AUDIT REPORT
ON
THE ACCOUNTS OF
NHA, CDA, MCI, CAA, PAK. PWD,
ESTATE OFFICE,
PHAF, NCL, FGEHA, HEC,
SIDCL AND GPA

GOVERNMENT OF PAKISTAN

AUDIT YEAR 2020-21

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ADPI	Aeroports de Paris Ingenierie
AGPR	Accountant General Pakistan Revenues
AIR	Audit Inspection Report
APM	Airport Manager
AR	Audit Report
ASF	Airport Security Force
BKIAP	Bacha Khan International Airport
BOQ	Bill of Quantities
BOT	Build-Operate-Transfer
BRTS	Bus Rapid Transport System
BTS	Base Transceiver Station
CAA	Civil Aviation Authority
CAAO	Civil Aviation Authority Order
CAREC	Central Asia Regional Economic Cooperation Corridor
CCCC	China Communications Construction Company Limited
CCD	Central Civil Division
CDA	Capital Development Authority
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CGGC	China Gezhouba Group of Companies
CNG	Compressed Natural Gas
COC	Conditions of Contract
CPEC	China-Pakistan Economic Corridor
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
CSCEC	China State Construction Engineering Corporation
Cu.m	Cubic Meter

DAC	Departmental Accounts Committee
DBA	Director Budget and Accounts
DDWP	Departmental Development Working Party
DMA	Directorate of Municipal Administration
DME	Distance Measuring Equipment
E/M	Electrical and Mechanical
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
EO	Estate Office
EOBI	Employees Old age Benefit Institution
EOI	Expression of Interest
EOT	Extension of Time
EPC	Engineer Procurement Construction Contract
E.P.C	Escalation Payment Certificate
ETTM	Electronic Toll and Traffic Management
FAB	Frequency Allocation Board
FAIAP	Faisalabad International Airport
FAP	Foreign-Aided Projects
FERP	Flood Emergency Reconstruction Project
FGEHA	Federal Government Employees Housing Authority
FIA	Federal Investigation Agency
FIDIC	Federation Internationale Des Ingenieurs-Conseils (International Federation of Consulting Engineers)
FRL	Finished Road Level
FUUAST	Federal Urdu University of Arts, Science & Technology
FWO	Frontier Works Organization
GB	Gilgit Baltistan
GFR	General Fundamental Rules
GM	General Manager
GOP	Government of Pakistan

GPA	Gwadar Port Authority
HEC	Higher Education Commission
HQ	Headquarters
HR	Human Resource
HVAC	Heating, Ventilation and Air Conditioning
ICAO	International Civil Aviation Organization
ICT	Islamabad Capital Territory
IDC	Inter-Departmental Committee
IIAP	Islamabad International Airport
ILS	Instrument Landing System
IMDC	Islamabad-Murree Dual Carriageway
IPC	Interim Payment Certificate
ITB	Instructions to Bidders
JIAP	Jinnah International Airport
JKCHS	Jammu Kashmir Cooperative Housing Society
JV	Joint venture
KDA	Karachi Development Authority
KESC	Karachi Electric Supply Company
KKH	Karakorum Highway
KLM	Karachi Lahore Motorway
KM	Kilometer
KMC	Karachi Metropolitan Corporation
KVA	Kilo-volt Ampere
LD	Liquidated Damages
LSMIM	Lahore-Sialkot Motorway Infrastructure Management
LSMP	Lahore Sialkot Motorway Project
MB	Measurement Book
MCI	Metropolitan Corporation Islamabad
MES	Military Engineering Service
MFDAC	Memorandum for Departmental Accounts Committee

MORE	Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd
MRS	Market Rate System
MTBF	Medium Term Budgetary Framework
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NAVAID	Navigation Aid
NBC	North Bound Carriageway
NCL	National Construction Limited
NESPAK	National Engineering Services of Pakistan
NHA	National Highway Authority
NLC	National Logistic Cell
NOC	No Objection Certificate
NTU	National Textile University
PAC	Public Accounts Committee
PAF	Pakistan Air Force
Pak. PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
PC-I	Planning Commission (Proforma-I)
PCC	Plain Cement Concrete
PDP	Proposed Draft Para
PEC	Pakistan Engineering Council
PIA	Pakistan International Airline
PIEAS	Pakistan Institute of Engineering & Applied Sciences
PHAF	Pakistan Housing Authority Foundation
PLA	Personal Ledger Account
PNHRP	Post-flood National Highway Rehabilitation Project
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program

PTA	Pakistan Telecommunication Authority
RAMD	Road Asset Management Directorate
RCC	Reinforcement Concrete Cement
RD	Reduced Distance
RFP	Request for Proposal
RMA	Road Maintenance Account
ROW	Right of Way
SAT	Site Acceptance Testing
SDG	Sustainable Development Goal
SFD	Saudi Fund for Development
SIDCL	Sindh Infrastructure Development Company Limited
SOP	Standard Operating Procedure
TSE	Technical Sanctioned Estimate
TST	Triple Surface Treatment
VO	Variation Order
WBM	Water Bound Macadam

PREFACE

The Auditor General conducts audit subject to 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 and Terms and Conditions of Service) Ordinance, 2001.

The report is based on audit of the accounts of NHA, CDA, MCI, CAA, Pak. PWD, Estate Office, PHAF, NCL, FGEHA, HEC, SIDCL and GPA for the financial year 2019-20. The Directorate General Audit Works (Federal), Islamabad conducted audit during 2020-21 on a test check basis to report significant audit findings to the stakeholders. This report includes only the systemic issues and audit findings carrying value of Rupees fifty million or more. Relatively less significant issues are listed in the Annexure-1, which shall be pursued with the Principal Accounting Officers at the Departmental Accounts Committee level and in cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee in the next year's Audit Report. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening the internal controls to avoid violation of rules and regulations.

Most of the audit observations included in this report have been finalized in the light of written management responses and discussions in the DAC meetings.

The Audit Report has been prepared for submission to the Honorable President in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before the Parliament.

Sd/-

Islamabad
Dated: 18th February, 2021

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit Works (Federal), Islamabad, carried out audit of the Federal Government entities engaged in construction works, namely, National Highway Authority, Capital Development Authority, Metropolitan Corporation Islamabad, Civil Aviation Authority, Pakistan Public Works Department, Estate Office, National Construction Limited, Pakistan Housing Authority Foundation, Federal Government Employees Housing Authority, Higher Education Commission (PSDP/Infrastructure development works executed by federally chartered universities/institutions), Sindh Infrastructure Development Company Limited and Gwadar Port Authority (CPEC related development project). These entities function under the administrative control of various Principal Accounting Officers and consume major portion of the funds provided under the Public Sector Development Programme.

The Directorate General Audit Works (Federal), Islamabad, has existing human resource of 135 personnel including officers and staff. The annual budget of the Directorate General for the current financial year is Rs 196.134 million. The Directorate General is mandated to conduct Financial Attest Audit, Compliance with Authority Audit and Performance Audit of civil works including mega projects of Federal Government. Two hundred sixty-six (266) formations of fourteen (14) departments/ autonomous bodies under eight (8) PAOs are under auditorial jurisdiction of the Directorate General. This Audit Report is based on the results of compliance audit of sixty-six (66) formations as a part of Audit Plan 2020-21(Phase-I), conducted by deputing fifteen (15) Field Audit Teams with an input of 5,087 man-days. Significant audit observations raised during financial attest audit of nine (9) foreign-aided projects have also been included in this Audit Report. Moreover, compliance audit of twenty (20) formations was conducted in Phase-II of Audit Plan of 2019-20 and significant audit observations have been included in this Audit Report.

a. Audit Objectives

The objectives of audit were to:

i. ascertain whether or not the moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent;

ii. observe whether the expenditure incurred is in conformity with the laws, rules and regulations framed to regulate the procedure for spending public money;

iii. ascertain whether expenditure is incurred with the approval of the competent authority;

iv. examine propriety of transactions to ascertain whether due vigilance has been exercised in respect of expenditure incurred from public moneys;

v. review, analyze and comment on impact and implications of various government policies relating to the audited entities; and

vi. ascertain that rules and procedures were followed in assessment and collection of revenues.

b. Scope of Audit

This office is mandated to conduct audit of 266 formations working under eight (8) PAOs/Ministries. Total expenditure and receipts of these formations were Rs 298.810 billion and Rs 132.357 billion respectively for the financial year 2019-20.

Audit coverage relating to expenditure for the current audit year, under compliance audit category comprises sixty-six (66) formations of six (6) PAOs/Ministries having a total expenditure of Rs 106.063 billion for the financial year 2019-20. In terms of percentage, the audit coverage for expenditure is 35.50% of auditable expenditure.

Audit coverage relating to receipts is of Rs 33.521 billion for the financial year 2019-20. In terms of percentage, the audit coverage for receipts is 25.33% of the total receipts.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 18.107 billion and receipts of Rs 7.847 billion for the financial year 2017-18 pertaining to 20 formations of five (5) PAOs/Ministries.

In addition to this compliance audit report, Directorate General Audit Works (Federal) conducted ten (10) financial attest audits[1] and three (3) Special Audits. Reports of these audits are being published separately.

c. Recoveries at the instance of audit

As a result of audit, a recovery of Rs 13,968.174 million was pointed out in this report. Recovery effected during the audit year 2020-21 was Rs 954.932 million which was verified by Audit.

d. Holding of Departmental Accounts Committee meetings

Para 5 (f) of System of Financial Control and Budgeting, 2006 issued by Finance Division, Government of Pakistan provides that the Principal Accounting Officer/Additional Secretary or equivalent shall regularly hold meetings of DAC to discuss and resolve audit observations.

The PAOs are regularly requested to convene DAC meeting to discuss Audit Reports. During the period from

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[1] One financial attest audit of Appropriation Accounts of Pakistan Public Works Department and nine financial attest audits of foreign-aided projects (including three CPEC related projects).

01.07.2020 till the finalization of this Audit Report, forty-six (46) DAC meetings were convened by various PAOs on various reports of previous years and current year. Audit paras on the accounts of NHA, CDA, MCI, CAA, Pak PWD, Estate Office, PHAF, NCL, HEC and GPA included in this Audit Report have partially been discussed in DAC meetings. However, audit paras relating to FGEHA and SIDCL could not be discussed in DAC meeting.

e. Audit Methodology

Desk audit was carried out to understand systems, procedures and control environment of audited entities. Permanent files of the audited entities were updated and utilized for understanding the institutional framework. A Risk Area Digest listing potential risk areas was prepared for guidance of the Field Audit Teams. Audit methodology included:

i. Updating the understanding of the business processes with respect to control mechanism.

ii. Identification of key controls on the basis of prior years' audit experience/special directions from the Auditor General's office.

iii. Prioritizing risk areas by determining significance and risks associated with the identified key controls.

iv. Design/update audit programmes for testing the identified risk conditions.

v. Selection of audit formations on the basis of:
   - Materiality/significance.
   - Risk assessment.

vi. Selecting samples as per sampling criteria/high value items/key items.

vii. Execution of audit programmes.

viii. Identification of weaknesses in internal controls and development of audit observations and recommendations relating to non-compliance with rules, regulations and prescribed procedures.

- Evaluating results.
- Reporting.
- Follow-up.

f. Audit Impact

There has been a positive change in the responsiveness of audited entities towards audit due to continuous functioning of Public Accounts Committee in the recent years. The viewpoint of Audit on financial/technical issues has been acknowledged by DAC/PAC and administrative departments which ensures financial and regulatory discipline in public sector. Following are instances of major audit impact:

i. Direct Credit System in pension disbursement has been adopted by CDA. (DP. 24/2020-21).

ii. DAC directed MCI to discontinue practice of accepting cheques instead of pay order on account of dues. Cash handling be minimized and ultimately eliminated. DAC also directed that trading activities under the jurisdiction of MCI should be electronically documented as per best practice model. (DP. 14, 20, 22/2020-21)

iii. PAC in its meeting held on 14.10.2020 directed to recover the cost of premium of performance bond from M/s MORE. This is a policy decision whereby any subsidiary of FWO would not be able to get benefit of relaxation enjoyed by FWO. (Para 4.4.24.3 -AR 2015-16)

iv. PAC in its meeting held on 14.10.2020 directed to recover proportionate share of toll collected by contractor at enhanced rate. This would have a recurring impact on financial resources of NHA. (Para 4.4.24.5 -AR 2015-16)

v. DAC decided that Internal Audit of GPA will be conducted by Ministry of Maritime Affairs and process of appointment of Chartered Accountants for preparation of entity's Financial Statements should be completed within six months. GPA will also issue notice for highway safety audits as per acceptable standards in consultation with Ministry. (DP. 28, 29, 30/2020-21)

g. Comments on Internal Controls and Internal Audit Department

The present report has identified a range of irregularities, which have been recurring over the years. The recurrence of these irregularities indicates that systemic issues were cropping up either due to inadequate oversight mechanism or inappropriate design of internal controls.

Although NHA, CDA, CAA and Pak. PWD have an internal audit setup, but the financial irregularities observed during the current audit reflect that this function failed to deliver effectively. The efficient functioning of internal audit would have helped the management in effective implementation of internal controls and strengthening the internal control environment in audited entities.

In case of PHAF, SIDCL and GPA which do not have internal audit setup, we emphasize the need for establishing an internal audit regime in these organizations, directly reporting to the PAO.

Comments on internal controls, highlighting irregularities are given at Annexure-3.

h. Key Audit Findings of the Report

Major audit findings included in this Audit Report are:

i. Overpayments/non-adjustment of Rs 6,640.046 million were made by NHA, CDA, CAA, Pak. PWD, NCL, FGEHA, HEC and GPA due to price escalation/de-escalation, incorrect application of rates, violation of specification, payment of inadmissible items of work and non-adjustment of un-executed works in forty-three cases. [2]

ii. Revenue of Rs 7,328.128 million on account of lease money, building control/transfer fee, fine, rent, property tax, income tax, premium on commercial plots, etc. was not realized/ recovered by NHA, CDA, MCI, CAA, Estate Office and SIDCL in ten cases. [3]

iii. NHA, CDA, CAA, Pak. PWD and HEC awarded works in violation of Public Procurement Rules for Rs 15,773.022 million in nine cases. [4]

iv. NHA, CAA, Pak PWD and SIDCL could not impose and recover liquidated damages of Rs 12,671.958 million from the contractors on account of delay in completion of works in four cases. [5]

[2] Paras 2.5.15, 2.5.16, 2.5.17, 2.5.25, 2.5.26, 2.5.27, 2.5.29, 2.5.30, 2.5.31, 2.5.33, 2.5.39, 2.5.42, 2.5.44, 2.5.45, 2.5.46, 2.5.47, 2.5.48, 2.5.50, 2.5.52, 2.5.53, 2.5.54, 2.5.55, 2.5.56, 2.5.57, 3.5.10, 3.5.13, 4.5.10, 4.5.22, 4.5.28, 5.5.2, 5.5.6, 5.5.7, 5.5.11, 5.5.15, 5.5.16, 7.5.1, 7.5.3, 7.5.4, 8.5.1, 9.5.8, 9.5.9, 11.5.2, 11.5.3

[3] Paras 2.5.35, 3.5.6, 3.5.24, 3.5.27, 4.5.5, 4.5.16, 4.5.21, 5.5.17, 5.5.18, 10.5.6

[4] Paras 2.5.5, 2.5.18, 3.5.8, 4.5.2, 4.5.9, 5.5.10, 9.5.2, 9.5.4, 9.5.7

[5] Paras 2.5.3, 4.5.6, 5.5.8, 10.5.3

v. PHAF made payments against work done of Rs 7,517.025 million without recording measurements in the Measurement Books. [6]

Audit paras for the audit year 2020-21 involving procedural violations and irregularities not considered worth reporting to the PAC are included in Annexure-1 MFDAC. Status of previous years' outstanding MFDAC paras is also given at Annexure-2.

i. Recommendations

i. Internal controls should be strengthened to ensure that payments are made in accordance with the terms and conditions of the contract agreements. Recoveries of overpayments, liquidated damages and other recoverable may be made to ensure financial discipline and responsibility may also be fixed against the responsible.

ii. All receipts should be realized in real time and deposited in the treasury/relevant government accounts.

iii. Public Procurement Rules, 2004 should be adhered to in letter and spirit while making procurement of goods, services and works.

iv. Rules for maintenance of basic accounting record for works execution and payments may be implemented in true letter and spirit.

