521	2,841.57	527,170.91	912.284	4,223.10	3,852,666.56
4+950	4+990	65.802	2,841.57	186,980.99	74.165	4,223.10	313,206.21
5+000	5+090	53.176	2,841.57	151,103.33	139.358	4,223.10	588,522.77
5+330	5+490	124.330	2,841.57	353,292.40	221.823	4,223.10	936,780.71
5+910	5+990	64.024	2,841.57	181,928.68	120.138	4,223.10	507,354.79
6+000	6+580	435.652	2,841.57	1,237,935.65	840.679	4,223.10	3,550,271.48
13+550	13+670	285.230	2,841.57	810,501.01	153.360	4,223.10	647,654.62
13+700	13+890	411.480	2,841.57	1,169,249.22	255.600	4,223.10	1,079,424.36
14+000	14+130	287.375	2,841.57	816,596.18	178.920	4,223.10	755,597.05
14+180	14+470	525.450	2,841.57	1,493,102.96	383.400	4,223.10	1,619,136.54
15+650	15+990	140.250	2,841.57	398,530.19	275.330	4,223.10	1,162,746.12
16+000	16+200	94.980	2,841.57	269,892.32	193.155	4,223.10	815,712.88
16+500	16+620	67.930	2,841.57	193,027.85	85.010	4,223.10	359,005.73
17+460	17+550	127.975	2,841.57	363,649.92	127.800	4,223.10	539,712.18
17+910	17+990	116.210	2,841.57	330,218.85	102.240	4,223.10	431,769.74
18+000	18+030	55.215	2,841.57	156,897.29	51.120	4,223.10	215,884.87
18+050	18+160	191.980	2,841.57	545,524.61	153.360	4,223.10	647,654.62
23+200	23+590	870.688	2,841.57	2,474,120.90	511.200	4,223.10	2,158,848.72
24+080	24+230	72.500	2,841.57	206,013.83	119.242	4,223.10	503,570.89
24+290	24+430	128.210	2,841.57	364,317.69	201.540	4,223.10	851,123.57
24+510	24+540	74.330	2,841.57	211,213.90	51.120	4,223.10	215,884.87
24+740	24+990	221.790	2,841.57	630,231.81	571.520	4,223.10	2,413,586.11
25+000	25+990	1,080.890	2,841.57	3,071,424.60	1,812.810	4,223.10	7,655,677.91
26+000	26+590	919.775	2,841.57	2,613,605.05	766.800	4,223.10	3,238,273.08
				20,064,459.32			42,924,302.10

S. No.	IPC No.	Date of submission of IPC by contractor	Date of verification of IPC by NE SPAK	Work done verified by NE SPAK (Rs)	Secured advance granted (Rs)	Secured advance recovered (Rs)	Work done after recovery of secure advance (Rs)	Price adjustment factor applied	Price adjustment paid (Rs)	Price adjustment required to be paid (Rs)	Difference (Rs)
1	1	17.12.2008	26.12.2008	5,965,171	5,555,385	1,308,197	4,656,974	0.24	1,431,641	1,117,674	313,967
2	2	13.01.2009	21.01.2009	3,928,609		974,706	2,953,903	0.173	679,649	511,025	168,624
3	3	03.02.2009	16.02.2009	11,595,835		3,272,483	8,323,352	0.171	1,982,888	1,423,293	559,595
4	7	20.06.2009	29.06.2009	5,039,253	1,291,140		5,039,253	0.134	675,260	675,260	0
5	8	31.07.2009	08.08.2009	2,969,656		219,870	2,749,786	0.165	489,993	453,715	36,278
6	9	01.09.2009	09.09.2009	4,328,857		703,980	3,624,877	0.173	748,892	627,104	121,788
7	10	12.10.2009	20.10.2009	1,329,569		14,220	1,315,349	0.12	139,548	157,842	1,706
8	11	17.10.2009	21.10.2009		835,584		0	0	0	0	0
9	12	13.11.2009	23.11.2009	7,648,918	900,000	353,070	7,295,848	0.105	803,136	766,064	37,072
10	14	16.12.2009	21.12.2009	4,538,061		573,120	3,964,941	0.091	412,964	360,810	52,154
11	15	22.12.2009	30.12.2009		2,080,313		0	0	0	0	0
12	16				1,603,950		0	0	0	0	0
13	17	20.01.2010	27.01.2010	4,548,224		310,032	4,238,192	0.11	500,305	466,201	34,104
14	18	17.02.2010	19.02.2010		1,491,769		0	0	0	0	0
15	19	04.03.2010	12.03.2010	6,143,188		2,127,231	4,015,957	0.141	866,190	566,250	299,940
16	20	24.03.2010	25.03.2010		357,750		0	0	0	0	0
17	21	27.03.2010	10.04.2010	7,485,421		1,405,879	6,079,542	0.145	1,085,386	881,534	203,852
18	22	06.05.2010	10.05.2010		730,000		0	0	0	0	0
19	23	08.05.2010	22.05.2010	6,247,732		468,705	5,779,027	0.168	1,049,619	970,877	78,742
20	24		25.05.2010		752,325		0	0	0	0	0
21	26	10.06.2010	08.07.2010		4,041,391		0	0	0	0	0
22	27	17.07.2010	19.07.2010		4,210,894		0	0	0	0	0
23	28	28.07.2010	11.08.2010	15,778,516		11,073,093	4,705,423	0.201	3,171,482	945,790	2,225,692
					23,850,501	22,804,586			14,056,953	9,923,439	4,133,514

