



**AUDIT REPORT
ON
THE ACCOUNTS OF
WAPDA
MINISTRY OF WATER RESOURCES
AUDIT YEAR 2017-18**

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

	Page
ABBREVIATIONS & ACRONYMS	i
PREFACE	v
EXECUTIVE SUMMARY	vii
SUMMARY TABLES & CHARTS	
<i>I</i> <i>Audit Work Statistics</i>	xiii
<i>II</i> <i>Audit observations regarding financial</i> <i>management</i>	xiii
<i>III</i> <i>Outcome Statistics</i>	xiii
<i>IV</i> <i>Irregularities pointed out</i>	xiv
<i>V</i> <i>Cost-Benefit</i>	xiv
WATER AND POWER DEVELOPMENT AUTHORITY (WAPDA)	
CHAPTER 1 COORDINATION WING	
1.1 <i>Introduction</i>	1
1.2 <i>Comments on Financial Statements</i>	1
1.3 <i>Audit Paras</i>	3
CHAPTER 2 WATER WING	
2.1 <i>Introduction</i>	25
2.2 <i>Comments on Financial Statements</i>	25
2.3 <i>Brief comments on the status of compliance with PAC</i> <i>directives</i>	26
2.4 <i>Audit Paras</i>	27
CHAPTER 3 POWER WING	
3.1 <i>Introduction</i>	69
3.2 <i>Comments on Financial Statements</i>	69
3.3 <i>Brief comments on the status of compliance with PAC</i> <i>directives</i>	69
3.4 <i>Audit Paras</i>	70
ANNEXURE MFDAC Paras	161

ABBREVIATIONS AND ACRONYMS

AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AJ&K	Azad Jammu and Kashmir
B&C	Budget & Consolidation
BoD	Board of Directors
BOQ	Bill of Quantity
BPS	Basic Pay Scale
CCA	Cultural Command Area
CCC	Central Contract Cell
CDA	Capital Development Authority
CDL	Cash Development Loan
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CMTL	Central Material Testing Laboratory
CRBC	Chashma Right Bank Canal
CRRK	Chief Resident Representative Karachi
CSA	Consultancy Services Agreement
CPPA	Central Power Purchasing Agency
DAC	Departmental Accounts Committee
DG	Director General
DISCOs	Distribution Companies
DP	Draft Para
DTL	Drug Testing Laboratory
DMBD	Diameer Bhasha Dam
E&M	Electrical & Mechanical
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
EOT	Extension of Time
EPC	Engineering Procurement and Construction
FBR	Federal Board of Revenue
FIDIC	Federation International Des Ingenieurs-Conseils
FWO	Frontier Works Organization
GBHP	Ghazi Barotha Hydropower Project
GCC	General Conditions of Contract
GENCOs	Generation Companies
GEPCO	Gujranwala Electric Power Company
GFR	General Financial Rules
GM	General Manager
GoGB	Government of Gilgit Baltistan
GoP	Government of Pakistan
GST	General Sales Tax
GWH	Gegawatt Hours

GZD	Gomal Zam Dam
HPP	Hydro Power Project
IBIS	Indus Basin Irrigation System
ICB	International Competitive Bidding
IPC	Interim Payment Certificate
IRSA	Indus River System Authority
JV	Journal Voucher
KC	Kachhi Canal
KPK	Khyber Pukhtunkhwa
KV	Kilo Volt
KVA	Kilo Volt Amps
KWh	Kilo Watt Hours
LAC	Land Acquisition Collector
LD	Liquidated Damages
LOI	Letter of Intent
M.S	Medical Superintendent
MD	Managing Director
MDRP	Mangla Dam Raising Project
MFDAC	Memorandum for Departmental Accounts Committee
MKWH	Million Kilo Watt Hour
MCFT	Million Cubic Feet
MOU	Memorandum of Understanding
M&S	Monitoring and Surveillance
MW	Mega Watt
NDP	National Drainage Programme
NEPRA	National Electric Power Regulatory Authority
NJHPC	Neelum Jhelum Hydro Power Company
NICL	National Insurance Company Limited
NTDC	National Transmission and Despatch Company
O&M	Operation and Maintenance
PAC	Public Accounts Committee
PCC	Particular Conditions of Contract
PC-I	Planning Commission Proforma-I
PD	Project Director
PDP	Proposed Draft Para
PEC	Pakistan Engineering Council
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company
P&D	Planning and Development
PO	Purchase Order
POL	Petrol, Oil and Lubricants
PIIB	Pakistan Power Infrastructure Board
PPRA	Public Procurement Regulatory Authority

PSDP	Public Sector Development Programme
QESCO	Quetta Electric Supply Company
RBOD	Right Bank Outfall Drainage
RC	Rainee Canal
RD	Reduced Distance
SCARP	Salinity Control and Reclamation Project
SOP	Standard Operating Procedure
TBM	Tunnel Boring Machine
TOC	Taking Over Certificate
VO	Variation Order
WAPDA	Water and Power Development Authority
WEPS	WAPDA Equipment Protection System
XEN	Executive Engineer

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers, Terms and Conditions of Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of any authority or body established by the Federation.

The Audit Report is based mainly on the accounts of WAPDA for the Financial Year 2016-17. The Directorate General of Audit WAPDA conducted audit of WAPDA during the year 2017-18 on test check basis with a view to reporting significant findings to the relevant stakeholders.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening 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 Departmental Accounts Committee meetings.

The Audit Report is submitted to the President of Pakistan 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].

Islamabad
Dated: 20 FEB 2018

Sd/-
(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit WAPDA carries out audit of accounts of WAPDA on behalf of the Auditor General of Pakistan as envisaged in Section-28 of the Pakistan Water and Power Development Authority Act, 1958 with the objective of promoting accountability, transparency, good governance in the management and use of public resources. Audit of ninety one (91) out of one hundred and two (102) formations was conducted by utilizing twenty one thousand two hundred and thirty two (21,232) man-days incurring expenditure of Rs.91.55 million.

a. Scope of Audit

Total auditable expenditure and revenue budget pertaining to WAPDA for the Financial Year 2016-17 under the jurisdiction of Directorate General Audit WAPDA were Rs. 90,822.52 million and Rs. 23,612.15 million respectively. The Directorate General Audit WAPDA conducted audit of the 95.35% expenditure amounting to Rs. 86,602.33 million and 100% revenue amounting to Rs. 23,612.15 million on test check basis in accordance with the audit methodology as given in Financial Audit Manual.

b. Recoveries at the instance of Audit

Recovery of Rs. 15,883.90 million was pointed out and recovery of Rs. 1,725.80 million was admitted at the instance of Audit during audit year 2017-18. Recovery of Rs. 67.79 million was effected from January to December, 2017.

c. Audit Methodology

Audit activity started with detailed planning, development of audit programmes keeping in view available resources and time. Desk review of permanent files was done to understand the systems, procedures and environment. Field activity included review of record, site visits and discussion with management. High value and high risk items were selected on professional judgment basis for substantive testing. The observations taken during audit were evaluated at appropriate level before issuance to the auditee organizations.

d. Audit Impact

As a result of observations raised by audit and discussion with management, the audited entities realized a need for strengthening internal controls and procedures. Major issues like unjustified / excess payment to contractors on account of works measured beyond the provisions of original BOQ items came into lime light. The violation of PPRA Rules, PC-I provisions and Contract agreement clauses in various field formations / projects were reported. As a result of Audit, the management is convinced to adhere to the system in place for improving contract and financial management.

e. Comments on Internal Controls and Internal Audit Department

An effective internal control framework serves as a major tool for management to ensure effective operational and financial matters. Internal controls of the department were found weak and ineffective as various control lapses were identified during audit. There was a lack of effective monitoring and appropriate measures for major civil and electrical works. The report gives a significant insight about the ineffective internal control system due to increase in cases of violation of PPRA Rules, excess / over payment to contractors, non-recovery of LD charges and abnormal delay in completion of projects.

Internal Audit has been set up as a part of internal control system in WAPDA. It carries out audit of expenditure and income of WAPDA in addition to the physical verification of stock held at various stores. The recurrence of frequent irregularities cast doubt on effectiveness of internal audit.

Audit emphasizes proper implementation of financial reporting mechanism and enforcement of laws and regulations in letter and spirit for improving the internal controls and internal audit of the department.

f. The key audit findings of the report:

- i. 39 cases pertaining to recoveries/ overpayments representing cases of established overpayment / misappropriation of public money amounting to Rs.76,177.59 million.¹
- ii. 41 cases of unjustified / irregular / payments / expenditures amounting to Rs. 66,420.64 million.²
- iii. 65 cases of irregularities / violation of rules amounting to Rs. 27,789.85 million.³
- iv. 36 cases pertaining to others etc. amounting to Rs. 25,261.84 million.⁴
- v. 5 cases of misuse of public funds amounting to Rs. 12,247.55 million.⁵
- vi. 6 cases pertaining to weaknesses of internal control systems amounting to Rs. 2,771.30 million.⁶
- vii. 1 case pertaining to accident / damage amounting to Rs. 1,042 million.⁷

Audit paras for the Audit Year 2017-18 involving procedural violations and internal controls weaknesses not considered significant enough to report to the Parliament have been included in MFDAC Report (Annexure-I).

g. Recommendations

- i. The management needs to make expeditious efforts for recovery of outstanding / overpaid amount.
- ii. The management needs to be vigilant in incurring expenditure for reducing administrative and operational cost.

¹Para-1.3.1, 1.3.2, 1.3.6, 1.3.9, 1.3.13, 1.3.20, 2.4.5, 2.4.21, 2.4.26, 2.4.30, 2.4.31, 2.4.40, 2.4.50, 3.4.2, 3.4.3, 3.4.9, 3.4.17, 3.4.35, 3.4.37, 2.3.42, 3.4.43, 3.4.45, 3.4.51, 3.4.55, 3.4.57, 3.4.58, 3.4.59, 3.4.75, 3.4.83, 3.4.84, 3.4.88, 3.4.89, 3.4.94, 3.4.97, 3.4.99, 3.4.105, 3.4.106, 3.4.107, 3.4.111

²Para-1.3.10, 1.3.19, 1.3.23, 2.4.6, 2.4.9, 2.4.15, 2.4.17, 2.4.20, 2.4.37, 2.4.43, 2.4.44, 2.4.48, 2.4.51, 3.4.1, 3.4.7, 3.4.14, 3.4.20, 3.4.29, 3.4.32, 3.4.33, 3.4.39, 3.4.50, 3.4.52, 3.4.54, 3.4.56, 3.4.62, 3.4.70, 3.4.74, 3.4.77, 3.4.80, 3.4.81, 3.4.85, 3.4.91, 3.4.92, 3.4.96, 3.4.103, 3.4.104, 3.4.114, 3.4.115, 3.4.116, 3.4.118

³Para-1.3.3, 1.3.4, 1.3.5, 1.3.7, 1.3.8, 1.3.11, 1.3.12, 1.3.17, 1.3.18, 1.3.22, 2.4.2, 2.4.12, 2.4.13, 2.4.16, 2.4.18, 2.4.19, 2.4.23, 2.4.24, 2.4.25, 2.4.27, 2.4.32, 2.4.34, 2.4.35, 2.4.36, 2.4.39, 2.4.41, 2.4.46, 2.4.47, 3.4.5, 3.4.8, 3.4.15, 3.4.16, 3.4.18, 3.4.21, 3.4.23, 3.4.24, 3.4.25, 3.4.28, 3.4.36, 3.4.41, 3.4.44, 3.4.47, 3.4.49, 3.4.60, 3.4.61, 3.4.63, 3.4.64, 3.4.65, 3.4.67, 3.4.68, 3.4.69, 3.4.71, 3.4.72, 3.4.82, 3.4.86, 3.4.87, 3.4.90, 3.4.93, 3.4.98, 3.4.101, 3.4.108, 3.4.110, 3.4.112, 3.4.113, 3.4.117

⁴Para-1.3.14, 1.3.15, 1.3.16, 1.3.21, 1.3.24, 2.4.7, 2.4.11, 2.4.14, 2.4.22, 2.4.28, 2.4.42, 2.4.45, 2.4.49, 3.4.4, 3.4.10, 3.4.11, 2.3.13, 3.4.19, 3.4.22, 3.4.26, 3.4.27, 3.4.30, 3.4.31, 3.4.34, 3.4.38, 3.4.40, 3.4.46, 3.4.48, 3.4.53, 3.4.66, 3.4.73, 3.4.78, 3.4.79, 3.4.95, 3.4.102, 3.4.109

⁵Para-2.4.1, 2.4.4, 2.4.8, 2.4.10, 3.4.6

⁶Para-2.1.29, 2.4.33, 2.4.38, 3.4.12, 3.4.76, 3.4.100

⁷Para-2.4.3

- iii. The Principal Accounting Officer needs to take steps to stop recurrence of similar irregularities and fix responsibility upon concerned officers / officials for violation of rules.
- iv. The management needs to take necessary steps to implement accounting, financial and operational policies / rules.
- v. The management needs to avoid diversion of public funds to other projects / activities and ensure their utilization against the intended projects.
- vi. The management needs to evaluate and strengthen internal controls for better operational and financial management.
- vii. The management needs to improve the operational management for preventing the equipment and installations from damages.

SUMMARY TABLES & CHARTS

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs. in million)

Sr. No.	Description	No.	Expenditure Budget	Revenue Budget
1	Total entities in audit jurisdiction*	01	90,822.52	23,612.15
2	Total formations in audit jurisdiction.	102	90,822.52	23,612.15
3	Total entities audited	01	86,602.33	23,612.15
4	Total formations audited	91	86,602.33	23,612.15
5	Audit & Inspection Reports	91	-	-

* *The Principal Accounting Officer of the entity is Secretary, Ministry of Water Resources.*

Table 2: Audit Observations regarding Financial Management

(Rs. in million)

Sr. No.	Description	Amount placed under audit observation
1	Unsound asset management	12,247.55
2	Weak financial management	170,388.08
3	Weak internal controls relating to financial management	2,771.30
4	Others	26,303.84
Total		211,710.77

Table 3: Outcome Statistics

(Rs. in million)

Sr. No.	Description	Expenditure on acquiring physical assets (procurement)	Civil works	Others	Receipts	Total current year
1	Outlays audited	26,376.37	9,806.96	50,419.00	23,612.15	110,214.48
2	Amount placed under audit observation / irregularities of auditee	776.42	12,961.67	128,731.89	882.27	143,352.25
3	Recoveries pointed out at the instance of audit	25.33	12,961.67	2,008.17	888.73	15,883.90
4	Recoveries accepted / established at the instance of audit	23.95	676.58	942.75	82.52	1725.80
5	Recoveries realized at the instance of audit	1.22	0	24.48	42.09	67.79

Note:- Being first independent Audit Report on the accounts of WAPDA, the last year figures have not been given.

Table 4: Table of Irregularities pointed out*(Rs. in million)*

Sr. No.	Description	Amount placed under audit observation
1.	Violation of Rules and regulations and violation of principle of propriety and probity in public expenditure.	94,210.49
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	12,247.55
3.	Accounting errors (misclassification, over or understatement of account balances) that are not material enough to result in the qualification of audit opinions on the financial statements.	-
4.	Weaknesses of internal control systems.	2,771.30
5.	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public moneys.	76,177.59
6.	Non-production of record.	-
7.	Others, including cases of accidents, negligence etc.	26,303.84
	Total	211,710.77

Table 5: Cost-Benefit*(Rs. in million)*

Sr. No.	Description	2017-18
1	Outlays Audited (Item 1 of Table 3)	110,214.48
2	Expenditure on Audit	91.55
3	Recoveries realized at the instance of Audit	67.79
	Cost-Benefit Ratio	1:0.74

Note:- Being first independent Audit Report on the accounts of WAPDA, the last year figures have not been given.

**WATER AND POWER DEVELOPMENT
AUTHORITY (WAPDA)**

CHAPTER-1
COORDINATION WING

1. COORDINATION WING

1.1 Introduction

Pakistan Water and Power Development Authority (WAPDA), fully owned by the Government of Pakistan was established under WAPDA Act, 1958 (West Pakistan Act No. XXXI of 1958), as amended from time to time. The statutory mandate of WAPDA was to develop and utilize the water and power resources of Pakistan. WAPDA is entrusted to frame schemes for generation of power and construction, operation and maintenance of hydel power stations. WAPDA comprises one Chairman and three Members.

Member (Water) is responsible for planning, designing and execution of water resources development projects of irrigation, drainage and hydro power sectors. Member (Power) looks after the hydropower generation, operation & maintenance of power stations, technical monitoring of electrical & mechanical works of new projects and training activities for capacity building. Member (Finance) is responsible for all budgetary, financial and accounting matters and preparation of annual financial statements, exclusively the financing and funds management for WAPDA Projects.

Coordination Wing of WAPDA, headed by Member Finance, coordinates among all the formations of Water Wing, Power Wing, Common Services and Authority Offices. The administrative and financial matters of these formations are supervised by this wing. Common Services and Authority offices include GM HRD, Internal Audit WAPDA, DG Medical Services along with attached hospitals, Transport Directorate and GM Insurance & Pension etc. The financial matters of all three Wings are technically under overall control of Member Finance like preparation of PSDP budget proposals for Water and Power projects, financing of these projects both from local and international monitory & capital markets. Member Finance looks after revenue generation and financing needs of all the offices of WAPDA.

1.2 Comments on Financial Statements

Financial statements of Water Wing, Power Wing and Coordination Wing are prepared separately and consolidated at WAPDA level.

According to Section-27 of WAPDA Act-1958, in the month of January each year, the Authority shall submit to the Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year.

The Authority did not finalize the financial statements of Coordination Wing for the Financial Year 2016-17 till January 31, 2018. Without finalized financial statements, the preparation of annual statement of the estimated receipts and expenditure may involve over / under statement of the financial position of WAPDA.

1.3 AUDIT PARAS

1.3.1 Non-recovery of medical share from corporate entities / WAPDA formations - Rs. 1,608.61 million

According to Clause-9.6 of SOP for WAPDA Medical Services, funds shall be transferred on monthly basis in the medical share collection account of DG (Medical Services), WAPDA, Lahore by all the offices of residual WAPDA and other Corporate Entities availing medical facility from the office of Director General (Medical Services) in accordance with uniform rates of service per employee.

In the office of DG Medical Services WAPDA / MS WAPDA Hospital, Lahore, medical share of Rs. 1,608.61 million on account of medical facilities was recoverable from various corporate entities / WAPDA formations which was not recovered.

Non-adherence to SOP resulted in non-recovery of medical share of Rs. 1,608.61 million from corporate enteritis / WAPDA formations up to the Financial Year 2016-17.

The matter was taken up with management in November, 2017 and reported to the Ministry in January, 2018. The management replied that an amount of Rs. 446.75 million had been recovered and efforts were being made to recover the remaining amount.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide recovery record within 15 days and expedite the pending recovery. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1836/2017-18)

1.3.2 Unjustified payment of bonus to WAPDA employees – Rs. 576.26 million

According to FR-46-B of Combined Set of F.R &S.R, “ a competent authority may grant or permit a Government Servant to receive an honorarium as remuneration for work performed which is occasional in character and either so laborious or of such special merit as to justify a special reward.” Moreover, as per bonus policy circulated by Ministry of Finance (GoP) on March 18, 2002, the bonus would be paid to the employees of the autonomous / semi-autonomous /

public sector corporations / organizations on the operational profit only excluding income from other sources”.

In Directorate General (B&C) WAPDA Lahore, an amount of Rs. 576.26 million was paid to the employees as bonus in the light of decision taken in Authority’s meeting held on September 03, 2016. The payment of bonus was not justified as the Authority was facing a deficit of Rs. 789 million, enhancement in overheads and excessive expenditure of supervisory offices of Water Wing. Moreover, the DG (B&C) objected the grant of bonus hinting that it would create additional financial burden on the Authority.

Violation of bonus policy of Government of Pakistan resulted in un-justified payment on account of bonus of Rs. 576.26 million to employees up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that bonus was paid to employees with the approval of Competent Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide rules / policies where bonus could be paid without considering operational profit otherwise, the matter be referred to Finance Division for obtaining concurrence. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides ensuring recovery from employees.

(DP No.1847/2017-18)

1.3.3 Non-adjustment of advances - Rs. 112.45 million

According to Section-9.2.3 & 9.2.6 of WAPDA Accounting and Financial Reporting Manual, the advances should be for WAPDA related business activities and unused advance shall be returned to WAPDA immediately after the activity completion. Advances made to outside parties shall be adjusted against the running bills as per terms and conditions of the agreement / contract.

In the office of D.G. Medical Services WAPDA / M.S WAPDA Hospital, advances of Rs. 112.45 million were granted to different suppliers / contractors / consultants /employees. These advances were required to be adjusted upon completion of activity which was not done.

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted in non-adjustment of advances of Rs. 112.45 million granted to suppliers / contractors / consultants /employees up to the Financial Year 2016-17.

The matter was taken up with management in November, 2017 and reported to the Ministry in January, 2018. The management replied that an amount of Rs. 100 million had been adjusted and efforts were under way to clear the balance advances.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of recovery / adjustment made and expedite the balance recovery / adjustment to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1817/2017-18)

1.3.4 Irregular procurement of medicines under rate contracts in violation of PPRA rules – Rs. 102.72 million

According to Rule-20 of Public Procurement Rules, 2004, “save as otherwise provided, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of good, services and works. As per Rule-42 (c) (iv), repeat orders should not be more than fifteen (15%) of the original procurement.

In the office of D.G. Medical Services WAPDA / M.S WAPDA Hospital Lahore, different medicines valuing Rs. 102.72 million were purchased under original as well as extended rate contracts. Award of purchase orders under rate contracts without competitive bidding was irregular.

Non-adherence to PPRA rules resulted in irregular procurement of medicines valuing Rs. 102.72 million under rate contracts up to the Financial Year 2016-17.

The matter was taken up with management in November, 2017 and reported to the Ministry in January, 2018. The management replied that the rate contracts for procurement of medicines were executed after observing the PPRA rules. Open competitive bidding process was adopted to execute the rate contracts.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1816/2017-18)

1.3.5 Loss due to poor planning – Rs. 101.30 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of Project Director Building Circle WAPDA Lahore, an amount of Rs. 101.30 million was paid to Capital Development Authority (CDA) Islamabad on account of initial premium, restoration charges, annual ground rent, delay and extension charges in respect of land taken on lease for construction of Hospital since 1986. The management failed to utilize the land and charges were paid for idle land causing loss to the Authority.

Non-adherence to Authority's instructions resulted in loss of Rs. 101.30 million due to poor planning up to the Financial Year 2016-17.

The matter was taken up with the management in June, 2016 and reported to the Ministry in September, 2017. The management replied that payment in question was made from time to time to CDA as cost for retaining and maintaining valuable asset. Moreover, the payment had been made to Government department as per dues intimated by them.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revise reply along with documentary evidence for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.291/2017-18)

1.3.6 Non-recovery of monthly payment / equipment from Central Park Medical College - Rs. 80.88 million

According to Clause-25 of Agreement for Affiliation of WAPDA Hospital (WH) and Central Park Medical College, Lahore (CPMC) dated January

26, 2010, "that CPMC shall make a monthly payment as per agreed formula rates. As per Clause-12 to 14, the CPMC will provide WAPDA Hospital, C.T Scam system, Dialysis Machines, Construction cost of OPD Block etc."

In the office of D.G. Medical Services, WAPDA Lahore, an amount of Rs. 80.88 million on account of monthly payment & cost of equipment was outstanding against Central Park Medical College (CPMC). The agreement was cancelled on January 26, 2016 but the no amount on account of breach of contract was recovered from the CPMC up till now.

Non-adherence to agreement between WAPDA Hospital and CPMC resulted in non-recovery of Rs. 80.88 on account of monthly payment /equipment up to the Financial Year 2016-17.

The matter was taken up with management in November, 2017 and reported to the Ministry in January, 2018. The management replied that a recovery suit had been initialized in the court of law. Further progress would be intimated in due course of time.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the court case vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1835/2017-18)

1.3.7 Non-recovery of standard / space rent and utility charges - Rs. 64.75 million

According to Para-d of the Director Finance (Regulation), WAPDA Lahore clarification dated January 10, 2007, "where the accommodation is allotted by one organization to the employees of other organization, the standard rent is to be charged by the formation concerned from the formation whose employees have been allotted accommodation". Moreover, Rent Controller (west), Islamabad on January 20, 2017 had decreed the execution of order of Islamabad High Court and has ordered that the possession of the demised premises (in possession of Federal Urdu University) may be taken over after meeting the formalities with the help of Bailiff.

In WAPDA, an amount of Rs. 64.75 million was recoverable from different organizations on account of standard / space rent and utility charges. No efforts were made by the department towards recovery of rent as detailed below:

Sr. No.	Draft Para No.	Formation	Amount (Rs. in million)
1.	29/2017-18	Director Estate & Services WAPDA, Lahore	28.95
2.	238/2017-18	Director Estate & Services WAPDA, Lahore	0.37
3.	242/2017-18	Director Estate & Services WAPDA, Lahore	10.44
4.	1728/2017-18	MS WAPDA Hospital, Peshawar	1.23
5.	1830/2017-18	Director General B&C Lahore	23.76
TOTAL			64.75

Non-adherence to Authority's instructions resulted in non-recovery of standard / space rent and utility charges amounting to Rs. 64.75 million up to the Financial Year 2016-17.

The matter was taken up with the management during April to October, 2017 and reported to the Ministry during May 2017 to January, 2018. The management replied that some of the amount had been recovered and efforts were being made to recover the remaining amount.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the recovery record within 15 days and expedite the pending recovery. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

1.3.8 Irregular award of contracts in violation of PPRA Rules - Rs. 52 million

As per Rule 29 of Public Procurement Rules 2004, procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

In the office of Chief Engineer Purchase and Disposal, tenders valuing Rs. 52 million were floated and contracts were awarded to different contractors without mentioning evaluation criteria in the bidding documents. Committee comprising of odd number of person was required to be constituted to address the complaints of bidders that may occur prior to the entry into force of the procurement contract but the same was not done.

Non-adherence to PPRA Rules resulted in irregular award of contract for Rs. 52 million up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the observation of Audit was noted and dedicated section would be included in the bidding document that elaborate the basis for evaluation of bids.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply for consideration in Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1531/2017-18)

1.3.9 Irregular expenditure due to hiring of consultants / advisors - Rs. 19.87 million

According to Establishment Division (Government of Pakistan) letter No. 10/67/20004-R.2 dated June 21, 2005, engagement of retired officers as consultant/advisors etc shall require prior permission of the government, i.e Establishment Division in case of retired civilian officers, Defense Division in case of retired defense officers and Law Justice & Human rights Division/Supreme Court/High Court in case of retired judiciary officers.

In the office of Director General (B&C) Lahore, eleven (11) retired Officers were hired as Consultants/Advisors in violation of instructions issued by Establishment Division. An amount of Rs. 19.87 million was paid on account of pay & allowances up to the Financial Year 2016-17 which was irregular.

Non-adherence to the Establishment Division's Instructions resulted in irregular expenditure of Rs. 19.87 million due to hiring of consultants/advisors up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to Ministry in January, 2018. The management replied that Authority was competent to appoint such officers / experts / consultants and no irregularity was made.

The local DAC in its meeting held on January 29-30, 2018 did not agreed with stance of management and directed to submit revise reply with full justification and documentary evidence to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1821/2017-18)

1.3.10 Unjustified payment to the Contractor due to substandard work – Rs. 11.36 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Director (Services & Estate) WAPDA, an amount of Rs. 11.36 million was paid to the Contractor on account of civil works at Rawal Rest House without inspection of site. Later on, a team of GM (M&S) WAPDA visited the site for inspection of civil works and pointed out major defects / deficiencies at site which were not rectified up till now. In the presence of defects in works, payment made to the Contractor was not justified.

Non-adherence to Authority’s instructions resulted in unjustified payment of Rs. 11.36 million to the Contractors up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in May, 2017. The management replied that the team of General Manager (M&S) pointed out certain short comings which were rectified by the P.D. Building Circle.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.31/2017-18)

1.3.11 Non-disposal of off-road vehicles and unserviceable material - Rs. 10.19 million

According to Clause-1.4 of the WAPDA Disposal Procedure, “unserviceable vehicles and material / equipments are to be disposed off timely”.