[6] Para 6.5.1

CHAPTER 1
PUBLIC FINANCIAL MANAGEMENT

1.1 Sectoral Analysis

Under Rules of Business, 1973, Ministry of Planning, Development and Special Initiatives is responsible for preparation of comprehensive National Plan for the economic and social development of the country and formulation of an annual development programme. The Ministry is also responsible for monitoring the implementation of all major development projects and programmes. The Public Sector Development Programme (PSDP) prepared by the Ministry is an important part of public sector investment, which channels domestic and foreign resources to implement the development programmes and projects prepared by the federal, provincial and local agencies. PSDP funds are released to executing departments/organizations through Ministry of Finance.

After steady rise, PSDP allocations witnessed a downward trend in financial year 2018-19 by a decline of 32.26% from financial year 2017-18 and slight rise (3.8%) in 2019-20 as compared with 2018-19.

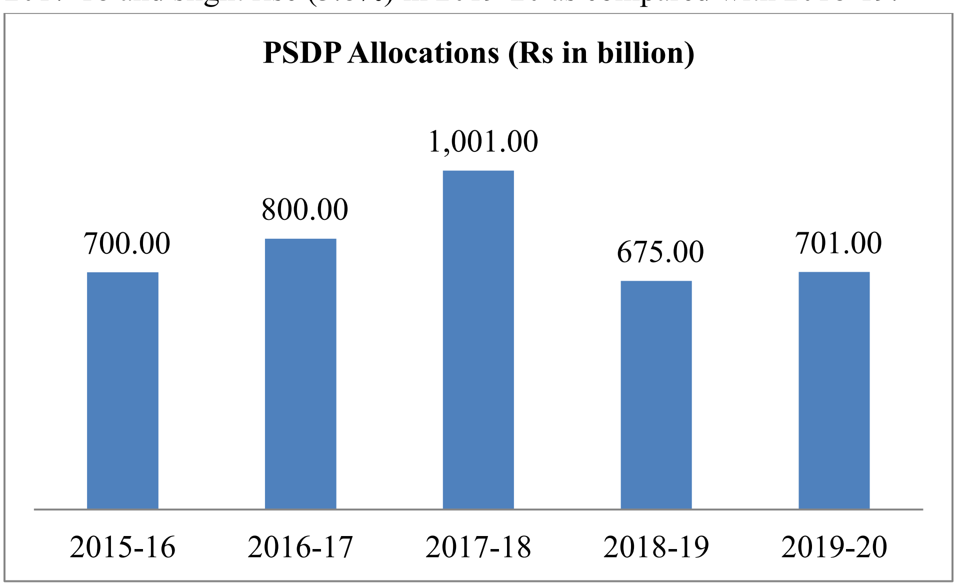

Figure: PSDP Allocations for last five years (Source: PSDP Archive)

Infrastructure development works of federal government are executed by specialized department, namely Pakistan Public Works Department, development authorities/agencies like National Highway Authority, Capital Development Authority, Civil Aviation Authority, Federal Government Employees Housing Authority, Pakistan Housing Authority Foundation, Higher Education Commission, Sindh Infrastructure Development Company Limited, Gwadar Port Authority, etc. and also by some ministries/departments concerned. The public sector autonomous organizations - such as CAA, CDA, MCI, FGEHA, PHAF, etc. - generate their own resources for implementing development programmes. However, CDA and CAA also receive PSDP funds for certain projects. NHA, though generates its own resources, receives Cash Development Loan from federal government and foreign loans through PSDP for execution of development projects.

The Directorate General Audit Works (Federal), Islamabad, is mandated to carry out audit of the Federal Government entities engaged in construction works, i.e. NHA, CDA, CAA, Pak PWD, FGEHA, NCL, PHAF, SIDCL, HEC (PSDP/Infrastructure development works executed by federally chartered universities/institutions), Ministry of PD&SI (Special Project Cell) and Gwadar Port Authority (GPA). These entities received 25% (Rs 175.649 billion) of the total PSDP allocations for the financial year 2019-20 (Rs 701.000 billion) with major part of NHA (Rs 155.119 billion).

There are two main sectors under the Audit jurisdiction of Directorate General Audit Works (Federal) as follows:

1. **Communication and Transport** which includes National Highway Authority in Road Infrastructure Sector and Civil Aviation Authority in Aviation Sector.

2. **Housing & Physical Planning** which includes Pakistan Public Works Department, Pakistan Housing Authority Foundation, Federal Government Employees Housing Authority and Capital Development Authority/Metropolitan Corporation Islamabad.

The development spending trend of the departments under auditorial jurisdiction of this office during last five years is as under:

Department	Expenditure (Rs in billion)				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
NHA	82.96	266.66	257.56	185.62	155.12
CAA	14.81	24.35	21.06	13.98	9.01
PPWD	5.54	11.39	12.29	3.09	5.52
PHAF	0.54	1.59	4.11	4.10	2.39
FGEHA	0.06	10.18	4.74	5.94	3.14
CDA/MCI	3.56	4.46	3.51	2.69	2.85
HEC	0.39	8.71	2.08	3.05	4.54
SIDCL	4.44	2.90	8.78	6.94	5.05
GPA	-	-	4.54	1.59	3.83
Total	**112.3**	**330.24**	**318.67**	**227.00**	**191.45**

The above table indicates that development expenditure of these departments has a downward trend since 2017-18.

Sector-wise analysis is as follows:

i. Communication and Transport

Road Infrastructure

Transport sector in general and road infrastructure in particular have an enduring effect on economic growth of Pakistan. NHA is responsible to plan, promote, organize and implement construction, development operation, repair and maintenance of 39 national highways, motorways, expressways and strategic roads (12,131 km) which is 4.6% of total national road network (263,775 km) and supports 80% of commercial traffic.

Pakistan vision 2025 envisages increase in road density from around 260,000 km to 358,000 km. NHA has aspired to double the road density till 2025 by increasing the Public Private Partnership (PPP). In recent years, four PPP projects were completed by NHA on BOT basis and 11 PPP projects are in the pipeline as per PSDP 2019-20.

Through China-Pakistan Economic Corridor, NHA is connecting Khunjerab to Gwadar. Short term projects of eastern alignment include Construction of Karakorum Highway Havelian-Thakot Section (118 km) and Sukkur-Multan Section of Peshawar-Karachi Motorway (392 km). Construction of Havelian-Thakot Section is also a selected key project under strategic initiatives envisaged in MTBF 2019-22. These sections have been completed by NHA financed through foreign loan. CPEC Western alignment project Dera Ismail Khan-Hakla (285 km) is being executed through GOP funding. Three projects (Yarik-Zhob 235 km, Zhob-Quetta 331 km and Hoshab-Awaran 400 km) are at tendering/design phase.

Among other CPEC projects, “Construction of Eastbay Expressway at Gwadar Port” (financed through China loan) is also at execution stage as a part of modernization of port facilities under CPEC and maritime linkage. This project will connect Gwadar Port with hinterland through M-8 and Makran Coastal Highway. Gwadar Port Authority could achieve physical progress of 64% against planned 75% up to June 2020. This project is likely to be completed by next year. Another project “Construction of New Gwadar Airport”, which is also one of the performance indicators towards compliance of International Civil Aviation Organization standards, is under execution by CAA under China grant. Implementation of this project witnessed a delay in 2018-19 as no work was physically started. However, work started in 2019-20.

As per Medium Term Budgetary Framework (Budget Estimates for Service Delivery 2019-20 to 2021-22), the Government of Pakistan set and assigned medium term priorities for development and improvement of various sectors. As per MTBF, NHA is responsible to plan various programmes for construction of new roads/bridges and improvement/rehabilitation of the existing infrastructure, launch projects through Public Private Partnership and encourage investment through

Business Plan, improve and preserve the road condition through preventive maintenance.

Development portfolio of NHA

NHA development portfolio for the year 2019-20 contained 40 ongoing road projects with allocation of Rs 149.133 billion. This contains seven active foreign aided projects. Local component allocation against ongoing 40 schemes was Rs 91.761 billion against which actual utilization was Rs 64.373 billion. However, under foreign component actual utilization was Rs 60.328 billion against allocation of Rs 57.372 billion. There were 45 new schemes with allocation of Rs 5.833 billion. Three (03) out of 45 new projects involve foreign assistance. None of the new scheme could be implemented as no expenditure was incurred on civil works against these schemes. However, a sum of Rs 3.020 billion was released for land acquisition against one project.

Public Private Partnership

PSDP of NHA for 2019-20, included six construction projects on PPP mode financing and five feasibility studies for BOT/PPP. However, NHA could not finalize any BOT project during 2019-20.

Maintenance of road network

Planned activities of current and previous years were not carried out accordingly which resulted in deterioration of road network. Annual Maintenance Plan (AMP) prepared by NHA has not been implemented efficiently inspite of release of funds.

Current year's AMP (2019-20) was estimated at Rs 39.850 billion and funds were released but no expenditure could be incurred. A sum of Rs 53.119 billion was provided in AMP for previous year's liabilities and only Rs 15.685 billion were spent on road maintenance activities which indicate poor performance of the maintenance units of NHA all over Pakistan. NHA also failed to receive allocated grant of Rs 2.285 billion from Federal Government for maintenance of national highways due to financial mismanagement.

Revenue Collection

NHA under the Act has lawful authority to collect revenue for operation and maintenance of its road network. The collection broadly pertains to (i) Revenue from tolls and (ii) Revenue from commercialization of Right of Way (ROW). As per policy priorities envisaged in MTBF 2019-22, to improve and preserve the road condition through preventive maintenance, more funds are required.

a. Toll Revenue

Toll is described in the rules as a mechanism for recovery of capital cost and cost of maintaining assets in good condition during its useful life. Analysis of toll collections during last five years (shown below) indicates a very meager surge despite added road network.

Year	Toll Collection (Rs in billion)	Increase (Rs in billion)	Percentage increase
2015-16	15.563	---	---
2016-17	18.504	2.941	18.89 %
2017-18	19.191	0.687	3.71 %
2018-19	23.052	3.861	20.12 %
2019-20	25.573	2.521	10.94%

Toll collection of Rs 25.573 billion in 2019-20 includes revenue of Rs 2.965 billion for the added network of M-3, M-4 and M-5 leaving actual collection Rs 22.608 billion. Thus, the Authority, in fact, was confronting a potential decline in the revenue. Some of the main issues leading to this decline are as under:

- Toll rights of ETTM Plazas were awarded on net guaranteed bids instead of actual traffic count. The collection of Rs 4.544 billion on these plazas during 2018-19 came down to

Rs 4.224 billion in 2019-20. On the other hand, the Authority borne substantial cost of Rs 1.107 billion through entering into contracts for technical support and installation of automatic vehicles classification on these ETTM plazas.

- There exists no proper formula for fixing reserve prices for bidding of toll plazas. Ever changing principles like seven days traffic count, last net guaranteed amount etc. caused reduction of revenue of Rs 0.765 billion observed in thirteen toll plazas.
- Un-operational toll plazas on N-15, N-25, N-30, N-35, N-40, N-65.
- Improper safeguard of revenue collection during interim arrangements, observed in ten toll plazas, resulted in less collection of Rs 0.149 billion.
- Considerable recoverables amounting to Rs 6.041 billion against M/s NLC, FWO and Private Operators during 2019-20.
- Award of plazas to operators previously declared defaulters.
- Re-bidding without reviewing evaluation criteria under rule 34 (a) of Public Procurement Rules resulting thereby award of plazas at lesser rates.

b. Revenue from commercialization of ROW

Potential significant revenue generation through commercialization of ROW is not showing a visible increase as observed from last three years collections, as detailed in following table, despite appreciation of cost of freehold land Rs 2,588.404 billion assessed by independent valuator in financial statements for the year 2015-16, finalized on 22.06.2017.

(Rs in million)

Year	Rental (CNG purpose)	Bus Bays	Hoardings	Misc income	NOCs	Total
2017-18	1,305.894	38.459	65.831	18.428	484.212	1,912.914
2018-19	1,173.624	71.088	67.114	21.682	577.251	1,910.758
2019-20	1,017.748	67.456	160.793	17.034	657.044	1,938.077
Total	**3,497.266**	**177.003**	**293.738**	**57.144**	**1,718.507**	**5,761.749**

Main causes are non-stock taking of assets with valuation falling within ROW hampering in future leasing despite entering into contract for Geo Information System costing Rs 133.47 million, leasing of assets without any reserve price, continuation of leases awarded during 2004-05 in violation of rules, halt of revenue realization due to incomplete service areas along M-3 and M-5.

Institutional sustainability

Due to inefficient revenue management, NHA is unable to generate matching resources to rehabilitate/maintain the existing road network as well as repay the cash development loan from Federal Government. Due to non-payment of cash development loan by NHA, Ministry of Finance has started deduction at source from releases of PSDP. At source deduction for the year 2019-20 stands at Rs 27.376 billion which constitutes 17.65% of total releases of Rs 155.119 billion. This adversely affects the cash flows for development projects letting the physical progress slow down, as this amount is not being recouped by NHA from its own resources. NHA is facing financial deficit with rising trend (operating income versus operating expenses) mainly due to depreciation expense, as per Income and Expenditure Account/financial statements, as under:

(Rs in billion)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Deficit for the year	21.253	157.371	133.493	157.651	172.596

Liabilities against long term loans also have a rising trend:

(Rs in billion)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Local Loan (GoP, Provincial Governments)	456.789	551.692	637.047	831.154	891.673
Foreign Loan	215.781	234.617	351.806	510.170	667.405
Total	**672.570**	**786.309**	**988.853**	**1,341.324**	**1,559.078**
Mark-up payable on long term loans	389.829	451.092	485.530	519.566	621.425

Governance issues

From the PDPs issued to the Ministry of Communications the audit has observed partial or complete deviation from compliance processes i.e. mis-management in EPC/turnkey contract implementation/non-adjustment of cost of un-executed works, delay in completion of works/time and cost overrun, non-adherence to PPRA/ Planning Commissions guidelines, inadequate planning leading to a series of variation orders during execution, execution of work over and above the approved PC-I, non-inception of integrated electronic toll system, incorrect price escalation, non-adherence to specifications causing undue financial benefit to the contractors, etc. (Paras 2.5.2, 2.5.3, 2.5.5, 2.5.6, 2.5.9, 2.5.11, 2.5.13, 2.5.15, 2.5.18, 2.5.22, 2.5.25, 2.5.27, 2.5.29, 2.5.42, 2.5.43)

The analysis of observations revealed that major deviations are due to weak internal control, non-adherence to contract spirit, late financial releases and improper planning, execution and monitoring.

