



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
EARTHQUAKE RECONSTRUCTION & REHABILITATION  
AUTHORITY  
AUDIT YEAR 2015-16**

**AUDITOR GENERAL OF PAKISTAN**



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## ABBREVIATIONS & ACRONYMS

A&P	Administration & Procurement
AFS	Annual Financial Statement
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AIR	Audit Inspection Report
AJK/AJ&K	Azad Jammu and Kashmir
APNS	All Pakistan Newspaper Society
ASTM	American Society for Testing and Materials
BCDP	Bagh City Development Project
BHU	Basic Health Unit
BOQ	Bill of Quantity
CB	Contingent Bill
CBO	Community Based Organization
CDWP	Central Development Working Party
CE	Chief Engineer
Cft.	Cubic Feet
CGA	Controller General of Accounts
Co.	Company
CPC	Closing Payment Certificate
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
CSR	Composite Schedule of Rates
Cu.m	Cubic meter
CWE	China International Water & Electric Company
CXB	China Xinjiang Beixin Construction & Engineering (Group) Co. Ltd.
DAC	Departmental Accounts Committee
DAM	Development Authority Muzaffarabad
DC	Deputy Commissioner
DDO	Drawing & Disbursing Officer
DDR	Deputy Director Reconstruction
DG	Director General
Div.	Division
DLP	Defect Liability Period
DOR&E	District Officer Revenue & Estate
DHQ	District Headquarter
DRAC	District Reconstruction Advisory Committee
DIG	Deputy Inspector General

Dia	Dia meter
DRU	District Reconstruction Unit
EA	M/s Engineering Associates
EAD	Economic Affairs Division
ECIL	Engineering Consultants International Pvt. Ltd.
ECNEC	Executive Committee of the National Economic Council
EDO	Executive District Officer
EEAP	Earthquake Emergency Assistance Project
EOT	Extension of time
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FBR	Federal Board of Revenues
FIDIC	Fédération Internationale Des Ingénieurs-Conseils <sup>(French)</sup> International Federation of Consulting Engineers <sup>(English)</sup>
FMIS	Financial Management Information System
FTO	Federal Treasury Officer
FTR	Federal Treasury Rules
FWO	Frontier Works Organization
GCC	General Conditions of Contract
GFR	General Financial Rules
GGMS	Government Girls Middle School
GMS	Government Middle School
GGPS	Government Girls Primary School
GHS	Government High School
GI	Galvanized Iron
GOP	Government of Pakistan
GPS	Government Primary School
GST	General Sales Tax
HP	Horse Power
HQs	Headquarters
HSD	High Speed Diesel
IB	Instructions to Bidders
IDB	Islamic Development Bank
IESCO	Islamabad Electric Supply Company
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
JV	Joint Venture
KDR	Kohala Dhirkot Road
KFW	Kreditanstalt Für Wiederaufbau (German Development Bank)
KFAED	Kuwait Fund for Arab Economic Development

KICT	Karachi International Container Terminal
KKH	Karakoram Highway
Km	Kilometer
KP	Khyber Pakhtunkhwa
KPT	Karachi Port Trust
LD	Liquidated Damages
LGRDD	Local Government and Rural Development Department
LGSS	Light Gauge Steel Structure
Ltd.	Limited
LS	Lump Sum
MB	Measurement Book
MCC	Mumtaz Construction Company (Pvt.) Ltd.
MCDP	Muzaffarabad City Development Project
MDF	Medium Density Fiberboard
M&E	Monitoring and Evaluation
M/s	Messer
mm	Millimeter
MTDF	Medium Term Development Framework
Mzd	Muzaffarabad
NBCDP	New Balakot City Development Project
NDMA	National Disaster Management Authority
NESPAK	National Engineering Services Pakistan (Pvt.) Ltd.
NHA	National Highway Authority
NIDA	National Income Daily Account
No.	Number
NOC	No Objection Certificate
NSI	Non-Scheduled Items
NWFP	North West Frontier Province
O.M.	Office Memorandum
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission form One
PC-IV	Planning Commission form Four
PCC	Particular Condition of the Contract
PD	Project Director
P&D	Planning & Development
PDP	Proposed Draft Para
PE	Polyethylene
PEC	Pakistan Engineering Council

PERRA	Provincial Earthquake Reconstruction and Rehabilitation Agency
PHE	Public Health Engineering
PHED	Public Health Engineering Department
PICT	Pakistan International Container Terminal
PLD	Personal Ledger Deposit Account
P.M.	Prime Minister
PM	Program Manager
PMU	Project Management Unit
PMIU	Project Management Implementation Unit
PMT	Project Monitoring Team
POL	Petrol Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PSC	Provincial Steering Committee
PSDP	Public Sector Development Program
PST	Project Supervision Team
Pvt.	Private
PWD	Public Works Department
QAC	Quality Assurance Committee
Qty.	Quantity
QS	Quantity Surveyor
RCC	Reinforced Cement Concrete
RCDP	Rawalakot City Development Project
RD	Road Distance
Rft.	Running feet
Rm	Running meter
RHC	Rural Health Centre
ROW	Right of Way
Rs	Rupees
RWH	Rain Water Harvesting
RWHP	Rain Water Harvesting Project
SDO	Sub-Division Officer
SERRA	State Earthquake Reconstruction and Rehabilitation Agency
SPAPEV	Saudi Public Assistance for Pakistan Earthquake Victims
Sft.	Square feet
SFD	Saudi Fund for Development
SFD/IDB	Saudi Fund for Development/Islamic Development Bank
SFD&KF	Saudi Fund for Development and Kuwait Fund
Sft.	Square feet
SPC	Special Project Cell



Sq.m	Square meter
SRO	Statutory Regulatory Order
SSC	State Steering Committee
TOC	Taking Over Certificate
TQT	Tajweed ul Quran Tax
TS	Technical Sanction
US	United States
VO	Variation Order
Vol	Volume
Vs.	Verses
WAPDA	Water and Power Development Authority
WBBP	West Bank Bypass
WBM	Water Bound Macadam
WeBOC	Web Based One Customs
XEN	Executive Engineer

## **PREFACE**

Articles 169 & 170 (2) 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 2014-15. Observations pertaining to the financial year 2013-14 processed during 2<sup>nd</sup> phase of Audit Plan 2014-15 are also included in this report. The Directorate General Audit (Disaster Management) conducted audit during 2015-16 on test check basis with a view of reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this report have been finalized in the light of discussions in the DAC meeting held on 14-15<sup>th</sup> January 2016.

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:

[Rana Assad Amin]  
**Auditor-General of Pakistan**

## **EXECUTIVE SUMMARY**

The Director General Audit (Disaster Management) 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 (Disaster Management) has a human resource of 50 personnel with 7,936 man days available. The annual budget of the Directorate General Audit Disaster Management for the financial year 2015-16 is Rs 53.425 million.

ERRA has one PAO and 59 formations. Audit Plan for 2015-16 included audit of both expenditure and receipts of these formations. Out of 59 formations, 44 formations were planned for audit during the Audit Year 2015-16. During the execution of audit plan of phase-I, 34 formations were audited. Remaining 10 formations would be audited in phase-II.

### **a. Scope of audit**

Out of total expenditure of Rs 7,001.579 million (i.e. Rs 2,776.799 million from GOP releases + Rs 1,304.666 million from Extra Budgetary Resources + Rs 2,920.113 million as payment by third parties) of ERRA for the financial year 2014-15, the DG Audit, Disaster Management audited an expenditure of Rs 3,098.23 million which in terms of percentage is 44.25% of auditable expenditure. In addition, Special Audit of International and National Funds received for rehabilitation of the affected areas of October 2005 earthquake and Performance Audit of relief operation carried out by NDMA during earthquake of October 26, 2015 will be executed in phase-II of Audit Plan 2015-16.

### **b. Recoveries at the instance of audit**

Recoveries of Rs 1,461.401 million were pointed out. However, recoveries of Rs 48.671 million were affected during the Financial Year 2014-15 and 2015-16 (from January 2015 to June 2015 and July 2015 to 31<sup>st</sup> December 2015) at the instance of audit.

### **c. Audit Methodology**

The financial audit of ERRA and its formations was carried out by examining permanent files, computer generated data and other related documents along with the

policies and rules followed. This, facilitated the understanding of system, procedures and audit entity. In addition, risk assessment was carried out by performing analytical procedures, testing controls, substantive testing and evaluating the results.

#### **d. Audit Impact**

On the pointation of Audit, “ERRA” stopped operation of Extra Budgetary Account and formally established the “ERRA Fund”. The management has begun the reconciliation process regularly with EAD and AGPR resulting in identification of gaps in recording of cash flows of foreign funds.

#### **e. Comments on Internal Control and Internal Audit Department**

There is an Internal Audit and Internal Control Department in the Authority. However the same is dis-functional as internal audit is not being conducted by them.

#### **f. Key audit findings of the report**

- i. Non-reconciliation with EAD leading to understatement of expenditure by Rs 4,980.897 million.<sup>1</sup>
- ii. Irregular / unauthorized payments / violation of rules involving Rs 4,251.342 million.<sup>2</sup>
- iii. Lack of internal control was observed in at least 4 cases.<sup>3</sup>
- iv. Recoveries were pointed out in 50 cases amounting to Rs 1,461.401 million.<sup>4</sup>
- v. Assets and liabilities are not being recorded or maintained properly. As an example, 2 cases of inappropriate / irregular asset management amounting to Rs 41.224 million have been recorded.<sup>5</sup>
- 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.

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<sup>1</sup> Para 1.1.2

<sup>2</sup> Para 2.4.1, 2.4.2, 2.4.4, 2.4.10, 2.4.12, 2.4.17, 3.2.2 to 3.2.5, 3.2.9, 3.2.12, 3.2.14 to 3.2.19, 3.2.23 to 3.2.27, 3.2.29, 3.2.30, 3.2.32 to 3.2.35, 3.2.37 to 3.2.40, 3.2.42 to 3.2.44, 3.2.46 to 3.2.54, 4.2.1. to 4.2.12, 4.2.14 to 4.2.23, 4.2.25 to 4.2.31, 4.2.33 to 4.2.36, 4.2.39

<sup>3</sup> Para 2.4.3, 2.4.19, 2.4.20, 4.2.38

<sup>4</sup> Para 2.4.1, 2.4.3, 2.4.7, 2.4.8 to 2.4.10, 2.4.12, 2.4.15, 2.4.16, 3.2.1 to 3.2.4, 3.2.11, 3.2.14, 3.2.15, 3.2.18, 3.2.19, 3.2.21, 3.2.23 to 3.2.26, 3.2.27, 3.2.29, 3.2.30, 3.2.32, 3.2.34, 3.2.35, 3.2.39, 3.2.40, 3.2.42, 3.2.44, 3.2.47, 3.2.53, 4.2.3 to 4.2.5, 4.2.9, 4.2.12, 4.2.15, 4.2.16, 4.2.18, 4.2.19, 4.2.21, 4.2.23, 4.2.26, 4.2.27, 4.2.34, 4.2.36

<sup>5</sup> Para 2.4.17, 3.2.32

## **g. Recommendations**

The Principal Accounting Officer PAO must take the responsibility of getting prepared the Annual Financial Statements according to the prescribed format. The PAO also needs to take necessary steps to evaluate the financial management and strengthen and institutionalize internal controls.

The corrective measures required are:

- i. Reconciliation with EAD and AGPR may be carried out on monthly basis.
- ii. Irregular / un-authorized payments made need to be investigated and regularized / recovered from the defaulters.
- iii. Internal Control weaknesses may be removed and internal audit conducted on a regular basis.
- iv. Effective steps may be taken to make good the recoveries.
- v. The asset management and inventory control system needs to be strengthened.
- vi. Contract management needs to be strengthened and 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 prorate 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.	Expenditure
1	Total Entities (Ministries/PAOs) in Audit Jurisdiction	01	7,001.579
2	Total formations in audit jurisdiction	59*	
3	Total Entities(Ministries/PAOs) Audited	01	
4	Total formations Audited	34	3,098.23
5	Audit & Inspection Reports	34	3,098.23
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

\*Out of 59 formations, 44 formations (34 in phase-I and 10 in phase-II) were selected for audit 2014-15 while remaining 15 formations having less than rupees one million expenditure were left to be accommodated against contingent man-days allocations.

Table 2 *Audit observations regarding Financial Management*

S. No.	Description (Areas)	Amount Placed under Audit Observation (Rs in million)
1	Asset management	41.224
2	Financial management (specific)	663.528
3	Internal controls relating to financial management	40.023
4	Others	5,072.668
	Total	5,817.443

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	*	*	*	*	3,098.23	15,731.266
2	Amount Placed under Audit Observations /Irregularities of Audit	-	3,563.578	-	743.793	4,307.371	4,486.604
3	Recoveries Pointed Out at the instance of Audit	6.925	1,019.158	391.375	43.943	1,461.401	1,043.163
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	**48.671	-	-	48.671	124.646

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

\*\* An amount of Rs 29.123 million 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.	4,251.342
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	1.094
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	Quantification of weaknesses of internal control systems.	40.023
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public money.	82.646
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	1,442.338
	<b>Total</b>	<b>5,817.443</b>

Table 5 **Cost-Benefit**

S. No.	Description	Amount (in million)
1	Outlays Audited (Items 1 of Table 3)	3,098.23
2	Expenditure on Audit	53.425
3	Recoveries realized at the instance of Audit	48.671
	<b>Cost-Benefit Ratio</b>	<b>1:0.91</b>



## **Chapter-1**

### **Public Financial Management Issues (Earthquake Reconstruction & Rehabilitation Authority)**

Directorate General Audit, Disaster Management conducted the certification audit of accounts for the Financial Year 2013-14 and 2014-15 during the Audit Year 2015-16. As a result of certification audit, the significant issues observed are given in Audit Paras below:

#### **1.1 Audit Paras**

The observations arising out of Certification Audit for the year 2014-15 and 2013-14 are reproduced below:

##### **(Financial Year 2014-15)**

#### **1.1.1 Non-reporting of saving to the Finance Division Rs 978.45 million and non-transfer of Rs 292.312 million**

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

ERRRA disclosed an amount of Rs 978.450 million in Annual Financial Statements as closing cash balances with ERRRA, PERRA and SERRA as detailed below:

Cash with ERRRA	Rs 686.138 million
Cash with PERRA	Rs 66.614 million
Cash with SERRA	<u>Rs 225.698 million</u>
<b>Total</b>	<b>Rs 978.450 million</b>

The closing balance was not intimated to the Finance Division. Furthermore, an amount of Rs 292.312 million was lying in secondary accounts of PERRA and SERRA which are lapsable. The same was required to be transferred to ERRRA Fund Account.

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

The DAC, in its meeting held on 30<sup>th</sup> December 2015, decided that the unspent balance will be reported to Finance Division as per Rule 7.2 of ERRA Financial Rules and there will be no closing balances of PERRA and SERRA at financial year ending in future.

Audit recommends that closing balances may be intimated to the Finance Division.

(Para No. 4, FY 2014-15)

### **1.1.2 Difference of expenditure of third party payments by ERRA, EAD and AGPR and non-verification of Rs 7,901.01 million**

According to Para 20 of Revised Accounting Procedure for Foreign Aided Assignment Accounts issued by Finance Division, the controlling Ministries/ Divisions shall reconcile expenditure on account of foreign aid with AGPR and EAD on monthly basis.

The consolidated Annual Financial Statement (AFS) of ERRA revealed that ERRA booked an amount of Rs 2,920.113 million in AFS as Multilateral / Bilateral expenditure, whereas ERRA submitted withdrawal applications amounting to Rs 7,364.814 million to the donor agencies. There is no detail available with ERRA which may show any reconciliation of the above amounts with EAD and Donors. Furthermore, EAD website shows the total disbursement of Rs 7,901.01 million on account of ERRA. A huge difference of Rs 4,980.897 million is unverifiable as the same has neither been recorded by ERRA nor verified by AGPR.

Booking of expenditure without detail of reconciliation and verification of EAD is irregular and shows lack of internal control. The difference shows that third party payments have been understated by Rs 4,980.897 million in ERRA Account.

The DAC in its meeting held on 30<sup>th</sup> December 2015 decided that reconciliation will be completed by ERRA with EAD latest by 15<sup>th</sup> January, 2016.

However, the results of the reconciliation were not communicated to Audit till finalization of this report.

Audit recommends that amount of withdrawals may be verified from EAD source wise and complete record (source wise and withdrawal application wise) should be available with ERRRA regarding reconciliation / verification from donor agencies i.e. amount of withdrawal application submitted to donor and amount transferred by donors against each withdrawal application. The source wise detail of withdrawal application submitted and cleared by donors also needs to be inserted in notes to the accounts.

(Para No. 5, FY 2014-15)

### **1.1.3 Unauthorized opening and maintenance of ERRRA fund National Income Daily Account (NIDA) No. 14-5**

As per Finance Division OM No. F.2 (2)-BR-II/ 2008-1594/ 12 dated 5<sup>th</sup> November 2012 Finance Division had given its concurrence/ NOC for opening a bank account in Pak Rupee at National bank of Pakistan. Further, under Finance Division UO No. 2(3) R-14/ 06-82 dated 15<sup>th</sup> August 2012, the concurrence of Controller General of Accounts (CGA) and Auditor General of Pakistan (AGP) was required regarding establishment and maintenance of ERRRA Fund Account in accordance with Section 15 of ERRRA Act, 2011. Rule-7.2 of ERRRA Financial Rules, 2012 provides that a PLD Account was required to be opened for ERRRA Funds.

Audit observed that ERRRA is maintaining ERRRA Fund Account bearing No. 14-5 since December 2012 on National Income Daily Account basis (NIDA). Interest is being earned and retained by the Authority. The approval of Finance Division regarding opening of NIDA account was not produced to audit. Further, the concurrence of CGA and AGP as required under Finance Division UO dated 15<sup>th</sup> August 2012 regarding establishment and maintenance of ERRRA Fund Account in accordance with Section 15 of ERRRA Act, 2011 was also not obtained.

Non-opening of PLD account and investment of Government money in interest bearing account and earning interest thereon, is against the NOC of Finance Division and ERRRA Financial Rules.

The DAC in its meeting held on 30<sup>th</sup> December 2015 decided that approval from Finance Division may be taken for maintaining an investment account.

The approval of the Finance Division was not produced to Audit till finalization of this report.

Audit recommends that approval of the Finance Division regarding opening of Profit and loss Account and concurrence of AGP and CGA regarding establishment and maintenance of ERRA Fund Account be obtained and produced to audit.

(Para No. 6, FY 2014-15)

#### **1.1.4 Non-disclosure of liabilities on account of third party payments against withdrawal applications - Rs 4,444.701 million**

According to Para 20 of Revised Accounting Procedure for Foreign Aided Assignment Accounts issued by Finance Division, the controlling Ministries/ Divisions shall reconcile expenditure on account of foreign aid with AGPR and EAD on monthly basis.

During scrutiny of record of ERRA, it was observed that ERRA submitted withdrawal application based on work done amounting to Rs 7,364.814 million to different donor agencies. Against this an amount of Rs 2,920.113 million was booked as Multilateral / bilateral expenditure in Annual Financial statements leaving a difference of Rs 4,444.701 million as unpaid liabilities. These liabilities on account of multilateral / bilateral expenditure / third party payments were not disclosed in the Annual Financial Statements.

Due to non-disclosure of liabilities, the financial status and health of ERRA was not presented accurately thereby misleading the factual position.

The DAC in its meeting held on 30<sup>th</sup> December 2015 decided that reconciliation be completed by ERRA with EAD latest by 15<sup>th</sup> January 2016.

Audit recommends that amount of withdrawals may be verified from EAD source wise. The source wise detail of withdrawal application submitted and cleared by donors also needs to be inserted in notes to the accounts and unpaid liabilities also needs to be shown in AFS.

(Para No.11 FY 2014-15)

### **1.1.5 Non-deposit of profit / interest into Government treasury – Rs 108.461 million**

As per Article 78 of the Constitution of Islamic Republic of Pakistan, all revenues received by the Federal Government shall form part of Consolidated Fund. Further 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 in the government treasury on the same day, and if received after banking hours, on the next working day.

The Annual Financial Statements of ERRA showed an amount of Rs 108.461 million as miscellaneous receipts. The record revealed that 108.461 million is a profit / interest earned on operating Profit and loss (NIDA) ERRA Fund Account No.14-5.

Contrary to the rules referred to above, instead of depositing the profit into Government Treasury, ERRA retained it in its own ERRA Fund Account. Further, approval of Finance Division for opening of Profit and Loss account (NIDA) account may also be produced to audit.

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

The DAC in its meeting held on 30<sup>th</sup> December 2015 decided that the case may be referred to Finance Division for clarification and decision under intimation to audit by 15<sup>th</sup> January 2016.

No further action was intimated till finalization of this report.

Audit recommends that the amount of profit on saving account may be deposited in Government Treasury.

(Para No.13 FY 2014-15)

### **1.1.6 Unauthorized withdrawal of funds from assignment account - Rs 1,193.760 million**

As per Para 2 (vii) of Revised Procedure for Operation of Assignment Accounts of Federal Government issued vide Finance Division Notification No. SRO (1)/ 2008 dated 23<sup>rd</sup> September 2008 the office holding Assignment Account will

ensure that no money is drawn from Assignment Account unless it is required for immediate disbursement. Moneys will not be drawn for depositing into chest or any bank account.

Contrary to the above, ERRA withdrew following amounts from assignment account without immediate disbursement requirement and deposited the same into ERRA Fund Account.

S. No.	Date	Cheque No.	Amount (Rs)	Account No.
1	26.08.2014	907637	55,360,000	2293-4 Non Development
2	19.11.2014	907638	55,360,000	-do-
3	22.01.2015	907639	83,040,000	-do-
4	15.09.2014	986683	500,000,000	2782-1 Development
5	28.11.2014	986684	500,000,000	-do-
<b>Total</b>			<b>1,193,760,000</b>	

Transfer of funds from lapsable account provided for operational expenditure to a non-lapsable account is a violation of Finance Division OM quoted above.

In DAC meeting held on 30<sup>th</sup> December 2015 it was informed that the practice of withdrawal of funds in lump sum has been stopped and now funds are withdrawn from Assignment Account as per requirement. The DAC decided to get the compliance verified from Audit.

No compliance was shown to Audit till finalization of this report.

Audit recommends that the practice of withdrawal of funds in lump sum may be stopped and compliance got verified from Audit as per decision of the DAC.

(Para No.14, FY 2014-15)

### **1.1.7 Non-disclosure of assets (advances) – Rs 658.580 million and liabilities (retention money & taxes) Rs 1,377.463 million**

As per Para 21 of ERRA Accounting Procedure, 2007 it was required that on the basis of expenditure and financial data provided by the reconstruction agencies of PERRA / SERRA, various autonomous bodies involved in reconstruction and rehabilitation work and on the basis of data generated by ERRA itself, the ERRA shall prepare the monthly accounts as well as the statement of Assets and Liabilities on annual basis.

ERRA granted an amount of Rs 658.580 million as secured and mobilization advance and Rs 1,098.772 million and Rs 278.6915 million were deducted as retention money and taxes & duties respectively from bills of various contractors working under PERRA and SERRA but the same was not disclosed in notes to accounts as prepayments and liabilities. However, incomplete information was provided to audit and it is presumed that final amount will increase.

ERRA is neither preparing statement of assets and liabilities on annual basis nor the recorded assets and liabilities are being disclosed in AFS. Non-disclosure of the same leads to understatement of the financial health of ERRA.

Due to non-disclosure of assets and liabilities the financial status and health was not presented correctly which is misleading the stake holders.

The authority should not underestimate the assets and liabilities and present the actual disclosure along with the proper adjustments of advances and settlement of liabilities (Retention Money).

The DAC in its meeting held on 30<sup>th</sup> December 2015 directed ERRA for adequate disclosure of assets and liabilities in notes to accounts. The revised AFS was not provided to Audit till finalization of this report.

Audit recommends that disclosure of assets and liabilities in notes to accounts may be made.

(Para No.22, FY 2014-15)

### **1.1.8 Non-payment of matured liabilities - Rs 3,051 million**

As per GFR Rule 105, it is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid, and that money paid should under no circumstances be kept out of accounts a day longer than is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments and it is very important to ascertain, provide for in the budget estimates, liquidate and record the payment of all actual obligations at the earliest possible date.

Further, Rule 105-A states that every disbursing officer shall maintain a register of liabilities in G.F.R. 10-A, in which he should enter all those items of

expenditure for which (i) payment is to be made by or through another officer (ii) budget allotment or sanction of a higher authority is to be obtained or (iii) payment would be required partly or wholly during the next financial year or years.

Audit observed that an amount of Rs 3,051 million was payable on account of matured liabilities for development work in AJ&K & KP up to January 2015 for which budget was required to be obtained from Finance Division and register as per requisite proforma was to be maintained.

Contrary to above, neither register of liabilities was maintained nor were the liabilities disclosed in the Notes to Accounts.

An amount of Rs 2.174 billion was available with ERRA, reflected as unspent balance as on 30<sup>th</sup> June 2014. The same could have been utilized to clear these liabilities.

The DAC in its meeting held on 30<sup>th</sup> December 2015 directed ERRA for adequate disclosure of assets and liabilities in notes to accounts. The revised AFS was not provided to Audit till finalization of this report.

Audit recommends that disclosure of assets and liabilities in notes to accounts may be made.

(Para No.23, FY 2014-15)

### **1.1.9 Improper reconciliation and understatement of closing cash balance - Rs 88.78 million**

As per Para-21 of Accounting Procedure of ERRA, on the basis of expenditure and financial data provided by the Reconstruction Agencies of the Governments of NWFP and AJ&K and various autonomous bodies involved in the reconstruction and rehabilitation work and on the basis of data generated by ERRA itself, the ERRA shall prepare the monthly accounts as well as the following financial statements on annual basis.

- i) Appropriation Accounts
- ii) Statement of Assets and Liabilities
- iii) Statement of Sources and Uses of Funds



The annual financial statement 2014-15 revealed that ERRA reported closing balance of Rs 978.450 million whereas reconciliation statements of ERRA (HQ) and secondary account at SERRA / PERRA / DRUs showed an amount of 1,067.230 million as per available record / statements provided to audit which resulted in under statement of cash by Rs 88.78 million.

It is added here that President Relief Fund Account No. 5117-2 at PERRA (HQ) had closing cash book balance of 87.665 million which was not taken into accounts of PERRA as well as in consolidated closing cash balances of Rs 978.450 million.

It is therefore, recommended that reconciliation may be made and correct amount be shown in the annual financial statements.

The DAC in its meeting held on 30<sup>th</sup> December 2015 decided that verification of the amount released from President Relief Fund and balance amount may be recorded separately in the AFS. Reconciliation of closing balance of bank accounts may be conducted.

The revised AFS was not provided to Audit till finalization of this report.

(OS-34, FY 2014-15)

### **(Financial Year 2013-14)**

#### **1.1.10 Unverifiable expenditure payment by third parties**

According to Para 20 of Revised Accounting Procedure for Foreign Aided Assignment Accounts issued by Finance Division, the controlling Ministries / Divisions shall reconcile expenditure on account of foreign aid with AGPR and EAD on monthly basis.

During scrutiny of Consolidated AFS, consolidated cash receipts and payments by ERRA it was observed that ERRA booked an amount of Rs 5,050.105 million as multilateral / bilateral expenditure whereas, the EAD intimated third party payments of ERRA as Rs 6,232 million. There was no detail available with ERRA which could show any reconciliation of the above amounts with EAD and Donors.

The difference between Rs 6,232 million and Rs 5,050.105 million needs to be reconciled.

Booking of expenditure without reconciliation with Economic Affairs Division (EAD) is irregular and could not be verified by Audit.

The management in its reply stated that expenditure of Rs 5,050.105 million was disbursed by the donors and same amount was conveyed to ERRA by EAD as third party payments.

Audit recommends that amount of withdrawals may be verified from EAD source-wise and complete record (source-wise and withdrawal application wise) should be available with ERRA regarding reconciliation / verification from donor agencies i.e. amount of withdrawal application submitted to donor, and amount transferred by donors against each withdrawal application.

The DAC in its meeting held on 15<sup>th</sup> December 2015 decided that reconciliation be conducted with EAD on monthly basis. The reconciliation of 2013-14 may be reviewed with EAD to adjust the amount.

No progress was shown to Audit till finalization of this report.

(Para No. 2, FY-2013-14)

### **1.1.11 Unauthorized treatment of releases as expenditure - Rs 520 million**

According to Para 17(a) of ERRA Accounting Procedure, the Government organization i.e. NHA, FWO, WAPDA, IESCO receiving ERRA funds shall be responsible for the preparation of accounts, on monthly basis, in respect of the project entrusted to them, in such form/format as may be required by the ERRA. The accounts shall be submitted to ERRA on such dates as may be fixed by the ERRA.

ERRA released an amount of Rs 520 million to NHA during the financial year 2013-14 as detailed below:

<b>S. No.</b>	<b>Bill No.</b>	<b>Cheque No. and Date</b>	<b>Amount (Rs in million)</b>
1	591	8071569 dated 21.11.2013	70
2	815	8071720 dated 10.01.2014	250
3	1428	8072074 dated 15.05.2014	200
<b>Total</b>			<b>520</b>

NHA did not submit monthly accounts in respect of releases showing adjusted accounts of the expenditure incurred and balance of releases at the end.

The expenditure was overstated without obtaining the adjusted accounts of the actual expenditure therefore presenting inaccurate financial picture.

Audit recommends that proper adjusted accounts be obtained from NHA and actual expenditure incurred should be booked in AFS.

When pointed out, the management replied that payments mentioned in AFS are expenditure and not releases. Payment to NHA was released against IPCs / Bills.

The management of NHA vide letter dated 14<sup>th</sup> September 2015 intimated total expenditure for the financial year 2013-14 as Rs 425.948 million which resulted in unspent balance of Rs 94.052 million which as per NHA was utilized in next financial year.

Audit recommends that ERRA should book actual expenditure of Rs 425.947 million in AFS instead of Rs 520 million.

(Para No. 4, FY-2013-14)

#### **1.1.12 Non-reporting of saving to the Finance Division at the end of the year - Rs 2,174.656 million**

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

ERRA disclosed an amount of Rs 2,174.656 million as closing balance in Annual Financial Statements but contrary to above rule the same was not intimated to the Finance Division.

The intimation of unspent balances to the Government is an important part of budgetary control process in the absence of which the financial requirements of ERRA are over estimated.

The unspent balances of funds allocated and released by the Government may be reported to the Finance Division.

When pointed out the management stated that ERRA Fund has been established in pursuance to Article 15 of ERRA Act with the approval of Finance Division.

The reply is not tenable as ERRA Financial Rules clearly state that unspent balance will be reported to the Government.

The DAC in its meeting dated 15<sup>th</sup> December 2015 decided that savings with reasons, if any, will be reported to Finance Division on annual basis.

Audit recommends that unspent funds may be reported to the Finance Division on annual basis.

(Para No. 5, FY-2013-14)

### **1.1.13 Non-deposit of profit into Government treasury - Rs 34.774 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 in the government treasury on the same day, and if received after banking hours, on the next working day.

An amount of Rs 34.774 million was shown as miscellaneous receipt in the financial statements. The record revealed that Rs 34.774 million is a profit / interest earned on operating Profit & Loss (NIDA) ERRA Fund Account.

Contrary to the rule referred above, instead of depositing the profit into Government Treasury, ERRA retained it in its own ERRA Fund Account. Further, approval of Finance Division for opening of Profit & Loss account (NIDA) account may also be produced to Audit.

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

When pointed out, the management replied that ERRA Fund has been established in pursuance to Article 15 of ERRA Act with the approval of Finance Division.

The reply is not acceptable as Para 26 of ERRA Accounting procedure clearly states that the receipts if any generated by the authority shall be the receipts of the government and shall be deposited in the government treasury.

The DAC in its meeting 15<sup>th</sup> December 2015 decided that case may be referred to Finance Division for clarification and decision.

No progress was intimated to the Audit till finalization of this report.

Audit recommends that the amount of profit on saving account may be deposited to Government Treasury.

(Para No. 14, FY-2013-14)

#### **1.1.14 Non-maintenance of assets and liabilities statement as per policy**

As per Para 21 of ERRA Accounting Procedure, ERRA shall prepare monthly accounts as well as statement of assets and liabilities on annual basis. Further, as per GFR-155, a reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority to enable a ready verification of stores and check of accounts at any time and transaction must be recorded in it as they occur.

Contrary to the above, no disclosure regarding fixed assets and liabilities was made in the Annual Financial Statements. The Audit requisitioned the Physical verification report for the year 2013-14 but the same was not produced to audit.

Due to non-disclosure of assets and liabilities the financial status and health was not presented correctly and was misleading.

Audit recommended that Assets and Liabilities should be disclosed in Notes to the Accounts.

The management replied that proper Fixed Assets / Stock / Inventory Registers are being maintained by different Wings of ERRA and same were provided to Certification Audit team and were verified accordingly.

The reply is not acceptable, as the assets and liabilities were not disclosed in the Notes to the Accounts as recommended by Audit.

Audit stresses that Assets and Liabilities be disclosed in Notes to the Accounts.

**(Para No. 17, FY-2013-14)**

## Chapter-2

### ***Earthquake Reconstruction & Rehabilitation Authority (ERRA)***

#### **2.1 Introduction of Authority**

On 8<sup>th</sup> 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 10<sup>th</sup> October 2005 to mobilize all resources and coordinate relief activities. Thereafter, on 24<sup>th</sup> 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 31<sup>st</sup> March, 2006. ERRA started its activities with its mission to “Plan, coordinate, monitor and regulate reconstruction and rehabilitation activities in the earthquake affected areas, encouraging self-reliance through private public partnership and community participation and ensuring financial transparencies”.

#### **2.2 Comments on Budget & Accounts (Variance Analysis)**

**(Rs In Million)**

<b>Financial year</b>	<b>Grant No.</b>	<b>Original Grant</b>	<b>Supplementary Grant</b>	<b>Final Grant</b>	<b>Actual Receipt</b>	<b>Difference</b>
2014-15	ID3840	276.799	-	276.799	260.292	(16.507)
	ID4029	5,000.000	-	5,000.000	5,420.113	420.113

The difference between actual and final budget was due to non-surrender of Rs 16.507 million saving in time to Government and Rs 420.113 million due to multilateral / bilateral funds (Third party payments). ERRA is in the process of getting the accounts reconciled with respective donors and Economic Affairs Division.

#### **2.3 Brief comments on the status of compliance with PAC directives**

Since inception of ERRA, 7 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:

<b>S. No.</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Compliance received</b>	<b>Compliance not received</b>	<b>Percentage of Compliance</b>
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 Non-imposition of liquidated damages - Rs 1.342 million**

As per Clause 23.1 of GCC as explained in clause 13 of the Special Conditions of Contract, if the contractor failed to supply the material in time then liquidated damages @ 0.5% per week maximum upto 10% of the contract price will be imposed upon the contractor.

ERRA awarded a contract to M/s Champion International (Pvt.) Ltd. for the supply of 701 No. of P.E. Water Tanks of 500 US Gallon Capacity to be used in Rain Water Harvesting (RWH) Project on 27<sup>th</sup> February 2014 at a cost of Rs 13.417 million. The supply was to be made within 6 weeks i.e. upto 30<sup>th</sup> October 2014.

Delay of six months for the delivery of material was observed by Audit during the scrutiny of record. Accordingly, liquidated damages amounting to Rs 1.341 million were required to be recovered from the contractor which was not done. Thus by non-imposition of liquidated damages, undue favor was extended to the contractor.

Non-imposition of liquidated damages resulted into loss to the Government.

The matter was pointed out to the management on 2<sup>nd</sup> October 2015. In their reply dated 16<sup>th</sup> November 2015 it was stated that during installation process some buildings were not found fit for installation of RWH Systems. Accordingly, new buildings were selected and supplier was asked to supply the material to new sites to save the cost of hub rent and security required for material. The delay occurred due to selection of new buildings.

The reply is not acceptable as the management has not substantiated its stance with documentary evidences. Furthermore, Audit is of the view that the buildings were not properly selected due to ill planning which resulted into delay of execution of the project.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

The criteria for selection of the new buildings and approval of the relevant competent authority for change in scope of work may be provided to probe into the matter otherwise liquidated damage as pointed above may be recovered from the contractor.

PDP-764 (ERRA HQ Dev. 2014-15)

#### **2.4.2 Irregular award of contract - Rs 14.321 million**

As per PPRA Rule 12(2), all procurement opportunities over two 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.

Further, as per Rule-33 (1) of PPRA, the procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The procuring agency shall upon request communicate to any supplier or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds. As per Rule-34 (2) of said rules, the procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

As per instruction to bidders (IB) 4.1, each bidder shall submit only one bid either by himself, or as a partner in joint venture. The bidder who submits or participates in more than one bid will be disqualified.

A tender for procurement of 348 and 868 No. of Water Tanks of 50 gallon and 500 gallon capacity for Rain Water Harvesting Project respectively was floated in newspapers (The Nation and Nawa-e-Waqat) on 24<sup>th</sup> October 2013 as well as uploaded on the web sites of ERRA and PPRA. The tender was opened on 12<sup>th</sup> November, 2013. Only one bid was received from M/s Noble Enterprises, Islamabad. The rates offered by the firm were Rs 3,000 for 50 Gallon and Rs 20,000 for 500 Gallon Capacity. The bid was neither accepted nor rejected.

The bids were re-invited and uploaded on the ERRA and PPRA websites on 6<sup>th</sup> December 2013 having bid opening date 10<sup>th</sup> December 2013 which was later on

changed to 16<sup>th</sup> December 2013. The said tender was awarded to the following suppliers.

S. No.	Name of Supplier	Detail of item	Qty.	Unit price (Rs)	Total Price (Rs)
1	M/s Nexus Enterprises	P.E Water Tanks 50 Gallon	312	2,900	904,800
2	M/s Champion International	P.E Water Tanks 500 Gallon	701	19,140	13,417,140
				<b>Total</b>	<b>14,321,940</b>

Audit observed that M/s Nexus Enterprises had submitted two quotations in the 2<sup>nd</sup> bid and lowest one was accepted (both the quotations bear same Number i.e. Qtn-0659-2013 dated 9<sup>th</sup> December 2013). It appears that previous tender was cancelled and new one advertised to provide benefit to M/s Nexus Enterprises which is in violation of PPRA Rules. Audit is of the opinion that:

- A. The whole procedure of re-inviting bids without rejecting the pervious bids and non-completion of the earlier procurement process was irregular.
- B. The whole re-tendering process was done to give benefit to M/s Nexus Enterprises.

Non-observance of rules resulted into irregular award of contract.

The matter was pointed out to the management on 2<sup>nd</sup> October 2015. In their reply dated 16<sup>th</sup> November 2015 it was stated that All Pakistan Newspaper Society (APNS) suspended the publishing of ERRA advertisement. To save the wastage of public money advertisement was made on PPRA and ERRA website. As regards to two quotations, it was stated that M/s Nexus Enterprises submitted two quotations and ERRA selected the price of less value to save the public money.

The reply is not acceptable as the tender opening documents do not show any rejection of bid and there was no need for re-tendering. The 2<sup>nd</sup> tendering procedure was also in violation of PPRA.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be inquired to investigate how the re-tendering was done and contract awarded without rejection of first bid besides fixing responsibility on the person(s) at fault.

### **2.4.3 Undue favor to the consultant - Rs 22.8 million**

As per clause 6.4 (d) of Contract Agreement, the final payment under this clause shall be made after the final report and a final statement, identified as such, shall have been submitted by the consultant and approved as satisfactory by the client. The services shall be deemed completed and finally accepted by the client and the final report and final statement shall be deemed approved by the client as satisfactory ninety calendar days after receipt of the final report and final statement by the client.

ERRA made a payment of Rs 22.802 million (CB No. 890 dated 5<sup>th</sup> June 2015) to M/s ECIL (Pvt.) Ltd. (Consultant) on account of outstanding dues. The payment was recommended by SERRA vide their letter No. SERRA/ EEAP Cell/ 1571-73/ 2015 dated 25<sup>th</sup> May 2015 subject to an undertaking that the final bill of Package ICB-2 will be checked and verified by M/s ECIL. The contract of ECIL had been expired on 31<sup>st</sup> May 2013.

Audit observed that the whole payment was released on the basis of an undertaking by ECIL that they will provide services for the checking of final bill of package ICB-2.

Audit is of the view that the authority should have made the final payment to the consultant only after the clearance of final bill. By making whole payment, the public interest was put to risk and undue favour was extended to the consultant.

The irregularity was caused due to weak contract management.

The matter was pointed out on 2<sup>nd</sup> October 2015. In their reply dated 16<sup>th</sup> November 2015, it was stated that payment was made to the consultant M/s ECIL under contract clause GCC 6.4.

The reply of the management is not acceptable as it violates GCC 6.4. The final bill of the contract was not received till December 2015 whereas the payment for the service was done in June 2015.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be inquired, with a view to fix responsibility on the person(s) at fault and the said amount may be recovered.

#### 2.4.4 Unjustified expenditure on account of salary of FMIS Specialists - Rs 2.916 million

GFR-10(1) 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.

ERRA made payment of Rs 2.916 million to FMIS Specialists for the period from 1<sup>st</sup> July 2014 to 30<sup>th</sup> June 2015 despite the fact that Financial Management Information System (FMIS) is inoperative since 8<sup>th</sup> March 2013. The detail of expenditure is as under:

S. No.	Name	Designation	Salary (per month) Rs	Total Amount (Rs)
1	Mr. Sajid Mehmood	FMIS Specialist	81,000	972,000
2	Mr. Haroon Bashir	-do-	81,000	972,000
3	Mr. Muhammad Younis Khan	-do-	81,000	972,000
		<b>Total</b>	<b>243,000</b>	<b>2,916,000</b>

Audit held that retention of FMIS staff after making the FMIS inoperative is unjustified and wastage of Government funds.

Un-justified expenditure was incurred due to weak administrative control and poor contract management.

The matter was pointed out on 2<sup>nd</sup> October 2015. In their reply dated 17<sup>th</sup> November 2015, it was stated that FMIS was established to assist management in financial matters and reports. As per instructions of the competent authority issued on 8<sup>th</sup> March 2013 and due to some administrative/ functional reasons, the system was made non-operative till the need arises in future. As per orders of the management, the expertise and services of the financial management staff are retained and are being utilized in other ERRA wings.

Reply of ERRA is not acceptable because FMIS is closed w.e.f. 8<sup>th</sup> March 2013 and payment of Rs 2.916 million made annually to the staff is an extra burden on the public exchequer.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that ERRA will review FMIS.

Audit recommends that FMIS system should be utilized to ensure transparency and accountability. However, if the system has to be kept closed, the total capital cost and annual expenditure of FMIS may be got written off from the competent authority and services of FMIS Specialists / staff may be terminated to avoid further loss on this account.

PDP-771 (ERRA HQ Dev. 2014-15)

#### **2.4.5 Irregular payment of consultancy – Rs 26.720 million**

As per PC-I of the AJ&K University Chotta Gala Campus, Rawalakot no provision for consultancy services was made.

The consultancy contract was awarded to the M/s The Architect @ 2.7% of the contract cost of the project AJ&K University Chotta Gala Campus, Rawalakot.

During scrutiny of record it was observed that there was no provision of consultancy services in the PC-I of the AJ&K University Chotta Gala Campus, Rawalakot. ERRA paid an amount of Rs 26.720 million on account of consultancy services (Design & Supervision) to M/s The Architect out of contingency charges of the Project which is irregular. Furthermore, instead of getting a revised PC-I approved, ERRA management approved a new PC-I for consultancy charges only for AJ&K University, Chotta Gala Campus, Rawalakot.

The irregularity was caused due to poor contract management and weak internal controls.

When pointed out on 2<sup>nd</sup> October 2015 the management of ERRA replied that project was financed from the savings of Kuwait fund (loan No. 795). However, consultancy was not included in the list of goods from Kuwait funded loan agreement. Hence, payment of consultancy was made from the contingency of the project. Further payment for consultancy was not manageable from contingency and revision of PC-I could also not be taken up with ECNEC at this stage. Accordingly, a separate PC-I for the consultancy has been got approved in the project interest.

Reply of the ERRA management is not acceptable because consultancy should have been part of umbrella PC1 of AJ&K University Chotta Gala Campus, Rawalakot.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that Para should stand till regularization of payment.

Audit recommends that PC-I for consultancy be cancelled and the same may be made a part of the Umbrella / original project PC-I with the approval of ECNEC.

PDP-775 (ERRA HQ Dev. 2014-15)

#### **2.4.6 Non-closure of original PC-I and irregular approval of two new PC-Is - Rs 730.326 and Rs 196.050 million**

As per Para-3.33 of Guidelines for Project Management, the final stage of the project is its completion. The project is considered to be completed/ closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV.

As per prevailing delegation of powers, the power of Deputy Chairman to approve the projects, programs, schemes etc. is upto Rs 100 million while projects/ PC-I of exceeding 100 million are required to be approved by the ERRA Board.

A PC-I costing Rs 230.362 million for strengthening Monitoring and Evaluation (M&E) Wing was approved by ERRA Board to be implemented from October 2007. Subsequently the same PC-I was revised upto Rs 730.326 million and the extensions approved upto 30<sup>th</sup> October 2014. The aim and objectives of the project were the successful implementation of the sectoral strategies. The said PC-I is still operative.

The management of ERRA prepared following two new PC-Is with almost same aims and objectives in November 2014:

- (i) Project Supervision Team (Cost Rs 96.820 million to be implemented from 1<sup>st</sup> November 2014 to 30<sup>th</sup> October 2016)
- (ii) Project Monitoring Team (Cost Rs 99.236 million to be implemented from 1<sup>st</sup> November 2014 to 30<sup>th</sup> October 2016)

These two PC-Is were approved by the Deputy Chairman ERRA having the sanctioning power of Rs 100 million. The original PC-I was split up to avoid the approval of the higher authority (i.e.) ERRA Board. Further, Audit is of the view that

M&E expenditure should be a part of operational expenditure as it is an internal continuous management function of ERRA.

Audit reviewed the progress report of the M&E Wing which revealed that out of total 14,512 projects 9,815 projects were completed and handed over upto 30<sup>th</sup> October 2014 which is the 67.63% of the total projects, even after passing of ten years.

ERRA incurred expenditure Rs 35.12 million and Rs 17.76 million against PC-I “Project Monitoring Team” and PC-I “Project Supervision Team” (Total Rs 52.88 million) respectively during the financial year 2014-15.

Audit is of the view that after lapse of the ten years and huge increase in the cost, M&E Wing could not achieve its objectives. Instead of closing of the original PC-I, ERRA management got approved two PC-Is for the same purpose to avoid approval of the Board. The employees of the M&E have been accommodated in the PC1s of PST & PMT.