In WAPDA, fifty three (53) off-road vehicles and unserviceable material / equipments worth Rs. 10.19 million were not auctioned up to June, 2017. The vehicles and material were kept in the open space and exposed to the adverse environmental effect causing deterioration and decrease in value. The detail is as under:

Sr. No.	Draft Para No.	Name of Formation	Description	Amount (Rs. in million)
1.	36/2017-18	Director Transport WAPDA, Lahore	50 vehicles	5.00
2.	1284/2017-18	MS WAPDA Hospital, Sukkur	Material	0.27
3.	1288/2017-18	MS WAPDA Hospital, Multan	02 Vehicles	0.87
4.	1530/2017-18	CE (P&D) WAPDA Lahore	Material	3.85
5.	1541/2017-18	GM (Insurance & Pension) WAPDA Lahore	01 Vehicles	0.20
TOTAL				10.19

Non-adherence to disposal procedure resulted in non-disposal of off-road vehicles and unserviceable material amounting to Rs. 10.19 million up to the Financial Year 2016-17.

The matter was taken up with the management during November, 2016 to October, 2017 and reported to the Ministry during May to December, 2017. The management replied that in some cases material had been auctioned while in others the disposal process was under way.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

1.3.12 Irregular stipend based appointment of sportspersons without any criteria / rule - Rs. 9.60 million

According to Rule-10(i) of General Financial Rules, "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".

In the office of Director General Sports WAPDA, Lahore, sportspersons were appointed in different categories on stipend basis. Since, no proper criteria / rules were laid down for such appointments and ascertainment of stipend, hence, appointments and payment of stipend of Rs. 9.60 million to sportspersons was irregular.

Non-adherence to General Financial Rules resulted in irregular expenditure of Rs. 9.60 million due to appointment of sportspersons on stipend basis without any criteria / rule during the Financial Year 2016-17.

The matter was taken up with the management in December, 2017 and reported to the Ministry in January, 2018. The management replied that as per rules more than age of 18 years athletes were appointed. Whereas the players below the age of 18 years were appointed on stipend bases. WAPDA Sports Board had also approved an alternate option for players for appointment in contract appointments equivalent the monetized emoluments of contract scales.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply along with supporting documents to Audit within one week. Further progress was not reported till finalization of report. Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1828/2017-18)

1.3.13 Mis-procurement in violation of Public Procurement Rules, 2004 – Rs. 6.50 million

According to Rule-12 (2) Methods of Advertisement of PPRA Rules, 2004, “all procurement opportunities over two million rupees should be advertised on 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”. As per Rule-42 (b) “a procuring agency shall engage in request for quotations method of procurement only if (i) the cost of object of procurement is below the prescribed limit of one hundred thousand rupees”.

In the office Director (Services & Estates) WAPDA, procurement worth Rs. 5.82 million was made from single bidder M/S TEVTA Wood Working Services Centre without calling tenders on Authority’s website and in print media. Remaining procurement worth Rs. 0.68 million was made on quotation basis in violation of rules.

Non-observance of PPRA Rules, 2004 resulted in mis-procurement worth Rs. 6.50 million up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in May, 2017. The management replied that the procurement of furniture items were made from Wood Working Services Centre Gujrat which is a subsidiary of TEVTA working under the administrative control of Punjab Government under Clause-42 (vi).

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.30/2017-18)

1.3.14 Unauthentic payment of pay & allowances of Vigilance Directorate – Rs. 5.31 million

According to Section No.14(3) of the AGP Ordinance, 2001, a person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant efficiency rules, applicable to such person.

In the office of Director General (B&C) Lahore, an amount of Rs. 5.31 million was incurred on pay & allowances of staff posted in Vigilance Directorate but the concerned office did not produce the auditable record on the plea, being confidential. During audit, the matter was brought in the notice of the D.G (B&C) WAPDA for compliance but no record was produced. In the absence of record, authenticity of expenditures could not be verified.

Non-adherence to Auditor- General of Pakistan's Ordinance resulted in unauthentic payment of Rs. 5.31 million on account of pay & allowances of Vigilance Directorate up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to Ministry in January, 2018. The management replied that requisite information was confidential nature and required documents were not auditable.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply with the endorsement of Member Finance WAPDA to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1822/2017-18)

1.3.15 Non-adjustment of temporary advances - Rs. 4.83 million

According to Para-73 of WAPDA Accounting Manual, "the advances shall be adjusted at the closing of each calendar month in shape of vouchers or cash under financial rules".

In WAPDA, temporary advances amounting to Rs. 4.83 million were lying outstanding since long. No efforts were made by the department towards adjustment / recovery of these advances. The detail is as under:-

Sr. No.	Draft Para No.	Name of Formations	Amount (Rs. in million)
1.	1289/2017-18	Addl. Director (Public Relation) WAPDA, Lahore	1.11
2.	1654/2017-18	PD Building Circle WAPDA, Lahore	3.72
TOTAL			4.83

Non-adherence to the Authority's instructions resulted in non adjustment of advances amounting to Rs. 4.83 million up to Financial Year 2016-17.

The matter was taken up with the management in June & August and reported to the Ministry in November & December, 2017. The management replied that some of the advances had been adjusted while efforts were being made for adjustment of remaining advances.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

1.3.16 Unjustified purchase of substitute medicine - Rs. 3.74 million

As per Part-b Indent for non-rate contract items of SOP dated November, 2016 stated;

1. A separate indent for the items which are not included in the rate contract must be prepared and submitted for technical approval on quarterly basis as per standard format.
2. The limits approved by the Authority for adopting mode of procurement as mentioned in WAPDA procurement and contracts Manual 2014 must be observed and adhered to.
3. PP Rules on the subject must be followed in true letter and spirit.

In WAPDA Hospital Multan, an amount of Rs. 3.74 million was approved as substitute indent to purchase medicine instead of rate contract items as already approved manufacturers. No evidence in support of inability for not providing the rate contract medicine by the manufacture/ suppliers was provided. The issuance of substitute intent of medicine from the other supplier without the

consent of the manufacturer having rate contract is quite unjustified. Moreover PPRA rules were not observed and implemented in true letter and spirit during procurement of medicine from unapproved suppliers.

Non-adherence to the Authority's instructions resulted in unjustified purchase of medicine valuing Rs. 3.74 million during Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in November, 2017. The management replied that Rs. 3.74 million was supplementary indent for second quarter ending December, 2016 which was not substitute indent. All the medicines were purchased from the suppliers within rate contracts.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1286/2017-18)

1.3.17 Blockage of funds due to un-necessary purchase of medical equipments - Rs. 2.83 million

According to Para-5 of Memorandum dated January 17, 1978 on irregularities of purchases of stores and equipments, "purchases should be made only of such items and in such quantities as are required for a specific work. In no case should these purchases be made for storing an item for indefinite period".

In WAPDA Hospital, Quetta, medical equipments worth Rs. 2.83 million were purchased during 2014 and was lying idle since date of purchase and their warranty was also expired. This scenario indicated that these medical equipments were procured without forecasting and assessing the actual demand. Had due care been exercised in procurement of medical equipment, the funds blocked in the shape of dead/slow-moving stock would be spent on some other development projects of the WAPDA.

Non-adherence to Authority's instructions resulted in blockage of funds of Rs. 2.83 million due to unnecessary purchase of medical equipments up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the equipment were procured as per PC-I at the time of construction of building of

WAPDA Hospital Quetta and these are gradually being put to uses upon the recruitment / induction of Specialists / Doctors and Paramedical Staff.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.1532/2017-18)

1.3.18 Irregular procurement of IT equipments under rate contracts – Rs. 2.49 million

According to Clause-20 of Public Procurement Rules, 2004, “save as otherwise provided, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of good, services and works.

In the office of D.G. Medical Services WAPDA / M.S WAPDA Hospital, IT equipments valuing Rs. 2.49 million were purchased under rate contracts without open competitive bidding which was irregular.

Non-adherence to PPRA rules resulted in irregular procurement of IT equipments valuing Rs. 2.49 million under rate contracts during the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that PITC was a computer specialized organization and executed rate contracts of computer hardware / software from IT firms / companies throughout Pakistan for PITC / WAPDA / NTDC / PEPCO etc.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1818/2017-18)

1.3.19 Irregular expenditure on account of pay & allowances of staff hired on daily wages basis – Rs. 2.01 million

According to SOP for recruitment against posts in BPS-1 to 15, as a preferred system, ensuring transparency and professionalism, a service contract

with a renowned testing service is to be done. Recruitment to BPS-1 & 2 shall be made on local basis through advertisement and all posts in BPS-3 to 15 shall be filled in adhering to the particular regional / provincial quota.

In the office of Director General (B&C) Lahore, an amount of Rs. 2.01 million was incurred on pay & allowances of staff recruited on daily wages system without any advertisement / recruitment policy.

Non-adherence to SOP for recruitment resulted in irregular expenditure of Rs. 2.01 million on account of pay & allowances of staff hired on daily wages basis during the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in January, 2018. The management replied that WAPDA Authority had approved revise policy regarding daily wages / contingent based appointment. Moreover all the requisite service rules condition i.e. age, qualification, test etc; would be fulfilled for engagement of daily wages staff against regular sanctioned post.

The local DAC in its meeting held on January 29-30, 2018 did not agree the stance of management as the appointment was made against the instructions and government policy which needs justification. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1826/2017-18)

1.3.20 Loss due to shortage of material - Rs. 1.98 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Chief Auditor, WAPDA, Lahore it was found that 36,004 HT/LT brass rods were remake/refabricated by Distribution Transformers Engineering Service Unit (DTESU) Shalimar, Lahore out of which 6,250 brass rods were issued to Transformer Repairing Workshops, Sukkur & Noshera with the closing balance of only 800 HT Rods as on June 30, 2016. Whereas the steel fabrication Section showed consumption of 23,716 HT/LT remake/fabricated brass rods instead of

28,954 brass rods. The accountal/consumption of 5,238 fabricated brass rods amounting to Rs. 1.98 million was not forthcoming from the record.

Non-adherence to Authority's instructions resulted in loss of Rs. 1.98 million due to shortage of material up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that formation concerned had been directed to investigate the matter on top priority basis. The outcome of the inquiry would be intimated accordingly.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the inquiry proceedings for consideration in Audit. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1642/2017-18)

1.3.21 Loss due to illegal occupation of store – Rs. 1.80 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of Project Director Building Circle WAPDA Lahore, a store at WAPDA Hospital Complex Lahore was illegally occupied by a contractor M/s United Construction Co. since five years. The management neither got the store vacated nor recovered an amount of Rs. 1.80 million on account of standard rent causing loss to the Authority.

Non adherence to Authority's instructions resulted in loss of Rs. 1.80 million due to illegal occupation of store up to the Financial Year 2016-17.

The matter was taken up with the management in June, 2016 and reported to the Ministry in September, 2017. The management replied that the space was provided to M/s United Construction Company at the time of performing work as per contract agreement. Later on the contractor went to court of law and the case was subjudice.

The local DAC in its meeting held on January 29-30, 2018 directed the management to investigate the matter at higher level for fixing responsibility

against the persons who did not take action well in time. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.292/2017-18)

1.3.22 Loss due to procurement of medicines of same salt at exorbitant rates - Rs. 1.71 million

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

In WAPDA Hospital, Guddu, different medicines were purchased from the suppliers offering higher rates by ignoring the suppliers offering medicines of same generic / salt at lowest rates under rate contract. Due to purchase of medicines of same salt at higher rates, excess expenditure of Rs. 1.71 million was incurred which was a loss to WAPDA.

Non-adherence to the General Financial Rules resulted in loss of Rs. 1.71 million due to procurement of medicines of same salt at exorbitant rates during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that as per SOP circulated by D.G. MS WAPDA major share of procured rate contract medicines was given to the brand having lowest rates, however few salts having minor share was procured at slightly higher rates.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1778/2017-18)

1.3.23 Unauthorized expenditure due to enhancement in dietary rates - Rs. 1.39 million

According to Rule-10(i) of General Financial Rules, "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".

In the office of Director General Sports WAPDA, Lahore, dietary rates for sportspersons were enhanced from Rs. 120 to Rs. 200 / person during camp days by the WAPDA Sports Board (WSB). The WSP had no authority to increase in dietary rates as the same was required to be approved by WAPDA Authority which was not done, Hence, extra dietary payment of Rs. 1.39 million was unjustified.

Non-adherence to the financial instructions resulted in unauthorized expenditure of Rs. 1.39 million due to enhancement in dietary rates during the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that WSB performed its function strictly in accordance with the constitution approved by the Board and WAPDA Authority. WSB enhanced the value of extra diet for sportsman during training camp and competition. There was need of seeking approval of WAPDA Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide justification along with delegation of Financial Power for its consideration to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1829/2017-18)

1.3.24 Non-submission of adjustment accounts of imprest given to Vigilance Directorate – Rs. 1.16 million

According to Section-9.2.3 of WAPDA Accounting and Financial Reporting Manual, the advances should be issued for WAPDA related business activities. The individual receiving the advance shall personally be liable for any loss of a cash advance and unused advance shall be returned to WAPDA immediately after the activity completion.

In the office of Director General (B&C) WAPDA, Lahore, imprest of Rs. 1.16 million was issued to the Director Vigilance WAPDA from time to time for meeting the expenditure of the Directorate. As per procedure, adjustment accounts of these advances were required to be submitted upon completion of activity which was not done.

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted in non-submission of adjustment accounts of imprest of Rs. 1.16 million by the Vigilance Directorate up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in January, 2018. The management replied that requisite information was confidential nature and required documents were not auditable.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply with the endorsement of Member Finance WAPDA to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1823/2017-18)

CHAPTER-2
WATER WING

2. WATER WING

2.1 Introduction

Water Wing of WAPDA, headed by Member (Water), is responsible for planning, designing and execution of water resources development projects of irrigation, drainage and hydro power sectors. Inter-provincial major surface water projects including large dams are also operated and maintained by Water Wing.

Indus Basin Projects (5 Barrages, 8 Inter-River Link Canals (1965-70), Mangla (1967) and Tarbela Dams (1976) have already been completed by Water Wing and are contributing towards national economy.

National Drainage Program in four provinces has been completed since June, 2007. Eighteen (18) million acres of land have been reclaimed by treatment of water logging and salinity in four provinces which enhanced cropping intensity from 70% to more than 110% in about 16 million acres of land.

Mirani Dam, Sabakzai Dam, Satpara Dam, Gomal Zam Dam, Darawat Dam, Greater Thal Canal Phase-I, Raineer Canal Phase-I and Kachhi Canal Phase-I have been completed during 2007 - 2017 for cultivation of 811,467 acres of land.

Nai Gaj Dam, Drainage Schemes RBOD-I & III and Muzaffargarh & TP Link Canal in the provinces of Sindh, Balochistan and Punjab are in progress.

In addition, WAPDA has initiated construction work on 12 Small and Medium Dams in four provinces of Pakistan.

2.2 Comments on Financial Statements

Financial statements of Water Wing, Power Wing and Coordination Wing are prepared separately and consolidated at WAPDA level.

According to Section-27 of WAPDA Act-1958, in the month of January each year, the Authority shall submit to the Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year.

The Authority did not finalize the financial statements of Water Wing for the Financial Year 2016-17 till January 31, 2018. Without finalized financial statements, the preparation of annual statement of the estimated receipts and expenditure may involve over / under statement of the financial position of WAPDA.

2.3 Brief comments on the status of compliance with PAC directives

Name of Formation	Year	No. of Directives	Status of compliance		
			Full	Partial	Outstanding
Water Wing	2000-01	1	-	-	1 (Para-1.17)
	2006-07	1		1 (Para-3.7)	
	2009-10	3			3 (Para-1.1, 1.2, 1.3)
	2013-14	2		1 (Para-1.3.19)	1 (Para-1.3.22)

Position of compliance with PAC directives is not satisfactory.

2.4 AUDIT PARAS

2.4.1 Improper budgeting of funds for Public Sector Development Projects (PSDP) - Rs. 4,394.46 million

According to Job Description, the General Manager Finance Water and Director General Finance Water WAPDA Lahore are responsible for: i) Project Financing, Fund Management, Financial Management, ii) Overview of demand of funds by the project authorities and corresponding releases by the Banking Section for optimal utilization resources, iii) Oversee the overall financial, budgeting and accounting system.

In the office of General Manager Finance (Water) WAPDA, Lahore PSDP funds of Rs. 4,394.46 million were kept against various projects of Water Wing during 2016-17. Later on this entire allocation was re-appropriated to other projects. This scenario indicated that poor budgeting was made at the time of allocation of funds as neither any contract was awarded nor any need for allocation existed.

Non-adherence to above instructions resulted in improper budgeting of funds amounting to Rs. 4,394.46 million for PSDP Projects up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2016 and reported to the Ministry in December, 2017. The management replied that the Ministry of Water & Power notified the re-appropriation of funds for water sector projects of Federal PSDP 2016-17 with the approval of Ministry of Planning, Development & Reforms.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1703/2017-18)

2.4.2 Illegal retention of Government funds in private bank – Rs. 2,027.86 million

According to Para-2 (v) & (vii) of directives issued by Ministry of Water & Power on September 26, 2016, profit earned by WAPDA so far by parking the PSDP funds in scheduled Banks may be deposited into Government Treasury.

Unutilized funds lying with WAPDA for the projects not yet started may be deposited into Government Treasury.

In the office of Project Director Naulong Dam Project, Larkana, PSDP funds amounting to Rs. 8,800 million were allocated for the project during six (06) years from 2010-11 to 2015-16. Government of Pakistan released an amount of Rs. 2,375 million against these allocations but the management could only utilize funds of Rs. 347.14 million up to June, 2016. Hence, Government funds of Rs. 2,027.86 million remained unutilized in a private bank account of executing agency. Neither profit earned from bank nor unutilized funds were deposited into Government Treasury.

Non adherence to Ministry's directives resulted in illegal retention of Government funds of Rs. 2,027.86 million in private bank up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2016 and reported to the Ministry in November, 2017. The management replied that the funds could not be utilized due to non-finalization of bidding process up to FY 2016-17. Later on, an amount of Rs. 1,916 million was forcibly drawn in May 17, 2017 by FBR. The unspent balance of funds remained available with the office of G.M (Finance) Water and not with Project's accounts.

The local DAC in its meeting held on January 29-30, 2018 decided to place the matter before PAC for final decision. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.739/2017-18)

2.4.3 Loss due to damage of power units and gas insulated substation - Rs. 1,042 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of General Manager (Hydel) Operation, Lahore, power units and gas insulated substation installed at Gomal Zam Dam Hydro Power Station were damaged due to fault in power station on October 07, 2016. Neither the

departmental inquiry was conducted to fix the responsibility of loss of Rs. 1,042 million nor the matter was taken up with the Contractor for rectification of faults.

Non-adherence to the Authority's instructions resulted in loss of Rs. 1,042 million due to damage of power units and gas insulated substation up to the Financial Year 2016-17.

The matter was taken up with management in October, 2017 and reported to the Ministry in December, 2017. The management replied that WAPDA had undertaken the completion of works at the cost of Contractor by adjusting against retention money.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct detailed technical inspection for determination of actual loss to the Authority. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1556/2017-18)

2.4.4 Irregular charging of centralized share of expenditure to PSDP funded projects - Rs. 973.78 million

According to Para-2(xii) of Ministry of Water and Power letter dated September 26, 2016, Centralized share / expenses (training, medical, and pensioner) should not be charged by WAPDA to different PSDP funded Projects.

In two formations of WAPDA, an amount of Rs. 973.78 million was charged to different PSDP funded projects as centralized payment and admin expenses. This was not only the violation of Authority's instructions but also it caused increase in cost of projects up to the stated extent.

Non-adherence to Ministry's directives resulted in irregular charging of central payments amounting to Rs. 973.78 million to PSDP funded projects up to the Financial Year 2016-17.

The matter was taken up with the management in July and August, 2017 and reported to the Ministry in November & December, 2017. The management replied that the central share of expenditure was charged to different projects against approved allocation being part of management expenditure.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the reply and directed the management to condone the matter from Ministry within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1038 & 1549/2017-18)

2.4.5 Non-recovery of water charges from Government departments – Rs. 832.11 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In Khanpur Dam Project Rawalpindi, an amount of Rs. 832.11 million on account of water charges was recoverable from different Government departments. No efforts were made by the project management to recover the said amount. The detail is as under:

Sr. No.	Name of Formation	Amount (Rs. in million)
1.	Irrigation department, KPK	390.409
2.	Irrigation department, Punjab	306.088
3.	CDA, Islamabad	135.614
	Total:-	832.111

Non-adherence to Authority’s instructions resulted in non recovery of Rs. 832.11 million on account of water charges from Government departments up to the Financial Year 2016-17.

The matter was taken up with management in October, 2017 and reported to the Ministry in December, 2017. The management replied that efforts were being made to recover the water charges.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure recovery from concerned departments within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1624/2017-18)

2.4.6 Wasteful expenditure due to bad planning - Rs. 451.87 million

According to Rule-10(i) of GFR, “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”.

In Kachhi Canal Project WAPDA, DG Khan, an expenditure of Rs. 451.87 million was incurred on construction of two Super passages and one Syphon under the Contract KC-6C. Later on, after completion of work the infrastructure was dismantled for reconstruction on the same site which resulted in wasteful expenditure of Rs. 451.87 million.

Non-adherence to General Financial Rules resulted in wasteful expenditure of Rs. 451.87 million due to bad planning up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2016 and reported to the Ministry in August, 2017. The management replied that partial dismantling of the old structure was the requirement of change in design of a segment of canal from earthen to lined, as approved by the Planning Commission & ECNEC through the revised PC-I.

The local DAC in its meeting held on January 29-30, 2018 directed the management to Planning Commission’s decision regarding dismantling of structure instead of remodeling, feasibility report for change in design and minutes of the meeting of Planning Commission within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.106/2017-18)

2.4.7 Irregular hiring of consultancy services without obtaining insurance cover - Rs. 396.44 million

According to Clause-3.5 (d) of General Conditions of the contract agreement, “insurance against loss of or damage to (i) equipment purchased in whole or in part with funds provided under this contract, (ii) the consultants’ property used in the performance of the services and (iii) any documents prepared by the consultants in performance of the services”.

In the office of General Manager (Hydro) Planning WAPDA Lahore, an agreement for consultancy services for feasibility study was made between WAPDA and M/s Lahmeyer International GmbH, Germany (JV) in respect of Thakot Hydropower Project for an amount of Rs. 396.44 million but no

insurance cover was obtained from consultant which was irregular. Moreover, detail of the equipments provided to consultant was not accounted for.

Non-adherence to contract clause resulted in irregular award of agreement valuing Rs. 396.44 million without obtaining insurance cover up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2016 and reported to the Ministry in October, 2017. The management replied that the Consultants had submitted insurance coverage obtained from M/s NICL.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of insurance coverage to Audit and investigate the matter for fixing responsibility regarding non-provision of insurance coverage for the period remained uncovered. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.324/2017-18)

2.4.8 Unjustified charging of management cost to projects not yet started – Rs. 371.48 million

According to Para 2 (ix) of Ministry of Water and Power Government of Pakistan letter No.DW-1(13)/2013 Dated September 26, 2016, WAPDA should justify utilization of management cost of the project while there were no physical activities on ground.

In the office of General Manager Finance (Water) WAPDA, Lahore, an amount of Rs. 371.48 million was charged to different projects as management cost. No on ground activity was started during the year which not only showed negligence of the management but also resulted in wastage of funds.

Non adherence to Ministry's directives resulted in unjustified charging of management cost amounting to Rs. 371.48 million to PSDP funded projects not yet started up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2016 and reported to the Ministry in November, 2017. The management replied management cost was incurred during implementation period of approved PC-I and also covered under the Admn & Engineering expenses for the project cost.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence regarding ground activities made

up to 2016-17 within 15 days for detailed verification. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.757/2017-18)

2.4.9 Unjustified payment to Contractor on account of overheads & profit – Rs. 350.67 million

As per WAPDA Composite Schedule of Rates, 2013 (Para-7), “twenty percent (20%) profit and overhead charges have been included in rates analysis of composite rates.

In Kachhi Canal Project D.G Khan, an amount of Rs. 350.67 million was paid to Contractor on account of contractor's profit & overheads despite twenty percent (20%) Profit & overheads had already included in composite rates. In this way, an amount of Rs. 350.67 million was paid in excess.

Non-adherence to WAPDA Composite Schedule of Rates resulted in unjustified payment of Rs. 350.67 million to the Contractor up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the Engineer process the variation order in accordance with Sub Clause-51.1 of the Contract and discussed the rates with the Contractor.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct fact finding inquiry and submit its report to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1686/2017-18)

2.4.10 Irregular utilization of profit earned on PSDP funds - Rs. 311.04 million

According to Ministry of Water and Power Government of Pakistan no.DW-1(13)/2013 Dated September 26, 2016 Para 2(V), profit earned by WAPDA SO for by parking the PSDP funds in schedule banks may be deposited into Government Treasury.

In the office of General Manager Finance (Water) WAPDA Lahore, it was observed that PSDP funds amounting to Rs. 15,721.96 million were released by the GoP for utilization of WAPDA Water Wing. Subsequently these funds were placed in different banks and handsome profit of Rs. 311.04 million was earned by WAPDA. The amount of mark-up was further utilized on the projects and other offices without approval of GoP which was irregular.

Non-adherence to Ministry's instructions resulted in irregular utilization of profit of Rs. 311.04 million earned on PSDP funds up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2016 and reported to the Ministry in November, 2017. The management replied that markup earnings were being utilized to meet the charges of the Authority mainly in respect of formations inadequately funded under Current Expenditure Budget of Ministry of Water & Power and O&M of Hub Dam Project".

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct inquiry at Ministry level for fixing responsibility regarding utilization of markup for admn expenditure within 30 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.759/2017-18)

2.4.11 Doubtful payment due to fictitious measurement – Rs. 284.82 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In office of the Chief Engineer/Project Director Nai Gaj Dam Project, Dadu, an amount of Rs. 284.82 million was paid against Item-2.1 of BoQ measured up to 327,375.58 Cubic meters under IPC-19. Later on the said amount was adjusted in IPC-20 on the plea that quantities were over-measured in IPC-19. This indicated that measurement certification in IPCs was not reliable and doubtful which required justification.

Non-adherence to above instructions resulted in doubtful payment of Rs. 284.82 million due to fictitious measurement during the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the quantities were erroneously certified which was rectified and adjusted.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the reply and directed the management to conduct inquiry for fixing responsibility within 30 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.180/2017-18)

2.4.12 Less deduction of retention money from contractor – Rs. 280.78 million

As per Para (4) of MOU jointly signed by the Contractor and employer, the percentage of retention money to be retained from each IPC shall be five percent (5%) and the limit of retention money will also be five percent of contract price.

In Kachhi Canal Project D.G Khan, an amount of Rs. 15,352.60 million was paid to the Contractor for works of the project and an amount of Rs. 767.63 million @ 5% (15,352.60 million*0.05) was to be withheld as retention money. The management withheld only Rs. 486.85 million which resulted in less deduction of Rs. 280.78 million. Neither amount was recovered from the contractor nor action was taken against the persons at fault.

Non-adherence to Memorandum of understanding resulted in less deduction of retention money of Rs. 280.78 million from contractor up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that taking over certificate was issued to contractor and deducted retention money was being released as per contract provision.

The local DAC in its meeting held on January 29-30, 2018 did not accept the management's stance and directed to deduct actual retention money @ 5% of total payments. DAC also directed to take action against responsible within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1797/2017-18)

2.4.13 Non-recovery of liquidated damages from contractors - Rs. 238.22 million

According to conditions of contract, “the rate of liquidated damages is 0.05% for each day or 2% per month of delay in completion of the works / supplies subject to a maximum of 10% of contract price”.

In various WAPDA formations, contracts were awarded to contractors / suppliers for execution of works / purchase of different types of material. The contractors / suppliers could not complete the works / supplies within the stipulated period hence, they were liable to pay the liquidated damages of Rs. 238.22 million but the same were not recovered as detailed below:-

Sr. No.	Draft Para No.	Name of Formation	Amount (Rs. in million)
1.	107/201718	CE/PD Kachhi Canal Project, D.G.Khan	227.66
2.	1562/2017-18	PD Watershed, Mangla	0.85
3.	1600/2017-18	MS WAPDA Hospital, Faisalabad	7.45
4.	1795/2017-18	CEO (O&M), Besham	2.26
TOTAL			238.22

Violation of contract clauses resulted in non-recovery of liquidated damages amounting to Rs. 238.22 million from contractors / suppliers up to the Financial Year 2016-17.

The matter was taken up with the management during October, 2016 to July, 2017 and reported to the Ministry during August to December, 2017. The management replied that LD in some cases had been deducted from the payment of contractor while for remaining balance amount the recovery of LD would be made in due course of time.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

2.4.14 Non-disposal of off-road vehicles and unserviceable material - Rs. 214.02 million

According to Clause-1.4 of the WAPDA Disposal Procedure, “unserviceable vehicles and material / equipments are to be disposed off timely”.