The sector may witness improvement if internal controls are strengthened, proper planning, execution and monitoring is done diligently to ensure timelines and thus reduce cost overruns, escalation and change in scope during the execution.

Aviation Sector

Air linkage is an important part of transportation and communications. CAA is an autonomous body and is responsible to provide for the promotion and regulations of civil aviation activities and to develop an infrastructure for safe, efficient, adequate, economical and properly coordinated civil air transport service in Pakistan. Promotion of import and export through air cargo villages and upgradation of airports is also one of their milestones. As per Pakistan Vision 2025 a key objective related to the aviation sector, will be enhancement of the cargo and passenger infrastructure and handling capacity at important airports to meet the delivery needs of a modern global supply chain. Further, a revised civil aviation policy will be formulated.

National Aviation Policy stipulates separation of regulatory and service provision functions in CAA, promotion of import and export through air cargo villages and upgradation of airports.

CAA Board in its meeting held on 30.09.2020 has approved the functional separation of Pakistan Civil Aviation Authority. The functions of the Authority have been separated with respect to its role as Regulator and Service Provider. The Authority has been transformed into three divisions namely Regulatory, Airport & Operations and Support Functions. The objective of the functional separation of the Authority is to ensure micro level management with intense focus on each function with special emphasis to enhance the regulatory controls.

Air cargo villages have not been established by CAA so far and adequacy of operation of air routes of politically and socially deprived locations has not been determined so far.

Development portfolio

CAA has taken up the initiative of upgradation/extension of airports at Lahore, Faisalabad, Peshawar and Quetta and work is in progress. Construction of new green field Gwadar International Airport, Gwadar is also in process.

Revenue collection

CAA has a good stream of revenue on account of aeronautical and non-aeronautical activities. Analysis of revenue collections during last five years (shown below) indicates a steady rise except 2019-20.

	Amount realized (Rs in billion)				
Type of Revenue	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Aeronautical	57.830	63.607	67.574	77.148	57.181
Non-Aeronautical	7.245	9.252	10.727	8.978	9.174
Total	**65.075**	**72.859**	**78.301**	**86.126**	**66.355**

Due to the spread of Covid-19, reduction in passenger and air traffic, the aeronautical revenue of the Authority in 2019-20 (Rs 57.181 billion) has decreased by 17% as compared to estimate prepared by the Authority (Rs 69.271 billion) and 26% as compared with actual aeronautical revenue realized during 2018-19 (Rs 77.148 billion).

CAA also contributes in the form of direct and indirect taxes towards national exchequer in shape of Income Tax on its accounting surplus @ 29% and Government Airport Tax (GAT) to be collected by operators on behalf of Federal Government. It has been observed that GAT amounting to Rs 382.460 million (including Rs 22.950 million for the year 2019-20), are receivable on behalf of the government. The pendency of huge receivable government taxes with airline operators is inefficiency on the part of CAA.

A sum of Rs 77.989 billion is due from Pakistan International Airline Corporation on account of aeronautical revenue up to June 2020. This amount is not being cleared by PIAC and considered doubtful under trade debt in financial statements of the Authority. Dues increased up to Rs 12.689 billion as compared to previous year i.e. Rs 65.300 billion. While discussing audit para 3.4.1 of Audit Report 2014-15 in DAC meeting held on 06.11.2020 it was informed that the matter was considered by Economic Coordination Council (ECC) of the Cabinet which approved freezing of outstanding payable charges as of December 2018 till such time PIAC is able to make payments to CAA. However, PIAC would pay charges from 01.01.2019 but no dues have been paid by PIAC.

Governance issues

Audit has observed that major issues in this sector have been violation of Public Procurement Rules, non-finalization of accounts of works, misuse of authority regarding approval of varied works, unjustified expenditure on up-gradation of runway, incorrect selection of site for Air Traffic Control tower, non-realization of due revenue, contractual issues like non-imposition of liquidated damages for delay in completion of works, violation of contract clauses, concession and lease award issues, human resource issues, encroachment of CAA land, etc. (Paras 4.5.1, 4.5.2, 4.5.3, 4.5.4, 4.5.5, 4.5.6, 4.5.7, 4.5.8, 4.5.26)

The analysis of the audit observations revealed that the deviations are due to weak internal controls and improper monitoring.

ii. Housing and Physical Planning

As per Rules of Business, 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defense Division and Ministry of Foreign Affairs. Pak PWD, FGEHA, and PHAF are the implementing arms of Housing and Works to discharge with the assigned responsibilities.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. The FGEHA is authorized to initiate, launch, sponsor and implement Housing Schemes for Federal Government Employees in major cities of Pakistan, to make and assist, as far as possible, each of them to have house at the time of retirement or earlier. PHAF is mandated to provide shelter and to reduce the housing shortfall in Pakistan.

Sustainable Development Goals Achievement Programme (SAP) is one of the priority programmes of the Federal Government. PSDP for the year 2019-20 provided block allocation of Rs 30.000 billion for SAP to be implemented by Cabinet Division. A sum of Rs 9.41 billion was received by Pak PWD through Ministry of Housing and Works for Sindh Province and Planning and Development Departments in provinces of Punjab and Khyber Pakhtunkhwa.

A summary of schemes executed by Pak PWD under Sustainable Development Goals Achievement Programme is as follows:

Total No. of schemes approved	**Approved cost (Rs in billion)**	**Total amount released (Rs in billion)**	**Total Amount utilized (Rs in billion)**	**No. of Schemes completed**	**No. Schemes in process**	**No. of Schemes not started**
2,415	14.61	9.41	7.01	1,073	362	980

This indicated that development schemes were not completely implemented. Only 44% schemes could be undertaken which reflects weak performance.

Audit has observed that major issues in this sector have been identified as irregular execution of works due to non-revision of technical sanctioned estimates, award of works over and above PC-I cost, additional works without tendering, delay in completion of works, undue financial benefit to the contractor due to non-adjustment of advances, unauthentic measurements/execution of works, payment without approval of contract agreements, unjustified payment of price escalation, etc. (Paras 5.51, 5.5.3, 5.5.5, 5.5.8, 5.5.10, 6.5.1)

The analysis of the audit observations revealed that the deviations occurred due to weak internal controls and improper monitoring.

CDA and MCI under the administrative control of Interior Division are responsible for development of new sectors, allotment and transfer of plots, maintenance of sectors, municipal services, provision of health and medical services in Islamabad and Federal Capital Territory, etc.

Audit observed failure of CDA/MCI as regulator to stop unauthorized/illegal housing societies, non-conforming use of plots, non-taking over possession of cancelled plots, land encroachments, etc. Sector development was also not a priority of CDA as development targets were not achieved. Audit also observed issues of mis-procurement, mismanagement in revenue collection and accounting thereof. (Paras 3.5.2, 3.5.5, 3.5.6, 3.5.7, 3.5.8, 3.5.18, 3.5.21, 3.5.22, 3.5.24, 3.5.29)

Sindh Infrastructure Development Company Limited was established to provide infrastructure component to the Green Line Bus Rapid Transit System (BRTS) project on modern lines and construction of flyovers to alleviate the severe traffic problems in Karachi. Both Green Line BRTS project and Karachi Package Projects were financed by Federal Government through PSDP. Target of the completion of Green Line BRTS project is 12.04.2020 but SIDCL achieved 78% physical progress up to June 2020. The project i.e. "Operationalization of Green Line BRTS and installation of Integrated Intelligent Transport System" at the cost of Rs 10,959.965 million has also been approved in September 2019. The process of procurement of buses is in progress. The other development works under Karachi Package are also in progress.

The analysis of observations revealed that major deviations are due to weak internal control and improper planning, execution and monitoring.

The sector may witness improvement if internal controls are strengthened, proper planning, execution and monitoring is done diligently.

1.2 Issues relating to Financial Attest Audit of Appropriation Accounts of Pakistan Public Works Department

PPWD maintains its accounts as a self-accounting entity. Directorate General Audit Works (Federal), Islamabad conducted Financial Attest Audit of the Appropriation Accounts of Pak. PWD as per Section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The results of Financial Attest Audit were reported to the Department through Management Report. Audit para on budget utilization and accounting procedures is as follows:

1.2.1 Non-utilization of funds/non-achievement of objectives of development grant - Rs 1,212.174 million

The Public Sector Development Program (PSDP) 2019-20 has been formulated on the basis of development priorities of the government through consultative and participatory approach with the agencies concerned. The Ministry of Planning, Development and Special Initiatives has aligned PSDP 2019-20 with Sustainable Development Goals (SDGs), Long Term Plan of (China Pakistan Economic Corridor) CPEC and Vision 2025 goals of putting people first, sustained indigenous and inclusive growth, water, energy and food security, private sector led growth, developing competitive knowledge economy and modernization of transport infrastructure and greater regional connectivity. This multifold development package will help to achieve balanced development in the country. Pakistan Public Works Department received Development Grant No 148 (Capital Outlay on Civil Works) against PSDP of the Housing & Works Division incurred expenditure as follows:

(Rs in million)

Original Grant	3,069.506
Add Supplementary Grant up to 15.05.2020	3,675.000
Sub-Total	6,744.506
Add Technical Supplementary Grant after 15.05.2020	0
Grand Total	6,744.506
Less amount withheld (not released)	17.295
Net available for utilization	6,727.211

Funds actually utilized	5,515.037
Funds not utilized	**1,212.174**

The department could only incur an expenditure of Rs 5,515.037 million (81.98%), leaving a balance of Rs 1,212.174 million (18.02%) as unspent. However, a sum of Rs 1,050.270 million was surrendered and Rs 161.904 million lapsed.

It is evident that effective monitoring was not carried out to determine the progress, the status and the achievements of the projects and development funds were under-utilized at the cost of socio-economic development and beneficiaries.

Audit pointed out the matter in October 2020. The department replied that the unspent balance during the financial year 2019-20 comes to Rs 161.904 million which is 2.85 % of the final grant after taking the effect of surrendered amount i.e. Rs 1,050.270 million.

The reply was not accepted because funds were surrendered which indicates that project activities were not appropriately managed and objectives of development grants/targets were not achieved at the cost of socio-economic development and beneficiaries.

Audit recommends that measures be taken to ensure proper budgeting of the activities, implementation of the project for prompt utilization of funds and achievement of the objectives.

(Para 01/Comments on Appropriation Accounts)

CHAPTER 2

NATIONAL HIGHWAY AUTHORITY
(MINISTRY OF COMMUNICATIONS)

2.1 Introduction

National Highway Authority (NHA) was established in 1991, through an Act of Parliament. The purpose and functions of the Authority are to plan, promote, organize and implement programmes for construction, development, operation, repair and maintenance of National Highways and strategic roads specially entrusted to it by the Federal Government or by a Provincial Government or any other Authority.

NHA is under the administrative control of Ministry of Communications (Communications Division). As per Schedule-II of Rules of Business, 1973 (amended up to January 2019), business assigned to Communications Division includes National Planning, research and international aspects of roads and road transport; National Highways and strategic roads; National Highway Council and Authority; Administration of the Central Road Fund and Fund for Roads of National Importance.

NHA has its Headquarters at Islamabad with Regional Offices at Peshawar, Abbottabad, Burhan, Gilgit, Kallar Kahar, Faisalabad, Lahore, Multan, Karachi, Sukkur, Quetta, Khuzdar, Gwadar and Muzaffarabad.

2.1.1 Audit Scope and Coverage

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	54	22	73,152.164	16,828.400

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
2	Assignment Accounts SDAs, RFAs (excluding FAP)	05*	02	117.250	-
3	Foreign Aided Projects (FAP)**	09	08	66,330.042	-

* Four (4) Assignment Accounts for Maintenance Grants for national highways, KKH Thakot Khunjerab Road, KKH Skardu Road and Torkham-Jalalabad Road and one (1) Assignment Account for Cash Development Loan under PSDP. Expenditure audited indicated against S. No. 1 i.e. Formations, is inclusive of assignment accounts and own resources of NHA.

**Financial Attest Audit Reports submitted to Economic Affairs Division and Development Partners concerned. Significant audit observations have been included in this report. This figure includes PSDP/non-PSDP loans, grants and counterpart Government funds. This also includes two CPEC related projects involving expenditure of Rs 46,773.785 million. Audit of one foreign-aided project is due in Phase-II of Audit Plan 2020-21.

2.2 Comments on Budget and Accounts (Variance Analysis)

Table below shows the position of budget allocation and actual expenditure for the financial year 2019-20:

(Rs in million)

Type of Funds	Budget	Actual Released/ Realized	Actual Expend-iture	Excess/ (Saving)	Excess/ (Saving) in %
Maintenance Grant (GoP)	2,871.613	117.300	117.250	(0.050)	(0.043)
RMA Current year's AMP	39,858.920	39,858.920	-	(39,858.920)	(100%)
RMA	53,119.321	53,119.321	15,684.681	(37,434.640)	(70.74%)

Type of Funds	Budget	Actual Released/ Realized	Actual Expend-iture	Excess/ (Saving)	Excess/ (Saving) in %
provision against previous year's AMP					
Sub-Total	**95,849.854**	**93,095.541**	**15,801.931**	**(77,293.610)**	**(83.03%)**
Development Funds					
PSDP. (Local)	96,054.918	94,791.268	94,791.268	-	-
PSDP (Foreign)	58,911.916	60,328.487	60,328.487	-	-
Deposit work – GB	391.705	391.705	391.705	-	-
Sub-Total	**155,358.539**	**155,511.460**	**155,511.460**	**-**	**-**
Grand Total	**251,208.393**	**248,607.001**	**171,313.391**	**(77,293.61)**	**(31.09%)**

Operating income for the financial year 2019-20 is as under:

(Rs in million)

S. No	Description	Estimated Revenue	Actual Receipt/ Realized	Excess/ (Shortfall)	Percentage Excess/ (Shortfall)
1	Toll Collection	26,052.00	25,573.00	(479.00)	(1.84)
2	BOT Revenue	2,661.00	2,661.00	0.00	0
3	Weigh Stations Income	575.00	617.00	42.00	7.30
4	Police Fine	4,796.00	4,113.00*	(683.00)	(14.24)
5	Right of Way/Rental Income	2,057.00	1,938.00	(119.00)	(5.79)
6	Other Miscellaneous	7,476.00	7,170.00	(306.00)	(4.09)
	Total	**43,617.00**	**42,072.00**	**(1,545.00)**	**(3.54)**

* Note: Against this gross amount of Police Fine, O&M Charges of Rs 630.000 million were incurred leaving net revenue of Rs 3,484.000 million. 50% of this net revenue goes to NH&MP.