The matter was pointed out on 2<sup>nd</sup> October 2015. In their reply dated 16<sup>th</sup> November 2015 the management stated that Monitoring and Evaluation (M&E) Wing was established in October 2007 with its original PC-I of Rs 230.362 million. The required tasks of Monitoring and Evaluation were carried out with revision and extensions from time to time upto 30<sup>th</sup> October 2014. However, in the last quarter of the year 2014, the original task of monitoring and evaluation was modified to include the additional tasks of Supervisory Consultancy in the earthquake affected areas. Therefore two separate teams to look after the monitoring and evaluation on one side and Supervisory consultancy on the other. These two tasks were entirely different in nature and required establishment of two separate teams.

Reply of ERRA management is not acceptable because ERRA is doing operational expenditure out of development budget by making different PC1s.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that M&E expenditure should actually be made a part of ERRA operational expenditure and the expenditure be rationalized. It is also proposed



the cost benefit analysis of M&E Wing be conducted and expenditure be got regularized from the competent authority.

PDP-778 (ERRA HQ Dev. 2014-15)

#### 2.4.7 Irregular drawl of allowances / utility charges - Rs 43.943 million

The Cabinet Division vide memorandum No. 4-9/2013-Min-I dated 14<sup>th</sup> June 2013 de-linked the Public Affair Wing from the Prime Minister's Office and transferred it to the Parliament Affairs Division. The Cabinet Division vide letter No. 4-13/2005-Min-I dated 29<sup>th</sup> April 2014 clarified that ERRA has been 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 also 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.

Further, according to PC-1 titled "Establishment of SERRA and DRUs", the staff appointed on contract basis from open market shall draw lump sum pay package duly notified by Finance Division vide letter dated 18<sup>th</sup> August 2009 and the staff appointed through transfer (deputation) on full time basis will get pay in their own pay scales and allowances plus deputation allowance as admissible under rules.

The management of ERRA paid an amount of Rs 43.943 million as detailed below on account of allowances admissible only to PM Secretariat office i.e. PM Secretariat Allowance, Fuel Charges, Utility charges and Mobile subsidy:

S. No.	Particular	Name of Entity	PDP No.	Financial Year	Amount (Rs)
1	PM Secretariat Allowance	ERRA (HQ)	681	2014-15	33,299,713
2	Fuel allowance				5,442,177
3	Water Charges				158,999
4	Electricity Charges				2,453,789
5	Gas Charges				717,490
6	Mobile Subsidy				1,365,850
	<b>Total of ERRA (HQ)</b>				<b>43,438,018</b>
7	Mobile subsidy	DRU, Mzd	694	2014-15	106,158
8	Phone, Fax/Electronic Communication	SERRA, Mzd	748	2014-15	261,000
9	Mobile subsidy	SFD&KF, Mzd	626	2013-14	138,000
	<b>Grand Total (ERRA, SERRA, DRU, SFD&amp;KF)</b>				<b>43,943,176</b>

In the light of above mentioned clarification ERRA is not a part of PM Office, therefore the above mentioned allowance and utility charges are not admissible to ERRA employees.

Non-adherence of Government instructions resulted into inadmissible payment of Rs 43.943 million.

When pointed out, the management of ERRA vide its letter dated 28<sup>th</sup> October 2015 stated that the clarification provided by the Cabinet Division on 29<sup>th</sup> April 2014 as referred to audit observation, do not indicate any change in the status of ERRA, nor it relates to pay package of ERRA employees. The management of DRU, Muzaffarabad stated that the ERRA is an authority established under law / Act with a specific power through its governing body ERRA Board. The Mobile subsidy / card was sanctioned by the competent forum for the employees of ERRA. The payment on account of mobile subsidy / cards was sanctioned in favor of the employees of SERRA / DRUs by the competent authority vide order No. SERRA/ Admin/ 1422-32/ 2015 dated 4<sup>th</sup> March 2015.

The reply of the management is not acceptable because after the issuance of Cabinet Division letter dated 14<sup>th</sup> June 2013 and clarification made vide latter dated 29<sup>th</sup> April 2014, the status of ERRA has changed and ERRA is not a part of PM Secretariat. Therefore, the pay package admissible to the employees of PM Secretariat is not admissible to the employees of ERRA.

As regards grant of allowances / utility charges a case was referred to the Finance Division by Audit on 27<sup>th</sup> February 2015 for clarification whether after issuance of the clarification by the Cabinet Division, the employees of ERRA are entitled to draw the said privileges or not. The decision / clarification of Finance Division is still awaited.

The subject Para was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and was kept pending till response from the Finance Division.

Audit recommends that inadmissible payment made on this account may be stopped forthwith till clarification by the Finance Division.

**PDP-626 (SFD&KF, Mzd 2013-14), PDP-681(ERRA HQ Dev. 2014-15),  
694 (DRU, Mzd 2014-15), 748 (SERRA, Mzd 2014-15)**

#### **2.4.8 Overpayment to the contractor due to wrong application of rate by NESPAK - Rs 1.183 million**

The contract (BOQ) item No. 201 of Bill No. 2, is described as ‘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.’ The item No. 105 of Bill No. 1, is described as ‘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’.

ERRA / PMIU NBCDP paid 2,669.446 cu.m quantity of excavation for road way under trench excavation vide item No. 201 Bill No. 2 @ Rs 570 per cu.m vide IPC No. 65-75 whereas being a general excavation it was required to be paid under general excavation item No. 105 Bill No. 01 @ Rs 300 per cu.m.

Thus, due to application of wrong rate an amount of Rs 1.183 million {2,669.446 cu.m x Rs 270 (i.e. Rs 570 - Rs 300) + 9% } + price adjustment] was over paid to the contractor vide IPC No. 65-75.

The said issue was also taken up by Audit in Audit Report for 2013-14 but the practice is still continuing.

Weak contract management resulted into overpayment of Rs 1.183 million.

The matter was pointed out to the management on 16<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that responsibility may be fixed on the person(s) at fault for making overpayment by applying incorrect rates. Besides, overpaid sum may be recovered from the contractor.

**PDP-751 (NBCDP 2014-15)**

#### **2.4.9 Overpayment to the contractor due to non-deduction of cost of material obtained from site - Rs 7.070 million**

As per Technical Specification No. 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’.

In NBCDP, a Qty. of 1,942,735.40 cu.m soft material and 1,645,478.47.cu.m hard rock was obtained from the site up to IPC No. 75 during excavation.

The management of ERRA/ NBCDP paid a quantity of 1,606.8488 cu.m sand bedding under water supply pipes and sewerage pipes and 2,604 cu.m stone work up to IPC No. 65-75. According to Technical specifications the contractor should have used the material which was obtained from the site. Therefore, the material cost i.e. cost of sand and stone was required to be deducted from the IPC of the contractor which was not done. Due to non-deduction of cost of material an amount of Rs 7.070 million (cost of sand Rs 767,453 plus cost of stone Rs 6,302,408) was over paid to the contractor.

Weak contract management resulted into overpayment of Rs 7.070 million.

The said issue was also taken up by Audit in Audit Report for 2013-14 but the practice is still continuing.

The matter was pointed out to the management on 16<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that responsibility may be fixed on the person(s) at fault for making overpayment by non-deduction of cost of available material used by the contractor. Besides, overpaid sum may be recovered from the contractor.

PDP-752 (NBCDP 2014-15)

#### **2.4.10 Overpayment to the contractor due to excess measurement of width of streets and roads - Rs 18.338 million**

The contract of NBCDP gave specific direction for the width of streets and roads. As per cross section of streets and roads the width of Right of Way (ROW) of streets and roads are (12.2 m & 18.3 m) and 25 m respectively.

The management of ERRA / NBCDP paid stripping by taking excess width on streets and roads in Bill No. 1, item No. 104 @ Rs 125 plus 9% per Sq.m. Thus, due to taking of excess width of streets and roads an amount of Rs 18.338 million (streets Rs 13,274,195 plus roads Rs 5,063,507) was overpaid to the contractor on account of stripping as detailed in Annexure-II and Annexure-III.

Weak contract management and weak internal controls resulted into overpayment of Rs 18.338 million.

The matter was pointed out to the management on 16<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Matter may be investigated with a view to recover the overpaid amount and fix responsibility on the person(s) at fault.

PDP-753 (NBCDP 2014-15)

#### **2.4.11 Irregular payments without approval of PC-I (Rs 4,400.707 million) and payments in excess of BOQ - Rs 253.827 million**

As per Guidelines for Project management, Development projects are prepared on the approved format i.e. PC-I Proforma. It is mandatory that the projects of Infrastructure Sector and Production Sector costing Rs 300.00 million and above should undertake proper feasibility studies before the submission of PC-I. Development projects are approved by the different fora depending upon the cost of the project. The projects costing more than Rs 500 million (Now Rs 1,000 million) are recommended to ECNEC for approval. Once the project is approved by the competent forum, the sanction is issued by the Public Investment Authorization Section of Planning & Development Division. After issuance of sanction letter by the approving authority, the Ministry concerned issues administrative approval of the

project. The day, the administrative approval is issued the project implementation period starts.

As per Clause 52.3 of GCC “If there have been additions to or deductions from the Contract Price which taken together are in excess of 15 percent of the "Effective Contract Price" then and in such event after due consultation by the Engineer with the Employer and the Contractor, there shall be added to or deducted from the Contract Price such further sum as may be agreed between the Contractor and the Engineer or, failing agreement, determined by the Engineer having regard to the Contractor's Site and general overhead costs of the Contract. The Engineer shall notify the Contractor of any determination made under this Sub-Clause, with a copy to the Employer. Such sum shall be based only on the amount by which such additions or deductions shall be in excess of 15 percent of the “Effective Contract Price”.

A contract regarding Development Works – New Balakot Town was awarded to M/s Mumtaz Construction Company on 18<sup>th</sup> May 2007. The cost of the contract was Rs 2,432.615 million which was enhanced up to Rs 4,400.707 million vide amendment No. 01 and variation Order (V.O) No.1 to 4. The contract agreement was made between ERRA and M/s Mumtaz Construction Company on 25<sup>th</sup> June 2007. The Project was in progress till close of audit in October 2015. An amount of Rs 3,724.621 million (including Rs 1,500 million for purchase of land) has been expended for New Balakot City Development Project till June 2015. The PC-I as well as feasibility study of the project was not approved by the ECNEC so far. The total project cost was revised to Rs 4,400.707 million against which the physical progress was 50%.

During scrutiny of IPC-75, it was observed that an amount of Rs 253.827 million was paid to the contractor on account of execution of excess quantities over and above the quantities approved in BOQ as detailed in Annexure-IV and Annexure-V. In most cases, the quantity had gone many times more than the total approved quantity for each line item even though less than 50% work had been completed. The approval of VOs was also not provided to Audit.

Engineering estimates and BOQ were prepared by NESPAK keeping in view the actual scope of work. A huge amount on certain works which could not be forecasted either by consultant / department or contractor at the time of signing of contract makes the planning as well as payment doubtful.

The matter was pointed out on 16<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be taken up with ECNEC being the competent authority for approval of PC-I.

PDP-754 (NBCDP 2014-15)

#### **2.4.12 Double payment on account of stripping and hard fill - Rs 16.511 million**

Rule-10(i) of GFR states 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.

The management of ERRA / NBCDP measured and made payment of Rs 16.181 million of stripping in IPCs No. 70, 71 & 72 and Rs 0.963 million of hard fill in IPC No. 74. An examination / linking of previous IPCs revealed that the payment of stripping and hard fill was made on the same RDs where work was already done and paid in the previous IPCs as detailed at Annexure-VI.

Audit is of the view that payment of stripping and hard fill amounting to Rs 16.511 million on the RDs where the work was already done is doubtful.

Weak contract management and weak internal controls resulted into overpayment of Rs 16.511 million.

The matter was pointed out on 16<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that matter may be investigated and overpayment may be recovered from contractor besides fixing responsibility on the person(s) at fault.

PDP-758 (NBCDP 2014-15)

### 2.4.13 Loss due to time and cost overrun - Rs 3,724.621 million

The Umbrella PC-I of the NBCDP was approved by the CDWP/ECNEC. The Planning Commission supported the implementation of NBCD, being in line with the goals of MTFD (Medium Term Development Framework) and objective of the Vision 2030 for rural & urban development. The contract for the project contained completion time of 36 months upto July 2010.

The contract of New Balakot City Development Project (NBCDP) was awarded on 25<sup>th</sup> June 2007. After lapse of 9 years project is still incomplete. Inhabitants of Old Balakot City are still living in temporary settlements.

Up till March 2015, Government of Pakistan has provided Rs 3,724.621 million for New Balakot City Development. Details are as under:

Sr. No.	Activity Name	Amount (Rs)
1	Acquisition of land for NBCDP	1,500,000,000
2	Construction work	2,224,621,143
<b>Total</b>		<b>3,724,621,143</b>

Construction work was stopped many times during last 9 years. Presently only 20% of the land is in possession of ERRA against 100% payment. The project cost of civil work has doubled from 2.432 billion to 4.401 billion whereas less than 50% work has been done. Now construction work has been stopped from April 2015 as ERRA could not take possession of land from the locals. Some other high risk issues include:

1. Local riots against ERRA
2. Litigation
3. Expiry of performance and Bank guarantees of contractor
4. Non-availability of relevant contract staff.

Keeping in view of above scenario, there are chances of failure of project and expected loss of public money of Rs 3,724.621 million.

Ill planning, weak contract management and weak internal controls may lead to failure of the project and loss to the public exchequer.

The matter was pointed out on 16<sup>th</sup> October 2015 but no reply was received.



The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that action may be taken against the persons responsible for making payment without ensuring possession of land.

PDP-759 (NBCDP 2014-15)

#### **2.4.14 Undue benefit to the contractor due to unjustified increase in execution of higher value items – Rs 52.611 million**

As per Clause 10 of the Award Letter, “The contractor shall provide undertaking that he has clearly understood all the requirements for proper execution of works as per provisions of the bidding documents especially for items for which exceptionally low price has been quoted”.

Furthermore, as per technical specification 2231(2) for Rock Excavation, the engineer shall define the beginning and ending points of the areas classified as “Rock Excavation”. The Rock Excavation shall be classified as:

- a. Hard Rock**, any rock which cannot be removed with ripper of a 200HP Bulldozer and constitutes a firm and continuous bed of rock only.
- b. Soft Rock**, any rock which can be removed with the blade of 200 HP Bulldozer. This item will be termed as Soft Rock, irrespective of the fact that it is removed by blasting.

During scrutiny of record of New Balakot City Development Project, it was observed that management of ERRA measured and paid BOQ items 107, 108, 209, 210 up to IPC No. 64 as detailed below:

S. No.	Bill No.	BOQ Item No.	Description	Unit	BOQ Qty.	Executed Qty.	Rate (Rs )	Amount (Rs)	% execution of BOQ Item
A	B	C	D	E	F	G	H	I	G/F*100
IPC No. 64									
1	1	107	Formation of embankment/ filling with suitable common excavated material obtained from general excavation	Cu.m	2,200,000	1,450,207.233	0.01	14,508	34% less
2	1	108	Formation of embankment/ filling with suitable excavated rock material from general excavation	Cu.m	300,000	526,105.565	100	52,610,557	75.37% excess
3	2	209	Providing and laying grouted stone masonry	Cu.m	5200	18,807.976	2,600	48,900,738	262% excess
4	2	210	Providing and laying gabion	Cu.m	56,000	2,163	300	648,900	96.13% less

From the position given in table above, it is evident that the Items No.107 and 210 had a low per unit rate were executed 34% and 96.13 % less than the BOQ quantity respectively for items No.108 and 209 (226% and 262% excess) which had a higher per unit rate were billed at a higher quantity. Prima facie the main reason of huge difference of the execution is the difference of rate, which is against the true spirit of contract.

Also the amount paid for S. No. 2 of above table was overpaid due to incorrect application of BOQ item. Thus an amount of Rs 52.611 million was overpaid as cost of formation of embankment/ filling as the same was treated as rock instead of common material by the consultant.

The matter was pointed out on 9<sup>th</sup> February 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated at the appropriate level and responsibility be fixed.

PDP-647 & 649 (NBCDP 2013-14)

#### **2.4.15 Wastage of resources due to non-utilization of excavated resources / material for embankment - Rs 3.474 million**

According to clause 105.2.4 of Technical Specifications “any surplus material from excavation in Package-1 shall be tentatively deposited or disposed-off on any location in Package-II designated or directed by the engineer”.

A contract agreement was executed for the construction of West Bank Bypass Project (Package-I “Construction of bridge over river Jhelum at Nalochi, Muzaffarabad) between NHA and M/s GRC on 27<sup>th</sup> February 2009 at a total cost of Rs 1,382.076 million. A 2<sup>nd</sup> contract agreement was also executed for the construction of West Bank Bypass Project (Package-II “Road work”) between NHA and M/s FWO on 21<sup>st</sup> February 2009 at a total cost of Rs 451.607 million.

The management of NHA measured a quantity of 39,578.639 cu.m for material brought outside and considered for payment @ Rs 377.31 per cu.m with a total cost of Rs 14.933 million vide Bill No. 1.8 Item No. 108c IPC No. 11 of West Bank Bypass Project (Package-II).

An examination of the case revealed that 25,000 cu.m common material was available in Package-I. As a matter of fact the management of NHA was required to utilize the material obtained from Package-I first and then make good the deficiency of 14,578.639 cu.m material by bringing the same from outside for use in Embankment in Package-2. The existence of the said material is evident from Bill No. 1.6 Item No. 106c, IPC No. 24 of Package-I. So due to non-utilization / deduction of available material the contractor was overpaid to the extent of Rs 3.474 million i.e. {Rs 138.97 being the difference of rate of item No. 108c and 108a x 25,000 cu.m.} through Bill No. 1.8 Item No. 108c ‘Formation of Embankment from Barrow in Common Material’ in Package-2.

Weak contract management resulted into overpayment of Rs 3.474 million.

The matter was pointed out on 9<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the overpaid sum may be recovered from the concerned besides fixing the responsibility on the person(s) at fault under intimation to audit.

PDP-666 (NHA 2014-15)

#### **2.4.16 Overpayment to the contractor due to wrong application of rate - Rs 2.197 million**

As per clause 51.1 and 51.2 of GCC, if a work is not included in the BOQ, the engineer may make a variation order to do any additional work and instruct in writing to the contractor to do the same. As per clause 52.1, of the conditions of contract, all variations and any additions to the contract shall be valued at the rates and prices set out in the contract. 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 as the basis for valuation so far as may be reasonable, failing which, after due consultation by the Engineer with the Employer and the Contractor, suitable rates or prices shall be agreed upon between the Engineer and the contractor. In the event of disagreement the Engineer shall fix such rates or prices as are appropriate in his opinion and shall notify the Contractor accordingly, with a copy to the Employer.

A contract regarding construction of West Bank Bypass at Muzaffarabad City Package-1 (Construction of Nalochi Bridge at river Jhelum, Muzaffarabad) was awarded to M/s GRC at a total cost of Rs 1,382.076 million. While preparing Engineering Estimates and BOQ of above project, most crucial items of works like “Excavate Surplus Medium Rock Material” were not included in the Engineering Estimates. While executing the contract, payment of Rs 10.216 million for the said item of work was made on market rate whereas the same were available in NHA CSR 2011. This included an over payment of Rs 2.197 million as per the following calculation:

Item	Qty. (cu.m)	Rate applied (as Non BOQ item) Rs	Rate as per NHA CSR 2011 required to be applied (Item No. 106 d ii)	Over payment (C-D)
A	B	C	D	E (C-D)
Excavate Surplus Medium Rock Material	12,365.64	Rs 826.13 per Cu.m (Total Rs 10.216 million)	Rs 648.53 Per Cu.m. (Total Rs 8.019 million)	Rs 2.197 million

Weak contract management and weak internal controls resulted into overpayment of Rs 2.197 million.

The matter was pointed out on 9<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the overpaid sum of 2.196 million be recovered from the concerned.

PDP-667 (NHA 2014-15)

#### **2.4.17 Loss due to irregular retention of ERRAs assets by NHA - Rs 34.299 million (improper contract clauses)**

Rule-10(i) of GFR states 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.

According to clause 708.1 of Technical Specifications the Contractor shall procure, furnish and maintain new vehicles until the issue of final Taking over certificate, and after that, hand over to the Employer. As per clause 702.1 and 702.3 of Tech. Specifications the Contractor shall provide office and residential facilities for the Engineer and his staff and Employer's representative for both Contracts Package-1 and Package-2.

A contract regarding Construction of West Bank Bypass at Muzaffarabad City Package-1(Construction of Nalochi Bridge at River Jhelum, Muzaffarabad) was awarded to M/s GRC at a total cost of Rs 1,382.076 million.

National Highway Authority (NHA) being the executing agency of the Deposit Work of ERRAs, entered into contracts of West Bank Bypass (WBBP)

Package-I and II Muzaffarabad with M/s GRC (the Contractor) and NESPAK (the Engineer).

The management paid an amount of Rs 34.299 million to the contractor on account of purchase of 8 Nos. of vehicles, furniture/ fixture and equipment as detailed below:

Bill #	Item #	Description	Unit	Qty.	Rate (Rs)	Paid Up to IPC # 25 (Rs)
7.8	Sp702b1	Furniture and Equipment Facilities for the Engineer's site office	LS		537,500	510,625
7.9	Sp702b2	Furniture and Equipment Facilities for the Employer's site office	L.S		350,000	350,000
7.22		Provision of Engineer's Vehicles				0
		Toyota D/Cabin	No.	03	4,342,614	13,027,842
		Toyota Corolla GLI	No.	01	1,935,551	1,935,551
		Toyota Corolla GLI (VO # 02)	No.	01	2,024,054	2,024,054
		Toyota Single Cabin (4x2)	No.	02	1,963,539	3,927,078
		Hyundai Shezore Pick up	No.	01	1,251,863	1,251,863
7.23	Sp708a2	Provision of Employer's Vehicles				0
		Toyota Parado 4WD	No.	01	11,271,679	11,271,679
<b>Total</b>						<b>34,298,692</b>

Both the Packages were completed on 13<sup>th</sup> August 2014 (Package-1) and 31<sup>st</sup> August 2014 (Package-2) respectively, the Defect Liability Period was also completed on 13<sup>th</sup> August 2015 and 31<sup>st</sup> August 2015 respectively. The above furniture / fixture, equipment and vehicles were required to be handed over to the employer. The assets have still not been handed over to ERRA.

Weak contract and asset management may result into loss of Rs 34.299 million.

The matter was pointed out on 9<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit suggests that the assets of Rs 34.299 million purchased from the project may be surrendered to ERRA forthwith under intimation to audit.

PDP-668 (NHA 2014-15)

## **Performance**

### **2.4.18 Delay in the implementation of project due to mismanagement - Rs 495.757 million**

As per PC-I "Promotion of Rain Water Harvesting (RWH) in Earthquake Affected Areas" the period for implementation of the project was 12 months from August 2009 to July 2010.

GFR-10(1) 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.

ERRA launched a project "Promotion of Rain Water Harvesting in earthquake affected areas of NWFP & AJK". A PC-I was prepared at a cost of Rs 495.757 million to overcome the water scarcity problems in earthquake affected areas. The period of implementation of the project was 12 months from August 2009 to July 2010. Audit observed that instead of completing the project in July 2010, time extensions were given as detailed below:

<b>S. No.</b>	<b>Proposed completion date</b>	<b>Approved extension</b>	<b>Current status</b>
1	July 2010	30 June 2011	Still not completed
2	July 2011	31 December 2011	
3	January 2012	30 June 2012	
4	July 2012	December 2012	
5	January 2013	28 February 2013	
6	1st March 2013	31st March 2013	
7	April 2013	31st December 2013	
8	January 2014	30th June 2014	
9	July 2014	October, 2014	
10	November, 2014	March, 2015	
11	April, 2015	September 2015	

The updated year wise and head wise expenditure statement and progress reports of RWH Project were demanded to ascertain the actual physical and financial progress but the same were not provided.

Audit is of the view that the project is non-operative as no progress has been made even after five years neither the project cost nor scope has been changed, even

though there is an annual inflation of 10%. The physical progress reports were not available.

The matter was pointed out on 2<sup>nd</sup> October 2015. In their reply dated 16<sup>th</sup> November 2015 the management stated that delay on the matter has already been regularized through time extension granted by the competent authority.

The reply of the management is not acceptable. The Project is still not complete after passage of five years. Repeated extensions show lack of vigilance on the part of the management. The community of earthquake affected areas was deprived of the intended benefits of the project due to inordinate delay.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the work may be completed at the earliest and detailed verification regarding effectiveness and performance of the project may be conducted by the Internal Audit under intimation to External Audit.

PDP-772 (ERRA HQ Dev. 2014-15)

### **Internal Control Weaknesses**

#### **2.4.19 Loss to Government due to payment of demurrage charges - Rs 3.586 million**

As per 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 project for the construction of prefabricated sandwich panel schools & houses was launched with the grant of Saudi Public Assistance for Pakistan Earthquake Victims (SPAPEV) in 2006. The material for the construction was imported from China, South Korea etc. As per agreement the duty / custom was to be paid by ERRA. Due to delayed payments of custom duty by ERRA, demurrage cost was paid by the contractor. SPAPEV submitted two requests dated 14<sup>th</sup> March 2014 and 9<sup>th</sup> June 2014 to ERRA for reimbursement of Rs 1.316 million and Rs 2.004 million respectively to the contractor against payment of demurrages. ERRA made payment of Rs 3.586 million (Rs 3,320,429 + Rs 265,634 vide CB No. 337 dated



27<sup>th</sup> October 2014 and CB No. 351 dated 29<sup>th</sup> October 2014) to M/s United Business System on account of reimbursement of demurrage/ late clearing charges for material of prefab houses of Bagh.

Audit is of the view that payment of Rs 3.586 million as demurrage/ late clearing charges is a loss to the Government due to negligence on the part of ERRA.

The matter was pointed out to the management on 2<sup>nd</sup> October 2015. In their reply dated 17<sup>th</sup> November 2015 it was stated that custom duty of imported material was paid by ERRA after the release of consignment from KPT on NOC being provided by ERRA to the donor. After the introduction of online clearance of consignment procedure (WeBOC) in 2013, the request of ERRA (NOC) and donor's process for clearance of consignment at Karachi Port (KPT) was rejected. The donor informed ERRA about procedure being adopted by the Government vide letter dated 13<sup>th</sup> December 2013. A lot of requests were made to the port authorities and to open a WeBOC account but to no avail. Finally, it was decided to pay demurrage charges in the public interest as one time measure and in future the donor will be responsible for all custom duties/ tariff on imported material. Accordingly, the payment of demurrage charges was made on 27<sup>th</sup> October 2014.

The reply is not convincing. The WeBOC was introduced in December 2011 and January 2012 in Karachi International Container Terminal (KICT) and Pakistan International Container Terminal (PICT) respectively whereas the above consignment was arrived at Karachi port in December 2013. Timely action was required to be taken for opening the account which was not done. Further, due to taking late decision, the demurrage charges increased to Rs 3.586 million.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that an inquiry may be conducted.

Audit recommends that the matter may be investigated as decided by the DAC with a view to fix responsibility on person(s) at fault. Besides, the loss may be made good from the person(s) held responsible.

**PDP-763 (ERRA HQ Dev. 2014-15)**

#### **2.4.20 Irregular expenditure on account of repair of transport - Rs 7.764 million**

According to Rule-9 of PPRA, 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 15(1) of PPRA, a procuring agency, may engage in pre-qualification of bidders in case of services 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 20-21 of PPRA, 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. Further, as per S. No. 27 of delegation of powers the DG (A&P) is competent to approve the expenditure on 'Services Rendered' up to Rs 50,000.

ERRA incurred an Expenditure of Rs 11.002 million on account of repair of transport. Out of this, procurement of Rs 7.764 million was made without any competition / quotation / advertisement in print as well as electronic media. Further purchases were made from non-registered firms and payments were made in cash through DDO. Detail is as under:

Month	Expenditure (repair of transport)	Cheque issued to vendor	Cheque issued in the name of DDO
July 2014	203,450	0	203,450
August 2014	254,160	0	254,160
September 2014	547,327	0	547,327
October 2014	484,434	33,940	450,494
November 2014	608,476	44,000	564,476
December 2014	488,555	0	488,555
January 2015	441,705	0	441,705
February 2015	535,715	70,400	465,315
March 2015	1,706,888	1,460,093	246,795
April 2015	747,500	92,000	655,500
May 2015	974,670	0	974,670
June 2015	4,009,117	1,538,018	2,471,099
<b>Total</b>	<b>11,001,997</b>	<b>3,238,451</b>	<b>7,763,546</b>

When pointed out, the management vide its letter dated 4<sup>th</sup> December 2015 stated that payment pertains to petty purchases and all codal formalities were fulfilled.

The reply is not acceptable because payments were made in cash through DDO pertaining to huge amounts as evident from the table mentioned above.

In the DAC meeting held on 15<sup>th</sup> January 2016 it was decided that the Para stands.

Audit recommends that the matter be investigated with a view of fixing responsibility on the person(s) at fault and relevant control procedures be implemented.

**PDP-692 (ERRA HQ Non Dev. 2014-15)**

## ***Chapter-3***

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

#### **3.1 Introduction of the Agency**

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

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

#### **3.2 AUDIT PARAS**

##### **Fraud / Misappropriations**

##### **3.2.1 Fraudulent payment against an un-executed item - Rs 1.094 million**

According to Para 23 of GFR Vol-I 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.

According to Clause 56.1 of Conditions of Contract, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the values of the Works and Clause 57.1 states that the works shall be measured net, notwithstanding any general or local custom, except where otherwise provided for in the contract.

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 an amount of Rs 29.902 million to M/s Umar Khatab for reconstruction of GHS Garhi Hassan Zai in Kala Dhaka. IPCs and MB revealed that the item (D-B1) of work “Site clearance from debris, shrubs, cutting of trees, with removal of stumps and roots, levelling and dressing including excavation upto 6” depth and making the site ready for construction” was paid for 6,422 sft without measurement i.e. MB No. 31-RC relevant pages 7, 11, 15, 35, 53, 66, 75 & 95 do not show any such entry. The only measurement made was for 1,950 sft (65 x 30) at page 11. A quantity of 2,800 sft was shown measured in MB for payment through IPC No.1 but no such item was found in that IPC. Similarly in the IPC a quantity of 1,672 sft was shown recorded at page No. 7 of MB but in MB no such entry was available.

Audit holds that when the work was actually not carried out at site and not recorded in MB, misleading statement in the IPC depicts fraudulent payment of Rs 1.094 million (2,800 sft + 1,672 sft = 5,472 sft x Rs 200). Collusion between Deputy Director Reconstruction office and the contractor was quite evident.

Poor contract management and weak internal controls resulted into fraudulent payment of Rs 1.094 million.

The issue was pointed out during October 2015. The department replied that payment was made for measurement recorded at page 11 and 89 of MB No. 31-R inclusive of quantities taken in IPC No. 1.

Reply is not acceptable because neither the item was recorded in MB nor paid in IPC No. 1.

DAC in its meeting held on 14<sup>th</sup> January 2016 directed that inquiry may be conducted.

Fraudulent payment may be investigated for taking proper action against responsible persons and recovery be made under intimation to audit.

**PDP # 59, (Para # 16, DDR-Man, 2014-15)**

## **Irregularities & Non Compliance**

### **3.2.2 Loss due to non-forfeiture of performance guarantees - Rs 7.817 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 Abbottabad terminated four contracts while Deputy Director Reconstruction Kohistan terminated two contracts due to poor performance of contractors. The performance guarantees of these contractors were required to be forfeited which was not done and resulted into loss of Rs 7.817 million to Government exchequer. The detail is provided as below:

**(Rs in million)**

<b>Package No.</b>	<b>Name of contactor</b>	<b>Date of award</b>	<b>Contract Cost</b>	<b>Performance guarantee expired on</b>	<b>Amount of performance guarantee</b>	<b>Date of termination of contract</b>
19	M/s Khan Muhammad Khan	04.07.2007	13.673	31.12.2010	1.400	24.11.2011
15-C	M/s Saleh Ejaz & Co.	29.02.2008	19.131	10.03.2012	1.913	09.03.2010
14	M/s Perfect Builders	17.11.2007	8.548	20.11.2009	0.855	09.03.2010
91	M/s Saifullah Umar Khel Construction	10.02.2009	5.333	01.03.2012	1.067	10.11.2011
H-27	M/s Munawar Shah & Brothers	20.06.2009	25.820	21.06.2010	2.582	31.03.2010
					<b>7.817</b>	

Audit holds that loss of Rs 7.817 million represents mis-management and weak internal on the part of concerned officials.

The irregularity was reported to the management on 19<sup>th</sup> November 2015 but reply of PDP No. 38 was not received from Deputy Director Reconstruction Kohistan.

DAC meeting was held on 14<sup>th</sup> January 2016 wherein it was decided that losses may be written off from the competent authority.

Audit recommends that matter may be investigated and those responsible may be proceeded against besides recovery of losses may be made or the action decided by DAC be taken under intimation to audit.

PDP # 1, 8, 38 (Para No. 01, 15, 17& 19, DDR Atd, Para # 01 DDR Koh 2014-15)

### 3.2.3 Loss due to non-recovery of secured advance and non-encashment of performance guarantee - Rs 2.505 million

Clause 60.11 (b) of the bidding document of ERRA provided that secured advance shall be made / affected from the monthly payments on actual consumption basis.

In office of the Deputy Director Reconstruction Abbottabad, the work orders for construction of school packages were awarded to contractors to be completed within one year. The contractors were granted secured advance of Rs 2.30 million against which an amount of Rs 1.265 million was still outstanding upto June 2015 despite the fact that a period of more than six years had lapsed. The detail is given as under:

S. #	Pkg. #	Name of Project	Name of construction Co.	Date of award	Cost of award (Rs in million)	Secured advance granted (Rs)	Secured advance Recovered (Rs)	Balance secured advance yet to be recovered (Rs)	Physical progress (%age)
1	97	GPS Shaheedabad	M/s Saifullah Umer Khel Construction Company	10.02.2009	6.198	294,000	139,020	154,980	35%
2	H-39	BHU Pattan	M/s Gulzar Khan & Co.	06.04.2009		1745100	895,590	849,510	48%
3	91	GGPS Raily	M/s Saifullah Umer Khel Construction Company	10.02.2009	5.333	260,639	0	260,639	
						<b>2,299,739</b>	<b>1,034,610</b>	<b>1,265,129</b>	

Audit observed that the project at S. No. 1 was recommended for termination but Deputy Director Reconstruction requested Chief Engineer to withhold the decision because of commitment made by contractor for restarting the work as mentioned in progress report 2015. In spite of the commitments made by the contractor the work was not started, due to default at the part of the contractor ERRA was required to forfeit the performance guarantee of the defaulting contractor and

work out and recover risk & cost charges. Instead ERRA allowed the performance guarantee of Rs 1.240 million to expire on 2<sup>nd</sup> March 2011.

Audit holds that total sum of Rs 2.505 million (Rs 1.265 million secured advance + Rs 1.240 million of performance guarantee) was recoverable but the department took no action for the purpose.

Weak administrative control and poor contract management resulted into loss of Rs 2.505 million.

The irregularity was reported to the management on 19<sup>th</sup> November 2015. The department replied that the secured advance will be recovered from the liability and retention money of the contractor but no recovery has been affected so far.

DAC meeting was held on 14<sup>th</sup> January 2016 wherein it was decided that recovery pointed out by audit may be made.

The recovery of secured advance and the performance guarantee may be made and deposited into Government treasury under intimation to audit.

PDP # 7, (Para No. 12, 14 DDR Atd 2014-15)

### **3.2.4 Overpayment due to non-deduction of useable material - Rs 20.390 million**

According to note No.1 of BOQ, the suitable rock material from recovery excavation shall be used in most effective manner in construction of embankment, widening of road of any sort, granular sub base, aggregate base course, water bound macadam, back filling round behind the structure, stone masonry of culverts, retaining walls, Breast walls etc. and other work included in the project.

The Deputy Director Reconstruction Shangla and PMIU SFD / IDB made payment against various contracts wherein excavated material / rock was available but the same was not used in other items of work. An excess payment of Rs 20.390 million made by these organizations is detailed below:

- i. Package No. 8-B of Yakhtangi-Puran-Marttong Road (24.689 Kms) was awarded to M/s Shaukat Khan & Co. for Rs 619 million with completion period of 730 days. An amount of Rs 3.873 million against item No. 108 (bii)



for a quantity of 7,417 cu.m @ Rs 522.16 for formation of embankment from roadway excavation was paid. The available medium rock of 92,583 cu.m quantity was required to be used but no such utilization was made by the contractor which resulted into loss of Rs 3.873 million to Government exchequer.

- ii. PMIU (IDB / SFD) Abbottabad awarded the work for construction of Chakaisar to Martung Road to Raja Sabir Khan & Co. for bid cost of Rs 143.70 million. IPC No. 9 revealed that the contractor excavated quantity of 66,073.47 cu.m of rock. However, no further utilization of excavated quantity in Water Bound Macadam (WBM) of 9,870 cu.m or the stone masonry of 4,399 cu.m was made. If 50% of excavated (Rock) is considered to be usable than an amount of Rs 16.518 million was required to be deducted from contractor i.e.  $(66,073.47 \times 50\% = 33,037 \text{ cu.m} \times \text{Rs } 500 = \text{Rs } 16,518,368)$ . Such action clearly speaks the undue favor to contractor and loss to Government through excess payment of Rs 16.518 million.

Thus total overpayment of Rs 20.390 million (Rs 3.872 million + Rs 16.518 million) was made for non-utilization of available material by the above organizations.

Weak contract management resulted into overpayment of Rs 20.390 million to the contractors.

The matter was communicated to the department on 19<sup>th</sup> November 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

It is recommended that overpayment on account of non-utilization of available material may be investigated to fix responsibility and recovery be made under intimation to audit.

**PDP # 16 & 107 (Para No 04, DDR Shangla, Para 25 PMIU Atd, 2014-15)**

### 3.2.5 Loss due to defective work - Rs 26.657 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 errors and 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 work of Danna Nural Road was awarded to M/s Sardar Muhammad Sadiq & Sons on 24<sup>th</sup> November 2008 for a cost of Rs 32.963 million with completion period of two years. The progress of the project on 30<sup>th</sup> June 2015 was 87%. Similarly the work order of Dewal Manal Road was awarded to M/s HESPAK on 24<sup>th</sup> November 2008 for a cost of Rs 55.662 million with completion period of two years. The progress of the road was also 87% on 30<sup>th</sup> June 2015.

These roads were damaged due to defective work of contractors and weak supervision of NESPAK consultant / the ERRA authorities. However damage assessment report of Rs 26.657 million (Rs 24.071 million + Rs 2.586 million respectively) was prepared by NESPAK on 3<sup>rd</sup> September 2014 which disclosed that damages (detailed below) caused due to overloading on dumpers which carried mines on these roads:

Bill No.	Description	Danna Nural Road (Rs)	Dewal Manal Road (Rs)
2	Sub base course	1,110,836	1,837,794
3	Surfacing	14,214,660	513,380
5	Structure culvert	6,384,253.65	0
6	Price adjustment	2,360,778	235,117
		24,070,527.65	2,586,291
	<b>Total</b>	<b>24,070,526</b>	<b>2,586,291</b>

The Deputy Director Reconstruction office Abbottabad addressed a letter to Assistant Director Mines Abbottabad on 10<sup>th</sup> November 2014 to restore the damages as per specification or transfer the requisite amount to his office to execute the work but with no progress till completion of this report.

Site visit of these two roads during audit was requested to the management vide requisition No. 4 dated 21<sup>st</sup> September 2015 and number of verbal requests but the site visit of these roads was not arranged.

Weak contract management and weak/ineffective supervision by the consultant led to defects in the roads and loss to the State.

The matter was also communicated to the department on 19<sup>th</sup> November 2015. The department replied that the case is under trial in court.

DAC directed to provide decision of court to all concerned.

The decision of court may be provided to audit.

PDP # 13, (Para No.28 DDR Atd 2014-15)

### 3.2.6 Loss due to non-recovery of secured advance - Rs 7.420 million

As per clause 60-11(a & b) of contract agreement, the contractor shall be entitled to receive from the employer secured advance against an indemnity bond acceptable to employer as engineer may consider proper in respect of such non-perishable materials brought on site and are directed by engineer. The amount of secured advance shall not exceed 75% cost of material (Ex-factory or market price). Recovery of secured advance shall be made/affected from the monthly payments or on actual consumption basis.

Deputy Director Reconstruction Shangla granted secured advance during 2008 & 2009 in certain contracts but required recovery was not made. Such advances are briefed as below:

Package	Contractor	Secured advance (Rs)				Progress of work on 06/2015
		Granted	Dated	Recovered	Outstanding	
Police Post Yakhtangi	M/s Umer Rehman & Co.	525,000	17.11.2009	197,000	328,000	36%
Police Post Olander	M/s AM & Co.	675,000	22.10.2009	337,500	337,500	18%
No. H-01, Tehsil HQ Building	M/s Fazal Karim & Co.	9,955,380	19.08.2009	4,233,000	5,722,380	72%
Package V-B (construction of 04 schools)	M/s Amin & Co.	3,985,493	06/2008	2,953,241	1,032,252	--
<b>Total</b>					<b>7,420,132</b>	

Audit is of the view that non-recovery of secured advance of Rs 7.420 million and non-completion of the projects is negligence on the part of management and consultant.

The matter was pointed out on 19<sup>th</sup> November 2015. It was replied that the amount of Rs 525,000 had been recovered while the remaining amount would be recovered.

DAC meeting was held on 14<sup>th</sup> January 2016 wherein it was directed that outstanding amount may be recovered.

Audit recommends that non-recovery of Secured Advance of Rs 6.895 million may be investigated to fix responsibility and amount be recovered immediately. Arrangements for completion of projects may also be made under intimation to audit.

PDP # 20 (Para No. 10, 13, 14, 19 DDR Shangla 2014-15)

### **3.2.7 Unjustified payment due to use of substandard steel structure in construction of 37 LGSS school buildings - Rs 67.841 million**

According to section 9 of Special Provisions of contract “all structural framing components shall conform to ASTM A-653 or equivalent hot dipped galvanized (G90 coating, complying with ASTM C955 and ASTM A653) with thickness and grade as required by structural design calculations (Minimum yield strength 550 MPa).

Contrary to above, Deputy Director Reconstruction (DDR PERRA) Battagram paid an amount of Rs 67.841 million (30,286.45 sft x Rs 2,240) to M/s Urfan Khan & Co. for construction of 37 Light Gauge Steel Structure (LGSS) school buildings on account of steel structure upto 30<sup>th</sup> June 2015 vide IPC No. 16. The yield strength of steel test report from Heavy Mechanical Complex Taxila showed that no component i.e. tracks, kingsted, digalncord and hat shape could achieve the yield strength of 550 MPa as provided in specification of work. The maximum MPa yield strength was 470 of tested components while minimum yield strength observed was 385 MPa far below the requisite yield requirement of 550 MPa. It transpired that steel of below specification having less yield strength than specified was used which resulted into unjustified payment of Rs 67.841 million.

The issue was pointed out during November 2015 and it was replied that payment for lesser yield strength equal to 340 MPa was made on contractor’s submitted design.

Reply is not tenable because payment was required to be made as per contractual requirements.

DAC meeting was held on 14<sup>th</sup> January 2016 and it was decided to provide approval of change of specification. No such approval regarding change of specification was furnished.

Audit recommends that unjustified payment due to use of substandard steel structure may be investigated with a view to fix responsibility on the persons at fault and recover loss caused to the exchequer.

PDP # 28, (Para # 01, DDR-BTG, 2014-15)

### **3.2.8 Wasteful expenditure and undue favor to contractor - Rs 17.110 million**

According to clause 63.1 of Condition of Contract, the Employer may, after giving 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, and may himself complete the Works or may employ any other contractor to complete the Works. The Employer or such other contractor may use for such completion so much of the Contractor's Equipment, Temporary Works and materials as he or they may think proper.

As per clause-63.3 of GCC, if the employer terminates the contractor's employment, he shall not be liable to pay to the contractor any further amount until the expiration of the defect liability period and thereafter until the cost of execution, completion and remedying of any defects, damages for delay in completion (if any) and all other expenses incurred by the employer have been ascertained and the amount thereof certified by the Engineer. The contractor shall then be entitled to receive only such sum (if any) as the Engineer may certify would have been payable to him upon due completion by him after deducting the said amount. If such amount exceeds the sum which would have been payable to the contractor on due completion by him, then the contractor shall, upon demand, pay to the Employer the amount of such excess and it shall be deemed a debt due by the contractor to the employer and shall be recoverable accordingly.

As per clause-64.1 of GCC, if in the opinion of the Engineer, any remedial or other work is urgently necessary for the safety of the works and the contractor is unable or unwilling at once to do such work, the employer shall be entitled to employ and pay other persons to carry out such work as the Engineer may consider necessary. If the work or repair so done by the employer is work which the contractor was liable to do at his own cost under the contract, then all costs consequent thereon or identical thereto shall be determined by the Engineer and shall be recoverable from the contractor and may be deducted by the employer from any monies due or to become due to the contractor.

Deputy Director Reconstruction (PERRA) Battagram terminated education package No. 43-A while package No. 51-A, KFW 1 and 4 were recommended for termination where expenditure of Rs 2.280 million had already incurred.

Likewise Reconstruction (PERRA) Mansehra awarded the contract for construction of 29 Light Gauge Steel Structure (LGSS) school buildings to M/s Chughatta Metecno (JV) on 26<sup>th</sup> April 2010 for bid cost of Rs 167.167 million. The contractor failed to complete a single school out of 29 after lapse of five years. The contract was recommended for termination on 10<sup>th</sup> June 2015 after incurrence of expenditure of Rs 14.830 million.

Audit holds that an amount of Rs 17.110 million (Rs 2.280 million + Rs 14.830 million) for the works already executed / expenditure incurred has gone waste. Thus undue favor was extended to contractors by taking no punitive action like imposition of LD or termination and re-award of contract at risk & cost of defaulting contractor. All the authorities i.e. the NESPAK, the Deputy Director Reconstruction Battagram and Mansehra, the PERRA and ERRA HQs officials ignored the matter which was negligence on their part.

The issue was pointed out during October and November 2015. No reply was received from Deputy Director Reconstruction, Battagram while the Deputy Director Reconstruction, Mansehra replied that the Engineer has recommended termination of the contract due to default of contractor. The work will be completed as per contract clause 45.2. However no further progress was intimated till completion of this report.

DAC meeting was held on 14<sup>th</sup> January 2016 but this Para was not considered due to non-submission of reply.