In various WAPDA formations, twenty seven (27) off-road vehicles and unserviceable material / equipments worth Rs. 214.02 million were not auctioned up to June, 2017. The vehicles and material were kept in the open space and exposed to the adverse environmental effect causing deterioration and decrease in value. The detail is as under:

Sr. No.	Draft Para No.	Name of Formation	Description	Amount (Rs. in million)
1.	28/2017-18	DG IWASRI, Lahore	05 vehicles	2.00
2.	104/2017-18	CE/PD Kachhi Canal Project, D.G.Khan	Material	202.61
3.	264/2017-18	XEN O&M NDP Mirpur Khas	Material & 08 Vehicles	2.85
4	340/2017-18	DG IWASRI, Lahore	06 vehicles	1.55
5.	1561/2017-18	PD Watershed Management Mangla	Material	1.96
6.	1604/2017-18	CE/PD Rainee Canal Project, Guddu	04 Vehicles	0.60
7.	1731/2017-18	CE CMTL Lahore	02 Vehicles	1.00
8.	1754/2017-18	SE Telemetric Project IBIS, Lahore	02 Vehicle	1.45
TOTAL				214.02

Non-adherence to disposal procedure resulted in non-disposal of off-road vehicles and unserviceable material amounting to Rs. 214.02 million up to the Financial Year 2016-17.

The matter was taken up with the management during November, 2016 to October, 2017 and reported to the Ministry during May to December, 2017. The management replied that in some cases material had been auctioned while in others the disposal process was under way.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

2.4.15 Irregular payment on account of unapproved variation order – Rs. 182.72 million

According to Clause-2.1 (viii) of the contract (Engineer's duties and Authority), "the engineer shall obtain the specific approval of the employer before carrying out his duties".

In office of the Chief Engineer/Project Director Nai Gaj Dam Project, Dadu, an amount of Rs. 182.72 million was paid to the Contractor against BoQ item "Cement and Mortar 1:3" up to IPC-20. The item of BoQ was executed

under proposed variation order by the consultant M/s Techno Consultant without getting approval from the competent authority. Hence, payment of the said amount was irregular.

Non-adherence to contract clauses resulted in irregular payment of Rs. 182.72 million on account of unapproved variation order up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the amount certified up to IPC-20 regarding Cement, Sand and Mortar was withheld and no payment made.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the reply as no prior approval of VO was obtained and directed to condone the irregularity from competent authority within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.177/2017-18)

2.4.16 Loss due to non-depositing of savings in Government Treasury - Rs. 139.46 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the of office of General Manager Finance (Water) WAPDA, Lahore, an amount of Rs. 139.46 million was saved from the completed segments of Waran Canal Package A&B. Packages A&B were completed by WAPDA with the cost of \$4.00 million against \$5.909 million. After the deduction of retention money an amount of \$1.341 million equivalent to Rs. 139.46 million was saved which was not deposited to Government Treasury causing a loss to Public Exchequer.

Non adherence to Authority's instructions resulted in loss of Rs. 139.46 million due to non-depositing of saving to Government Treasury up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2016 and reported to the Ministry in November, 2017. The management replied that the saving pointed out by Audit had become part of the Authority Fund in terms of sub-section 2 (g) of Section 22 of WAPDA Act. Sub section (1) of Section 22 stated that the Fund should be utilized by the Authority to meet charges in connection with its functions under this Act.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence regarding grant / loan to Audit for detailed verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.895/2017-18))

2.4.17 Unjustified payment to Contractor on account of granular stone – Rs. 134 million

As per technical provision of Contract KC-04, Scope of work (2.2) d, “removal and care of surface water and dewatering the sub-soil water for foundations such as to maintain all foundations, excavations and surfaces dry and free of water and required for proper construction of the works.

In Kachhi Canal Project D.G Khan, an amount of Rs. 134 million was paid to Contractor on account of granular stone for excavation of trench for movement lining machine. As per contract, it was included in the scope of work and was responsibility of the Contractor. Moreover, as per minutes of authority meeting held on May 14, 2012, the consultant did not accept the contractor claim during their tenure but same was accepted by new engineer. Neither the matter was inquired for fixing responsibility nor recovery was made of unjustified payment from the Contractor.

Non-adherence to Contract provision resulted in unjustified payment of Rs. 134 million to the Contractor on account of granular stone up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the issue of payment against the laying of granular stone was under process with the Engineer. Later on, the case was referred to Dispute Settlement Committee for review who decided in favour of contractor.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide settlement of Engineer's observation, award of settlement committee and approval of competent authority along with subsequent vetting by Central Contract Cell within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1683/2017-18)

2.4.18 Non-clearance of retention money - Rs. 129.75 million

According to per Limitation Act 1908, all the outstanding balances exceeding three years should be written off from the books.

In the office of Project Director, RBOD-III, Sukkur, retention money / security deposit of Rs. 129.75 million was lying outstanding. Neither the said amount was paid to the Contractors nor credited into Company's income account.

Non-compliance to the rule / procedure resulted in non-clearance of Rs. 129.75 million due to non-transfer of retention money in company's income account up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in August, 2017. The management replied that retention money would be released as and when the funds received from Federal Government.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the reply and directed the management to conduct fact finding inquiry regarding creation of liability without reserving the funds for payment of retention money within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.65/2017-18)

2.4.19 Non-renewal of expired bank guarantee - Rs. 118.10 million

According to Resident Engineer Power Station, Jabban letter No.RE/Rehab:/JHS-79/1203-07 dated February 15, 2017 Manager Trust Investment Bank, Lahore was directed regarding extension in performance bank guarantee for another quarter effecting from February 28, 2017 or treating this

letter as notice for encashment if the validity period is not extended before February 27, 2017.

In the office of General Manager (Hydel) Operation, Lahore M/s HRL Joint Venture had provided bank guarantees amounting to Rs. 118.10 million against security deposits. The bank guarantee expired on February 27, 2017 and was required to be renewed for another quarter but no efforts were made for obtaining extended / renewed performance guarantees from the contractor as required under the rules.

Non-adherence to the Authority's instructions resulted in non-renewal of expired bank guarantee amounting to Rs. 118.10 million of the contractor up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the Member Power advised the contractor to re-validate the bank guarantee. Further progress when achieved would be informed to Audit.

The local DAC in its meeting held on January 29-30, 2018 directed the management to seek advice from Central Contract Cell WAPDA to resolve the issued within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1554/2017-18)

2.4.20 Irregular payment on account of escalation - Rs. 83.79 million

According to Clause 70.1 (i) of CPA-IIA of contract agreement, "if contractor fails to complete the works within the time for completion prescribed under clause-43, adjustment of prices thereafter until the date of completion of the works shall be made using either the indices or prices relating to the prescribed time for completion, or the current indices or prices, whichever are more favourable to the employer, provided that if extension of time is granted pursuant to Clause-44, the provision shall apply only to adjustments made up to the expiry of such extension of time.

In Kachhi Canal Project WAPDA, DG Khan, works were awarded to contractors, which were not completed within the completion period of December 31, 2008. Extension of time was also given up to December 31, 2014, even then the works were not completed. Thereafter the contracts were terminated. Payment of Rs. 83.79 million was made to contractors on account of

escalation, which was not admissible after expiry of extension of time i.e. December 31, 2014.

Non-compliance of contract provisions resulted irregular payment of Rs. 83.79 million up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2016 and reported to the Ministry in August, 2017. The management replied that the case of EOT of the Contracts was under process whereas escalation rates were freeze up to approved completion date. No current rates were being used for payment in extended period.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide escalation sheet and item note for EOT case depicting grounds for extension within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.56/2017-18)

2.4.21 Unauthentic adjustment of advances on account of land / crop compensation - Rs. 67.73 million

According to Section-9.2.3 & 9.2.6 of WAPDA Accounting and Financial Reporting Manual, Advances may be requested to cover anticipated cash expenditures to be incurred on behalf of WAPDA for a sponsored event, prior to the event taking place. When the need for the advance is complete, the department shall return the unused cash, to the Accounts and Finance Department. All receipts shall be verified on advances being cleared. Any questionable receipts shall be referred to the Budget and Account Officer.

In the office of G.M (N.A) Projects, Hattian, advance of Rs. 67.73 million was given to D.C Kohistan for land & crop compensation. This amount was adjusted on the basis of adjustment given by the concerned formation. Neither supporting documents nor Audit Certificate of the adjustment accounts was given without which payment could not considered as authentic.

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted in unauthentic adjustment of advances of Rs. 67.73 million given for land / crop compensation during the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that DC Kohistan was requested to arrange audit certificate from competent authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter with DC Kohistan vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1843/2017-18)

2.4.22 Unjustified payment to Contractor without contract provision – Rs. 63.60 million

As per bill of quantities item No.7.4, “In-suit RC bored piles of 36 inch diameter with class-B concrete using sulphate resisting cement including test piles”.

In Kachhi Canal Project D.G Khan, an amount of Rs. 63.60 million was paid to Contractor on account of piles for super passages under bill of quantities Item No.7.4, which was not fall under the work as per BoQ. The payment was made without provision of contract agreement. Hence, amount paid to contractor was unjustified.

Non-adherence to Contract bill of quantities resulted in unjustified payment of Rs. 63.60 million to the Contractor without contract provision up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that in order to avoid the dispute and variation order the payment was made of some items in other bills with mutual agreement with contractor.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct inquiry for fixing responsibility regarding ignorance of missing BoQ items and furnish its report to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1685/2017-18)

2.4.23 Non-deduction of provincial sales tax from the claims of the Contractors / Consultants – Rs. 55.25 million

According to Part-B of second schedule of Provincial Sales Tax on services Act, 2011, 15% sales tax is to be withheld from services.

In various WAPDA formations, an amount of Rs. 55.25 million was recoverable from different Contractors and Consultants on account of Provincial Sales tax recoverable on construction services and consultancy services of the projects which was not deducted at the time of payment. Due to non-deduction of provincial sales tax, public exchequer sustained loss to the stated extent as per detail below:

Sr. No.	Draft Para No.	Name of Formation	Amount (Rs. in million)
1.	51/2017-18	GM Hydro Planning WAPDA, Lahore	43.92
2.	738/2017-18	PD Naulong Dam Project, Larkana	2.90
3.	1548/2017-18	GM Projects (South), Hyderabad	7.78
4.	1550/2017-18	GM Projects (South), Hyderabad	0.65
TOTAL			55.25

Non-adherence to Provincial Revenue Authority's instructions resulted in non-deduction of provincial sales tax amounting to Rs. 55.25 million from the claims of the Contractors/Consultants during the Financial Year 2016-17.

The matter was taken up with the management during February to August, 2017 and reported to the Ministry during August to December, 2017. The management replied that in some cases the provincial sales tax was not deductible while in remaining cases efforts were being made to recover amount of sales tax.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

2.4.24 Non-adjustment of advances - Rs. 42.23 million

According to Para-73 of WAPDA Accounting Manual, "the advances shall be adjusted at the closing of each calendar month in shape of vouchers or cash under financial rules".

In various WAPDA formations, different advances amounting to Rs. 42.23 million were lying outstanding since long. No efforts were made by the department towards adjustment these advances. The detail is as under:-

Sr. No.	Draft Para No.	Name of Formations	Description of advances	Amount (Rs. in millions)
1.	182/2017-18	PD Surface Water Hydrology Project, Lahore	Temporary	12.77
2.	1538/2017-18	PD Surface Water Hydrology Project, Lahore	Temporary	24.22
3.	1625/2017-18	Khanpur Dam Project, Rawalpindi	For deposit work	5.24
TOTAL				42.23

Non-adherence to the Authority's instructions resulted in non adjustment of advances amounting to Rs. 42.23 million up to Financial Year 2016-17.

The matter was taken up with the management during May to October, 2017 and reported to the Ministry during September to December, 2017. The management replied that some of the advance had been adjusted while efforts were being made for adjustment of remaining advances.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record for verification to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

2.4.25 Non-recovery of standard/room rent and utility charges - Rs. 13.05 million

According to Para-d of the Director Finance (Regulation), WAPDA Lahore clarification dated January 10, 2007, "where the accommodation is allotted by one organization to the employees of other organization, the standard rent is to be charged by the formation concerned from the formation whose employees have been allotted accommodation".

In WAPDA, an amount of Rs. 13.05 million was recoverable from twenty six (25) WAPDA employees on account of standard rent and utility charges as detailed below:

Sr. No.	Draft Para No.	Name of Formation	No. of employees	Amount (Rs. in million)
1.	1545/2017-18	PD RBOD-I Project WAPDA, Sukkur	12	8.58
2.	1707/2017-18	PD Chashma Barrage & CJ Link Canal Chashma	13	4.47
TOTAL				13.05

Non-adherence to the instructions of regulation wing WAPDA resulted in non-recovery of standard/room rent and utility charges amounting to Rs. 13.05 million up to the Financial Year 2016-17.

The matter was taken up with the management in July & October, 2017 and reported to the Ministry in December, 2017. The management replied that some of the amount had been recovered and efforts were being made to recover the remaining amount.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the recovery record within 15 days and expedite the pending recovery. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

2.4.26 Irregular payment due to excess execution of quantity - Rs. 42.75 million

According to Clause 51.2 of FIDIC, "the contractor shall not make any such variation without an instruction of the Engineer".

In Kachhi Canal Project, WAPDA D.G. Khan, an amount of Rs. 42.75 million was paid to contractor on account of excess execution of quantity than provided in original BOQ items. Excess quantity of contract was neither shown in revised drawing nor approved from the competent authority.

Non-adherence to FIDIC instructions resulted in irregular payment of Rs. 42.75 million to contractor up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the BoQ quantity were estimated and not actual. The payment was made after verification of the Engineer as per actual work done at site. It would be regularized after completion of contract.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide drawings of increased quantities duly approved from competent authority and inquire matter of wrong estimation within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.147/2017-18)

2.4.27 Loss due to illegal occupation of WAPDA property – Rs. 42.62 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of General Manager (Hydel) Operation WAPDA Lahore, WAPDA building of old Diesel Power House, Chitral valuing Rs. 42.62 million was forcibly occupied by the Assistant Commissioner Booni for installation of Generator Sets without fulfilling the legal formalities and seeking permission from the Authority which was loss to the Authority. No efforts were made to get vacated this piece of land/building.

Non-adherence to Authority’s instructions resulted in loss of Rs. 42.62 million due to illegal occupation of WAPDA property up to the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in December, 2017. The management replied that the struggling were still continue to regularize the case in consultation with higher ups of this office.

The local DAC in its meeting held on January 29-30, 2018 directed the management to resolve the issue of illegal occupation at Ministry level within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1727/2017-18)

2.4.28 Unjustified payment to the contractor on account of cost of steel used in pre-stressed girders – Rs. 33.70 million

According to the Contract Agreement Vol.-II, Specification / Technical Provisions, Clause 13.9 (a) “Measurement will be made as per number of precast girders of specified sizes and placed in position including all material labour and as per drawing and directed by the Engineer complete in all respects”. (b) “Payment will be made per number of girders prepared and fixed. Payment made at unit rate quoted in the BoQ for this item shall constitute full compensation for all the work involved in this respect”.

In Kachhi Canal Project WAPDA, D.G. Khan, a payment of Rs. 33.70 million was made to the contractor against BoQ Item Nos.7.22, 9.21 & 14.22 up to Interim Payment Certificate (IPC) No.93 of contract KC-04 vide cash voucher No. 53 dated December 29, 2016. This payment was unjustified as the cost of steel used in precast girders was already included in the unit rate quoted in the BoQ Item Nos. 7.21, 9.20 & 14.21 “Post tensioning of pre-stressed girders complete in all respect including grout material reinforcing steel tendons and launching etc.” and an amount of Rs. 34.91 million had made for these items up to IPC No.93 of contract KC-04 vide cash voucher No. 53 dated December 29, 2016. Thus, it was clear from the above clauses that cost of steel used in girders was the part of unit rate and it had covered full compensation for all the work involved in this respect. Hence, no separate payment for steel amounting to Rs. 33.70 million was admissible to contractor.

Non-adherence to the Contract Agreement Clauses resulted in unjustified payment of Rs. 33.70 million to the contractor up to December, 2016.

The matter was taken up with the management in January, 2017 and reported to the Ministry in June, 2017. The management replied that BoQ items 7.22, 9.21 & 14.22 also covered reinforcing steel bars in girders, therefore, the Contractor pleaded that at the time of bid he included reinforcing steel of girders in BoQ items 7.22, 9.21 & 14.22 instead of BoQ items 7.21, 9.20 & 14.21.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide rate analysis for BoQ items 7.21 and 7.22 along with Engineer’s estimate to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.33/2017-18)

2.4.29 Excess payment to the Contractor on account of variation order – Rs. 28.94 million

As per Authority decision in its meeting held on April 08,2009 regarding variation order No.4 of contract KC-04, “ Authority approved appropriation request and draft variation order No.KC-04/04 amounting to Rs. 2,067.29 million with condition that the contractor will not lodge any claim over and above for his variation.

In Kachhi Canal Project D.G Khan, an amount of Rs. 2,096.23 million was paid to Contractor on account of variation order of Contract KC-04 against approved amount of Rs. 2,067.29 million in violation of Authority decision. Hence, an amount of Rs. 28.94 million was paid in excess to the Contractor. Neither the excess amount was recovered from the contractor nor action was taken against the person(s) at fault.

Non-adherence to Authority Decision resulted in excess payment of Rs. 28.94 million to the Contractor on account of variation order up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the Engineer conveyed his opinion regarding recovery from contractor but contractor did not agreed upon and requested for arbitration which was under process.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct fact finding inquiry and furnish its report to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1684/2017-18)

2.4.30 Unjustified / overpayment to the contractor on account of fuel and labour escalation -Rs. 27.09 million

As per Sub Clause-70.1(c) of FIDIC Condition of contract, in determining the amount of any adjustment to the contract price pursuant to this clause no account shall be taken of any overheads or profit.

In Kachhi Canal Project, WAPDA D.G. Khan, an amount of Rs. 27.09 million was paid to contractor on account of fuel & labour escalation without excluding from the value of work, overhead and profit against variation orders No.8 & 9 of the Contract KC-04, contrary to the provisions of Clause 70.1(c).

The violation of the contract clause resulted in over-payment to the contractor amounting to Rs. 27.09 million up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the inclusion of profit in BoQ rates was allowed under paragraph of Appendix D to tender. The

Authority accorded approval of Variation Order No.8 & 9 with the admissibility of overhead and profit under the contract Clause 70.1 (c) of CPA-IIA.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct technical probe at Authority level i.e. Member Water and submit its report to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.146/2017-18)

2.4.31 Irregular payment due to abnormal increase of BoQ items – Rs. 27 million

According to Appendix-D to Bid Sheet-1 of 2 (R3) of the Contract Agreement at Nai Gaj Dam, “the quantity of Item-5.2 of Intake structure is to be executed up to 25,437 cubic meters”.

In Nai Gaj Dam Project, Dadu, BoQ quantity for Item-5.2 was increased by 117% resulting in an excess payment of Rs. 27 million. The said payment was irregular as the same was made without any justification and approval from competent authority.

Non-adherence to contract clauses resulted in irregular payment of Rs. 27 million on account of excessive measurement of BoQ item up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the BoQ quantities were estimated and payment was made on the basis of actual work done.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the approval of 2nd revised PC-I regularizing the variation in quantity with the direction to adhere the prescribed procedure in further. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.178/2017-18)

2.4.32 Irregular award of consultancy contract beyond the provisions of PC-I – Rs. 25.07 million

According to Clause-7.8 of the PC-I of the project, a provision of 2.5% has been made for Consultancy Services required for the Engineering and Supervision of HPTI building civil, electrical and mechanical works.

In the office of SE/PD Hydro Power Training Institution (HPTI), Mangla, a contract for Consultancy services was awarded to M/s NESPAK on January 26, 2016 at a cost of Rs. 36.77 million as against Rs. 11.70 million (2.5% of PC-I cost of Rs. 468.15 million) as provided in PC-I. Thus, an amount of Rs. 25.07 million was beyond the provisions of PC-I which was irregular.

Non-adherence to provisions of PC-I resulted in irregular award of consultancy contract beyond the provisions of PC-I amounting to Rs. 25.07 million up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in December, 2017. The management replied that the consultancy contract was awarded after fulfillment of all the codal formality prescribed by the Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide comparative statement of all bidders, TOR of consultant and approval of the Authority within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1772/2017-18)

2.4.33 Loss due to unjustified expenditure incurred before start of the Project – Rs. 11.29 million

As per Manual for Development of Projects issued by Planning Commission responsibility be fixed for delays, if any, in terms of ECC's following decision dated December 27, 1988 in case No.CEC-542/37/33, "those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task".

In the office of SE/PD Hydro Power Training Institution (HPTI) Mangla, the PC-I of the project was approved by the CDWP in November, 2013 subject to the condition that detailed road map would be developed by WAPDA and expected completion date of the Project was June, 2015. The road map of the Project was delayed by the WAPDA and admn. approval was issued in April, 2016 with the lapse of three years even after expected date of completion. Meanwhile, an expenditure of Rs. 11.29 million was incurred up to April, 2016 which was unjustified and causing loss to the Authority.

Non-adherence to the Authority's instructions resulted in loss of Rs. 11.29 million due to unjustified expenditure incurred before start of Project up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in December, 2017. The management replied that the project was funded by European Union Asian Investment facility and extended up to December, 2018.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the expenditure statement in the light of PC-I depicting coverage of anticipatory expenditure within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1773/2017-18)

2.4.34 Loss due to negligence of management – Rs. 10.59 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of General Manager (Hydel) Operation WAPDA Lahore, an enquiry committee was constituted to probe into financial loss of Rs. 10.59 million due to negligence of Chief Engineer (P&D) PEPCO for disposal of unserviceable power cable at Warehouse Mangla but final outcome of the proceeding of this committee was not available in the record due to which the reasons of loss to the Authority could not ascertained.

Non-adherence to Authority's instructions resulted in loss of Rs. 10.59 million due to negligence of management during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in August, 2017. The management replied that the matter was under inquiry.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the inquiry proceedings and provide its report when finalized. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.108/2017-18)

2.4.35 Loss due to non-recover from the consultant – Rs. 6.75 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended to date), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of General Manager (Northern Area) Hattian, an amount of Rs. 6.75 million was required to be recovered from the consultant as pointed out by Internal Audit but needful was not done, which resulted in loss to the Authority.

Non-adherence to the Authority's instructions resulted in loss of Rs. 6.75 million due to non-recovery from the consultant up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that recovery would be effected from remaining bills of the consultant.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the recovery from Consultant within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1844/2017-18)

2.4.36 Loss due to poor/substandard work by the contractor – Rs. 6.40 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of General Manager (Hydel) Operation WAPDA Lahore, a work for construction of five quarters (Cat-V) amounting to Rs. 6.40 million was awarded to M/s Sami Developers at Hydel Power Station Shadiwal GEPCO. The work was completed in time but some discrepancies were observed within six

months (during defect liability period). An enquiry committee was constituted to probe into the matter who recommended that the work of contractor was very poor/substandard due to which the Authority sustained a revenue loss.

Non-adherence to Authority's instructions resulted in loss of Rs. 6.40 million due to poor/substandard work by the contractor during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in August, 2017. The management replied that the defects were removed by the contractor and the quality of work was ensured by Director Civil (Hydel).

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct technical probe and submit its report to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.48/2017-18)

2.4.37 Unjustified payment on account of extra haulage of stone – Rs. 5.71 million

As per Para-10.6 of Specification-Technical Provision of the Contract regarding stone Apron, the work to be done under stone apron consists of furnishing, transporting materials and placing them in stone apron at locations shown on the drawings or designated by the engineer in accordance with the specifications and engineer's instructions.

In Kachi Canal Project D.G.Khan, an amount of Rs. 5.71 million was paid to the contractor on account of extra haulage of stone for stone apron work. The work of stone apron was contractually required to be completed within the BoQ in which transportation charges of material and placing them in stone apron was included. Hence, separate / additional payment of Rs. 5.71 million on account of carriage of stone from Sakhi Sarwar was unjustified.

Non adherence to the contract clause resulted in unjustified payment of Rs. 5.71 million to the contractor on account of extra haulage of stone during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in April, 2017. The management replied that the due to

security reasons, the contractor was allowed to use stone from alternate quarry (Sakhi Sarwar) after approval from Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the item notes of approval of Authority, bid evaluation report, documentary evidences regarding law & situation to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No. 23/2017-18)

2.4.38 Loss due to confiscation of WAPDA vehicles and property – Rs. 5.38 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of General Manager (Hydel) Operation WAPDA Lahore, three (03) vehicles and four (04) houses situated at Left Bank Colony Mangla valuing Rs. 5.384 million were confiscated by SHO Mangla Police Station on January 17, 2016 without providing any cogent reason which was a loss to the Company.

Non-adherence to Authority's instructions resulted in loss of Rs. 5.38 million due to confiscation of WAPDA vehicles and property during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in October, 2017. The management replied that no WAPDA vehicles and property at left bank colony Mangla was confiscated by SHO Mangla Police Station.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct fact finding inquiry and submit its report to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.331/2017-18)

2.4.39 Non-recovery of penalty imposed by court – Rs. 5 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In Khanpur Dam Project Rawalpindi, a piece of land measuring 150 Kanals & 2 Marlas valuing million of rupees was occupied by local residents. The issue of illegal occupation was pursued in the court of law and the court imposed recovery of Rs. 5 million as damages against the occupants which was not recovered.

Non-implementation of court decision resulted in non recovery of Rs. 5 million from illegal occupants up to the Financial Year 2016-17.

The matter was taken up with management in October, 2016 and reported to the Ministry in August, 2017. The management replied that the case had been decided in favour of WAPDA.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce a copy of court decision to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives.

(DP No.39/2017-18)

2.4.40 Irregular award of work orders in violation of PPRA Rules – Rs. 4.65 million

According to Rule-12 of PPRA Rules 2004, “procurements over one hundred thousand shall be made through open competition bidding / advertisement.”

In office of the General Manager (Projects) South Hyderabad, five (05) work orders amounting to Rs. 4.65 million were awarded to different contractors on quotations basis instead of open competitive bidding in violation of PPRA rules. Neither the matter was inquired nor action taken against the person(s) at fault so the award of work order was irregular.

Violation of PPRA rules resulted in irregular award of work orders valuing Rs. 4.65 million up to the Financial Year 2016-17.

The matter was taken up with the management in July, 2017 and reported to the Ministry in December, 2017. The management replied that the quotations were called for under limited inquiry which covered under the PPRA Rules.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the reply and directed the management to conduct fact finding inquiry within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.1580/2017-18)

2.4.41 Loss due to cancellation of tender – Rs. 4.39 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of General Manager (Hydel) Operation WAPDA Lahore, tender awarded to Contractor below 21% than estimate for the work of soil conservation structure in the Bagh area was cancelled and same was awarded to another Contractor at 15% above than the engineer estimate after two months, which was Rs. 4.39 million higher than the already awarded tender. Thus, Authority sustained loss of Rs. 4.39 million. Moreover, inquiry was required to be conducted as per direction of the Member Power but needful was not done.

Non-adherence to Authority's instructions resulted in loss of Rs. 4.39 million due to cancellation of tender up to the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in December, 2017. The management replied that the departmental inquiry was conducted who concluded that reasons for cancellation of tender were very genuine.

The local DAC in its meeting held on January 29-30, 2018 did not accept the stance of the management and directed to conduct inquiry at the Authority level i.e. Member (Power) and submit its report to Audit for examination within 30 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1755/2017-18)

2.4.42 Blockage of Authority's fund due to unjustified delay in repair of power transformer - Rs. 4.3 million

According to Para-73 of WAPDA Accounting Manual, "the advances shall be adjusted at the closing of each calendar month in shape of vouchers or cash under financial rules".

In office of the Resident Engineer Power Station Mangla, Rs. 4.3 million was paid to Power Transformer Engineering Services Unit "PTESU" as 50% advance for repair of Power Transformer damaged on November 09, 2015. On the other hand amount was appearing in the suspense accounts which needed to be cleared at the end of the financial year. Even after elapse of period of one year neither the Power Transformer got repaired nor the suspense account was cleared.

Non-adherence to Authority's instructions resulted in blockage of Rs. 4.3 million up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that the delay was on the part of PTESU. Still there were no time limits for repair of transformers. However, PTESU has been requested to form the policy for the time frame of repair of transformers.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure return back of transformer from workshop within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.55/2017-18)

2.4.43 Irregular expenditure on purchase of vehicle in excess of budget provision – Rs. 3.45 million

As per Item No.1-8 of the Contract there was a provision of an amount of Rs. 1.80 million for purchase of car (13CC A/C).