Annexure-XXII to Para-4.2.69

Sr. #	Name of Package	Package No.	Date of expiry of performance guarantee	Date of cheque paid after expiry of performance guarantee	W/order Amount	Exp: during 07/2012	Exp: during 10/2012	Exp: during 01/2013	Exp: during 03/2013	Exp: during 05/2013	Total exp. after expiry of performance guarantee
1- EDUCATION SECTOR											
1	Shoukat Khan & Co.	Rw – Ed 5	04.03.2013	30.05.2013	41.417	0	0	0	0	1,075,400	1,075,400
2	Al-Nafio Enterprises	Rw – Ed 7	09.01.2011	04.07.2012	18.329	1,759,200	0	0	0	0	1,759,200
3	M/s Abdullah Khan & Co.	Rw-Ed 13 A	16.07.2011	10.01.2013	13.605	0	0	600,000	0	0	600,000
4	Mumtaz Builders Mirpur	Rw-Ed 28 H	14.12.2012	30.05.2013	75.882	0	0	0	0	973,215	973,215
5	M/s S.S constraction Co, Lucky Marwat	Rw-Ed 29 H	15.07.2012	10.01.2013	59.815	0	0	500,000	443,214	0	943,214
6	Waheed Hussain & Brother Rawalakot	Rw-Ed 35	14.04.2012	04.07.2012	28.779	3,616,666	0	0	0	0	3,616,666
7	Nasaria Constructions	Rw-Ed 36	24.09.2012	18.10.2012	4.9278	635,850	254,800	29,100	0	0	283,900
8	Sultan Akbar Kiyani & Co. Islamabad	Rw-Ed 38 H	28.12.2012	07.03.2013	81.132	0	0	0	2,106,547	0	2,106,547
9	Liaqat Ali Contractor	Rw-Ed 49 A	10.04.2013	30.05.2013	43.946	0	4,366,106	0	1,000,000	329,342	329,342
10	Turcon Pvt Ltd Islamabad	Rw-Ed 74	30.04.2012	04.07.2012	135.999	545,800	0	0	0	0	545,800
11	Walayat Khan Wazir	Rw-Ed 81	03.10.2012	30.05.2013	33.582	0	0	0	0	1,116,400	1,116,400
12	M/s Icon Builders	Rw-Ed 255 A	23.02.2013	07.03.2013	26.268	0	0	0	500,000	0	500,000
13	M/s Consultronix (Pvt.) Ltd.	Rw-Ed 256 A	03.08.2012	07.03.2013		649,600	0	0	1,405,219	0	1,405,219
2- GOVERNANCE SECTOR											
1	M/s S.K Contractors	04 R/ House, F/G	07.10.2012	12.10.2012	49.442	0	633,000	0	1,800,000	1,721,645	4,154,645
2	M. Sarwar Khan	Gov 04 B	28.02.2013	07.03.2013	125.008	1,400,799	1,886,389	3,500,000	1,000,000	2,361,606	3,361,606
3- ANIMAL HUSBANDRY											
1	Zaman Zone Associate	03 A/ Husbandry	26.09.2012	30.05.2013	9.061	0	0	0	0	1,187,250	1,187,250
4- AGRICULTURE SECTOR Catt: III A.E.C											
1	Nasaria Constructions	Agri 02 B	24.09.2012	07.03.2013	14.088	3,100,500	0	0	1,195,000	0	1,195,000
Total											25,153,404