Audit recommends that the work may be completed at the risk & cost of the defaulting contractors at the earliest. Wasteful expenditure and undue favor to contractor may be investigated to fix responsibility of department as well as the NESPAK under intimation to audit.

PDP # 36 & 56 (Para # 17, DDR-BTG, Para # 12, DDR-Man 2014-15)

### **3.2.9 Extraneous expenditure on the boundary wall- Rs 2.028 million**

According to Para 23 of GFR Vol-I 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. Further Para 96 states that money should not be spent hastily or in ill-considered manner just because it is available.

Deputy Director Reconstruction, Battagram awarded contract for construction of six judicial buildings to M/s Urfan Khan & Co. for bid cost of Rs 51.548 million on 23<sup>rd</sup> December 2008. Contract was to be completed by 22<sup>nd</sup> December 2009.

During site visit of the scheme, it was observed that additional boundary wall (133 Rft) was constructed one foot apart from existing boundary wall near main gate of the building. Another huge retaining wall (92 Rft) and boundary wall thereupon was constructed on the left side of court building at entrance point. Both these boundary / retaining walls were not required. This was also noticed by the end user while the Assistant Director (Technical), Government of KP, P&D Department (DG M&E) vide his letter No. P&D/M&E/C-42/2013-14/2461 dated 24<sup>th</sup> October 2014 also made similar comments on these walls.

Audit is of the view that construction of unnecessary boundary and retaining walls resulted into wasteful expenditure of Rs 2.028 million {Rs 274,947 cost of boundary wall worked out by audit (Annexure-VII) + Rs 1,752,914 cost of retaining wall} which occurred due to negligence of the department as well as the consultant.

The issue was pointed out during November 2015. It was replied the boundary wall and retaining wall were provided for protection of slope.

The reply is not acceptable as there was no provision in the scope of work for the constructing of additional wall.

DAC meeting was held on 14<sup>th</sup> January 2016 and it was decided that inquiry may be conducted in the matter.

Investigation may be carried out for construction of unnecessary walls which stood one foot apart from existing wall causing undue financial burden to the Government.

PDP # 32, (Para # 12, DDR-BTG, 2014-15)

### **3.2.10 Irregular payment on account of defective drawing and design - Rs 4.295 million**

According to Clause 56.1 of Conditions of Contract, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the values of the Works and Clause 57.1 states that the works shall be measured net, notwithstanding any general or local custom, except where otherwise provided for in the contract.

As per Para 209 (d) of CPWA code, as all payments for work are based on the quantities recorded in the measurement book, it is incumbent upon the person taking measurement to record the quantities clearly and accurately.

Deputy Director Reconstruction Battagram made contract for construction of BHU Nelishang (Package No. H-17) with M/s Kuza Banda Trand Construction Co. for bid cost of Rs 27.275 million on 24<sup>th</sup> November 2009. Completion date was given as 8<sup>th</sup> December 2010. The contractor was paid Rs 16.120 million vide IPC No. 11 dated 22<sup>nd</sup> August 2014.

The record revealed that payments were made for the following items in violation of drawing / contractual clauses:

Contract	Item	BOQ Rate (Rs)	Paid rate (Rs)	Qty. in BOQ (Rft)	Qty. paid in IPC No.11 (Rft)	Increase	Excess payment (BOQ – payment) Rs
BHU Nelishang (Package No. H-17)	Retaining wall	12,120	12,120	100	407.66	307 %	3,728,839
-do-	Boundary wall	2,100	559 to 2375	540	855.41	58 %	566,285
<b>Total</b>							<b>4,295,124</b>



Audit observed that the drawing for the retaining wall and boundary wall indicate different area while IPC No. 11 showed different area for these items e.g. section EE & FF was shown as 105.75 ft. in IPC against 82.75 ft. in drawing.

This resulted into irregular payment of Rs 4.295 million on account of construction of retaining and boundary wall by abnormal increase / decrease and without measurement.

The issue was pointed out during November 2015. It was replied that boundary walls and retaining walls were constructed as per site requirements and no overpayment was made.

The reply is not acceptable because the work was carried out against the drawings / contract requirements. Moreover the consultant cannot be absolved of his responsibility of authorizing payment against unapproved work.

DAC meeting was held on 14<sup>th</sup> January 2016 wherein it was directed that actual expenditure based on the contract cost and approved / accepted work may be calculated and action be taken accordingly.

Audit recommends that matter may be investigated to determine the responsibility of both the management and consultant besides recovery of excess payment under intimation to audit.

PDP # 33, (Para # 14, DDR-BTG, 2014-15)

### **3.2.11 Less deduction of retention money against contracts having expired performance guarantees - Rs 18.834 million**

According to ERRA Letter No. 1.1/P-II/CMC/ERRA dated 24<sup>th</sup> September 2014, the modus operandi of deduction of retention money in lieu of performance guarantee was decided as:

- a. 5% retention money will be deducted as per procedure in vogue,
- b. 5% additional retention money will be deducted in lieu of performance guarantee as follow:
  - i. 5% of paid IPC to be deducted from running bill.
  - ii. 5% of contract bill to be deducted till completion of the project.

Deputy Director Reconstruction (PERRA) Battagram made payments of Rs 46.00 million to 29 contractors during 2014-15. The performance guarantees of 13 contractors out of 29 were found expired. The management was required to deduct 5% additional retention money vide letter referred above which was not done. Hence undue favor was extended to these contractors by making no deduction of retention money for Rs 18.834 million. The detail is given in Annexure-VIII.

Audit is of the view that Government interest was not safeguarded due to careless attitude of the management.

The issue was pointed out during November 2015. It was replied that in some cases recovery has been made.

The reply is not convincing as neither the performance guarantee of the defaulting contractors was renewed / encashed nor was the additional retention money as per policy issued by ERRA retrenched from the IPCs.

DAC meeting was held on 14<sup>th</sup> January 2016. The DAC directed that recoveries be made and shown to Audit.

The matter may be investigated and Government dues be recovered under intimation to Audit.

PDP # 37, (Para # 18, DDR-BTG, 2014-15)

### **3.2.12 Undue favor and loss due to non-recovery of liquidated damages - Rs 9.515 million**

As per clause 47.1 of Special Condition of Contract “Amount of LD 0.1 % of contract price of each day of delay in completion of works subject to a maximum of 10% of contracts price”.

According to Para 65 of CPWD Code, when the expenditure upon a work exceeds, or is found likely to exceed, the amount administratively approved for it by more than 10 percent, or the limit prescribed in paragraphs 60 and 61, whichever is less, a revised administrative approval must be obtained from the authority competent to approve the cost, as so enhanced.

The work order for construction of BHU Karang was awarded to M/s Munawar Shah & Brothers for cost of Rs 31.409 million on 20<sup>th</sup> June 2009 with one year period of completion. The following short-comings were observed:

- i. The competent authority provided Administrative Approval for a cost of Rs 22.162 million on 30<sup>th</sup> May 2009 whereas the contract was awarded for Rs 31.409 million on 2<sup>nd</sup> July 2009 which shows 41.72% increase against the administrative approval.
- ii. Technical Sanction was not granted by competent authority.
- iii. Contractor failed to complete the work in time while the progress was only 19% on 30<sup>th</sup> June 2015. The progress report showed that the expenditure of Rs 6.374 million was incurred. However relevant bills were not available. In the absence of vouchers the payment was held doubtful.
- iv. The management was required to impose 10% LD which was not done and the Government suffered loss of Rs 3.141 million.
- v. Performance guarantee of Rs 3.141 million expired on 21<sup>st</sup> June 2010 which was not revalidated by the contractor.

The irregularity was pointed out to management in November 2015 but no reply was received till finalization of this report.

DAC meeting was held on 14<sup>th</sup> January 2016 which decided to refer the Para to PAC.

Audit holds that responsibility may be fixed on persons at fault for non-recovery of LD Rs 3.141 million, authorizing the work without revision in PC-1 and administrative approval, without technical sanction and making expenditure of Rs 6.374 million without any voucher under intimation to audit.

PDP # 40, (Para No. 13, DDR Kohistan 2014-15)

### **3.2.13 Unlawful payment on account of price adjustment without provision in contract – Rs 18.374 million**

According to Para 11 of GFR Vol-I, each head of the Department is responsible for enforcing financial order and strict economy at every step. Further Para 96 states that money should not be spent hastily or in ill-considered manner just because it is available.

Deputy Director Reconstruction (PERRA) Office Mansehra paid Rs 18.374 million as price adjustment to various contractors for construction of schools buildings in Kala Dhaka District Mansehra. The record revealed that no provision for payment of price adjustment was available / provided in bidding documents / contract agreement. This was a clear overpayment. The detail is as under:

Pkg. No.	Contractor's Name	Bid Cost (Rs in million)	Date of award	IPC No.	Total payment (Rs in million)	Price adjustment (Rs)
2	M/s Kala Dhaka	21.781	08.10.2009	9	18.78	2,430,604
5	M/s Asar Shah	18.331	12.09.2009	9	8.618	1,359,258
6	M/s Asar Shah	16.901	14.09.2009	7	12.101	956,080
7	M/s Asar Shah	9.888	05.03.2010	3	4.111	384,213
11	M/s Ahmad Nawaz	16.557	02.09.2009	6	6.686	553,026
14	Syed Ghufran Shah	14.643	03.10.2009	4	12.498	931,200
16	M/s Asar Shah	10.22	03.12.2009	8	9.426	1,141,817
17	Faqir Muhammad	15.153	03.12.2009	6	9.074	898,009
19	Umar Shah & Co.	8.361	05.12.2009	6	6.286	884,414
22	Raja Naik Muhammad	30.142	03.12.2009	9	17.673	1,943,116
25	M/s Sarwar Gul	17.675	26.01.2010	5	18.9	1,627,373
27	Raja Naik Muhammad	14.022	26.01.2010	27	13.312	1,444,448
30	M/s Ahmad Nawaz	14.584	03.12.2009	6	6.286	884,414
31	M/s Sarwar Gul	16.06	03.12.2009	6	11.679	1,630,547
32	M/s Rose Construction	12.457	26.01.2010	6	9.483	1,305,376
<b>Total</b>						<b>18,373,895</b>

Audit observed that payment was made on recommendation and measurement by departmental engineers, scrutinized and authorized by Deputy Director Reconstruction concerned and his staff. These matters are also monitored by concerned officials of PERRA and ERRA. Executive extended undue benefit to the contractors.

The issue was pointed out during October 2015. The department replied that price adjustment clause has been incorporated in all the contract agreements, however if in any case the same is not forthcoming, it is mere an oversight and human error. The price adjustment is admissible in light of Government of Pakistan notifications from time to time.

The reply is not acceptable as price adjustment was not provided in contracts awarded for Kala Dhaka and was paid without provision in contract agreements.

Furthermore, loss to the exchequer caused by oversight and human error needs to be recovered from the persons responsible for such negligence.

DAC meeting was held on 14<sup>th</sup> January 2016. The DAC directed to constitute a committee to review all escalation payments / price adjustment payments with specific emphasis on contractual requirements, PEC and FIDIC requirements to come up with specific recommendations.

Audit recommends that authorizing unlawful payment may be investigated and action under the rules may be taken against the defaulters under intimation to audit.

PDP # 42, (Para # 22, DDR-Man, 2014-15)

### **3.2.14 Unauthorized payment on account of price adjustment - Rs 2.217 million**

As per Standard Procedure and Formula for Price Adjustment , Part I (C) Procedure (5), except labour and POL, if any other adjustable item(s) is not used in a particular billing period then the ratio of current date price and base date price for that particular adjustable item(s) shall be considered as (1) one.

Deputy Director Reconstruction (PERRA) Mansehra paid price adjustment of Rs 17.196 million to M/s Pakhal Construction Company for construction of Rural Health Centre (RHC) Kaith Serash. IPCs revealed that Rs 1.861 million vide IPC No. 16 were paid as price adjustment against work done amounting to Rs 8.774 million (IPC No. 15). Further it was observed that the contractor had not executed steel work during this period but price adjustment for steel was paid for Rs 728,718.

Similarly, price adjustment for Rs 15.566 million was also paid to M/s Shan Construction Company for construction of Rural Health Centre, Hassa. The price adjustment was paid on formula comprising labour, steel, cement and diesel. It was observed that price adjustment was paid on all items while certain items were not actually used in following IPCs:

IPC No.	Amount (Rs)		
	Wok Done	Steel	Cement
15	6,474,290	6,744,052	00
16	1,529,161	00	1,529,161
18	3,714,000	3,714,000	00
19	3,894,373	00	3,894,373

This resulted into unlawful payment of Rs 2.217 million {Rs 728,718 + Rs 1,488,643(Annexure-IX)} for the items not actually used. It is not understood as to how the NESPAK recommended payment for items which were not included in IPCs.

The issue was pointed out during October 2015 and the department replied that formula mentioned in observation is not applicable on these contracts executed prior to its issuance i.e. September 2011.

The reply is not acceptable as this formula was issued during March 2009 and these contracts were awarded during 2010.

DAC meeting was held on 14<sup>th</sup> January 2016. The DAC decided that recovery may be initiated.

Audit recommends that unlawful payment may be recovered under intimation to audit.

PDP # 44, (Para # 20 & 28, DDR-Man, 2014-15)

### **3.2.15 Excess payment due to non-deduction of area of doors & windows - Rs 9.481 million**

As per scope of work S. No. 15, all windows shall be of aluminum, 6 mm 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) Mansehra awarded three contracts for construction of light gauge steel structure (LGSS) schools. Analysis of technical and financial bids revealed that two items of work “steel parts” and “cladding sheets” under schedule-II of contract were to be paid to the contractor on total covered area basis.

On the other hand structural drawing of building shows that doors and windows are part of the structure. The MDF doors were required to be installed with frame of aluminum while windows are covered with 6mm glass having aluminum frame. The material and installation of doors/windows is part of schedule IV of the BOQ / contract.

Audit is of the view that the steel parts and cladding sheets were measured and paid on covered area basis whereas no steel or cladding was used in doors and windows. Hence the total area of doors and windows was required to be deducted from area of steel structure and cladding sheets which is not forthcoming from record. In this way one payment was made on covered area basis while 2<sup>nd</sup> payment was also made for windows and the doors which were already paid in covered area basis payment.

Detail of area paid for steel, cladding & doors / windows for two contracts upto June 2015 is as under:

<b>Contractor</b>	<b>Item</b>	<b>Qty. Paid (Sft)</b>	<b>Area of doors (6.25 %) &amp; windows (6.25%) (Sft)</b>	<b>Rate / Sft (Rs)</b>	<b>Excess payment (Rs)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6 (4x5)</b>
M/s One Ten	Steel Parts	47,587	5,948	591	3,515,268
	Cladding	47,587	5,948	214.62	1,276,560
M/s Ascent	Steel Parts	47,195	5,899	437.19	2,578,984
	Cladding	47,195	5,899	357.70	2,110,072
<b>Total</b>					<b>9,480,884</b>

Audit is of the view that overpayment of Rs 9.481 million due to non-deduction of area of doors and windows from steel and cladding has been made to contractor.

The issue was pointed out during October 2015. The department replied that light gauge contracts are based on covered area of the structures, hence area of doors and windows need not be deducted while making part of payments of steel parts and cladding.

The reply is not acceptable because the payment was made on total covered area (without deducting doors and windows) in schedule II and later payment for doors and windows was made in schedule IV.

DAC directed that drawing on which contract was based, structural design and relevant bill may be produced for verification within one week. No record was produced for verification till finalization of this report.

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

PDP # 45, (Para # 17, DDR-Man, 2014-15)

### **3.2.16 Wasteful expenditure on account of stoppage of work due to land dispute – Rs 12.021 million**

According to Reconstruction PERRA Mansehra letter No. PERRA-Man/3040/5-M dated 2<sup>nd</sup> October 2014 Education Department, Mansehra was requested to resolve the issue of land.

Deputy Director Reconstruction Mansehra awarded construction work of GGMS Jabbori (Package No.11-A) to M/s Walayat Khan for Rs 16.471 million on 14<sup>th</sup> May 2009 to be completed before 14<sup>th</sup> May 2010. The contractor was paid Rs 12.021 million (IPC No. 20) while the work was stopped since April 2013 due to land dispute.

Audit is of the view that work was required to be started on encumbrance free land. The interest of state was compromised without assurance of dispute free land but till date no progress could be achieved to resolve the issue. Therefore, the expenditure incurred in this project has gone waste.

The matter was reported during October 2015. The department vide its reply dated 11<sup>th</sup> December 2015 stated that issue is still unresolved. No further progress was reported till finalization of this report.

The reply is not acceptable as the dispute still stands.

DAC in its meeting held on 14<sup>th</sup> January 2016 decided to refer the Para to PAC.

Audit recommends that action should be initiated against the authority which ordered payment to the contractor without taking legal possession of land.

PDP # 46, (Para # 18, DDR-Man, 2014-15)



### **3.2.17 Overpayment due to execution of earthwork beyond approved area - Rs 8.461 million**

As per GCC 17, the contractor shall be responsible for the accurate setting-out of the works in relation to original points, lines and levels of reference given by the engineer in writing.

Deputy Director Reconstruction (PERRA) Mansehra awarded the work of rehabilitation / reconstruction of Balakot Satbani Kund Banglow Road (P-II) to M/s New Malik Afridi & Co. for bid cost of Rs 19.877 million during December 2008 with 12 months period for its completion.

IPC No. 15 revealed that an amount of Rs 11.916 million was paid for earthwork against BOQ provision of Rs 3.455 million. The PC-I was revised twice and earthwork was increased to Rs 12.412 million. Defect Liability Period certificate (DLP) was issued on 20<sup>th</sup> February 2015 w.e.f. 31<sup>st</sup> October 2014 but no soil classification and recovery schedule was available.

Further probe into the matter disclosed that contractor claimed over cut quantities of 5,394 cu.m in addition to cut (40,034 cu.m), fill (3,601 cu.m) and slide (14,575 cu.m) quantities of earthwork. This shows that contractor had executed extra earthwork / cutting beyond required area as the center line was determined before start of work through joint cross sections. This extra cutting rendered all revision of earthwork doubtful and undue favor to contractor for execution of earthwork at his sweet will instead of observing the provisions of contract / BOQ. Site Engineer (NESPAK) supported extra work.

This resulted into excess payment of Rs 8.461 million (Rs 11.916 million – Rs 3.455 million) due to huge over-cut area excavated in earthwork beyond approved scope.

The issue was pointed out during October 2015. The department replied that PC-I was revised due to non-provision of cost of price adjustment. The earthwork quantities were increased due to slip quantities and total paid quantities are within approved PC-I.

The reply is not acceptable because excavation of over cut area resulted into slip quantities as well as abnormal increase in earthwork which resulted in change of scope of work and such changes cannot be incorporated in PC-I at later stage. Further, revised PC-I alongwith supporting documents was not provided to Audit.

DAC in its meeting held on 14<sup>th</sup> January 2016 directed that inquiry may be conducted.

Audit requires that inquiry may be made to determine responsibility and recovery. Action may be initiated against persons at fault as per rules under intimation to audit.

PDP # 49, (Para # 03, DDR-Man, 2014-15)

### **3.2.18 Excess payment on account of double measurement of land-slides - Rs 2.227 million**

According to NHA General Specification at Sr. No. 100.8, the engineer may order the removal of material resulting from landslides.

Deputy Director Reconstruction (PERRA) Mansehra awarded the work of reconstruction and rehabilitation of Kaith Serash Jabbar Baggar Road (Pkg-1, 7-Km) to M/s Attaullah Khan Trand & Bros for bid cost of Rs 55.456 million on 30<sup>th</sup> April 2008.

The contractor claimed Rs 12.017 million (93,338.48 x Rs 128.75) for landslides removal vide IPC No. 14 dated 4<sup>th</sup> December 2014. Scrutiny of this IPC revealed that two separate measurements of slips were recorded and paid i.e. one measurement where landslides from 0+275 Km to 7+000 Km were removed for 113,495.75 cu.m and the other where 25,815.41 cu.m were claimed for 1+850 Km to 6+350 Km. Thus total quantity of 139,311 cu.m was measured and paid which contained double payment for later measurement.

Audit is of the view that double measurement and payment of landslides for same area i.e. 1+850 Km to 6+350 Km in same IPC for Rs 2.227 million (17,296 cu.m x Rs 128.75) is clear excess payment. Making recommendation for payment in this way; releasing the amount without any checking and lack of monitoring / checking by concerned authorities of ERRA and PERRA is also alarming.

The issue was pointed out during October 2015. The department replied that slides occurred in August 2010 and April 2013 and were paid in IPC No. 13.

The reply is not acceptable as slides measured in 2010 were paid during 2015. This payment of landslides is doubtful.

DAC in its meeting held on 14<sup>th</sup> January, 2016 agreed the contention of Audit and directed that an inquiry may be conducted.

Audit recommends that issue of double payment may be investigated for fixation of responsibility besides recovery of Government dues under intimation to audit.

PDP # 50, (Para # 04, DDR-Man, 2014-15)

### **3.2.19 Overpayment due to non-utilization of available material - Rs 1.9 million**

According to Para 10 (ii) of GFR Vol-I, the expenditure should not be prima facie more than the occasional demands and Para 96 of GFR Vol-I provides that money should not be spent hastily or in ill-considered manner just because it is available.

Deputy Director Reconstruction Mansehra awarded work construction of Government Degree College, Hassa to M/s Zardad Kahn & Co. for bid cost of Rs 89.715 million. The contractor was paid Rs 98.461 million vide IPC No. 26 dated 14<sup>th</sup> January 2014.

The IPC revealed that contractor was paid Rs 1.900 million against item of work "Backfill with outside source". It was further observed that the contractor executed a total quantity of 217,882.36 cft. Out of available material, a quantity of only 38,534.41 cft was used in back fill on the site. In this way, overpayment of Rs 1.900 million (126,695 cft x Rs 15) was made due to non-utilization of total excavated material. It is further added that no soil test reports were available on record.

The issue was pointed out during October 2015. The department replied that material excavated from Government Degree College, Hassa contained boulders ranging from 1-1/2" to 4", hence whole available material was not suitable for filling.

The reply is not acceptable as if the whole material was not usable, than why 38,534.41 cft of the same was used for backfill. Furthermore, in the absence of lab test reports, the whole process becomes doubtful.

DAC in its meeting held on 14<sup>th</sup> January 2016 directed the department to submit revised reply which was not provided.

Audit recommended that overpayment may be recovered under intimation to audit.

PDP # 57, (Para # 14, DDR-Man, 2014-15)

### **3.2.20 Non-obtaining of third party insurance – Rs 53.80 million**

As per Particular Condition of Contract clause 23, cost of Rs 2.00 million (in case of PMIU SFD / IDB Rs 200,000) was provided for insurance of works from third party. Further clause 25.3 provides that if contractor fails to provide insurance policies than the employer may affect and keep in force such insurance and pay any premium as may be necessary and deduct the amount so paid from contractor.

In Deputy Director Reconstruction (PERRA) Mansehra and Battagram Offices, 2,495 and 114 contracts were awarded to various contractors respectively. 10 contracts each from both the offices were scrutinized as sample. These works were not found insured by contractors or the management.

Likewise, PMIU IDB / SFD Abbottabad awarded 69 contracts to various contractors. All these contracts were not insured from third party as required by the contract clauses.

Audit is of the view that third party insurance for Rs 53.80 million (20 x Rs 2.00 million + 69 x Rs 200,000) as per contract clauses was not obtained and the Government interest was not protected. Further, the action under Clause 25.3 was also not taken.

The issue was pointed out during October 2015. No reply from Deputy Director Reconstruction Battagram and PMIU SFD / IDB was received. The Deputy Director Reconstruction Mansehra replied that owing to ERRRA financial crises, it could not be ascertained that when the work will be completed due to which contractors were reluctant to submit work insurance.

The reply is not acceptable because insurance was required as per Government rules and clauses of contracts.

DAC in its meeting held on 14<sup>th</sup> January 2016 decided to refer the Para to PAC.

Audit recommends that non-obtaining of insurance from third party may be investigated besides the works may be got insured under intimation to audit.

PDP # 64 & 127, (Para # 29, DDR-Man, Para # 19, DDR-BTG, Para # 52, PMIU SFD/IDB, 2014-15)

### **3.2.21 Irregular appointment of legal counsel - Rs 1.032 million**

According to S. No. 4 (i) of terms and conditions of contract agreement of legal counsel in DG PERRA office, the legal counsel 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 of legal counsel in Chief Engineer's office. 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. Asad Aurangzeb Advocate as full time legal counsel @ Rs 60,000 per month. Initial appointment on contract was made by DG PERRA during August 2009 for one year which was extended several times for more than 6 years without open competition.

The officer was also appointed by DG PERRA as legal counsel in his Engineering Wing i.e. the Chief Engineer PERRA office at monthly salary of Rs 86,000 per month. Since then, the officer is carrying 02 appointments in same department.

Audit is of the view that appointment of one person on full time basis in two Government offices and simultaneous payment of two salaries is against the rules. Thus, entire payment of salary for 2<sup>nd</sup> appointment amounting to Rs 1.032 million made during 2014-15 was illegal and recoverable.

The matter was reported to the management on 19<sup>th</sup> November 2015 who replied that there are separate PC-Is of DG PERRA and the Chief Engineer PERRA. Both offices have appointed the legal Counsel separately.

Reply is not acceptable as appointment of one person against two posts in Government department was gross violation of rules.

DAC in its meeting held on 14<sup>th</sup> January 2016 directed that relevant financial rules to support current mechanism may be produced otherwise corrective measures may be taken.

Since no rule was provided as directed by DAC, Audit recommends that two appointments of one person on full time basis may be investigated. The person may be removed from the assignments besides recovery of second salary since appointment under intimation to audit.

**PDP # 76 (Para No 21 DG PERRA, Para # 08, CE (DDR Atd Opt) 2014-15)**

### **3.2.22 Unauthorized expenditure on account of non-revision of PC-I – Rs 37.671 million**

According to 16<sup>th</sup> meeting of Provincial Steering Committee (PSC) held on 19<sup>th</sup> November 2013 “Agenda item No. 07 revised PC-I of PERRA including 04 DRUs capacity building component costing Rs 617.119 million was recommended for onward submission and approval of ERRA Board.”

In office of the DG PERRA and its line departments, it was noticed that operational expenditure of Rs 37.671 million was incurred during the financial year 2014-15. The PC-I against such expenditure was not approved by competent forum as detailed below:

<b>S. No.</b>	<b>Para No.</b>	<b>Name of office</b>	<b>Expenditure (Rs)</b>
1	1	DG PERRA	21,464,664
2	1	DRU Shangla	4,496,874
3	1	DRU Abbottabad	5,373,962
4	1	DIG Police	6,336,000
<b>Total</b>			<b>37,671,500</b>

Audit is of the view that incurrence of expenditure without approval of PC-I was irregular.

The irregularity was pointed out to management in November 2015. The management replied that PC-I has been cleared by Project Evaluation Cell of ERRA and recommended for approval of ERRA Board by Provincial Steering Committee

PERRA KP. When ERRA Board meeting will be held, the PC-I will be approved accordingly.

Reply is not tenable as the expenditure was incurred before/without approval of PC-I.

DAC in its meeting held on 14<sup>th</sup> January 2016 directed that approval of ERRA Board may be obtained.

Audit holds that the revised PC-I may be got approved at the earliest from the competent forum under intimation to audit.

**PDP-77 (Para # 1, DG PERRA, Para # 1, DRU Shangla, Para # 1, DRU Abbottabad, Para # 1, DIG Police 2014-15)**

### **3.2.23 Doubtful payment on account of earthwork due to non-availability of detailed measurement - Rs 18.537 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. The clause 60 provides that 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.

Further, as per Para 209 (d) of CPWA code, as all payments for work are based on the quantities recorded in the measurement book, it is incumbent upon the person taking measurement to record the quantities clearly and accurately.

In office of the Chief Engineer Project Management and Implementation Unit (PMIU) IDB / SFD, payment was released without taking the detailed measurement in two projects. The detail is given as under:

- a. An amount of Rs 169.882 million was paid to M/s Muhammad Irshad Khan & Co. for earthwork on Karat Dumbaila Road (35 Km). The IPCs revealed that the item of work “Unsuitable/Surplus material” was paid for 15,000 cu.m vide IPC No. 02 date 24<sup>th</sup> February 2012 and 10,000 cu.m in IPC No. 08 dated 8<sup>th</sup> August 2014 respectively without taking the measurement as detailed measurement sheets in support of quantities paid were not available with IPCs.

Payment of Rs 15.00 million (15,000 cu.m + 10,000 cu.m = 25,000 cu.m x Rs 600) made for excavation of earthwork without detailed measurements was doubtful.

- b. Similarly an amount of Rs 3.537 million was paid to M/s Amin & Co. on account of external works for construction of teachers hostel GHS Pattan in IPC No. 14 dated 18<sup>th</sup> May 2015. Detailed measurement of the work done was not available on record. Instead the detail measurement of GMS Ranoli was attached with IPC and the payment was released.

In the absence of detailed measurement sheets, payment of Rs 3.537 million was doubtful. As such total doubtful payment of Rs 18.537 million (Rs 15.00 million + Rs 3.537 million) was made.

The issue was pointed out during October 2015 but no reply was received.

The Para was not discussed in the DAC meeting held on 14<sup>th</sup> January 2016.

Audit recommends that doubtful payment may be recovered alongwith carrying out investigation to fix responsibility on the persons at fault under intimation to audit.

PDP # 81 &129, (Para No. 01 & 55, PMIU IDB/SFD Atd 14-15)

### **3.2.24 Payments against fictitious measurement - Rs 127.568 million**

According to Clause 56.1 of Conditions of Contract, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the values of the Works and Clause 57.1 states that the works shall be measured net, notwithstanding any general or local custom, except where otherwise provided for in the contract.

PMIU IDB/ SFD paid an amount of Rs 302.002 million to M/s AM & Co. for reconstruction of Amnai to Puran Road (18 Km) District Shangla. The earthwork quantities provided in BOQ for 177,961 cu.m costing Rs 100.463 million increased abnormally to 486,797 cu.m due to excessive excavation of unsuitable / surplus material resultantly an amount of Rs 322.203 million was paid in excess of BOQ quantity. This increased the original awarded work by 221% (Rs 322.203 – 100.463 = 221.740 /100.463 x 100) just to facilitate the contractor as evident from IPC No. 4 to 6 which contained following shortcomings:



- i. Earthwork for excavating unsuitable / surplus material was shown completed in IPC No. 04 by paying quantity of 254,856 cu.m for area 0+000 Km to 7+000 Km and 9+200 Km to 23+130 Km.
- ii. These quantities were enhanced to 403,414 cu.m in IPC No. 05 for the same area. However, the detailed measurement sheets attached with the IPC showed that these belonged to IPC No. 06.
- iii. The measurement sheets attached with IPC No. 6 showed that measurement sheet was the same earlier attached with IPC No. 05 (403,414 cu.m) duly verified by the quantity surveyor of the consultant M/s EA and already paid. The second measurement sheet of 486,797 cu.m attached with the IPC No. 06 was without verification of any responsible member of consultant M/s EA for 486,797 cu.m. Audit observed that payment of IPC 6 was made twice i.e. first in IPC No. 5 and again in IPC No. 6.

Above state of affairs creates doubts for illegal involvement of concerned officials for making double payment of Rs 127.568 million on fictitious claims and without actual execution of earthwork.

The issue was pointed out during October 2015. The department replied that variation order has already been sent to IDB for concurrence and consultant has been directed to provide X-section and measurement sheets.

The reply is not acceptable because approved variation order was not produced and payment was made on fictitious measurement.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that illegal payment so made may be investigated to fix the responsibility and to recover the amount paid under intimation to audit.

PDP # 82, (Para No. 10, PMIU IDB/SFD Atd 14-15)

### **3.2.25 Wasteful expenditure due to deletion of item of work after execution at site - Rs 5.620 million**

According to Para 23 of GFR Vol-I 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.

PMIU IDB/SFD awarded the work for reconstruction of Karat Dumbaila Road (35 Km) for bid cost of Rs 399.096 million to M/s Muhammad Irshad Khan & Co. during April 2011. The contractor claimed the item of work "Slab culvert" for Rs 5.620 million upto IPC No. 13. Perusal of related record revealed that variation order duly approved by Chief Engineer IDB/SFD for Rs 99.528 million (revising contract cost to Rs 498.6234 million) was sent for concurrence of donor which was awaited. This item was deleted from the work/ contract in variation order (VO) after incurring Rs 5.620 million upto IPC No. 13 i.e. till 30<sup>th</sup> June 2015.

Adjustment was required to be made for deleted item but this was not done in IPC No. 14 which resulted into unauthorized expenditure of Rs 5.620 million due to deletion of slab culvert from the work and non-adjustment/ non-recovery thereof.

This shows lack of interest of the consultant towards the supervision of the work. It perpetuates that contractor was left to his sweet will for getting payment for execution of the works he liked.

The matter was pointed out during October 2015. It was replied that actual variation order as and when approved will be produced.

The reply is not acceptable because work was deleted after expending Rs 5.620 million which has gone waste.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit holds that unauthorized expenditure may be recovered immediately besides carrying out investigation against responsible persons for making this payment under intimation to audit.

**PDP # 83, (Para No. 02, PMIU IDB/SFD Atd 14-15)**

### **3.2.26 Doubtful payment on account of construction of green park from borrow embankment - Rs 6.581 million**

As per GCC 17, the contractor shall be responsible for the accurate setting-out of the works in relation to original points, lines and levels of reference given by the engineer in writing.

According to Para 10 (ii) of GFR Vol-I the expenditure should not be prima facie more than the occasion demands.

PMIU (IDB/SFD) Abbottabad awarded construction of missing facilities at District Complex Shangla for bid cost of Rs 284.763 million on 31<sup>st</sup> August 2012 to M/s AM & Co. An amount of Rs 275.342 million was paid for this work upto IP No. 07. This included payment of Rs 6.581 million (360,630 cft x Rs 18.25) for 24,042 feet (7.4km) long “Green Park” from borrow embankment which was not included in the original plan. Audit observed that height of 15 feet was measured for earth filling but no width of the park was provided whereas item was measured in cubic feet. Furthermore the geographical terrain of District Shangla does not support the possibility of such a long park. Thus payment of Rs 6.581 million due to unauthentic measurement of park area based on extraordinary length appeared to be fake.

Audit is of the view that a park with 7.4 km length, having no width and 15 feet height is next to impossible.

The issue was pointed out during October 2015. It was replied that due to level difference, earth filling was carried out from outside source which will be adjusted in next IPC. However no adjustment was shown.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that fake payment so made may be inquired at higher level to determine the responsible persons who may put to task beside recovery of the said amount under intimation to audit.

**PDP # 84, (Para No. 32, PMIU IDB/SFD Atd 14-15)**

### **3.2.27 Destruction of forest due to acquisition of unsuitable land, loss of millions of rupees due to cutting of 1,344 trees**

According to Para 23 of GFR Vol-I 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. Para 96 of GFR Vol-I provides that money should not be spent hastily or in ill-considered manner just because it is available.

PMIU (IDB/SFD) Abbottabad awarded contract for construction of Tehsil Complex Palas (District Kohistan) to M/s A.M & Co for bid cost of Rs 261.460 million on 27<sup>th</sup> July 2012. IPC No. 6 revealed that the contractor had removed 1,100 trees (having 150 mm to 300 mm girth) and was paid Rs 550,000 for cuttings while the BOQ provided only 11 trees for removal. This quantity was raised to 590 in variation order against payment of 1100 trees up to IPC No. 6.

Further it was observed that land measuring 25 kanals was acquired through DRU Shangla / Kohistan and payment of Rs 2,500,000 was made to land owner on 25<sup>th</sup> March 2011. Removal of such a huge number of grown up trees on acquired land of 25 kanals is beyond imagination. Audit holds that this land was unsuitable for the project as one building was deleted from the work due to insufficient space while in this work, huge quantity of 61,000 cu.m for earth filling was used. The foundations were also excavated more than 30 feet deep due to poor strata. Such a huge removal of trees, more than 30 feet deep foundations and huge quantity of borrow earth, make it a legendary project.

Similarly an amount of Rs 72,750 was also paid to other contractors for removal of 244 trees. The disposal of these cut trees was not made known to audit. Hence cost could not be worked out which was another loss to Government.

The issue was pointed out during October 2015. The department admitted cutting of 1100 trees. However whereabouts of these trees and acquisition of unsuitable land was not replied.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

The matter may be inquired at higher level to probe the facts and to fix responsibility against persons at fault beside recovery of cost of trees under intimation to audit.

PDP # 85 &119, (Para No. 34 & 40, PMIU IDB/SFD Atd 14-15)

### **3.2.28 Unjustified approval of Variation Orders costing Rs 687.842 million**

As per Clause 51.2 of Conditions of Contract, the contractor shall not make any variation without an instruction of the Engineer in writing.

Para 96 of GFR Vol-I provides that money should not be spent hastily or in ill-considered manner just because it is available.

According to Para 9.1 of Guidelines for Project Management, if the cost of the PC-1 increases by 15%, then the project has to be revised and submitted for approval of the competent authority.

PMIU (IDB/SFD) Abbottabad awarded various projects for construction of educational and health facilities in District Shangla and Kohistan. The record revealed that the completion cost of these works increased manifold due to issuance of variation orders (V.Os). A comparison of original and revised completion cost after V.Os is as under:

(Rs in million)

S #	Name of Scheme	Original completion cost	Revised completion cost	Variation Order cost	% increase in cost	Remarks
1	Tehsil Complex at Palas	261.46	387.684	126.224	48.28	---
2	District Complex Shangla	284.763	404.368	119.605	42.00	Approved
3	GGDC Puran	326.964	407.367	80.403	24.59	Approved
4	Upgradation of BHU Kuz Paro to RHC	159.759	235.28	75.521	47.27	Approved
5	GHS Dassu	54.075	105.356	51.281	94.83	---
6	GHS Jijal	24.152	53.712	29.56	105.83	---
7	District Complex Dassu	66.108	93.91	27.802	42.06	---
8	GHS Bankad	29.346	55.486	26.14	89.08	---
9	GHS Seo	55.032	74.264	19.232	34.95	Approved
10	GHS Pattan	76.63	95.543	18.913	24.68	Approved
11	GGHS Kuz Kana	48.814	65.023	16.209	33.21	Approved
12	GGPS Maskeenabad	15.615	30.956	15.341	98.25	---
13	GGPS Badakot	15.937	28.713	12.776	80.17	---
14	GGPS Maidan Bar Paro	16.125	28.412	12.287	76.20	---
15	GGHS Besham	31.546	42.61	11.064	35.07	Approved
16	GMS Moreen	15.346	26.263	10.917	71.14	---
17	GMS TialDassu	15.925	25.929	10.004	62.82	Approved
18	GMS Ranli	16.086	25.504	9.418	58.55	Approved
19	GMS Moreen Bankad	16.421	24.528	8.107	49.37	Approved
20	GMS / GHS Kayal	18.236	25.364	7.038	39.09	Approved
<b>Total</b>		<b>1,548.34</b>	<b>2236.272</b>	<b>687.842</b>	<b>---</b>	<b>---</b>

It was further observed that all these VOs were necessitated due to acquisition of unfeasible / unsuitable lands and change of design / drawings and other additional works which included construction of retaining structures etc. All this occurred due to poor planning and estimation by concerned engineers.

Audit holds that approval / preparation of VOs resulting into such a high increase in completion cost was negligence of consultant, PMIU and the ERRA.

The issue was pointed out during October 2015. It was replied that the work was carried out on rough estimates. The VOs have been approved as per site requirements.

The reply is not acceptable as variation beyond 15% requires revised administrative approval. In some cases extra ordinary variations have been made due to poor estimation whereas in other cases VOs have still not been approved. Audit is of the opinion that variations should have been approved before execution of work.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

It is recommended that matter may be investigated to probe the facts and to fix responsibility on the persons involved in this mismanagement under intimation to audit.

PDP # 86, (Para No. 42, PMIU IDB/SFD Atd 14-15)

### **3.2.29 Excess payment on account of slips removal - Rs 3.273 million**

According to NHA General Specification at Sr. No. 100.8, the engineer may order the removal of material resulting from landslides

PMIU SFD/IDB Abbottabad awarded the work rehabilitation / reconstruction of Karat Dumbaila Road (35-km) to M/s Muhammad Irshad Khan & Co for bid cost of Rs 399.096 million on 8<sup>th</sup> April 2011. The contractor claimed an amount of Rs 169.882 million upto IPC No.13 till June 2015 which was paid to him. Scrutiny of record revealed that contractor was released Rs 9.919 million for “Slip” quantity of 16,531.275 cu.m without deduction of loose factor from slips as no cutting of material is involved rather it is a lift & dispose activity. The other option was to work out rate for slip which was also not done.

Audit is of the view that loose factor of 33% was required to be deducted from slip quantity and thereafter payment was to be made as no cutting was involved in slip removal. This resulted into overpayment of Rs 3.273 million i.e. (16,531.275 cu.m x 33%=5,455 cu.m x Rs 600).

Weak contract management resulted into overpayment of Rs 3.273 million.

The issue was pointed out during October 2015. The department replied that no payment was made for slip removal.

The reply is not acceptable because removal of slip quantities for 16,531.275 cu.m was mentioned in detail measurement sheets for earthwork in IPC No. 13 for which no deduction / adjustment was made.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit suggests that excess payment may be recovered alongwith working of total slips quantities of the earthwork beside investigation for such lapse under intimation to audit.

PDP # 88, (Para No. 04, PMIU IDB/SFD Atd 14-15)

### **3.2.30 Excess payment on account of asphaltic course on area not required for carriageway - Rs 2.452 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, subgrade, 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.

PMIU IDB/ SFD awarded the work for construction of Ghaziabad to Bersheyal Road (11 to 21 Km) to M/s Umer Farooq & Co. for bid cost of Rs 61.829 million on 25<sup>th</sup> February 2011. The road width of 3.65 meter was designed for blacktopping i.e. prime coat and hot bitmac. The contractor was paid for prime coat and hot bitmac for area from 11+775 Km to 20+150 Km upto IPC No.08 which contained following shortcomings were noticed:

- i. The width of the road for hot bitmac from 15+462 Km to 20+150 Km (4,688 meters) was measured as 4.65 meter against prime coat width of 3.65 meter. Hot bitmac is carried out on same area where prime coat is executed/paid, thus excess area of hot bitmac was paid resulting into excess payment of Rs 1.974 million  $\{4,688 \text{ m} \times 1(4.65 - 3.65) \times \text{Rs } 421 \text{ per m}^2\}$ .
- ii. The hot bitmac was also measured and paid for excess length then prime coat area of road. It was shown executed on 7,443 meter whereas prime coat was measured for 7,375 meter length. This also resulted into excess payment of Rs 104,492  $(7,443 \text{ m} - 7,375 \text{ m} = 68 \text{ m} \times 3.65 \times \text{Rs } 421)$ .
- iii. Water bound macadam (WBM) was measured and paid for 4.45 meter width against cross section width of 4.25 (3.65 m for carriageway plus 0.6 m for drainage). This resulted into another excess payment of Rs 373,800  $(9,345 \text{ m} \times 0.2 \text{ m} \times 0.2 \text{ m} = 373.8 \text{ cu.m} \times \text{Rs } 1,000)$ .



Excess payment of Rs 2.452 million (Rs 1.974 million + Rs 0.104 million + Rs 0.374 million) in these cases was made on account of items of work beyond permissible area which indicates the level of careless attitude of the department.

Poor contract management and supervision resulted into excess payment.

The issue was pointed out during October 2015. It was replied that deduction of excess amount will be made in final IPC but no deduction was shown.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that excess payment may be recovered beside carrying out investigation for such lapse and taking disciplinary action against the defaulters under intimation to audit.

**PDP # 90, (Para No. 06, PMIU IDB/SFD Atd 14-15)**

### **3.2.31 Undue favor to contactors due to payment against expired guarantees – Rs 139.775 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.

In 16 cases the payment was found released against expired guarantees as per following detail:

- a. Chief Engineer PMIU IDB/ SFD Abbottabad paid Rs 63.445 million and Rs 54.826 million to M/s Raja Sabir Khan & Co. and M/s Shangla Construction Company respectively during 2014-15. The bank guarantees of these contractors expired well before release of payment. The revalidated bank guarantees were not obtained from these contactors till date of audit viz September 2015.
- b. Deputy Director Reconstruction Shangla paid Rs 21.504 million to the various contractors against expired performance security bonds. Their renewal was not arranged as the record does not show a single letter in this regards. The detail is given in Annexure-X.

Audit holds that undue favor was extended to the contractors by putting Government money amounting to Rs 139.775 million (Rs 63.445 million + Rs 54.826 million + Rs 21.504 million) at stake.

The issue was pointed out during October and November 2015 respectively. No reply was received from Deputy Director Reconstruction Shangla. The PMIU replied that no payment has been made to contractor without valid performance guarantee.

The reply is not acceptable because payment was made against expired bank guarantees.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

It is recommended that payments made against expired performance guarantees may be investigated, responsibility fixed and intimated to audit.

**PDP # 91 &18 (Para No. 07, PMIU IDB/SFD, Para No. 7, DDR Shangla 14-15)**

### **3.2.32 Procurement of vehicles beyond BOQ provision - Rs 6.925 million**

According to Para 10 (ii) of GFR Vol-I, the expenditure should not be prima facie more than the occasional demands and Para 96 of GFR Vol-I provides that money should not be spent hastily or in ill-considered manner just because it is available.

PMIU IDB/ SFD paid an amount of Rs 12.737 million to M/s Muhammad Irshad Khan & Co. on account of engineering facilities provided in contract for reconstruction of Karat Dumbaila Road (35 Km) District Kohistan from IDB funds upto IPC No. 13. This payment was made for purchases of three (03) vehicles & their maintenance alongwith furniture alongwith rented accommodation of consultant and his staff. Probe into the matter disclosed that expenditure of Rs 2.847 million was incurred on purchase of “DAIHATSU TERIOS 4x4 LWB M/T”, an imported vehicle, during November 2011 which was not provided in the contract i.e. engineering estimates, BOQ of the contract under item SP 17-a “provide and furnish vehicles for engineering facilities”. Two Jimny Jeeps (A-1557 & A-1558) costing Rs 4.078 million were also purchased during November 2011 from this contract under the said item.

These vehicles were purchased for consultant M/s EA who is design and supervision consultant but record shows that these vehicles were never utilized in this project.

Audit is of the view that:

- i. Toyota Daihatsu Terios was not provided in the contract i.e. Engineering Estimates, BOQ of the contract. Imported vehicle has been purchased in violation of Government policy.
- ii. This vehicle was not used in the project related activities since its purchase till date of audit and was under personal use of unknown unauthorized user.
- iii. Other two vehicles were also not used in this project by consultant as evident from IPCs of the contract.
- iv. Eight other vehicles were used in the project. Availability of large vehicles pool at DG PERRA office, Chief Engineer PERRA and ERRA headquarters could easily serve the purpose without procurement of the said vehicles.
- v. The whereabouts of vehicles and name & designation of user was not made known to audit. Log books, registration books etc. were also not available.