In the office of General Manager (Hydro) Planning Lahore, an amount of Rs. 5.25 million was spent for purchase of car by Consultant of Thakot Hydropower Project against the budget provision of Rs. 1.80 million. Hence, an amount of Rs. 3.45 million was spent in excess of budget provision of the contract agreement. Moreover, the purchase documents of the vehicle were also not available in the record.

Non-adherence to the provisions of the contract resulted in irregular expenditure of Rs. 3.45 million on purchase of vehicle in excess of budget provision during the Financial Year 2016-17.

The matter was taken up with the management in November, 2016 and reported to the Ministry in May, 2017. The management replied that the provision of cost for the Rental Transport under contract item II-8 for Transport including Running and Maintenance was revised in the best interest of the Authority that instead of spending amount on account of rental charges of vehicles the purchase a vehicle was an asset for WAPDA for future use.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide revised admn approval for purchase of vehicles to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.25/2017-18)

2.4.44 Irregular expenditure due to hiring of consultant/advisor - Rs. 2.89 million

As per Establishment Division (Government of Pakistan) letter No.2/10/2007/E-1 dated December, 04, 2007, re-employment is subject to following conditions: i) Non availability of suitably qualified or experienced officers to replace the retiring officer, ii) The officer is highly competent person with distinction in his profession/field, iii) The re-employment does not cause promotion blockage, iv) Retention of retiring officer for a specified period is in public interest.

In the office of General Manager Coordination & Monitoring (C&M) WAPDA, Lahore Mr. Abdul Khaliq Khan was engaged as Advisor/Consultant. The need of the re-employment was considered repugnant to re-employment rules, because the retiring officer was not indispensable as his colleagues and juniors had the same qualification and expertise. As such the expenditure of Rs. 2.89 million incurred on account of his salary package was irregular.

Non adherence to Government rules resulted in irregular expenditure of Rs. 2.89 million due to hiring of consultant up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in November, 2017. The management replied that appointment of

advisor to the Authority had been made in accordance with the mandate accorded to WAPDA under the WAPDA Act 1958.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the stance of management and directed to regularize the appointment by obtaining the ex-post facto approval from Prime Minister. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.295/2017-18)

2.4.45 Loss due to non-billing of energy units - Rs. 2.64 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In CEO (O&M) Hydel Besham, 2.98 million units valuing Rs. 2.64 million were not billed. Due to non billing of energy units the authority sustained loss of Rs. 2.64 million. Neither the matter was inquired nor action taken against the person(s) at fault.

Non-adherence to Authority's instructions resulted in loss of Rs. 2.64 million due to non-billing of energy units during the Financial Year 2016-17.

The matter was taken up with the management in July, 2017 and reported to the Ministry in December, 2017. The management replied that according to calculation of units lost of Khan Khwar Hydro Power Station, the difference stood nil.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of from-E in respect of power station to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1793/2017-18)

2.4.46 Un-justified and irregular appointment of advisor - Rs. 2.36 million

According to Rule-10(i) of GFR, “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”.

In the office of General Manager (Hydel) Operation, Lahore, an amount of Rs. 2.36 million was paid to Mr. Tahir Mehmood, WAPDA ex-employee appointed on May 10, 2016 for a period of four months with effect from 01.03.2016 to 30.06.2016 as advisor to the Authority after his retirement. The officer assumed the charge of post of Advisor to Authority on April 01, 2016 whereas the appointment letter was issued on May 10, 2016. The assumption of charge before the issuance of appointment letter was unjustified which required investigation. Since then the contract for appointment as advisor was being renewed every year. Moreover, re-employment on contract was restricted where the expertise of the civil servants was still required by the Government. Hence, expenditure of Rs. 2.36 million per annum was irregular and un-justified.

Non-adherence to general financial rules resulted in unjustified and irregular expenditure of Rs. 2.36 million due to appointment of advisor up to the Financial Year 2016-17.

The matter was taken up with management in October, 2017 and reported to the Ministry in December, 2017. The management explained that the detailed reply would be given in due course of time.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide revised reply along with justification for appointment of advisor within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1557/2017-18)

2.4.47 Loss due to illegal encroachment of WAPDA’s land - Rs. 2.28 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of G.M / Chief Engineer (Civil) Ghazi Barotha, Hattian, land measuring 155 Kanal and 06 marla valuing Rs. 2.28 million was acquired by WAPDA in 2000 for the construction of GBHP. Later on, some local people constructed a hut type hotel (Neelab Hotel) downstream of flank road at right bank of barrage during 2003. The department filed a declaratory suit in order to dispossess the illegal occupant and the court empowered the Land Acquisition Collector for demarcation of land but no progress in this regard was achieved so far.

Non-adherence to Authority's instructions resulted in loss of Rs. 2.28 million due to illegal encroachment of WAPDA land up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the matter was subjudice in court of law.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the court case vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.1694/2017-18)

2.4.48 Unjustified payment to employees on account of honoraria - Rs. 1.96 million

As per Fundamental Rule-7.103, "A competent authority may sanction the grant of the honorarium from the general revenues to a servant for doing certain work provided that the following conditions are fulfilled: the work is occasional in character, the work is so laborious or such special merit as to justify special award & the competent authority has given prior consent to the undertaking of work".

In the office of the S.E Telemetric Projects (IBIS) Lahore, an amount of Rs. 1.96 million was paid to employees on account of honoraria despite dysfunctional of project office for the last two years. The staff sitting idles in the office without work. However, amount paid on account of honoraria was unjustified.

Non-adherence to Fundamental Rules resulted in unjustified payment of Rs. 1.96 million on account of honorarium during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and

reported to the Ministry in December, 2017. The management replied that bonus was paid to employees with the approval of Competent Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copies of rules / policies where bonus could be paid without considering operation profit, otherwise, the matter may be referred to Finance Division for obtaining concurrence. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1769/2017-18)

2.4.49 Wasteful expenditure incurred through temporary advances on study of growing trees - Rs. 1.81million

According to Rule-10(i) of GFR, "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."

In the office of Project Director LIM (Lowest Indus Water Management), Hyderabad, temporary advances valuing Rs. 1.81 million were issued to Senior Research Officer for study of "Growing of Trees by use of Drainage Water in Salt affected land at Sirani Drain near Badin". Neither the adjustment account of expenditure incurred nor study report was provided in the absence of which the authenticity of expenditure could not be ascertained. Hence, the expenditure of Rs. 1.81 million incurred so far was gone waste.

Non-adherence to instructions resulted in wasteful expenditure of Rs. 1.81 million incurred on study of growing trees up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in December, 2017. The management replied that since ten (10) small maintenance works being of emergency nature, with each valuing less than prescribed financial limit of rupees five hundred thousand and all totaling to Rs. 1.812 million were carried out during different periods of Financial Year 2016-17.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply to Audit within 15 days for detailed verification. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1693/2017-18)

2.4.50 Loss of due to extra payment of house rent above the entitlement - Rs. 1.13 million

According to Ministry of Housing and Works (GoP) office memorandum No.F.4(8)/92-Policy dated October 01, 2014, rental ceiling for hiring of residential accommodation at six specified stations for BPS-1 to BPS-22 were revised.

In the office of the General Manager (Finance) Water, an amount of Rs. 1.13 million was paid to five (05) officers over and above their entitled rates of acquiring the house. The excess amount of house rent was required to be recovered from the concerned but the same was not done.

Non adherence to Authority's instructions resulted in loss of Rs. 1.13 million due to payment of house rent over and above entitlement up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in November, 2017. The management replied that the payment had been made on account of WAPDA residential accommodation provided to the employees as per rates approved by the Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to refer the case to Ministry of Housing and Works for seeking clarification. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1037/2017-18)

2.4.51 Irregular payment due to appointment of Daily Wages Staff - Rs 1.41 million

According to letter No. DG/AD(E.IA)/7038/90/8701-8850 dated 22nd June, 2015 SOP for recruitment against post in BPS-1 to 15, "as a preferred system, ensuring transparency and professionalism, a service contract with a renowned testing service is to be done. Contract BPS-6 to BPS-15 through NTS and BPS-1 & 2 shall be made through local advertisement".

In the office of General Manager Coordination & Monitoring (C&M) WAPDA, Lahore, some daily wages appointments were made against regular sanctioned post on pick and choose basis without any advertisement in the Daily

Newspapers. As such the expenditure Rs. 1.41 million incurred on account of their salary package was irregular.

Non adherence to Government rules resulted in irregular expenditure of Rs. 1.41million due to appointment of daily wages staff up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in October, 2017. The management replied that employees were engaged as daily wages for smooth functioning and to meet with urgent requirement at the time of ban on fresh recruitment in 2013, while the fresh SOP for recruitment is being implemented in letter and spirit.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit the revised reply with full justification and to ensure that in future no employee would be engaged with advertisement. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.333/2017-18)

CHAPTER-3
POWER WING

3. POWER WING

3.1 Introduction

Power Wing of WAPDA is headed by Member (Power). After re-structuring during 2007, Power Wing was split up into 15 companies i.e. NTDC, 10 DISCOs & 4 GENCOs and separated from WAPDA. Power wing now looks after hydropower generation, operation & maintenance of power stations, technical monitoring of electrical & mechanical works of new projects and training activities for capacity building.

Chashma (184 MW) & Ghazi Barotha (1450 MW) Hydropower Projects (HPPs) have been functioning since 2001 & 2003. Khan Khwar (72 MW), Allai Khwar (121 MW), Jinnah (96 MW), Dubair Khwar (130 MW) and Satpara Dam (17.3 MW) became fully operational during 2008 - 14. Golen Gol (106 MW), Neelum Jhelum (969 MW), Tarbela 4th Extension (1410 MW), Dasu (4320 MW) and Keyal Khwar (128 MW), Diamer Basha Dam (4500 MW) and Kurram Tangi (83.4 MW) HPPs are under construction. Mohmand Dam Project (800 MW), which was previously assigned to private sector by PPIB, has now been re-assigned to WAPDA for detailed engineering & construction, which is in progress.

3.2 Comments on Financial Statements

Financial statements of Water Wing, Power Wing and Coordination Wing are prepared separately and consolidated at WAPDA level.

According to Section-27 of WAPDA Act-1958, in the month of January each year, the Authority shall submit to the Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year.

The Authority did not finalize the financial statements of Power Wing for the Financial Year 2016-17 till January 31, 2018. Without finalized financial statements, the preparation of annual statement of the estimated receipts and expenditure may involve over / under statement of the financial position of WAPDA.

3.3 Brief comments on the status of compliance with PAC directives

Name of Formation	Year	No. of Directives	Status of compliance		
			Full	Partial	Outstanding
Power Wing	2009-10	1	-	-	1 (Para-2.8)
	2013-14	2	-	-	2 (Para No. 2.3.11, 2.3.13)

Position of compliance with PAC directives is not satisfactory.

3.4 AUDIT PARAS

3.4.1 Unjustified additional expenditure on Diamer Basha Dam Project – Rs. 54,430.37 million

According to tariff petition dated November 13, 2015, NEPRA apportioned the cost of Diamer Basha Dam Project into Water & Power in a ratio of 60% and 40 % respectively.

In the office of General Manager (Finance) Power WAPDA, it was observed that expenditure on Diamer Basha Dam Project exceeded by 40% than that decided by NEPRA which resulted in additional cost of Rs. 54,430.37 million.

Non-adherence to NEPRA's decision resulted in un-justified additional expenditure of Rs. 54,430.37 million on Diamer Basha Dam Project up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that expenditure was made in line with PC-I of the project approved by the ECNEC. The observation of NEPRA had been forwarded to Government of Pakistan and financing strategy approved by GoP would be intimated to Audit.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply to Audit for detailed verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1819/2017-18)

3.4.2 Non-recovery from CPPA on account of sale of power – Rs. 53,472.27 million

According to Clause-9.1.3 (vi & vii) regarding internal control of receivables of WAPDA accounting and financial reporting manual "a diligent effort shall be made to collect all outstanding accounts in general, invoices shall be collected as expeditiously as possible but the cost of collection shall not be allowed to exceed the expected revenue".

In the office of General Manager (Finance) Power WAPDA, an amount of Rs. 53,472.27 million was required to be recovered from Central Power Purchasing Agency (CPPA) on account of sale of Power, but no efforts were made to recover the outstanding balances.

Non-adherence to WAPDA Accounting and Financial Manual resulted in non-recovery of Rs. 53,472.27 million on account of sale of power from CPPA up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that the CPPA was asked to make payment for the outstanding balance. However, the matter had also been taken up with Ministry.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter vigorously at Ministry level for resolving the issue. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides ensuring recovery from CPPA.

(DP No.1842/2017-18)

3.4.3 Non-recovery of liquidated damages from contractor - Rs. 11,538.67 million

According to conditions of contract, "the rate of liquidated damages is 0.05% for each day or 2% per month of delay in completion of the works / supplies subject to a maximum of 10% of contract price".

In various WAPDA formations, contracts were awarded to contractors/suppliers for execution of works/purchase of different types of material. The contractors / suppliers could not complete the works / supplies within the stipulated period hence, they were liable to pay the liquidated damages of Rs. 11,538.67 million but the same were not recovered as detailed below:-

Sr. No.	Draft Para No.	Formation	Amount (Rs. in million)
1.	12/2017-18	PR Jabban Rehabilitation Project, Dargai	132.95
2.	32/2017-18	PD Gomal Zam Dam Project. D.I.Khan	51.09
3.	67/2017-18	CE Mangla Dam Raising Project, Mangla	14.30
4.	73/2017-18	PD Golen Gol Hydro Power Project, Chitral	904.29
5.	94/2017-18	RE Hydel Power Project, Dargai	1.97
6.	105/2017-18	GM Mangla Dam Organization, Mangla	2.28
7.	119/2017-18	CE/PD Gomal Zam Dam Project, D.I.Khan	59.10
8.	163/2017-18	PD Nelum Jehlum Hydro Power Project, Muzaffarabad	9,900.00
9.	216/2017-18	CE Tarbela Power Station, Tarbela	1.25
10.	262/2017-18	CE Diamir Basha Dam Project, Lahore	267.86
11.	1537/2017-18	PD Keyal Khwar Hydro Power Project, Pattan	4.96
12.	1547/2017-18	RE Power Station, Mangla	1.48
13.	1662/2017-18	PD Jinnah Hydro Power Project, Kalabagh	76.92

14.	1668/2017-18	PD Nelum Jehlum Hydro Power Project, Muzaffarabad	120.00
15.	1725/2017-18	RE Hydel Power Station, Chashma	0.22
TOTAL			11,538.67

Violation of contract clauses resulted in non-recovery of liquidated damages amounting to Rs. 11,538.67 million from contractors / suppliers up to the Financial Year 2016-17.

The matter was taken up with the management during October, 2016 to October, 2017 and reported to the Ministry during April to December, 2017. The management replied that in some cases either extension of time had been granted or LD charges were recovered while remaining cases were under process.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the record relating to completed actions within 15 days and expedite the pending actions. Further progress was not reported till finalization of the report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

3.4.4 Non-utilization of allocated funds – Rs. 10,062 million

According to Para-2 (v) & (vii) of Ministry of Water & Power (GoP)'s directives issued vide No. DW-1(13)/2013 dated September 26, 2016, profit earned by WAPDA so far by parking the PSDP funds in scheduled Banks may be deposited into Government Treasury and unutilized funds lying with WAPDA for the projects not yet started may be deposited into Government Treasury.

In the office of General Manager (Finance) Power WAPDA Lahore, PSDP funds amounting to Rs. 10,062 million allocated for Diamer Basha Dam Project remained unutilized in Askari Bank. Funds were neither invested to earn profit nor deposited back into Government Treasury.

Non-adherence to Ministry's directives resulted in non-utilization of allocated funds amounting to Rs. 10,062 million during the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that all the funds were utilized.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide relevant record regarding utilization of funds to Audit for verification within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1840/2017-18)

3.4.5 Loss due to non disposal of Tunnel Boring Machine (TBM) - Rs. 9,750 million

As per "Decision of Cabinet Committee on Energy (CCE)" Dated 28th September, 2016 regarding disposal of TBM "As regards the salvage value and projected savings from the TBM disposal, decisions have to be taken by the project authorities and WAPDA in the overall interest of the project and does not require decision of CCE. The implementation status of the above decision may please be communicated to this ministry for onward submission to the Cabinet Division / CCE within 15 days".

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, one TBM valuing Rs. 9,750 million was awaiting for disposal as TBM had completed its excavation since last year. No effort was made to dispose off the TBM.

Non-adherence to the above instructions resulted non disposal of TBM worth Rs. 9,750 million up to the Financial Year 2016-17.

The matter was taken up with the management April, 2017 and reported to the Ministry in September, 2017. The management replied that the process of auction of TBM was under way and being processed through CE Purchase and Disposal WAPDA, Lahore.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure final disposal of dismantled machine within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.156/2017-18)

3.4.6 Irregular project management expenditure without budget allocation – Rs. 6,196.79 million

According to WAPDA Budget Manual 11.2.1, budgets are prepared for each activity for which there must be a statement of objectives and an operating plan.

In the office of General Manager (Finance) Power WAPDA, an expenditure amounting to Rs. 6,196.79 million was incurred on account of

project management expenses against ongoing projects without budget allocation which was irregular.

Non-adherence to WAPDA Budget Manual resulted in irregular expenditure of Rs. 6,196.79 million on account of project management expenses up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that project management expenses were part and parcel of PSDP and also covered in revised PSDP budget of hydropower projects.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide budgetary allocation from PSDP of regular employees instead of project employees to Audit for verification within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1841/2017-18)

3.4.7 Irregular payment to the contractor against work done - Rs. 5,309.09 million

According to Para-4 (ii) of FBR letter dated: July 24, 2013- that in case of public works it may please be ensured that the Contractors engaged shall make purchases only from sales tax registered person. Since Contractors are carrying out Government works against public tender are required to have a BoQ, the contracting department / organization must require such contractors to present sales tax invoices of all material mentioned in the BoQ as evidence of its legal purchase before payment is released to them.

In Golen Gol Hydropower Project Chitral, the payment of Rs. 5,309.09 million was made to the contractor on account of work done through various IPCs. However, sales tax invoices were not found attached with Paid IPCs to confirm that the purchases had been made from Registered Sales Tax Firms. In the absence of documentary proof / Sales Tax invoices, the payment of expenditure was irregular.

Non-adherence to contract clauses resulted in irregular payment of Rs. 5,309.09 million from contractor up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in August, 2017. The management replied that the contractor is not bound to attach receipt with IPC as per contract agreement.

The local DAC in its meeting held on January 29-30, 2018 did not agree the stance of management and directed to submit revised reply along with relevant documents for examination to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.79/2017-18)

3.4.8 Loss due to undue favour to Contractor regarding variation order – Rs. 5,040 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of CE/PD 4th Extension Power Project Tarbela, a package of Rs. 5,040 million (US\$48 x Rs. 105) was approved for advancement of units completion dates with civil Contractor M/s Sino Hydro Ltd vide VO-02A. A comparison of completion dates given in the PC-I and VO-02A showed that there was a minor difference in these dates for which such a huge amount was approved illogically. This scenario indicated that undue favour to the tune of Rs. 5,040 million was given to contractor which was a huge loss to the Authority.

Non adherence to the Authority's instructions resulted in loss of Rs. 5,040 million due to undue favour given to the contractor up to the Financial Year 2016-17.

The matter was taken up with the management in June, 2017 and reported to the Ministry in December, 2017. The management replied that the inquiry was under process at Ministry level.

The local DAC in its meeting held on January 29-30, 2018 directed the management to follow up the inquiry proceedings. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1775/2017-18)

3.4.9 Loss due to excess payment to contractor – Rs. 4,911.16 million

As per Letter of Acceptance of Contract No.GZD-02 issued by GM (Projects) North Peshawar on March 06, 2007, the total contract cost of GZD-02 was Rs. 10,400.63 million.

In Gomal Zam Dam Project D.I.Khan, a payment of Rs. 15,311 million was made against the Contract No.GZD-02 up to June, 2016 which was in excess of the contract cost. Resultantly an excess payment of Rs. 4,911.16 million was made to contractor causing loss to the Authority.

Non-adherence to above instructions resulted in loss of Rs. 4,911.16 million due to excess payment made to contractor up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in September, 2017. The management replied that the excess payment related to additional cost incurred due to price adjustment, financial charges and EOT compensation as per provisions of the contract.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record in support of reply for verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.269/2017-18)

3.4.10 Non-disbursement of amount to affectees and non-submission of adjustment account of advances - Rs. 3,139.03 million

According to Para-26 & 28 (Chapter-VI) of WAPDA Act-1958, "complete and accurate books of accounts of all projects/schemes and transactions relating to the Authority shall be maintained to the satisfaction of the Federal Govt., on whose behalf the accounts of the Authority shall be audited every year by the Auditor General of Pakistan."

In the office of General Manager, Diamir Basha Dam Project, Chillas, an amount of Rs. 57,947.96 million was paid in advance to Land Acquisition Collector (LAC) for payment to effectees/land owners of Diamir Basha Project out of which funds amounting to Rs. 54,808.93 million were disbursed. Neither the remaining amount of Rs. 3,139.03 million was disbursed to affectees nor the adjustment accounts along-with supporting documents were not submitted by the respective departments to project authorities.

Non-adherence to the WAPDA Act resulted in non-disbursement of Rs. 3,139.03 million and non-submission of adjustment accounts up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the matter of adjustment accounts / audit certificates was being pursued with DC / LAC.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter with concerned departments for obtaining adjustment accounts / audit certificates vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No. 1630/2017-18)

3.4.11 Extra financial burden on public exchequer due to abnormal delay in completion of project - Rs. 2,918.77 million

As per Clause-4 of PC-I of Jabban rehabilitation project, cost was approved by ECNEC as amounting to Rs. 1,037.552 million with a completion period up to November, 2011.

In Jabban Rehabilitation Project Dargai, an expenditure of Rs. 3,956.31 million was incurred up to May, 2016 against the original PC-I cost of Rs. 1,037.53 million, so the project cost was overrun to the tune of Rs. 2,918.77 million. Resultantly, an extra burden to the stated extent was borne by public exchequer, which needs to be investigated.

Violation of PC-I resulted in extra financial burden of Rs. 2,918.77 million on public exchequer due to abnormal delay in completion of project up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in May, 2017. The management replied that ECNEC approved Rs. 3,753.575 million in revised PC-I of JRP. The cost overrun was approximately Rs. 202 million, which was less than 2% of revised PC-I cost. Reason of delay was not in anybody's control.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of revised PC-I approved by competent forum covering proper justifications for cost / time overrun within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.26/2017-18)

3.4.12 Loss due to non-encashment of performance guarantee – Rs. 2,688 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of General Manager (Finance) Power WAPDA, performance guarantee amounting to Rs. 2,688 million was required to be encashed before its expiry but needful was not done. The matter was inquired and inquiry committee recommended disciplinary action against four officers but needful was not done.

Non-adherence to Authority instruction's resulted in loss of Rs. 2,688 million due to non-encashment of performance guarantee up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that the action was being finalized.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide inquiry report along with action taken against the delinquents. Local DAC also directed to decide final fate of the loss sustained due to non-encashment of performance guarantee within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1839/2017-18)

3.4.13 Non-adjustment of mobilization / other advances - Rs. 2,571.27 million

According to Section-9.2.3 & 9.2.6 of WAPDA Accounting and Financial Reporting Manual, the advances should be for WAPDA related business activities and unused advance shall be returned to WAPDA immediately after the activity completion. Advances made to outside parties shall be adjusted against the running bills as per terms and conditions of the agreement / contract.

In various WAPDA formations, an amount of Rs. 2,571.27 million was given to different contractors and organizations as mobilization and other advances but were not adjusted to date as detailed below:-

Sr. No.	Draft Para No.	Name of Formation	Amount (Rs. in million)
1.	118/2017-18	CE Diamir Basha Dam Project, Lahore	1,484.67
2.	190/2017-18	PD Golen Gol Hydro Power Project, Chitral	20.91
3.	1560/2017-18	CE (C) Ghazi Brotha Hydro Power Project, Hattian	243.50
4.	1617/2017-18	CE (P) Ghazi Brotha Hydro Power Project, Hattian	6.29
5.	1621/2017-18	CE (P) Ghazi Brotha Hydro Power Project, Hattian	346.49
6.	1646/2017-18	CE Dasu Hydro Power Project, Lahore	57.15
7.	1656/2017-18	RE (O&M) Satpara Dam Project, Skardu	4.71
8.	1674/2017-18	PD Nelum Jehlum Hydro Power Project, Muzafarabad	5.98
9.	1699/2017-18	CE Dasu Hydro Power Project, Lahore	19.23
10.	1796/2017-18	PD Keyal Khwar Hydro Power Project, Pattan	382.34
TOTAL			2,571.27

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted in non-adjustment of mobilization and other advances amounting to Rs. 2,571.27 million up to Financial Year 2016-17.

The matter was taken up with the management during February to October, 2017 and reported to the Ministry during August to December, 2017. The management replied that in some cases amount had been adjusted / recovered while in remaining cases efforts were being made to adjust the amount.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

3.4.14 Unjustified payment to contractor without achieving of milestone – Rs. 2,033.76 million

As per Appendix-4 Time Schedule Clause-2 of the Contract Agreement for E&M Works, "the earlier completion dates were based on agreement reached by M/s Voith with M/s SHGL on February 01, 2014 wherein inter contract mile stones dates were mutually agreed and later on incorporated in the E&M

contract. Payment was subject to achieved of milestones as per measurement and payment clause.”

In 4th extension Power Project Tarbela, a Variation Order No.02 was issued at the initial stage of the contract for acceleration of the project activities to obtain the early benefits of generation in the flood season of 2017. An amount of Rs. 2,033.76 million was paid to the contractor on account of this VO up to milestone No.12 despite delays of 61 days to 166 days which was unjustified.

Non adherence to the contract clause resulted in unjustified payment of Rs. 2,033.76 million to the contractor without achieving of milestone during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in May, 2017. The management replied that the inquiry was under process at Ministry level.

The local DAC in its meeting held on January 29-30, 2018 directed the management to follow up the inquiry proceedings. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides making the loss good.

(DP No.27/2017-18)

3.4.15 Non-recovery from the contractor due to termination of the contract – Rs. 1,775.91 million

As per General Conditions of Contract-15.2 (d) the employer shall be entitled to terminate the contract if the contractor “subcontracts the whole of the works or assigns the contract without the required agreement”. Moreover, as per General Condition-14.2 (b) of Contract, “if the advance payment has not been repaid prior to the issuance of the taking over certificate of works or prior to termination under Clause 15 [termination by employer], the whole of the balance then outstanding shall immediately become due and payable by the contractor to the employer”.

In the office of GM/PD Dasu Hydro Power Project WAPDA Lahore, two Contracts No. ICB No.Dasu-PCI-01R & DASU-RV for construction of project colony, Shatial Museum and resettlement of village Chochang was awarded to M/s China Railway First Group (CRFG) China. An amount of Rs. 1,093.53 million was paid to contract as mobilization advance. After issuance of notice of commencement of works, on the complaint of M/s Transparency International of

Pakistan (TIP), the contract was terminated by employer. Hence, the contractor was liable to payback advance payment. Furthermore, an amount of Rs. 682.31 million on account of performance guarantee was also required to be encashed which was not done.

Non adherence to contract clauses resulted in non-recovery of Rs. 1,775.91 million on account of mobilization advance and encashment of performance guarantee from the contractor due to termination of the contract up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 & October, 2017 and reported to the Ministry in August, 2017 & December, 2017. The management replied that the Contractor was directed to return whole the advance payment. Moreover, the case for encashment of performance security was subjudice.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the recovery of mobilization advance and pursue the court case vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.112, 113 & 1658/2017-18)

3.4.16 Loss due to non-recovery from defaulting Contractor - Rs. 1,167.05 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Jinnah Hydro Power Project Kalabagh, a contract was awarded to M/s Dongfang Electric Corporation for Power House works. The contractor completed the works substantially up to October, 2013 and asked for amicable settlement. As per recommendation of committee report on amicable settlement of contractual claims and Power House related issued with the contractor, an amount of Rs. 1167.05 million was required to be recovered from the contractor but the same was not recovered.

Non-adherence to Authority's instruction resulted in loss of Rs. 1167.05 million due to non recovery from defaulting contractor up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that all outstanding issue of the project would be settled and the contractor would withdraw all the claims.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure recovery of amount from contractor within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1659/2017-18)

3.4.17 Irregular expenditure on consultancy services - Rs. 1,104 million

As per approved PC-I of 2015 total Engineering and Supervision cost has been approved to Rs. 11,829 million.

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, an amount of Rs. 12,933 million was incurred on account of Engineering and Supervision cost against the approved limit of Rs. 11,829 million. The expenditure incurred in excess of approved limit was irregular.