Following are comments on accounts:

i. Audited financial statements for the year 2019-20 were not produced by the Authority till the finalization of this report.

ii. Against authorization of Rs 94,791.268 million, a sum of Rs 67,415.487 million was actually released to NHA for utilization on development projects under PSDP (Local) during the financial year 2019-20 after adjustment of Rs 27,375.781 million on account of repayment of Cash Development Loan. During previous year (2018-19), a sum of Rs 16,606.933 million was adjusted on account of repayment of Cash Development Loan. This adversely affects the cash flows for development projects along with physical progress.

iii. Foreign component (Loan) of Rs 58,911.916 million was allocated in PSDP of NHA. NHA, however, managed to withdraw a sum of Rs 60,328.487 million from Development Partners against actual execution of works during the year.

iv. Against the estimated receipts of Rs 43,617.000 million, the Authority actualized net receipt of Rs 42,072.000 million showing a shortfall of Rs 1,545.000 million (3.54%). However, previous year's total receipt was Rs 32,768.240 million.

v. The major component of estimated receipt was Rs 26,052.000 million on account of toll collection. The Authority was able to actualize net toll receipt of Rs 25,573.000 million showing a shortfall of Rs 479.000 million (1.84%) despite the fact that toll rates and quantum of traffic and length of motorway/road network were increased during the year.

2.3 Classified summary of Audit observations

Audit observations amounting to Rs 59,054.078 million were raised in this audit report. This amount also includes recoveries of Rs 3,251.083 million as pointed out by Audit. Summary of the audit observations classified by nature is as follows:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement/award related irregularities	4,168.280
B	Execution of works, contract agreement	36,808.624
2	Value for money and service delivery issues	1,416.236
3	Others	16,660.938

2.4 Brief comments on the status of compliance with PAC's directives

Compliance position with PAC's directives on Audit Reports relating to NHA is as under:

Year	Total Paras	Total No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
1987-88	10	10	8	2	80
1989-90	3	3	2	1	66.67
1990-91	9	9	8	1	88.89
1991-92	31	31	25	6	80.65
1992-93	88	88	83	5	94.32
1993-94	117	117	26	91	22.22
1994-95	38	38	34	4	89.47
1995-96	25	25	23	2	92
1996-97	45	45	42	03	93.33
1997-98	468	468	358	110	76.50
1998-99	177	177	154	23	87.01
1999-00	185	185	130	55	70.27

Year	Total Paras	Total No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
2000-01	244	244	213	31	86.58
	2 PAR	2 PAR	-	2 PAR	0
2001-02	70	70	43	27	61.43
2002-03	21	21	10	11	47.62
2003-04	50	50	36	14	72
2004-05	27	27	19	08	70.37
2005-06	30	30	24	06	80
2006-07	65	65	49	16	75.38
2007-08	36	36	11	25	30.56
2009-10	AR-71	71	40	31	56.34
2009-10	PAR-20	20	3	17	15
2008-09	SAR-120	4	-	4	0
2010-11	86	86	43	43	50
	16 PAR	16	1	15	6.25
	24 PAR	24	11	13	45.83
	36 PAR	36	18	18	50.00
2013-14	45	45	14	31	31.11
2014-15	60	16	7	9	11.67
2015-16	117	10	02	08	20.0
2016-17	205	33	15	18	45.45
2017-18	95	15	08	07	53.33
2019-20	110	05	-	05	-

Note: Audit Reports for 2011-12, 2012-13 and 2018-19 have not been discussed by PAC till the finalization of this Audit Report. Whereas, Audit Report for 1997-98, Special Audit Report 2008-09 (FY 2005-08) and Audit Reports for 2014-15, 2015-16, 2016-17, 2017-18 and 2019-20 were partially discussed.

2.5 AUDIT PARAS

2.5.1 Non-realization of revenue from contractors - Rs 14,127.524 million

Rule-3(2) of NHA Roads Maintenance Account Rules, 2003 provides that the all revenues from road users accruing to NHA, from various sources i.e. toll, fines, axle load charges, etc. net of collection costs, shall be expeditiously transferred into the RMA. Rule 6(2) states that contract-based revenue collection arrangements shall include (i) deposit of amount collected by contractors directly into RMA in accordance with terms and conditions of the contract by 7th day of each month and (ii) an effective internal control system for verifying amounts collected.

As per Trial Balance of Revenue Section, NHA for the month of June 2018, an amount of Rs 14,127.524 million (cumulative) was receivable on account of toll collected by various companies/firms.

Audit maintains that accumulation of receivable was due to weak enforcement and follow-up mechanism.

This resulted in non-receipt of revenue amounting to Rs 14,127.524 million.

Audit pointed out the non-recovery of dues in July 2019. The Authority replied that after necessary adjustments, receivables had been reduced to Rs 7,590.011 million as per Audited Accounts for the year 2017-18. Major receivables comprise dues from M/s Frontier Works Organization (FWO). NHA had made all efforts to settle the claims through correspondence but the matter was yet to be resolved.

The reply was not acceptable because adjustments made and outcome of efforts for remaining amount of receivable were not got verified from Audit. Moreover, available latest audited financial statements for the year 2018-19 indicated that receivables from M/s FWO have increased from Rs 5,179.000 (2017-18) million to Rs 7,432.000 million. A similar situation was in case of M/s National Logistic Cell (NLC) whose dues increased from Rs 418.000 million (2017-18) to Rs 1,637.000 million up to June 2019, which reflects weak enforcement of internal controls.

DAC meeting was not convened despite request by Audit on 24.11.2020.

Audit recommends that efforts be made at appropriate level to ensure recovery of the amount.

(DP. 298/2019-20)

2.5.2 Non-execution of the project as per provisions of contract agreement - Rs 10,334.238 million

As per Contract Agreement between NHA and M/s FWO for the EPC project (Improvement, Upgradation and Widening of Jaglot-Skardu Road), in case of any ambiguity/discrepancy/conflict between minutes of clarification meetings and any conditions/provisions of contract document, the minutes of clarification meetings shall supersede any other conditions/provisions of contract document.

Employer's requirements, supplementary specifications and minutes of clarification meetings of the contract agreement provide specific technical and financial parameters for the execution of the project.

The contract for Improvement, Upgradation and Widening of Jaglot-Skardu was awarded to M/s FWO on 20.06.2017 for lump sum amount of Rs 31,000.00 million. An amount of Rs 10,334.238 million was paid to the contractor up to IPC-5.

During execution of the above project, Audit observed the following shortcomings/irregularities:

i. As per contract agreement, Bill No.4b: Structures (Retaining walls and Toe walls) were provided for Rs 12,400.165 million which included plum concrete worth Rs 7,284.022 million. Audit observed that the contractor was executing stone masonry walls at site of work instead of plum concrete and RCC retaining structures, which was not payable as per contract. Despite violation of contract, NHA did not revise contract amount and percentage schedule of payments. Against payable amount of Rs 6,110.419 million, an amount of Rs 10,334.238 million was paid to the contractor up to IPC-5. This resulted in overpayment of Rs 4,224.206 million.

ii. The contractor did not provide detailed measurements, quality control tests and cross sections with calculations, and any other document or information which forms the basis of payment, as required under supplementary specification clause-22 of the contract. The earthwork quantities were not derived from calculation based on the field cross sections along the road centerlines.

iii. During clarification meeting it was conveyed that design life of bridges/structures would be 75 years instead of 50 years - as proposed by FWO. There was no mechanism/criteria to check that defined specifications and parameters for design life of 75 years were ensured by the contractor while executing work.

iv. There was no mechanism/criteria to check that defined parameters regarding design speed, width of formation, travelled way and shoulders in the rolling terrain and hilly terrains were achieved or otherwise.

v. The construction firm did not prepare plan for supervision of the construction to ensure that all aspects of the constructions comply with the required design and specifications.

Non-observance of contractual obligations was due to weak contract administration.

This resulted in unauthentic execution of work worth Rs 10,334.238 million, involving undue payment of Rs 4,224.206 million.

Audit pointed out the issue of non-compliance in September 2020. The Authority replied that deviations and shortcomings in the design documents were repeatedly pointed out to the contractor. The High Power Committee was also involved in Design & Contractual Issues who recently made a site visit to evaluate and resolve the said issues. The contractor had to provide all these required documents during execution of the project. Any deviation from the contract/design or non-provision of documents under the contract would be dealt with as per contract on the completion of the project/before finalization of the accounts.

The reply was not accepted because the progress of work was not up to the mark. There were instances of major deviations from the contract provisions by the contractor as admitted in reply.

The matter was discussed in DAC meeting held on 13.01.2021. DAC was not satisfied and directed the management of NHA to submit revised reply as well as get the record verified from Audit.

Audit recommends that matter be investigated and action be taken against the responsible(s). Moreover, all contractual obligations be got ensured to safeguard the public interest.

(DP. 74, 77)

2.5.3 Non-imposition of liquidated damages for delay in completion of works - Rs 9,039.714 million

According to clause 47.1 of the agreement, if the contractor fails to complete the work within the stipulated time period, he shall render himself liable to pay liquidated damages equal to 0.01% of contract price for each day of delay in completion of work subject to maximum of 10%

of the contract price. In some cases the maximum limit was provided up to 5% of the contract price.

NHA awarded thirteen (13) works at different locations to various contractors at their bid cost of Rs 318,357.767 million.

Audit observed that the works were not completed in stipulated time. Thus, the contractors were liable to pay liquidated damages as per contract provisions.

Audit holds that non-imposition of liquidated damages was an undue favour to the contractors which reflects weak contract administration.

The management did not invoke relevant contract clause which resulted in non-imposition of liquidated damages amounting to Rs 9,039.714 million **(Annexure-A)**.

Audit pointed out the matter during July-November 2020. The Authority replied that in certain cases the delays were due to late issuance of drawings, non-availability of land, sit-in/rally and Covid-19 pandemic conditions. In some cases the Authority replied that the extension of time was under process of approval and decisions regarding imposition of liquidated damages would be made after approval.

The reply was not accepted because the contractors failed to complete the work in due time, therefore, liquated damages were required to be imposed and recovered.

The matter was discussed in the DAC meetings held on 09.12.2020 and 13.01.2021, wherein, (in case of DP. 14, 53 and 73) DAC pended the para till finalization of extension of time/imposition of liquidated damages/recovery and its verification by Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends finalization of cases for determination of delay and imposition of liquidated damages as per contract clauses besides adoption of appropriate measures for completion of works without further delays.

(DP. 14, 53, 73, 154, 172, 196, 336)

2.5.4 Unauthentic payment for the foreign currency component - Rs 3,036.711 million

In pursuance of Instructions to Bidders clauses 15.5 & 15.6, the bidders for contract Package-II-B, Package-III-A and Package-III-B of Project "Construction of Motorway M-4" quoted foreign currency requirement of 30%, 15% and 15% respectively in their bids (Schedules to Bid and Bidding Forms). The foreign currency requirement was for expenditure on expatriate staff and labour, imported material and overhead expenses including fees and financial charges.

Package IIB (Jamani-Shorkot 31 KM) and package-III-A (Shorkot-Dinpur 31 KM) of the project "Construction of Motorway M-4" were awarded to M/s China Railway First Group Company Limited at a cost of Rs 8,828.000 million and M/s China Gezhouba Group Co. Ltd and M/s Ghulam Rasool & Co. (Pvt) Ltd Joint Venture at a cost of Rs 11,220.709 million on 16.11.2015 and 05.08.2016 respectively. Package-III-B (Dinpur-Shamkot 34.28 KM) was awarded to M/s Xingjiang Biexin Road & Bridge Group Co. Ltd at a cost of Rs 10,821.261 million on 05.08.2016.

Audit observed that contractors were paid IPCs with the agreed percentage of FC component but proof for expenditure incurred in US dollars was not obtained from the contractors.

Payment without proof was made due to non-observance of contract provision and weak financial controls.

This resulted in unauthentic payment of FC component of Rs 3,036.711 million. (Rs 2,309.809 million (Package II-B and III-A) + Rs 726.902 million (Package III-B).

Audit pointed out unauthentic payment in October 2020. The Authority replied that schedule of payment currencies was superseded and total component of foreign currency 15% was included in bid by M/s Xinjiang Beixin Road and Bridge Group Co. Ltd. on 22.07.2016 which was part of contract. The backup of 15% foreign component was provided at the time of evaluation of bid and the Conditions of Contract did not provide any binding condition for provision of utilization of FC at the time of execution of works as per contract.

The reply was not accepted because contractor submitted break up for utilization of foreign currency on the basis of which percentage of FC was given in the bid. So, the payment was subject to proof as per break up given with the bid.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 20.01.2021.

Audit recommends that proof of foreign currency utilization as per break up given with the bid be obtained otherwise recovery be made from the contractor.

(DP. 302, 303)

2.5.5 Irregular award of additional work without feasibility study, approval and tender - Rs 2,587.608 million

Para 10.1(iv) of Project Management Guidelines issued by Planning Commission provides that no project under directive of any authority is started without proper preparation of PC-I/PC-II and approval of the relevant competent forum. Further, Para 11.1(1) of the ibid guidelines states that projects of Infrastructure and Production Sectors costing more than Rs 300.000 million should be based on proper feasibility study.

NHA awarded the Project for Overlay and Modernization of M-2 to M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE), on BOT basis through concession agreement dated 23.04.2014 at a cost of Rs 36,825.00 million. Construction work of the project started on 19.01.2015 and substantially completed on 25.08.2016.

Additional work, namely, Widening of Main Carriageway from Faizpur Interchange to Ravi Toll Plaza with two lanes on both sides of M-2, Construction of two dedicated lanes of Peshawar-Karachi Motorway M-3 Interchange to Ravi Toll Plaza and Widening of Ravi Toll Plaza with 08 Bays along with allied works, was awarded to M/s MORE through Variation Order No. 2 (April 2018) for Rs 2,587.608 million.

Audit observed that additional work was of an independent nature and was to be processed/awarded after feasibility study, preparation/ approval of the PC-I by the competent forum and competitive bidding. But the work was awarded through variation order in April 2018 against a project which was substantially completed in August 2016.

Audit maintains that the irregularity occurred due to weak financial controls and contract management.

This resulted in irregular award of additional work amounting to Rs 2,587.608 million.

Audit pointed out the irregularity in July 2020. The Authority replied that the matter was referred to the contractor for reply.

The reply was not accepted because it was NHA and not the contractor, who was to submit the reply.

The matter was discussed in the DAC meeting held on 09.12.2020. NHA explained that the work was not incorporated in the concession agreement and no other contractor could execute work within concession area. Therefore, work was awarded to M/s MORE through Variation Order. DAC was not satisfied with the explanation and directed the management to submit revised reply with appropriate detail of facts along with supporting record to Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends probe into the matter for fixing of responsibility for violation and appropriate action against those responsible.

(DP. 02)

2.5.6 Award of works without detailed quantities - Rs 2,349.183 million

As per Para 2.10 of NHA Code (Vol-II), Administrative Approval means the formal acceptance by the competent authority of proposal for incurring expenditure on a work connected with the requirements of the Road Maintenance Account (RMA). It is, in effect, an order to execute a specified work or to procure specified goods and services at a stated cost. Para 2.11 of the Code provides that Technical Sanction means the order of the competent authority sanctioning a properly detailed estimate of the cost of a work, good, or service related to RMA. Technical sanction shall be construed as a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data.

Six (6) Regional Maintenance Units of NHA awarded 233 Routine Maintenance works of Rs 2,349.183 million during the year 2019-20 **(Annexure-B).**

Audit observed that:

i. Engineer estimates of these works were prepared without calculation of quantities required at site.

ii. Contract agreements/BOQs of all the works were also found without quantities, which is against the rules.

Audit is of the view that irregularity occurred due to non-observance of codal requirements and procurement rules which state that for competitive bidding, the bidding documents must be precise and unambiguous with bill of quantities.

This resulted in irregular award of works for Rs 2,349.183 million.