Audit is of the opinion that three vehicles were actually not required for the consultancy work and government was put to incur unnecessary expenditure of Rs 6.925 million (Rs 2.847 million + Rs 4.078 million) on purchase of vehicle having no requirement / utilization.

The issue was pointed out during October 2015. The department submitted reply without addressing the observations in the Para.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Wasteful expenditure may be investigated to determine the responsibility and recovery be made under intimation to audit.

PDP # 92, (Para No. 08, PMIU IDB/SFD Atd 14-15)

### **3.2.33 Unjustified expenditure on account of work measured and paid in absence of consultant at site - Rs 76.214 million**

According to Clause 56.1 of Conditions of Contract, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the value of the Works in accordance with contract.

The consultant M/s EA is performing the design and supervision consultant of the reconstruction of Karat Dumbaila Road (35 Km) District Kohistan from IDB funds under package II of consultancy (Kohistan roads). Provision of Rs 20 million for engineering facilities has been made in contract for consultant and his staff for site supervision etc. as a special case.

PMIU IDB / SFD paid an amount of Rs 76.214 million to M/s Muhammad Irshad Khan & Co. for reconstruction of Karat Dumbaila Road (35 Km) District Kohistan from IDB funds vide IPC No. 11, 12 & 13 upto 30<sup>th</sup> June 2015. IPCs of the contract revealed that no payment for engineering facilities was claimed in IPC No. 11, 12 and 13 which shows that the work was executed, measured and paid in absence of consultant at site. The quantity as well as quality of work is questionable in absence of consultant (engineer) at site.

On the other hand this scheme was capped by ERRA vide letter dated 15<sup>th</sup> November 2012 due to unmentioned technical reason but above mentioned huge payment was made to contractor on account of earthwork from August to December 2014 during capping period which carries another question mark.

Audit is of the view that works so executed and paid in absence of consultant at site as required ibid and during capped period cannot be termed authentic.

The issue was pointed out during October 2015. It was replied that payment was made duly verified by Resident Engineer of consultant.

The reply is not acceptable because special provisions were made in this contract for site supervision and no such record was produced to ascertain the presence of consultant at site.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that unjustified expenditure may be investigated to fix the responsibility under intimation to audit.

PDP # 93, (Para No. 09, PMIU IDB/SFD Atd 14-15)

### **3.2.34 Loss due to termination of contract on risk & cost, without encashment of performance guarantee and blacklisting the contractor - Rs 8.143 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.

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".

PMIU IDB/SFD terminated contract for repair, retrofitting & reconstruction of Ayub Medical Institute Abbottabad (Package 1-A) of M/s Ascent Associate on 8<sup>th</sup> October 2012 under clause 63.1 of condition of the contract. The work was awarded for bid cost of Rs 81.247 million on 28<sup>th</sup> October 2010 with completion time upto 17<sup>th</sup> January 2012. The contractor could only execute work worth Rs 11.134 million and failed to complete the contract till October 2012 viz on the date of termination. This work was retendered and awarded to M/s Haji Abdur Rauf & Co. for Rs 66.280 million on 27<sup>th</sup> July 2014. Following shortcomings have been noticed:

- i. The contract of defaulting contractor M/s Ascent Associate was terminated due to his default but no punitive action like blacklisting and award of balance work at his risk & cost was carried out.

- ii. Performance guarantee of M/s Ascent was not forfeited / encashed as it expired on 16<sup>th</sup> October 2012. The department had sufficient time for its encashment.
- iii. Contractor was allowed to take away the plant & equipment and store from the site.
- iv. Account of defaulting contractor could not be finalized till date of audit despite formation of board for joint measurement of his work done on 31<sup>st</sup> December 2012.
- v. The contractor submitted the case in court against PMIU. Reportedly the contractor offered to withdraw court case if he has to be favored for award of balance work without his risk & cost but no such record is available.
- vi. No payment has so far been certified for new contract despite lapse of completion time and he was warned to speed up the work on 24<sup>th</sup> June 2015.
- vii. The nursing wards were vacated for work which could not be completed in required time instead six months or more time was taken for clearing one ward which badly affected the service delivery of the institute in treatment of indoor patients. Wards of the hospital are still under repair and the patients are shifted to other areas/ buildings/ rooms who are facing huge problems. On the other hand still there are many wards where work is yet to be carried out and progress of work shows that many years would be required for the completion of the project.

Audit is of the view that undue favor has been extended to the defaulting contractor through non-encashment of performance guarantee, black listing and award of balance work at risk & cost which resulted into loss of 8.1427 million. The present contractor is also being facilitated by taking no action for the delay in work.

The issue was pointed out during October 2015. It was replied that timely encashment of guarantee was requested but the contractor filed a suit in court. No record of encashment and sub-judice matter was produced.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Loss due to non-encashment of performance guarantee and award of contract without risk & cost of defaulting contractor may be investigated and recovery be

effected beside making arrangements for early completion of the work by taking action against present contractor under intimation to audit.

PDP # 94, (Para No. 11, PMIU IDB/SFD Atd 14-15)

### **3.2.35 Overpayment on account of deletion of available rock material and other irregularities - Rs 6.490 million**

According to NHA 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.

PMIU IDB/ SFD awarded the contract for reconstruction of Amnai to Puran Road (18 Km) District Shangla to M/s AM & Co for bid cost of Rs 173.240 million on 14<sup>th</sup> July 2011 with completion period of 12 months. An amount of Rs 266.001 million upto IPC No. 06 for earthwork on entire length i.e. 23+130 Km and rigid pavement (PCC) executed on certain area was made. Through variation order, the earthwork was increased from Rs 100.493 million to 266.011 million upto IPC No. 06.

This huge increase in quantity of earthwork was resulted due to ignoring the advice of consultant to follow cut slope of 1:3 instead of vertical cutting. The contractor was allowed favorite earthwork item instead of protection work as no structure work either retaining, breast or culvert has so far been carried out.

Water Bound Macadam (WBM) from stone obtained from roadway at 3,238 cu.m was deleted without recovery from the contractor. This resulted into overpayment of Rs 6.490 million (3,238 cu.m x Rs 1950) on account of deletion of available rock material without recovery / adjustment.

The issue was pointed out during October 2015. It was replied that scheme has been converted into shingle road and final bill be adjusted accordingly but no record in this regard was provided.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that allowing such huge increase in quantity of earthwork and the overpayment may be investigated to fix responsibility against concerned official of department, ERRA as well as the consultant and amount be recovered under intimation to audit.

PDP # 97, (Para No. 14, PMIU IDB/SFD Atd 14-15)

### 3.2.36 Variation Orders for unjustified increase in earthwork - Rs 877.434 million

As per GCC 17, the contractor shall be responsible for the accurate setting-out of the works in relation to original points, lines and levels of reference given by the engineer in writing. And Clause 51.2 of provides that the contractor shall not make any variation without an instruction of the Engineer in writing.

PMIU (IDB/SFD) Abbottabad awarded various contracts for construction / improvement of roads in District Shangla and Kohistan out of IDB funds. The perusal of record revealed that the completion cost of these roads increased manifold mainly due to increase in earthwork. Various variation orders (VOs) costing Rs 182.497 million were issued till June 2015. Comparison of earthwork in original BOQ and the variation orders is as under:

**(Rs in million)**

S. No.	Name of Road	Total VO Cost	BOQ Earthwork Amount	VO Earthwork Amount	% increase of earth work in VO	Remarks
1	Karora Donai to Shahpur (C-I)	38.224	14.811	40.177	271%	Abnormal increase in earthwork, Sub base, Base, Surfacing, structures reduced
2	Lilowani to Bilkani Road (C-II)	51.993	28.241	76.416	270%	
3	Lilowani to Bilkani Road (C-I)	45.616	26.591	70.896	266%	
4	Bela Baba Kaprorsar to Shahpur	46.664	19.835	38.864	195%	
<b>Total</b>		<b>182.497</b>	<b>89.478</b>	<b>226.353</b>	<b>---</b>	



Similarly following VOs having abnormal increase in earthwork were also submitted for concurrence:

(Rs in million)

S. No.	Name of Road	VO Cost	BOQ Earthwork Amount	VO Earthwork Amount	% increase in earth work	Remarks
1	Chakaisar to Martung (15km)	104.372	27.208	133.775	491%	Abnormal increase in earthwork, Sub base, Base, Surfacing, structures reduced
2	Shakolia to Gokan (18-km)	104.173	54.119	214.401	396%	
3	Karora Donai to Shahpur Ambella (C-II)	53.391	12.960	46.980	362%	
4	Amnai to Purna Road (18km)	165.195	100.462	322.202	320%	
5	Madakhail to Baliya Road (12km)	37.025				
6	Ghaziabad to Barsheryal (11km)	56.459	4.256	25.469	598 %	
7	Karat to Dambila (35km)	174.322	129.204	285.813	220%	
<b>Total</b>		<b>694.937</b>				

It is also observed that corresponding works i.e. sub base & base course, surfacing, retaining structure etc. for the same projects were reduced in the variation orders.

The issue was pointed out during October 2015. It was replied that variation orders have been sent to donor for concurrence.

The reply is not acceptable as variation orders were required to be got approved before execution of work resultantly huge earthwork was paid without approval / concurrence.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit requires that the third party inquiry may be conducted to probe the fact and to fix responsibility on the persons responsible for such huge increases under intimation to audit.

PDP # 98, (Para No. 15, PMIU IDB/SFD Atd 14-15)

### 3.2.37 Wasteful expenditure due to poor quality of work and without approved design - Rs 75.730 million

According to General Specification of NHA 206.2, coarse aggregates either crushed or broken stone shall conform to the quality requirement and 206.3.5 provides that the completed base course shall be maintained in an acceptable condition until the necessary subsequent treatment is applied.

As per clause 17.1 (a) the contractor shall be responsible for the accurate setting out of the works in relation to original points, lines and levels of references given by the engineer in writing.

In PMIU IDB/SFD Abbottabad, two contracts for construction of Lilowani to Balkani Road 22 km were awarded to M/s Fazal Karim & Co. as detailed below:

Contract No.	Total length	Date of award	Contract Cost (Rs in million)	Completion period
I	0 to 11+00 km	05.11.2010	94.947	365-days
II	11+00 to 22km	05.11.2010	86.143	365-days
<b>Total</b>	<b>22-km</b>	<b>---</b>	<b>181.09</b>	<b>---</b>

The contractor was paid Rs 23.310 million and Rs 52.420 million against 40% and 59% physical progress at site vide IPC No. 10 and 17 respectively till June 2015.

The record revealed that contractor is not executing the works as per work schedule and without approved design using substandard material as the work already executed was damaged badly. The PMIU has never shown any concern over it.

Divisional Monitoring Officer M&E Department Malakand conducted joint visit of the road (22 km) along with engineers / representatives of consultant (EA) on 20<sup>th</sup> May 2015 to verify physical and financial progress of road. The findings of the monitoring team are as under:

- i. Very poor quality of material has been used in road. Rain water accumulated and percolated in the damaged area increased the intensity of damages.
- ii. No proper planning was carried out resulting changes of alignment in the last portion of contract-I.
- iii. According to contractor, work is in progress on verbal directions of the concerned officers.

- iv. IDB deadline for completion was 30<sup>th</sup> June 2015 but a lot of work is still pending.
- v. Detailed inquiry report is placed at Annexure-XI.

The issue was pointed out during October 2015. It was replied that work was damaged several times due to snow and heavy rain falls which delayed the work. The observations of Monitoring team will be rectified before finalization of the contract.

The reply is not acceptable because work was not executed in accordance with the approved design, substandard work was not rectified either from contractor concerned or at his risk and cost.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit is of the opinion that recommendations of the above stated inquiry especially cancellation of contract at risk & cost should be implemented.

PDP # 99 (Para No. 16, PMIU IDB/SFD Atd 14-15)

### **3.2.38 Irregular execution of work beyond approved scope of work and excess payment - Rs 42.304 million**

According to ERRA Operational Manual 2008, Chapter 1, Para 1.4(e) states that the Authority may approve individual projects, programs and schemes, within the scope of the approved umbrella program. And Para 2.2 states that the programs, projects, schemes etc. shall be formulated by the concerned agencies in accordance with the guidelines issued by the ERRA and shall be got approved by them from the appropriate forum after due project appraisal. Programs, projects, schemes, etc. falling outside the purview of a DRAC or PSC/SSC shall be approved by the ERRA Board/ECNEC. The approved programs, projects, schemes etc. shall be submitted to the ERRA for review and funding.

PMIU IDB/SFD Abbottabad awarded work for construction of Amnai to Puran Road District Shangla to M/s A.M. & Co for Rs 173.240 million during July 2011 to be completed within 12 months. The work was awarded for a total length of 18 km (0+000 km to 18+000 km).

The perusal of 6<sup>th</sup> IPC revealed that contractor was paid for work on Malam Jabba Road (5+130 km length - already existing road) beyond the approved length of 18 km. The work on Malam Jabba Road was allowed by Chief Engineer, PERRA in 2011. Director Technical letter No. 933 dated 30<sup>th</sup> September 2013 refers. No approval of ERRA Board/Council was obtained prior to exaction of work.

The detail of work done and payment thereof is as under:

Item No.	Description	Rate (Rs)	RD	Qty.	Amount (Rs)
NSI	exaction of surplus / unsuitable unclassified material	550	18+000 to 23+130	6774.937	38,376,215
06-06-a-03	Concrete Rigid Pavement (1:2:4)	8,000	22+175 to 23+130.	345.365	2,762,904
06-05-1	Lean concrete Rigid pavement (1:4:8)	4,500	22+175 to 23+130.	259.02	1,165,590
<b>Total</b>					<b>42,304,709</b>

It was further observed that:

- i. The contractor vide letter 26<sup>th</sup> September 2013 proposed change in alignment and submitted new X-sections and quantity sheets etc. stating that the locals are not allowing the construction of road as per designed alignment. However the DC Shangla vide letter dated 30<sup>th</sup> October 2013 submitted a report that there was no dispute on construction and the road never remained dissuaded. As such the plea of organization was not correct.
- ii. The proposed new alignment was held unfeasible as it required huge earth cut. Director Technical PMIU vide letter dated 1<sup>st</sup> October 2013 expressed his concern for completion of survey without prior approval / intimation to client and required the consultant to intimate reasons for necessitating change in alignment. No further progress was available on record.
- iii. The specification of road has been changed from bitmac to PCC.
- iv. The variation order of said road for Rs 131.683 million was forwarded by Director Technical vide letter dated 29<sup>th</sup> April 2015. Revised completion cost of road has reached to Rs 338.465 million having nearly 100% increase.

In view of the above, Audit holds that execution of work beyond approved length, change in alignment and change of bitmac to PCC was allowed to extend

undue benefit the contractor at the cost of Government. This attitude in carrying out Government business itself speaks about the level of lawlessness of the organization, the controlling authorities and the consultant.

The issue was pointed out during October 2015. It was replied that the extension of the work was carried out on local demands and with the approval of Deputy Chairman ERRA.

The reply is not acceptable because work on additional 5.3 km was carried out on verbal direction of Chief Engineer without approval of ERRA Board / Council.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Irregular execution of work beyond PC-I / BOQ and excess payment may be investigated and responsibility be fixed on the persons at fault under intimation to audit.

PDP # 100, (Para No. 17, PMIU IDB/SFD Atd 14-15)

### **3.2.39 Overpayment to contractor due to duplication and non-execution of work – Rs 3.889 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, subgrade, 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.

According to GGC 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. Clause 60 provides that 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.

PMIU IDB/SFD Abbottabad paid an amount of Rs 96.532 million to M/s Fazal Karim & Co. for Lilowani to Bilkani Road (Pkg.-II) upto 30<sup>th</sup> June 2015. Following shortcomings were noticed:

- i. The contractor claimed water bound macadam twice on certain area vide IPC No. 12 submitted on 8<sup>th</sup> May 2014 and IPC No. 13 submitted on 19<sup>th</sup> September 2014 as detailed below:

Area in IPC 12	Area in IPC 13	Excess Area	Length
20+800 to 20+900 = 100	20+175 to 20+660 = 495	--	
21+100 to 21+650 = 550	20+675 to 21+625 = 950	21+100 to 21+625 = 525	525
21+750 to 22+023 = 273	21+750 to 22+023 = 273	21+750 to 22+023 = 273	273
Total length			798
Excess payment = 798 x 3.65x0.02 = 582.54 x Rs 1000 = Rs <b>582,540</b>			

This resulted into overpayment of Rs 582,540.

- ii. Another payment was made to the contractor for prime coat and hot bitmac at 21+700 Km to 21+750 Km whereas no Water Bound Macadam (WBM) was executed on this RD. This resulted into excess payment of Rs 91,250 (50 cu.m x 3.65 x Rs 100 = Rs 18,250 + 50 cu.m x 3.65 x Rs 400 = Rs 73,000).
- iii. Third payment of Rs 3.215 million for clearing and grubbing, compaction of natural ground and sub grade preparation in earth cut was noticed doubtful in IPC No 17 where the relevant measurement sheets were not available.

Thus total payment of Rs 3.889 million (Rs 582,540 + Rs 91,250 + Rs 3,214,970) was treated as double payment by Audit.

The issue was pointed out during October 2015. The department replied that amount has been recovered but no record was provided to ascertain the recovery.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that recovery of overpayment may be got verified and action against the defaulters be initiated.

PDP # 104 (Para No. 22, PMIU IDB/SFD Atd 14-15)

### **3.2.40 Overpayment due to excessive earthwork and non-penalization of consultants for wrong estimation - Rs 10.542 million**

According to NHA 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. As per clause 17.1 (a) of GCC, the contractor shall be responsible for the accurate setting out of the works in relation to original points, lines and levels of references given by the engineer in writing.

PMIU (IDB/SFD) Abbottabad awarded the work for construction of Karora Donai to Shahpur Ambella Road (Contract-II) to M/s Faiz-ur-Rehman & Co. for bid cost of Rs 67.356 million. The work on scheme was commenced on 24<sup>th</sup> January 2011 with completion period of one year. Following shortcomings were noticed:

- i. Cost of the project was enhanced through Variation Order (V.O.) No. 1 dated 12<sup>th</sup> November 2014 from Rs 67.356 million to Rs 120.747 million increasing earthwork from Rs 12.96 million to Rs 46.980 million. Earlier this V.O. was submitted to PMIU on 6<sup>th</sup> June 2012 which was returned un-approved vide letter dated 14<sup>th</sup> March 2013 with the comments that V.O. was initiated after work done and work was executed on verbal instructions of Chief Engineer PERRA. At that time, the contract with consultant was expired and the consultant was not performing. The survey of first 4-km was carried out before start of work whereas no survey was conducted for total length of 9 km.
- ii. An inquiry was conducted to assess the abnormal increase in earthwork and M/s NEC Abbottabad, an independent consultant, was deputed to analyze the survey / design of road. The inquiry report recommended that M/s EA be penalized for wrong estimation and design (with slope more than normal engineering practices) causing delay in realignment / redesign and financial loss on account of additional cost / price adjustment to contractor.
- iii. The key findings of inquiry were excess quantities of earthwork for 24,587 c.um (114,805 – 90,318 cu.m) due to design slope of 1:3. This excess quantity was further increased to 26,355 c.um {123,555 – 97,200 (90,318 + 7.62%) } through variation order.

In view of the above audit holds that:

1. Excess payment of Rs 10.542 million (26,355 cu.m x Rs 400) was made on account of earthwork due to poor management as they had approved the design.

2. M/s EA was not penalized for poor design which already resulted loss to Government.

The issue was pointed out during October 2015. The management in its reply referred submission of variation order based on inquiry report for concurrence.

Reply is not acceptable because excessive quantities of earthwork beyond objected VO was paid without penalizing the consultant and carrying out corrective actions.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Responsibility may be fixed for acceptance of incorrect design. Excess payment may be recovered and the contractor penalized under intimation to audit.

PDP # 106, (Para No. 24, PMIU IDB/SFD Atd 14-15)

### **3.2.41 Non-utilization of funds and loss of opportunity due to mismanagement - Rs 5,445.702 million (\$ 54.457 million US dollar)**

As per S.No.10 of PC-II, 19 projects for SFD and 69 projects for IDB grant was placed to be executed within three years.

In PMIU SFD/IDB 19 projects from SFD and 69 projects for IDB were awarded for execution during 2010 to 30<sup>th</sup> June 2015. Both the donors granted 3 years for utilization of grant (loan). IDB further agreed to finance 25-schemes in second phase after successful completion of first phase within three years. The progress reports of the department / consultant as well as other documents disclosed that PMIU IDB/SFD could only achieve 28% overall progress as only 19 projects were completed and handed over till 30<sup>th</sup> June 2015 after five years. This delay pushed the incomplete first phase schemes beyond agreed / provided time, resulting second phase could not be commenced which jeopardized the utilization of funds of thousands of millions of rupees (Annexure-XII).The worst scenario was in case of IDB schemes where only 05 schemes could be completed out of 44 tendered / awarded works till date of audit from total 69 schemes.



Major project like Right Bank Road from Thakot to Dassu and especially all 13 Hydel power projects could not even be initiated. Non-utilization of these loans, at the time when ERRA has repeatedly complained about shortage of funds, shows gross negligence and under-performance of PMIU, ERRA and the consultants as well. It will further effect badly the ERRA Built Back Better philosophy.

The failure was surrounded both by internal as well as external factors. The negligence of the department of PMIU and Special Project Cell (SPC) ERRA resulted in non-acquisition of land, acquisition of unsuitable land, poor estimation, non-preparation of timely variation order and approval thereof, charge / shifting of decision making tiers, and mismanagement at PMIU and SPC ERRA. The government has been overburdened due to cost overrun and funds requirement either from own budget or loans which will put the economy into further doldrums.

Audit is of the view that non-utilization of funds of Rs 5,445.702 million (**Rs 5445.702/100= 54.457 million US dollar**) resulted due to lack of interest, negligence and mismanagement which cannot be condoned.

The issue was pointed out during October 2015. The department replied that delay in payment and concurrence of V.Os delayed the phase-I progress, therefore Phase-II could not be started.

The reply is not tenable because multifold mismanagement caused delay in completion resultantly funds could not be utilized which will add burden to Government exchequer.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that PAC may order a high level inquiry on the performance of ERRA for taking suitable action.

**PDP # 111, (Para No. 29, PMIU IDB/SFD Atd 14-15)**

**3.2.42 Excess payment on account of borrow material due to excess rate, excess area than actual work and non-utilization of useable material - Rs 8.873 million**

As per GCC 17, the contractor shall be responsible for the accurate setting-out of the works in relation to original points, lines and levels of reference given by the engineer in writing. Further Clause 57.1 provided that the works shall be measured net, notwithstanding any general or local custom, except where otherwise provided for in the contract.

PMIU (IDB/SFD) Abbottabad paid an amount of Rs 275.342 million to M/s AM & Co. for construction of missing facilities at District Complex Shangla upto IPC No. 7. Scrutiny of relevant record revealed that additional item / non-BOQ were measured and paid for Rs 28.288 million vide IPC No. 7 against VO costing Rs 31.777 million. Following shortcomings were observed:

- i. Expenditure was increased and paid due to unsuitable acquisition of land.
- ii. Rate analysis was carried out based on Market Rate System (MRS KP) 2013. Rate of item “Embankment from Borrow” for Rs 19.22 per cft was reduced to 18.25/cft by applying 5% reduction. The record shows otherwise i.e. 10% reduction which was made 5% by erasing 10 to 5 as evident from abstract of item wherein it is mentioned as 10%. This resulted in excess rate of Rs 0.95/cft as under:

MRS 2013 rate	Unit (cft)	Rate per cft (Rs)	Rebate / discount (Rs)	Net rate (Rs)
Rs 19,220	1,000	19,220/1,000 = 19.22	@ 05 % (19.22 x 05/100) = 0.96	Rs 19.22 – 0.96 = Rs 18.25
-do-	-do-	-do-	@ 10 % (19.22 x 10/100) = 1.92	Rs 19.22 – 1.92 = Rs 17.30

Hence excess payment of Rs 1.472 million (1,550,000 x Rs 0.95) was made on this account.

- iii. Embankment for retaining wall was paid for length of 3,500 feet which was required to be paid for length of 2,389.92 feet as calculated by audit. This resulted into another excess payment of Rs 1.945 million (3500-2390 = 1,110 x 8 x 12 x Rs 18.25).

- iv. Embankment for RCC retaining wall was claimed for 1,100 feet but no such RCC wall was paid till IPC No. 7. Thus excess payment of Rs 1.686 million ( $1,100 \times 12 \times 7 = 92,400 \text{ cft} \times \text{Rs } 18.25$ ) was made to contractor on this account also.
- v. Embankment for road was twice measured i.e. 0+00 Km to 1+484 Km (443,317 cft) and 0+00 Km to 0+446 Km (78,286 cft). This resulted into doubtful / bogus payment of Rs 1.429 million ( $78,286 \text{ cft} \times \text{Rs } 18.25$ ).
- vi. Further probe into the matter disclosed that 256,549.23 cft was shown excavated from roadway against fill quantity of 521,603.38 cft but no utilization of available material was shown. The item was paid in BOQ as excavation based on stacking of serviceable and non-serviceable material with backfill but no detail was available against 419,650.02 cft excavation. As such excess payment was made by allowing total borrow material without adjustment / use of excavated material without catering the other excavations of project i.e. Rs 2.341 million ( $256,549 \text{ cft} \times 50 \% = 128,274.62 \text{ cft} \times \text{Rs } 18.25 = \text{Rs } 2,341,012$ )

In this way, total excess payment of Rs 8.873 million was made (Rs 1.472 million + Rs 1.945 million + Rs 1.686 million + Rs 1.429 million + Rs 2.341 million). Audit is of the view that the authorities have completely closed the eyes and the involvement of personal interest cannot be ruled out.

The issue was pointed out during October 2015. It was replied that excess payment, if any, established / based on facts would be recovered.

The reply is not tenable as above mentioned recovery was not made.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit requires that excess payment may be investigated and recovered. Further, disciplinary action be taken under intimation to audit.

**PDP # 112 (Para No. 31, PMIU IDB/SFD Atd 14-15)**

### **3.2.43 Wasteful expenditure due to termination of project midway (work upto plinth level) - Rs 9.545 million**

According to Para 10 (i) of GFR Vol-I 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. Para 10 (ii) provides that the expenditure should not be prima facie more than the occasion demands. Further Para 96 states that money should not be spent hastily or in ill-considered manner just because it is available.

PMIU (IDB/SFD) Abbottabad paid an amount of Rs 255.230 million to M/s AM & Co. for construction of Tehsil Complex Palas District Kohistan upto IPC No. 6. The work was awarded for bid cost of Rs 261.460 million on 27<sup>th</sup> July 2012 to be completed within (365/762) days.

This work consisted upon A, B, C type buildings. The contractor was paid Rs 9.545 million vide IPC No. 6 dated 29<sup>th</sup> May 2015 for work upto plinth level of Type-A building. A variation order of Rs 78.067 million duly approved by Chief Engineer PMIU has been provided for donor concurrence wherein work on this residency was shown deleted after incurring Rs 9.545 million up to plinth level. There is no cogent reason to drop / delete the building after such a huge expenditure. This expenditure has gone waste.

Audit is of the view that weak planning and monitoring led to wasteful expenditure.

The issue was pointed out during October 2015. It was replied that points raised by audit has fully been covered in variation order forwarded for concurrence.

The reply is not acceptable because expenditure already incurred on deleted building has gone waste.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

The matter may be investigated to probe the facts, fix responsibility on the persons at fault for execution of work and incurrence of wasteful expenditure, besides effecting recovery under intimation to audit.

### **3.2.44 Excess payment on account of embankment from borrow material and price adjustment - Rs 25.483 million**

According to Clause 56.1 of Conditions of Contract, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the values of the Works and Clause 57.1 states that the works shall be measured net, notwithstanding any general or local custom, except where otherwise provided for in the contract.

PMIU (IDB/SFD) paid Rs 52.431 million for the work “Embankment from borrow material” vide IPC No. 6 to M/s AM & Co. for construction of Tehsil Complex Palas (District Kohistan). This included Rs 20.822 million for quantity of 20,822 cu.m of structural backfill from borrowed embankment @ Rs 1,000/cu.m. This quantity was paid in IPC No. 5 wherein it was mentioned that “measurement as per IPC No. 4” but IPC No. 4 shows borrow material of 300 meter for road (31,785 cu.m) and around buildings (9,825 cu.m). No measurement for said quantity of 20,822 cu.m was provided in IPC No. 4, 5 & 6.

This resulted in excess payment of Rs 20.822 million (20,822 x Rs 1000) on account of borrow embankment.

Similarly, Rs 32.595 million were paid to contractor vide IPC No. 5 for additional work of RCC retaining walls. The additional work was included as non-BOQ item during April 2015. The payment was made on BOQ rates but 8% rebate was not deducted as offered by contractor on BOQ items. On the other hand price adjustment was also paid for this additional work (Non-BOQ items). Thus contractor was favored twice i.e. by non-deducting the rebate and secondly by allowing price adjustment on non-BOQ items. This resulted in excess payment of Rs 4.661 million (cost of additional work for Rs 32,595,311 x price adjustment factor 0.143 = Rs 4,661,129).

Thus a total excess payment of Rs 25.483 million (Rs 20.822 million + Rs 4.661 million) was made to contractor which reflects negligence on the part of concerned authorities of PMIU, Consultant and the ERRA.

The issue was pointed out during October 2015. The management replied that measurement sheets of IPC No. 4, 5 & 6 are available while price adjustment on non-BOQ item is covered in variation order under process for concurrence.

The reply is not acceptable because no measurement was found in IPC 4, 5 & 6 or produced with reply. Moreover price adjustment on non-BOQ item is not allowed which cannot be covered in variation order under clause 70 of the contract.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Excess payment may be investigated to determine the responsibility against persons at fault and recovery under intimation to audit.

PDP # 114 & 115 (Para No. 35 & 36, PMIU IDB/SFD Atd 14-15)

### **3.2.45 Irregular payment beyond BOQ provisions without variation orders - Rs 53.209 million**

According to Clause 51.2 of conditions of contract the Contractor shall not make any variation without an instruction of the Engineer in writing.

In PMIU SFD/IDB Abbottabad paid an amount of Rs 53.209 million to following contractors beyond the contract price without variation orders:

<b>S. No.</b>	<b>Contractor</b>	<b>Project/ Work</b>	<b>Date of completion</b>	<b>Progress</b>	<b>Contract cost (Rs)</b>	<b>Paid to contractor</b>	<b>Overpayment (Rs)</b>
1	M/s Haji	RHC Chattar Plain	19.06.2012	100 %	55,559,370	74,863,069	19,303,699
2	Abdur Rauf	RHC Nawazabad	19.06.2012	100 %	52,796,590	74,563,165	21,766,575
3	SMS & Co.	BHU Jalgali	16.01.2012	100 %	33,537,172	45,675,510	12,138,338
						<b>Total</b>	<b>53,208,612</b>

Such a huge amount has been overpaid but the concerned authorities have taken no required action. Audit is of the view that making such huge excess expenditure without completing the rule requirements was negligence on the part of PMIU, the ERRA and consultant.

The issue was pointed out during October 2015. It was replied that final bill of contractor has not yet been paid due to submission of variation orders for concurrence of donor.

The reply is not acceptable because variation was required to be approved before execution of work instead of putting the Government exchequer under unnecessary liability.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that irregular payment so made may be investigated and action be taken for careless attitude of the organization, the consultant and concerned officials of the ERRA under intimation to audit.

PDP # 117 (Para No. 38, PMIU IDB/SFD Atd 14-15)

### **3.2.46 Wastage of public money due to construction on unsuitable site – Rs 260.866 million**

As per Clause 51.2 of Conditions of Contract, the contractor shall not make any variation without an instruction of the Engineer in writing. The Para 96 of GFR Vol-I provides that money should not be spent hastily or in ill-considered manner just because it is available.

In PMIU IDB/SFD Abbottabad the contract for construction of Government Girls Degree College Besham was awarded to M/s New Malik Afridi & Co. for Rs 279.508 million during May 2011 with completion period of 730 days. Earlier the land for this project was acquired for Rs 18.360 million by DRU Shangla / Kohistan.

The cost of project was enhanced to Rs 411.775 million through variation order for Rs 116.130 million dated 16<sup>th</sup> December 2014. The comparison of variation order with BOQ revealed that cost of external works was enhanced to Rs 113.263 million from Rs 34.006 million i.e. 233.07% of BOQ.

The variation order was prepared due to acquisition of unsuitable land which necessitated the construction of retaining walls to make the land usable. This fact was further strengthened during site visit where major portion of acquired land was found useless due to steep slopes. Huge retaining walls with 25 feet height (approx.) were constructed on front as well as back side of buildings. The construction of buildings was carried out on fill area behind retaining walls. Some of the retaining walls were

also found collapsed / damaged due to huge filling behind walls, poor stone masonry and use of unsuitable material.

Moreover use of poor quality material by sublet contractor without supervision / monitoring of consultant / department have also repeatedly been pointed out by Special Monitoring Team during various site visits.

Audit holds that above state of affairs has rendered the entire expenditure on purchase of land for Rs 1.836 million as well as construction work for Rs 259.030 million as wasteful.

The issue was pointed out during October 2015. The department in its reply referred to the concurrence of variation order by donor instead of replying the observations contained in the Para regarding acquisition of unsuitable land, changes in design and abnormal additional works without approval of employer.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends investigation at higher level to probe the facts and to fix responsibility on the persons at fault under intimation to audit.

PDP # 121, (Para No. 43, PMIU IDB/SFD Atd 14-15)

### **3.2.47 Non-deduction and non-deposit of Income Tax - Rs 91.819 million**

As per Income Tax Ordinance 2001(amended from time to time and latest applicable from 1<sup>st</sup> July 2014) Section 153 I Schedule I (Part III) Division III, 7.5% of the gross amount was required to be deducted from the contractor's bills/ IPCs. Para-160 of Income Tax Ordinance 2001, states that "payment of tax collected or deducted shall be paid to the Commissioner by the person making the collection or deduction within the stipulated time". Section 161(1B) of the Ordinance provide that "in case of failure to deduct or pay the deducted tax, the person shall be liable to pay additional tax of 18% per annum from the date he failed to deduct the tax to the date the tax is paid".

Contrary to above, income tax was either not deducted or less deducted and in some cases, deducted tax was not deposited into Government treasury by the formations as briefed below:



- i. PMIU IDB / SFD Abbottabad paid Rs 937.715 million to various contractors against work done. The contractors were granted tax exemptions and income tax amounting to Rs 60.950 million was not deducted. The management was asked to provide valid tax exemption certificates alongwith confirmation from concerned department which were not available.
- ii. Similarly an amount of Rs 28.730 million was outstanding against various contractors on account of income tax in PMIU IDB / SFD Abbottabad office upto 30<sup>th</sup> June 2015. The amount was not recovered / deposited till date of audit viz September 2015.
- iii. Income tax of Rs 1.236 million was deducted from different contractors by Deputy Director Reconstruction Shangla during the year 2012-13 to 2014-15. However the amount was not deposited into Government Treasury till date of audit viz October 2015.
- iv. Deputy Director Reconstruction Abbottabad deducted income tax @ 6.5% instead of 7.5% from various contractors which resulted into less deduction / loss of Rs 902,581.

Thus loss of Rs 91.819 million (Rs 60.950 million + Rs 28.730 million + Rs 1.236 million + Rs 0.903 million) was caused to Government exchequer on this account. The detail is given in Annexure-XIII.

The irregularity was reported to the management during October and November 2015. No reply was received from Deputy Director Reconstruction Abbottabad and Shangla offices. The PMIU provided only three (03) exemption certificates out of 14 pointed out by audit. The contractors have been directed to deposit outstanding income tax.

Reply is not acceptable as the action required under the rules was not carried out.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that responsibility may be fixed on the persons at fault, recovery be made and deposited into government treasury under intimation to audit.

PDP # 122,108, 19 & 3 (Para No. 44& 26, PMIU IDB/SFD Atd,  
Para No.9 DDR Shangla, Para No. 3 DDR ATD 14-15)

### **3.2.48 Construction of school building on disputed land - Rs 36.560 million**

As per GCC 42.1 (a & b), the Contract may prescribe:

- a. the extent of portions of the Site of which the Contractor is to be given possession from time to time,
- b. the order in which such portions shall be made available to the Contractor,

PMIU IDB/SFD awarded contract for construction of GHS Jijal to M/s Mehboob Ali & Co. for bid cost of Rs 24.152 million during 2010. The record revealed that the work on original site could not be started till May 2013 due to land dispute. Later on, an alternate site was selected and contractor started that work there. A payment of Rs 36.560 million was made to the contractor till IPC No. 4. The work was again stopped during May 2015 due to non-payment for land.

Audit is of the view that commencing construction of school on a land which was not acquired by ERRRA was against the rules as well as common sense while of expenditure of Rs 36.560 million without acquiring land was serious lapse.

The issue was pointed out during October 2015. It was replied that matter has been taken up with concerned authorities to resolve the issue and early payment to land owner. As such audit stance has been admitted.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

The matter may be investigated with a view to ascertain how construction was commenced on someone else's land, to fix responsibility on the persons at fault and to recover the loss caused to the exchequer.

PDP # 123, (Para No. 45, PMIU IDB/SFD Atd 14-15)

### **3.2.49 Construction of hostel for girls rendered redundant owing to distance of 5 Km from school - Rs 18.950 million**

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.

PMIU IDB / SFD Abbottabad acquired land measuring 4-kanals for construction of Hostel at GHS Bankad under the IDB funded scheme and payment of Rs 1.292 million was made to owner during April 2011. The scheme was tendered and work was awarded to M/s Rustam Khan & Ahmed Hilal (JV) for Rs 29.364 million on 5<sup>th</sup> October 2012.

The work on the land purchased could not be commenced as site dispute started. The owner of land provided an alternate land which was declared unfeasible by consultant M/s EA vide letter dated 23<sup>rd</sup> July 2013. The project was then initiated on third site. The contractor achieved 72% physical progress and payment of Rs 17.659 million was made upto June 2015.

The EDO (Male) Kohistan vide letter No. 9579-80 dated 5<sup>th</sup> September 2014 intimated that the construction of hostel is under progress at Sholgarah below the Karakoram Highway (KKH) at a distance of approximately 5 km from the school. The officer further intimated that contractor is using below standard material and without any supervision.

The issue was pointed out during October 2015. The department replied that work is in progress at full swing at third location and EDO Kohistan has not addressed PMIU for any action.

The reply is not acceptable because EDO Kohistan requested Chief Engineer PMIU and others to stop the work to avoid after effects of hostel in the best interest of teachers / students.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit holds that a higher level third party inquiry may be conducted to probe the construction of hostel at a distance of 5 km from school building and low quality of work under intimation to audit.

PDP # 124, (Para No. 46, PMIU IDB/SFD Atd 14-15)

### **3.2.50 Unauthorized change of acquired site and construction of school at the disputed land - Rs 47.731 million**

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.

Chief Engineer PMIU IDB/SFD Abbottabad acquired land measuring 3 kanals 15 marlas for construction of Government High School, Dassu through DRU Shangla / Kohistan. Payment of Rs 5.766 million was made to the owner of land. The contract for this work was awarded to M/s Rustam Khan & Ahmad Hilal (JV) for bid cost of Rs 54.075 million on 5<sup>th</sup> October 2012 with completion period of 365 days. An amount of Rs 41.966 million was paid to contractor till June 2015.

The record revealed that:

- i. The project was awarded during 2012 and work could not be started till date due to land dispute. For the purpose another site was selected and paid. The topographic survey of new site revealed that the land falls in category “D” (seismic hazard) area and is close to an active tectonic feature. However the DG P-II ERRA Islamabad directed M/s EA Consultant (Pvt.) Ltd to redesign the project keeping in view the hazard levels due to scarcity / non-availability of land in the area. On receipt of design / drawing during December 2013, work commencement order was given to contractor.
- ii. The Program Manager DRU Shangla / Kohistan vide letter dated 27<sup>th</sup> March 2014 intimated the consultant that the Tehsildar Dassu has approached him to stop the work on project as the same land has been acquired for construction of Dassu Dam project and directed the consultant to personally visit to

Revenue Authorities and factual position be brought to the notice of all concerned,

- iii. The SDO Dassu Hydel Power Project vide letter dated 28<sup>th</sup> April 2014 intimated Deputy Commissioner, Dassu that the notables from local community alongwith owner of land during visit to his office agreed to provide alternate land along KKH-I. The site was visited by SDO alongwith Project Director Dassu, locals of community and owner of land. The officer requested DC Dassu to take up the matter with ERRA to avoid further complications and loss to Government. The record is silent about amicable solution of the matter, and
- iv. Meanwhile, the Director Technical PMIU Abbottabad approved variation order for Rs 27.115 million during July 2014 to cater the increase in BOQ quantities due to redesign. This resulted into enhancement of project cost from Rs 54.075 million to Rs 110.840 million i.e. 103.76% of original cost.

An expenditure of Rs 47.731 million (Rs 5.765 land acquisition + Rs 41.966 million on work done) had been made and the project was still lying in jeopardy as no fate was decided till date of audit i.e. September 2015. This situation clearly gives the picture of careless attitude of the PMIU concerned officials of ERRA and the consultant.

The issue was pointed out during October 2015 and it was replied by the department that subject land was acquired during 2012 with no observation from the then management of Dassu Hydel Power Project.

Reply is not acceptable as there was a change of scope due to relocation of the site without reviewing the feasibility of the same.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

In view of above facts audit holds that a higher level inquiry may be conducted to probe the following and taking action against the responsible persons:

- i. Acquisition of disputed and unsuitable land causing delay in commencement of work and cost overrun.

- ii. Despite intimation of Revenue Department during April 2014, the construction was carried out.
- iii. Issuance of variation order in the above stated situation.
- iv. Loss to Government for Rs 47.731 million.

PDP # 126, (Para No. 50, PMIU IDB/SFD Atd 14-15)

### **3.2.51 Wasteful expenditure on account of land acquisition against dropped schemes - Rs 5.371 million**

As per Para 5 of ERR 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 5.371 million during April to October 2011 on account of purchase of land for 02 IDB projects i.e. GMS Baneel Jog and GGMS Ghaziabad through DOR&E Kohistan in District Kohistan. According to Director Technical of PMIU Abbottabad letter dated 17<sup>th</sup> April 2014 addressed to the Program Manager DRU Shangla to stop the payment as these projects were dropped by the management on technical reasons. (The action to drop the project was taken after payment to the land owners.)

Audit is of the view that acquisition of land led to wastage of Government funds and resulted into acquiring of useless assets. The funding provided by SFD was time barred and delay in initiation of work would have compromised the achievement.

The issue was pointed out during October 2015. The management replied that acquisition of land is not responsibility of PMIU.

Reply is not tenable because loss has been caused to government exchequer on account of dropping of schemes.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit suggests that acquired land may be de-awarded after inquiry for fixing responsibility and loss may be made good from persons at fault under intimation to audit.

PDP # 128, (Para No. 54, PMIU IDB/SFD Atd 14-15)

### **3.2.52 Non accountal of 37 Government vehicles, non-maintenance of record and irregular expenditure on POL and repair - Rs 2.178 million**

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.

According to Para 15 of Staff Car Rules (i) a Movement Register shall be maintained and shall remain in the custody of the driver (ii) a Log Book shall be maintained by the Officer-in-Charge.

In PMIU IDB/SFD Abbottabad, 31 vehicles were received by Director Technical from M/s EA Consulting (Pvt.) Ltd during 2012 while six other vehicles were received from ERRRA during 2015. In addition to these, 28 vehicles were shown available with PMIU including five vehicles retained by PERRA Abbottabad. The detail is given in Annexure-XIV.

No record of all these vehicles i.e. stock taking with complete specification viz make, model, engine, chassis, registration number, unit cost, date of receipt / handing-taking over, name & designation of allottee / user was maintained. The whereabouts of vehicles received from M/s EA Consultant and ERRRA HQrs were unknown.

Moreover Rs 1.469 million on POL and Rs 708,548 on repair of vehicles were incurred during July 2014 to April 2015.

Audit is of the view that unknown whereabouts of vehicles and non-maintenance of record is an attempt to cover illegal and unauthorized use of vehicles and irregular expenditure.

The issue was pointed out during October 2015. Department replied that vehicles have been transferred to ERRA and the record for the available vehicle will be prepared.

Reply is not acceptable as no evidence was provided.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends inquiry to probe the facts about unknown vehicles, non-maintenance of record, irregular expenditure and unauthorized use of vehicles under intimation to audit.

PDP # 131& 132 (Para No. 63, 65, 68& 69, 70 & 71 PMIU IDB/SFD Atd 14-15)

### **3.2.53 Loss due to non-imposition and non-recovery of liquidated damages despite recommendations of consultants - Rs 276.881 million**

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

In PMIU IDB/SFD Abbottabad and Reconstruction (PERRA) Office Abbottabad the consultants have recommended imposition of Liquidated Damages for Rs 44.941 million and Rs 15.752 million respectively on various contractors due to poor progress of work. However the management has not imposed and recovered the LD despite recommendations of consultants.

Similarly, various organization and executing agencies of PERRA awarded different works to the contractors with specific period for their completion. These contractors failed to complete the works within stipulated as well as in extended period. Accordingly, liquidated damages (LD) @ 10% of contract cost, amounting to Rs 216.188 million was required to be imposed and recovered which was not done. The detail is given in Annexure-XV.

Non-recovery of imposed LD amounting to Rs 276.881 million (Rs 60.693 million + Rs 216.188 million) was a clear loss to Government exchequer and undue favor to the contractors.



The irregularity was reported to the management during October & November 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that LD may be recovered from the contractors under intimation to audit.

PDP # 10, 136, 62, 118, 109, 130 & 29 (Para No. 16, 22, 23, 24, 29 & 36 DDR Atd, Para # 26, DDR-Man, Para No. 6, 20, 22 & 28 DDR Shangla, Para No. 6, 14, 15 & 21 DDR Koh, Para No. 27, 39 & 56, PMIU SFD/IDB, Para No 0, DDR Battagram, 2014-15)

## **Performance**

### **3.2.54 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 and progress of projects is lagging far behind. The sector-wise progress / achievement of targets on 30<sup>th</sup> June 2015 is as under:

Sector	Tot. Sch.	Tend. Inv.	Bids. Eval.	Tend. Award.	Work Start	0%	1-25%	26-50%	51-75%	76-95%	Completed
Education	2409	2113	1916	1882	1801	61	143	3	9	8	1577
Education PMEP	500	500	500	500	500	0	30	127	182	143	18
Environment	338	338	328	328	326	3	43	15	33	52	180
Governance	479	474	465	464	459	6	8	12	20	45	368
Health	147	144	141	134	124	3	1	15	8	12	85
Livelihood	906	843	829	829	822	37	19	69	20	141	536
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	2	3	0
Transport	149	147	145	145	145	1	4	6	14	22	98
WatSan	1938	1938	1937	1937	1937	3	2	8	6	3	1915
Total	6886	6514	6278	6236	6127	114	250	255	296	429	4783

Non-achievement of targets is resulting in recurring loss to Government cost overrun of projects/ schemes as well as global defames on part of the nation. The public is also facing continuous problems and hardships on the other hand.