Non-adherence to the above instructions resulted irregular expenditure worth Rs. 1,104 million up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in September, 2017. The management replied that re-appropriation of Rs. 2.1 billion from contingencies was approved by the competent authority i.e. Ministry of Water and Power. Hence, the excess expenditures stood regularized.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence to substantiate its stance within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.162/2017-18)

3.4.18 Loss due to substandard concrete works in headrace tunnel - Rs. 912.34 million

According to Clause-3.4 of General Condition of Consultancy Agreement, “If the Client suffers any losses or damages as a result of proven faults, errors or omissions on the part of Consultants, the Consultants shall make good such losses or damages.”

In Golen Gol Hydropower Project Chitral, an amount Rs. 912.34 million was paid to contractor through IPC No.49 for Concrete works of Headrace Tunnel. But the following deficiencies were observed in the Concrete Lining of Headrace Tunnel during site visit of high level team of WAPDA.

- Bleeding as well as honey combing of concrete at certain places due to formwork settling, over vibration of concrete or improper concrete mix.
- Some concrete construction joints have offsets, improper shape and patches showing segregation.
- Cracks and uneven surface of concrete.

However, no attention was given to these serious issues neither by Project authorities nor Consultants which cause a loss to the Authority.

Non-adherence to contract clauses resulted in loss of Rs. 912.34 million due to substandard works in headrace tunnel up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the deficiency had been removed by the contractor and accepted/certified by the Engineers.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the certificate of Engineer / Consultants regarding removal of deficiency for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.198/2017-18)

3.4.19 Unjustified variation order No.20 for provision of Trash racks for low level intake – Rs. 877.91 million

As per Clause-20.1 of Consultancy Service Agreement,” the consultant shall perform the Services and carry out the Services with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and

employ appropriate technology and safe and effective equipment, machinery, materials and methods. The consultant shall always act in respect of any matter relating to this Contract or to the Services, as a faithful adviser to the Client. And shall at all times support and safeguard the Client's legitimate interests in any dealings with the third parties.

In 4th extension Power Project Tarbela, a variation order No.20 for provision of trash racks for low level intake on Tunnel-4 to maintain the current operating range and effective flushing amounting to US\$ 8.361 million equivalent to Pak Rs. 877.91 million was approved. The General Manager (CCC) clarified that the Engineer's evaluation of BoQ rates for T-4 was not independent as contractor submitted the same rates. Moreover, the Consultant Mega Dam Projects also recommended not to proceed further on the proposed variation order as low level tunnel and supply from raised shaft are made to run parallel and there could be undesirable turbulence of water and associated cavitations of concrete surfaces at the junction point which involves undefined, undetermined and undesirable risks and cost. Hence, the approval of variation without rate analysis of BoQ provided by the Engineer and after raising observations by the Consultant Mega Dam was unjustified.

Non-adherence to the contract clause resulted in unjustified variation order Rs. 877.91 million on account of provision of trash racks for low level intake up to the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in December, 2017. The management replied the para was already discussed in DAC meeting held on May 08, 2017 regarding financial attest report wherein DAC directed the management to submit revised reply along with documentary evidence i.e. final vetting by CCC for rate and necessity.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure the compliance to the DAC directives dated May 8, 2017 within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1581/2017-18)

3.4.20 Unjustified payment of price adjustment for the delayed period – Rs. 856.91 million

According to Part-I, Clause-A-4(i) of the Standard Procedure and Formula for price adjustment, included in the Contract Agreement under Clause-

70.1, “in case of default on the part of the Contractor, causing delay in original Scheduled Completion, the rate of price adjustment will be frozen at the original scheduled date of completion”.

In Golen Gol Hydropower Project Chitral, an amount of Rs. 856.91 million was paid to the Contractor on account of price adjustment. The payment was unjustified as the same was made for the period during which delay in work on site under Lot-2 occurred on the part of the contractor due to non provision of qualified welding procedure and non posting of qualified welder by the contractor. This needed to be investigated and justified.

Non-adherence to contract clauses resulted unjustified irregular payment of Rs. 856.91 million on account price adjustment for the delayed period up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that 2nd Extension of Time was approved the Authority. Therefore the certifications of the related amounts were done by Engineer.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply with full justification for examination by Audit. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.189/2017-18)

3.4.21 Loss due to non provision of transformer bushing – Rs. 855.27 million (EURO 6.63 million)

According to Clause-20.1 of the consultancy service agreement, “the Consultant shall perform the Services and carry out the services with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods. The Consultant shall always act in respect of any matter relating to this Contract or to the Service, as a faithful adviser to the Client. And shall at all times support and safeguard the Client’s legitimate interests in any dealings with the third parties”.

In the office of CE/PD 4th Extension Power Project Tarbela, the contractor of E&M contract was not supplying the generator step up transformer-

Bushing LV as per contract specification. The Engineer was given the approval for supply of LV bushing of 16000 A instead of LV bushing of 20000 A. The Employer required the Engineer for provision of Generator Step-up valuing EURO 6.63 million but nothing was done causing a loss to the Authority.

Non adherence to contract clause resulted in loss of Rs. 855.27 million (EURO 6.63 million) due to non provision of generator up to the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in October, 2017. The management explained that the para was already discussed in DAC meeting held on May 08, 2017 regarding financial attest report wherein DAC directed the management to inquire the matter by Member (Power) WAPDA.

The local DAC in its meeting held on January 29-30, 2018 directed the management to finalize the inquiry proceedings for fixing responsibility upon the persons at fault within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.337/2017-18)

3.4.22 Irregular purchase of equipment without inspection - Rs. 851.82 million

According to Clause-33.10(a)(iii) of Particular Conditions of Contract, "Fifty five percent (55%) of the Contract Value (F.O.B) of any plant and Erection Equipment delivered; on delivery at Site there upon submission of documents specified in Sub-Clause-33.2."

In Golen Gol Hydropower Project Chitral, an amount of Rs. 851.82 million was paid to M/s Andritz Contractor Lot-3.2 regarding shipment of equipment at site against his claims. However, Inspection certificate, issued by the Engineer and the manufacturer's factory was not found enclosed with the invoices, which depicted that the payment was made without inspection of the equipment. The payment was irregular and purchase of uninspected equipment can cause loss to Authority. No further progress was intimated.

Non-adherence to contract clauses resulted in irregular purchase of equipment valuing Rs. 851.82 million without inspection up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the inspection reports and Factory Acceptance Test (FAT) was attached with the contractors claim.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit the relevant record for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.197/2017-18)

3.4.23 Irregular award of consultancy agreement in violation of PPRA Rules – Rs. 848.02 million

According to clause-20 of PPRA Rules 2004, “the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.”

In the office of CE/PD Refurbishment & up-gradation of Mangla Power Station, Mangla, a consultancy agreement valuing Rs. 163.61 million to carry out feasibility study for up-gradation and refurbishment of generating units of Mangla Power Station was made with M/s MWH-NESPAK Joint Venture was signed on April 27, 2011 with the commencement date of May 02, 2011. Upon submission of feasibility report in December, 2011 the contract was over. Thereafter, further additional work valuing Rs. 848.02 million for preparation of bidding documents, tendering evaluation and award of contract of Package 1-9 was awarded to the same consultant through five amendments without open competitive bidding which was irregular.

Non-adherence to rules resulted in irregular award of consultancy agreement Rs. 848.02 million in violation of PPRA Rules up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the direct selection of the consultants was made in the light of SRO No. 1077 (i) / 2010 of the Gazette of Pakistan-2010 of PPRA Rules.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of SRO to Audit for examination within seven days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1771/2017-18)

3.4.24 Non-obtaining performance guarantee on approved VOs - Rs. 806.53 million

As per COPA, 10.4 regarding performance security binding on variations and changes the performance security shall be binding irrespective of changes in the quantities or variations in the works or extensions in time for completion of the works which are granted or agreed upon under the provisions of the contract.

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, two variation orders were approved without obtaining the performance guarantee valuing Rs. 806.53 million. Performance guarantee was required to obtain on variation orders, but the same was not done.

Non-adherence to the above instructions resulted non obtaining performance guarantee worth Rs. 806.53 million up to the Financial Year 2016-17.

The matter was taken up with the management April, 2017 and reported to the Ministry in September, 2017. The management replied that performance security was not an obligation on any variation made after the award of contract. Performance security for variations was provided at the cost of the Employer.

The local DAC in its meeting held on January 29-30, 2018 did not accept the management stance and directed to seek clarification from Pakistan Engineering Council (PEC) within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.157/2017-18)

3.4.25 Generation loss due to forced shut down - Rs. 762.98 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Chashma Hydropower Station Chashma, generation Units-8 went on unscheduled shut down due to improper annual maintenance of plant by the project management. Resultantly, power house did not generate electricity at its

full capacity which caused generation loss of 125 GWH units valuing Rs. 762.98 million.

Non-adherence to the instructions resulted in generation loss of Rs. 762.98 million due to unscheduled shut down during the Financial Year 2016-17.

The matter was taken up with the management in July, 2017 and reported to the Ministry in December, 2017. The management replied that the outages were happened due to rise in temperature of stator windings of Unit-8 for which an inquiry committee was constituted. The proceeding of the committee was still under process.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite inquiry proceedings within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1695/2017-18)

3.4.26 Loss due to change in design and specialized contractor - Rs. 630 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In 4th extension Power Project Tarbela, a contract for Electro Mechanical works of Tarbela was signed with consortium of M/s Voith Hydro GMBH & Company, Germany (VHG) and M/s Voith Hydro Shanghai Limited, China. The Sub-contractor of consortium M/s Hongching passed the qualification with valve dimension of diameter 5 meter and 100 meter head whereas M/s Voith did not qualify. Later on, issue of change of manufacturer due to change in Main Inlet Value diameter from 5 meter to 7 meter on actual basis arose and the Authority accorded approval for manufacturing of MIV from M/s Voith Hydro Shanghai, China instead of M/s Hongchen (the specialized sub-contractor) and WAPDA had to pay additional cost of US\$ 6 million equivalent to Pak Rs. 630 million. Neither the matter of change in diameter of Main Inlet Valve without approval within two years was investigated nor responsibility fixed against the persons at fault.

Non-adherence to Authority's instruction resulted in loss due to loss of Rs. 630 million due to change in design and specialized contractor up to the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in December, 2017. The management replied that no additional payment except the BoQ payment for MIV had been made to the Contractor.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct a fact finding inquiry by Member (Water) within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1597/2017-18)

3.4.27 Irregular award of contract - Rs. 594.76 million

According to 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. According to Rule-20 of Public Procurement Rules, 2004, "save as otherwise provided, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works".

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, a contract No.NJ-C3-005 with a total cost of Rs. 594.76 million was awarded to M/s Sachal Engineering Works Pvt. Limited for completion of residential colonies without open competitive bidding.

Violation of Public Procurement Rules resulted in irregular award of contract of Rs. 594.76 million up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in September, 2017. The management replied that the said contract was a part of main contract which was sub-let to a local contractor. The sub contract between the main contractor and sub contractor did not require to follow the PPRA Rules.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence to substantiate its stance within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.160/2017-18)

3.4.28 Non-recovery of electricity revenue from Govt. of Gilgit Baltistan – Rs. 585.60 million

According to Item-27(b) of annexure-II of 2nd revised PC-I of Satpara Dam, Skardu, “WAPDA should complete the project at reduced cost of Rs. 4,480.02 million and operate it. The electricity should be sold to the Northern Areas Government.”

In the office of Resident Engineer (O&M) Satpara Dam Project WAPDA, Skardu, electricity charges of Rs. 585.60 million (100.18 million units) were required to be recovered from the Water & Power Department of Government of Gilgit-Baltistan which was not recovered.

Non-adherence to the provisions of PC-I resulted in non-recovery of electricity revenue amounting to Rs. 585.60 million up to the Financial Year 2016-17.

The matter was taken up with the management May & August, 2017 and reported to the Ministry during November & December, 2017. The management replied that the matter was taken up with Government of Baltistan for recovery of electricity charges.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter of recovery with Government of Gilgit Baltistan vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.300 & 1655/2017-18)

3.4.29 Irregular expenditure beyond the provision of BoQ - Rs. 583.54 million

According to Condition-2 of Section-IV of the Book of Financial Powers, “prior approval of the next higher authority shall be necessary, (a) where the bid received exceeds by more than 15% of the approved cost of the work.”

In Basha Dam Project, an amount of Rs. 583.54 million was incurred in excess of the provision of Bill of Quantity (BoQ) items given in the contract agreement without change of design, approval of the competent authority and justification of its increase.

Non-adherence to WAPDA Book of Financial Power resulted in irregular expenditure of Rs. 583.54 million without obtaining approval up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2016 and reported to the Ministry in December, 2017. The management replied that two variation orders had been approved by authority and remaining three variation orders were under process.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1726/2017-18)

3.4.30 Loss due to excess power station consumption – Rs. 534.84 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In two formations of WAPDA, total consumption of auxiliaries at power station was charged as 68.20 million units against auxiliary consumption 9.43 million units recorded on meters which indicated an excess consumption of 53.50 million units. Resultantly, the Authority sustained a loss of Rs. 534.84 million.

Non-adherence to Authority's instructions resulted in loss of Rs. 534.84 million due to excess power station consumption during the Financial Year 2016-17.

The matter was taken up with the management during June to September, 2017 and reported to the Ministry in December, 2017. The management replied that due to depressed system voltage, all auxiliary equipments drew more currents full staff so net energy consumption was exceeded.

The local DAC in its meeting held on January 29-30, 2018 directed the management to make a bench mark for auxiliary consumption after considering all ground realities relating to power houses within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1606 & 1632/2017-18)

3.4.31 Non-achievement of envisaged benefits due to non operation of channels – Rs. 500.56 million

According to Clause-11.1 of Revised PC-I of Satpara Dam Project, “the net agricultural benefits from the project at ultimate development have been worked out as Rs. 500.559 million”.

In the office of Project Director Satpara Dam Project Skardu, irrigation channels of Satpara Dam Project both on the Left Bank and Right Bank had not become functional despite lapse of 3 years of its completion and incurrence of expenditure of Rs. 1,375.35 million. Non operation of irrigation channels had not only deprived of public from agricultural benefits of Rs. 500.56 million but also blocked a huge investment of Rs. 1,375.35 million which required investigation.

Non-adherence to the provision of PC-I resulted in non achievement of envisaged benefits of Rs. 500.56 million due to non operation of irrigation channels up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in October, 2017. The management replied that the vigorous efforts were being made for resolution of water right issues with Government of Gilgit Baltistan (GoGB).

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the matter with GoGB for resolution of water right issues. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.338/2017-18)

3.4.32 Unjustified payment to contractor without approval of variation order – Rs. 500.45 million

According to Clause-60.1 of the Contract Agreement, “the contractor shall submit to the engineer after the end of the each month six copies each signed by the contractor’s representative approved by the engineer in accordance with the Sub Clause-15.1”.

In the office of CE/PD Neelum Jhelum Hydro Power Company (NJHPC), an amount of Rs. 500.45 million was paid to the contractor for work done against the five (05) variation orders without getting approval from competent authority which could not be considered as justified.

Non-adherence to contract clause resulted in unjustified payment of Rs. 500.45 million to the contractor without approval of variation order during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that variation orders were in process of approval which was accorded after evaluation of the Engineer and CCC department of WAPDA.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide final status of VO's. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1669/2017-18)

3.4.33 Irregular payment of on current rates not supported with rate analysis – Rs. 482.15 million

As per Clause-20.1 of Consultancy Service Agreement,” the consultant shall perform the Services and carry out the Services with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods. The consultant shall always act in respect of any matter relating to this Contract or to the Services, as a faithful adviser to the Client. And shall at all times support and safeguard the Client's legitimate interests in any dealings with the third parties.

In 4th extension Power Project Tarbela, the payment of Rs. 482.15 million (local component of Rs. 305.55 million + foreign component of Rs. 176.60 million [US\$ 1.666 million]) against variation order based on current rate was made up to IPC 28 in June 2016. The quantities and rates were not supported with any evidence i.e. out of 18 BOQs only 2 were provided with quantities hence, the payment was irregular.

Non-adherence to the contract clause resulted in irregular payment of Rs. 482.15 million to contractor on current rates not supported with rate analysis up to the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in April, 2017. The management replied that the

payments against the said VOs were made in previous IPC duly certified by the Engineer.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the reply and directed the management to conduct fact finding inquiry by Member (Water) within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides regularizing the payment from Competent Authority.

(DP No.19/2017-18)

3.4.34 Non-disposal of off-road vehicles and unserviceable material - Rs. 389.97 million

According to Clause-1.4 of the WAPDA Disposal Procedure, "unserviceable vehicles and material / equipments are to be disposed off timely".

In various WAPDA formations, nine (09) off-road vehicles and unserviceable material / equipments worth Rs. 389.97 million were not auctioned up to June, 2017. The vehicles and material were kept in the open and exposed to the adverse environmental causing deterioration and decrease in value. The detail is as under:

Sr. No.	Draft Para No.	Name of Formation	Description	Amount (Rs. in million)
1.	42/2017-18	PD Kurram Tangi, Bannu	Material	1.30
2.	92/2017-18	RE Hydel Power Station, Mangla	Material	2.02
3.	166/2017-18	GM Tarbela Dam Project, Tarbela	05 Vehicles	3.30
4.	1536/2017-18	RE Hydel Power Station, Chashma	Material	13.83
5.	1546/2017-18	RE Hydel Power Station, Mangla	Material	12.76
6.	1559/2017-18	CE (Civil) Ghazi Broth Project, Hattian	Material	0.94
7.	1619/2017-18	CE (Power) Ghazi Broth Project, Hattian	Material	0.44
8.	1676/2017-18	PD Neelum Jhelum H.P.P Muzafarabad	Material	346.16
9.	1700/2017-18	GM Training WAPDA, Lahore	04 Vehicles	1.20
10.	1749/2017-18	RE Hydel Power Station, Warsak	Material	3.67
11.	1786/2017-18	RE Hydel Power Station, Dargai	Material	0.21
12.	1802/2017-18	CE / PD Neelum Jhelum Hydropower Project	Material	4.14
TOTAL				389.97

Non-adherence to disposal procedure resulted in non-disposal of off-road vehicles and unserviceable material etc. amounting to Rs. 389.97 million up to the Financial Year 2016-17.

The matter was taken up with the management during November, 2016 to October, 2017 and reported to the Ministry during August to December, 2017. The

management replied that in some cases material had been auctioned while in others the disposal process was under way.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

3.4.35 Unjustified payment on account of new items - Rs. 350.15 million

As per Appendix-D to Bid/Contract Agreement, Para-4 "A rate or price shall be entered against each item in the priced bill of Quantities (BoQ), whether quantities are stated or not. The cost of items against which the contract will have failed to enter a rate or price shall be deemed to be covered by other rates and prices entered in the bill of quantities" and Para-5 "The whole cost of complying with the provisions of the contract shall be included in the items provided in the BoQ and where no item is provided, the cost shall be deemed to be disturbed amongst the rates and prices entered for the related items of the works".

In Golan Gol Hydropower Project Chitral, an amount of Rs. 350.15 million was paid to contractor on account of new items without any changes in drawing and design of the work in violation of contract clauses. The payment of Rs. 350.15 million was unjustified.

Violation of clauses resulted in unjustified payment amounting to Rs. 350.15 million on account of new items up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in August, 2017. The management replied that new items were recommended by the Engineer as per site and unforeseen condition and variation orders were approved by the Engineer and Employer as per competency.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide detail of approved variation orders along with other relevant documents for examination to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.74/2017-18)

3.4.36 Non-recovery of O&M cost from Punjab and KPK Governments – Rs. 339.68 million

According to Para-1 of agreement for sharing of O&M Costs for Chashma Right Bank Irrigation Project, “the entire O&M cost of Feeder Canal and CRBC lying in NWFP shall be borne by NWFP (now KPK) and Punjab in the light of yardstick / work plan approved by the provinces”.

In the office of PD Chashma Right Bank Canal (CRBC) WAPDA D.I.Khan, an amount of Rs. 14.73 million and Rs. 324.95 million was shown outstanding on account of O&M cost of the Project against of Government of KPK and Punjab respectively up to December, 2016 which was against the above agreement.

Non-adherence to agreement clause resulted in non recovery of Rs. 339.68 million on account of O&M cost from Governments of KPK and Punjab up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2017 and reported to the Ministry in December, 2017. The management replied that whole the amount had been cleared.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit relevant record for verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1689/2017-18)

3.4.37 Loss due to non placing of Authority’s funds in interest bearing bank account - Rs. 333.90 million

According to Finance Division office memorandum vide No.F.4(1)/2002-BR.II dated July 02, 2003, the surplus/working funds should be deposited into bank/financial institution having minimum “A” rating. As per Para-2(v) of instructions issued by Ministry of Water & Power (Government of Pakistan) vide letter No.DW-1(13)/2013 dated September 26, 2016, “profit earned by WAPDA so far by parking the PSDP funds in schedule banks may be deposited into Government Treasury”.

At Basha Dam Project, funds amounting to Rs. 17,139.03 million were transferred to Deputy Commissioner / LAC, Chilas for payment of land acquisition. However, the said funds were not kept in interest bearing bank account by DC / LAC causing loss of interest income of Rs. 333.90 million.

Non-adherence to Government rules resulted in loss of Rs. 333.90 million due to non-placing of Authority's funds in interest bearing bank account up to the Financial Year 2016-17.

The matter was taken up with the management in March & August, 2017 and reported to the Ministry in September & December, 2017. The management replied that the DC / LAC was requested to keep the funds in interest bearing account but needful was not done.

The local DAC in its meeting held on January 29-30, 2018 directed the management to resolve the issue at Authority level within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.283 & 1628/2017-18)

3.4.38 Loss due to less generation of energy units - Rs. 331.98 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Kurram Garhi Power Station Bannu, 16.599 million units valuing Rs. 331.98 million were less generated in respect to generation capacity. Due to non utilization of full capacity the authority sustained loss of Rs. 331.98 million. Neither the matter was inquired nor action taken against the person(s) at fault.

Non-adherence to Authority's instructions resulted in loss of Rs. 331.98 million due to less generation of units during the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that said outages were happened due to decreasing the operating level of water in reservoir.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1649/2017-18)

3.4.39 Wasteful expenditure due to non-operation of Power House – Rs. 285.30 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Resident Engineer (O&M) Satpara Dam Project, an expenditure of Rs. 285.30 million was incurred on Power House No.4 for generation of 1.4 MW Energy. The Power House remained in operation on reliability test run basis from April 10, 2014 to May 11, 2014. A period of more than three (03) years had been elapsed but neither the Power House started operation nor action taken against person(s) at fault. Hence, expenditures amounting to Rs. 285.30 had gone waste.

Non-adherence to Authority’s instructions resulted in wasteful expenditure of Rs. 285.30 million due to non-operation of Power House up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the vigorous efforts were being made for resolution of water right issues with Government of Gilgit Baltistan (GoGB).

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the matter with GoGB for resolution of water right issues. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides making the loss good.

(DP No.1798/2017-18)

3.4.40 Irregular / unjustified award of contract to a single bidder – Rs. 264.16 million

According to Book of Financial Power, 2003 (Page No.25-27), “single tender will not be accepted even with the approval of the next higher authority and the lowest tender for works shall normally be accepted, subject to the condition that the bid does not exceed the administrative approval be more than 15 percent”.

In Gomal Zam Dam Project D.I.Khan, a contract GZD-03(A) for construction of Warran Canal and Appurtenant Structure was awarded to M/s FWO, being a single bidder, at a contract price of Rs. 264.16 million against an estimated amount of Rs. 159.41 million which was 65% above the Engineer's estimate which was irregular.

Non-adherence to Authority's instructions resulted in irregular award of contract amounting to Rs. 264.16 million to a single bidder up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2017 and reported to the Ministry in June, 2017. The management replied that contract is awarded by the Authority after technical and financial evaluation of bid.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revise reply with reference to actual cost and detail of BOQ items within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.34/2017-18)

3.4.41 Un-due favour to contractor by processing an incomplete IPC - Rs. 250.34 million

According to Clause-33.2 of Particular Condition of Contract, "the contractor shall submit separate application for payment for foreign currency portion and local currency portion signed by the contractor. Applications shall be accompanied by such invoices, receipts or other documentary evidence as is required by the Engineer alongwith the documents mentioned in this clause.

In Golan Gol Hydropower Project Chitral, an amount of Rs. 250.34 million was paid to contractor M/s Andritz without supporting documents and deficiencies in the IPC. Hence, the payment of Rs. 250.34 million against the incomplete IPC stands un-authentic/ irregular.

Violation of contract clauses resulted in irregular payment amounting to Rs. 250.34 million up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in August, 2017. The management replied that all supporting documents were attached on the Interim Payment Certificate. All shipments particulars and documents were provided as attachments to the related invoices.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply along with relevant documents for examination to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.76/2017-18)

3.4.42 Generation loss due to forced outages – Rs. 236.01 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In PD Satpara Dam Project Skardu, the generation units remained on forced outages which caused non generation of 41.07 million units valuing Rs. 236.01 million.

Non-adherence to the Authority's instructions resulted generation loss of Rs. 236.01 million due to forced outages up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in November & December, 2017. The management replied that the outages were happened due to frequent tripping in distribution system of Government of Gilgit Baltistan.

The local DAC in its meeting held on January 29-30, 2018 directed to place the matter before PAC for final decision.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.297 & 1690/2017-18)

3.4.43 Loss due to over-payment on account of escalation to the Contractor – Rs. 194.31 million

According to Standard Accounting Procedure, "all payments and expenditure are required to be booked under the relevant head in sub details and main Summary".

In Golen Gol Hydropower Project Chitral, the amount of Rs. 2,289.67 million was paid to contractor through different Interim Payment Certificates (IPCs) on account of escalation whereas actually an amount of

Rs. 2,095.36 million was required to be paid to consumer as certified by the Engineer of the Project. Resultantly, an amount of Rs. 194.31 million was over paid to the contractor which was a financial loss to the Authority.

Non-adherence to Standard Accounting Procedure resulted in loss of Rs. 194.31 million due to over payment of price adjustment to the Contractor during the Financial Year 2016-17.

The matter was taken up with the management in May, 2016 and reported to the Ministry in December, 2017. The management replied that escalation cost duly certified by the Engineer. However after a complete review of all IPCs already certified, it was concluded that an amount of Rs. 175,845 shall be added on the next IPC of Lot-II and an amount of Rs. 41,369 shall be deducted on the next IPC of Lot-3.1.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply with full justification for consideration to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1790/2017-18)

3.4.44 Loss due to less generation of energy units - Rs. 175.36 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of the Chief Engineer (O&M) Hydel Besham, 137.20 million units valuing Rs. 175.36 million were less generated on three (03) power stations in respect to generation capacity. Due to non utilization of full capacity the authority sustained loss of Rs. 175.36 million. Neither the matter was inquired nor action taken against the person(s) at fault.

Non-adherence to Authority's instructions resulted in loss of Rs. 175.36 million due to less generation of units during the Financial Year 2016-17.

The matter was taken up with the management in July, 2017 and reported to the Ministry in December, 2017. The management replied that during the whole year, water inflow to the reservoir remained less as compared to targeted inflow.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide report of water availability gauges to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1792/2017-18)

3.4.45 Unjustified inclusion of cost of General Items and Day Work Schedule in contracts – Rs. 164.83 million

There was no provision of cost of General Items and Day Work schedule in the sanctioned Engineer's Estimate of Contract No.GZD-03-A, GZD-03-B, GZD-03-C, GZD-03-D, GZD-06-E, GZD-03-F & GZD-03-G.

In Gomal Zam Dam Project D.I.Khan, on contrary to above, an amount of Rs. 164.83 million was paid to seven (07) contractors against irregular provision of General Items and Day Work Schedule in the contracts beyond Engineer's Estimate which was unjustified.

Poor contract management resulted in unjustified payment of Rs. 164.83 million to contractors due to inclusion of General Items and Day Work Schedule up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in October, 2017. The management replied that the actual payment of general items / price adjustment was Rs. 12.301 million. The payment was made as per contract provisions. The cost shall be adjusted in the Engineer estimate, if the expenditure would acceded the actual amount of the contract.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit the record relating to detailed expenditure for verification. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.344/2017-18)

3.4.46 Excess expenditure incurred on account of management / Authority overheads – Rs. 160.70 million

According to Revised Bulk Supply Tariff Petition, for the Financial Year 2017-18, NEPRA provided for Rs. 683 million under head management / Authority overheads for the year 2016-17.