Audit pointed out the irregularity during July-November 2020. The Authority replied that the observation of audit could be considered right in case of other maintenance works like periodic, special, emergency maintenance or highway safety works where the quantum of work is specified, but the quantities of routine maintenance works totally depend upon actual site requirements. In previous years almost all routine maintenance works needed re-appropriation/variation in quantities which caused increase in cost. The system adopted by NHA duly approved by NHA's Executive Board is not only most economical but also helpful in prompt repair of highways according to site requirements.

The reply was not accepted because BOQs of all the works were silent regarding the quantities of items to be executed; only names of the items were provided in the BOQs. Open option was given to the contractors to do the work as per site requirement which is unjustified. The action of the management was against the engineering practices because estimation of the works and provision of quantities were the basic need of every maintenance/development work.

The matter was discussed in DAC meeting held on 31.12.2020. NHA explained that quantities were not mentioned to enable the execution of work as per site requirement on need basis. DAC directed NHA to examine this methodology with the reference of PPRA rules and make appropriate decision. Outcome will be shared with Audit. (DP- 44)

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC directive and observance of relevant rules in letter and spirit for transparent procurement.

(DP. 44, 125, 145, 266, 306, 323)

2.5.7 Decreasing trend in revenue realization - Rs 2,089.00 million

According to para-11(e) Chapter-11 of NHA Code (Vol-I), toll levels shall be adjusted over time to reflect as far as possible (i) extent of road use and (ii) damage caused to road network.

NHA awarded toll rights of toll plazas located at national highways at monthly net guaranteed revenue during 2019-20.

Audit observed that percentage increase in total toll revenue came down in 2019-20 from the revenue realized during 2018-19 despite the fact that ETTM system in number of toll plazas was in place and the road network was significantly increased during the period. The overall position of toll collections during last five years is as under:

Year	Toll Collection (Rs in million)	Increase (Rs in million)	Percentage increase
2015-16	15,563.000	-	-
2016-17	18,504.000	2,941.000	18.89 %
2017-18	19,191.000	687.000	3.71 %
2018-19	23,052.000	3,861.000	20.12 %
2019-20	25,573.000	2,521.000	10.94%

Toll collection amounting to Rs 25,573.000 million in 2019-20 includes revenue of Rs 2,965.000 million for the added network of M-3, M-4 and M-5 (Rs 986.000 million, Rs 542.000 million and Rs 1,437.000 million respectively) leaving actual collection amounting to Rs 22,608.000 million. Thus, the Authority, in fact, was confronting a potential decline in the revenue. The decrease in overall percentage of toll revenues in succeeding year is apparently due to inconsistency in the mechanism of fixation of reserve price, monopolization in toll contracts, termination of contracts, etc.

Audit is of the view that relative decline in revenue occurred due to weak internal controls.

This resulted in less revenue realization amounting to Rs 2,089.00 million from the last year trend of increase in revenue.

Audit pointed out the matter in December 2020. The Authority replied that due to addition of new routes on NHA road network, overall toll revenue for 2019-20 increased as compared to 2018-19. However, most of the traffic has diverted on new routes like M-5, hence decreasing the revenue of certain toll plazas such as toll revenue Rohri, Ghotki, Ahmed Pur East, Khanbela and Bahawalpur. On the other hand, most of the traffic of Hassanabdal toll plaza (N-35) diverted to E-35 motorway and toll revenue of said toll plaza has been reduced.

The reply was not accepted because the road network increased due to addition of E-35, M-4 and M-5 and overall revenue collection was required to be increased correspondingly. Contrarily, percentage of revenue increase became low despite increase in road network.

The matter could not be discussed in DAC meeting despite request on 21.01.2021.

Audit recommends the management to look into the matter and take appropriate steps for optimum revenue realization.

(Para 11)

2.5.8 Loss due to delay in completion of project - Rs 1,938.000 million

According to Economic Analysis provided in the revised PC-I approved on 19.12.2015 for the project "Widening and Strengthening of

National Highway N-70 (Rakhi Gajj-Bewata) 33.84 km (East West Road Improvement Project N-70) Package-1A", cash inflow Rs 1,938.000 million was estimated for the year 2019.

NHA awarded Package-1A of the project "Widening and Strengthening of National Highway N-70" to M/s TAISEI Corporation Japan at agreement cost of Rs 13,753.035 million. The work was started on 11.07.2016 and was to be completed on 10.07.2019 (36 months). The contractor was granted extension of time (EOT) up to 25.12.2019.

Audit observed that according to year-wise estimation of physical activities given in the revised PC-I, the project was to be completed in 2017-18 and the project was supposed to start achieving financial benefits worth Rs 1,938.000 million for the year 2019. However, the approved schedule given in the PC-I and contract agreement was not observed which resulted in delay in completion of the project and loss of financial benefits of Rs 1,938.000 million for the year 2019 - as envisaged in the revised PC-I.

Audit is of the view that loss of revenue occurred due to weak contract administration.

Delay of project resulted in loss of revenue of Rs 1,938.000 million.

Audit pointed out the loss during September-October 2020. The Authority replied that practical benefit based on vehicle operation cost and time saving cost has been generated since opening of traffic after December 2019. Road was opened during construction, there should be no loss as envisaged in PC-1.

The reply was not accepted because delay in completion of project resulted in huge revenue loss to the Authority.

DAC meeting was not convened despite request made by Audit on 24.12.2020.

Audit recommends that matter be investigated for remedial measures and improvement of contract execution for timely completion of project.

(DP. 182)

2.5.9 Award of bridge work without required River Training works (guide banks) - Rs 1,728.965 million

As per para 2 & 2.1 of Project Management Guidelines, policy of the Government of Pakistan is to efficiently utilize natural and economic resources of the country for socio-economic welfare of the people. This objective may be achieved only when development projects are planned and executed with vigilant management.

NHA awarded a project "Construction of 4-lane bridge over river Indus connecting Kallur Kot with D.I Khan" to M/s GRC - MRC (JV) with agreement amount of Rs 1,728.965 million. ECNEC approved the cost of bridge structure and training works at rationalized cost of Rs 2,985.137 million with the following breakup:

S. No.	Items	Approved Cost (Rs in million)
A	Civil Works	
1	Bridge Structures	1,668.235
2	Training Works (right and left Guide Bank)	1,141.642
3	General Items	16.200
B	Overheads	
4	Contingencies	28.261
5	NHA Establishment Charges	14.130
6	Construction Supervision	42.391
7	Price Escalation	73.478
8	Environmental Charges	0.800
	Total	**2,985.137**

Audit observed that only bridge work was awarded whereas River Training works (right and left guide bank), which were part and parcel of the project, were not awarded. In absence of training works there are chances of damage to the bridge structure with river water which may result in increase in cost due to escalation, etc. Further, there was no approach road available for the bridge, therefore, bridge would be of no use.

Award of bridge work without the training works and approach road reflects ill-planning and weak internal controls.

This resulted in irregular award of bridge work without required River Training works (guide banks) and approach roads for Rs 1,728.965 million.

Audit pointed out the matter during November-December 2020. The Authority replied that river training works could not be undertaken due to financial constraints. Bridge structure was stable enough to withstand all stresses.

DAC meeting was not convened despite request made by Audit on 25.01.2021.

Audit recommends fixing of responsibility for ill-planning/improper execution of the project besides appropriate action for early completion of the project as per provisions of the approved PC-I.

(DP. 403)

2.5.10 Non-rectification of defective work - Rs 1,221.611 million

Clause 13.1 of the conditions of contract states that unless it is legally or physically impossible, the contractor shall execute and complete the works and remedy any defects therein in strict accordance with the contract to the satisfaction of the Engineer. The contractor shall comply with and adhere strictly to the Engineer’s instructions on any matter, whether mentioned in the contract or not.

NHA awarded a contract for construction of Peshawar-Karachi Motorway Lahore-Abdul Hakeem Section M-3 to M/s CR20G-ZKB (JV) at a cost of Rs 148.654 billion in February 2016 with completion in August 2018.

Audit observed during examination of IPC-21 that an amount of Rs 1,221.611 million was withheld due to defective work from gross value of work done without recording details of defective work. The contractor had not so far removed the defective/substandard work and improved the riding quality. This resulted in non-rectification of defective work for Rs 1,221.611 million.

Audit holds that work was not properly monitored and tested while recording measurements due to weak internal controls.

This resulted in defective execution of work worth Rs 1,221.611 million.

Audit pointed out the non-rectification of defective work in August 2020. The project management replied that Taking Over Certificate (TOC) of major works/main carriageway was issued on 01.04.2019. Some remaining minor works as well as defective works were included in the punch list issued during TOC. In order to ensure the completion of remaining works as well as rectification of defective works NHA had withheld/deducted an amount of Rs 1,221.611 million from the contractor's IPC-21. The withheld amount shall be released upon satisfactory rectification of defective works and completion of minor/ancillary works.

The contention of the management was not acceptable because the contractor did not rectify the defective works, improve the thickness of lesser pavement and execute the minor ancillary works up till now despite lapse of considerable period and amount was required to be deducted instead of withholding.

DAC meeting was not convened despite request made by Audit on 09.12.2020 followed by reminders on 15.12.2020 and 24.12.2020.

Audit recommends that measures be taken to get the work rectified and completed without further delay or recovery be made besides other punitive measures under the contract against the contractor.

(DP. 194)

2.5.11 Unjustified delay caused cost overrun - Rs 1,206.054 million

PC-I of "Post-flood National Highways Rehabilitation Project (PNRHP)" was approved in November 2012 for rehabilitation of road network of 652.712 Km of different routes with commencement date in 2012 and completion in 2016.

Out of total 652.712 Km, rehabilitation of 336.44 Km was completed in 2015-16 by incurring civil work cost of Rs 19,552.359 million leaving a balance work of 316.270 Km. In the year 2017-18 seventeen (17) contracts were procured for rehabilitation of 203.200 Km including 31 bridges at a bid cost of Rs 16,170.449 million which were to be completed in 2020.

Audit observed that 113.072 Km of the road provided in PC-I requiring rehabilitation was still unattended. Against eight (08) packages of the project awarded in the year 2016 the commencement and execution was delayed inordinately as in some cases delay of about twelve (12) to seventeen (17) months was observed. Further, price escalation of Rs 1,206.054 million was paid to the contractors.

Non-implementation of the PC-I provisions and non-utilization of loan in timely manner occurred due to weak planning and internal controls.

This resulted in extra cost of escalation for Rs 1,206.054 million.

Audit pointed out the irregularity during July-August 2020. The Authority replied that PC-I was approved for rehabilitation of 652 Km roads affected by flood of 2010 valuing US$ 418 million, whereas, ADB provided US$ 163.000 million under loan 2742-PAK. Accordingly, the priority sections having length of 203.2 Km roads and 31 bridges under 17 civil work contracts were selected for rehabilitation. PC-I was revised on 10.04.2015 by ECNEC. FERP Loan No. 2742-Pak was completed on 31.12.2015. NHA started negotiating loan for remaining projects since 2014 but the loan was made effective on 17.04.2018, so there was a lag of three years between finalization of previous loan and starting of new loan which was beyond the control of NHA.

The reply was not accepted because there was extraordinary delay in finalization of loan and commencement of work which reflects slackness on part of management.

The matter was discussed in DAC meeting held on 31.12.2020. NHA explained that in ADB funded projects more time is consumed in procurement process involving concurrence of ADB. Audit contended that extraordinary delay of one and half year in commencement of work had an adverse financial impact on the project cost. DAC directed NHA to submit revised detailed reply along with chronology of events and justification to Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC directive besides taking measures to ensure efficient execution of projects.

(DP. 23)

2.5.12 Award of works to ineligible contractors - Rs 1,020.995 million

Clause 2 (iv) of notice for pre-qualification provides that successful bidders in three contracts are not eligible to participate further in tendering and their tenders for remaining works will not be opened. The ownership of plant & equipment, machinery and skilled manpower was specified for each routine maintenance contract for technical qualification.

General Manager Punjab South NHA, Multan invited pre-qualification of bidders for eighty-five (85) Routine Maintenance Contract/Works through press on 14.02.2018. Most of the works were awarded to the same contractors.

Audit observed that these awarded works were more than the technical capacity of the firms. Each contract involved work in ten to twenty-five kilometers stretch. Ten (10) to 23 contracts were awarded to each contractor, whereas, they had technical capacity of maintaining only one contract.

Audit holds that irregularity occurred due to non-adherence to rules/ tender evaluation criteria.

This resulted in irregular award of eighty-five contracts amounting to Rs 248.519 million.

Audit pointed out the irregularity in December 2018. The Authority replied that a transparent and competitive procurement process was adopted in which bids received were 23% to 36% below the Engineer's Estimate. These works were awarded to the lowest bidders while keeping in view their financial limits.

The reply was not tenable as the contractors did not possess the technical capacity to execute the works of such magnitude.

(DP. 13/2019-20)

B. The bids invited on single stage two envelopes system which contained the criteria that the eligible firm or JV must have in their profile at least two contracts of similar/relevant nature size and complexity as a contractor within last five years and the value of each contract should not be less than Rs 172 million each.

Instruction to Bidder-4.1 provides that each bidder shall submit only one bid either by himself, or as a partner in a joint venture. A bidder who participates in more than one bid (other than alternatives pursuant to Clause IB-16) will be disqualified.

Tenders for Periodic Maintenance Works and Structural Overlay relating to Annual Maintenance Plan 2016-17 were invited on single stage two envelopes basis and technical qualification with reference to specific plant & machinery and skilled manpower was required for each contract separately.

Audit observed that M/s Ugalco Construction Co. submitted its bid for participation in five Periodic Maintenance Contracts wherein experience profile for execution of two contracts of carpeting of inter city streets and roads of the Muzaffarabad was shown in each bid.

The contractor was eligible for participation in one bid only but this aspect was ignored. The said firm was not technically qualified, therefore, award of five contracts to one bidder is termed as mis-procurement.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in irregular/unauthorized procurement of five works amounting to Rs 772.476 million.

Audit pointed out the irregularity in December 2018. The Authority replied that the bids were invited on Single Stage Two Envelope System for individual contracts, therefore, the pre-qualification was carried out for each contract separately, as is evident from the technical qualification proforma and were subsequently approved by the competent authority. Furthermore, PEC and PPRA do not restrain prospective bidder to participate in more than one contract.

The reply was not accepted as award of multiple Periodic Maintenance contract to a firm having technical capacity of only one contract was unjustified. The contractor's post award performance for execution indicated that contractor failed to complete the work within the approved time and cost which showed that the contractor lacked capacity for completion of five PM works at the same time.

(DP. 17/2019-20)

The matter was discussed in the DAC meeting held on 26.11.2019, wherein, the DAC directed NHA to devise a policy and get it approved from the competent forum. Para was pended till approval of competent authority.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

2.5.13 Un-productive expenditure due to non-inception of integrated electronic toll system - Rs 986.326 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, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Rule 2(L) of the Rules ibid defines value for money as the best returns for each rupee spent in terms of quality, timeliness, reliability, after sales services, upgrade ability to meet procuring agencies requirements.

NHA entered into agreement amounting to Rs 986.326 million with M/s Whale Cloud Toll Link (JV) on 22.08.2019 for supply inspection, installation, testing, commissioning, of Automatic Vehicles Technical Classification (AVC) based Electronic Toll and Traffic Management (ETTM) on toll plazas of National Highways Package-I. Total amount paid till February 2020 was Rs 226.651 million.