The matter was pointed out during August to November 2015. Management replied that the slow progress is mainly due to non-availability of funds. As soon as the funds are provided, all the remaining schemes/ projects will be completed within one year.

DAC recommended the Para for discussion in PAC.

Audit recommends that non-achievement of planned and approved targets 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 to audit.

**PDP-78(Para # 15, DG PERRA, Para # 29 CE-ATD, Para # 07, DRU Atd, Para # 30 DDR Atd, Para # 26, DRU Shg/Koh, Para # 18, DDR Koh, Para # 22-DDR Btg., Para 31-DDR, Man, Para # 26, DDR Shg)**

## ***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 Irregular reassignment of contract to an unqualified contractor – Rs 850.532 million**

As per bidding documents (Appendix-N to Bid) the main criteria for being technically qualified for any bidder was completion of project of similar nature costing Rs 1,000 million, average annual turnover of at least Rs 602 million.

The management of Saudi Fund for Development & Kuwait Fund (SFD&KF) floated a notice of re-tender for the construction of "Remaining Works of University of AJK Chottagala Campus Rawalakot (Package-A) in press on 30<sup>th</sup> August 2014. Only two bidders M/s Zoom Engineers and M/s ASKON-UEC (JV) participated in the bid. Both the firms were found qualified technically and it was recommended that

both the bidders may be called for financial bid opening. The financial bid of M/s Zoom Engineers was the lowest responsive bid and was recommended for award of contract on 20<sup>th</sup> October 2014.

After award of contract, M/s Zoom Engineers vide letter No. Zoom/ AU/ RWKT/ 02 dated 15<sup>th</sup> January 2015 showed their inability to execute the work due to ailment of their key man and requested to assign the work to M/s Qalandar Bux Abro & company under clause 3.1 of condition of contract. The request of the contractor i.e. M/s Zoom Engineers was considered on humanitarian grounds and in light of provision of clause 3.1 of GCC.

Audit observed that reasons of the M/s Zoom Engineers were not cogent enough because a contract of the volume of Rs 850 million could not be reassigned to another contractor just because of ailment of one key personnel of the lowest bidder. The performance security was to be forfeited in case of default. Further the technical qualification of M/s Qalandar Bux Abro & Company was not evaluated by the Bid Evaluation Committee. The said contractor did not undertake any construction project of similar size and nature and having project value of Rs 1,000 million during last year which was the main criteria to technically qualify a bidder. During a comparative study, it was also noticed that in SPC-17 M/s Awan Associate who was the lowest bidder was disqualified technically on the grounds that firm did not provide their past performance in similar projects and list of ongoing projects is not supported with work orders.

Audit holds that the assignment of the contract was irregular and non-transparent.

The matter was reported to the management on 29<sup>th</sup> September 2015. In response the management replied that assignment of contract can be made on the acceptance of employer as per provision of clause 3.1 of GCC and evaluation of assignee was done by employer & engineer's representative of the project by evaluating his documents and by personally visiting the completed projects of assignee.

The reply is not justified and acceptable. The reasons for assignment of the contract were not cogent. Further, the technical qualification of the assignee does not match the criteria laid down in bidding documents.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that ERRA should review the actual requirement of the project and its technical soundness.

Audit recommends that matter may be got inquired, responsibility be fixed for not cancellation of contract of M/s Zoom Engineers and forfeiting his bid/ performance security in case of default as well as award / assignment of contract to technically disqualified contractor.

PDP-722 (SFD&KF 2014-15)

#### **4.2.2 Manipulation of bidding process – Rs 353.807 million**

As per clause-IB.3 (3.1) (b) of Instructions to Bidders, the bidder must have completed at least three similar projects in Pakistan each of the minimum value of Rs 350 million during last five years.

During audit of Chief Engineer, SFD&KF it was observed that work for reconstruction of University of AJ&K Chottagala, Rawalakot (Package-B) was awarded to M/s Qalander Bux Abro & Company for an amount of Rs 353.807 million. The scrutiny of list of major completed projects as well as major projects in hand/ ongoing provided by the firm with its bidding documents revealed that firm mostly engaged in road/ bridges work and had no past experience of building civil works. A separate list of two similar nature projects completed by the firm was provided but the same was without supporting evidence i.e. letter of award. The completion certificates provided by the firm were without number and dates of the issuing departments hence were not verifiable. Further, the projects shown completed were not included in the list of completed projects.

Audit holds that award of contract was non-transparent as Bid Evaluation Committee did not evaluate the technical bids properly and undue benefit was given to the contractor.

The matter was reported to the management on 29<sup>th</sup> September 2015. In response the management replied that University of AJ&K Chottagala consists of one building and external works. Major components of this package consisted of external work like external roads, drains, walkways, sewerage, external electricity and storm water drain. The contractor relevant experience for major part of project was considered and accordingly the Bid Evaluation Report was prepared.

The reply is not acceptable. The technical evaluation was not made as per laid down instruction in the bidding documents. Further if the major work was of road nature then why the same was not added in bidding documents and advertised accordingly.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that an Inquiry may be conducted.

Audit recommends that matter may be inquired and fix responsibility against the persons at fault.

PDP-725 (SFD&KF 2014-15)

#### **4.2.3 Irregular release of tax amount and non-deposit thereto by the contractor – Rs 88.636 million**

As per ERRA letter No. 4-4/ERRA/2012/SPC dated 20<sup>th</sup> May, 2013

- a) Income tax will be worked out in IPC by the consultant and verified by the Accounts Officer of PMIU
- b) A record to this effect will be maintained by the respective Accounts Officers of PMIU
- c) The tax will be deposited by the contractor into government treasury and acceptable deposit documents will be produced by the contractor along with the next IPC.
- d) The deduction of tax in Running Account bill and withdrawal application will be done away with and the contractor will be paid dues including income tax.

Section 160 of the Income Tax Ordinance 2001, provides that amount of tax collected or deducted shall be paid to the Commissioner income tax by the person making the collection or deduction within the stipulated time.

During scrutiny of record it was observed that an amount of Rs 88.636 million was deducted as Income Tax at source from different running bills of M/s Sambu JV. The amount was to be deposited in Government Treasury by ERRA on release of funds from GOP. As the contractors were entitled to obtain deposit detail for filing their own tax returns therefore in a meeting ERRA vide letter No. GRE/ CMT/ Mzd/ UoAJK/116 dated 4<sup>th</sup> December 2014 agreed to release the deducted amount of income tax to the contractor. The Chairman of BOR of M/s Sambu JV committed that deposition of income tax shall be made in 4 installments with the time frame of upcoming 4 IPCs including due amount of income tax of running IPCs.

Audit is of the opinion that ERRA should have deposited the income tax deducted from the contractor into Government treasury instead of returning the same to the contractor.

The matter was reported to the management on 29<sup>th</sup> September 2015. In response, the management replied that the matter of deposit of income tax was stopped on the advice of tax department vide their letter No. 57-60/ 2015 dated 30<sup>th</sup> July 2015. Tax authorities have stated that amicable settlement of 122 million upto IPC-30 was agreed.

The reply of the department is not acceptable as the clarification issued by the tax department on 30<sup>th</sup> July 2015 whereas ERRA vide letter No. GRE/ CMT/ Mzd/ UoAJK/ 116 dated 4<sup>th</sup> December 2014 had already agreed to release the deducted amount of income tax to the contractor.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that a copy of the settlement report may be provided to Audit for verification.

Audit recommends that amount of income tax may be deposited immediately under intimation to Audit. Further responsibility may also be fixed regarding irregular release of deducted amount of income tax in violation of rules.

**PDP-728 (SFD&KF 2014-15)**

#### **4.2.4 Non-deposit of income tax by the contractor – Rs 17.481 million**

Section 160 of the Income Tax Ordinance 2001, provides that amount of tax collected or deducted shall be paid to the Commissioner income tax by the person making the collection or deduction within the stipulated time. As per Section 161 (b), where a person having collected tax fails to pay the tax to the Commissioner as required under Section 160, the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

As per ERRA letter No. 4-4/ ERRA/ 2012/ SPC dated 20<sup>th</sup> May, 2013

- a) Income tax will be worked out in IPC by the consultant and verified by the Accounts Officer of PMIU
- b) A record to this effect will be maintained by the respective Accounts Officers of PMIU
- c) The tax will be deposited by the contractor into government treasury and acceptable deposit documents will be produced by the contractor along with the next IPC.
- d) The deduction of tax in Running Account bill and withdrawal application will be done away with and the contractor will be paid dues including income tax.

During scrutiny of record pertaining to SFD&KF, Muzaffarabad it was observed that an amount of Rs 31.534 million due as income tax was paid to the various contractors through different running bills. The amount was required to be deposited in Government Treasury by the contractors on receipt of payment from the donor and deposit proof thereof was to be produced to Chief Engineer PMIU, SFD&KF before payment of next IPC. Only Rs 14.052 million were deposited by contractors and difference of Rs 17.482 million was not deposited by the contractors which resulted into loss to Government Exchequer.

Audit holds that non-deposit of income tax is serious violation of rules and its final responsibility lies with the management.

The matter was reported to the management on 30<sup>th</sup> September 2015. In response, the management replied that notices have been issued to all contractors for depositing of income tax.

The reply is not acceptable as most of these are long outstanding liabilities.



The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that adjustment may be intimated to Audit.

Audit recommends that amount of income tax may be recovered from the contractors and deposited immediately into Government Treasury. The bank challans duly verified from FTO may be produced to Audit for verification. Further payments to contractor may be stopped till clearance of tax liabilities otherwise Audit will be constrained to report the matter to FBR.

PDP-729 (SFD&KF 2014-15)

#### **4.2.5 Non-deduction of State (AJ&K) taxes from the contractors – Rs 6.620 million**

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

As per AJK Government Notification dated 17<sup>th</sup> February 1991, Tajweed-ul-Quran Tax (TQT) @ Rs 2/1,000 is chargeable to the gross amount of the IPC paid to the contractor.

The management of SFD&KF deducted the following State taxes levied by the Government of AJK from the bills of the contractors but not deposited into Government Treasury:

<b>S. No.</b>	<b>Name of tax</b>	<b>Amount (Rs )</b>
1	TQT	2,787,869
2	Education Cess	3,786,744
3	KLC	45,389
<b>Total</b>		<b>6,620,002</b>

Audit holds that non-deposit of State Taxes into Government treasury is irregular.

The matter was reported to the management on 30<sup>th</sup> September 2015. In response the management replied that State taxes deducted shall be deposited into Government Treasury as soon as payment is released by GOP to ERRRA.

The reply is not acceptable. The withdrawal application forwarded to donors included all taxes. The State Taxes were deducted by the management but not deposited into Government treasury.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that Para stands till deposit of taxes.

Audit recommends that amount of State taxes may be deposited into Government Treasury.

PDP-730 (SFD&KF 2014-15)

#### **4.2.6 Irregular payment to consultant without completion of work Rs 74.846 million and overpayment of Rs 32.275 million**

As per Para-I (i) of Appendix-E to Consultancy Contract, the contract price for consultancy services, is 2.7% of total project cost. The consultancy fee is divided into two stages i.e. Planning & Design and Detailed Construction Supervision to be paid @ 50% each of contract price for consultancy services. As per Para-I (ii) of Appendix-E to Consultancy Contract, the 2.7% consultancy fee comes to Rs 85.143 million on the basis of estimated cost of the project. However, this would be revised at the time of completion of project and would be worked out on the basis of final project cost.

Chief Engineer PMIU, SFD&KF Muzaffarabad entered into a contract for Engineering Consultancy Services for University of AJK and Government Girls Postgraduate College, Muzaffarabad (Saudi Fund) with M/s Architects. The total price of the contract was 2.70% of the construction cost of project.

Audit observed that initial contract cost for the University of AJ&K was Rs 3,153.441 million and for the Government Girls Post Graduate College, Muzaffarabad was Rs 85.143 million. Later on, the contract cost of above projects was worked out as Rs 5,744.157 million. Accordingly consultancy contract was revised to Rs 155.092 million (2.7% of total cost) as detailed below:

(Rs in million)

S. No.	Project	Contract Cost	Consultancy Charges	Breakdown
1	University of AJ&K, Muzaffarabad	5,544.187	149.693	Rs 74.846 million for planning & Design
				Rs 74.846 million for Construction supervision
2	Government Girls Postgraduate College, Muzaffarabad	199.97	5.399	Rs 2.700 million for planning & Design
				Rs 2.700 million for Construction supervision

Audit observed the following discrepancies:

- i. The revision was done at initial stage, whereas; the same was to be revised at the time of completion. Hence, the additional payment of Rs 32.275 million should have been made at the completion of project.
- ii. The scrutiny of record revealed that consultant did not provide the construction drawings of waste water treatment plant, water treatment plant/ sedimentation tank and landscaping. Construction drawing of Kashmir Studies provided by the Designer was not workable. Whereas; the construction drawings of workshop, overhead water tank, auditorium, Law Department, Hostel entrance steps and ramp, main entrance gate, ring road, parking area, storm water drain, external sewerage, external electrical & telephone system, boundary wall and electrical/ plumbing related to building needs either revision or were without details.
- iii. The Chief Engineer PMIU, SFD&KF approached the Central Design Office Muzaffarabad vide letter No. SFD&KF/ CE/ 2708-15/ 2015 dated 1<sup>st</sup> April 2015 for resolving design issues of university which is evident that payment was made to consultant without completion of work.
- iv. The Central Design Office Muzaffarabad vide letter No. CE/ CDO/ 1030-36/ 2015 dated 9<sup>th</sup> April 2015 demanded an additional cost of Rs 1.500 million to remove the above defects in the designs which depicts that ERRA has to bear additional financial burden due to negligence of consultant.

The matter was reported on 30<sup>th</sup> September 2015. In response the management replied that payment of design was made on the basis of contract cost of contractor in accordance with receipt of drawings. The deficiency in drawings was pointed out

later on and some payment is kept withheld from design phase for redressal of design quires for which Central Design Office has demanded Rs 2.5 million.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that adjustments to be made in the final bill of previous consultant.

Audit recommends that the matter may be inquired and responsibility fixed on person at fault besides blacklisting the consultant firm. Further the withheld amount should not be released prior to results of inquiry.

PDP-733 (SFD&KF 2014-15)

#### **4.2.7 Loss due to non-encashment of performance securities – Rs 2.839 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. 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.

As per clause 63.1 of General Condition of the Contract (GCC) the employer may, after giving 14 days' notice to the contractor, terminate the employment of the contractor and may himself complete the works or may employ any other contractor to complete the works, provided further that in addition to the action taken by the employer against the contractor under this clause, the employer may also refer the case of default of the contractor to Pakistan Engineering Council (PEC) for punitive action.

Executive Engineer, PWD Buildings/ Reconstruction Division, Muzaffarabad terminated the following contracts under clause 63.1 of conditions of contract due to slow progress of work on 5<sup>th</sup> May 2014. The physical and financial progress of the contracts as shown in the progress report of June 2015 was as under:

Pkg. No.	Contractor Name	Name of Facility	Award Date	Performance Security valid upto	Facility Wise Expenditure (Rs in million)	Amount of Performance Security (Rs)	Physical Progress
11	M/s Raja Ali Umar	Adaptive Research Unit Ghari Dupatta	16.05.2009	06.05.2010	1.649	2,350,000	88%
		Agronomy Research Farm Ghari Dupatta			0.466		26%
H-8	M/s Raja Jaber & Co.	BHU Harijala Kalmanja		04.07.2010	5.040	489,190	35%
					7.155	2,839,190	

Audit observed that the performance securities had already expired before the termination of contracts. Further, the contracts were terminated but the remaining work was not awarded to any other contractor and the case of default of the contractors was not referred to Pakistan Engineering Council for punitive action as provided under clause 63.1 of Condition of Contract.

Audit holds that due to non-encashment of performance securities before its expiry, the Government has sustained loss of Rs 2.839 million.

The loss caused due to weak contract management and weak internal controls.

The matter was reported to the management on 28<sup>th</sup> August 2015 but no reply was received till finalization of this report.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be got inquired to fix responsibility on the persons at fault for non-encashment of performance securities before expiry besides loss may be made good from the responsible(s). The remaining works may be awarded to other contractors to avoid loss to the Government.

PDP-735 & 736 (XEN, PWD/Buildings, Mzd 2014-15)

#### **4.2.8 Non-renewal of performance securities – Rs 294.951 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. 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 XEN PWD, Buildings / Reconstruction Division, Muzaffarabad and Bagh it was observed that performance securities valuing Rs 294.951 million expired before issuance of defect liability certificates but the same were neither renewed nor encashed from the respective banks / insurance companies which resulted to put the Government interest into risk. The detail of such contracts is given at Annexure-XVI.

Audit holds that non-renewal of performance securities was undue favour to the contractors and violation of contract agreement.

Poor contract management and weak internal controls resulted into non-renewal of performance securities and put the Government interest at risk.

The matter was reported to the management on 28<sup>th</sup> August 2015 and 15<sup>th</sup> October 2015 but no reply was received.

The Paras were not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that all performance securities may be got renewed and authenticated from the concerned issuing companies under intimation to Audit. Further, responsibility may also be fixed on the person(s) at fault for non-pursuance of timely renewal of performance securities.

**PDP-713 (XEN, PWD/Buildings, Bagh 2014-15), PDP-737 (XEN, PWD/Buildings, Mzd 2014-15)**

#### **4.2.9 Non-imposition of liquidated damages charges – Rs 137.116 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.

As per clause 8.7 & 14.15(b) of GCC, if the contractor failed to complete the work within time frame the contractor will pay to the employer 0.1% of individual Contract Price per day subject to the maximum of 5% of the individual contract price.

Different works of construction/ repair of buildings/ roads were awarded to contractors for completion within specified time as per contract agreements. The contractors failed to complete the work within time frame therefore liquidated damages of Rs 137.116 million were to be imposed by the departments as detailed below:

S. No.	Name of Department	PDP No.	LD (Rs in million)
1	XEN, PWD Buildings/ Reconstruction Div., Muzaffarabad	738	16.954
2	XEN, PWD Buildings/ Reconstruction Div., Rawalakot	806	3.968
3	XEN, PWD Buildings/ Reconstruction Div., Neelum	678	6.708
4	BCDP, Bagh	658	104.740
5	XEN, PHED, Muzaffarabad	760	4.746
	<b>Total</b>		<b>137.116</b>

Audit observed that liquidated damages were not imposed and recovered from the contractors.

Non-imposition of liquidated damages resulted into loss of Rs 137.116 million to the Government.

The loss was caused due to weak contract management and weak internal controls.

When pointed out, the management of BCDP stated that the delay in timely completion of the projects is because of various reasons like land issues/ court cases, severe weather conditions/ natural calamities, non-availability of timely counterpart funding of 15% of GOP share etc. The management of PHED, Muzaffarabad stated that extension of time and imposition of liquidated damages is the responsibility of the NESPAK. If liquidated damages imposed by the NESPAK and full payments

were made by the department, then department is responsible otherwise reply may be asked from NESPAK. No reply was given by other departments.

The reply of the management is not convincing as the contractor of BCDP did not make any request for time extension on the above mentioned grounds, therefore contractor was bound to complete the job within stipulated period as per Contract Agreement. As regards contention of PHED, it is stated that the Engineer (NESPAK) is responsible to impose the liquidated damages but being employer, the head of the execution agency is equally responsible for the same.

The Paras were not discussed in the DAC meeting due to non-submission of working papers by the management.

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

PDP-738 (XEN, PWD/Buildings, Mzd 2014-15), PDP-806 (XEN, PWD/Buildings, Rwk 2014-15),  
PDP-678 (XEN, PWD/Buildings Neelum 2014-15, PDP-658 (BCDP 2014-15),  
PDP-760 (PHED, Mzd 2012-14)

#### **4.2.10 Irregular award of contract to an in-eligible firm – Rs 50.803 million**

As per Instruction to Bidders (IB-28) the Employer will evaluate and compare only the Bids determined to be substantially responsive. Further as per IB-29 the Employer will award the Contract to the bidder whose bid has been determined to be substantially responsive and eligible.

As per Pakistan Engineering Council's Registration Categories and Specialization of Constructions/ Operators, the contractor engaged in Prefabricated Buildings and Steel Framed Buildings and Industrial Plants should be registered in Category-BC-01.

During audit of Executive Engineer PWD Building Division, Bagh it was observed that ERRA invited bids for 12 schools design, supply and install-turnkey contract for pre-engineered light gauge steel structures for educational facilities in District Bagh in January 2009. The ten bidders offered their rates. Procurement Evaluation Committee in its meeting dated 28<sup>th</sup> January 2009 rejected the bid of M/s Ascents Structural Concepts and declared as 'Non Responsive' and recommended for return of its financial proposals un-opened. The scrutiny of record further revealed



that the contractor was not registered in PEC relevant category i.e. BC-01. The category of registration mentioned on the license of the contractor was CE-11 whereas; the same was not available in the category list provided by the PEC and printed on the back of license.

Audit observed that the contract was awarded to M/s Ascent Structural Concept (JV) vide No. 4164-74/ XEN/ PWD/ Building/ Drawing/ 2009 dated 16<sup>th</sup> July 2009 amounting to Rs 50.803 million despite the fact that the firm was declared non-responsive and did not possess a relevant license.

Audit holds that award of contract to firm despite disqualification by Bid Evaluation Committee was unjustified/ irregular, and undermines the transparency of the entire tendering process.

Non-adherence to rules resulted into irregular and non-transparent award of contract.

The matter was reported to the management on 15<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that matter be inquired at appropriate level and fix responsibility against the person(s) at fault for award of contract to a non-responsive bidder.

PDP-711 (XEN, PWD/Buildings, Bagh 2014-15)

#### **4.2.11 Undue favour to the contractor – Rs 41.768 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. 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.

Executive Engineer, PWD (Building/ Reconstruction Division), Muzaffarabad and Bagh made payment of Rs 41.768 million to the contractors without obtaining renewed performance securities. The detail is given at Annexure-XVII.

Payment to contractors without renewal of performance securities is violation of contractual obligation and is held irregular and unjustified.

Non-adherence to contractual obligations resulted into irregular payment to the contractors.

The matter was reported to the management of PWD (Building/ Reconstruction Division), Muzaffarabad and Bagh on 28<sup>th</sup> August 2015 and 15<sup>th</sup> October 2015 respectively but no reply was received.

The Paras were not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the practice may be stopped forthwith besides matter may also be inquired and fix responsibility against person at fault for making payment to contractors without obtaining renewed performance securities,

PDP-714 (XEN, PWD/Buildings, Bagh 2014-15), PDP-739 (XEN, PWD/Buildings, Mzd 2014-15)

#### **4.2.12 Non-recovery of secured Advance – Rs 3.410 million**

As per condition of contract the contractor shall be entitled to receive secured advance in respect of non-perishable material brought on sight. The recovery of advance shall be effected from the monthly payments on actual consumption basis.

XEN PWD Bagh paid an amount of Rs 15.175 million to contractors on account of secured advance. The detail is given at Annexure- XVIII. The amount was required to be recovered from the contractors from the running bills to the extent of material actually consumed. The advances were granted in 2009 to 2011. An amount of Rs 11.765 million was recovered leaving a balance of Rs 3.410 million despite lapse of considerable time.

Audit holds that due to non-recovery of secured advance undue financial benefit was granted to the contractor.

The matter was reported to the management on 15<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non-recovery of secured advance from the contractors besides recovery of balance amount of secured advance from the contractors.

PDP-716 (XEN, PWD/Buildings, Bagh 2014-15)

#### **4.2.13 Irregular payment made in the absence of signed contracts - Rs 91.606 million**

As per IB-33.1, within 14 days from the date of furnishing of acceptable Performance Security under the Conditions of Contract, the Employer will send the successful bidder the Contract Agreement incorporating all agreements between the parties. As per IB-33.2, the formal Agreement between the Employer and the successful bidder shall be executed within 14 days of the receipt of the Contract Agreement by the successful bidder.

XEN PWD Buildings/ Reconstruction Division Bagh awarded package No. 08 “Reconstruction of Government Girls Post Graduate College Bagh” to M/s Turcon Pvt. Ltd. An amount of Rs 91.606 million was paid to the contractor up to IPC No. 25. The bidding documents i.e. comparative analysis, technical and financial proposal, contract agreement duly signed between the contractor and the department duly approved by the competent authority were demanded by Audit for scrutiny but the same were not produced.

A scrutiny of record revealed that Chief Engineer PWD (Building/ Reconstruction Division), Muzaffarabad vide letter No. 3747-51/ C.E/ PP&H/ Drawing/ Reconstt/ 2015 dated 12<sup>th</sup> June 2015 intimated that the contract agreement of package No. 08 was not signed and approved. Hence, all the payments were irregular.

Audit is of the view that in the absence of signed/ approved contract agreement, payment made was not only unauthorized but also depicts poor monitoring of projects by the department.

Weak contract management and weak internal controls resulted into unauthorized payment.

The matter was reported to the management on 15<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be inquired and take appropriate action against persons at fault. Further payment may also be stopped till arranging signed/ approved bidding and contract agreement.

PDP-717 (XEN, PWD/Buildings, Bagh 2014-15)

#### **4.2.14 Irregular payment without revision of PC-I, administrative approval and variation order – Rs 17.244 million**

As per Para-9.2 of Guidelines for Project Management, if during the implementation of project, it is felt that there will be major change in the scope of work or increase in the approved cost by more than 15%, then the project has to be revised and submitted for approval by the competent authority.

As per Para 65 of CPWD Code, when the expenditure upon a work exceeds, or is found likely to exceed, the amount administratively approved for it by more than 15 percent, a revised administrative approval must be obtained from the authority competent to approve the cost, as so enhanced.

XEN PWD, Buildings/ Reconstruction, Rawalakot awarded a work for the construction of Health Package No. 94H (Rural Health Center, Banjosa) to M/s Meridian Consolidated, Islamabad vide letter of award dated 28<sup>th</sup> October 2009 at a cost of Rs 105.193 million. As per Chief Engineer PWD Buildings/ Reconstruction, Muzaffarabad the work was to be completed within approved PC-I cost (i.e. Rs 52.726 million). The PC-I was revised for a cost of Rs 133.909 million and cleared by ERRRA. However, the admin approval of the same was not issued/ available on record. The time for the completion of work was 365 days. The work could not be completed in-time and extensions were granted time and again. 6<sup>th</sup> extension upto 21<sup>st</sup> October 2014 was recommended by the Engineer vide letter dated 14<sup>th</sup> October 2014 but the same was not approved till the close of audit. The record revealed that Variation Order No. 1 was prepared by the Engineer and submitted to the Chief Engineer for approval who showed his displeasure for the recommendation of such an

unreal variation and declined to grant consent vide letter dated 1<sup>st</sup> November 2013. Copy of variation order was also not available on record.

Audit observed that an amount of Rs 17.244 million (Rs 122,437,185 – Rs 105,192,950) was paid in excess of contracted amount to the contractor upto IPC No. 23 without revision of PC-I, administrative sanction and approval of variation order.

Audit holds the payment without observing the codal formalities was irregular.

Irregular payment was caused due to non-observance of rules.

The matter was pointed out to the management on 15<sup>th</sup> October 2015 but no reply was received till finalization of report.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated to fix responsibility on the persons at fault for incurrence of expenditure without approval of variation order and revision of PC-I. Besides, the irregularity be got regularized from the competent authority.

PDP-804 (XEN, PWD/Buildings, Rwk 2014-15)

#### **4.2.15 Un-authorized payment on account of price adjustment - Rs 22.555 million**

According to Pakistan Engineering Council's standard procedure for price adjustment "The Price Adjustment shall be applicable only for the contracts having contract price exceeding financial limit of PEC Contractors Registration Category C-5 as amended from time to time. Contract having value equal to or less than this limit will be considered as fixed price contracts". On 1<sup>st</sup> July 2009 the financial limit of C-5 Category was Rs 25 million and on 1<sup>st</sup> July 2010 this limit was 30 million.

In contravention to the above, XEN PWD, Building / Reconstruction Division Neelum, Bagh, Muzaffarabad, and XEN, PHED, Muzaffarabad paid an amount of Rs 22.555 million upto June 2015 to different contractors on account of escalation charges whose contract cost was less than Rs 30 million as detailed in Annexure-XIX.

Non-adherence to the rules and procedures resulted into overpayment of Rs 22.555 million to the contractors.

When pointed out, only the management of PHED, Muzaffarabad replied that initial bill was verified by NESPAK and the payment of escalation was made as per contract clause No. 17(17.1).

Reply of the management is not acceptable as all the contracts were awarded after March 2009. While awarding the contract standard procedure for price adjustment issued by the PEC was required to be kept in view.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit suggests that payment of escalation charges against the above mentioned procedure may be stopped immediately and overpaid amount be recovered from the contractors concerned. Besides, price adjustment of the remaining similar contracts may also be calculated and recovered from the contractors under intimation to Audit.

PDP-674 (XEN, PWD/Buildings Neelum 2014-15), PDP-712 (XEN, PWD/Buildings, Bagh 2014-15)  
PDP-742 (XEN, PWD/Buildings, Mzd 2014-15), PDP-762 (PHED, Mzd 2012-14)

#### **4.2.16 Less deduction of 5% additional retention money in lieu of performance guarantee – Rs 18.187 million**

ERRA vide its letter No. 1-1/P-II/ CMC/ERRA dated 24<sup>th</sup> September 2014 instructed that in case of expiry of performance guarantee 5% additional retention money will be deducted in lieu of Performance Guarantee as follows:

- I. 5 % of paid IPCs to be deducted from the running bill.
- II. 5 % of the current bill to be deducted till completion of the project.

During scrutiny of the record pertaining to XEN PWD, Buildings/ Reconstruction Div. Neelum and XEN PWD, Highway Division Bagh it was observed that after expiry of the performance guarantees the contractors did not renew the same.

According to Clause 10.1 of Particular Condition of the Contract the total amount of Performance Guarantee comes to Rs 33.358 million. As per policy

decision of ERRA an amount of Rs 18.522 million was required to deducted as additional amount of retention money in lieu of Performance Guarantee whereas an amount of Rs 0.335 million only was deducted in 06 packages. The management neither deducted the remaining amount of Rs 18.187 million from the IPCs nor got the renewed performance guarantee from the contractors. The detail is given at Annexure-XX.

Audit is of the view that Government interest was not safeguarded due to careless attitude of the management.

Weak contract management and weak internal controls resulted into less deduction of retention money.

The matter was pointed out on 3<sup>rd</sup> September 2015 and 22<sup>nd</sup> October 2015 to the management of Highway Div. Bagh and Buildings/ Reconstruction Div. Neelum respectively but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated and Government dues be recovered under intimation to Audit.

PDP-675 (XEN, PWD/Buildings Neelum 2014-15), PDP-702 (XEN Highway, Bagh 2014-15)

#### **4.2.17 Wastage of public money due to delay in completion of awarded projects – Rs 79.840 million**

Rule-10(i) of GFR states 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.

XEN PWD (Buildings/ Reconstruction), Neelum awarded different contracts at a total cost of Rs 365.796 million and paid an amount of Rs 79.840 million to the contractors against the work done. The progress of the works remained very slow and the projects could not be completed after the lapse of more than five years. The work was suspended due to one or the other reasons. The detail is given at Annexure-XXI.

Audit holds that due to stoppage of work at site, the expenditure incurred on the construction has gone waste and there is likely to sustain loss to that extent.

The matter was pointed out on 22<sup>nd</sup> October 2015 but no reply was received till finalization of this report.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for non-completion/ slow completion of projects.

PDP-680 (XEN, PWD/Buildings Neelum 2014-15)

#### **4.2.18 Unjustified payment without acquisition of land / structure – Rs 2.5 million**

Rule-10 (i) of GFR states 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.

Collector land Acquisition (Urban), Muzaffarabad acquired a piece of land measuring 4 marlas situated at Khasra No. 1613, Khewat No. 62, Mouza Gulshan Pir Alla-ud-Din, Muzaffarabad under Award No. 13/2010 dated 27<sup>th</sup> October 2010 for the construction of Tariqabad Bypass Road Phase-II, Muzaffarabad. The owner was paid Rs 460,000 for land and Rs 265,794 on account of structure built thereon. Later on, due to the application of the owner, M/s NESPAK (Consultant) reported that the applicant's house will slide if excavation is started to achieve the desired road width. Accordingly, the management of MCDP referred the matter to Development Authority Muzaffarabad (DAM) to resolve the issue by acquisition of land. The DAM after obtaining the estimates of structure for Rs 4.544 million (after deduction of 25% on account of malba) requested Collector Land Acquisition, Muzaffarabad for issuance of Award. Due to non-availability of sufficient funds, the award could not be issued. Meanwhile due to mutual understanding, an agreement between DAM and owner of the property was executed according to which the owner was to be paid Rs 2.50 million through Award (without acquiring any further land/structure) and in the case of damage to the house during construction of road, the owner was to be paid remaining entire amount as per law through Award. Accordingly, Award No. 08/2014



dated 21<sup>st</sup> October 2014 was issued for Rs 2.50 million and payment was made vide cheque No. A263198 dated 29<sup>th</sup> December 2014.

In this regard following observations were made:

1. All the structure measuring 3,627 Sft. (i.e. Basement 336 sft. + Ground floor 3,118 Sft. + 1<sup>st</sup> floor 173 Sft.) built on whole land was estimated for compensation but nothing was said about the acquisition of remaining land on which structure is built.
2. How much further land/ structure was actually required for the construction of road?
3. What were the reasons due to which the aspect of expected damage to the above property could not be ascertained and awarded at the time of initial survey?

Audit holds the view that the above agreement could be executed on the same terms and conditions without making any payment and in the case of any damage to the structure, the whole payment could be made through Award. Physical verification was conducted by Audit wherein no damage was found to the house.

The matter was reported to the management on 31<sup>st</sup> August 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the un-justified payment made may be recovered under intimation to Audit.

PDP-779 (CLA (U), Mzd 2014-15)

#### **4.2.19 Non-deposit of sale proceeds of trees into ERRRA fund**

As per Para-26 of ERRRA 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”.

Collector Land Acquisition, Muzaffarabad and Bagh paid compensation of Rs 42.646 million (including 15% Jabrana) for trees (fruit bearing/ non-fruit bearing/Toot) through different awards as detailed in Annexure-XXII.

However, no record regarding further disposal of trees and deposit of sale proceeds was produced to Audit.

Similarly, an amount of Rs 417,128 (Rs 260,564 + Rs 102,576) was paid to the Chinese contractors on account of removal of 343 trees (223 trees + 120 trees) of different sizes from Goin Nallah Bus Terminal Project and Southern Bypass Road, Rawalakot respectively. However, deposit of the sale proceeds of trees into Government treasury was not forthcoming from record.

Audit holds the view that payment of acquired land and trees was made through ERRRA funds, the sale proceeds of trees were to be deposited into ERRRA account.

The management replied that the trees were lost during excavation.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that an inquiry may be conducted.

Audit recommends that matter may be investigated and detail of disposal of trees may be intimated to Audit besides the sale proceeds may be transferred to ERRRA account.

PDP-781 (CLA (U), Mzd 2014-15), PDP-783 (CLA (R), Mzd 2014-15),  
PDP-709 (CLA, Bagh 2014-15), PDP-800 (RCDP 2014-15)

#### **4.2.20 Irregular compensation without mutation of land – Rs 57.045 million**

As per Clause 16 of Land Acquisition Act, the land acquired under the Act shall be the property of Government of AJ&K and the ownership of land shall be transferred to Government free from any encumbrance.

During audit of Collector Land Bagh it was observed that an amount of Rs 57.045 million was paid to the affectees of Ring Road Bagh and Bypass Road projects as detailed below:

<b>Award No. and Date</b>	<b>Name of Project</b>	<b>Land Acquired</b>	<b>Award Amount (Rs)</b>
08 dated 27.10.2009	Ring Road Phase-I	34 kanal & 08 Marla	26,418,662
09 dated 31.12.2009	Bypass Road Bagh	35 Kanal 13 Marla & 02 Sarsai	30,626,416
<b>Total</b>			<b>57,045,078</b>

The mutation documents of above land in favour of Government of AJK were not found available on the record. Audit called for the same documents but the same were not produced to audit. The concerned authorities were unaware about the transfer of ownership / title of land from the affectees to State Government.

The matter was reported to the management on 16<sup>th</sup> October 2015 but no reply was received.

Audit holds that in the absence of mutation documents payments made to affectees was irregular.

In the DAC meeting held on 15<sup>th</sup> January 2016 the Para stands till mutation is completed and verified by Audit.

Matter needs to be inquired besides production of mutation documents to audit for verification.

PDP-708 (CLA, Bagh 2014-15)

#### **4.2.21 Undue favour to the contractor due to amendment in contract – Rs 32.461 million**

As per Clause 11 of letter of acceptance, “The contractor will complete the work within the stipulated time mentioned in the contract and no request for extension in time limit under any circumstances on any pretext will be entertained”.

As per clause-8.7 and 14.15(b) of GCC read with PCC, in case of failure to complete the work within stipulated time, the contractor will liable to pay liquidated damages (LD) equal to 0.1% of individual contract price per day upto a maximum limit of 5% of the contract price.

During scrutiny of record of Bank Road Shopping Centre, Muzaffarabad it was observed that letter of acceptance for the construction of Shopping Centre Bank Road, Muzaffarabad was issued to M/s CWE on 14<sup>th</sup> June, 2011. Accordingly, a contract agreement was signed between MCDP and CWE on 28<sup>th</sup> June 2011. As per letter of acceptance the cost of the contract is Rs 649.217 million and work was to be

started within 14 days after signing of letter of acceptance to be completed within 24 months. The contractor failed to complete the work in stipulated time and an amendment in the contract agreement was made vide amendment No. 01 on 5<sup>th</sup> May, 2013 according to which Clause-11 of Letter of Acceptance of Individual Contract Agreement was deleted. The project was completed and taken over on 27<sup>th</sup> January 2014. Thus the project was delayed by about 7 months.

Audit is of the view that amendment in contract was made to provide undue benefit to the contractor to avoid imposition of LD. As per conditions of contract, the contractor was liable to pay LD equal to 5% of the contract price i.e. Rs 32.461 million.

The matter was pointed out to the management on 21<sup>st</sup> September 2015. In their reply dated 7<sup>th</sup> November 2015 the management stated that this is a principle decision made by mutual consensus with the contractor by the competent authority to compensate extra time as there were real land possession issues which badly affected the work progress. If the management has right to impose LDs upon the contractor, the contractor has also right to put-up the claims against his idle resources due to non-availability of the project sites. Extra time was granted to the contractor by taking undertaking that no financial claim shall be lodged under delayed events.

Reply is not acceptable as it was the responsibility of the management to provide encumbrance free land in timely manner. Further the reply was not substantiated with documentary evidence.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated with a view to fix responsibility on the persons at fault for delay in completion of project or impose LD on the contractor as per provisions of contract.

**PDP-787 (MCDP 2014-15)**

#### **4.2.22 Undue favour to the contractor due to non-encashment of performance guarantee in time – Rs 15.989 million and payment of Rs 24.312 million after expiry of performance guarantee**

As per clause-4.2 of General Conditions of Contract, the contractor shall obtain a performance security for proper performance, in the amount and currencies stated in the Appendix to Tender. The contractor shall deliver the performance security to the employer within 28 days after receiving the letter of acceptance. The contractor shall ensure that the performance security is valid and enforceable until the contractor has executed and completed the works and remedied any defects. As per clause 4.2 (a), in the case of failure by the contractor to extend the validity of the performance security, the employer may claim the full amount of the performance security.

The work for the construction of Brarkot Road, Muzaffarabad was awarded to M/s China Xingjian Beixin Construction and Engineering (Group) Co. Ltd. at a bid price of Rs 319.780 million vide letter of acceptance No. MCDP/ 2951/10 dated 6<sup>th</sup> October 2010. The taking over charge certificate was issued on 29<sup>th</sup> January 2013 but neither the left over work was complete nor defect liability certificate issued to the contractor. The performance security amounting to Rs 15.989 million provided by the contractor expired on 28<sup>th</sup> February 2014 but neither the same was got renewed nor encashed before its expiry. It was also observed that an amount of Rs 24.312 million was paid to the contractor (under IPC-11) after the expiry of performance security.

Audit is of the view that due to non-renewal/ encashment of performance security in-time and payment of Rs 24.312 million after its expiry, undue favour was extended to the contractor and State interest was put into risk.

The matter was pointed out to the management on 21<sup>st</sup> September 2015. In their reply dated 7<sup>th</sup> November 2015 the management stated that performance guarantee should be renew before its expiry however the contractor has so many other contracts with the same employer having valid guarantees so there was no risk of any loss, so considering Engineer ethics payments were made and the contractor was advised to renew its performance guarantee.

The reply is not convincing. As per provisions of contract the performance guarantee should remain valid till end of defect liability period which was not observed in this case and payment was made after expiry of performance guarantee in violation of contractual provisions.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends to fix individual responsibility for non-renewal or non-encashment of performance security before its expiry and making payment of Rs 24.312 million after expiry of performance security.

PDP-789 (MCDP 2014-15)

#### **4.2.23 Overpayment due to application of incorrect rates for calculation of price adjustment – Rs 47.586 million**

As per clause 1.1.3.1 of Part-II Particular Conditions of Umbrella Contract, the base date means the date 28 days prior to the date on which the Individual Contract Agreement is signed. As per clause 1.1.3.1 of Particular Conditions of Individual Contract Agreement, the base date shall be date given therein.

The management of City Development Projects of Muzaffarabad and Rawalakot awarded the work for the construction of following projects. Audit observed that price adjustment was paid to the contractors by applying base rates of incorrect months as detailed below:

(Rs in million)

Name of Project	Date of award of work and D.O. Contract	IPC No.		Steel	Cement	Labour	HSD	Bitumen	Price adjustment paid	Price adjustment due	Over payment
<b>MCDP, Muzaffarabad</b>											
Shopping Centre Bank Road, Mzd	14.06.2011 28.06.2011	12 (statement at completion)	Rates applied (For Dec. 2010)	60,000	350	375	78.33		84.185	53.063	31.122
			<b>Rates Due (For April 2011)</b>	<b>66,000</b>	<b>390</b>	<b>375</b>	<b>92.89</b>				
Khurshid National Library, Mzd	08.10.2010 14.12.2010	9 (statement at completion)	Rates applied (For March 2010)	54,500	265	325	69.89		19.267	8.589	10.678
			<b>Rates Due (For Nov. 2010)</b>	<b>60,000</b>	<b>350</b>	<b>350</b>	<b>78.33</b>				
							<b>Total (A)</b>		<b>103.452</b>	<b>61.652</b>	<b>41.800</b>
<b>RCDP, Rawalakot</b>											
Southern Bypass Link Road, Rwk	16.04.2011	17	Rates applied (For Feb. 2011)	62,500	340	375	78.45	64,295	17.637	15.602	2.035
			<b>Rates Due (For March 2011)</b>	<b>62,250</b>	<b>352.5</b>	<b>375</b>	<b>82.34</b>	<b>71,890</b>			
Police Station to Mang Road near Baldia Adda, (Western Bypass Road), Rwk	12.12.2011	19	Rates applied (For June 2011)	68,500	410	375	94.33	77,343	17.964	14.627	3.337
			<b>Rates Due (For Nov. 2011)</b>	<b>70,500</b>	<b>416.43</b>	<b>400</b>	<b>94.42</b>	<b>76,763</b>			
Goin Nallah Bus Terminal, Rwk	28.11.2011	10	Rates applied (For June 2011)	68,500	410	400	94.11		3.403	2.989	0.414
			<b>Rates Due (For Oct. 2011)</b>	<b>70,500</b>	<b>410</b>	<b>400</b>	<b>94.42</b>				
							<b>Total (B)</b>		<b>39.004</b>	<b>33.218</b>	<b>5.786</b>
							<b>Grand total</b>		<b>142.456</b>	<b>94.870</b>	<b>47.586</b>

Thus due to application of rates for incorrect months for steel, cement, labour, HSD and Bitumen to calculate the price adjustment, an amount of Rs 47.586 million (Rs 142.455 million – Rs 98.870 million) was overpaid to the contractors. The details are given at Annexure-XXIII to XXVII.

When pointed out, the management of MCDP in their reply dated 7<sup>th</sup> November 2015 stated in the case of Shopping Centre Bank Road that as per appendix to tender “The base cost indices for ‘b’, ‘c’, ‘and ‘d’ (steel, cement and labour respectively) shall be rates shown in the monthly bulletin of Federal Bureau of

Statistics, Government of Pakistan for Rawalpindi District for the month of December 2010 and for HSD rate fixed by PSO for Muzaffarabad District for the month of April 2011”. Price adjustment was paid as per the approved format in the contract. As regards Khurshid National Library it was stated that as per sub clause 1.1.3.1 of particular conditions of individual contract, the base date is March 16, 2010. Therefore, base rates for the month of March 2010 are applicable as per contract. No reply was given by the management of RCDP, Rawalakot.

The reply is not acceptable being contrary to the provisions of Umbrella as well as Individual Contract Agreements. Further the works for Shopping Centre Bank Road and Khurshid National Library were awarded on 14<sup>th</sup> June 2011 and 8<sup>th</sup> October 2010 respectively and the rates 28 days prior to date of award of works were also ignored in these cases.

The Paras were not discussed in the DAC meeting due to non-submission of working papers by the management.

The matter may be investigated for fixing responsibility on the person(s) at fault for ignoring the provisions of (i) Particular Conditions of Umbrella Contract Agreement, and (ii) clause 1.3.1.1 of Particular Conditions of Individual Contract Agreement. Besides, recovery of overpayment of Rs 47.586 million may be made from the contractor. The cost impact of the overpayment may also be worked out and recovered from the person(s) held responsible.

PDP-790 (MCDP 2014-15), PDP-794 (RCDP 2014-15)

#### **4.2.24 Non-provision of insurance for design – Rs 1,090.52 million**

As per Sub-Clause 18.5 of Particular Condition of the Umbrella 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 under clause-11.9 of the Individual Contract.

The record of PMU, MCDP Muzaffarabad revealed that the professional indemnity insurance (equal to 10% of the individual contract price) to cover the risk



of professional negligence in the design of the works were not provided by the contractor M/s CWE. The detail of projects is given in Annexure-XXVIII.