In the office of General Manager (Finance) Power WAPDA, an expenditure of Rs. 160.70 million was incurred on account of management / Authority overheads in excess of revised NEPRA Petition. The excess expenditure incurred without approval of the competent authority needs justification.

Non-adherence to Authority's instructions resulted in excess expenditure of Rs. 160.70 million on account of management / Authority overheads up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that NEPRA Petition was based on budgeted figure. However, at the time of next tariff petition the excess expenditure would be got regularized by NEPRA.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide tariff determination from NEPRA to Audit for detailed verification within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1820/2017-18)

3.4.47 Abnormal / Unjustified increase in BOQ - Rs. 152.89 million

According to Clause 51.2 of FIDIC, "the contractor shall not make any such variation without an instruction of the Engineer".

In Gomal Zam Dam Project WAPDA, D.I. Khan, two contracts GZD-03 Package-A and GZD-03 Package-C of Waran Canal were awarded to M/s FWO at a contract price of Rs. 264.15 million and Rs. 326.82 million respectively. An excess amount of Rs. 152.89 million was paid to the contractor on account of 200% over and above the approved BoQ items, the same was unjustified.

Non-adherence to FIDIC instructions resulted in unjustified payment of Rs. 152.89 million to contractor up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that there was overall saving in contract Packages A&C amounting to Rs. 34.048 million and Rs. 62.448 million respectively.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revise reply along with documentary evidence with one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.58/2017-18)

3.4.48 Loss due to unjustified payment to the Contractor – Rs. 150 million (US\$ 1.50 million)

According to Para-6 of V.O-02 dated December 21, 2016, “the payment shall be released to Contractor on successful and timely achievement of miles stone”.

In the office of CE/PD 4th Extension Power Project Tarbela, a payment Rs. 150 million (US\$ 1.50 million) was made to M/s Sino Hydro Group Ltd China on January 17, 2017 against milestone No.5. The milestone was achieved on January 11, 2017 after expiry of due date i.e. December 12, 2016 hence, the payment was unjustified which caused a loss of Rs. 150 million to the Authority.

Non adherence to condition of variation order resulted in loss of Rs. 150 million due to unjustified payment to contractor during the Financial Year 2016-17.

The matter was taken up with the management in June, 2017 and reported to the Ministry in November, 2017. The management replied that the inquiry was under process at Ministry level.

The local DAC in its meeting held on January 29-30, 2018 directed the management to follow up the inquiry proceedings. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No. 301/2017-18)

3.4.49 Loss due to non recovery of advances to contractors – Rs. 138.22 million

No clause of advance payment through ESCOW account existed in the contract.

In the office of Project Director MDRP Mangla, an amount of Rs. 138.22 million was lying outstanding / recoverable on account advances to contractor through ESCROW account. Furthermore, the contracts were terminated or suspended by the Employer but amount stood recoverable from contractors which was loss to the Company.

Poor financial management resulted in loss of Rs. 138.22 million due to non recovery of advances to contractors up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in September, 2017. The management replied that the matter was under way and Audit would be informed when final adjustment would be made.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the adjustment from contractor and investigate the matter at the level of Member Water for fixing responsibility within 30 days. Further progress was not reported till finalization of the report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.289/2017-18)

3.4.50 Loss due to delayed payment to IPCs - Rs. 137.36 million

According to Sub-Clause 60.10 of conditions of contract, "the amount due to contractor under any IPC issued by the Engineer be paid by the Employer to the contractor within 14 days after such IPC has been delivered to the Employer. In the event of failure of the employer to make payment within the time stated, the Employer shall pay to the contractor compensation at the rate of 8% per annum, upon all sums unpaid from the date by which the same should have been paid".

In the office of Project Director, Neelum Jhelum Hydro Power Project, Muzafarabad, sponsoring agencies could not arrange funds for the timely payment of IPCs certified by the consultants, resultantly an amount of Rs. 137.36 million was paid on account of compensation of delayed charges/causing loss to the Authority.

Non-adherence to the contract provisions and poor financial management resulted in loss of Rs. 137.36 million due to compensation of delayed charges on pending IPC's claims up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in September, 2017. The management replied that no payments against delay charges were entertained so far due to non achievement of financial closure of the project.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence to substantiate its stance within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.159 & 1667/2017-18)

3.4.51 Over payment due to taking excess value of work done – Rs. 131.63 million

According to formula for Price Adjustment of the Pakistan Engineering Council, included in the Contract Agreement under Clause-70.1, “amount of price adjustment/escalation shall be worked out by multiplying the certified amount of Contractor bills to Escalation Factor”.

In Golen Gol Hydropower Project Chitral, an amount of Rs. 131.63 million was paid to the contractor (Lot-2) through various IPCs on account of escalation by taking value of work done in excess of the work certified in the relevant paid IPCs. Due to this an excessive payment made to contractor to the stated extent which required to be recovered.

Non-adherence to above instructions resulted in excess payment of Rs. 131.63 million to the contractor due to taking excess value of work done up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2016 and reported to the Ministry in September, 2017. The management replied that the figures mentioned in the para were not found in respective IPCs and these could not be justified.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide revised reply in the light of detailed justification by Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.185/2017-18)

3.4.52 Irregular payment of escalation without extension of time – Rs. 112.95 million

According to Para-a (3) and A-4 (ii) of Part-1 if the standard procedure and Price Adjustment Formula of Pakistan Engineering Council (PEC), “price

adjustment shall be applicable and payable in full for the original scheduled completion time and payable in full for the extended period, if the contractor has been granted an extension of time for no fault on the part of the contractor, duly approved by the Employer”.

In Golen Gol Hydropower Project Chitral, an amount of Rs. 112.95 million was paid to the contractor (Lot-2) through IPC-51 without extension of time as second extension of time for completion of work granted by the Authority expired on March 02, 2017. The payment of escalation under these circumstances was irregular which needed justification.

Non-adherence to above instructions resulted in irregular payment of Rs. 112.95 million to the contractor without extension of time up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that 3rd E.O.T Lot-2 was under process. As and when the same was approved by the Authority, Audit would be informed accordingly.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply justifying the E.O.T otherwise recover the escalation paid to the contractor. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.188/2017-18)

3.4.53 Irregular payment on account of new items of BoQ – Rs. 108.51 million

According to Para-4.1 of Section-1 of Technical Specifications (Vol-II) of the Contract Agreement, “the Contractor shall plan, design, construct, operate, maintain and remove, when required, all parts of his Scheme for dewatering, controlling and diverting surface and ground water throughout the construction period.” Moreover, as per Para-8.4.1, “except where otherwise specified, shown on the drawings or required at site, the contractor shall maintain all foundations and other permanent works areas well drained and free of water of an origin, including ground water, seepage, precipitation, run off or from constructions uses”.

In Golen Gol Hydropower Project Chitral, an amount of Rs. 108.51 million was paid to the Contractor on account of new items of BoQ

including tunnel dewatering etc. without approval of competent authority. Hence, the payment in this regard was irregular.

Non-adherence to contract clauses resulted in irregular payment of Rs. 108.51 million on account of new items of BoQ up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2016 and reported to the Ministry in September, 2017. The management replied that the V.O in this regard was under process of approval. As and when the same was approved Audit would be informed.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the approval of V.O and produce the same to Audit for further examination. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.186/2017-18)

3.4.54 Excess payment made to consultants beyond ceiling - Rs. 101.92 million

As per Clause-6.1(a) of General Conditions of Consultancy Agreement, "An estimate of the cost of services payable in foreign and local currencies is set forth in Appendices-D and E, respectively. Except as may be otherwise agreed under Clause-2.5 and subject to Clause-6.1(b), payments under this Contract shall not exceed the ceilings in foreign currency in Appendix-D and in local currency in Appendix-E, excluding adjustments made under Clause-6.2(a) of the SC. The Consultants shall notify the Client as soon as cumulative charges incurred for the Services have reached 80% of either of these ceilings."

In Golen Gol Hydropower Project Chitral, an amount of Rs. 101.92 million paid to the Consultants in both Salary and Direct Costs beyond the ceiling even after approval of Amendment No.3 on July 22, 2016, which was already 40% above the Original Consultancy Agreement. Due to this an excess amount to the stated extent was paid to the consultant which needed justification.

Non-adherence to contract clauses resulted in excess payment of Rs. 101.92 million to the consultant beyond ceiling up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2016 and reported to the Ministry in September, 2017. The management replied that the actual released amount till date against the Consultants' claim is well within the ceiling limit of Addendum-3.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit revised reply supported with documentary evidence for verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.192/2017-18)

3.4.55 Unjustified payment to the Contractor – Rs. 80.62 million

According to instructions issued by FBR vide No.1(42)STM/2009/99638-R dated July 24, 2013, "in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender are required to have a BOQ (Bill of Quantity), the contracting department / organization must require such contractors to present sales tax invoices of all the material mentioned in the BOQ as evidence of its legal purchase, before payment is released."

In Jinnah Hydro Power Project Kalabagh, an amount of Rs. 80.62 million was paid to M/s Khyber Grace for construction works at colony of Jinnah Hydropower Project. The project authorities did not obtain sales tax receipts from the Contractors to authentic the legal purchases as per BoQ, in the absence of which, the payment was not justified.

Non-adherence to the instructions of FBR resulted in unjustified payment of Rs. 80.62 million to the Contractor during the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the contractor was asked strictly to submit his sales tax payment detailed which was awaited.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure the obtaining of sales tax receipts from contractor within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1663/2017-18)

3.4.56 Excess payment to the Consultant Site Office Staff - Rs. 77.23 million

As per Clause-6.2(b) of CSA “Remunerations for periods of less than one month by MWH staff shall be calculated on an hourly basis for actual time spent by the Design Office or Home Office staff and directly attributable to the services (one hour being equivalent to 1/173.3 of a month) and on a calendar day basis for time spent by the site office staff (one day being equivalent to 8/173.3 of a month).

In the office of Project Director, Neelum Jhelum Hydro Power Project, Muzafarabad, payment were made to consultant site office staff on hourly basis instead of daily basis in violation of above mentioned rules which resulted in an excess payment of Rs. 77.23 million.

Non-adherence to provisions of Consultancy Services Agreement resulted in an excess payment of Rs. 77.23 million up to the Financial Year 2016-17.

The matter was taken up with the management April, 2017 and reported to the Ministry in September, 2017. The management replied that the excessive amounts claimed by NORPLAN were being with held since 2016 till final decision under Consultancy Services Agreement (CSA).

The local DAC in its meeting held on January 29-30, 2018 pended the para till final decision. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.154/2017-18)

3.4.57 Overpayment to contractor on account of insurance coverage – Rs. 74.45 million

According to Rule-10(i) of GFR, “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.”

In the office of GM/PD, Dasu Hydropower Project, a contract for construction of civil work was awarded to M/s China Civil Engineering Construction Corporation (CCECC). An amount of Rs. 135.45 million was paid to the contractor on account of insurance coverage against which contractor had only paid Rs. 61.00 million to Insurance Company as premium on account of workmen compensation and contractor all risks. Hence, the Government

Exchequer had to sustain loss due to over payment of Rs. 74.45 million on account of insurance coverage which was unjustified. Neither the matter of overpayment to contractor on account of insurance coverage to contractor was investigated nor recovery was made from the contractor.

Non-adherence to instructions resulted in overpayment of Rs. 74.45 million to contractor on account of insurance coverage up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that lump-sum payment was made as per contract.

The local DAC in its meeting held on January 29-30, 2018 directed the management to inquire the matter at Authority level within 30 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1644/2017-18)

3.4.58 Non recovery of salary cost of absent consultant - Rs. 71.71 million

According to Clause-4.4 of General Conditions of the Consultancy Agreement, "If any of the Key Personnel taking leave; such leave should be informed in advance in written to the Client."

In Golen Gol Hydropower Project Chitral, a Key Personnel i.e. Project Manager of Golen Gol Hydropower Project Consultants remained absent from Project site without consent of the Project authorities. Therefore, an amount of Rs. 71.71 million was required to be recovered on account of his salary due to absent from duty but the same was yet to be made.

Non-adherence to contract clauses resulted in non recovery of Rs. 71.71 million of salary cost of absent consultant up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the cost claimed was on actual level, the period spent outside Pakistan was not claimed and working time.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce documentary evidence i.e. relevant time sheets for

verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.194/2017-18)

3.4.59 Mis-procurement of Trash Racks without open competitive bidding – Rs. 68.18 million

According to Rule-20 of Public Procurement Rules-2004, "Save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

In Warsak Hydel Power Station, a work order for manufacturing and supply of thirty two (32) Trash Racks valuing Rs. 68.18 million was placed on M/s Heavy Mechanical Complex on proforma invoice / quotation instead of open competitive bidding. Moreover, the proforma invoice was accepted by the Chief Engineer (Warsak), for which he was not competent, resultantly ex-post factor approval was accorded by Member Power.

Non-adherence to Public Procurement Rules-2004 resulted in mis-procurement of Trash Racks valuing Rs. 68.18 without open competitive bidding up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the ex-post factor sanction for said procurement was obtained from the competent authority for direct contracting.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1748/2017-18)

3.4.60 Blockage of Authority's fund - Rs. 66.80 million

According to Para-5 of memorandum dated January 17, 1978, on irregularities of purchase of store and equipment, purchase should be made only of such item and in such quantities as are required for a specific work. In no case should these purchases be made for storing the items for indefinite period.

In office of the Resident Engineer Power Station Mangla, contract of procurement, installation and commissioning of 132 KV XLPE cables for unit No. 1 & 2 was executed in 2009, but the same could not be executed by the contractor due to non-availability of foreign expertise. Later on, it was decided that Overhead Transmission System be used for power transfer from Mangla Power House to Switch yard. It was also decided that regarding already procured 132 KV XLPE cables, Mangla Authorities should take appropriate action for their disposal. NTDC could use the procured cables in their future Power development Project Despite elapse of six years, the XLPE cable remained laying at switch yard resulting in blockage of Authority's funds amounting to Rs. 66.80 million.

Non-adherence to Authority's instructions resulted in blockage of Rs. 66.80 million up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in August, 2017. The management replied that the matter was subjudice, the opinion of CCC and Law Division sought. Now the survey report of said cable was being prepared for its disposal.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the case vigorously and resolve the matter at Authority level for final disposal of cable within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.90/2017-18)

3.4.61 Loss due to unjustified addition of tax @ 6% on approved cost - Rs. 60.92 million

As per Clause-73.1 of COPA, regarding payment of income tax “ the contractor, subcontractors and their employees shall be responsible for payment of all their income tax, super tax and other taxes on income arising out of the contract and the rates and prices stated in the contract shall be deemed to cover all such taxes”.

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, an amount of Rs. 314.74 million was paid to the contractor including 6% tax amounting to Rs. 60.92 million which was required to be paid by the contractor himself.

Non-adherence to the above instructions resulted in loss Rs. 60.92 million due to unjustified additional of tax on approved cost up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in September, 2017. The management replied that variation order was approved by competent authority on the recommendation of consultant, employer, GM CCC and Member Water.

The local DAC in its meeting held on January 29-30, 2018 did not accept the stance of the management and directed to effect recovery from contractor within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.152/2017-18)

3.4.62 Excess payment of price adjustment due to change in base rate – Rs. 60.26 million

According to Clause-70.1 of Part-II Particular Conditions of Contract Agreement, “the amounts payable to the Contractor, pursuant to Sub Clause-60.1, shall be adjusted in respect of the rise or fall in the cost of specified elements as per Para-7 of the Standard Procedure and formula for Price Adjustment issued by the Pakistan Engineer Council (PEC)”. Moreover, as per Clause-70.1 (d), “the base indices shall be those prevailing on the day 28 days prior to the latest date for submission of bid”.

In Golen Gol Hydropower Project Chitral, base rate of cement was taken Rs. 114.40 per bag instead of Rs. 124.02 per bag while making price adjustment (as per Appendix-C to the contract agreement, base rate of cement was Rs. 124.02 per bag). Due to this an amount of Rs. 60.26 million (Rs. 52.62 million for Lot-2+ Rs. 7.64 million for Lot-3.1) was excess paid to the contractor which was required to be recovered.

Non-adherence to contract clause resulted in excess payment of price adjustment of Rs. 60.26 million due to change in base rate during the Financial Year 2016-17.

The matter was taken up with the management in May, 2016 and reported to the Ministry in September, 2017. The management replied that the base rate of the cement for Lot-3.1 were changed by the Employer in the light of already change of rate adopted for Lot-II earlier.

The local DAC in its meeting held on January 29-30, 2018 did not accept the stance of the management and directed to submit revised reply along with relevant documents for examination to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.183/2017-18)

3.4.63 Unjustified increase in cost of contract due to issuance of variation orders - Rs. 60.23 million

According to Clauses-4.15 of manual for development projects, the ECNEC in its meeting held on November 29, 1978 decided that all the authorities concerned should keep an effective check on the increase in the approved cost, if found to be exceeding 15% over the approved cost.

In the office of the Chief Engineer/Project Director Refurbishment & up-gradation of Mangla Power Station, Mangla a contract valuing Rs. 348.49 million for refurbishment and up-gradation of generation units of Mangla Power Station was awarded to M/s Zirva-ISIK-Petrocon (ZIP) under package-II on November 10, 2015. Later on, the experts of contractor carried out site inspection and Non-destruction Examination (NDE) of three cranes and issued four variation orders valuing Rs. 60.23 million ranging increase in cost 15% to 21.6% due to which contract cost increased to Rs. 408.71 million. Hence, increase in cost of the contract to 17% due to poor estimation and without approval of the Competent Authority was unjustified.

Non-observance of clause of manual of development projects resulted in unjustified increase in cost of contract Rs. 60.23 million due to issuance of variation orders up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the additional cost of variation orders were borne by WAPDA whereas the contract was awarded after International Competitive Bidding (ICB).

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the copies of variation orders along with copy of PC-I depicting separate tendering proposal within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1744/2017-18)

3.4.64 Irregular award of consultancy agreement in violation PPRA Rules – Rs. 58.40 million

According to the Rule-20 of PPRA Rules 2004, “save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works”.

In the office of General Manager MDO Mangla, consultancy services for strengthening works of Mangla Reservoir Rim along Mirpur – Kotli Road Near Khaliqabad along Mirpur Bypass Road was awarded to M/s National Engineering Services Pakistan (Pvt.) Limited amounting to Rs. 58.40 million without any bidding process which was irregular.

Non-observance of PPRA rules resulted in irregular award of consultancy agreement amounting to Rs. 58.40 million up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in August, 2017. The management replied that hiring of consultancy services of M/s NESPAK was obtained to meet the emergency under the approval of the authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to furnish comprehensive reply along with approval of consultancy agreement and its execution within 15 days. No reply was received till finalization of the report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.100/2017-18)

3.4.65 Generation loss due to forced shutdown – Rs. 56.08 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Resident Engineer Small Hydel Power Station, Mangla, the Unit No.1 of Powerhouse could not produce the required generation of electricity during 2016-17 due to forced shutdown/hidden defects in the electrical & mechanical equipments. Resultantly, 18.15 million electricity units amounting to Rs. 56.08 million were less generated which was a loss to the Authority.

Non-adherence to the Authority's instruction resulted in generation loss of Rs. 56.08 million due to forced shutdown of Powerhouse up to the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that it was not possible for any hydel power plant to run on full capacity without availability of water in reservoir.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide report of water availability gauges to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1745/2017-18)

3.4.66 Irregular insurance cover from private insurance company – Rs. 53.78 million

According to office memorandum circulated vide Ministry of Commerce, Insurance Wing (Govt. of Pakistan) bearing No.2(48)/2009-Ins dated October 14, 2009, "Section-166 read with Section-156 of Insurance Ordinance, 2000 which requires Federal and Provincial Governments to place all insurance business relating to public property with National Insurance Company Limited only". Moreover, as per Clause-25.5 of Conditions of Particular Application Part-IIA, "the contractor shall be obliged to place all insurances relating the contract with National Insurance Company Limited".

In the office of Dasu Hydropower Project, Lahore, two contracts were awarded to Chinese Contractors, where insurance covers were obtained from EFU General Insurance Limited instead of National Insurance Company Limited. Hence, insurance charges of Rs. 53.78 million (Rs. 44.90 million + Rs. 8.88 million) paid to EFU Insurance Company was irregular which required justification.

Non adherence to above instructions resulted in irregular obtaining of insurance cover valuing Rs. 53.78 million from private insurance company up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that the contract documents of the Project were based on the standard bidding documents of the World Bank and there was no bar to obtain insurance cover from NICL.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide rate analysis of insurance premium of EFU and NICL within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.116/2017-18)

3.4.67 Non-deduction of provincial sales tax from the claims of the Contractors / Consultants – Rs. 51.16 million

According to notification issued by Khyber Pakhtunkhwa Revenue Authority on August 31, 2015, provincial sales tax @5% and 15% was recoverable from construction services and management consultancy services including fund and asset management services respectively.

In various WAPDA formations, an amount of Rs. 51.16 million on account of provincial sales tax was recoverable from different Contractors and Consultants on account construction services and consultancy services of the projects which was not deducted at the time of payment. Due to non-deduction of provincial sales tax, public exchequer sustained loss to the stated extent as per detail below:

Sr. No.	Draft Para No.	Name of Formation	Amount (Rs. in million)
1.	77/2017-18	PD Golen Gol Hydro Power Project, Chitral	41.39
2.	260 & 341/2017-18	PD Kurram Garhi Project, Bannu	4.84
3.	1665/2017-18	PD Kurram Tangi Project, Bannu	3.28
4.	1687/2017-18	GM/PD Dasu Hydro Power Project, Lahore	1.65
TOTAL			51.16

Non-adherence to KPK Revenue Authority's instructions resulted in non-deduction of provincial sales tax amounting to Rs. 51.16 million from the claims of the Contractors/Consultants during the Financial Year 2016-17.

The matter was taken up with the management during April to August, 2017 and reported to the Ministry during August to December, 2017. The management replied that in some cases the matter was brought to the Inter Provincial Coordination Committee (IPCC) for resolution of matter whereas in one case some amount had been recovered from the invoices of the consultant.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the recovery record for verification and pursue the matter with IPCC vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

3.4.68 Loss due to award of contract to 2nd lowest bidder at higher rates – Rs. 41.83 million

According to Rule-38 of PPRA Rules 2004, “ the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity”.

In Basha Dam Project, a contract for construction of public building including civil works for thermal generation was awarded to the second lowest bidder M/s Shoukat Khan & Company at the cost of Rs. 256.71 million by ignoring the first lowest bidder M/s Urooj Telecom (Pvt) with bid price of Rs. 214.88 million which was irregular. Due to this the Authority sustained a loss of Rs. 41.83 million.

Non-adherence to PPRA Rules resulted in loss of Rs. 41.83 million due to award of contract to 2nd lowest bidder at higher rates up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2016 and reported to the Ministry in September, 2017. The management replied that the bid submitted by the 1st lowest bidder was declared non-responsive by bid evaluation committee.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the technical bid evaluation reports of all the bidders to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's

directives besides fixing responsibility.

(DP No.279/2017-18)

3.4.69 Irregular retention of non-perishable items and temporary structure – Rs. 38.51 million

According to Sub Clause-13.1 of the contract, “unless otherwise instructed upon completion of the contract after receiving approval in writing from the engineer, the contractor should dismantle and remove all structures forming part of his camp with the exception of items and services which are required to revert to the ownership of the employer”.

In the office of CE/PD Nelum Jehlum Hydro Power Company (NJHPC), some material consisting non-perishable items and temporary structures valuing Rs. 38.51 million was not handed over by the contractor to WAPDA and retained irregularly. However, the project authorities were found silent on the issue.

Non-adherence to contract clause resulted in irregular retention of material valuing Rs. 38.51 million by the contractor up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management explained that revised reply would be furnished in due course of time.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide revised reply along with documentary evidence for verification within 15 days. No reply was furnished till finalization of the report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1672/2017-18)

3.4.70 Irregular expenditure beyond the provision of BoQ - Rs. 36.48 million

According to Condition-10 of Section-IV of the Book of Financial Powers, “prior approval of the next higher authority shall be necessary, (a) where the bid received exceeds by more than 15% of the approved cost of the work.”

In Gomal Zam Dam Project D.I.Khan, an amount of Rs. 36.48 million was incurred in excess of the provision of Bill of Quantity (BoQ) items amounting to Rs. 110.22 million given in the contract agreement without change of design, approval of the competent authority and justification of its increase.

Non-adherence to WAPDA Book of Financial Power resulted in irregular expenditure of Rs. 36.48 million without obtaining approval up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in December, 2017. The management replied that the reference of WAPDA Book of Financial Power quoted by Audit is relating to the acceptance of bid and not quantity exceeded over and above the contract provision.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit the revised with justification and abstract of variation within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1720/2017-18)

3.4.71 Loss due to less generation of energy units – Rs. 36.10 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In the office of Resident Engineer Hydel Power Station Chitral, 1.80 million units were less generated due to non- utilization of plant at full capacity which caused a loss of Rs. 36.10 million. The matter was required to be investigated for fix responsibility but needful was not done.

Non-adherence to Authority's instructions resulted in loss of Rs. 36.10 million due to less generation of energy units up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that it was not possible for any hydel power plant to run on full capacity without availability of water in reservoir.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide report of water availability gauges to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.1724/2017-18)

3.4.72 Non-recovery of standard rent and utility charges - Rs. 33.80 million

According to Para-d of the Director Finance (Regulation), WAPDA Lahore clarification dated January 10, 2007, “where the accommodation is allotted by one organization to the employees of other organization, the standard rent is to be charged by the formation concerned from the formation whose employees have been allotted accommodation”.

In various WAPDA formations, an amount of Rs. 33.80 million was recoverable from 136 WAPDA employees on account of standard rent and utility charges from July, 2016 to June, 2017 as detailed below:

Sr. No.	Draft Para No.	Name of Formation	No. of employees	Amount (Rs. in millions)
1.	96/2017-18	RE Hydel Power Station, Dargai	11 Employees	28.95
2.	167/2017-18	CE (Civil) TDP, Tarbela	49 Employees	1.19
3.	1701/2017-18	G.M. Training WAPDA	20 Employees	2.74
4.	1785/2017-18	RE Hydel Power Station, Dargai	50 Employees	0.46
5.	1788/2017-18	RE Hydel Power Station, Warsak	06 Employees	0.46
TOTAL				33.80

Non-adherence to Authority’s instructions resulted in non-recovery of standard / room rent and utility charges amounting to Rs. 33.80 million up to the Financial Year 2016-17.

The matter was taken up with the management during April to October, 2017 and reported to the Ministry during August to December, 2017. The management replied that in some cases recovery had been made while hectic efforts were being made to recover the remaining amount.

The local DAC in its meeting held on January 29-30, 2018 directed the management to produce the record of completed actions within 15 days and expedite completion of pending actions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

3.4.73 Irregular payment to contractor without approval of EOT – Rs. 32.82 million

As per Project Manager letter No. GZDP/PM/2017 dated March 3, 2017, the due date of payment of IPC-02 may be considered from the date of submission of extension of time accorded by the Authority as the completion time of the contract has since been expired on August 24, 2015.

In Gomal Zam Dam Project D.I.Khan, an amount of Rs. 32.82 million was paid to M/s Shoukat Khan & Company against IPC-02 Package-F GZDP-03 without obtaining the approval of EOT from the competent Authority. The matter was required to be inquired for fixing responsibility but the needful was not done.

Non-adherence to Project Manager Instructions resulted in irregular payment of Rs. 32.82 million to the Contractor without approval of EOT up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in December, 2017. The management replied that the contractor had applied for EOT, as and when the approval accorded action would be taken accordingly.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the approval process otherwise the L.D may be recovered from the contractor. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1753/2017-18)

3.4.74 Unjustified advance payment to the Consultant – Rs. 31.26 million

There was no provision of issuance/ payment of temporary advances to consultants in the approved consultancy agreement of Gomal Zam Dam Project, WAPDA D.I. Khan.

In Gomal Zam Dam Project WAPDA, D.I. Khan, an amount of Rs. 31.26 million was paid to the management consultant of Gomal Zam Dam Project as temporary advance, the same was irregular and beyond the provision of consultancy agreement which needed justification.

Non-adherence to the above instructions resulted in irregular payment of Rs. 31.26 million to Consultant up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that the payment made to the consultant was not advance payment. The said payment made against the services rendered by the consultant.

The local DAC in its meeting held on January 29-30, 2018 did not agree with the management stance and directed to provide the adjustment of advance

payment for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.60/2017-18)

3.4.75 Loss due to installation of defective electrical material by the Contractor – Rs. 30.73 million

As per special provision of Contract clause 18.1 & 18.2, prior to procurement the contractor shall furnish to the engineer, for his approval the names of the manufactures of all equipments and material which be contemplates incorporating in the works. Samples of materials shall be submitted to the engineer for approval. The engineer will make such tests on materials as the time to time select and testing by the engineer shall in no way relieve the contract or of his responsibility to test material to ensure that they meet all the specified requirements and to control their quality.