Audit observed that all toll plazas on motorways and eleven on national highways were previously equipped with ETTM system. Despite being the ETTM system under-utilized, the Authority borne another considerable cost near one billion rupees through the instant contract which will hardly bring money value for the reasons briefly stated as under:

i. One of the objectives of motorways is to ensure smooth, safe and hazard free traffic flow and switching the manual charging of tolls to system generated cards through integrated software for the entire network. This was not introduced with the result that the plazas generally turned into a barrier in smooth traffic flow waiting for hours in toll clearance as is recently happening in toll plazas at entry point M-4 Pindi-Bhattian. The instant contract lacks integrated software for the entire network.

ii. NHA remained on the conventional method of net guaranteed amounts for toll revenue collections despite incurring huge expenditure on installation and commissioning of ETTM system.

iii. There was reduction in toll collections amounting to Rs 320.166 million in eleven ETTM plazas on national highways during 2019-20 due to non-adoption of method of system generated traffic count.

Audit is of the view that non-inception of integrated toll system occurred due to weak business processing controls.

Furtherance of ETTM system without inception of integrated system for the entire network resulted in unproductive expenditure of Rs 986.326 million.

Audit pointed out irregularity in December 2020. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 21.01.2021.

Audit recommends appropriate action against responsible and for examining the benefit cost ratio, objectives planned and achieved, tolls since upgraded and impact on revenue, award of toll on the basis of AVC, besides its provision in budget duly approved.

(Para 19)

2.5.14 Excessive measurement of item of work caused inadmissible/unjustified payment - Rs 701.513 million

Clause-17 Part-I General conditions of FIDIC contract provides that the contractor shall be responsible for the accurate setting-out of the works in relation to original points, lines and levels of reference given by the Engineer in writing and provision of all necessary instruments, appliances and labour.

The contractor shall also be responsible for taking joint cross-sections on the proposed alignment of the road, submitting the plotted cross-sections and longitudinal profile to the Engineer and obtaining the approval of the Engineer to such cross section and longitudinal profile before any work in connection with earthwork is commenced.

NHA awarded a contract for construction of Burhan Hakla to D.I. Khan Motorway, (Pindi Gheb to Tarap 50 KM Section) Package-IV to M/s LIMAK-ZKB (JV) at a cost of Rs 21,386.221 million on 04.11.2016 with date of completion as 03.11.2018.

Audit observed that Engineer's Estimate of the work was prepared by the M/s NESPAK, wherein an item of work formation of embankment from unclassified rock excavation was provided for 657,000 Cu.m. A review of record indicated that an Item No.108 (a & b) roadway excavation measuring 2,360,416 Cu.m was declared unclassified and was paid for 1,659,168 Cu.m. This enhancement in the item of work indicated that BOQ was prepared without soil survey and geo-technical investigation. It is worth mentioning that when joint cross-section prior to commencement of earthwork was requisitioned by Audit it was responded that no such cross-sections were taken and huge quantity of earthwork was measured and paid. In absence of these mandatory cross-sections of earthwork commencement and execution was deviated on higher side.

Excessive measurement was made due to non-observance of contract provisions and weak internal controls.

This resulted in excess payment amounting to Rs 701.513 million.

Audit pointed out excess measurement in January 2018. The Authority did not reply.

The matter was discussed in the DAC meeting held on 26.11.2019, wherein, DAC pended the para till the finalization of Variation Order and its analysis by Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision or otherwise recovery be made from the contractor.

(DP. 45/2019-20)

2.5.15 Overpayment for unexecuted quantum of work - Rs 576.038 million

As per Employer's requirement section-7/Preliminary design of the project "Peshawar-Karachi Motorway", the thickness of the aggregate base course on outer 3-meter shoulders of both sides plus 0.5 meter rounding was provided as 56 c.m. Accordingly, cost thereof was included in the schedule of prices.

NHA awarded a contract for "Construction of Peshawar-Karachi Motorway Section-II Multan-Sukkur Section (392 KM) CPEC" to M/s China State Construction Engineering Corporation Limited on Engineering Procurement Construction (EPC)/Turnkey basis for an agreement cost of Rs 294,352.00 million.

Audit observed that 51 c.m aggregate base course was laid over the shoulders of both sides instead of 56 c.m provided in the preliminary design and schedule of prices. In view of above, differential cost was required to be deducted in order to credit the saving to the Employer's account which was not done and full payment was allowed.

Non-deduction of differential cost occurred due to weak contract administration.

This resulted in overpayment of Rs 576.038 million.

Audit pointed out the overpayment in November 2020. The Authority replied that thickness of aggregate base course was dependent upon the thickness of asphalt layers. At the time of award, the thickness of asphalt base course was reduced from 17cm to 16cm and cost was rationalized. The cost of shoulder aggregate base course had presumably been catered for at the time of rationalizing of bid. Further rationalization may not be acceptable to contractor during execution stage.

The reply was not tenable because cost effect of 56 c.m was included in the bid price whereas actually laid aggregate base course was

51 c.m as evident in the as-built drawing. Moreover, while rationalizing the bid no reduction in aggregate base course was indicated.

DAC meeting was not convened despite request made by Audit on 20.01.2021.

Audit recommends that necessary downward adjustment in cost be made and recovered from the contractor.

(DP. 349)

2.5.16 Non-recovery due to non-construction of first floor at service areas - Rs 518.434 million

As per Service Area Layout Plan at page 162 of contract agreement, in the main building, restaurants were to be constructed on ground floor and rooms on first floor with balcony on front and rear.

NHA awarded a contract for construction of Peshawar-Karachi Motorway Section-II Multan-Sukkur Section (392 KM) CPEC to M/s China State Construction Engineering Corporation Limited on Engineering Procurement Construction (EPC)/Turnkey basis for an agreement cost of Rs 294,352.00 million.

The contractor quoted an amount of Rs 10,368.691 million for construction of twelve (12) service areas @ Rs 864.057 million each, keeping in view the requirement of the Employer.

Audit observed through physical verification and from the as-built drawings of the service areas that all the structures of service area were built on single storey basis, no rooms as per tender drawing were constructed over the restaurants/main building. Audit holds that the contractor quoted his rates keeping in view the requirement of the Employer, therefore, cost on account of 1^{st} floor room @ 5% of total cost of the service area be recovered from the contractor.

Non-compliance of contractual obligation/employer's requirement occurred due to improper project monitoring.

This resulted in non-recovery of Rs 518.434 million.

Audit pointed out the issue during August-September 2019. The Authority did not reply to the audit observation.

The matter was discussed in the DAC meeting held on 02.07.2020, wherein, the DAC observed that as covered area was reduced, therefore, the amount involved is recoverable. DAC directed to calculate the recoverable amount and effect recovery accordingly by 30.07.2020.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends recovery as directed by DAC.

(DP. 26/CPEC-2019-20)

2.5.17 Non-deduction of cost of component due to non-execution of remaining item of work - Rs 496.585 million

As per main outline drawing No.KLM-S-II-OD-MS-10 and clause 5.1.6(1) of Employer's requirement, anti-glare shield shall be fixed/installed along the entire length of the project and accordingly quantities were provided in the BOQ and accumulated in the schedule of prices and payments.

NHA awarded a contract for "Construction of Peshawar Karachi Motorway Section-II Multan-Sukkur Section (392 KM) CPEC" to M/s China State Construction Engineering Corporation (CSCEC) on Engineering Procurement Construction (EPC)/Turnkey basis for an agreement cost of Rs 294,352.00 million.

Audit observed that an item of work “SP-619-Glare-Shield Facilities installed on New Jersey Barriers” was provided in the Non-Binding BOQ which was got installed in horizontal curves only instead of entire length of the project. Audit is of the view that either the said item was required to be installed on remaining stretches of the Project or deduction thereof be made as contractor saved cost. As per provision of contract, the saving was required to be credited into the Employer’s account which was not done and full payment was allowed to the contractor.

Audit holds that non-adjustment of the un-executed item was due to weak financial controls.

This resulted in non-recovery of Rs 496.585 million (i.e. approximate 50% of cost of the component Rs 993.170 million)

Audit pointed out the non-deduction in November 2020. The Authority replied that as per Addendum No.3, the anti-glare shield was required to be fixed at only required locations on median barriers in accordance with safety demand/requirements. There was no compulsion in the contract that the anti-glare shield will be provided on entire length of motorway. However, during the Defect Notification Period the matter would be observed and further anti-glare shield will be executed as per safety demands and contractor will be instructed accordingly. As safety demands are fulfilled presently, there is no need of deduction of cost.

The reply was not tenable as quantity cumulated in the bid price clearly showed that anti glairing guards were to be installed on entire length of the motorway. It is worth mentioning that on adjacent motorway M-4, shield was installed on entire length. If safety demands are fulfilled currently, cost of the un-executed item be recovered from the contractor.

DAC meeting was not convened despite request made by Audit on 20.01.2021.

Audit recommends that either work be executed as per employer's requirement on entire length of motorway or otherwise recovery be made.

(DP. 355)

2.5.18 Execution of works without open competition - Rs 492.901 million

According to Para 56 (Chapter 3) of NHA Code, emergency may arise/necessitate due to earthquakes, floods or heavy rain, occurrence of accident(s) on roads, road safety hazards, etc. Tenders may be issued direct to a limited number of contractors already borne on the approved list of NHA for the category in which the proposed work falls, subject to the conditions that estimated value of the work does not exceed Rs 2.000 million; the tenders are issued to at least five contractors borne on the approved list and exact nature of emergency involved in the case shall invariably be recorded.

NHA awarded two works "EM-NA-2014-15/N-35/01/FWO (Km 190-350)" and "Maintenance of KKH from KM 350 to 806 (N-35) in G.B Region" to M/s FWO at the agreement cost of Rs 150.901 million and Rs 342.000 million respectively.

Audit observed that the works were of routine nature which were required to be executed under Annual Maintenance Plan but the same were got executed as Emergency Works without open competition. Moreover, the emergency works were awarded at par to the engineer's estimate while same nature of works executed under Annual Maintenance Plan were awarded at average rate of 40% below the engineer's estimates. Audit holds that these works do not qualify the conditions of emergency laid down in NHA Code.

Audit is of the view that irregularity occurred due to weak internal controls.

This resulted in irregular award of works at higher rates without tendering involving Rs 492.901 million.

Audit pointed out the irregularity in July 2019. The Authority replied that keeping in view strategic importance of KKH it was decided that M/s FWO will continue the responsibility of maintenance work of KKH from Thakot to Khunjrab.

The reply was not convincing as award of contract without open bidding was violation of public procurement rules and NHA Code.

The matter was discussed in the DAC meeting held on 9 & 10.12.2019, wherein, the Authority explained that there was sliding during that period and road was closed for traffic. Therefore, to open the road, the works were awarded through emergency. The DAC directed that the Director (Maintenance) NA's, Abbottabad will present and verify the approval of emergency over the stretch of the sixteen contracts awarded to FWO. DAC further directed to share the reports for road closure with Audit. (DP. 61)

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 61, 226/2019-20)

2.5.19 Unauthentic payment on account of price escalation - Rs 419.649 million

According to clause 13.8 read with Appendix-C of the contract agreement, base rate of specified items for price variation is taken 28 days prior to last date for submission of bids. Further, as per price adjustment formula approved by PEC in 2009, the items having weightages less than 5% are not subject to price adjustment.

Package-II-A (Gojra-Jamani 31 KM) and Package-II-B (Jamani-Shorkot 31 KM) of project "Construction of Motorway M-4" were awarded to M/s Xinjiang Beixin Road & Bridge Group Co. Ltd on

28.12.2015 at a cost of Rs 8,355.060 million and M/s China Railway First Group Company Limited on 16.11.2015 at a cost of Rs 8,828.000 million respectively.

Audit observed that:

i. Price escalation amounting to Rs 100.154 million and Rs 319.495 million up to IPC-30 was paid to the contractors by taking incorrect base/current rates for labour and steel. Bid submission date for contract package-II-A was same as for package-II B, but the base rates applied for both the packages by NHA were different.

ii. Weightage for cement was included as 3% in Appendix-C, therefore, this item was not subject to price adjustment.

Audit holds that unauthentic payment was made due to weak internal controls.

Application of incorrect base rates and inadmissible material for price adjustment resulted in unauthentic payment of Rs 419.649 million.

Audit pointed out the unauthentic payment in October 2020. The project management replied that the packages IIA and IIB were falling in Districts Toba Tek Singh and Jhang. The rates of Jhang were available in Monthly Statistical Bulletin of Pakistan, therefore, these rates were used as base rates for package-II-B. Similarly, current rates of District Jhang were used in every IPC. For package-IIA, rates of Toba Tek Singh were not available in Monthly Statistical Bulletin. Therefore, average of the rates in adjoining districts of Jhang and Faisalabad was taken as base rates and current rates.

The reply was not accepted because the current rates prevailing 49 days prior to the last date of the submission of bills were to be applied on the same criteria on which base rates were derived. However, no reply was given with reference to weightage of cement (3%) for price adjustment.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 300)

2.5.20 Irregular change in approved scope of work - Rs 387.440 million

Revised PC-I of the project "Construction of Faisalabad-Khanewal, 184 Km" was approved by ECNEC in its meeting held on 22.05.2018 at a rationalized cost of Rs 60,823.66 million. Any subsequent change in the approved scope warranted approval from the same forum.

Package-IIA (Gojra-Jamani 31 KM) of the project "Construction of Faisalabad-Khanewal" was awarded to M/s Xinjiang Beixin Road & Bridge Group Co. Ltd on 28.12.2015 at a cost of Rs 8,355.06 million.

Audit observed that post-bid priced BOQ of the contractor for Package-IIA amounting to Rs 8,355.06 million was incorporated in the revised PC-I approved by ECNEC in May 2018. The scope of work to the approved extent was required to be executed by the contractor. It was, however, observed that NHA approved Variation Order No. 02 on 13.11.2018 whereby the scope of work approved by the ECNEC was reduced unilaterally.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in irregular substantial reduction/change in the approved scope amounting to Rs 387.440 million.

Audit pointed out irregular change during October 2020. The Authority replied that the Engineer and Employer's staff, before execution of works, rationalized the quantum of pipe culverts and underpasses, as per site requirement, however, there was no change in bridges. The said rationalization resulted in reduction in cost after fulfilling the site requirements/adjustments. The variation/reduction in quantity was approved by the competent authority and the project was completed in less than revised PC-I cost. There was no change in scope of works.

The reply was not accepted because VO was required to be approved by the authority under whose powers the amended contract falls in term of para 98 and 99 of NHA Code. Apparently, unexecuted works have been regularized through VO to finalize the bill at reduced cost.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 287)

2.5.21 Non-settlement of accounts receivable from contractor - Rs 358.800 million

As per international accounting standards, Accounts receivable is the balance of money due to a firm for goods or services delivered or used but not yet paid for by customers. Said another way, account receivable are amounts of money owed by customers to another entity for goods or services delivered or used on credit but not yet paid for by clients. Accounts receivable refers to the outstanding invoices a company has or the money clients owe the company. The phrase refers to accounts a business has a right to receive because it has delivered a product or service. Accounts receivable, or receivables represent a line of credit extended by a company and normally have terms that require payments due within a relatively short time period, ranging from a few days to a fiscal or calendar year.

NHA awarded EPC contract for "Construction of Havelian-Thakot Section (118 km) KKH Ph-II" to M/s CCCC at a cost of Rs 133.980 billion on 22.12.2015. The work was commenced on 01.09.2016 and required to be completed on 29.02.2020.