The matter was pointed out to the management on 21<sup>st</sup> September 2015. In their reply dated 7<sup>th</sup> November 2015 the management stated that as per clause 18.5 of particular conditions of this individual contract the “Indemnity Insurance” was replaced with “Liability for Design”.

The reply is not convincing. As per sub clause 1.5 – “Priority of Documents” of Particular Conditions of Umbrella Contract, the documents forming the Individual Project Contract are to be taken as mutually independent of one another and as per priority list of documents given thereunder, the conditions of Umbrella Contract Agreement prevail over the conditions of Individual Contract. Thus, the replacement of “Indemnity Insurance” with “Liability for Design” is contradictory to sub clause 1.5 of Particular Conditions of Umbrella Contract.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

The reasons for replacing Indemnity Insurance with “Liability for Design” of insurance may be intimated/ justified. Besides, Insurance for design may be obtained from the contractors under intimation to Audit.

PDP-791 (MCDP 2014-15)

#### **4.2.25 Irregular payment of salary and allowances – Rs 1.134 million**

During audit it was observed that Major (R) Ejaz Shahid was appointed by ERRa as Deputy Director (Administration), MCDP on contract basis vide letter No. 14(25)/ 2010/ HR/ ERRa dated 3<sup>rd</sup> September 2012 for a period upto 30<sup>th</sup> June 2013. The officer joined the service on 10<sup>th</sup> September 2012. Later on, the officer was transferred from MCDP to Planning-III Wing, ERRa (HQ) Islamabad vide order No. 14(25)/2010/HDR/ERRa dated 24<sup>th</sup> December 2012. Since then, the officer was performing his duties at ERRa but the pay & allowances were being drawn from MCDP. The officer drew Rs 1.134 million on account of salary during the Financial Year 2014-15. Besides, the officer was also claiming TA/DA on account of official visits to Muzaffarabad, Bagh, Rawalakot and Mansehra from MCDP.

Audit is of the view that the payment of pay & allowances against the PC-I of MCDP is irregular.

The matter was pointed out to the management on 21<sup>st</sup> September 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that further payment on account of salary & allowances of officer from MCDP may be stopped or the services of the officer may be terminated being not required for MCDP. The irregular payment already made may also be got regularized from the competent forum.

PDP-792 (MCDP 2014-15)

#### **4.2.26 Overpayment to the contractor on account of price adjustment - Rs 5.039 million**

As per part –B Para 1 of ‘Standard Procedure for Price Adjustment’ issued by the Pakistan Engineering Council in March-2009, each of the cost elements, having cost impact of five (05) percent or higher can be selected for adjustment. It means that cost elements having cost impact of less than 5% cannot be selected for price adjustment. In determining the weightages, the following procedure shall be adopted:

- a) Base Date Price alone of an element based on market rate shall be considered excluding cost of construction/ installation, overheads and profit.
- b) Engineer’s Estimate shall be prepared for complete project.
- c) Appropriate Rate Analysis of the Engineer’s Estimate shall be made to determine costs of the basic elements.
- d) Each cost element determined as above, shall be divided by the total amount of Engineer’s Estimate to determine various weightages.

Weightage of fixed portion (Non-adjustable portion of the estimated cost of the contract), “A” shall be determined as under:

- I. First the weightages of all the cost elements having value of 5 percent or more (HSD and Labour to be included irrespective of their weightages) to be added up to see whether the total is 65 percent or less. In that case the total is to be subtracted from one to determine the weightage of the fixed portion, “A”.

- II. In case total weightage of the cost elements including HSD and labour exceeds 65 percent, the element(s) having lowest weightage(s) other than HSD and labour, shall be excluded in considering the adjustable costs elements.
- III. Fixed portion shall never be less than 35 percent and the adjustable portion shall never be more than 65 percent of the Engineer's Estimate.

A contract regarding "Construction of Kohala Dhirkot Road (Component-A)" was awarded to Chinese firm M/s China Xinjian Beixin (CXB) Construction & Engineering (Group) Co. Ltd on 20<sup>th</sup> June 2013 with a total cost of Rs 254.501 million. The completion period of the project was 18 months (i.e.) 9<sup>th</sup> January 2015.

During scrutiny of record of Kohala-Dhirkot Road Project (Component-A) it was observed that in the BOQ of the project no single item exists in which cement & steel is used, whereas while calculating the weightage having cost impact of five (05) percent or higher, the management of BCDP included cement and steel for which the cost impact is 'Zero' or less than 5%. Due to inclusion of these items in the formula for Price Adjustment, an amount of Rs 5.039 million was overpaid to the contractor as per comparison in the attached statement.

The matter was pointed out on 17<sup>th</sup> September 2015. The management in its reply dated 7<sup>th</sup> October 2015 stated that the said observation has been forwarded to M/s NESPAK for their comments and suitable reply as and when received will be submitted to audit. No further reply was received till finalization of this report.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that overpaid amount on account of price adjustment may be recovered from the contractor.

PDP-656 (BCDP 2014-15)

#### **4.2.27 Non-deposit of Income Tax into Government Treasury – Rs 278.638 million**

Section 160 of the Income Tax Ordinance 2001, provides that amount of tax collected or deducted shall be paid to the Commissioner income tax by the person making the collection or deduction within the stipulated time. As per Section 161 (b),

where a person having collected tax fails to pay the tax to the Commissioner as required under Section 160, the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

PMU BCDP deducted income tax amounting to Rs 278.638 million from the IPC's of contractors as detailed below but the amount deducted was not deposited into Government treasury:

<b>Name of Company</b>	<b>Income Tax deducted up to 30.06.2014 (Rs)</b>	<b>Income Tax deducted during 2014-15 (Rs)</b>	<b>Total (Rs)</b>
M/s China Xingiang Beixin Construction & Engineering (Group) Company Ltd.	78,314,797	81,105,918	159,420,715
M/s China International Water & Electric Company	69,594,981	49,622,278	119,217,259
	<b>147,909,778</b>	<b>130,728,196</b>	<b>278,637,974</b>

A similar observation was raised during the audit for F.Y 2012-13 but irregularity was still continued and amount of Income Tax increased to Rs 278.638 million. It is further added that huge funds are being allocated to ERRA (HQ) every year for clearance of liabilities pertaining to development projects. Audit holds that huge amount of Rs 278.638 million is being misappropriated and utilized in other jobs.

In their reply dated 7<sup>th</sup> October 2015 the management stated that in the previous case, it was decided in the DAC meeting that the case be referred to the FBR.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that amount in question be deposited forthwith into Government Treasury to escape the loss to state.

**PDP-660 (BCDP 2014-15)**

#### **4.2.28 Non-surrender of unspent balance at the close of financial Year - Rs 96.587 million**

As per Fund Flow Mechanism Clause 2.1.5 “Project management units shall open and maintain a dedicated current account with National Bank of Pakistan near project site, for operational expenditure with the approval of PAO. The account for operational expenditure shall be maintained on the title of Project Director PMU whereas for development funds PMU will open a dedicated development account in DRU. The cheque book of the same account will be issued to the Project Director, PMU for its exclusive use. These accounts are of 2<sup>nd</sup> generation, lapsable in nature and PDs-PMU will ensure that excess amount is surrendered at the close of financial year”.

During audit of Bagh City Development Project (BCDP) it was observed that an amount of Rs 96.587 million available at the close of financial year was not surrendered by the PMU which is against the fund flow mechanism. The detail of amount remained unspent at the close of financial year is given below:

<b>Title of Bank Account</b>	<b>Account No.</b>	<b>Balance as on 30.06.2015 (Rs)</b>
Urban Development Fund	4046707435	89,816,004
Operational Fund	4046705213	6,771,359
<b>Total (Rs):</b>		<b>96,587,363</b>

In response the management in its reply dated 7<sup>th</sup> October 2015 stated that the balance amount could not be surrendered at the close of the financial year due to oversight.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that monthly reconciliation between BCDP and Finance Wing of ERRRA may be conducted beside individual responsibility may be fixed on the person(s) at fault.

PDP-661 (BCDP 2014-15)

#### **4.2.29 Award of consultancy services in violation of PPRA rules – Rs 5.081 million**

As per Rule-4 of Public Procurement Rules, 2004 Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

As per Rule-12 (2) of above rules, all procurement opportunities over two 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.

PMU RCDP, Rawalakot assigned a work for the consultancy services for topographic survey and investigations (Geotechnical investigations, Geotechnical mapping and seismic refraction survey) for feasibility study of Dhareke Dam, Rawalakot to M/s SS&A International (Pvt.) Ltd. Islamabad vide letter dated 15<sup>th</sup> May 2015 at a cost of Rs 5.081 million without inviting tenders through press advertisement. A contract was signed between both parties on 8<sup>th</sup> July 2015. The projects of City Development are financed through Chinese loan. Audit observed that out of total funds of Rs 3,805.34 million allocated for Rawalakot City Development Project, the cost of projects launched by RCDP is Rs 3,166 million leaving a balance of Rs 639.34 million and the cut-off date of Chinese loan was 31<sup>st</sup> December 2015.

Audit holds that the consultancy work was awarded in violation of Public Procurement Rules without advertising which is irregular and may be justified. Further, keeping in view the cut-off date of Chinese loan and expenditure status of the running projects which is going far behind the approved project costs, Audit is of the view that sufficient funds would not be available to finance the project of construction of Dharake Dam/ Water Reservoir and the expenditure incurred on account of consultancy services would go waste.

The matter was pointed out to the management on 22<sup>nd</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that responsibility may be fixed on the person(s) at fault for award of contract in violation of Procurement Rules. Besides, the position regarding financing of Dharake Dam in the scenario of availability of Chinese loan may be justified/ clarified with documentary evidence/ facts & figures.

PDP-795 (RCDP 2014-15)

#### 4.2.30 Undue benefit to the contractor due to payment on percentage basis – Rs 5.316 million

As per technical specification No. 305.4.2, 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.

As per technical specifications, the quantity of stone masonry to be paid for shall be the number of cubic meters measured in the completed work. The quantities determined shall be paid for at the contract unit price shown in the BOQ.

A scrutiny of payment record and measurement sheets regarding Western Bypass Road, Rawalakot it was observed that certain payments were made on percentage basis as detailed below:

S. #	IPC #	Item No.	Bill No.	Description	RD	Rate	Qty. Executed	Amount due	Amount Paid	Remarks
1.	18	21-32 I	3	Providing and laying hot-mix bituminous concrete in road pavement	1+ 430 to 2+220	1,503.15	4,345.000	6,531,187	3,918,703	60% paid
2.	21	21-32 I	3	-do-	0+ 00 to 0+145	1,503.1	869.218	1,306,565	1,045,249	80% paid
3.	21	12-6 (b-ii)	5	Providing dressing and laying random rubble stone masonry in foundation, plinth & basement including scaffolding	2 + 140 to 2+150.20	7,782.21	75.492	587,495	352,495	60% paid
							Total		<b>5,316,447</b>	

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 5.316 million for the works which were either partially executed/ accepted or were not executed at the spot.

The matter was pointed out to the management on 22<sup>nd</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that responsibility may be fixed on the person(s) fault for making partial payment besides, the cost impact of undue payments be worked out and recovered from the person(s) held responsible.

**PDP-796 (RCDP 2014-15)**

#### **4.2.31 Irregular/ excess payment for Non BOQ items – Rs 30.828 million**

As per clause 51.1 and 51.2 of GCC, if a work is not included in the BOQ, the engineer may make a variation order to do any additional work and instruct in writing to the contractor to do the same. As per clause 52.1, of the conditions of contract, all variations and any additions to the contract shall be valued at the rates and prices set out in the contract. 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 as the basis for valuation so far as may be reasonable, failing which, after due consultation by the Engineer with the Employer and the Contractor, suitable rates or prices shall be agreed upon between the Engineer and the contractor. In the event of disagreement the Engineer shall fix such rates or prices as are appropriate in his opinion and shall notify the Contractor accordingly, with a copy to the Employer.

The record of following projects revealed that certain items were paid which were not included in BOQ. The detail of such items is given in Annexure-XXIX to XXXI mentioned against each:



(Rs in million)

S. No.	Project	IPC No.	Amount	Remarks
1	Police Station to Mang Road near Baldia Adda (Western Bypass Road)	21	20.070	Annexure-XXIX
2	Southern Bypass Road, Rawalakot	17	0.898	Annexure-XXX
3	Goin Nallah Bus Terminal, Rawalakot	16	9.860	Annexure-XXXI
			<b>30.828</b>	

Execution of these quantities other than BOQ items required variation order and revision of PC-I but no such action was forthcoming from record.

Execution of works without variation order and revision of PC-I resulted into irregular payment of Rs 30.828 million.

The matter was pointed out to the management on 22<sup>nd</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

The matter may be justified besides irregular expenditure be got regularized from the competent forum.

PDP-798 (RCDP 2014-15)

#### **4.2.32 Unjustified delay in execution of project for construction of road – Rs 37.596 million**

The record of PMU, RCDP revealed that the work for the construction of “Road from Munir Chowk to United Hospital, Rawalakot was awarded to M/s CXB vide Letter of Acceptance dated 8<sup>th</sup> May 2013 at a cost of Rs 33.785 million and contract was signed on 25<sup>th</sup> July 2013. M/s CXB vide their letter dated 16<sup>th</sup> September 2013 addressed to Resident Engineer, NESPAK, Rawalakot and copy to the PD, PMU (RCDP) suggested to delay the work for construction of Munir Chowk to United Hospital Road due to the reasons that the undergoing nine projects under RCDP were already making the hindrance of traffic and execution of said road at present would result into more traffic jam and hindrance to the locals. However, nothing was available on record regarding the consent of RCDP in the matter. Later on, a letter dated 31<sup>st</sup> October 2014 to M/s CXB was issued by the management to

take urgent action as the said road was in their scope of work. The contract documents revealed that a supplementary agreement was executed between both parties on 17<sup>th</sup> June 2015 due to site variation and additional work escalation and the cost of the project was fixed at Rs 71.381 million. However, as per Progress Report as on 9<sup>th</sup> October 2015, no physical progress was achieved.

Audit is of the view that due to delay in execution of project, the cost increased by Rs 37.596 million but despite that no progress could be achieved.

The matter was pointed out to the management on 22<sup>nd</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault for delaying the project which resulted into cost overrun. Besides, strenuous efforts need to be taken to complete the work to avoid further delay.

PDP-799 (RCDP 2014-15)

#### **4.2.33 Loss due to sub-standard work – Rs 122.193 million**

As per Clause 201.3.1 of Technical Specification Vol-IIA of Contract Agreement where the required thickness of Sub Base is more than 15cm, the aggregate shall be spread and compacted in two or more layer of approximately equal thickness, but in any case the maximum compacted thickness of one layer shall not exceed 15cm. all subsequent layers shall be spread and compacted in a similar manner. As per clause 202.3.1 of Technical Specification Vol-II A of Contract Agreement, Spreading and Compaction of Aggregate Base Course shall conform in all respect to the requirements specified under this heading in Item No. 201 Sub-Base (201.3.1).

During scrutiny of IPC No. 16 of “Reconstruction & Rehabilitation of Rawalakot to Harighal Via Shujaabad Road - Package-2” it was observed that XEN Highways Division, Bagh paid an amount of Rs 61.355 million to the contractor vide Bill No. 02 as detailed below:

Item No.	Description	Unit	Quantity	Rate (Rs)	Amount (Rs)
201	Granular Sub Base	cu.m	20,173.00	1,525	30,763,825
202	Aggregate Base	cu.m	15,219.55	2,010	30,591,296
<b>Total</b>					<b>61,355,121</b>

The measurement sheets of the said items transpired that the contractor spread and compacted the sub base and base in a single layer of 25 cm and 20 cm thick respectively which was against the technical specifications, whereas the compaction was required to be done in two equal layers of 12.5 cm and 10 cm of each layer respectively.

Audit holds that due to non-observance of technical specifications, the contractor executed sub-standard work which is total wastage of financial resources of Rs 122.193 million (Rs 61,355,121 + Rs 60,838,094 for Prime Coat & Wearing Course). This would lead to erosion of all layers in a short period requiring re-work before the life of the project is complete.

The matter was pointed out on 3<sup>rd</sup> September 2015 but no reply was received till finalization of this report.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that a third party inquiry may be conducted to probe the matter fix the responsibility on the person(s) at fault for execution of sub-standard work and making the payment in contravention to laid down specifications.

PDP-701 (XEN Highway, Bagh 2014-15)

#### **4.2.34 Over payment to the contractor due to excess measurement - Rs 2.275 million**

As per Drawing of Kohala Dhirkot Road total width of pavement area of road is 7.30 m.

During scrutiny of IPC No. 11 of the said project it was observed that management of KDR paid an amount of Rs 15.632 million (Rs 1.555 million + Rs 14.077 million) for 'Emulsified Asphalt for Bituminous Prime Coat' and 'Asphalt Concrete for Wearing Course (Class-A)' vide Bill No. 03-Surface Course &

Pavement, Item No. 302-b and 305-b @ Rs 45.24 per sq.m and Rs 9,296.27 per cu.m for 34,373.440 sq.m and 1,514.257 cu.m respectively.

While examining the measurement sheets of the above items it was transpired that the management of KDR measured width of the above items in excess of the design width (i.e.) 7.30 m, which resulted into over payment of Rs 2.275 million to the contractor as detailed below:

Item No.	Description	Unit	Rate (Rs)	Excess Qty.	Amount (Rs)
302-b	Emulsified Asphalt for Bituminous Prime Coat	Sq.m	45.24	4,495.040	203,355
305-a	Asphaltic Concrete for Wearing Course (Class-A)	cu.m	9,296.27	222.853	2,071,701
					<b>2,275,056</b>

The matter was pointed out to the management on 6<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that over payment amounting to Rs 2.275 million may be recovered from the contractor and responsibility be fixed against the persons at fault who recommended the said payment.

PDP-652 (KDR, Mzd 2014-15)

#### **4.2.35 Irregular payment to the contractor for non BOQ items without approval of rate – Rs 21.293 million**

As clause 52.1 of ‘Condition of Particular Applications’ if the Contract does not contain any rates or prices applicable to the varied work, the rate and prices in the Contract shall be used as the basis for valuation so far as may be reasonable, failing which, after due consultation by the Engineer with the Employer and the Contractor, suitable rates or prices shall be agreed upon between the Engineer and the contractor. In the event of disagreement the Engineer shall fix such rates or prices as are appropriate in his opinion and shall notify the Contractor accordingly, with a copy to the Employer.

A contract regarding “Up-gradation, Widening and Construction of Kohala-Dhirkot Road Project (27 km)” was awarded to M/s IBX Engineering (Pvt.) Ltd. with

a total cost of Rs 743.981 million in 2008. Thereafter the said contract was allocated to M/s FWO on the same Terms and Conditions in 2010. The said contract was terminated in 2012.

During scrutiny of IPC No. 11 of above mentioned project it was observed that management paid an amount of Rs 11.297 million on account of Non BOQ items as detailed below:

Bill No.	Item No.	Descriptions	Rate (Rs)	Work done Qty. (Cu.m)	Amount (Rs)
1 Earth Work	Sp 106-c	Disposal of Surplus Common Material from Slide	90.64	58,798.218	5,329,470
	Sp 106-di	Disposal of Surplus Hard Rock Boulders from Slide	290.93	5,218.077	1,518,095
	Sp 106-dii	Disposal of Surplus Medium Rock Boulders from Slide	197.95	8,943.304	1,770,327
	Sp 106-diii	Disposal of Surplus Soft Rock Boulders from Slide	163.09	16,424.129	2,678,611
4 & 5 Retaining Wall		Plum Concrete Wall with 40% Plum	4,533	2,205.24	9,996,353
<b>Total</b>					<b>21,292,856</b>

The above rates were neither notified by the Engineer nor approved by the Employer in term of Contract clause.

The matter was pointed out to the management on 6<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit holds that due to non-approval of rates the payment of Rs 21.293 million to the Contractor is irregular and un-justified.

It is recommended that responsibility against the person(s) at fault may be fixed who recommended the payment without approval of rates of non BOQ items.

PDP-653 (KDR, Mzd 2014-15)

#### **4.2.36 Non-recovery of mobilization and secured advance – Rs 11.466 million**

As per clause 62.12 (d) of ‘Condition of Particular Application’ the whole of the Mobilization Advance shall be recovered not later than two months prior to the completion of the Works as per the ‘Time of Completion’.

A contract regarding “Up-gradation, Widening and Construction of Kohala-Dhirkot Road Project (27 km)” was awarded to M/s IBX Engineering (Pvt.) Ltd with a total cost of Rs 743.981 million in 2008. Thereafter, the said contract was allocated to M/s FWO on the same terms & conditions in 2010. The said contract was terminated in 2012.

During scrutiny of IPC No. 11 it was observed that Project Director recommended the following deductions in the memorandum of payments:

<b>Particulars</b>	<b>Amount (Rs)</b>
Mobilization Advance	7,466,365
Secured Advance	4,000,000
<b>Total</b>	<b>11,466,365</b>

It is highlighted that Project Director advised the concerned to deduct outstanding advances including mobilization advance. Since the contract was terminated, therefore, all the outstanding advances were required to be recovered in one go. However, from the record made available, no such recovery is evident to have been made.

The matter was pointed out to the management on 6<sup>th</sup> October 2015 but no reply was received.

The Para was not discussed in the DAC meeting due to non-submission of working papers by the management.

Audit recommends that all outstanding advances may be recovered from the contractor concerned under intimation to audit.

**PDP-655 (KDR, Mzd 2014-15)**

#### 4.2.37 Loss due to non-utilization of stock – Rs 3.440 million

As per 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”.

As per ERRa letter No. F.No.21-54/ 2011-Erra/ Watsan dated 5<sup>th</sup> September 2011, the time extension to complete the WATSAN project was 30<sup>th</sup> November 2011.

During scrutiny of record of Local Government and Rural Development Department (LGRDD), Muzaffarabad it was observed that as per progress report provided by the Assistant Director, LGRDD, Muzaffarabad 14,936 meters of GI Pipes costing to Rs 3.440 million (as per PC-I) were issued to the following Water Supply Schemes:

S. No.	Union Council	Name of Scheme	Package	Detail/ Scope of Work to be done	Cost of Pipe as per PC-I
				Pipe Length (Meter)	
1	Danna	Chatti Mohallah	PC-I Package I	840	110,066
2	Danna	Girls High School Danna	PC-I Package I	1,404	331,082
3	Chatter Domel	Kaloch	PC-I Package II	5,180	629,506
4	Hattian Dupatta	Dogi Wala Pani (Baghee house Lower Phagwan Dopatta) Ghari Dopatta	PC-I Package III	7,512	2,369,604
Total:				<b>14,936</b>	<b>3,440,258</b>

The closing date of the project was 30<sup>th</sup> November, 2011 but no work could be started physically upto 30<sup>th</sup> June, 2014 and declared these schemes as under recovery process. Moreover, the pipes so issued were also not recovered by the department.

When pointed out, the management stated that no work could be started on the said schemes due to local conflicts. Recovery cases have been moved to the concerned DC office and the recovery is under process. Report will be furnished to audit as soon as the recovery made by the DC office.

Reply is not convincing because the pipes were issued before 30<sup>th</sup> November, 2011 but not utilized and still not recovered. Reasons of such delay may be elucidated.

In the DAC meeting held on 15<sup>th</sup> January 2016 it was decided that Para stands till completion of recovery.

Audit recommends that responsibility may be fixed on the person(s) at fault. Besides, recovery of cost of pipes may be made from the concerned CBO under intimation to Audit.

PDP-811 (LGRDD, Mzd 2012-14)

#### **4.2.38 Irregular inclusion of time barred cheques in the list of un-presented cheques – Rs 5.873 million**

As per banking policy, cheques have a validity period of 06 month from the date of issuance.

The final accounts as on 30<sup>th</sup> June 2015 of DRU Muzaffarabad revealed that time barred cheques were included in the reconciliation statement as un-presented cheques (detailed in Annexure-XXXII).

It is pertinent to mention that these cheques were being shown as un-presented from many years. Un-presented cheques were required to be cancelled after becoming time barred and matter was required to be solved out. It was further noticed that most of these cheques were issued / drawn in the name of income tax, GST and TQT Collection Departments. Due to non-resolving the issue, the Government had been deprived from its taxes revenue.

The matter was pointed out on 27<sup>th</sup> October 2015. In their reply the management stated that out of Rs 5.871 million cheques of Rs 1.087 million have been presented and cleared.

In the DAC meeting held on 15<sup>th</sup> January 2016 the Para stands till adjustment of amount.

Audit recommends that matter be got inquired as all cheques pertain to tax deductions therefore reducing the revenue of the Government. These tax liabilities may immediately be deposited into Treasury.

PDP-700 DRU, Mzd 2014-15)



## Internal Control Weaknesses

### 4.2.39 Overpayment to the contractors - Rs 27.218 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.

According to Technical Specification of BOQ items, the measurements of acceptability completed works will be made on the basis of net actual measurements. The payment will be made for acceptable measured quantity of respective items on the basis of unit rate in the BOQ and shall constitute full compensation for all the works related to the item.

Contrary to the above, the management of different projects measured quantities of civil works against different items previously and made the payment. Later on, the already paid quantities were reduced / deducted in subsequent IPCs. The detail of the projects alongwith payment deducted / reduced is given below:

Entity/ Project	PDP No.	Title of Para	Amount (Rs in million)
KDR, Muzaffarabad (2014-15)	654	Un-due favor to the contractor due to temporary over payment – Rs 0.869 million	0.869
NHA (2014-15)	665	Un-due benefit to the contractor due to temporary overpayment – Rs 2.249 million	2.249
XEN, PWD Buildings, Neelum (2014-15)	679	Undue favor due to payment of certain item not executed at site but shown has been executed initially – Rs 1.079 million	1.079
XEN, PWD Buildings, Bagh (2014-15)	719	Undue payment due to fake entries in the measurement sheet – Rs 0.239 million	0.239
SFD&KF 2014-15)	727	Undue payment due to fake entries in the measurement sheet – Rs 2.114 million	2.114
MCDP (2014-15)	784	Undue payment due to minus entries in measurement sheets – Rs 9.933 million	9.933
MCDP (2014-15)	786	Overpayment made to the contractor in pervious IPCs – Rs 10.735 million	10.735
			<b>27.218</b>

This is a common practice which is against the contract clauses and measurement procedures. Obviously, the progressive quantities of any item could

never become negative. Recording negative quantities in the measurement sheets revealed that initially certain quantities were recorded in the measurement sheets on hypothetical basis instead of actual measurements. This hypothetic measurement recording mechanism leads to temporary overpayment amounting to Rs 27.218 million to the contractors. The re-writing of record entries of measurement sheets after its payment itself has questioned the integrity/ authenticity of measurement record.

In view of forgoing facts, it is evident that the measurements recorded in the measurement sheets are not trustworthy ab-initio.

The matter was discussed in the DAC meeting held on 15<sup>th</sup> January 2016 and it was decided that verification may be conducted and ERRA will issue instructions for immediate stoppage of such practices.

Audit recommends to determine the financial impact of undue benefit given to the contractors besides exploring the aspects how payments were regulated through such a vague measurement record and responsibility be fixed against persons at fault.

**PDP-654 (KDR, Mzd), PDP-665 (NHA), PDP-679 (XEN, PWD/Buildings Neelum),  
PDP-719 (XEN, PWD/Buildings, Bagh), PDP-727 (SFD&KF), PDP-784 (MCDP),  
PDP-786 (MCDP) of 2014-15**

## Annexures

### MFDAC

#### Annexure-I

S. No.	AP/ PDP No.	FY	Name of Formation	Subject
ERRA HQ				
1	767	2014-15	ERRA HQ (Dev. Fund)	Irregular release of funds amounting to Rs 80.00 million
2	768	2014-15	ERRA HQ (Dev. Fund)	Irregular payment out of GOP share – Rs 3.347 million
3	769	2014-15	ERRA HQ (Dev. Fund)	Unlawful award of contract – Rs 14.7 million
4	774	2014-15	ERRA HQ (Dev. Fund)	Overpayment of consultancy cost – Rs 9.43 million
5	776	2014-15	ERRA HQ (Dev. Fund)	Irregular expenditure on non-earthquake affected area – Rs 646,810
6	777	2014-15	ERRA HQ (Dev. Fund)	Irregular Payment on account of Additional Security Staff – Rs 887,385
7	682	2014-15	ERRA HQ (Non Dev. Fund)	Non-Deduction of 5% Maintenance and Repair Charges of Government Own Accommodations Rs 218,737
8	683	2014-15	ERRA HQ (Non Dev. Fund)	Irregular award of contract regarding maintenance of lawn @ 65,000 Pm (Rs 780,000/PA)
9	684 & 773	2014-15	ERRA HQ (Dev. and Non Dev. Fund)	Un-verifiable expenditure on repair maintenance of vehicles & POL due to non-maintenance of logbooks - Rs 34.514 million
10	685	2014-15	ERRA HQ (Non Dev. Fund)	Irregular purchase of stationary items – Rs 2.76 million
11	686	2014-15	ERRA HQ (Non Dev. Fund)	Irregular payment of overtime - Rs 3.238 million
12	687	2014-15	ERRA HQ (Non Dev. Fund)	Irregular payment on account of rent of residential building – Rs 2.428 million
13	688	2014-15	ERRA HQ (Non Dev. Fund)	Irregular expenditure beyond deputation period – Rs 18.132 million
14	689	2014-15	ERRA HQ (Non Dev. Fund)	Unjustified payment on accounts of late sitting charges – Rs 1.553 million
15	690	2014-15	ERRA HQ (Non Dev. Fund)	Irregular payment to Pak rangers out of non-development fund – Rs 1.376 million
16	691	2014-15	ERRA HQ (Non Dev. Fund)	Irregular expenditure on account of other miscellaneous - Rs 3.992 million

17	693	2014-15	ERRA HQ (Non Dev. Fund)	Unjustified withdrawal of non-development funds from assignment account and deposit in ERRA fund account - Rs 225.421 million
18	755	2014-15	NBCDP	Overpayment on account of price adjustment – Rs 469,503
19	756	2014-15	NBCDP	Overpayment to the contractor due to overlapping/ duplication of work – Rs 1.201 million
20	757	2014-15	NBCDP	Irregular allotment of residential plots to the unauthorized local residents
21	645	2013-14	NBCDP	Infructuous expenditure on account of construction of New Balakot Town due to ill planned execution of work – Rs 2,189.755 million
22	646	2013-14	NBCDP	Undue favor to the contractor due award of civil work without open tender – Rs 1,968.592 million
23	648	2013-14	NBCDP	Overpayment to the contractor due to the rate of backfilling included in excavation – Rs 4.204 million
24	650	2013-14	NBCDP	Overpayment to the Contractor Due to Duplication of Work – Rs 828,710
25	669	2014-15	NHA	Doubtful expenditure on execution of ‘day work items’ – Rs 2.556 million
26	670	2014-15	NHA	Un-Authorized/ Un-Verifiable Payment to the Contractor Rs 310,616
27	671	2014-15	NHA	Over payment to the contractor due to payment of over haul – Rs 827,597
28	672	2014-15	NHA	Doubtful payment on account of repair and maintenance of vehicles
29	673	2014-15	NHA	Undue benefit to the contractor due to less recovery of retention money – Rs 7.306 million
<b>SERRA</b>				
1	710	2014-15	SFD&KF, Muzaffarabad	Loss to Government due to diversion of consultancy charges from foreign grant to GOP Budget – Rs 1.059 million
2	723 & 724	2014-15	SFD&KF, Muzaffarabad	Unjustified expenditure by allowing part rate without break down of item- Rs 6.644 million
3	726	2014-15	SFD&KF, Muzaffarabad	Loss to Government due to change of specification – Rs 731,035
4	731	2014-15	SFD&KF, Muzaffarabad	Irregular payment to the contractor due to payment of items not provided in BOQ – Rs 2.992 million
5	732	2014-15	SFD&KF, Muzaffarabad	Irregular payment to contractor due to change of Specification – Rs 2.411 million

6	715	2014-15	XEN, PWD/ Buildings, Bagh	Loss to Government due to accepting higher rates – Rs 6.823 million
7	718, 734,740	2014-15	PWD/ Building Bagh, SFD&KF, Mzd and PWD, Building, Mzd	Irregular payment on account of price adjustment due to non-freezing of rates – Rs 13.700 million
8	720	2014-15	XEN, PWD/ Buildings, Bagh	Irregular payment on reduced rate – Rs 12.909 million
9	721	2014-15	XEN, PWD/ Buildings, Bagh	Irregular payment due to change of specification – Rs 1.324 million
10	741	2014-15	XEN, PWD/ Buildings, Mzd	Irregular payment of price adjustment – Rs 565,167
11	801	2014-15	XEN, PWD/ Buildings, Mzd	Expected loss due to award of contract on higher cost – Rs 9.421 million
12	802	2014-15	(XEN, PWD/ Buildings, Rwk	Non-transparent award of contract – Rs 23.577 million
13	803	2014-15	(XEN, PWD/ Buildings, Rwk	Unjustified expenditure on account of consultancy services – Rs 2.250 million
14	805	2014-15	(XEN, PWD/ Buildings, Rwk	Irregular expenditure beyond PC-I cost – Rs 21.550 million
15	807	2014-15	(XEN, PWD/ Buildings, Rwk	Irregular acceptance of performance guarantee of lesser amount - Rs 1.027 million
16	808	2014-15	(XEN, PWD/ Buildings, Rwk	Non-provision of Insurance of works and contractor's equipment and Third Party Insurance
17	809	2014-15	(XEN, PWD/ Buildings, Rwk	Un justified excess payment due to fixation of weightage on hypothetical basis for the calculation of price adjustment
18	676	2014-15	XEN, PWD/ Buildings Neelum	Un-due favor to the contractor due to payment of escalation charges – Rs 3.642 million
19	677	2014-15	XEN, PWD/ Buildings Neelum	Undue favor granted to contractor due to less deduction of retention money – Rs 1.527 million
20	707	2014-15	Collector Land Acquisition, Bagh	Unauthorized payment of compensation – Rs 0.540 million
21	780	2014-15	Collector Land Acquisition (U), Mzd	Doubtful payment on account of structure – Rs 724,622
22	782	2014-15	Collector Land Acquisition (U), Mzd	Loss due to payment of structure on unauthorized occupied land – Rs 2.452 million
23	788	2014-15	MCDP, Mzd	Irregular/ excess payment over & above the BOQ – Rs 207.009 million
24	793	2014-15	MCDP, Mzd	Mis-procurement of engine of vehicle – Rs 164,300
25	797	2014-15	RCDP, Rwk	Irregular/ excess payment over & above the BOQ – Rs 94.342 million

26	657	2014-15	BCDP, Bagh	Loss to state due to work below specification – Rs 90.519 million
27	659	2014-15	BCDP, Bagh	Irregular/ excess payment over & above the BOQ – Rs 55.657 million
28	663	2014-15	BCDP, Bagh	Irregular expenditure after handing over the project – Rs 51.172 million
29	664	2014-15	BCDP, Bagh	Irregular Payment to the Contractor on Account of Damaged Work, Rs 319,123
30	703	2014-15	XEN Highway, Bagh	Over payment due to excess measurement of width of road for sub-base and base – Rs 1.351 million
31	704	2014-15	XEN Highway, Bagh	Unjustified/ irregular payment to consultant on account of consultancy charges – Rs 15.136 million
32	705	2014-15	XEN Highway, Bagh	Overpayment to the contractor due to less deduction of quantity – Rs 672,902
33	706	2014-15	XEN Highway, Bagh	Overpayment to the contractor due to excess measurement of prime coat – Rs 314,832
34	651	2014-15	KDR, Mzd	Irregular and unauthorized expenditure due to non-issuance of variation order – Rs 143.684 million
35	662	2014-15	KDR, Mzd	Over payment to the contractor due to wrong application of rate for excavating unsuitable common material - Rs 2.907 million
36	810 & 812	2012-14	LGRDD, Mzd	Doubtful and dubious expenditure incurred on procurement of pipes and subsequent non-utilization of these pipes – Rs 2.356 million
37	813	2012-14	LGRDD, Mzd	Blockade of funds – Rs 3.941 Million
38	761	2012-14	PHED, Mzd	Irregular Payment on account of excess of BOQ- Rs 611,805
39	743	2013-14	RWHP, Mzd	Unjustified expenditure due to deviation in PC-I and change of scope and spirit of project – Rs 1.064 million
40	744	2013-14	RWHP, Mzd	Doubtful purchase of store items for RWH system – Rs 251,000
41	745	2013-14	RWHP, Mzd	Irregular payment on account of repair of vehicles – Rs 0.944 million
42	746	2013-14	RWHP, Mzd	Irregular expenditure without provision of PC-I – Rs 0.754 million
43	747	2014-15	SERRA, Mzd	Irregular expenditure without approval of PC-I – Rs 60.496 million
44	749	2014-15	SERRA, Mzd	Irregular purchase of tyres – Rs 453,050
45	750	2014-15	SERRA, Mzd	Irregular appointment of contingent staff and expenditure of Rs 5.164 million annually

46	695	2014-15	DRU, Mzd	Irregular payment after expiry of PC-I – Rs 21.69 Million
47	696	2014-15	DRU, Mzd	Irregular payment on account of repair of vehicle – Rs 887,483
48	697	2014-15	DRU, Mzd	Irregular expenditure beyond deputation period – Rs 680,416
49	699	2014-15	DRU, Mzd	Irregular Payment On Account Of Conveyance Allowance Rs 60,000
50	814	2014-15	DRU, Rwk	Irregular payment after expiry of PC-I – Rs 17.591 million
51	698, 815, 817		DRU, Mzd DRU, Rwk SP, Chinese Sec.	Irregular cash payment on account of pay and allowances – Rs 73.885 million
52	816	2014-15	DRU, Rwk	Irregular appointment of staff and payment of salaries – Rs 1.181 million
53	818	2014-15	SP, Chinese Security, Mzd	Irregular payment after expiry of PC-I – Rs 98.462 Million
54	819	2014-15	SP, Chinese Security, Mzd	Undue favour granted to CPO office and illegal use of ERRA funds – Rs 450,094
<b>PERRA</b>				
1	4	2014-15	DDR Abbottabad	Irregular expenditure on account of advertisement charges - Rs 1.400 million
2	9	2014-15	DDR Abbottabad	Excess payment due to non-deduction of usable material of Hard and medium rock - Rs. 2.301 million
3	17	2014-15	DDR Shangla	Non-deduction of Income Tax of Rs 2.179 million from contractor M/s AMC CMES JV
4	18	2014-15	DDR Shangla	Undue favour to contractor due to payment on expired bank guarantees - Rs 9.740 million
5	21	2014-15	DDR Shangla	Irregular execution of contract) in excess from Administrative Approval - Rs 2.618 million
6	22	2014-15	DDR Shangla	Loss of Rs.1.035 million due to irregular award of contract
7	23	2014-15	DDR Shangla	Over payment of Rs 39.857 million in excess from revised BOQ
8	24	2014-15	DDR, Shangla	Loss due to undue favor to contractor - Rs 8.008 million
9	25	2014-15	DDR Shangla	Expected loss of Rs 3.796 million due to excess payment
10	26	2014-15	DDR Shangla	Excess expenditure of Rs 23.579 million over and above from BOQ
11	27	2014-15	DDR Battagram	Doubtful payment of price adjustment without provision in contract and manipulation of record - Rs 2.192 million

12	34	2014-15	DDR Battagram	Doubtful payment due to difference in area of work and deletion of quantities without showing measurement - Rs 1.821 million
13	41	2014-15	DDR Kohsitan	Loss due to non-recovery of LD - Rs 16.839 million
14	52	2014-15	DDR Mansehra	Excess payment on account of prime coat and Hot Bit Mac quantities - Rs 1.700 million
15	53	2014-15	DDR Mansehra	Unjustified payment on account of blacktopping without rectification of defective work - Rs 3.712 million
16	54	2014-15	DDR Mansehra	Overpayment due to duplication of work – Rs 1.117 million
17	55	2014-15	DDR Mansehra	Less recovery of excavated material – Rs 3.139 million
18	58	2014-15	DDR Mansehra	Unjustified expenditure due to non-availability of measurement - Rs 1.168 million
19	60	2014-15	DDR Mansehra	Loss due to defective construction of boundary wall and issuing of TOC without rectification of defects - Rs 1.863 million
20	61	2014-15	DDR Mansehra	Unjustified incurrence of expenditure against BOQ cost without revision of engineering estimates, PC-I, TS and approval of V.O - Rs 68.031 million
21	62	2014-15	DDR Mansehra	Non-imposition of liquidated damages against delay despite release of payment during 2014-15 - Rs 30.299 million
22	63	2014-15	DDR Mansehra	Excess expenditure on account of installation of structure - Rs 1.798 million
23	65	2014-15	DRU Shangla-Kohistan	Misappropriation of Rs 20.352 million
24	66	2014-15	PHE Abbottabad	Loss due to excess expenditure of Rs 1.980 million and non-functional water Supply scheme
25	67	2014-15	PHE Abbottabad	Loss due to wasteful expenditure on failed boring of Tube Well, double payment and wasteful expenditure on WSS Banda Dilazak - Rs 3.540 million
26	68	2014-15	PHE Abbottabad	Loss due to wasteful expenditure on account of pumping Chamber and pipe line - Rs.1.792 million
27	70	2014-15	TMA Mansehra	Loss due to non-fixing of supplied pipes of water supply scheme - Rs 1.966 million
28	71	2014-15	TMA Mansehra	Loss due to non-completion of Water Supply Scheme of estimated cost of Rs 3 million
29	72	2014-15	TMA Mansehra	Doubtful payment on account of incomplete



				water supply scheme - Rs 2.121 million
30	73	2014-15	TMA Mansehra	Loss due doubtful completion of water supply scheme - Rs 1.150 million
31	74	2014-15	DG PERRA	Unauthorized handing over of vehicle Potohar Jeep to Deputy Commissioner Office Abbottabad
32	75	2014-15	DG PERRA	Loss due to retention of extra vehicles on pool duty , un-authorized expenditure on POL / repair & maintenance and unknown whereabouts of 05 vehicles - Rs 15.993 million
33	87	2014-15	PMIU IDB/SFD Abbottabad	Overpayment due to non-utilization of available material for backfill behind retaining wall – Rs 5.148 million
34	43 & 89	2014-15	DDR-Man, DDR-BTG, and PMIU SFD/IDB	Excess payment on account of price adjustment due to non-adjustment of secured advance - Rs 4.719 million
35	95	2014-15	PMIU IDB/SFD Abbottabad	Overpayment due to reduction of item of work, deletion of item and incorrect quantities - Rs 35.230 million
36	96	2014-15	PMIU IDB/SFD Abbottabad	Overpayment on account of soil investigation not provided in BOQ and VO of four bridges - Rs 2.00 million
37	100	2014-15	PMIU IDB/SFD Abbottabad	Irregular execution of work beyond approved scope of work and excess payment - Rs 42.304 million
38	101	2014-15	PMIU IDB/SFD Abbottabad	Undue favor to contractor and non-imposition of LD –Rs 39.990 million
39	102	2014-15	PMIU IDB/SFD Abbottabad	Unauthentic expenditure on account of engineering facility without bills / vouchers - Rs 4.00 million
40	103	2014-15	PMIU IDB/SFD Abbottabad	Excess payment on account of various items of work - Rs 1.304 million
41	105	2014-15	PMIU IDB/SFD Abbottabad	Unjustified payment for earthwork on revised design cut quantities - Rs 75.184 million
42	116	2014-15	PMIU IDB/SFD Abbottabad	Excess payments due to non-approval of variation order of completed schemes - Rs 5.701 million
43	120	2014-15	PMIU IDB/SFD Abbottabad	Unjustified payment due to defective work- Rs 1.008 million
44	125	2014-15	PMIU IDB/SFD Abbottabad	Defective works and use of substandard material in construction of GGDC Besham by sublet contractor
45	133	2014-15	PMIU IDB/SFD Abbottabad	Non-adherence to audit by non-submission of reply to inspection reports 2010-11 to 2014-15
46	135	2014-15	DDR-Abbottabad	Un-justified payment to three chowkidars after

			(OPT)	completion of project - Rs 0.850 million
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**Annexure-II**

IPC #	Bill #	Item	Description	Steet #	RD #	Dimension/ Qty paid			Dimension/ Qty Required to be paid			Diff. (Sq.m)	Rate Including 9 %	Amount (Rs)
						Length (m)	Width (m)	Qty. paid (Sq.m)	Length (m)	Width (m)	Qty. Required to be paid (Sq.m)			
70	1	104	Stripping of top soil	61	00-950.7	420	47.24	19,840.80	420	12.2	5124	14716.8	136.25	2,005,164
70	1	104	do	61A	00-80.78	60	34.64	2,078.34	60	12.2	732	1346.34	136.25	183,439
70	1	104	do	61B	00-169.26	100	192.1	19,207.00	100	12.2	1220	17987	136.25	2,450,729
70	1	104	do	201	00-243.92	120	32.26	3,635.97	120	12.2	1464	2171.97	136.25	295,931
70	1	104	do	203	150-740	510	46.44	23,686.38	510	12.2	6222	17464.4	136.25	2,379,522
70	1	104	do	204	00-252.1	110	64.18	7,060.04	110	12.2	1342	5718.04	136.25	779,083
70	1	104	do	206	50-376.61	150	15.5	2,324.85	150	12.2	1830	494.85	136.25	67,423
70	1	104	do	208	170-694.98	360	25.74	9,267.30	360	12.2	4392	4875.3	136.25	664,260
70	1	104	do	35	400-494.80	60	38.56	2,313.60	60	12.2	732	1581.6	136.25	215,493
70	1	104	do	52	80-240	180	53.27	9,588.24	180	12.2	2196	7392.24	136.25	1,007,193
70	1	104	do	58	0-142.390	70	37.33	2,613.10	70	12.2	854	1759.1	136.25	239,677
72	1	104	do	35	130-230	100	25.08	2,508.00	100	12.2	1220	1288	136.25	175,490
72	1	104	do	35	370-440	70	30.06	2,103.99	70	12.2	854	1249.99	136.25	170,311
72	1	104	do	35	490.494.79 2	4.792	38.74	185.64	4.792	12.2	58.4624	127.178	136.25	17,328
72	1	104	do	36	140-230	90	23.27	2,094.30	90	12.2	1098	996.3	136.25	135,746
72	1	104	do	47	0-250	250	72.44	18,110.00	250	18.3	4575	13535	136.25	1,844,144
72	1	104	do	47	370-470	100	51.4	5,140.00	100	18.3	1830	3310	136.25	450,988
72	1	104	do	47	600-720	120	30.06	3,607.20	120	18.3	2196	1411.2	136.25	192,276
								135,364.75			37,939	97,425	136.25	13,274,195