Annexure-XXIII to Para-4.2.72

S. No.	Name of Project	Cost (Rs in million)	Duration (Months)	Work award date	Current status	Amount (Rs in million)
	CXB Projects					
1	Southern By-Pass Link Road	164.351	8	29.04.2011	In progress	16.435
2	Western By-Pass Road (Road from Police Station at Muzaffarabad Road to Mang Road Near Baldia Adda)	146.470	12	12.12.2011	In progress	14.647
3	Road from CMH to PDA Office at Mang Road	114.992	16	08.05.2013	In progress	11.499
4	Improvement of Road from Anayat Bakery to Chak Airport	340.563	18	08.05.2013	In progress	34.056
5	Construction of New Road from Chinar Rest House to Industrial Estate (Eid Ghah) via Koi/ Agriculture University	281.790	18	08.05.2013	In progress	28.179
6	Improvement of Road from Officer Colony to United Hospital	68.545	16	08.05.2013	In progress	6.855
7	Improvement of Road from Munir Chowk to United Hospital Road via Kutachery	33.785	12	05.06.2013	In progress	3.378
8	Improvement of Road from Qasai Gali to PDA Rest House	46.037	16	05.06.2013	In progress	4.603
9	Improvement of Road from Baldia Addah Cross to khrick Chungi (Mang Road)	122.615	16	05.06.2013	In progress	12.261
10	Road from Brigade Headquarter to Goi Nala Road near bus Terminal	232.042	20	05.06.2013	In progress	23.204
11	Eastern Bypass	194.300	22	22.09.2013	In progress	19.430
12	United Hospital to BHQ Road	206.010	22	25.09.2013	In progress	20.601
	CWE Projects					
1	Sabir Shaheed Pilot High School	90.990	18	09.02.2010	Completed	9.099
2	Water Supply Distribution Network	325.689	18	16.04.2011	In progress	32.569
3	Dharaik Water Supply Scheme	243.354	16	15.08.2011	In progress	24.335
4	Sabir Shaheed Stadium	65.850	12	24.02.2012	In progress	6.585
5	Goi-Nallah Bus Stand	164.290	NA	28.11.2011	In progress	16.429
6	Sewerage Network Zone-III	475.199	NA	NA	Not started	47.519
	Total					331.684

Annexure-XXIV to Para-4.2.73

S. No.	Month	Amount of work done (Rs)	Factor claimed	Factor required to be freezed	Difference	Over Payment (Rs)
1	Nov. 2011	4,912,279	0.1376	0.1353	0.0023	11,298.24
2	Dec. 2011	4,301,817	0.1457	0.1353	0.0104	44,738.90
3	Jan. 2012	4,959,808	0.1457	0.1353	0.0104	51,582.00
4	March 2012	15,314,590	0.1568	0.1353	0.0215	329,263.69
5	April 2012	7,603,630	0.1677	0.1353	0.0324	246,357.61
6	May 2012	1,023,430	0.1702	0.1353	0.0349	35,717.71
7	June 2012	944,705	0.16	0.1353	0.0247	23,334.21
8	Dec 2012	3,271,437	0.1989	0.1353	0.0636	208,063.39
9	Jan 2013	3,271,437	0.2206	0.1353	0.0853	279,053.58
10	Feb. 2013	1,566,199	0.2206	0.1353	0.0853	133,596.77
11	March 2013	1,520,134	0.2223	0.1353	0.087	132,251.66
12	April 2013	1,520,134	0.2213	0.1353	0.086	130,731.52
13	May 2013	15,499,432	0.217	0.1353	0.0817	1,266,303.59
14	June 2013	1,812,613	0.2287	0.1353	0.0934	169,298.05
15	July 2013	1,812,613	0.2446	0.1353	0.1093	198,118.60
16	Aug. 2013	15,587,514	0.2454	0.1353	0.1101	1,716,185.29
17	Sep 2013	8,596,866	0.2455	0.1353	0.1102	947,374.63
						5,923,269.44