Audit observed during review of trial balance for the month of June 2020 that an amount of Rs 358.800 million was lying receivable from contractors. Audit held that these receivables were required to be recovered / adjusted timely but huge outstanding amount for the previous financial years indicated that proper efforts were not made to realize the receivables amounts by NHA.

Non-adjustment of accounts receivable from contractor was due to weak financial and contractual controls.

This resulted in non-settlement of accounts receivable from contractor involving Rs 358.800 million.

Audit pointed out irregularity in October 2020. The Authority replied that Accounts Section HQ NHA had been informed for reply. No progress was shown to Audit.

DAC meeting was not convened despite request made by Audit on 24.12.2020.

Audit recommends adjustment of accounts receivable without further delay.

(DP. 330)

2.5.22 Loss due to execution of below specification work - Rs 374.103 million and non-construction of Service Road - Rs 351.910 million

As per schedule B regarding project description and scope of the concession agreement of "Construction of Lahore-Sialkot Motorway" the contractor will construct 4-lane main carriageway. The lanes shall be 3.65 m wide with 1-meter paved inner shoulder and 3 meter TST outer shoulder and 0.5 m rounding where required. Also, TST Service Road outside of the fence shall be provided on both sides of the Motorway to facilitate the settlement adjacent to Motorway. The length of service road shall be maximum 20% of the length of the Motorway.

According to item 304.3.4 of NHA General Specifications, immediately after spreading of the aggregate, the treated surface shall be rolled with a self-propelled pneumatic-tyre roller having minimum contact pressure of 2.8 Kg/square centimeter. A steel-wheeled roller weighing between 6 to 8 tons may be used as a second roller. Rolling shall continue only until a smooth, thoroughly compacted surface is obtained.

During site visit of the audit team along with Project Director, it was observed that:

i. Construction of TST shoulders on entire length of motorway does not meet the standards, as per concession agreement and NHA General Specifications.
ii. TST service road outside of the fence on both sides of the motorway up to 20% length of the motorway (on each side) was yet to be taken up by the contractor.

Non-adherence to specification and non-execution of service road occurred due to weak internal controls.

Execution of below specification work for Rs 374.103 million and non-execution of service road for Rs 351.910 million resulted in loss to the Authority for Rs 726.013 million.

Audit pointed out the loss during July 2020. The Authority replied that the TST on shoulders was part of scope of work of the concession agreement and no separate payment had been made for the TST on shoulders. However, the quality of TST was poor and the contractor was in process of redoing the work under the supervision of Independent Engineer. Once, it is completed as per the performance standards in accordance with concession agreement, the report of Independent Engineer will be provided to Audit.

The Authority admitted that the quality of TST was poor and promised to submit Independent Engineer report but the same was not provided.

DAC meeting was not convened despite requests made by Audit on 09.12.2020 followed by reminders on 15.12.2020 and 24.12.2020.

Audit recommends that rectification of defective work be ensured and outcome/Independent Engineer's Report be shared with Audit. Adjustment/recovery for non-execution of service road may also be made.

(DP. 246)

2.5.23 Unauthorized transfer of funds from NHA Retention Money Account for Establishment expenditure - Rs 350.00 million

Para 3.13 of NHA Financial Manual provides that there shall be one account at the Head Office, which shall not be a part of the Authority Fund. All retention money, security deposits, deposit works and fund approved for any other purpose shall be deposited in this account.

Scrutiny of the accounts record of GM (B&A) NHA Islamabad indicated that funds of Rs 350.00 million were transferred from NHA retention money account to NHA project account on 15.08.2018.

Audit observed that funds were transferred to meet salaries and establishment expenditure of NHA Head Office and Regional Offices for the month of August 2018. Specific purpose fund was irregularly utilized to meet the obligation of NHA Fund account.

Audit holds that irregularity occurred due to weak financial controls.

This resulted in unauthorized utilization of Rs 350.00 million.

Audit pointed out the irregularity in December 2020. The Authority replied that at that time there was shortage of funds that necessitated temporary borrowing of funds from NHA retention money account. The borrowing was specifically made to honor the obligatory payments of pay and allowances of NHA employees. Later on upon availability of project funds inter office borrowing was settled by transferring the amount to NHA Retention Money account on 27.12.2018.

The matter was discussed in DAC meeting held on 09.12.2020 wherein DAC directed to provide approval mechanism and authority of transfer of retention money and adjustment to Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance of the DAC decision.

(DP. 09)

2.5.24 Excess payment due to excessive quantities - Rs 226.87 million

Para 56 of Chapter-2 of NHA Code provides that technical sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data.

NHA awarded and executed various infrastructure projects/works relating to construction of roads during the year 2019-20.

Audit observed that excessive quantities of certain items of works were paid against the approved BOQ and non-BOQ items without approval of competent authority.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in excess payment of Rs 226.87 million **(Annexure-C).**

Audit pointed out the excess payment during July-October 2020. The Authority replied that quantities of items were enhanced as per site requirements.

The reply was not accepted because execution of excessive quantities and non-BOQ items were executed without approval of the competent authority.

The matter was discussed in DAC meeting held on 31.12.2020. Audit pointed out that certain items were executed beyond the provision of BOQ and Variation Order -1. NHA explained that any variation will be taken into account upon submission of statement of completion by the contractor and accordingly got regularized with concurrence of ADB through VO-2. Audit contended that quantities exceeding VO-1 should not be paid unless regularized. DAC directed NHA to complete the process of approval of VO and get it verified from Audit. (DP. 21)

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Other paras could not be discussed in DAC meeting despite reminders on 09.12.2020, 15.12.2020 and 24.12.2020.

Audit recommends early regularization from competent authority or recovery of the excess/non-BOQ items from the contractors.

(DP. 21,109, 142, 159, 223, 231,235)

2.5.25 Enhancement in scope of work due to defective estimation - Rs 225.097 million

Para 56 of Chapter-2 of NHA Code (Vol-I) provides that Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data.

NHA awarded a work "Rehabilitation and Widening of Chakdara-Fatehpur Section (82 Km)" financed through Saudi Fund for Development (SFD) Loan to M/s SGEC-KAC-AMC (JV) at an agreement cost of Rs 2,787.926 million. The work was started on 25.08.2017 with date of completion on 24.08.2019.

Audit observed the following:

i. The consultant did not submit Design Review Report within three months of the commencement of the work.

ii. As per original BOQ/tender drawing stone masonry and RCC drains were provided which were subsequently changed with the PCC drain in the city area and in open area with stone masonry which hampered the progress of the work.

Audit holds that defective estimation and subsequent variation occurred due to improper appraisal and project management.

Defective estimation resulted in enhancement of the drainage & erosion works amounting to Rs 225.097 million.

Audit pointed out the defective estimation in September 2020. The Authority did not reply.

The matter was discussed in the DAC meeting held on 12.01.2021. NHA explained that design was reviewed. Audit contended that consultant is responsible for the change which caused extra expenditure. DAC directed to effect due recovery.

Audit recommends investigation and action against those responsible under intimation to Audit.

(DP. 47)

2.5.26 Non/less deduction of income tax from the payment made to the contractors/consultants - Rs 209.727 million

Section 152(1)(A) of Income Tax Ordinance 2001 provides that every officer authorized to make payments on behalf of Government is required to deduct income tax @ 7.5% from payment of work done or services rendered.

Clause 73.1, of CoC-II of Variation order-02 provides that the contractor, sub-contractors 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.

As per clause 5.3 of General condition of contract, if after the date of contract there is any change in the applicable law which increases or decreases the cost of the services rendered by the consultant, then the remunerations and direct cost otherwise payable to the consultants under this contract shall be increased or decreased accordingly and corresponding adjustment shall be made.

Audit observed that NHA made payments to four contractors and consultants without deducting the income tax and in two cases the income tax was deducted on lesser rate than required.

Income Tax was not deducted due to weak internal controls of the management.

This resulted in non-deduction/less deduction of income tax amounting to Rs 209.727 million **(Annexure-D).**

Audit pointed out the non-deduction/less-deduction in July - October 2020. The Authority replied in case of DP.91 that the Authority did not allow any undue benefit to the consultant (M/s PEAS) in shape of less deduction of income tax, because FBR revised the tax rate for Engineering Services under section 153(1) clause (b) to 3% from 8 % w.e.f July 2019.

The reply was not tenable because as per general condition of contract clause 5.3 adjustment was to be made for reduction in tax rate. Further, contract amount was revised by the Authority due to imposition of sales tax by the Balochistan Government. Hence, the recovery on account of reduction in tax is required to be recovered from the consultant.

The matter was discussed in the DAC meeting held on 09.12.2020, wherein, NHA explained (in case of DP-03) that varied work was got executed from M/s FWO as assignment contractor and FWO is exempted from deduction of tax. DAC was not convinced and was of the view that M/s MORE was the original contractor and being a subsidiary cannot derive benefits of principal organization. DAC decided to refer the matter to PAC for deliberation and appropriate decision.

In case of DP-17, NHA explained that the contractor was exempted from tax. Audit contended that the contractor was registered at Karachi and was not eligible for exemption. DAC pended the para and directed the Ministry of Communications to write a letter to FBR HQs for clarification, otherwise necessary deduction be made. NHA will pursue the matter.

In case of DP-91, DAC directed the management of NHA for verification of record i.e. invoices alongwith agreement. Other paras could not be discussed in DAC meeting despite reminders on 09.12.2020, 15.12.2020 and 24.12.2020.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision and recovery of less deducted income tax.

(DP. 03, 17, 91, 252, 328, 333, 341)

2.5.27 Overpayment due to non-execution of unfavourable item - Rs 172.094 million

According to item 108-c of NHA General Specifications, the quantities of formation of embankment from borrow excavation, to be paid for shall be arrived at by deducting quantity of roadway excavation and structural excavation from quantity of total embankment.

NHA awarded contract for Construction of Yakmach-Khran Road Project Section-III & IV to M/s Sachal Engineering at an agreed cost of Rs 2,458.070 million and Rs 2,496.085 million respectively.

BOQ of the work Yakmach-Khran Road Project, provides item of work “Formation of embankment from structural excavation in common material” for quantity 188,899 Cu.m and 170,188 Cu.m in Section III & IV respectively @ Rs 225 per Cu.m.

Audit observed that in both sections, item of work "formation embankment from borrow excavation in common material" was executed and paid and the item of granular sub-base was also measured and paid. This indicates that the earth work has already been completed but the Authority did not deduct the quantity of structural excavation from the item of work 108-c "Formation of embankment from borrow excavation".

Overpayment was made due to weak financial controls.

Non-adherence to the technical specifications resulted in overpayment of Rs 172.094 million.

Audit pointed out the overpayment in October 2020. The Authority replied that the item of work had not yet been paid against item No.108d Structural excavation in common material & whenever it is claimed it will be deducted from 108c.

The reply was not accepted because whole quantity provided in the BOQ for item "Formation of embankment from borrow" has already been utilized, therefore, the deduction of structural excavation is not possible.

The matter was discussed in DAC meeting held on 13.01.2021, wherein, Audit contended that as per chronology of order in specification, the available excavated material was to be used before the borrow material. DAC apprehended the contention of Audit and directed to effect the due recovery.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends recovery as directed by DAC.

(DP. 93, 94)

2.5.28 Violation of contract agreement for procurement of vehicles - Rs 170.621 million

As per bid clarification meeting between NHA and M/s China Communications Construction Co Ltd., in October 2015, only 40% of total 60 vehicles in contractor's Bill No.7 will be purchased by the contractor and the remaining vehicles will be hired on rental basis.

NHA awarded EPC contract for construction of Havelian-Thakot Section (118 km) KKH Ph-II to M/s CCCC at a cost of Rs 133.980 billion on 22.12.2015 with date of completion as 29.02.2020.

Audit observed that 60 vehicles were required to be provided by contractor out of which 24 (40%) vehicles were required to be procured for employer's representative and remaining 36 vehicles were required to be hired on monthly rent basis, but all 60 vehicles were purchased in violation of contract having additional cost of Rs 170.621 million.

Audit pointed out the matter in October 2020. The Authority replied that as per contract document 60 vehicles were required to be provided to Employer's Representatives.

The reply was not accepted as 40% (24 vehicles) were required to be procured and remaining vehicles were to be provided on rental basis.

DAC meeting was not convened despite request made by Audit on 24.12.2020.

Audit recommends fixing of responsibility for violation of contract provisions besides recovery.

(DP. 329)

2.5.29 Non-recovery of unexecuted work - Rs 161.757 million

As per rationalized bid of Multan-Sukkur Project, an item 612-e, "Furnishing and planting of 3m x 10m flower beds including water bore in enclosure complete in all respect including its maintenance" was provided under Bill No. 10-Greening and environment protection works with the quantity of 45,959 sq.m @ Rs 3,519.60 per sq.m for Rs 161.757 million.

NHA awarded a contract for construction of Peshawar-Karachi Motorway Section-II Multan-Sukkur Section (392 KM) CPEC to M/s China State Construction Engineering Corporation Limited on Engineering Procurement Construction (EPC)/Turnkey basis for an agreement cost of Rs 294,352.00 million.

Audit observed during site visit that the landscaping/greening and environmental protection work was about to be completed at the project however, the item of flower beds involving Rs 161.757 million was not executed which indicated that the same was not further required on the project. Audit maintains that the cost of un-executed work of bed flowers was adjustable from bid cost.

Due to weak internal controls and non-adherence to contract provision, flower beds were not executed.

This resulted into non-execution of work and non-recovery of the amount from contractor.

Audit pointed out non-adjustment in September 2019. The Authority replied that the flower bed was substituted with third row of trees.

The reply was not accepted because there was separate provision of trees in the BOQ.

The matter was discussed in the DAC meeting held on 02.07.2020, wherein, the DAC directed that revised reply alongwith approval of competent authority for third row and comparative analysis of rates be submitted to Audit authorities by 30.07.2020.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision or otherwise recovery be made.

(DP. 29/CPEC-2019-20)

2.5.30 Overpayment due to non-deduction of quantity of water bound macadam from hard rock - Rs 160.521 million

Classification of rocks determined vide letter No. Director (Materials)/NHA/Atd/2012/743 dated 07.05.2012 provides that, as per BOQ the quantities of hard rock from roadway excavation can be utilized i.e. Item No. 206b Water bound macadam base. The WBM / aggregate base are payable in their pay item, however the utilized quantities were required to be deducted from the hard rock quantities to arrive at final payment.

NHA awarded a contract for Up-gradation, Widening & Improvement, (Zhob-Mughalkot Section) Killi-Khudae-Nazar to Mughalkot (Lot-2) N-50 to M/s Maqbool-Zarghoon JV at an agreement cost of Rs 4,043.635 million on 31.05.2016.

Audit observed that item of hard rock excavation was executed for a quantity of 195,146.40 Cu.m and paid to contractor @ Rs 1,375.55 per Cu.m for Rs 246.959 million. The quantity of WBM/Aggregate base and stone masonry random with mortar (Bill No-4C) was required to be deducted from the quantity of hard rock, whereas the project management did not make deduction.

Overpayment was made due to non-adherence to specifications and weak financial controls.

Non-deduction of required quantity resulted in overpayment of Rs 160.521 million to the contractor.