**Annexure-III**

IPC #	Bill #	Item	Description	Road #	RD #	Dimension/ Qty paid			Dimension/ Qty Required to be paid			Diff. (Sq.m)	Rate Including 9 %	Amount (Rs)
						Length (m)	Width (m)	Qty paid (Sq.m)	Length (m)	Width (m)	Qty Required to be paid (Sq.m)			
71	1	104	Stripping of top soil	4	1800-1875	75	60.5	4537.5	75	25	1875	2662.5	136.25	362,766
71	1	104	do	4	2000-2200	200	72.97	14594	200	25	5000	9594	136.25	1,307,183
71	1	104	do	4	2250-2475	225	45.91	10330	225	25	5625	4704.8	136.25	641,022
71	1	104	do	4	2600-2800	200	67.56	13512	200	25	5000	8512	136.25	1,159,760
71	1	104	do	4	2925-2986.4	61.94	60.26	3732.5	61.94	25	1548.5	2184	136.25	297,571
71	1	104	do	4	3350-3550	200	25.36	5072	200	25	5000	72	136.25	9,810
71	1	104	do	4	4025-4100	75	41.25	3093.8	75	25	1875	1218.8	136.25	166,055
72	1	104	do	3	850-950	100	42.54	4254	100	25	2500	1754	136.25	238,983
72	1	104	do	3	1500-1600	100	74.3	7430	100	25	2500	4930	136.25	671,713
72	1	104	do	3	1680-1750	70	43.17	3021.6	70	25	1750	1271.6	136.25	173,249
72	1	104	do	3	1790-1820	30	33.66	1009.8	30	25	750	259.8	136.25	35,398
								70,587			33,424	37,163	136	5,063,507

Statement Showing the Detail of Work Done in Excess of BOQ								
DEVELOPMENT WORKS AT NEW BALAKOT TOWN, DISTRICT MANSEHRA								
Item No.	Description	Unit	Rate (Rs.)	BOQ Qty.	Executed Qty.	Excess Qty.	%age increase	Over Payment (Rs)
<b>Bill No.1 Earth Work</b>								
101	Cleaning and grubbing	SM	50	500	138,073.88	137,573.88	27,514.78	6,878,694
102	Demolishing of existing buildings and removal of debris as directed by the Engineer.	SM	1,000	500	3,861.96	3,361.96	672.39	3,361,955
103	Cutting of trees and stacking the logs as directed by Engineer.					-		-
	Upto 451-950mm Girth	Nos.	1,000	100	798.00	698.00	698.00	698,000
104	Stripping of top soil (150 mm depth) as Shown on drawings or as directed by the Engineer.	SM	125	250,000	498,490.88	248,490.88	99.40	31,061,361
105	General excavation in all kinds of soil/material wet or dry including soft rock, boulders, gravels, conglomerate etc. and disposal of surplus excavated material or stock piling at designated places within the project area as approved by the Engineer.	CM	300	1,607,500	1,825,442.82	217,942.82	13.56	65,382,845
108	Formation of embankment/filling with suitable excavated rock material obtained from general excavation within the project area or from structural & trench excavation including hauling upto any lead and lift, placing in layers, compaction, dressing top and side slopes as per specifications, drawings and/or as directed by the Engineer.	CM	100	300,000	571,546.00	271,546.00	90.52	27,154,600
<b>Total of Earth Work</b>								<b>134,537,454</b>

<b>BILL No. 2 Roads Retaining Structures &amp; Ancillary Works</b>								
201	Structural and trench excavation in all kinds 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.	CM	570	51,200	61,629.92	10,429.92	20.37	5,945,052
203	Compacted backfilling with suitable Material resulting from structural and trench excavation or from general excavation for retaining structures, culverts etc.	CM	100	1,000	9,643.28	8,643.28	864.33	864,328
204	Compacted backfilling with selected granular material from approved source as shown on drawing or as directed by the Engineer.	CM	580	500	3,495.20	2,995.20	599.04	1,737,215
209	Providing and laying grouted stone masonry in (1:4 cement sand mortar) retaining walls as shown on drawings or as directed by Engineer.	CM	2,600	5,200	20,733.20	15,533.20	298.72	40,386,317.40
212	Providing and lay Class "C" (1:2:4) concrete cast in situ in walkways as shown on drawings or as directed by Engineer	CM	8,000	100	119.27	19.27	19.27	154,141.60
<b>Total of Bill No. 02</b>								<b>49,087,054</b>
<b>BILL No. 3 STORM WATER DRAINAGE</b>								
303	Backfilling with suitable excavated material including compaction as specified by the Engineer	CM	100	4,900	6,255.46	1,355.46	27.66	135,546
306	Providing and laying 12" thick grouted stone pithing with 1:4 cement sand mortar in out-fall structure or else-where as shown on drawings or as directed by the Engineer	SM	800	90	5,138.36	5,048.36	5,609.29	4,038,690
309	Supply, lay, joint and test	M	1,600	150	203.74	53.74	35.83	85,984

	R.C.C pipe of 18" dia conforming to ASTM C-76 strength Class-II, wall thickness 'B' or as directed by the Engineer.							
311	Provide and lay, class 'C' (1:2:4) concrete in drains, under road crossings and culverts as shown on drawings or as directed by the Engineer	CM	7,000	7,050	7,367.70	317.70	4.51	2,223,900
312	Provide and lay, class 'C' (1:2:4) concrete capping on the wall of catch pits and drains etc. as shown on drawings or as directed by the Engineer	CM	10,000	180	199.26	19.26	10.70	192,570
313	Provide and lay, class 'D' (1:3:6) concrete in pipe culverts etc. as shown on drawings or as directed by the Engineer	CM	6,000	15	126.83	111.83	745.54	670,985
<b>Total</b>								<b>7,347,676</b>
<b>BILL No. 4 WATER SUPPLY SYSTEM</b>								
404	Supply laying cutting the uPVC pipes class "C" with injection moulded fitting and specials as recommended by the pipe manufacturer and as approved by the Engineer. 8" (200 mm) dia	M	3,600	450	1,064.00	614.00	136.44	2,210,400
<b>Total</b>								<b>2,210,400</b>
<b>BILL No. 5 SEWERAGE SYSTEM</b>								
503	providing & placing sand bedding for concrete pipes as shown on drawings or as directed by the Engineer.	CM	400	4,600	16,134.28	11,534.28	250.75	4,613,712.00
504	Supply, lay , joint and test RCC pipes of various sizes for sewerage complete in all respect as shown on drawings or as directed by the Engineer							
	12" (300 mm) dia	M	1,400	1,100	1,980.83	880.83	80.08	1,233,162.00
	18" (450 mm) dia	M	1,800	510	988.08	478.08	93.74	860,538.60
505	construction of circular brick masonry manhole including manhole cover							

	and frame complete in all respect as shown on drawings or as directed by the Engineer of following depths:							
	1) upto 6.5' (1.98 m)	Nos.	50,000	810	1,383	573.00	70.74	28,650,000.00
	2) over 6.5' (1.98 m) and upto 8.5' (2.59 m)	Nos.	60,000	80	201	121.00	151.25	7,260,000.00
	3) over 8.5' (2.59 m) and upto 12' (3.66 m)	Nos.	80,000	10	11	1.00	10.00	80,000.00
507	Construction of chambers for house connections complete with concrete cover and frame as shown on drawings or as directed by the Engineer	Nos.	40,000	470	532	62.00	13.19	2,480,000.00
<b>Total of Bill No. 05</b>								<b>45,177,412.60</b>
<b>Total Over &amp; Above the BOQ</b>								<b>238,359,995.94</b>



Statement Showing the Detail Work Done in Excess of BOQ								
DEVELOPMENT WORKS AT NEW BALAKOT TOWN, (Access Road),DISTRICT ,MANSEHRA								
Item No.	Description	Unit	Rate (Rs)	BOQ Qty.	Executed Qty.	Excess Qty.	%age increase	Over Payment (Rs)
<b>Bill No.2 Road, Retaining Structures and Drainage Works</b>								
201	Structural and trench excavation in all kinds 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 culverts etc.	CM	621	3,550.00	4,627.67	1,077.67	30.36	669,558
203	Compacted backfilling with suitable material resulting from structural and trench excavation or from general excavation for retaining structures, culverts etc.	CM	109	100.00	2,272.26	2,172.26	2,172.26	236,776
212	Providing and laying grouted stone masonry in (1:4 cement sand mortar) retaining walls, protection walls as shown on drawings or as directed by the Engineer.	CM	2,834	2,975.00	4,342.78	1,367.78	45.98	3,876,289
214	Provide and lay Class 'D' (Min. Mix 1:3:6) concrete in shoulders, retaining wall, culverts and drains as shown on drawings or as directed by the Engineer	CM	6,540	485.00	516.24	31.24	6.44	204,310
<b>Total of Road, Retaining Structures and Drainage Works</b>								<b>4,986,932</b>
<b>BILL No. 3 Bridge</b>								
307	Provide and lay concrete 4000 psi cylinder strength, as shown on drawings or as directed by the	CM	11,088.57	250.00	410.00	160.00	64.00	1,774,171

	Engineer.								
308	Provide and lay concrete 5000 psi cylinder strength, as shown on drawings or as directed by the Engineer.	CM	11,165.53	75.00	85.41	10.41	13.88	116,233	
309	Provide & fix hot rolled deformed bars grade 60 as per ASTM 615 as shown on drawings or as directed by the Engineer.	Ton	109,000.00	150.00	170.09	20.09	13.39	2,189,810	
315	Providing and fixing Steel road expansion joints as per drawing or as directed by the Engineer	RM	11,584.50	40.00	61.56	21.56	53.90	249,762	
319	Boring for cast in place concrete piles up to 1 meter dia in all kind of soils including rock.	RM	20,000.00	120.00	400.00	280.00	233.33	5,600,000	
321	Providing and fixing Steel tubes 100 mm dia in girders for lifting holes.	RM	750.60	10.00	15.20	5.20	52.00	3,903	
322	Providing and fixing 35mm dia GI pipe medium duty in girders	RM	675.00	10.00	68.80	58.80	588.00	39,690	
325	Providing and fixing 250x250x12 mm steel plates welded and grouted as shown on drawing or as directed by the Engineer.	KG	310.40	50.00	70.65	20.65	41.30	6,410	
328	Confirmatory Boring upto 30 meter depth including carrying of geotechnical investigations and submission of Report to the Engineer.	RM	12,500.00	45.00	85.00	40.00	88.89	500,000	
<b>Total of Bridge</b>								<b>10,479,979</b>	
<b>Total Over and Above the BQ of Access Road</b>								<b>15,466,911</b>	

## Annexure-VI

S. #	IPC #	Road/Street	RD	Length	Width	Area (Sq.m)	Rate + 9% (Rs)	Total Amount (Rs)	Remarks	Length on which construction work has been done	Width	Area (Sq.m)	Rate + 9% (Rs)	Total doubtful Amount (Rs)
1	70	Street # 61	00-950.7	420	47.24	19840.8	136.25	2,703,309	50 mm thick wearing course was done at RD240-875 and paid in IPC#55	420	47.24	19840.8	136.25	2,703,309
2	70	Street #61A	00-80.78	60	34.64	2078.34	136.25	283173.8	50 mm thick wearing course was done at RD2.4-90 and paid in IPC#55	60	34.64	2078.4	136.25	283,182
3	70	Street # 203	150-740	510	46.44	23686.38	136.25	3,227,269	Providing & laying Granular Sub Base course of Roads/ streets (second layer) was done at RD 160-340 and paid in IPC # 55, Providing & laying Granular Sub Base course of Roads/ streets (1st & second layer) was done at RD 80-160, 480-560, 630-700 and paid in IPC#56	410	46.44	19040.4	136.25	2,594,255
4	70	Street # 52	80-240	180	53.27	9588.24	136.25	1,306,398	50 mm thick wearing course was done at RD 2.45-340 and paid in IPC # 55	180	53.27	9588.6	136.25	1,306,447
5	71	Road # 04	1800-1875	75	60.5	4537.5	136.25	618,234.40	Sand Bedding and concrete pavers in walkways was done at RD 1790 - 3760 and paid in IPC # 57	75	60.5	4537.5	136.25	618,234
6	71	Road # 04	2000-2200	200	72.97	14594	136.25	1,988,433		200	72.97	14594	136.25	1,988,433
7	71	Road # 04	2250-2475	225	45.91	10329.75	136.25	1,407,428		225	45.91	10329.75	136.25	1,407,428
8	71	Road # 04	2600-2800	200	67.56	13512	136.25	1,841,010		200	67.56	13512	136.25	1,841,010
9	71	Road # 04	2925-2986.4	61.94	60.26	3732.5	136.25	508,553.10		61.94	60.26	3732.5044	136.25	508,554
10	71	Road # 04	3350-3550	200	25.36	5072	136.25	691,060		200	25.36	5072	136.25	691,060
11	72	Road # 03	850-950	100	42.54	4254	136.25	579,607.50	50 mm thick wearing course was done at RD700-1780 and paid in IPC # 56	100	42.54	4254	136.25	579,608
12	72	Road # 03	1200-1210	10	10.6	105.95	136.25	14,435.69		10	10.6	106	136.25	14,443
13	72	Road # 03	1500-1600	100	74.3	7430	136.25	1,012,338		100	74.3	7430	136.25	1,012,338
				Total		118,761.46		16,181,249		2,242		114,116		15,548,299

## Annexure-VII

## Un-necessary retaining wall (Deputy Director Reconstruction Battagram PDP-32)

## a. Boundary wall near main gate

Item No.	Name	Length	Width	Height	Qty.	Rate (Rs)	Amount (Rs)
CD-1	Providing and laying Class E Concrete	133	2.25	0.5	149.625	200	29,925
CE-1	First Class Brunt Brick Masonry 1:4 cement sand mortar						
	Step 1	133	2.25	0.5	149.625	260	38,902.5
	Step 2	133	1.5	0.5	99.75	260	25,935
	Step 3	133	0.75	1.5	149.625	260	38,902.5
CE-3	Coping	133	0.75	0.375	37.40625	280	10,473.75
CK-2	Painting						
	Boundary wall Internal& External	133	0	6	798	32	25,536
	Coping	133	0	1.5	199.5	32	6,384
<b>Rs</b>							<b>176,059</b>

## b. Boundary wall on R/Wall

CE-1	First Class Brunt Brick Masonry 1:4 cement sand mortar	Length	Width	Height	Qty.	Rate (Rs)	Amount (Rs)
	Step 1	90	2.25	0.5	101.25	260	26,325
	Step 2	90	1.5	0.5	67.5	260	17,550
	Step 3	90	0.75	1.5	101.25	260	26,325
CE-3	Coping	90	0.75	0.375	25.3125	280	7,087.5
CK-2	Painting						
	Boundary wall Internal & External	90	0	6	540	32	17280
	Coping	90	0	1.5	135	32	4320
<b>Rs</b>							<b>98,888</b>

**Annexure-VIII**  
**(Amount in rupees)**

<b>S. No.</b>	<b>Pkg. No.</b>	<b>Bid Cost</b>	<b>PG expired on</b>	<b>Amount of work done (upto June 2015)</b>	<b>Retention money held</b>	<b>Retention money required</b>	<b>Retention money less deducted</b>
1	24-B	14.872	15.12.14	14,607,754	743,600	1,460,775	717,175
2	25	14.872	25.11.12	4,713,705	264,878	471,370	206,492
3	49-A	5.397	30.06.13	4,748,678	368,315	474,868	106,553
4	KFW-02	21.056	25.11.12	22,017,338	1,076,635	2,201,733	1,125,098
5	KFW-08	13.416	15.05.14	14,809,326	670,800	1,480,933	810,133
6	37-B	5.153	12.11.11	5,193,409	319,295	519,341	200,046
7	55-A	5.862	23.05.12	3,972,386	189,808	397,239	207,431
8	22	44.719	26.08.12	42,364,297	2,235,943	4,236,430	2,000,488
9	20 (Gov)	26.627	18.03.11	24,078,342	1,331,350	2,407,834	1,076,484
10	13 (Gov)	55.93	28.01.15	82,804,497	3,073,225	8,280,449	5,207,224
11	2 (L.S)	13.6	09.01.15	10,779,000	680,000	1,077,900	397,900
12	01 (forest)	51.241	02.10.15	56,499,617	1,281,025	5,649,962	4,368,937
13	H-17 (Health)	27.275	20.10.11	27,184,233	308,090	2,718,423	2,410,333
<b>Total</b>							<b>18,834,294</b>

## (PDP No. 44 Deputy Director Reconstruction Mansehra, Formula for price adjustment)

IPC No.	Work done amount (Rs)	Steel (Rs)	Cement (Rs)	Price adjustment paid for the item not executed (Rs)
15	6,474,290	6,744,052	00	<b>558,730</b>
16	1,529,161	00	1,529,161	<b>175,131</b>
18	3,714,000	3,714,000	00	<b>308,767</b>
19	3,894,373	00	3,894,373	<b>446,015</b>
<b>* Total</b>				<b>1,488,643</b>

**Formula for calculation of Price Adjustment:**

$$=0.46 + 0.15(CL/BL) + 0.09 (CS/BS) + 0.23 (CC/BC) + 0.07 (CD/BD)$$

Where, C = Current Rate and B = Base Rate

Fixed factor	Labour	Steel	Cement	Diesel	Total
0.46	0.15	0.23	0.09	.07	1

<b>*ICP No. 15</b>	(No cement work was executed but price adjustment was paid)	
	$(517.50/262.5) \times 0.09 = 0.1742 - 0.09 = .0874 \times 2158097$	188,617
	$(510/262.5) \times 0.09 = 0.1749 - 0.09 = .0849 \times 2158097$	183,222
	$(515/262.5) \times 0.09 = 0.1766 - 0.09 = .0866 \times 2158097$	186,891
	<b>Total</b>	<b><u>558,730 (a)</u></b>
<b>*ICP No. 16</b>	(No steel work was executed but price adjustment was paid)	
	$(82000 / 54000) \times 0.23 = 0.3492 - 0.23 = .1193 \times 1467995$	<b><u>175,131 (b)</u></b>
<b>*ICP No. 18</b>	(No cement work was executed but price adjustment was paid)	
	$(515/262.5) \times 0.09 = 0.1766 - 0.09 = .0866 \times 3565440$	<b><u>308,767 (c)</u></b>
<b>*ICP No. 19</b>	(No steel work was executed but price adjustment was paid)	
	$(82000 / 54000) \times 0.23 = 0.3492 - 0.23 = .1193 \times 3738599$	<b><u>446,015 (d)</u></b>

**Annexure-X**

<b>S. No.</b>	<b>Name of contractor</b>	<b>Project</b>	<b>Amount (Rs)</b>
1	M/s Fazal Rehman	GPS Dheri	1,057,379
2	M/s Fazal Karim	GPS Dehrian	1,007,528
3	M/s Fazal Karim	GPS Dehrian	935,093
4	M/s Faiz-ur- Rehman	Police Post Dehrian	35,598
5	M/s Faiz-ur- Rehman	Police Post Dehrian	644,402
6	M/s Iqbal Ahmed	GPS Chowga	797,443
7	M/s Iqbal Ahmed	GPS Irjali	1,173,371
8	M/s Iqbal Ahmed	GPS Irjali	262,142
9	M/s Iqbal Ahmed	GPS Chowga	393,541
10	M/s Faiz-ur- Rehman	Police Post Karora	750,632
11	M/s Fazal Karim	GPS Dehrian	12,901,199
12	M/s Fazal Karim	GPS Dehrian	438,604
13	M/s Faiz-ur- Rehman	Police Post Dehrian	581,828
14	M/s Fazal Karim	GPS Dehrian	525,635
<b>Total</b>			<b>21,504,395</b>



**Provincial Earthquake Reconstruction & Rehabilitation Agency Khyber Pakhtunkhwa**

No.119-69/PERRA/IDB-SFD/Roads/2015/ 1267

Dated 24.06.2015

To  
 The Chief Engineer / Director Technical  
 PMIU for IDB/SFD Projects, Abbottabad

Subject: - **APPLICATION REGARDING LILOWNI - BILKANI ROAD SHANGLA**

I am directed to refer to the subject cited above and enclosed herewith a copy of self explanatory letter along with enclosure, as received from Divisional Monitoring Officer, Malakand Division, Swat vide letter No. P&D/M&E/DMO(Mkd)/2014-15/5052-55 dated 18-06-2015, with the request to furnish compliance report direct to the quarter concerned under intimation to this office at the earliest, please.

*[Signature]*  
 24/06/2015  
 Deputy Director Technical

- Copy to:
1. Divisional Monitoring Officer, Malakand Division, Swat.
  2. PS to DG cum Secretary PERRA, Abbottabad

*[Signature]*  
 Deputy Director Technical

*Decision  
 Re study & discuss  
 on priority. 29/6*

*Dir Tech 29/6*

OFFICE OF THE CHIEF ENGINEER	
PMIU/SFC/ER/ABT.	
SHANGLA	
DIARY NO.	4623
DATE	29-6-15
FILE	CR: 7
DI	
AO	
MIS	
CHIEF ENG.	





**DIVISIONAL MONITORING OFFICE  
MALAKAND DIVISION) P&D DEPARTMENT,  
COMMISSIONER'S SAIDU SHARIF, SWAT.**

No. P&D/M&E/DMO(Mkd)/2014-15/5052-55  
Dated: June 18, 2015

To  
The Director General,  
PERRA Abbottabad.

Subject: APPLICATION REGARDING LOLOWNAI - BILKANAI ROAD  
SHANGLA

I am directed to refer to the Office of the Commissioner Malakand Division letter No. 11730/22/Roads/vol-II/Dev: dated 17/07/2014 and No. 4977/7/22/Roads/Vol-II/Dev: dated 17/04/2015 on the subject noted above, the subject report is enclosed herewith for your kind information and necessary actions please.

*(Signature)*  
✓ (Engr. Sikandar Khan)  
Divisional Monitoring Officer,  
Malakand Division, Swat.

- Cc:
1. Director-I M&E Directorate P&D Department Khyber Pakhtunkhwa.
  2. PS to the Worthy Commissioner Malakand Division, Swat.
  3. PS to the Director General (M&E) P&D Department, Khyber Pakhtunkhwa.

*(Signature)*  
✓ Divisional Monitoring Officer,  
Malakand Division, Swat.

*DD/KS)*  
*Please get beyond*  
*for Pm20 office*  
*(Signature)*  
*23/6/2015*

*M send cl.*  
*to P&D for*  
*SPD/PS for*  
*report & compare*  
*document to the*  
*complaints card*  
*for interest*  
*to this file*  
*(Signature)*



GOVERNMENT OF KHYBER PAKHTUNKHWA  
PLANNING AND DEVELOPMENT DEPARTMENT  
DIVISIONAL MONITORING AND EVALUATION OFFICE  
MALAKAND DIVISION, SWAT

**REPORT REGARDING "CONSTRUCTION OF ROADS AND BRIDGES IN  
DISTRICT SHANGLA. (IDB FUNDED).  
SUB HEAD: IMPROVEMENT AND BLACK TOPPING OF ROAD FROM LILOWNI  
TO BILKANI."**

The subject scheme was referred from Office of the Commissioner Malakand Division through letter No.5698/7/22/Roads/Vol-IV/Dev dated April 22<sup>nd</sup>, 2015 to inspect the scheme.

On the basis of the above directions a letter No. P&D/M&E/DMO(Mkd)/2014-15/4011-14 Dated April 20<sup>th</sup> · 2015 was sent to PM DRU for monitoring visit. A joint visit was carried out by Divisional Monitoring Officer, Malakand Division M&E Department along with Engr. Gohar and Athar Mehmood quantity surveyor from E.A (Engineering Associates) consultant 20<sup>th</sup> May, 2015.

The purpose of visit was to verify and monitored physical and financial progress, quality and quantity of work. In letter sent by Divisional Monitoring office to the executing department all documents has been mentioned to sharing it with monitoring team during visit however executing department didn't shared all the required data. Report is based on the partially shared data and field observations only.

A. **DESCRIPTION**

The subject cited scheme is 22Km road and an IDB Funded scheme, transport sector. It has been approved by ERRA (Earthquake Reconstruction and Rehabilitation Authority) Board in its 16<sup>th</sup> meeting held on 30-12-2010 and cleared by PEC, ERRA vide letter No. 107(4)/ERRA/PEC/10 Vol-III Dated 03-12-2010 and letter No 106(4)/ERRA/PEC/06 Dated 03-12-2010. Total cost of the project is 263.415 millions.

Its administrative approval was issued by PERRA (provincial earthquake Reconstruction and Rehabilitation Agency) KPK in its meeting held on 10-03-2011 at a total cost of Rs. 263.415 million. It is divided into 2 packages i-e contract-I and contract-II with the length of 11 Km each.

B. **PROJECT PROFILE:**

Funding Agency	Islamic Development bank (IDB)
Sector:	Transport sector
Client:	PMIU Abbottabad

Name of Contractor: M/S Fazal Karim & Co

Work Commenced on: 29-11-2010

Date of Completion: 28-11-2011

TS Status: Un-Approved

Expenditure till date: 119.420 million

Location / District: Lilwonai, District Shangla

Date of Visit: 20<sup>th</sup> May, 2015

S. No.	Name of the Supervisory Staff	Designation
1	Mohammad Arshad Khan	Resident Engineer (EA)
2	Gohar	Asstt, Resident Engineer (EA)
3	Athar Mehmood	Quantity Surveyor
4	Mohammad Saleem	Site Engineer
5	Rasool Shah	Surveyor

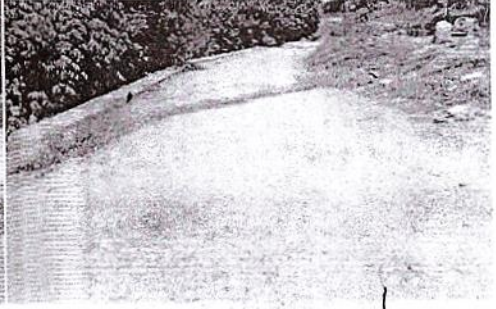
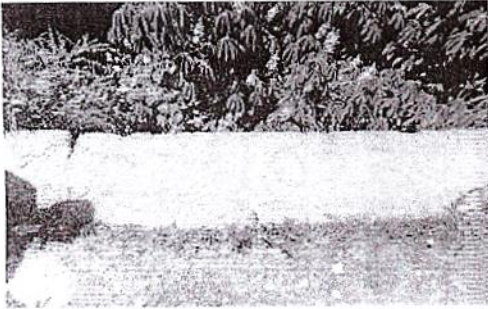
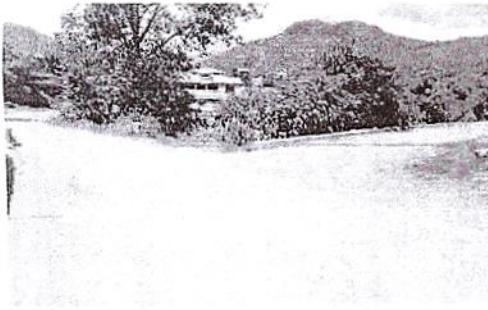
C. **SCOPE OF WORK AND PHYSICAL PROGRESS:**

The scope of work and physical progress on each item are as under:

S. No	Description	Physical Progress
1	Earth Work	Completed
2	Water bound Macadam	Material dumped on site, In Progress
3	Structure Work	Retaining wall construction is in Progress
4	Ancillary Work	Not yet Started

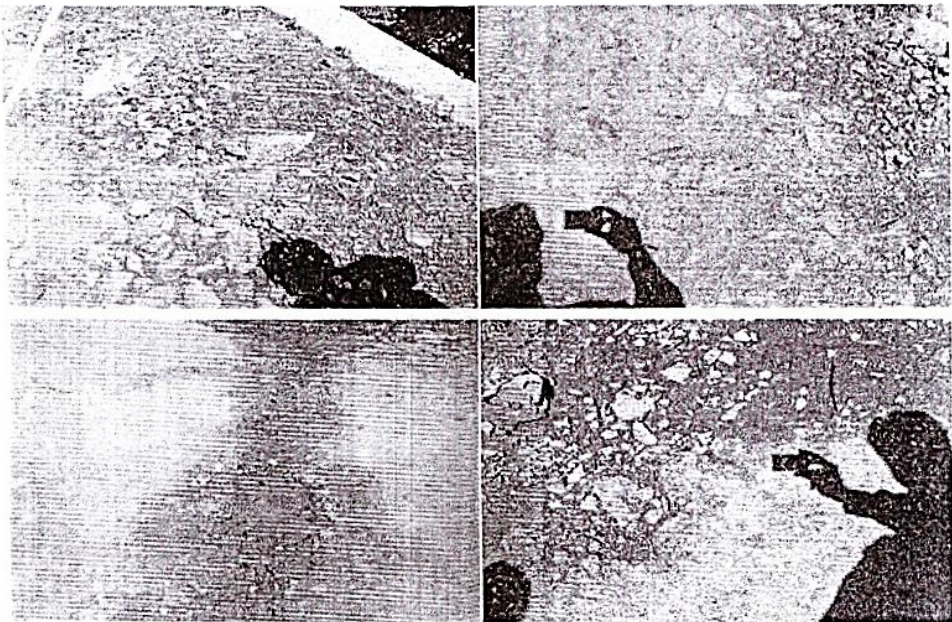
D. **ANALYSIS / FINDINGS AND RECOMMENDATIONS:**

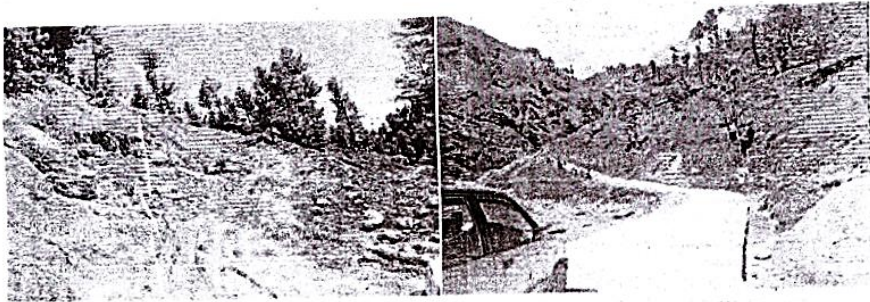
1. Earth work has been completed, while small portion of structural work, spreading and compaction



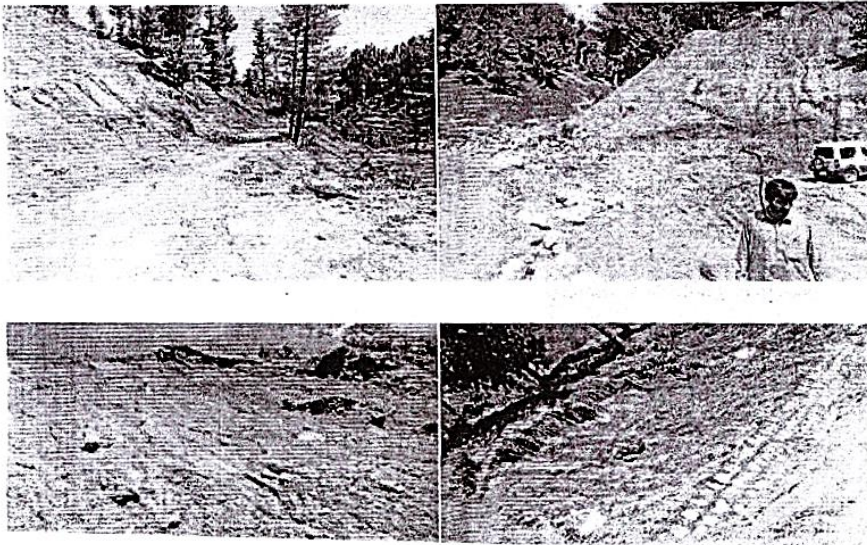


2. Expenditures have been incurred on the said scheme and its Technical sanction (TS) has not yet been accorded so far, which is contradictory to CPW codes. Therefore it is recommended that the Executing Agency shall prepare the Technical Sanction as per actual site condition and approve it from the competent authority within 15 days.
3. The Executing Agency was unable to provide comparative statement, contractor profile, Bills and vouchers, or any other document to M&E team so that actual data has been incorporated in the report. It is recommended for Executing Agency may clarify the reason for not sharing the required data.
4. Very poor quality of material has been used in road work especially water bound material. Oversize material can easily be observed spreaded over the entire road. No proper compaction has been done. In a result project is in progress and repair work in the already completed portion is required. Ditches have been formed in many portion of the road. Rain water accumulated and percolated in the damaged area increased the intensity of damages.





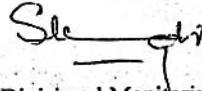
8. More efforts are required to complete the project as early as possible. Unfortunately very slow progress has been found. Material once dumped on site, after a long time contractor moves machinery to the site for spreading it over the road.
  
9. As the road is passing through sliding area. So proper planning was essential before commencement of work regarding design, alignment of the road, retaining walls and breast walls provision according to the site conditions. No care has been given in planning resulting changes of alignment in the last portion of contract-I due to huge sliding area. Money has been wasted in breast walls constructions, as the same has been damaged again by sliding as shown in photographs below,





**CONCLUSION:**

***From the above analysis and findings it is revealed that very poor planning and management has been done. Poor quality of material has been used. No extension period approval has been acquired. Changing of alignment and design changes is still pending. It is impossible to complete project till June 2015. So it is recommended to rectify the work immediately on risk and cost of the contractor and action should be taken against contractor and all involved staff.***



Divisional Monitoring Officer  
M&E Directorate, P&D Department  
Malakand Division, Swat

## Annexure-XII

S. No.	Contact No.	Name of Scheme/Sector	A.A PC-1 Cost/Date million	Progressive Achievement
<b>Kohistan Schools</b>				
1	C-2A	GGPS Komila	15.77	Phase II
2	C-2B	GGPS SharSeo	14.181	
3	C-3B	GGMS Pattan	22.974	
4	C-4	GHS Sharakot	47.033	
5	C-5C	GHS Bataria	40.78	
6	C-10A	GHS Ghaziabad	34.307	
7	C-10B	GMS Baneel Jog	13.825	
8	C-10C	GMS Haran	13.77	
9	C-11	GHS Ranolia	37.325	
10	C-15	GGPS Dassu Colony	13.479	
11	C-16	GGHS Dassu Colony	30.731	
12	C-17	GHS Shatial	50.16	
13	C-18	GMS Madakhelabad	18.245	
14	C-20	Middle to High School Kolay	28.895	
15	C-22	GHS Dubair	26.715	
16	C-24	GGMS Ghaziabad at Shilkanabad	22.974	
17	C-25	Middle to High School Karang	0	
18	C-26	GGPS Batangi	14.3	
<b>Sub total</b>			<b>445.464</b>	
<b>Kohistan Schools upgradation</b>				
19	C-23	GHS/GMS Karang	46.713	
20	-	Middle to High School Paro Shifted to GallaKolai	0	
21	-	GGPS BailaGaidan u/c Dubair	14.3	
22	-	High School to College Mahreen Shifted to Sherakot	0	
23	-	High School to College Karang Shifted to Shatyal	0	
<b>Sub total</b>			<b>61.013</b>	
<b>Kohistan Roads</b>				
24	1A	River Indus left Bank Thakot to Dassu Road (0 -30 Km)	433.269	
25	11A	River Indus left Bank Thakot to Dassu Road (30-63+350 Km)	748.22	
26	11B	River Indus left Bank Thakot to Dassu Road (63+350-96 + 200)	833.012	
<b>Sub total</b>			<b>2,014.501</b>	
<b>Kohistan Electricity</b>				
27	Phydo/ P.Cret	13 hydel power stations(25 & 50 KVA)	<b>280.91</b>	
<b>Grand Total (A)</b>			<b>4,877.402</b>	



<b>Shangla Roads</b>				Phase II & BER under approval with donor for 4 union councils
1	C-II	Bela Baba Kaprosar to Shahpur road (10-19Km)	0	
<b>Sub total</b>			<b>0</b>	
<b>Shangla Electricity</b>				
2	--	Grid Station at Kuz Kana	435.32	
3	--	Electrification in 4 union council	133.000	
<b>Grand Total (B)</b>			<b>568.32</b>	
<b>Total (A + B) Rs in million</b>			<b>5,445.702</b>	

#### Annexure-XIII

#### a. PMIU IDB/SFD Abbottabad (Tax Exemptions Certificates)

#### PDP # 122 (Para No. 44, PMIU IDB/SFD Atd 2014-15)

S No.	Name of scheme	Contractor's Name	Amount paid (06/15) (Rs)	Income tax (Rs in million)
1	BHU Dandai	M/s CE Pak Constructor	38.727	2.52
2.	BHU Dehri	M/s Fazal Karim & Co.	50.790	3.30
3.	Government Girls Degree College Besham	New Malik Afridi & Co.	259.30	16.85
4.	Government Girila High School Besham	M/s Muhammad Ghayour	41.060	2.67
5	KaroraDonai to Shahpur road (C-I)	M/s National RCC Works Pvt. Ltd	65.950	4.29
6	Construction of 4xBridges	M/s Shangla Construction Co M/s New Malik Afridi & Co.	32.689	2.12
7	BHU Kuz Paro	M/s Sarwar Gul & Co.	159.512	10.37
8	GHS Seo& GMS TialDassu	M/s Munawar shah & Borthers	69.612	4.52
9	GGPS Maskeenabad& GGPS Haiderabad	M/s Zulfiqar & Borthers	34.511	2.24
10	GGPS Badarkot& GGPS Maidan Bar Paro	-do--	29.880	1.94
11	GMS/GHS Kayal& GPs Moreen Bankad	M/s Muhammad Feroz Khan	32.082	2.09
12	GMS Badakot	M/s Gul Faraz& Co.	23.524	1.53
13	GHS Dassu	M/s Rustam Khan & M/s Ahmad Hilal (JV)	41.966	2.73
14	District Complex Dassu	M/s Sohrab& Sons	58.112	3.78
<b>Total Rs</b>			<b>937.715</b>	<b>60.95</b>

**b. PMIU IDB/SFD Abbottabad (Income Tax Outstanding)****PDP # 108, (Para No. 26, PMIU IDB/SFD Atd 14-15)**

S No.	Name of project / scheme	Contractor's name	Amount of I. Tax (Rs)
1	Ghaziabad to Bersheryal Road	M/s Umar Farooq & Co	2,268,547
2	Karat to Dambella Road	M/s Muhammad Irshad & Co.	1,052,459
3	Madakhail to Baleeja Road	M/s Urfan Khan & Co.	1,087,708
4	Bela Baba Kaprosar Shahpur Road	M/s Umar Farooq & Co	2,572,217
5	Karora Donai Shahpur Ambella Road	M/s National RCC Works	46,244
6	GPBC	M/s Haroon & sons	1,087,910
7	King Abdullah Teaching Hospital	M/s Eco West International	7,990,736
8	Ayub Medical College	M/s Raja Adalat Khan	46,642
9	Government Girls Degree College	M/s Muhammad Irshad & Co.	614,207
10	BHU Kuz Paro to RHC level	M/s Server Gul & Co	11,963,581
<b>Total</b>			<b>28,730,251</b>

**c. Non-deposit of income Tax****PDP # 19, (Para No.9 Deputy Director Reconstruction Shangla 2014-15)**

S No.	Name of contractor	Gross amount (Rs)	Income tax deducted (Rs)
1	M/s ACT International	66,884	4,013
2	M/s ACT International	602,017	36,121
3	M/s Competent Engineer	8,482,000	508,920
4	M/s ACT International	245,467	14,728
5	M/s Competent Engineer	4,856,634	291,398
6	M/s ACT International	2,766,967	166,018
7	M/s ACT International	444,300	26,658
9	M/s Wazir M. Wazir	1,690,267	101,416
10	M/s Wazir M. Wazir	1,450,867	87,052
<b>Total</b>		<b>20,605,403</b>	<b>1,236,324</b>

**d. (Difference of Rate i.e. 6.5% and 7.5%)****PDP # 3, (Para No. 3 Deputy Director Reconstruction ATD, 2014-15)**

Voucher No.	Date	Total Payment (Rs )	Income Tax due (7.5%) Rs	Income tax deducted (6.5%) Rs	Less Deduction (1%) Rs
25-R	25.07.2014	28,451,669	2,133,875	1,849,359	284,516
4-R	28.08.2014	3,409,902	255,743	221,643	34,100
70-R	30.09.2014	53,936,315	4,045,224	3,505,860	539,364
84-R	30.09.2014	4,460,174	334,513	289,912	44,601
<b>Total</b>		<b>90,258,060</b>	<b>6,769,355</b>	<b>5,866,774</b>	<b>902,581</b>

## a. Vehicles taken over by Dir (Technical) IDB/SFD Abbottabad

S. No.	Vehicle No.	Model Year	Vehicle Type
1	B-5936	2007	China Double Cabin 4x4
2	B-5932	2006	
3	B-5935	---	
4	B-5934	2009	
5	A-1526	2009	Toyota Hilux (Grand)
6	GT-767	2009	
7	B-3687	2009	
8	A-1507	2009	
9	A-1493	2009	
10	B-3549	2009	
11	A-1478	2007	Suzuki Potohar
12	A-1483	2007	
13	A-1458	2007	
14	Unregistered	2007	
15	Unregistered	2007	
16	A-1440	2007	Jeep 5-door
17	A-1251	2006	Mitsubishi Double Cabin (4x4)
18	A-1476	2006	
19	A-1008	2008	Suzuki Jimny
20	A-1454	---	
21	A-1443	---	
22	A-1445	---	
23	A-1441	2008	
24	A-1477	2007	
25	A-1482	2007	Suzuki Van
26	A-1480	2007	Suzuki Pickup
27	A-1479	2007	Suzuki Van
28	LE-316	---	Mini Pajero
29	Go-564		Mitsubishi
30	LE-312		Mini Pajero
31	B-3688		Toyota Hilux Grand Cabin

**b. Vehicles received from EEAP Sources** vide Director (Admn-II) ERRA Islamabad letter No. 06.01.2015

S. No.	Vehicle No.	Make / Model
1	GA-724	Corolla 2010
2	GA-739	Corolla 2010
3	GA-752	Cultus
4	GA-841	Toyota Hilux 2009
5	GA-766	Toyota Hilux 2009
6	GA-769	Toyota Hilux 2009

**c. Furniture**

S. No.	Item Name	Qty.
1	Office / computer / Executive table	3
2.	Office / computer / Executive tables	10
3.	Side Rack	1

**d. Detail of vehicles produced to audit**

1	A-1284	Toyota Hilux	Purchased from PMIU Funds
2	A-1280	Suzuki Jimny	
3	A-1283	Suzuki Jimny	
4	A-1293	Suzuki Jimny	
5	A-1281	Suzuki Jimny	Engineering Facility Chakaisar Martung Road
6	A-1289	Suzuki Jimny	
7	UC-971	Suzuki Cultus	Purchased from SFD Funds
8	Uc-975	Suzuki Cultus	
9	UC-973	Suzuki Cultus	
10	A-1557	Suzuki Jimny	Engineering Facility Karat Dambaila Road
11	A-1558	Suzuki Jimny	
12	D-3923	Daihatsu Terrious	
13	M-7476	Suzuki Potohar	Received from ERRA HQrs
14	GC-067	Suzuki Potohar	
15	LE-316	Pajero Mini	
16	Go-747	Toyota Hilux	
17	Go-733	Toyota Hilux	
18	A-1477	Suzuki Jimny	
19	Sj-410	Suzuki Potohar	
20	A-1554	Suzuki Cultus	Received from M/s Architect

**e. Detail of vehicles held by PERRA**

S. No.	Make / Model	Engine No.	Chassis No.	Registration No.
1.	Suzuki Jimny	N/A	MI3A2237330	N/A
2.	Suzuki Jimny	N/A	MI3A2237625	N/A
3.	Toyota Grand Cabin	N/A	N/A	N/A
4.	Toyota Grand Cabin	N/A	N/A	N/A
5.	Toyota Grand Cabin	N/A	N/A	B-3688

**Annexure-XV**

**(Detail of LD recommended by consultants)**

**a. PMIU (IDB/ SFD Abbottabad)**

S No.	Name of project	Name of contractor	Contract Cost	LD recommended on	Amount of LD (Rs in million)
1	Madakhail to Baleeja Road	M/s Muhammad Urfan	78.317	19.04.2014	3.91585
2	Amnai to Puran Road	M/s A.M. & Co.	173.24	23.07. 2013	8.662
3	Lilowani to Bilkani Road (C-1)	M/s Fazal Kareem & Co.	94.947	23.07. 2013	4.74735
4	Lilowani to Bilkani Road (C-1I)	M/s Fazal Kareem & Co.	86.143	23.07. 2013	4.30715
5	Shikolay Gokan Road	M/s A.M. & Co.	169.432	23.07. 2013	8.4716
6	Chakaisar Martung Road	M/s Raja Shabbir & Co.	143.703	23.07. 2013	7.18515
7	Karora Dunai Ambella Shahpur Road	M/s Faiz-ur-Rehman & Co.	67.356	23.07. 2013	3.3678
8	Bela Baba Kaprosar Sahahpur Road	M/s Umar Farooq & Co.	85.676	23.07. 2013	4.2838
					44.9407
<b>Total Rs</b>					<b>44.9407</b>

**b. Reconstruction (PERRA) Abbottabad**

S. No.	Name of contractor	Package No.	Contract price	10% LD
1	A&AC Company	02	24.530	2.453
2	Fazal Karim & Co.	05	15.548	1.554
3	Anwar & Brothers	06	51.366	5.136
4	Anwar & Brothers	15-A	27.954	2.795
5	Saleh Ejaz & Co.	16	15.037	1.503
6	Saleh Ejaz & Co.	18-A	23.114	2.311
<b>Total</b>			<b>157.549</b>	<b>15.752</b>