In Jinnah Hydro Power Project Kalabagh, substandard electrical material amounting to Rs. 30.73 million was used by the contractor in execution of various works. The defective material was required to be replaced at the risk and cost of contractor but neither the defective material was replaced nor action taken against the Contractor.

Non-adherence to Contract clause resulted in loss of Rs. 30.73 million due to installation of defective material by the contractor up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the contractor was responsible for rectification of any defect observed during DLP. The contractor was present at site for rectification / replacement where needed.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct fact finding inquiry for delay in rectification of defects at Authority level and submit its report to Audit for examination. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1660/2017-18)

3.4.76 Unjustified payment against rented vehicles for consultants - Rs. 29.25 million

As per 3rd Revised PC-I of Neelum Jhelum Hydro Power Company, “ the 60% of vehicles were allocated for engineers’ (NJC) staff working at different sites of Dam, intake and tunnel sites, at Nauseri C1, Tunnels site near Thorta at C2 and at Power House, Tunnels complex and outlet structure at C3 Chattar Kalsa/Zaminabad. 40% of vehicles were allocated for WAPDA site, Lahore and all three sites and Muzaffarabad Lahore staff.

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, as per 3rd revised PC-I, 130 vehicles (60% of the total vehicles) were required to be provided to consultants but only 51 vehicles were provided to them. Rest of the 51 vehicles were being in use of NJHPC. Resultantly, the consultants were using rented vehicles and an amount of Rs. 29.25 million was charged to project which was unjustified.

Non-adherence to the above instructions resulted in unjustified payment worth Rs. 29.25 million up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in September, 2017. The management replied that the consultant had engaged rented vehicles as per provision of CSA, Addendum-II, due to enhancement in scope of work.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide consultancy services agreement to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.161/2017-18)

3.4.77 Unjustified payment to the Contractor – Rs. 28.56 million

According to instructions issued by FBR vide No.1 (42) STM/2009/99638-R dated July 24, 2013, “in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender are required to have a BoQ (Bill of Quantity), the contracting department / organization must require such contractors to present sales tax

invoices of all the material mentioned in the BoQ as evidence of its legal purchase, before payment is released.”

In Chashma Hydropower Station Chashma, an amount of Rs. 28.56 million was paid to M/s Munir and company on account of construction work of school building. The project authorities did not obtain sales tax receipts from the Contractors to authentic the legal purchases as per BoQ, in the absence of which, the payment was not justified.

Non-adherence to the instructions of FBR resulted in unjustified payment of Rs. 28.56 million to the Contractor during the Financial Year 2016-17.

The matter was taken up with the management in July, 2017 and reported to the Ministry in December, 2017. The management replied that the contract was for construction of civil works as per BoQ itmes. WAPDA did not purchase cement, steel, sand etc whereby FBR letter related to purchase of goods only.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide sales tax invoices if produced by the contractor within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1598/2017-18)

3.4.78 Loss due to payment of compensation to the contractor – Rs. 26.33 million

According to Clause-60.10 of the condition of the contract, “the amount due to the contractor under any IPC issued by the Engineer pursuant to this clause, or to any other term of the contract, shall, subject to Clauses-47, be paid by the Employer to the contractor within 28 days after such IPC has been delivered to the Employer, or, in the case of final certificate referred to in Sub-Clause-60.8, within 56 days after such final payment certificate has been delivered to the Employer. In the event of the failure of the Employer to make payment within time stated, the Employer shall pay to the contractor compensation at the rate of 8%”.

In the office of Project Director MDRP Mangla, an amount of Rs. 26.33 million was paid to various contractors on account of compensation on delayed payments of IPCs which was loss to the Authority.

Poor financial management resulted in loss of Rs. 26.33 million due to payment of compensation to the contractors up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in September, 2017. The management replied that no funds were released by the Government of Pakistan. Hence, interest charges were paid under the contract clause which was beyond the control of the Project Management.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence regarding releases of funds and its age analysis within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.290/2017-18)

3.4.79 Unjustified payment to contractor after expiry of contract – Rs. 25.24 million

According to Particular Conditions of Contract Clause-8.2, "the time for completion of the whole facilities shall be 230 days from effective date as described in the contract agreement".

In the office of Dasu Hydropower Project, Lahore an ICB contract for procurement, design, supply, installation, testing and commissioning of 132KV Single Circuit transmission line and grid station was awarded to M/s Power Construction Corporation Limited of China at a cost of Rs. 1,583.33 million with the completion period up to June 18, 2016. After expiry of completion period, the Contractor applied for extension in time but World Bank did not grant this extension. Meanwhile, an amount of Rs. 25.24 million was released against IPC-01 to 04 which was unjustified.

Non-adherence to contract clause resulted in unjustified payment of Rs. 25.24 million to the contractor after expiry of contract up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that the case of extension of time was under process.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the case as per contractual provisions. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.114/2017-18)

3.4.80 Irregular expenditure incurred beyond the approved cost of revised PC-I - Rs. 23.54 million

The revised PC-I of the project was approved by ECNEC at a cost of Rs. 20,602 million for Gomal Zam Dam Project.

In Gomal Zam Dam Project WAPDA, D.I. Khan, an amount of Rs. 23.54 million was incurred in excess of the approved revised PC-I, the same was irregular which needed justification.

Non-adherence to provisions of PC-I resulted in irregular expenditure of Rs. 23.54 million to contractor up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that 2nd revised PC-I was under process. The final fate of the actual expenditure would be determine after approval of PC-I.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the copy of approved 2nd revised PC-I. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.59/2017-18)

3.4.81 Extra expenditure due to design fault – Rs. 23.28 million

As per minutes of Authority meeting dated April 01, 2016, “the onus of this design oversight and deficiency may be fixed and the responsible officer/individual may proceed against to recover cost as appropriate.”

In Project Directorate 4th Extension Power Project Tarbela, the Authority accorded approval of Change Order No.6 on April 10, 2016 for Rs. 23.28 million (EURO186,213). The change was due to rating of the feeders required for some of the auxiliaries was high than expected. However, after a detail position given to the Authority, the Authority accorded approval with the direction to take action against responsible for design oversight but nothing was done by the project management.

Non-adherence to the directives of the Authority resulted in extra expenditure of Rs. 23.28 million due to design fault during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in April, 2017. The management replied that an

estimated load was worked out for bidding purpose only and actual load could not be ascertained due to non-finalization electrical equipment. The reply was not acceptable as finalization of inquiry proceedings against officers / officials responsible for design oversight, as directed by the Authority was not intimated.

The local DAC in its meeting held on January 29-30, 2018 DAC directed the management to finalize the inquiry proceedings for fixing responsibility and recovery of excess expenditure within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.14/2017-18)

3.4.82 Loss due to unjustified delay in execution of deposit work – Rs. 22.38 million

According to Section-III-C-1 of the WAPDA Book of Financial Power, “deposit work shall be undertaken only after getting the full amount of sanctioned estimate deposited with WAPDA along with an undertaking from the depositor to meet any variation.”

In office of the Resident Engineer Power Station Mangla, a deposit work of “Construction of overhead transmission line from Mangla Power Station to Switchyard” was awarded to M/s National Pak Construction Company by NTDC with a sanctioned amount of Rs. 42.491 million. Construction activities were delayed due to non/less transfer of funds by the Mangla Authorities to NTDC. Later on, an additional expense of Rs. 22.38 million was approved by WAPDA, which is a loss to the Authority.

Non-adherence to Authority's instructions resulted in loss of Rs. 22.38 million due to unjustified delay in execution of deposit work up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in August, 2017. The management replied that the delay was not on the part of RE Power Station Mangla. This office was making all out efforts both in terms of correspondence and meetings with NTDC and through adviser to the Authority on NTDC matters for completion of work on priority basis.

The local DAC in its meeting held on January 29-30, 2018 directed the management to get the facts verified from Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.91/2017-18)

3.4.83 Loss due to non-recovery on account of less execution of works – Rs. 21.29 million

According to Clause-51.2 of GCC, "the contractor shall not make any such variations without an instruction of the Engineer. Provided that no instructions shall be required for increase or decrease in the quantity of any work where such increase or decrease is not the result of an instruction given under this clause, but is the result of quantities exceeding or being less than those stated in the bill of quantities". Moreover, as per Sr.No.9 of MOU between WAPDA and DESCON dated April 21, 2013, the contractor was required to construct camp and housing facilities in the light of Annex-9 of MOU.

In the office of PD Satpara Dam Project Skardu, a contract Lot-1A valuing Rs. 1,182.69 million for construction of dam and power house was awarded to M/s DESCON on April 12, 2003. The construction of colony/camp was also included in the contract as lump sum under BoQ Item No.A0.01 but the contractor failed to execute the said component of BoQ. The project management calculated an amount of Rs. 21.29 million recoverable from the contractor but recovery was not made which caused a loss to the Authority.

Non-adherence to the Government rules resulted in loss of Rs. 21.29 million due to non-recovery on account of less execution of work up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in November, 2017. The management replied that the matter was already taken in other audit observation. The reply was not acceptable as there was no duplicacy involved.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure the recovery from contractor within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.299/2017-18)

3.4.84 Overpayment to contractor on account of escalation – Rs. 20.52 million

As per Sub-Clause 47.1 of the Condition of Contract for the Jabban HEPS Rehabilitation Project, “the contract price shall be adjusted for the prices of the civil works for any increase or decrease in the costs. Provided always that no adjustment will be allowed if the cost increase is because of the default or negligence of the contractor. The escalation for each component to be according to the scheduled completion of that item provided that extension is granted pursuant to Sub Clause-26.1 of GC”.

In Jabban Rehabilitation Project Dargai, escalation amounting to Rs. 171.07 million was paid to the contractor M/s HRL-CCPG JV up to March 31, 2014 against extended period up to December 04, 2013, whereas competent authority approved the extended project completion schedule without any compensation cost to the contractor. Resultantly, an overpayment amounting to Rs. 20.52 million was made to contractor on account of escalation.

Violation of contract clauses resulted in overpayment of Rs. 20.52 million from the Contractor on account of escalation up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that since EOT was granted to contractor up to TOC dates, therefore, recovery of excess payment of escalation was no more required.

The local DAC in its meeting held on January 29-30, 2018 directed the management to seek clarification from PEC to resolve the issue within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.49/2017-18)

3.4.85 Doubtful payment of insurance and shipping charges to contractor - Rs. 19.28 million

According to Clause-33.2(b) and Clause-33.10(c)(i) of Particular Conditions of Contract, “The application for payment on the delivery of any Plant, Erection Equipment or Spare Parts shall also be accompanied by Clean on Board, Bill of Lading or Air Waybill along with other required documents”, and accordingly Contractor will be paid “Eighty five percent (85%) of the Contract value (F.O.B, Insurance and Shipping) of any Spare Parts delivered; on delivery at Site thereof.”

In Golen Gol Hydropower Project Chitral, an amount of Rs. 19.28 million was paid to the contractor M/s Andritz (Lot-3.2) on account of Insurance and Shipping Charges. The Payment Application comprised of two invoices, which were supported by irrelevant bills of lading as the said invoices had not disclose actual shipment. In the absence of clear cut proof of shipment, payment made to contractor under Insurance and Shipment Charges was doubtful.

Non-adherence to contract clauses resulted in doubtful payment of Rs. 19.28 million to the contractor on account of insurance and shipping charges up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in September, 2017. The management replied that the payment was made after obtaining the correct Bill of Lading.

The local DAC in its meeting held on January 29-30, 2018 directed the management to submit the relevant record for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.196/2017-18)

3.4.86 Undue financial benefit to contractor – Rs. 19.24 million

As per Clause-2.4 of Special Conditions of Consultancy Agreement, the period of completion of services shall be thirty three (33) months from the commencement date of the services or such other period as the parties may agree in time and the consultant M/s NESPAK shall complete the services as defined in Appendix-A.

In Jabban Rehabilitation Project Dargai, an additional payment of Rs. 19.24 million on account of salary and direct costs was made to M/s NESPAK by including additional 10.43 man months in amendment No.4 to the consultancy agreement in violation of contract clause. The payment of additional cost of Rs. 19.24 million to the consultant as per amendment No.4 was not justified as the services provided by the consultant were not additional work and it was the responsibility of the consultant to supervise the rectification of faults during defect liability period and issuance of taking over certificate in March, 2014. Neither the matter was investigated nor amount recovered from the consultant so far.

Violation of contract clause resulted in undue benefit of Rs. 19.24 million to the contractor on account of amendment in consultancy agreement up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in December, 2017. The management stated that no additional payment was made to contractor under Amendment No.4 only 10.43 million additional man months were allowed.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide Annexure-IV of the agreement, extended periods of the consultant's services, DLP and time overrun included in contractor's payment to Audit for verification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1789/2017-18)

3.4.87 Loss due to non encashment of performance guarantee – Rs. 18.84 million

According to Sub-Clause-63.1 of Contract 01-B, for default of contractor GM (W), GM (C&M) and GM (CCC) decided during September, 2015 that i) terminate the contracts under Sub-Clause-63.1,2 & 3 ii) Project Authority should remain vigilant to encash the guarantees.

In Basha Dam Project, the Project Authority directed the bank on September 22, 2015 to encash the performance guarantee amounting to Rs. 18.84 million due to default of the contractor. But after lapse of a period of more than two months the bank refused to encash the Performance Guarantee on the basis of stay order of court dated December 02, 2015. This scenario clearly depicted mal-intentions on the part of bank and non-vigilant behavior of the project management, resultantly the Authority sustained a loss of Rs. 18.84 million.

Non-adherence to contract clauses resulted in loss of Rs. 18.84 million due to non encashment of performance guarantee during the Financial Year 2016-17.

The matter was taken up with the management in March, 2016 and reported to the Ministry in October, 2017. The management replied that the bank refused to encash the performance guaranty on the basis of stay order after lapsing a period of two months and nine days.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct a fact finding inquiry within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides making the loss good.

(DP No.462/2017-18)

3.4.88 Loss due to extra payment on account of mild steel in RCC – Rs. 17.42 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Basha Dam Project, in Contract No.CMV-II-02 95000 Kg mild steel (BoQ Item-3.10) was required for 880 cubic meters RCC work (BoQ Item-3.9) whereas 95,071 kg mild steel was measured against only 258.808 cubic meters RCC work at the time of payment causing extra payment of Rs. 9.08 million. Similarly, 225000 Kg mild steel was required for 2,215 cubic meters RCC work against BoQ Item-2.14 and 2.15 whereas 102464.37 kg steel was measured for only 400.826 cubic meters RCC work causing extra payment of Rs. 8.34 million.

Non adherence to Authority's instructions resulted in loss of Rs. 17.42 million due to extra payment on account mild steel used in RCC work up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2016 and reported to the Ministry in December, 2017. The management replied that the quantity of steel was used according to drawings issued by the consultant and variation order for increase in quantities was under process. The reply was not acceptable as the penalty was not imposed on the consultant for preparation of wrong drawings.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the item note of the variation orders after approval from authority and take the action against the consultant. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1750/2017-18)

3.4.89 Loss due to short recovery of insurance claim – Rs. 16.20 million

According to Clause-10.2 of the Insurance Coverage, “provide insurance coverage of loss of TBM equipment against fire, explosion, submersion by water and immobilization including the cost of recovery”.

In the office of CE/PD Nelum Jehlum Hydro Power Company (NJHPC), as result of survey for damage of Tunnel Boring Machine (TBM) due to rock burst on May 31, 2015 loss of Rs. 293.38 million was worked out which was required to recovered from the Insurance Companies. But out an amount of Rs. 277.18 million could be recovered so far. Hence, an amount of Rs. 16.20 million was short recovered causing a loss to the Company.

Non-adherence to contract clause resulted in loss of Rs. 16.20 million due to short recovery of insurance claims up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the matter was being pursued and recovery in the matter would be informed to Audit.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter of recovery of insurance claim vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1680/2017-18)

3.4.90 Loss due to extra contractual favour to the contractor – Rs. 15.92 million

According to Para-4 of Preamble of Bill of Quantity (Appendix-D to Bid) of bidding documents, “a rate or price shall be entered against each item in the priced Bill of Quantities, whether quantities are stated or not. The cost of items against which the contractor will have failed to enter a rate or price shall be deemed to be covered by other rates and prices entered in the Bill of Quantities”.

In Basha Dam Project, a contract for construction of public building including civil works for thermal generation was awarded to the second lowest bidder M/s Shoukat Khan & Company. The contractor did not quote price against BoQ item No.3.10 of Bill No.3 while submitting bid but the cost of this BoQ item was agreed as Rs. 102/kg by project management during increasing scope of work. Resultantly, an amount of Rs. 15.92 million was paid up to 7th running bill of the contractor which was a loss to the Authority.

Violation of provisions of Bidding Documents resulted in loss of Rs. 15.92 million due to extra contractual favour to the contractor up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2016 and reported to the Ministry in September, 2017. The management replied that the payment of steel for extra work of three schools was made after the approval of authority through variation orders.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the record in support of reply within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.280/2017-18)

3.4.91 Irregular lump sum payment made without agreement - Rs. 13.66 million

According to General Rule, "the lump sum payment should be made on the basis of proper agreement and documentary evidences to authorized personnel, accounting of which should be completed within the prescribed time limit under the financial rules".

In Jabban Hydel Power Station, a lump sum payment of Rs. 13.66 million was made to D.C/Commandant Levy Malakand on account of services of twenty six (26) levy personnel deployed for security. The lump sum payment was made without any proper contract agreement/MoU with KPK Govt./Local Administration. In absence of the agreement, the lump sum payment was quite irregular.

Non-adherence to the general rules resulted in irregular lump sum payment of Rs. 13.66 million made without agreement during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the lump sum payments made for services for levy personnel was on the basis of approval accorded by the Authority after fulfilling all codal formalities.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter with law enforcing agencies for entering into agreement for deployment of levy personnel within one month. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1692/2017-18)

3.4.92 Unjustified payment to the Contractors – Rs. 13.39 million

According to instructions issued by FBR vide No.1(42)STM/2009/99638-R dated July 24, 2013, “in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender are required to have a BoQ (Bill of Quantity), the contracting department / organization must require such contractors to present sales tax invoices of all the material mentioned in the BoQ as evidence of its legal purchase, before payment is released.”

In Gomal Zam Dam Project D.I.Khan, an amount of Rs. 13.39 million was paid to different contractors against civil / construction works. The project authorities did not obtain sales tax receipts from the Contractors to authentic the legal purchases as per BoQ, in the absence of which, the payment was not justified.

Non-adherence to the instructions of FBR resulted in unjustified payment of Rs. 13.39 million to the Contractors during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that there was no such pre requisite condition in standard form of FIDIC / PEC used for tender document / contract.

The local DAC in its meeting held on January 29-30, 2018 did not agree the stance of management and directed to furnish the revised reply with full justification within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1721/2017-18)

3.4.93 Irregular award of contract to highest bidder – Rs. 11.56 million

According to Rule-40 of Public Procurement Rules 2004 (Limitation on negotiation), “ save as otherwise provided there shall be no negotiation with the bidder having submitted the lowest evaluated bid or with any other bidder”.

In office of the General Manager (Civil) TDP Tarbela, tender for the work of Construction of Water Supply Line of Sobra City Tarbela was called for against estimated amount of Rs. 8.50 million. Six bidders participated in bidding

process and M/s Abdul Wahid was declared lowest bidder with quoted price of Rs. 11.673 million. But the contract was awarded to M/s Zia ul Haq with quoted price of Rs. 14.45 million on the ground that he had offered 20% discount during negotiation. Hence, the work order amounting to Rs. 11.56 million was awarded to M/s Zia ul Haq which was irregular.

Non-observance of Public Procurement Rules resulted in irregular award of contract amounting to Rs. 11.56 million with highest bidder after negotiation during the Financial Year 2016-17.

The matter was taken up with the management in November, 2016 and reported to the Ministry in August, 2017. The management replied that the discount was offered by the bidder in his sealed bid.

The local DAC in its meeting held on January 29-30, 2018 directed the management to conduct fact finding inquiry and provide its report to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.54/2017-18)

3.4.94 Non-recovery of cost of dismantled material from contractor - Rs. 11.10 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In 4th extension Power Project Tarbela, the Contractor M/s Sino Hydro Limited engaged in civil work of Tarbela 4th Extension has sold 200 tones Steel Scrap valuing Rs. 11.10 million in market dismantled during work. As the material was property of WAPDA hence, the said amount was required to be recovered from the contractor which was not recovered.

Non-adherence to the Authority's instructions resulted in non recovery of cost of dismantled material amounting to Rs. 11.10 million from contractor during the Financial Year 2016-17.

The matter was taken up with the management in January, 2017 and reported to the Ministry in April, 2017. The management explained that the para was already discussed in DAC meeting held on May 8, 2017 regarding financial

attest report wherein DAC directed the management to conduct inquiry by Member (Water) WAPDA.

The local DAC in its meeting held on January 29-30, 2018 directed the management to finalize the inquiry proceedings for fixing responsibility and ensure recovery from contractor within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.18/2017-18)

3.4.95 Loss due to unjustified charging of units to auxiliary consumption - Rs. 10.65 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Kurram Garhi Power Station Bannu, 0.53 million units were charged to auxiliary consumption of the Power station i.e. Tubewells, mosques, offices and attached colony etc, but their proper billing and its recovery was not made causing loss of Rs. 10.65 million (0.53 units x Rs. 20 per unit).

Non-adherence to Authority's instructions resulted in loss of Rs. 10.65 million due to unjustified charging units to auxiliary consumption up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2016 and reported to the Ministry in August, 2017. The management replied that all the cases were processed and the meters would be installed at tubewell, mosques and employees quarter within shortest possible time. The recoveries from the employees would be processed through PESCO billing.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.43/2017-18)

3.4.96 Unjustified payment to the contractor on account of works measured in excess of BOQ - Rs. 10.04 million

According to Clause-51.2 of FIDIC, “the contractor shall not make any such variation without an instruction of the Engineer”.

In Mangla Dam Raising Project WAPDA, Mangla, an amount of Rs. 10.04 million was paid to the contractor against the works measured in excess of BOQ of the contract agreement without approval from the competent forum.

Non-adherence to FIDIC instructions resulted in unjustified payment of Rs. 10.04 million to contractor on account of works measured in excess of BOQ up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in August, 2017. The management replied that the payment was made through variation order duly approved by the Engineer.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the Engineer’s approval within seven days. Further progress was not reported till finalization of the report.

Audit recommends that the management needs to implement local DAC’s directives besides regularizing the excess payment from Competent Authority.

(DP No.68/2017-18)

3.4.97 Irregular expenditure due to appointment of financial advisor / analysts in violation PPRA Rules – Rs. 9.81 million

According to the Rule-20 of Public Procurement Rules 2004, “save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works”.

In the office of General Manager (Finance) Power WAPDA, one (1) financial advisor and two (2) financial analysts were appointed without open competitive bidding. An amount of Rs. 9.81 million was paid on account of pay & allowances up to the Financial Year 2016-17 which was irregular.

Non-observance of PPRA Rules resulted in irregular expenditure of Rs. 9.81 million due to appointment of financial advisor/analysts up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that the

financial advisor was appointed after fulfilling all codal formalities and under the approval of the Authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of recruitment process in the light of compliance of PPRA Rules i.e. advertisement in newspapers, evaluation sheet and minutes of the selection board within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1838/2017-18)

3.4.98 Irregular award of contract without obtaining approval from competent authority – Rs. 9.32 million

According to Book of Financial Power section-iv (10), "prior approval of the next higher authority shall be necessary before accepting the lowest responsive bid, where the bid received exceeds by more than 15% of the approved cost of work/Engineer's estimate.

In Jinnah Hydro Power Project Kalabagh, one contract for construction of boundary wall of staff colony valuing Rs. 9.32 million was awarded to M/s CMA Global enterprises, which was 36% above than the Engineer's estimate. Prior approval of the competent authority was required but the needful was not done.

Non-adherence to Book of Financial Power resulted in irregular award of contract of Rs. 9.32 million without obtaining approval from competent authority up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the requisite approval from next higher authority was obtained.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence in support of reply within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1661/2017-18)

3.4.99 Less deduction from contractor on account of discount – Rs. 8.80 million

As per abstract of cost of Schedule of prices in the Contract Agreement for Lot-2 contractor has offered discount @ 2.5% on all items of the BOQ, except Provisional Sum.

In Golen Gol Hydropower Project Chitral, an amount of Rs. 26.40 million was deducted from IPC-1 to IPC-8 on account of discount on net payable amount (after deduction of retention money, mobilization advance and income tax) instead of bid cost amounting Rs. 35.20 million. As the contractor had offered discount on bid cost of BoQ so, an amount of Rs. 8.80 million was less deducted which required justification.

Non-adherence to contract agreement resulted in less deduction of Rs. 8.80 million from contractor on account of discount on BOQ items during the Financial Year 2016-17.

The matter was taken up with the management in May, 2016 and reported to the Ministry in September, 2017. The management replied that the necessary adjustments will be processed on scrutiny and certification of the next IPCs as per contractual dispositions.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the recovery of the adjustment and submit the record for verification to Audit within one week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.184/2017-18)

3.4.100 Non-replacement of defective transformer from supplier - Rs. 8.44 million

As per Contract clause 20.5 of purchase order, "any store rejected by the inspector/consignee must be replaced/removed by the Contractor immediately from the date of receipt of intimation of rejection.

In the office of Chief Engineer (Power) Ghazi Brotha Attock, two (02) 500 KV current transformers valuing Rs. 8.44 million (US\$78,110) were declared defective by joint inspection team due to certain discrepancies. The defective transformer under warranty was required to be replaced from supplier but the same was not replaced.

Non-adherence to Contract clauses resulted in non-replacement of defective transformers valuing Rs. 8.44 million from the supplier up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the replacement of transformers was under process.

The local DAC in its meeting held on January 29-30, 2018 directed the management to ensure the replacement of transformers within 30 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1620/2017-18)

3.4.101 Irregular procurement and non deduction of taxes – Rs. 8.15 million

According to the Rule-42 (b) of Public Procurement Rules 2004, “a procuring agency shall engage in this method of procurement only if the following conditions exit, namely:- (i) the object of the procurement has standard specifications, (ii) minimum of three quotations have been obtained and (iii) the object of the procurement is purchased from the supplier offering the lowest price”. Moreover, as per Section-153, “every prescribed person making a payment in full or part including a payment by way of advance to a resident person shall, at the time of making the payment, deduct tax from the gross amount payable at rate specified in Division-III of Part-III of the First Schedule”.

In the office of General Manager MDO Mangla, an advance of Rs. 6.54 million was issued to various employees for some procurement. The procurement was made without calling quotations which was irregular. Moreover, the payment was made to the contractor without deduction of taxes amounting to Rs. 1.61 million. Resultantly, the Authority sustained a loss of Rs. 8.15 million (Rs. 6.54 million + Rs. 1.61 million).

Non-observance of Public Procurement rules and Tax Ordinance resulted in irregular procurement of Rs. 6.54 million and loss of Rs. 1.61 million due to non recovery of taxes up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2016 and reported to the Ministry in August, 2017. The management replied that the petty purchases up to Rs. 25,000 were made which did not require obtaining of quotations under the PPRA Rule-42-A.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide relevant record in support of reply within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.102/2017-18)

3.4.102 Loss due to non supply of spare parts by the contractor – Rs. 6.11 million

As per Clause-14.1 of Special Provision of the Contract, “the contractor shall provide the mandatory/essential spare parts as specified in the Schedule of Prices. The contractor shall also propose additional recommended spare parts for 5 years operation which could be purchase by the Employer at its option on additional payment to the Contractor”.

In Jabban Rehabilitation Project Dargai, contrary to above provision of the contract, the contractor M/s HRL-CCPG JV did not hand over the left over spare parts amounting to Rs. 6.11 million (US\$57,657 x Rs. 106 per US\$) lying under their control at Jabban site. The contractor had demobilized their representative from Jabban site and leftover spare parts were left unattended on the site without any security, causing loss to the Authority.

Violation of contract clauses resulted in loss of Rs. 6.11 million due to non supply of spare parts by the contractor up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that efforts were being made to get the spare parts from contractor.

The local DAC in its meeting held on January 29-30, 2018 directed the management to pursue the matter regarding getting of spare parts with the contractor vigorously. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.109/2017-18)

3.4.103 Unjustified payment of bonus to employees of Police Department – Rs. 5.62 million

According to Para-11.4 (b) (Chapter XI) of the Hand Book for Drawing and Disbursing Officer, “funds allotted to a Ministry/Division, it’s attached or subordinate offices are spent for the purpose for which they are allocated”.