**LD (PDP No. 136)**

S No.	Name of Office	Para No. of 2014-15	Package No./ Name of Work	Cost of Project	Date of award	Date of Completion	Amount of LD
1	Deputy Director, Abbottabad	Para #16	GHS Pkg # 13-C	28.934		28.02.2009	2.893
2		Para #23	BHU Palak	22.336		10.01.2012	2.233
3			Education Pkg # 142	39.516		11.10.2012	3.951
4			BHU Malkot	2.597		10.01.2012	0.259
5			127-B	14.191		08.11.2010	1.419
6			BHU Moolia	28.46		19.04.2013	2.846
7			BHU Kakual	22.514		04.05.2011	2.251
8			BHU Tarrach	27.85		10.01.2012	2.785
9			Para #24	Women Development Centre	40.23		21.12.2009
10		Para #29	Baragali Kassala Chair Road	67.032		05.10.2010	6.703
11		Para #36	GGPS Shaqqa & GGPS Kich Bhae Pkg # 86	11.705		28.09.2010	1.17
12			School Pkg # 15-A	28.479		04.09.2007	2.847
13			GPS Chatri & GPS Maira	19.202		08.11.2010	1.92
14			Rehmat Pkg # 27-A				
15			Education Pkg # 42-43	24.735		13.04.2010	2.473
16			Basic Health Unit Patta Kalan	29.551		10.03.2010	2.955
17			BHU H-40 Berram Gali	26.96		14.06.2010	2.696
18	Deputy Director, Shangla	Para #06	LGSS 27 School	240.905		29.07.2010	24.09
19		Para #20	GPS Saidanu Dheri & GPS Katkor Pkg # 3-A	15.566		01.04.2011	1.556
20		Para #22	33 Schools of Light Guage Cold Steel Structure	184.52		21.12.2010	18.452
21		Para #28	GHS Maira V-A, B GPS Maira	24.675		18.10.2008	2.467
22			Forest Building Pkg # 01	68.602		24.09.2009	6.86
23			Thesil Office Pkg # 01	25.848		24.08.2010	2.584
24			GPS Bala GPS Mania GGMS, GGPS, Mania Maira, V-B	26.000		18.09.2008	2.600
25			BHU, Shikwly	22.625		01.11.2010	2.262
26	Deputy Director, Kohistan	Para #06	Package # 03	40.774		27.08.2008	4.077
27		Para #14	25 Light Gauge Cold Formed Galvanized Steel	168.395		22.11.2010	16.839
28		Para #15	RHC Shatyal H-89	19.457		23.02.2011	1.945
29		Para #21	GHS Sharakot Pkg #12-A	34.56		08.10.2011	3.456
30			BHU Ranolia Pkg # H-35	30.147		19.06.2010	3.014
31			EMOC Centre Dassu Pkg # H-124	2.784		13.05.2011	0.278

32			GGPS Gakuz Pkg # 2-B	6.138		21.02.2011	0.613
33	Deputy Director Mansehra	Para #21	GPS Chamial	12.246	13.08.2009	02.06.2011	1.225
34			GMS Bhattu Bandi,	29.081	21.06.2010	04.09.2014	2.908
35			GHS Sangar & Bangian	89.865	31.05.2010	10.03.2013	8.987
36			GHS Hangrai	36.001	22.06.2010	30.06.2014	3.600
37			GHS Garhi Hassan Zai	29.458	03.12.2009	30.06.2014	2.946
38			GPS Karoar	14.013	03.12.2009	30.06.2014	1.401
39			GMA KhambiaBala	12.069	16.11.2009	27.10.2014	1.207
40			GMS Chamial	10.148	16.11.2009	27.07.2013	1.015
41			Tehsil Agriculture Office Mansehra	19.334	15.04.2010	28.06.2014	1.933
42			3Qtrs W&S Mansehra	25.923	25.05.10	11.09.2014	2.592
43			GHS Chanarkot	24.848	05.10.2007	31.10.2010	2.485
44	PMIU SFD/IDB	Para # 39	BHU Devli Mansehra	29.004		31.07.2012	1.451
45			BHU Jabbar Devli District Mansehra	27.115		31.07.2012	2.806
46		Para # 56	RHC Shaukatabad	51.482	02.03.2010	16.09.2011	5.148
47			RHC Darband	49.854	01.03.2010	04.09.2011	4.985
48			BHU Maira Mada Khel	23.670	01.03.2010	15.07.2014	2.367
49	DDR Battagram	Para # 03	37 LGS school buildings	298.172	18.12.2007	18.09.2008	29.817
<b>Total</b>				<b>2,175.559</b>			<b>216.188</b>

## Annexure-XVI

Sr. No.	Package No.	Contractor Name	valid upto	Amount of Performance Securities (Rs)
<b>XEN PWD, Buildings/Reconstruction Div. Muzaffarabad</b>				
1	Package # 40	M/s Kh. Shoukat Ali	31.05.2015	3,307,328
2	Package # 95	M/s Shalimar Associate	25.05.2015	4,248,855
3	Package # 266	M/s Shoukat Ali Turk	14.05.2015	892,629
4	Package # 92	M/s Sultan Akbar Kiani	14.05.2015	4,843,163
5	Package # 273 A	M/s Ghulam Mustafa Ghilani	15.04.2015	844,242
6	Package # 275A	M/s Malik Asad ur Rehman	26.05.2015	844,536
7	Package # 89	M/s S.A. Associates	08.06.2015	6,115,701
8	Package # 299	M/s Raja Tajamul Hussain	04.06.2015	2,733,380
9	Package # H-83	M/s Muhashar Aziz Qadri & Co	27.12.2014	9,763,249
10	Package # 89 A	M/s Zain Engineering	21.04.2014	3,484,550
		<b>Total (A)</b>		<b>37,077,633</b>
<b>XEN PWD, Buildings/Reconstruction Div. Bagh</b>				
11	Package # 13	M/s Zoom Eng.	30.06.2012	1,000,000
12	Package # 16	M/s Zain-ul-Abdeen & Son	08.10.2013	3,623,920
13	Package # 5	M/s Abaseen Associates	29.06.2012	2,363,092
14	Package # 17	M/s Shoukat Khan & co.	28.04.2014	4,579,311
15	Package # 30	M/s Raja Mumshad & Co	27.04.2013	6,394,960
16	Package # 42 & 43	M/s Farid Gul & Co.	30.08.2012	6,787,755
17	Package # 44 & 45	M/s Farid Gul & Co.	30.08.2013	11,988,165
18	Package # 47A	Ittehad Engineering Pvt. Ltd	25.11.2012	3,514,415
19	Package # 4	M/s Muhammad Iqbal & Co	30.12.2011	7,940,461
20	Package # 22	M/s Rizwan Associates	20.02.2012	11,973,957
21	Package # 50A	Shah Jee Traders	20.02.2012	4,856,223
22	Package # 59	M/s Sitara Engineering	02.03.2013	1,078,058
23	Package # 46B & 9B	M/s Raja Mumshad Khan & Co.	12.04.2012	2,474,622
24	Package # 47	M/s Orient Engineers & Traders	04.05.2012	2,774,383
25	Package # 10 A & 59 A	M/s Umar Khan & Sons	01.05.2012	3,915,894
26	Package #48	M/s Muhammad Iqbal & Co.	06.04.2013	4,986,828
27	Package #49B	M/s Naeem Construction Co.	15.05.2013	3,072,958
28	Package # 50B	M/s Sitara Khan Engineering	17.05.2012	2,421,421
29	Package # 46C	M/s Raja Mumshad Khan & Co.	21.04.2013	1,949,304
30	Package # 59 A	M/s Farid Kiyani & Co.	17.06.2013	657,306
31	Package # 61 & 62 (68)	M/s S. Sitara Khan Engineering	14.06.2012	3,766,383
32	Package # 61 & 62 (94)	M/s Al Meezan Enterprises	14.06.2012	811,931
33	Package # 49 C	M/s Jhangir Khan & Brothers	03.06.2014	759,198



34	Package # 59B	M/s Iftikhar Hussain Jaffery	27.07.2010	993,814
35	Package # 55A	M/s Malik Dost Muhammad & Co.	15.07.2012	1,721,672
36	Package # 46D	M/s Sher Baz Khan & Brothers	21.06.2012	1,243,649
37	Package # 50C	M/s Sher Baz Khan & Brothers	21.06.2012	787,690
38	Package # 53A	M/s Umar Khan & Sons	31.12.2013	2,893,941
39	Package # 60	M/s Haji Painsa Khan & Sons	14.07.2012	6,637,358
40	Package # 54A	M/s Sitara Khan Engineering	21.07.2013	4,328,675
41	Package # 51B	M/s Smart Homes	12.08.2012	1,420,650
42	Package # 59C	M/s Shahid Ali	07.08.2013	2,246,750
43	Package # 49D	M/s Sitara Khan Engineering	07.08.2012	1,478,499
44	Package # 58A	M/s Sardar Muhammad Fiaz Khan	14.08.2010	638,592
45	Package # 336	M/s Al Meezan Enterprises	09.02.2012	666,044
46	Package # 349	M/s Myra Engineering Company	14.03.2011	719,222
47	Package # 350	M/s Al Murtaza & Co.	15.03.2012	760,502
48	Package # 357A	M/s Hasnain Construction Co.	14.03.2011	703,764
49	Package # 357	M/s S & K JV UQ & Sons	29.03.2012	1,175,061
50	Package # 363	M/s Liaquat Ali Contractor	05.02.2011	2,418,553
51	Package # 361	M/s Nasheman Engineering + Al Meezan Enterprises JV	25.04.2011	1,439,751
52	Package # 344	M/s Pine Hills	10.03.2011	1,383,740
53	Package # 345	M/s Pak UK Associates	19.05.2013	823,844
54	Package # 353	M/s Mangool Group of Construction	10.06.2012	746,355
55	Package # 197	M/s Haji Painsa Khan & Sons	08.05.2012	1,571,898
56	Package # 340	M/s Farid Kyani & Co.	29.04.2011	1,452,906
57	Package # 185	M/s Ever Shine Contractor Co.	25.06.2012	4,389,774
58	Package # 152A	M/s Liaquat Ali Contractor	25.06.2011	4,804,400
59	Package # 330	M/s Abdul Hafeez Chaudhary & Co.	23.09.2011	6,357,597
60	Package # 343	M/s Cade Crete Associates	18.08.2012	1,299,330
61	Package # 130	M/s Amber Suleman Khokar	08.07.2011	894,250
62	Package # 162	M/s Jamshaid & Brothers	09.11.2011	5,805,799
63	LSF/Bagh/5	M/s Gujrat Meridian JV	16.02.2013	23,054,055
64	LSF-Bagh-6	M/s Gujrat Meridian JV	16.02.2012	7,477,989
65	2-Agri	M/s Raja Mumshad Khan & Co.	29.12.2012	6,166,757
66	3-Agri	M/s Competitive Engineering, Islamabad	24.04.2013	4,771,025
67	4-Agri	M/s Mubarak-ur-Rehman & Co.	07.01.2013	6,292,455
68	6-Agri	M/s Myra Engineering Company	12.01.2013	2,810,735
69	7-Agri	M/s Cade Creets Association	11.03.2011	4,450,923
70	1-Gov	M/s Ittehad Engineering & Construction, Islamabad	19.04.2014	5,803,339
71	3-Gov	M/s Progressive Technical	29.04.2013	1,635,785

		Associates		
72	4-Gov	M/s Ittehad Engineering & construction, Islamabad	19.04.2014	12,497,272
73	5A –Gov	M/s Al-Mezaan Enterprises	12.07.2013	696,086
74	5B-Gov	M/s Abel & Amin Brothers	30.06.2012	4,057,282
75	1 livestock	M/s Competitive Engineering, Islamabad	24.04.2013	8,163,465
76	2 livestock	M/s Al-Burraq Construction Co.	04.05.2011	4,481,562
77	3 livestock	M/s Sitara Khan Engg	02.04.2013	3,464,761
78	6 –Watson	M/s Progressive Technical Associates	07.05.2011	294,080
79	7-Watson	M/s Geo Engineering Services	13.04.2014	330,955
80	H-68	M/s Haider & Co.	28.08.2012	2,931,113
81	H-69	M/s Shalimar Associates	12.04.2011	2,998,766
		<b>Total (A)</b>		<b>257,873,030</b>
		<b>Grand Total (A + B)</b>		<b>294,950,663</b>

**Annexure-XVII**

<b>S. No.</b>	<b>Package No.</b>	<b>Contractor/Firm Name</b>	<b>Performance Securities valid upto</b>	<b>Payment made to contractor during 2014-15</b>
<b>XEN PWD Buildings/Reconstruction Division, Muzaffarabad</b>				
1	Package # 36	M/s Jahanzeb Mughal	15.01.2014	200,000
2	Package H-84	M/s Al Hassan Engineering	20.01.2013	3,844,190
3	Package # 26	M/s Haji Amir Khan & Co.	01.01.2013	700,000
4	Package # H-16	M/s Iqbal Qureshi	24.01.2013	1,487,000
5	Package # 53	M/s Raja Jaber & Co.	21.04.2014	1,250,000
		<b>Total (A)</b>		<b>7,481,190</b>
<b>XEN PWD Buildings/Reconstruction Division, Bagh</b>				
1	Package # 1'3'9	M/s Shoukat Khan & Co.	14.03.2013	1,000,000
2	Package # 3	M/s Abaseen Associates	31.12.2012	600,000
3	Package # 19	M/s Umer Rehman & Co.	27.04.2014	3,070,573
4	Package # 8	M/s Turcon Pvt. Ltd	31.12.2014	2,579,026
5	Package # 31 & 46 A	M/s Mehmood Hussain & Co.	27.12.2013	3,314,741
6	Package # 38	M/s Raja Mumshad Khan & Co.	09.03.2013	2,401,869
7	Package # 61& 62(69)	M/s Behr-i-Karam & Sons	28.06.2012	3,532,036
8	Package # 61&62(72)	M/s Behr-i-Karam & Sons	28.06.2014	1,306,075
9	Package # 52A	M/s Yazdan Engineering Services	15.07.2014	766,566
10	Package # 327	M/s Techno crates Groups	13.03.2014	4,105,714
11	Package # 346	M/s Shahid Ali	01.05.2014	3,479,128
12	Package # 147	M/s Ali & Co.	16.09.2014	3,920,000
13	Package # 153	M/s S. & K JV UQ & Sons	11.04.2014	65,8740
14	2-Gov	M/s Progressive Technical Associates	29.04.2013	3551992
		<b>Total (B)</b>		<b>34,286,460</b>
		<b>Grand Total (A+B)</b>		<b>41,767,650</b>

**Annexure-XVIII**

<b>Package No.</b>	<b>Name of Contractor</b>	<b>Secured Advance paid (Rs)</b>	<b>Secured Advance Recovered (Rs)</b>	<b>Balance Recoverable (Rs)</b>	<b>Remarks</b>
5	M/s Abaseen Associates	247,697	147,697	100,000	Advance was granted in 2009 out of which Rs 147,697 was recovered in three installments till 29.06.2010 up to 15th IPC. The balance amount is recoverable till the date of audit and despite payment up to 22nd IPC.
3	M/s Abaseen Associates	2700,000	1440180	1,259,819	The advance was granted in 2009 out of which Rs 653,940 was recovered in 4th IPC, Rs 23,166 in 5th IPC and Rs 763,075 in 6th IPC. The balance amount is recoverable till date of audit despite payment up to 15th IPC.
50 (A)	Shah Jee Traders	1,534,500	1,472,553	61,947	The advance was granted on 30.05.2009. Rs 1,472,553 was recovered up to 9 <sup>th</sup> IPC. Remaining amount is still recoverable till the date of audit.
31&46	M/s Mehmood Hussain & Co.	4,045,575	2,724,071	1,321,504	The advance was granted in two installments out of which Rs 2,724,071 was recovered in 9 installments up to 19th IPC.
17	M/s Shoukat Khan & Co.	6,647,125	5,980,224	666,904	The amount is outstanding since 2011
<b>Total</b>		<b>15,174,897</b>	<b>11,764,725</b>	<b>3,410,174</b>	

**Annexure-XIX**

S. #	Package #	Name of contractor	Date of Award	Contract Cost (Rs in million)	Escalation (Rs in million)
<b>XEN PWD, Building/ Reconstruction Division, Neelum (PDP No. 674)</b>					
01	109-A	M/s Kh. Ghulam Lasani	26.01.2010	6.404	0.553
02	109-B	M/s Karamat Ali Gilani	15.01.2010	9.218	1.367
03	152	M/s Ejaz Qasim	14.02.2011	4.590	0.205
04	296	M/s Asad Brothers	30.06.2011	7.095	0.677
05	302-A	M/s Sardar Muhammad Yousaf	23.06.2011	17.439	1.994
06	82-G	M/s Haji Abdul Qayyum	01.07.2010	13.132	0.715
07	297	M/s Sh. Abdur Rasheed	01.07.2010	23.527	1.179
08	314	M/s Sardar Muhammad Yousaf	24.06.2010	18.493	0.687
09	292	M/s Vertex Business System	30.06.2011	9.448	1.908
10	34	M/s Oak Leaf	30.06.2010	20.362	0.430
		<b>Total (A)</b>			<b>9.715</b>
<b>XEN PWD, Building/ Reconstruction Division, Bagh (PDP No.712)</b>					
1	61&62 (69)	Behr-I-Karam & Sons		16.278	0.693
2	327	M/s Technocrate Groups		16.628	0.488
3	346	M/s Shahid Ali		10.935	0.467
4	49-D	M/s Sitara Khan Engineering		14.79	0.722
5	49-C	M/s Jahangir Khan & Brothers		7.591	0.081
6	50-C	M/s Ch. Sherbaz Khan & Brothers		7.876	0.176
7	55-A	M/s Malik Dost Muhammad & Co.		17.22	0.049
8	59-A	M/s Farid Kayani		5.60	0.324
9	357	M/s S&K Construction		11.75	0.136
10	51A	M/s YTM Builders		27.94	0.422
11	344	M/s Pine Hills Construction Group		13.837	0.459
12	46-C	M/s Raja Mumshad & Co.		19.49	0.450
		<b>Total (B)</b>			<b>4.467</b>
<b>XEN PWD, Building/ Reconstruction Division, Muzaffarabad (PDP No.742)</b>					
1	326	M/s Muhammad Fayyaz Akhtar	29.06.2010	5.957	0.968
2	49	M/s Abdul Jalil Awan	28.04.2010	6.088	0.658
3	275	M/s Malik Asad-ur-Rehman	19.04.2010	7.603	1.413
4	114	M/s Muhammad Tanveer Khan	16.05.2009	8.924	0.719
5	275-A	M/s Malik Asad-ur-Rehman	08.04.2010	8.445	1.323
6	70	M/s Saad Construction Co.	08.07.2010	6.403	0.677
7	43-B	M/s Muhammad Riaz Abbasi	19.02.2010	13.598	1.643
		<b>Total (C)</b>			<b>7.401</b>
<b>XEN, PHED, Muzaffarabad 2012-14 (PDP No.762)</b>					
1	07B	M/s Al-Ardh Engineering & Construction	22.06.2009	7.500	0.475
2	07A	M/s Al-Ardh Engineering & Construction	22.03.2010	12.500	0.412
3	06B	M/s Syed Nazakat Hussain	11.07.2009	8.796	0.085
		<b>Total (D)</b>			<b>0.972</b>
		<b>Grand Total (A+B+C+D)</b>			<b>22.555</b>

**Annexure-XX**  
**(Rs in million)**

S. No.	Package #	Name of Contractor	Amount of Performance Security	Date of Expiry of Performance Security	Amount Paid		Retention Money in Lieu of Performance Security as per ERR Letter			
					Upto IPC #	Amount	Amount	Deducted	Diff.	
I	II	III	V	VI	VII	VIII	IX	X	XI	
<b>XEN PWD, Buildings/Reconstruction Div. Neelum</b>										
1	297	M/s Sh. Abdur Rashid	2.353	31.05.2012	6	8.281	0.414	-	0.414	
2	152	M/s Ch. Shafqat Hussain	0.459		5	5.053	0.253	-	0.253	
3	34	M/s Oak Leaf (Pvt.) Ltd	2.036	05.06.2013	2	4.254	0.213	-	0.213	
4	292	M/s Vertx Business System	0.945	06.08.2013	5	10.667	0.533	0.277	0.256	
5	296	M/s Ahmad Brothers	0.710	20.07.2015	5	5.828	0.291	0.058	0.233	
		<b>Total (A)</b>	<b>6.503</b>			<b>34.083</b>	<b>1.704</b>	<b>0.335</b>	<b>1.369</b>	
<b>XEN PWD, Highway Div. Bagh</b>										
6	Reconstruction of Rawalakot to Harighal Via Shujaabad Road (13.236 Km) Package-2	M/s Progressive Tech. Associates Pvt. Ltd.	26.855	15.07.2013	16	336.366	16.818	-	16.818	
		<b>Total (B)</b>	<b>26.855</b>			<b>336.366</b>	<b>16.818</b>	<b>-</b>	<b>16.818</b>	
		<b>Grand Total (A+B)</b>	<b>33.358</b>			<b>370.449</b>	<b>18.522</b>	<b>0.335</b>	<b>18.187</b>	

**Annexure-XXI**  
**(Rs in million)**

<b>Statement Showing the Detail of Projects on Which the Work is Suspended Due to One or the Other Reason</b>									
<b>S. No.</b>	<b>Pkg #</b>	<b>Name of Package</b>	<b>Name of Contractor</b>	<b>Date of Award</b>	<b>Date of Completion</b>	<b>Contract Cost (Rs)</b>	<b>Exp. Up to Jun-2015</b>	<b>Fin. Prog. (%)</b>	<b>Phy. Prog. (%)</b>
1	155	GBPS Kango	M/s Ch. Shafqat Hussain	15.04.2010	14.04.2011	6.903	1.901	28	45
2	153	GGPS Treen	M/s Faqir Builders	15.02.2010	14.02.2011	7.778	1.776	23	50
3	294	G Mosq School Shangosh Kuton	M/s Abdul Aziz Awan	22.07.2010	21.07.2011	11.132	7.483	67	63
4	325	G Mosq School Sheikh Baila	M/s AL Mughal Const. Co	01.07.2010	30.06.2011	10.732	1.788	17	40
5	110	GBHS Jura	M/s Raja Tajamul Hussain	01.07.2010	30.06.2011	60.201	5.599	10	20
6	34	GGMS Salkhala	M/s Oak Leaf (Pvt.) Ltd	30.06.2010	29.06.2011	20.362	4.254	16	30
7	H-114	BHU Laswa	M/s Eng. Shahi Khan	06.06.2010	05.06.2011	32.813	5.502	12	30
8	H-32	BHU Karen	M/s Ali Asghar	15.02.2010	14.02.2011	31.405	8.508	25	47
9	H-31	BHU Mirpura	M/s Aslam Zia	15.02.2010	14.02.2011	30.458	11.755	37	63
10	H-36	BHU Bawarian.	M/s Progressive Technical	19.05.2009	18.05.2010	20.503	5.527	27	34
11	H-37	BHU Kahatha Chogali	M/s Shabbier Ahmad & Co.	30.06.2009	29.06.2010	19.255	0.693	7	10
12	H-24	BHU Ashkot	M/s Mirpur Nawaz	19.05.2009	18.05.2010	30.205	11.426	38	47
13	H-20	BHU Nagdar	M/s Lalzada Khar	30.06.2009	29.06.2010	30.453	1.078	4	15
14	H-23	BHU Kuton	M/s Sawat Construction Co.	30.06.2009	29.06.2010	9.654	2.505	26	40
15	H-76	BHU Jagaran	M/s Jameel & Co.	27.03.2010	26.03.2011	30.062	3.573	12	10
16	11	Residential Buildings (WATSAN)	M/s Amber Suelman	08.04.2009	07.04.2010	13.880	6.472	47	42
						<b>365.796</b>	<b>79.840</b>		

**Annexure-XXII**

S. No.	Description of Award	Award No.	Kind of trees	Compensation	15% Jabrana	Total amount (Rs)
<b>Collector Land Acquisition (Urban), Muzaffarabad</b>						
1	Acquisition of land for Tariqabad Bypass Road Phase-I, Mouza Narol, Muzaffarabad	05/2012 dated 26.07.2012	Fruit bearing	110,375	16,556	126,931
			Non-fruit bearing	258,571	38,786	297,357
			Toot	18,800	2,820	21,620
2	Widening of Zero point to Airport Road, Muzaffarabad	03.2013 dated 16.04.2013	Fruit bearing	135,478	20,322	155,800
			Non-fruit bearing	985,975	147,896	1,133,871
3	Supplementary award for construction of RCC Bridge, Jalalabad, Muzaffarabad	04/2014 dated 20.09.2014	Fruit bearing	47,880	7,182	55,062
			Non-fruit bearing	43,895	6,584	50,479
<b>Total (A)</b>				<b>1,600,974</b>	<b>240,146</b>	<b>1,841,120</b>
<b>Collector Land Acquisition (Rural), Muzaffarabad</b>						
1	Supplementary award for trees, houses/ shops/ shelters/ walls/ economic loss effected due to construction of King Abdullah University, Muzaffarabad	03/2010 dated 26.01.2010	Fruit bearing	3,188,196	478,229	3,666,425
			Non-fruit bearing	20,213,354	3,032,003	23,245,357
			Toot	661,890	99,283	761,173
2	Supplementary award for trees (fruit bearing/ non-fruit bearing)/ structures Mouza Langarpura/ Shala Bagh/ Thotha	08/2012 dated 22.05.2012	Fruit bearing (Mouza Thotha)	79,351	11,903	91,254
			Non-fruit bearing (Mouza Thotha)	5,719,055	857,853	6,576,908
			Fruit bearing (Mouza Langarpura)	181,958	27,290	209,248
			Toot (Mouza Langarpura)	321,800	48,270	370,070
			Fruit bearing (Mouza Shala Bagh)	1,425	214	1,639
3	Supplementary award for non-fruit bearing trees due to construction of Satellite Town, Langarpura, Muzaffarabad	15/2012 dated 17.09.2012	Non-fruit bearing	3,879,048	581,857	4,460,905
			Toot	317,130	47,569	364,699
<b>Total (B)</b>				<b>34,563,207</b>	<b>5,184,471</b>	<b>39,747,678</b>
<b>Collector Land Acquisition, Bagh</b>						
1	Acquisition of land for Bypass Road Bagh	09 dated 31.12.2009	Fruit bearing	14,625	2,194	16,819
			Non-fruit bearing	67,405	10,110	77,515
2	Acquisition of land for Ring Road Bagh	08 dated 27.10.2009	Fruit bearing	342,970	51,445	394,415
			Non-fruit bearing	494,258	74,138	568,396
<b>Total (C)</b>				<b>919,258</b>	<b>137,887</b>	<b>1,057,145</b>
<b>Grand Total (A+B+C)</b>				<b>37,083,439</b>	<b>5,562,504</b>	<b>42,645,943</b>





**Annexure-XXIV**

Price adjustment based on base rates for the month of November 2010													
Price Adjustment as per Clause 13.8													
Name of Contractor: CWE						Project: Khurshheed National Library, Muzaffarabad							
Adjustment Formula						$P_n = a + bS_n / So + cC_n / Co + dL_n / Lo + eD_n / Do$ where S=Steel, C=Cement, L=Labour, D=HSD					Applicable Base Index	Date City	Nov-10 Rawalpindi
S #	IP C #	Date submitted	Month of Work	Date of applicable index	Total work done todate	Net work done for the period (P)	a=.38	b=.21	c=.19	d=.12	e=.1	Factor(Pn)	Amount Adjustment(Pn-1)xP
							a	b	c	d	e		
							0.38	0.21	0.19	0.12	0.1		
							So=	60000					
								Co=	350				
									Lo=	350			
										Do=	78.33		
							So=	60000	Co=350	Lo=350	Do=78.33		
							Oct, 2010 S1=	60,000	332.5	350	73.82		
							Nov, 2010 S2=	70500	395	400	92.1		
							Dec, 2010 S3=	60,000	350	375	78.33		
							Jan, 2011 S4=	61,000	335	375	82.58		
							Feb, 2011 S5=	62,500	340	375	78.33		
							Mar, 2011 S6=	62,250	352.5	375	86.09		
							April,2011 S7=	66,000	390	375	92.89		
							May,2011 S8=	67,500	410	375	97.31		
							June,2011 S9=	68,500	410	375	94.11		
							July,2011 S10=	70,500	395	400	92.1		
							Aug, 2011 S11=	70,000	390	400	92.64		
							Sep,2011 S12=	69,500	395.5	400	92.64		
							Oct,2011 S13=	70,500	410	400	94.15		
							Nov,2011 S14=	70,500	416.43	400	94.15		
							Dec, 2011 S15=	70,500	420	400	98.82		
							Jan,2012 S16=	71,500	420	400	98.82		
							Feb,2012 S17=	71,500	420	400	103.46		
							March S18=	72,500	425	400	103.46		
							April S19=	75,500	440	400	108.16		
							May S20=	75,500	450	400	107		
							June S21=	76,500	437.5	400	105.77		
1	1	12.01.2011	Nov-10	Oct-10	8,061,648	4,433,906.40	0.38	0.2100	0.1805	0.1200	0.0942	0.9847	-67,651
2			Dec-10	Nov-10		3,627,741.60	0.38	0.2468	0.2144	0.1371	0.1176	1.0959	347,904
3			Jan, 2011	Dec, 2010		3,258,248.64	0.38	0.2100	0.1900	0.1286	0.1000	1.0086	27,928
4		16.04.2011	Feb, 2011	Jan, 2011	10,182,027	3,360,068.91	0.38	0.2135	0.1819	0.1286	0.1054	1.0094	31,431
5			Mar, 2011	Feb, 2011		3,563,709.45	0.38	0.2188	0.1846	0.1286	0.1000	1.0119	42,383
6			April,2011	Mar, 2011	11,074,388	4,983,474.735	0.38	0.2179	0.1914	0.1286	0.1099	1.0277	138,094
7		21.06.2011	May,2011	April,2011		6,090,913.565	0.38	0.2310	0.2117	0.1286	0.1186	1.0699	425,595
8			June,2011	May,2011		6,422,257.92	0.38	0.2363	0.2226	0.1286	0.1242	1.0916	588,431
9		07.09.2011	July,2011	June,2011	20,069,556	6,622,953.48	0.38	0.2398	0.2226	0.1286	0.1201	1.0910	602,943
10			Aug, 2011	July,2011		7,024,344.60	0.38	0.2468	0.2144	0.1371	0.1176	1.0959	673,641
11			Sep,2011	Aug, 2011		2,975,151.03	0.38	0.2450	0.2117	0.1371	0.1183	1.0921	274,089
12		22.12.2011	Oct,2011	Sep,2011	9,297,347	3,068,124.50	0.38	0.2433	0.2147	0.1371	0.1183	1.0934	286,445
13			Nov,2011	Oct,2011		3,254,071.44	0.38	0.2468	0.2226	0.1371	0.1202	1.1067	347,082
14			Dec, 2011	Nov,2011		4,041,276.44	0.38	0.2468	0.2261	0.1371	0.1202	1.1102	445,153
15			Jan, 2012	Dec, 2011		4,319,985.16	0.38	0.2468	0.2280	0.1371	0.1262	1.1181	509,980
16			Feb, 2012	Jan, 2012		4,459,339.52	0.38	0.2503	0.2280	0.1371	0.1262	1.1216	542,039
17		04.06.2012	Mar, 2012	Feb, 2012	27,870,872	4,738,048.24	0.38	0.2503	0.2280	0.1371	0.1321	1.1275	603,983
18			April,2012	Mar, 2012		5,016,756.96	0.38	0.2538	0.2307	0.1371	0.1321	1.1337	670,687
19			May,2012	April,2012		5,295,465.68	0.38	0.2643	0.2389	0.1371	0.1381	1.1583	838,444
20		27.11.2012	June,2012 to onward	May,2012	7,298,497.78	7,298,497.78	0.38	0.2643	0.2443	0.1371	0.1366	1.1623	1,184,401
21		Final			480,443.91	480,443.91	0.38	0.2678	0.2375	0.1371	0.1350	1.1574	75,633
								Total price adjustment amount required to be paid (Rs)					8,588,635
								Total previous price adjustment already paid (Rs)					19,751,462
								Less Price adjustment recovered/adjusted in statement at completion					484478.76
								Overpayment (Rs)					10,678,348





## Annexure-XXVII

Price Adjustment Clause 13.8				Project Name				Goin Nallah Bus Terminal, Rawalakot															
Price Adjustment Formula= $\{(a+b(bn/bo)+c(cn/co)+d(dn/do)+e(en/eo))\}$																							
														IPC No.				10					
														A=(Fixed Factor)		b=Labour		c=Cement		d=Steel		e=Diesel	
														0.38		0.12		0.19		0.21		0.1	
S. No.	IPC No.	Date of submission of IPC	Total amount of IPC	Total days for the IPC	No. of days covered in the month	Share of work done during the month	Amount of verified work	Applicable date of rates	Labour	Cement	Steel	HSD	Price Adjustment factor	Price Adjustment amount	Remarks								
		F	G	H	I	J=I/H	K=G*J	L=F-28	Bo	Co	Do	Eo		M=(Pn-1)K									
								31.10.2011	400	410	70,500	94.42	1.00										
								Bn	Cn	Dn	En	Total											
1		31-Dec-2011			20	0.17	1,331,620.68	3-Dec-11	400	420	70,500	99.04	1.010	12,686.59	Commencement								
2		31-Jan-2012			31	0.26	2,064,012.06	3-Jan-12	400	420	71,500	99.05	1.013	25,834.19	date is 12.12.2011								
3	1	29-Feb-2012	7,789,981	117	29	0.25	1,930,849.99	1-Feb-12	400	420	71,500	103.75	1.017	33,778.77									
		31-Mar-2012			31	0.26	2,064,012.06	3-Mar-12	400	425	72,500	103.75	1.023	47,038.93									
4		6-Apr-2012			6	0.05	399,486.21	9-Mar-12	400	425	72,500	103.75	1.023	9,104.31									
5		30-Apr-2012			24	0.27	2,372,135.73	2-Apr-12	400	440	75,500	107.3	1.042	100,666.88									
6	2	31-May-2012	8,895,509	90	31	0.34	3,064,008.66	3-May-12	400	450	75,500	107.3	1.047	144,227.12									
7		30-Jun-2012			30	0.33	2,965,169.67	2-Jun-12	400	437.5	76,500	102.73	1.039	116,879.11									
8		5-Jul-2012			5	0.06	494,194.94	7-Jun-12	400	437.5	76,500	102.73	1.039	19,479.85									
9	3	31-Jul-2012	5,367,741	33	26	0.79	4,229,129.27	3-Jul-12	400	442.5	77,000	97.21	1.037	158,074.53									
10		7-Aug-2012			7	0.21	1,138,611.73	10-Jul-12	400	442.5	77,000	97.21	1.037	42,558.53									
11		31-Aug-2012			24	0.62	5,161,686.77	3-Aug-12	400	442.5	77,000	103.99	1.045	229,995.69									
12	4	15-Sep-2012	8,387,741	39	15	0.38	3,226,054.23	18-Aug-12	400	442.5	77,000	103.99	1.045	143,747.31									
13		30-Sep-2012			15	0.60	3,745,684.43	2-Sep-12	450	442.5	76,000	113.66	1.067	250,290.35									
14	6	10-Oct-2012	6,242,807	25	10	0.40	2,497,122.96	12-Sep-12	450	442.5	76,000	113.66	1.067	166,860.24									
15		31-Oct-2012			21	0.44	3,641,165.06	3-Oct-12	450	438.33	75,000	109.63	1.058	209,882.82									
16	7	27-Nov-2012	8,322,663	48	27	0.56	4,681,497.94	30-Oct-12	450	438.33	75,000	109.63	1.058	269,849.35									
17		30-Nov-2012			3	0.07	521,506.23	2-Nov-12	450	440	74,500	109.77	1.057	29,764.70									
18	8	31-Dec-2012	7,648,758	44	31	0.70	5,388,897.68	3-Dec-12	450	455	73,500	110.13	1.061	331,030.57									
19		10-Jan-2013			10	0.23	1,738,354.09	13-Dec-12	450	455	73,500	110.13	1.061	106,784.05									
20		31-Jan-2013			21	0.29	2,125,841.08	3-Jan-13	500	455	73,500	109.21	1.075	160,402.96									
21	9	28-Feb-2013	7,288,598	72	28	0.39	2,834,454.78	31-Jan-13	500	455	73,500	109.21	1.075	213,870.62									
22		23-Mar-2013			23	0.32	2,328,302.14	23-Feb-13	500	452.5	72,500	109.21	1.071	166,046.65									
												Total amount	2,988,834.12										
												Amount paid upto IPC-9	3,402,766.57										
												Overpayment	413,912.45										

**Annexure-XXVIII**

<b>S. No.</b>	<b>Name of Project</b>	<b>Contract Cost Rs)</b>	<b>Insurance cover (Rs)</b>
1	Satellite Town, Langerpura Phase-I	713.126	71.31
2	Satellite Town, Langerpura Phase-II	412.566	41.26
3	Water Distribution Network, Component A	491.500	49.15
4	Water Raising Main, Component A	594.865	59.49
5	P.M. House, Muzaffarabad	401.150	40.12
6	Sewerage and disposal of waste Water, Chella Bandi Zone, Muzaffarabad	423.081	42.31
7	Shopping Centre, Bank Road, Muzaffarabad	950.217	95.02
8	Muzaffarabad Club	322.976	32.30
9	Water Treatment Plant, Makri Phase-I	306.854	30.68
10	Water Treatment Plant, Makri Phase-II	799.668	79.97
11	Mutton and Fish Market, Muzaffarabad	259.992	25.99
12	Satellite Town Thotha	401.381	40.14
13	Sewerage and Waste water, Old City Zone, Muzaffarabad	623.263	62.33
14	132 KVA Grid Station at Rampura	514.475	51.45
15	Water Distribution Network Component B	858.507	85.85
16	Sewerage and disposal of waste Water, Chatter Zone	429.492,	42.95
17	Water Rising Main, Component B	559.633	55.96
18	President House, Muzaffarabad	600.603	60.06
19	Sewerage and disposal of waste Water, Jalalabad Zone	197.311	19.73
20	EGSTs (Electrical and Mechanical Works	310.216	31.02
21	Elevated Ground Storage Tank, Muzaffarabad	207.780	20.78
22	Khurshid National Library	139.500	13.95
23	Old District Court Shopping Complex	387.024	38.70
		<b>10,905.18</b>	<b>1,090.52</b>

## Annexure-XXIX

Western Bypass Road IPC # 21						
Sr. IPC	CSR REF	Description	Unit	RATE	Total Qty. consumed	Amount (Rs)
24	5-11 a	Surface Course & Pavement	Cum	11,659.01	422.483	4,925,733.52
27	5-5 d	Surface Course & Pavement	Cum	8,968.25	193.59	1,736,163.52
	5-5 NSI	Surface Course & Pavement	Cum	2,502.00	200.00	500,400.00
34A	5-48b	Surface Course & Pavement	Cum	8,292.21	17.82	147,767.18
42	25-I	Surface Course & Pavement	RM	4,595.00	139.30	640,083.50
46	5-11 d	Retaining Wall	Cum	11,659.00	99.57	1,160,886.63
49	19-30	Retaining Wall	Cum	3,182.09	42.80	136,193.45
55	12-6 b ii	Breast Wall	Cum	7,782.21	340.082	2,646,589.54
	12-6 d	Breast Wall	Cum	11,659.00	2.395	27,923.31
58	5-24	Drainage	Cum	784.63	22.6	17,732.64
	5-24 b	Drainage	Cum	10,227.56	28.931	295,893.54
58A	5-48 b	Drainage	Cum	8,292.21	898.066	7,446,951.87
58B	5-44a	Drainage	Tonne	118,810.34	3.155	374,846.62
	5-44h	Drainage	Tonne	3,989.25	3.155	12,586.08
<b>Total</b>						<b>20,069,751.40</b>

## Annexure-XXX

Southern Bypass Road, Rawalakot						
IPC Sr. No.	CSR Ref	Description	Unit	RATE	Total Qty. consumed	Amount (Rs)
24	19-30	Providing and laying stone pitching with hammer dressed stones on surface laid in courses	Cum	3,182.10	221.51	704,866.97
54	19-30	Providing and laying stone pitching with hammer dressed stones on surface laid in courses	Cum	3,182.10	60.555	192,692.07
Total						897,559.04

## Annexure-XXXI

Goin Nullah Bus terminal IPC No. 16						
Sr. IPC	CSR REF	Description	Unit	Rate	Qty. consumed	Excess (Rs)
		<b>BUS TERMINAL (Earth Works)</b>				
	NSI	Providing and filling Lawrancepur sand under floor including the cost of compaction	Cum	3,655.00	1,072.57	3,920,243.35
		<b>FOOD KIOSK (Earth Work)</b>				
	NSI	Providing and filling Lawrancepur sand under floor including the cost of compaction	Cum	3,655.00	19.38	70,833.90
		<b>Flooring and Skirting</b>				
	5-1	Dry ramming brick/ stone ballast 1-1/2" to 2" (40 mm to 50 mm) gauge	Cum	2,092.27	5.95	12,449.01
61	5-11	Providing and laying in situ cement concrete using Lawrancepur sand and crushed aggregate having max. size upto 1-1/2" (38mm) and down gauge in foundation including formwork and its removal compaction and curing	Cum			
	(a)	1:2:4	Cum	13,970.65	2.54	35,485.45
	28-41	Providing and fixing fully glazed Aluminum swing door of anodized champagne or approved color	Sqm	8,274.69	4.93	40,794.22
	NSI	Providing and fixing 3/8" thick dampa ceiling with back aluminium foil including framing, hanging supports, scfews, aluminum tees etc.	Sqm	2,469.41	90.80	224,222.43
	NSI	Providing and fixing granite 1" (25mm) thick granite floor in slabs exceeding 12"x12" granite size	Sqm	7,703.64	49.95	384,796.82
		<b>LT PANEL ROOM</b>				
	5-8 (c )	1:4:8	Cum	9,554.03	1.58	15,095.37
NSI	5-12	Providing and laying in situ cement concrete using Lawrancepur sand and Marglla crushed aggregate 3/4" (19mm)				



		and down gauge in foundation including form work using wooden braces and without wall ties, compaction, curing and removal				
		1:1-1/2:3	Cum	14,808.34	5.44	80,557.37
NSI	5-16 a	providing and laying 1:2:4 cement concrete using Lawrancepur sand and Marglla crushed aggregate 3/4" (19mm) and down gauge in beams, lintels and centilevers of required shape or section including formwork and its removal, compacting and curing in basement	Cum	18,655.89	2.90	54,102.08
NSI	5-24	Extra in item 5-16 to 5-18 and 5-20 to 5-23 for cement concrete 1:1.5:3 instead of 1:2:4	Cum	837.69	2.90	2,429.30
NSI	5-15	Providing and laying in situ cement concrete using Lawrancepur sand and Marglla crushed aggregate 3/4" (19mm) and down gauge in pillers and column of any shape in super structure including compacting, curing, cost of formwork and its removal in basement				
	(b)	1:1-1/2:3	Cum	21,501.95	1.81	38,918.53
	5-17	Providing and laying 1:2:4 cement concrete using Lawrancepur sand and Margalla crushed aggregate 3/4" (19mm) and down gauge in slabs including formwork and its removal, compacting and curing.				
	(a)	Upto 6" (150 mm) thickness				
	(i)	In basement, plinth and ground floor	Cum	20,980.60	6.03	126,513.02
	5-24	Extra in item 5-16 to 5-18 and 5-20 to 5-23 for cement concrete 1:1.5:3 instead of 1:2:4	Cum	837.69	6.03	5,051.27
		<b>ROAD WORKS, RETAINING WALLS &amp; BOUNDARY WALL</b>				
	19-30	Providing and laying stone	Cum	3,182.09	590.51	1,879,055.97

		pitching with hammer dressed stones on surface laid in courses.				
	NSI	Providing and filling Lawrancepur sand under floor including the cost of compaction	Cum	3,655.00	71.14	260,016.70
89	5-8 (c)	1:4:8	Cum	9,554.03	274.90	2,626,402.85
140	NSI (iv)	1.5" (38mm) i/d	RM	613.00	135.32	82,951.16
<b>Total</b>						<b>9,859,918.79</b>

## Annexure-XXXII

S. No.	Cheque No.	Date	Amount (Rs)	S. No.	Cheque No.	Date	Amount (Rs)
1	564951	Nov. 2007	58	41	8751395	06.06.2014	3,196
2	564975	June 2008	52	42	9131377	07.06.2014	1,065
3	749198	30.06.2010	563,200	43	9131378	07.06.2014	33,300
4	749133	June 2010	271,363	44	9131379	07.06.2014	1,665
5	748184	June 2010	1,906	45	9131381	07.06.2014	555
6	767681	25.01.2011	745,175	46	9131382	07.06.2014	47,850
7	767682	25.01.2011	31,990	47	9131383	07.06.2014	2,393
8	772822	Feb. 2011	14,000	48	9131385	07.06.2014	797
9	781444	May. 2011	4,775	49	9131386	07.06.2014	26,194
10	760480	30.06.2011	24,263	50	9131387	07.06.2014	1,310
11	781495	30.06.2011	5,700	51	6457130	10.06.2014	436
12	5215563	30.06.2011	56,203	52	6457131	10.06.2014	64,042
13	5812040	21.12.2011	669	53	6457196	10.06.2014	3,202
14	5812041	21.12.2011	210	54	4089046	10.06.2014	1,067
15	5812042	21.12.2011	160	55	4089047	10.06.2014	56,258
16	5812080	06.01.2012	17,000	56	4089048	10.06.2014	2,813
17	5812085	06.01.2012	9,600	57	6250072	10.06.2014	938
18	6008910	11.07.2012	5,851	58	6250073	10.06.2014	202,622
19	6008952	10.10.2012	675,579	59	9131393	13.06.2014	10,131
20	6008923	10.10.2012	455,242	60	9131394	13.06.2014	73,140
21	6008937	10.10.2012	341,155	61	9131395	13.06.2014	3,657
22	5976774	10.10.2012	257,017	62	9131369	13.06.2014	1,219
23	6122485	15.10.2012	115,776	63	9131370	13.06.2014	60,000
24	6374460	17.10.2012	81,838	64	9131371	13.06.2014	3,000
25	6374488	01.01.2013	72,141	65	9091127	13.06.2014	1,000
26	6250022	15.01.2013	112,805	66	9091128	13.06.2014	87,336
27	6457115	07.08.2013	113,857	67	9091129	13.06.2014	4,367
28	7849713	01.10.2013	167,315	68	5771698	09.08.2014	1,456
29	7975384	01.10.2013	54,125	69	5771699	09.08.2014	145,494
30	7975385	01.10.2013	2,706	70	5771700	09.08.2014	7,275
31		14.10.2013	902	71	7607097	09.08.2014	62,916
32	7975397	14.10.2013	64,203	72	7607098	09.08.2014	446,256
33	7975398	14.10.2013	3,210	73	7607099	09.08.2014	22,313
34	6008996	20.02.2014	1,070	74	5976780	15.09.2014	7,438
35	8351318	14.05.2014	8,775	75	6823364	26.09.2014	94,592
36	8351319	14.05.2014	3,741	76	9909820	26.09.2014	975
37	8351320	14.05.2014	197	77	9909826	29.09.2014	406
38	4089044	14.05.2014	72	78	9909827	29.09.2014	39,718
39	8751393	06.06.2014	869	79	9909828	29.09.2014	1,986
40	8751394	06.06.2014	63,913	80	0	0	0
<b>Total</b>			<b>4,348,683</b>				<b>1,524,378</b>
			<b>Grand total</b>				<b>5,873,061</b>