In the office of CE/PD Nelum Jehlum Hydro Power Company (NJHPC), an amount of Rs. 5.62 million was paid to employees of Police Department on account of bonus which was not justified as each Department had its own budget so expenditure should have been met out of its own budget instead of payment from Company’s budget.

Non-observance of Government’s rules resulted in unjustified expenditure of Rs. 5.62 million on account of payment of bonus to employees of the Police Department during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that the posting of police personnel in NJHPC declared on deputation by Supreme Court therefore, they were entitled to draw bonus.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of decision of the court within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1675/2017-18)

3.4.104 Irregular expenditure on repair and maintenance of vehicles / procurement of furniture & fixture - Rs. 5.16 million

According to Rule 42(a) of PP Rules 2004, procuring agencies may provide for petty purchases where the object of the procurement is below the financial limit of twenty five thousand rupees. Such procurement shall be exempt from the requirements of bidding or quotation of prices. A procuring agency shall engage in this method of procurement through quotation only if the cost of object of procurement is below the prescribed limit of **one hundred thousand rupees.

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, an amount of Rs. 5.16 million was paid on account of repair and maintenance of vehicles and purchase of furniture & fixtures without SOP for

calling quotations/bidding. Moreover, splitting in repair and purchases were also made to avoid bidding/quotations.

Non-adherence to the above instructions resulted irregular expenditure worth Rs. 5.16 million up to the Financial Year 2016-17.

The matter was taken up with the management April, 2017 and reported to the Ministry in September, 2017. The management replied that all repair works exceeding Rs. 25,000 was carried out after calling quotations. MD / CEO was authorized to procure through quotations up to Rs. 5,00,000 so, purchase of 156 steel beds was made under the approval of CEO.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide evidence of quotations on case to case basis for verification within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to investigate the matter besides fixing the responsibility upon person (s) at fault.

(DP No.153/2017-18)

3.4.105 Non-recovery of compensation from consultants – Rs. 4.23 million

According to Clause-3.4.5 of Special Conditions of Contract for Consultants (Services for Review of Feasibility Report, Engineering Design, Tender Drawings/Documents of Basha Dam Project), “the compensation to be paid by the Consultants to the Client in the even of delay in submission of Tender Design Drawings was 0.05% per week of delay, with a maximum aggregate limit of 0.5% of the Consultant total remuneration”.

In Basha Dam Project, a contract for Consultants’ Services for Review of Feasibility Report, Engineering Design, Tender Drawings/Documents of Basha Dam Project was awarded to M/s Basha Diamir Consultants at contract price of Rs. 847.02 million. The consultants failed to submit Tender Drawing within stipulated time, this compensation amounting to Rs. 4.23 million was required to be recovered which was not done.

Violation of provisions of contract resulted in non recovery of Rs. 4.23 million on account of compensation from consultants up to the Financial Year 2016-17.

The matter was taken up with the management in March, 2016 and reported to the Ministry in September, 2017. The management replied that the extension of time was granted to the consultant.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the approval of EOT along with item notes depicting reasons / justifications. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.281/2017-18)

3.4.106 Double payment of daily allowance to employees – Rs. 3.90 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of General Manager, Diamir Basha Dam Project, Chillas, the revenue staff attached with Land Acquisition Collector of the project on deputation basis were drawing twenty (20) fixed daily allowance in addition to receipt of the same from their parent office. Hence, double payment of daily allowance Rs. 3.90 million to the employees was irregular and unjustified. Neither the matter of double drawl of daily allowance by the employees on deputation basis was investigated nor administrative action was taken to fix the responsibility of loss and to make the recovery from the persons at fault.

Non-adherence to Authority's instructions resulted in double payment of Rs. 3.90 million on account of daily allowance to employees up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the matter had been taken up with the LAC for clarification.

The local DAC in its meeting held on January 29-30, 2018 directed the management to expedite the matter with LAC and intimate the outcome to Audit along with documentary evidence. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1629/2017-18)

3.4.107 Non-recovery from contractor on account of commission charges – Rs. 3.06 million

The management consultants in the light of Minutes of the meeting held on August 02, 2016 recommended vide letter No.GZDP/PM/2016/8-600 A/1410 dated December 01, 2016 to recover the commission charges from M/s FWO on revalidation of Bank Guarantee of uncovered period.

In Gomal Zam Dam Project WAPDA D.I. Khan, an amount of Rs. 3.06 million was recoverable from M/s FWO on account of commission charges, but the same was not recovered.

Non-adherence to the above instructions resulted in non-recovery of Rs. 3.06 million from contractor up to the Financial Year 2016-17.

The matter was taken up with the management in February, 2017 and reported to the Ministry in August, 2017. The management replied that an amount of Rs. 2.15 million had been recovered.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide completed recovery record for verification and expedite the remaining recovery within a week. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.57/2017-18)

3.4.108 Loss due to cost claim associated with EOT due to fault of WAPDA - Rs. 2.95 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Mangla Dam Raising Project WAPDA, Mangla, a Contract MDR 35-A was terminated by the contractor on fault of WAPDA, which resulted in loss in the shape of cost claim by the contractor amounting to Rs. 2.95 million upon the Authority.

Non-adherence to the Authority's instructions resulted in loss of Rs. 2.95 million due to cost claim associated with EOT due to fault of WAPDA up to the Financial Year 2016-17.

The matter was taken up with the management in May, 2017 and reported to the Ministry in August, 2017. The management replied that the payment of Rs. 41.01 million including cost claim of Rs. 2.95 million was approved by authority.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the approval of EOT-II alongwith documents within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.69/2017-18)

3.4.109 Unjustified excess charging on account of authority overhead - Rs. 2.46 million

As per minutes of meeting held on November 12, 2009 regarding booking of Authority overhead, "1% of total O&M actual expenses would be charged as Authority overhead".

In Gomal Zam Dam Project D.I. Khan, an amount of Rs. 3.09 million was charged on account of Authority overhead against total expenditure Rs. 62.51 million. An amount of Rs. 0.62 million was required to be charged instead of Rs. 3.09 million. Hence an amount of Rs. 2.46 million was charged in excess on account of Authority overhead.

Non-adherence to Authority's instructions resulted in unjustified excess charging of Rs. 2.46 million on account of Authority overhead up to the Financial Year 2016-17.

The matter was taken up with the management in August, 2017 and reported to the Ministry in December, 2017. The management replied that the Manager Finance (Hydel) had charged the overheads @ 5% of total expenditure under the orders issued by Ministry of Water and Power dated August 15, 2011.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide the orders of Ministry of Water and Power to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1752/2017-18)

3.4.110 Irregular award of purchase order in violation of PPRA Rules – Rs. 2.16 million

According to Rule-12 of Public Procurement Rules 2004, “procurements over one hundred thousand shall be made through open competition bidding / advertisement.”

In the office of Resident Engineer Hydel Power Station Chitral, one (01) purchase order valuing Rs. 2.16 million was awarded to M/s Heavy Mechanical Complex Taxila for manufacturing and supply of wicket gate, discharge elbow & cross flow without open competitive bidding. The matter needs to be inquired to fix responsibility but the needful was not done.

Non-adherence to PPRA Rules resulted in irregular award of purchase order of Rs. 2.16 million up to the Financial Year 2016-17.

The matter was taken up with the management in October 2017 and reported to the Ministry in December, 2017. The management replied that the Chief Engineer Warsak was competent authority to award contact against single quotations.

The local DAC in its meeting held on January 29-30, 2018 directed the management to obtain condonation from PPRA within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC’s directives besides fixing responsibility.

(DP No.1723/2017-18)

3.4.111 Non-recovery of pension relief allowance - Rs. 2.05 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, pension relief allowance amounting to Rs. 2.05 million was paid to contract employees without approval from the competent authority which a loss to the Company.

Non-adherence to Authority’s instructions resulted in non-recovery of pension relief allowance of Rs. 2.05 million up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and

reported to the Ministry in September, 2017. The management replied that payment of pension relief allowance was paid under the approval of BOD for contractual employees. If the employee left before its regularization pension would not be paid to him.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide copy of BOD's approval to Audit for examination within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.155/2017-18)

3.4.112 Irregular award of work orders in violation of PPRA Rules – Rs. 1.89 million

According to Rule 42(b)(i), "A procuring agency shall engage in this method of procurement only if the cost of object of procurement is below the prescribed limit of one hundred thousands rupees provided that the respective Boards of Autonomous bodies are authorized to fix an appropriate limit for request for quotations method of procurement subject to a maximum of rupees five hundred thousand which will become financial limit under this sub-rule:

- (ii) the object of the procurement has standard specifications;
- (iii) minimum of three quotations have been obtained; and
- (iv) the object of the procurement is purchased from the supplier offering the lowest price:

In the office of Chief Engineer (Power), Ghazi Barotha, Attock, four work orders amounting to Rs. 1.89 million was awarded to different firms/contractors without calling quotations in violation of PPRA Rules. Neither the matter was inquired nor action taken against the person(s) at fault.

Violation of PPRA Rules resulted in irregular award of work orders valuing Rs. 1.89 million up to the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management replied that all the procurements were made in emergent situation and within the permissible limit of 5 lacs by calling quotations.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide relevant record for detailed verification within 7 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1618/2017-18)

3.4.113 Irregular award of work at post bid reduced rates – Rs. 1.75 million

According to Rule-31 (1) of Public Procurement Rules-2004, "No bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid".

In the office of Resident Engineer Small Hydel Power Station, Mangla, a tender for construction of parking shed was opened on March 03, 2017. However, the work order valuing Rs. 1.75 million were issued to 3rd lowest bidder either at the post bid reduced rates or post bid price matching with rates offered by lowest bidders. This action of reduction of quoted rates / price matching was in fact managed action to extent undue favor to the contractor was against the Public Procurement Rules.

Non-adherence to Public Procurement Rules-2004 resulted in irregular award work amounting to Rs. 1.75 million at post bid reduced rates during the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the reduce quoted price was considered for evaluation by the tender evaluation committee and contract was awarded to concerned contractor.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide report of evaluation committee and offered bid of lowest bidder along with comparative statement to Audit within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1747/2017-18)

3.4.114 Irregular expenditure on unjustified use of project vehicles by ministry - Rs. 1.65 million

According to Para-11.4 (b) (Chapter XI) of the Hand Book for Drawing and Disbursing Officer, "funds allotted to a Ministry/Division, it's attached or subordinate offices are spent for the purpose for which they are allocated".

In the office of Project Director, Neelum Jehlum Hydro Power Project, Muzaffarabad, an amount of Rs. 1.65 million was incurred on four (04) project vehicles, which were attached with the Ministry. The use of vehicles by the ministry was unjustified and the expenditure incurred stands irregular.

Non-adherence to Government instructions resulted in irregular expenditure worth Rs. 1.65 million due to unjustified use of project vehicles by the Ministry up to the Financial Year 2016-17.

The matter was taken up with the management in April, 2017 and reported to the Ministry in September, 2017. The management replied that the vehicles were not permanently attached with the Ministry and the same were used off and on for monitoring the affairs of the project by Ministry.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide documentary evidence regarding non-attachment of vehicles to Ministry's staff within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.158/2017-18)

3.4.115 Unjustified payment of POL expense for special security division – Rs. 1.52 million

According to Rule-10 (i) of GFR, “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”.

In the office of CE/PD Nelum Jehlum Hydro Power Company (NJHPC), an amount of Rs. 1.52 million was paid on account of POL issued to the vehicles in use of Special Security Division of Pakistan Rangers without considering the Log Book and justifying the fuel consumption for each month. Hence, payment under this head was irregular.

Non-adherence to Government rules resulted in unjustified payment of Rs. 1.52 million on account of POL expense during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management explained that revised reply would be furnished in due course of time.

The local DAC in its meeting held on January 29-30, 2018 directed the

management to provide revised reply along with documentary evidence for verification within 15 days. No reply was received till finalization of the report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1678/2017-18)

3.4.116 Unjustified expenditure on account of hiring of advisor - Rs. 1.49 million

As per Establishment Division (Government of Pakistan) letter No. 10/67/2004-r-2 dated June 21, 2005 and No. 2/10/2007/E-I dated December 4, 2007, reemployment is subject to following conditions:

- i. Non availability of suitably qualified or experienced officers to replace the retiring officer.
- ii. The officer is highly competent person with distinction in his profession/field.
- iii. The reemployment does not cause promotion blockage.
- iv. Retention of retiring officer for a specified period is in public interest. Consultancy granted after the age of superannuation will be treated as reemployment and will be subject to the same rules as are applicable to reemployment after superannuation.

In the office of Resident Engineer Hydel Power Station Warsak, a retired Chief Engineer was engaged as Advisor after superannuation in May, 2015 on contract basis without competition and in violation of reemployment rules. An amount of Rs. 1.49 million was paid to officer on account of pay & allowances. The retiring officer was considered indispensable whereas his colleagues and juniors had the same qualification and expertise.

Non-adherence to Establishment Division's instructions resulted in unjustified expenditure of Rs. 1.49 million on account of hiring of advisor during the Financial Year 2016-17.

The matter was taken up with management in September, 2017 and reported to the Ministry in December, 2017. The management replied that WAPDA being autonomous body had powers for appointment of Advisor / Consultant.

The local DAC in its meeting held on January 29-30, 2018 did not accept the management's stance and directed to obtain condonation from Establishment

Division (GoP) within 15 days. Further progress was not reported till finalization of report.

Audit recommends that the management needs to implement local DAC's directives.

(DP No.1787/2017-18)

3.4.117 Loss due to illegal retention of office of NJHPC at Islamabad – Rs. 1.47 million

According to the Government of Pakistan, Ministry of Water and Power's letter dated March 02, 2016, the Prime Minister of Pakistan directed to shift the Head office of Neelum Jhelum Hydro Power Company immediately from Islamabad to Muzafarabad AJ&K.

In the office of CE/PD Neelum Jhelum Hydro Power Company (NJHPC), on contrary to above directives, head office of the Company was still existed in the locality of Islamabad for which an expenditure of Rs. 1.47 million was incurred on account rent paid to land owner. By this way the company sustained a loss to the stated extent.

Non-adherence to Prime Minister's directives resulted in loss of Rs. 1.47 million due to illegal retention of head office at Islamabad during the Financial Year 2016-17.

The matter was taken up with the management in October, 2017 and reported to the Ministry in December, 2017. The management explained that revised reply would be furnished in due course of time.

The local DAC in its meeting held on January 29-30, 2018 directed the management to provide revised reply along with documentary evidence for verification within 15 days. No reply was received till finalization of the report.

Audit recommends that the management needs to implement local DAC's directives besides fixing responsibility.

(DP No.1681/2017-18)

3.4.118 Unjustified payment on account of bonus despite payment of over time allowance – Rs. 1.19 million

According to Director General Finance (B&C) memo No. FO (B&F)/36-5/Vol-13/3893-3992 dated April,14,2009 para-2(vi), “ employees who are granted overtime allowance under these orders will not be entitled to any bonus or honorarium”.

In Kurram Garhi Power Station Bannu, an amount of Rs. 1.19 million was paid to employees on account of bonus despite the payment of overtime allowance amounting to Rs. 0.73 million during 2016-17. Bonus was paid in violation of circular which needs to be recovered from the employees but the same was not got recovered.

Non-adherence to Authority's instructions resulted in unjustified payment of Rs. 1.19 million on account of bonus despite payment of over time allowance during the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that the overtime were given to employees on their extra duties whereas bonus was granted to all WAPDA employees on the occasion of Eid-ul-Azha.

The local DAC in its meeting held on January 29-30, 2018 decided to place the matter before PAC for final decision.

Audit recommends that the management needs to implement local DAC's directives besides ensuring recovery from the employees.

(DP No.1666/2017-18)

ANNEXURE

Annexure-I**MFDAC PARAS***(Rs. in millions)*

Sr. No.	DP No.	Name of Wing	Subject	Rupees
1	37	Coordination	Non-deduction of income tax on account of bonus paid to employees – Rs. 0.28 million	0.28
2	241	Coordination	Loss due to uneconomical purchase of linen item – Rs. 0.72 million	0.72
3	1285	Coordination	Undue favour to supplier by purchase of medicine without laboratory testing - Rs. 36.58 million	36.58
4	1287	Coordination	Non-deduction of liquidated damages - Rs. 0.22 million	0.22
5	1343	Coordination	Unjustified payment on account of bonus to employees – Rs. 1.01 million	1.01
6	1344	Coordination	Unjustified payment on account of bonus to employees – Rs. 1.72 million	1.72
7	1397	Coordination	Unjustified purchase of medicine through quotations and green slips - Rs. 0.92 million	0.92
8	1400	Coordination	Excess payment of Rental Ceiling to employees – Rs. 0.30 million	0.30
9	1401	Coordination	Non-disclosure of the purchase of Laptops in WAPDA Assets Schedule - Rs. 1.18 million	1.18
10	1539	Coordination	Loss due to non-indemnification of insurance claims - Rs. 193.19 million	193.19
11	1540	Coordination	Non-recovery of WEPS Contribution from DISCOs - Rs. 471.41 million	471.41
12	1542	Coordination	Non-obtaining of insurance cover of contracts from NICL - Rs. 4,742.41 million	4,742.41
13	1543	Coordination	Non-deduction of Withholding tax from the owner of Plaza - Rs. 0.57 million	0.57
14	1544	Coordination	Receivable amount in lieu of pension payment made to Pensioners - Rs. 1,757 million	1,757.00
15	1623	Coordination	Irregular purchase of medicines without DTL Reports - Rs. 1.23 million	1.23
16	1641	Coordination	Loss due to non-recovery on account of shortage of material and non-accountal of surplus material - Rs. 259.60 million	259.60
17	1715	Coordination	Loss due to non-replacement of expired medicines – Rs. 0.34 million	0.34
18	1717	Coordination	Undue favour to the supplier for purchase of medicines without testing from DTL – Rs. 26.52 million	26.52
19	1718	Coordination	Irregular / Unjustified payment on account	0.23

			of bonus to employees – Rs. 0.23 million	
20	1719	Coordination	Non-recovery of medical share from corporate entities / WAPDA formations – Rs. 23.11 million	23.11
21	1777	Coordination	Undue favour to the supplier for purchase of medicines without testing from DTL – Rs. 1.65 million	1.65
22	1779	Coordination	Undue favour to the supplier for purchase of medicines without testing from DTL – Rs. 16.09 million	16.09
23	1824	Coordination	Non-recovery from PL&PO to Chairman WAPDA on account of room rent – Rs. 0.75 million	0.75
24	1825	Coordination	Unjustified expenditure on account of attachment of vehicle with Minister for Water & Power – Rs. 0.71 million	0.71
25	24	Water	Unjustified appointment of Consultant, Loss to the authority - Rs. 0.75 million	0.75
26	35	Water	Less deduction of income tax from consultants – Rs. 2.11 million	2.11
27	47	Water	Unjustified payment on account of appointment of advisor - Rs. 1.53 million	1.53
28	97	Water	Blockage of funds due to non-completion of works - Rs. 6.25 million	6.25
29	98	Water	Non-mutation of land - Rs. 144.75 million	144.75
30	144	Water	Non-adjustment of advance to Pakistan Railways - Rs. 50 million	50.00
31	148	Water	Loss due to non-submission of NIC insurance covers - Rs. 3.35 million	3.35
32	179	Water	Excess payment to the contractor on account of escalation – Rs. 11.98 million	11.98
33	265	Water	Wasteful expenditure incurred on account of O&M of generating units - Rs. 13.19 million	13.19
34	278	Water	Unjustified booking of accumulated depreciation of transportation equipment – Rs. 2.81 million	2.81
35	339	Water	Loss due to damage of equipment in fire incident – Rs. 3.62 million	3.62
36	631	Water	Irregular re-appropriation of funds in violation of Government Directives - Rs. 829.46 million	829.46
37	737	Water	Irregular transfer of project vehicles to consultants – Rs. 1.45 million	1.45
38	758	Water	Irregular retention of PSDP funds in violation of Ministry's directive – Rs. 1,977.05 million	1,977.05
39	760	Water	Recoverable amount from different	139.08

			DISCO's since long - Rs. 139.08 million	
40	1533	Water	Non-recovery from CDA on account of engineering services – Rs. 6.37 million	6.37
41	1534	Water	Loss due to unjustified acceptance of compensation for delayed payment - Rs. 28.42 million	28.42
42	1535	Water	Non-execution /completion of deposit work valuing Rs. 30.39 million	30.39
43	1551	Water	Non-deduction of income tax on account of bonus paid to employees - Rs. 0.36 million	0.36
44	1552	Water	Less recovery on account of water charges from occupants – Rs. 0.43 million	0.43
45	1553	Water	Non-recovery of maintenance charges from occupants – Rs. 0.24 million	0.24
46	1563	Water	Unjustified payment on account of bonus to employees – Rs. 0.36 million	0.36
47	1599	Water	Unjustified expenditure on account of office rent – Rs. 3.57 million	3.57
48	1601	Water	Loss due to non-recovery of one month pay from ex-employees – Rs. 0.11 million	0.11
49	1602	Water	Loss due to unjustified payment to the Contractor – Rs. 3.17 million	3.17
50	1603	Water	Non-adjustment of advances – Rs. 553.66 million	553.66
51	1605	Water	Non-execution of works – Rs. 680.52 million	680.52
52	1643	Water	Loss due to non-deduction of income tax from contractors - Rs. 43.83 million	43.83
53	1688	Water	Blockage of Authority's funds due to non pursuance of court case – Rs. 11.71 million	11.71
54	1696	Water	Irregular execution of work without calling tenders in violation of Public Procurement Rules – Rs. 0.80 million	0.80
55	1702	Water	Non-recovery of training fees from participants – Rs. 22.30 million	22.30
56	1705	Water	Loss due to illegal possession of WAPDA's land – Rs. 739 million	739.00
57	1706	Water	Non-forfeiture of bid money and performance security – Rs. 0.39 million	0.39
58	1756	Water	Undue favour to the suppliers due to non-forfeiture of performance guarantee on account of default in execution of work – Rs. 0.12 million	0.12
59	1770	Water	Undue favour to the contractor due to non-obtaining of performance guarantee for the extended amount of contract -	6.02

			Rs. 6.02 million	
60	1781	Water	Loss due to non-indemnification of insurance claim - Rs. 1.24 million	1.24
61	1782	Water	Loss due to unjustified payment of daily allowance - Rs. 0.36 million	0.36
62	1783	Water	Loss due to fake receipt of T&P items of Pattan project - Rs. 9.14 million	9.14
63	1784	Water	Loss due to non-receipt of mark up/ interest on funds placed in bank - Rs. 0.42 million	0.42
64	1791	Water	Unjustified payment of generation allowance– Rs. 0.23 million	0.23
65	1837	Water	Irregular investment from pension reserve funds – Rs. 2,000 million	2,000.00
66	20	Power	Non-adjustment of mobilization advances from contactor - Rs. 46.34 million	46.34
67	40	Power	Irregular expenditure on purchases in violation of PP Rules – Rs. 0.92 million	0.92
68	41	Power	Unjustified repair of vehicle – Rs. 2.70 million	2.70
69	44	Power	Generation loss due to forced shutdown – Rs. 513.53 million	513.53
70	45	Power	Non-production of record on account of sale of energy – Rs. 773 million	773.00
71	66	Power	Excess payment to contractor on account of provisional sum – Rs. 31.06	31.06
72	75	Power	Unauthentic / Irregular payment to contractor - Rs. 354.08 million	354.08
73	78	Power	Less deduction of income tax - Rs. 5.36 million	5.36
74	93	Power	Recoverable amount due to non reconciliation – Rs. 1.23 million	1.23
75	115	Power	Recoverable amount of JYP 358,645 and Euro 178 on account of overpayment to Consultants	0.37
76	164	Power	Loss due to non-indemnification of insurance claim of TBM - Rs. 356.30 million	356.30
77	165	Power	Irregular repair work of residential building – Rs. 0.46 million	0.46
78	193	Power	Payment to consultants without satisfactory proof - Rs. 9.01 million	9.01
79	236	Power	Recoverable amount on account of POL issued to other formations - Rs. 11.36 million	11.36
80	247	Power	Undue favour to contractor for non renewal of Performance Guarantee –	250.47

			Rs. 250.47 million	
81	248	Power	Over payment on account of overbilling by PESCO – Rs. 5.04 million	5.04
82	261	Power	Unjustified expenditure on appointment of Assistant Director – Rs. 4.39 million	4.39
83	268	Power	Loss due to non-refund of insurance claim - Rs. 11.97 million	11.97
84	282	Power	Loss due to non- forfeiture of bid security – Rs. 7 million	7.00
85	284	Power	Loss to exchequer due to non remittance of Income Tax – Rs. 11.81 million	11.81
86	285	Power	Non-availability of vehicles at project – Rs. 21.98 million	21.98
87	287	Power	Irregular expenditure on account of POL and repair of Vehicle – Rs. 0.80 million	0.80
88	288	Power	Non-recovery on account of theft of vehicle – Rs. 0.75 million	0.75
89	293	Power	Non-production of record – Rs. 120.97 million	120.97
90	296	Power	Non-submission of adjustment account of advances - Rs. 401.06 million	401.06
91	298	Power	Non-mutation of land property - Rs. 181.91 million	181.91
92	302	Power	Undue favour to contractor due to non submission of enhanced performance security (Rs. 1,791.47 million & US\$13.07 million) - Rs. 3,229.17 million	3,229.17
93	303	Power	Loss due to non recovery from civil contractor – Rs. 6.48 million	6.48
94	304	Power	Loss due to theft of biometric system and security camera – Rs. 0.15 million	0.15
95	305	Power	Irregular purchase of material - Rs. 3.62 million	3.62
96	1558	Power	Loss to Government Exchequer due to non-depositing of interest/markup earned in the Government Treasury - Rs. 462.59 million	462.59
97	1582	Power	Non-renewal of insurance coverage up to taking over certificate – Rs. 569.58 million	569.58
98	1608	Power	Excess execution/payment against approved BOQ items - Rs. 1,824.66 million	1,824.66
99	1622	Power	Irregular purchase of material in violation of financial rules - Rs. 2.75 million	2.75
100	1631	Power	Undue favour to the contractor due to non-obtaining insurance coverage – Rs. 363.76 million	363.76
101	1633	Power	Loss due to forced outages –	294.33

			Rs. 294.33 million	
102	1645	Power	Non-mutation of land property - Rs. 1,270.17 million	1,270.17
103	1648	Power	Non-renewal of advance payment bank guarantees- Rs. 8.77 million	8.77
104	1657	Power	Undue favour to the contractor due to non-renewal of performance / bank guarantees – Rs. 32.39 million	32.39
105	1664	Power	Non-submission of adjustment account of advances – Rs. 330.21 million	330.21
106	1670	Power	Loss due to payment of TBM insurance premium – Rs. 216.35 million	216.35
107	1671	Power	Non-maintenance of inventory account / stock register – Rs. 37.08 million	37.08
108	1673	Power	Loss due to non-removal of Tunnel Boring Machine (TBM) from site – Rs. 7,936.68 million	7,936.68
109	1677	Power	Irregular payment of honorarium to Company’s employees – Rs. 0.98 million	0.98
110	1682	Power	Loss due to payment of late payment surcharge to consultant – Rs. 10 million	10.00
111	1691	Power	Less deduction of income tax amounting to Rs. 16.64 million	16.64
112	1697	Power	Loss of rent due to illegal occupants of WAPDA land by fish contractor – Rs. 0.37 million	1.41
113	1698	Power	Undue favour to the contractor due to non-obtaining insurance coverage - Rs. 2,713.97 million	2,713.97
114	1704	Power	Non-adjustment of advance of Chief Resident Representative Karachi (CRRK) and other Government departments – Rs. 1,649.67 million	1,649.67
115	1713	Power	Non-recovery from Contractor on account of generation loss - Rs. 121.89 million	121.89
116	1714	Power	Irregular/unjustified payment to DC Kohistan on account of groceries – Rs. 1.22 million	1.22
117	1722	Power	Non-recovery from contractor on account of execution of work at the cost of contractor – Rs. 0.56 million	0.56
118	1774	Power	Loss due to non-recovery on account of shortage of material and non-accountal of surplus material - Rs. 12.32 million	12.32
119	1776	Power	Irregular/unjustified payment of conveyance allowance - Rs. 0.66 million	0.66
120	1780	Power	Irregular/unjustified refund of provincial	61.31

			sales tax to consultants – Rs. 61.31 million	
121	1794	Power	Undue favour to the contractors due to non-obtaining insurance coverage – Rs. 17.79 million	17.79
TOTAL				39,189.23