Audit pointed out the overpayment during September/October 2019. The Authority replied that after detailed deliberations at NHA HQ, it was decided that the contractor must utilize the hard rock surplus materials (suitable) from the site location where the suitable hard rock was found more than 50% of the excavated material. NHA made deduction of hard rock material in VO No. 03, where hard rock material was acquired more than 50% in classification.

Recovery along with justification for decision of 50% was not got verified from Audit.

The matter could not be discussed in the DAC meeting despite request on 24.11.2020.

Audit recommends that complete justification besides recovery be got verified from Audit.

(DP. 257/2019-20)

2.5.31 Non-recovery due to defective/below specification work - Rs 145.822 million

Clause 4.1 (Contractor's General Obligations) of contract states that the contractor shall design (to the extent specified in the contract), execute and complete the works in accordance with the contract and with the Engineer's instructions, and shall remedy any defects in the works.

NHA awarded Package-IIB (Jamani-Shorkot 31 Km) and Package-II-A (Gojra-Jamani 31 Km) to the contractors and paid last IPCs for Rs 8,558.201 million and Rs 6,889.373 million respectively.

Monitoring & Inspection Team of NHA carried out inspection of both packages and pointed out various material defects in construction work. The M&I Team recommended recovery of an amount equal to 5% of the cost of minor structures (underpasses, subways, cattle creeps and box culverts) from contractors and consultants for poor workmanship. Audit observed that recovery was not effected as IPCs were paid without deduction on account of defective work amounting to Rs 145.822 million (Rs 87.854 million for package IIB and Rs 57.968 million for package-IIA).

Audit further observed that NHA issued Taking-Over Certificates before inspection by M&I Team in violation of SOP-2011 for issuance of TOC and contract clause 10.1.

Audit holds that the irregularities occurred due to weak contract management and financial controls.

This resulted in non-recovery of Rs 145.822 million from the contractors.

Audit pointed out non-recovery during October 2020. The project management replied that the Engineer decided to recover Rs 7.106 million for Package-IIB and Rs 5.339 million for package-IIA. The recovery would be made from the contractors.

The reply was not acceptable because under clause 10.1 of the contract, the inspection was prerequisite for issuance of TOC while in this case the TOC was issued prior to inspection. Further, recovery as recommended by the Engineer was less than recommended by M&I Inspection for which no justification/basis was provided to Audit.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends rectification of defects as per clause 4.1 or recovery of the amount recommended by M&I.

(DP. 290, 292)

2.5.32 Excess expenditure due to change in class of concrete against approved PC-I - Rs 114.194 million

As per approved PC-I of the project, Construction of Hakla (on M-1) to D.I Khan Motorway, there was a provision of concrete class-A-1 & A-2 in Bill No. 4a, 4c & 4d for structures and concrete class-B in Bill No. 2 of Package-II, for rigid pavement for Toll Plaza portion (Road structure).

NHA awarded following works to the contractors:

(Rs in million)

Package	Name of work	Contractor	Agreement Cost
IIA	Rehmani Khel to Kot Belian (KM 25+400 to 25+791.64)	M/s SKB-KNK	9,232.715
IIB	Rehmani Khel to Kot Belian (KM 0+00 to 25+803)	M/s SMAD Baloch	7,250.00
IID	Rehmani Khel to Kot Belian (13.4 KM)	M/s Khalid Rauf	4,441.774

Audit observed that at the time of tendering the class of concrete was changed from A-2 to A-3 in structures and A-1 for rigid pavement, which had higher specification and higher rates. Audit is of the view that the concrete class was originally provided in the PC-I and approved by the competent authority.

Audit holds that irregularity occurred due to weak internal controls.

Change of class of concrete without approval was violation of PC-I which resulted in excess expenditure of Rs 114.194 million.

Audit pointed out the irregularity during October-November 2020. The Authority replied that the matter pertained to changes during pre-bid stage. Hence, the Para was referred to P & CA section of NHA for their input in the matter. Final reply was not submitted.

DAC meeting was not convened despite request made by Audit on 25.01.2021.

Audit recommends investigation and action against the responsible(s).

(DP. 370)

2.5.33 Non-recovery of the inbuilt cost of service road - Rs 99.339 million

According to SP-712 of the contract agreement the contractor shall provide and maintain service roads for the use of contractor, engineer's and employer's representatives during the entire period of project. The roads shall comprise of 30 cm thick granular material for stabling on top of 30 cm embankment.

The work Construction of Motorway M-4 Package-II-A (Gojra-Jamani) was awarded to M/s Xinjiang Beixin Road & Bridge Group Co. Ltd on 28.12.2015 at a cost of Rs 8,355.060 million and package-III-A (Shorkot Dinpur) was awarded to M/s China Gezhouba Group Co. Ltd and M/s Ghulam Rasool& Co. (Pvt) Ltd Joint Venture on 05.08.2016 at a cost of Rs 11,220.709 million.

Audit observed that tender drawing for both the packages envisaged construction of service roads on both sides of project for which no separate payment was admissible being the cost inbuilt in the priced BOQ. It was further observed from the inspection report of the NHA committee constituted for issuance of TOC that no service road for package-II-A was constructed by the contractor as per provision of contract. In case of package-III-A, the committee reported that service road was constructed without granular material. Hence the cost of service road and granular material was required to be deducted from the contractor which was not done.

Audit holds that non-construction of service road was not noticed by the management due to weak project management.

This resulted in non-recovery of Rs 99.339 million.

Audit pointed out the non-recovery in October 2020. The Authority replied that according to SP-712, contractor provided Service Road on one side and maintained it for duration of the project after approval of plan by the Engineer. As service road was regularly sprinkled with water and graded for movement of heavy machinery at site, therefore, it was not possible that service road remained intact after completion of project also. It was neither payable item nor part of permanent works.

The reply was not accepted because the inspection committee for issuance of TOC had pointed out non-construction of service road in package-II-A and without granular material in package-III-A which had precedence unless it was quashed by the higher authority.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends recovery of the inbuilt cost of non-executed work.

(DP. 301)

2.5.34 Loss due to defective design by the consultant - Rs 98.666 million

Para 101, Chapter 3 of NHA Code 2005 (Vol-I) provides that when it is found that variation/change or order or amendment is necessitated owing to a defect in design, estimates or the drawing etc., the Engineer concerned/consultant who prepared the design, estimates or the drawing shall be called upon to explain reasons for preparation of a defective design.

NHA awarded a work "Rehabilitation of National Highways D. I. Khan-Sarai Gambila-Daraban N-55 Package-5 (Lot-1) 20 Km", financed through ADB Loan No.3378, to M/s NCC-IKAN-HRPL at an agreement cost of Rs 660.149 million on 06.04.2018 with date of completion as 05.04.2019. The contractors quoted their rates keeping in view the design/BOQ. Accordingly, the work was executed by the contractor at site which was measured in IPC-1 to 3 from December 2018 to March 2019.

In April 2019, the consultant M/s ACE submitted revised design with the modifications by inclusion of the aggregate base and increased the asphalt concrete base course thickness as cracks and rutting appeared in the executed work. This revised design was also not found stable which was changed and substituted, in December 2019, by aggregate base with water bound macadam and the asphalt base course thickness from 10 to 14 centimeters.

Audit maintains that the project was designed on desk without going through the site inspection, survey and existing road conditions. Subsequent repeated revisions were made which also caused delay in completion of the work up to 1.5 years.

Audit holds that loss occurred due to weak project management.

Defective estimation resulted in delayed completion of work besides loss due to defective work amounting to Rs 98.666 million.

Audit pointed out the loss in July-August 2020. The Authority replied that the contract of Package 5 Lot 1 was designed in 2012 but could not be included in original FERP under ADB Loan No. 2742-Pak due to paucity of funds. The project was reconsidered for financing under PNHRP ADB Loan No. 3378-Pak in 2016. The work for project was awarded on 12.12.2017. The design was reviewed, finalized and implemented with the concurrence of Asian Development Bank and NHA. It was evident that with the passage of time, the condition of pavement changed and required changes were subsequently incorporated.

The reply was not accepted because the work was awarded in the year 2017 on the basis of design prepared in the year 2012 as admitted in reply. The design was, therefore, defective and not as per site requirement which caused time and cost overrun.

The matter was discussed in the DAC meeting held on 09.12.2020, wherein, NHA explained that original design prepared in 2012 was not practical and workable in 2018 and design was reviewed, finalized and implemented with the concurrence of Asian Development Bank and NHA. DAC inquired whether the changed design was incorporated in revised PC-I or not. DAC pended the para and directed NHA to furnish detailed reply giving justification and get the record verified from Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends fixing of responsibility for award of work on defective and obsolete design, under intimation to Audit.

(DP. 19)

2.5.35 Non-recovery of dues from the owners of business operating on ROW of NHA - Rs 94.414 million

As per Rule 10 of Chapter III of Regulatory Framework and Standard Operating Procedures for Preservation and Commercialization of Right of Way (NHA Code Volume-II, 2005), Deputy Director (Maintenance) or Corridor Management Contractors shall ensure to collect the annual fees/ground rental charges from the owners of commercial entities/amenities and different Government/Semi Government agencies owning the utilities within the due date. In case of non-payment, within fifteen (15) days of the due date, issue the notices for payment of annual lease or ground rental charges or fee and will endorse a copy to RAMD, Islamabad and Regional General Managers.

General Manager (Northern Areas), NHA Abbottabad was responsible for collecting toll, annual fees/ground rental charges from the owners of commercial entities/amenities falling on Right of Way (ROW) of N-15, N-35 and N-125. It was observed that certain owners of CNG filling stations, Petrol Pumps and other business operators of commercial plazas and hotels were using ROW without payment of annual fee.

Audit observed that Authority collected revenue of Rs 25.586 million against the targeted amount of Rs 120.000 million during the financial year 2019-20. Audit further observed that the Authority did not take any action against business operators using right of way of NHA since long without payment of ROW charges.

Audit holds that non-recovery of dues was due to weak internal controls.

This resulted into non-recovery of dues from the owners of business operating on ROW of NHA amounting to Rs 94.414 million as detailed below:

(Rs in million)

S. No.	Name of Maintenance Unit	Target assigned	Revenue collected	Less recovery
1.	Abbottabad	65.000	15.477	49.523
2.	Balakot	20.000	10.109	09.891
3.	Dassu	35.000	-	35.000
	Total	**120.000**	**25.586**	**94.414**

Audit pointed out non-recovery of dues in November 2020. The Authority replied that collection of ROW dues is a regular process. Notices for obtaining NOC and depositing of outstanding dues were issued to the defaulters.

The reply was not accepted because the assigned revenue targets were not achieved. Moreover, the recovered amount was also not got verified from Audit.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends recovery from the defaulters, road users as well as early finalization of cases to recover the balance outstanding amount.

(DP. 320)

2.5.36 Non-award of contract within the validity period and non-forfeiture of performance security - Rs 89.43 million

Clause-15 of General conditions of contract provides that if the contractor fails to carry out any obligation under the contract, the Engineer may by notice require the contractor to make good the failure and to remedy it within a specified period. The Engineer shall be entitled to terminate the Contract if the contractor fails to comply with Sub-Clause 4.2 or with a notice under Sub-Clause 15.1, abandons the works or otherwise plainly demonstrates the intention not to continue performance of his obligations.

NHA awarded a work/contract for Rehabilitation of National Highways Bahrain-Kalam Section N-95 (Bahrain to Kalam) Package-II (lot-2) and/with 12 new bridges financed through ADB Loan No.3378 to M/s SARCO at an agreement cost of Rs 894.358 million on 19.01.2018.

Audit observed that no payment on account of work done and mobilization advance was made during currency of the contract. Termination Notice was issued by the Employer on 18.05.2019 to inform the contractor that on completion of the 14 days' notice i.e. 02.06.2019 this contract will stand terminated. Despite expiry of more than a year over the termination notice, subsequent proceeding towards forfeiture of Performance Security, valuation of termination of contract Clause - 15.3 and award of work at his risk and cost were not forthcoming from the record. The contract was financed through ADB Loan No.3378 which is going to expire on 31.03.2021, hence it was required to be got completed within validity of loan to avoid the commitment/interest charges and over burdening the government PSDP to fetch the benefit of loan for which the financing was arranged by the government of Pakistan.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in non-forfeiture of Performance Security amounting to Rs 89.43 million and non-award of the contract at risk & cost and in timely manner.

Audit pointed out the irregularity in July & August, 2020. The Authority replied that the contractor mobilized at the site on 19.01.2018. Despite various advices/warnings the contractor never yielded the required progress and Notice to Correct was issued on 31.08.2018 but the contractor did not comply. The contractor was also invited for joint measurements of the works completed at termination. The contractor did not accept the invitation; therefore, the consultant had to proceed with the final measurements and quantification of the completed works at termination. The performance security was enchased by NHA.

The matter was discussed in the DAC meeting held on 09.12.2020, wherein, NHA explained that contract procurement process was annulled which was concurred by ADB. Performance security of the contractor has been forfeited now. DAC directed NHA to provide current status of procurement of works in question to Audit along with record relating to forfeiture of performance security and accounting thereof within two days.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 11)

2.5.37 Inefficient utilization of loan caused accrual of extra commitment charges - Rs 83.544 million

Loan agreements with Japan Bank for International Cooperation and Asian Development Bank provide that the borrower shall pay commitment charges at specified rates per annum. Such charges shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing after the date of these Loan Agreements.

NHA executed following three projects funded by ADB and JICA with certain timelines as mentioned below:

DP No	Name of Project	Development Partner	Loan Start Date	Loan End Date
169	National Highway Development Sector Project (NHDSP) Zhob - Mughalkot N-50 &Qilla Saifullah – Waigum Road (N-70)	Asian Development Bank	10.08.2015	31.12.2020
24	Post-flood National Highways Rehabilitation Project (PNHRP)	Asian Development Bank	18.04.2017	31.03.2021
175	East-West Road Improvement Project (N-70)	Japan International Cooperation Agency	24.10.2008	24.10.2020

Audit observed that progress of the projects was not up to the mark according to the schedule of work, which would result in accumulation of commitment charges amounting to Rs 83.544 million as detailed below:

(Rs in million)

DP No.	Name of Project	Amount
169	National Highway Development Sector Project (NHDSP) Zhob - Mughalkot N-50 & Qilla Saifullah – Waigum Road (N-70)	36.800
24	Post-flood National Highways Rehabilitation Project (PNHRP)	41.250
175	East-West Road Improvement Project (N-70) (JP ¥ 3.456 million* Rs 1.5897)	5.494
	Total	**83.544**

Audit holds that irregularity occurred due to weak project management.

Inefficient utilization of loan resulted in accrual of commitment charges amounting to Rs 83.544 million.

Audit pointed out inefficient utilization of loan during July/October 2020. The Authority replied all the contracts of PNHRP were recently awarded and new works usually got time in its proper execution phase. With passage of time these works were executed as per planned progress. The project execution started in 2018, however, during currency of contract certain design of different projects needed revision which took time. It is ensured that maximum loan amount would be utilized before the loan closing date.

The reply was not accepted because projects were not planned properly which necessitated design changes during execution phase leading to slow progress. This reflects weak project management and ultimate extra burden on public exchequer.

The matter (DP. 24) was discussed in DAC meeting held on 31.12.2020 wherein DAC directed NHA to submit revised detailed reply explaining loan management along with detail of projects planned, awarded, executed and efforts made to get the commitment charges revised, to Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends that measures be taken to ensure early completion of works.

(DP. 24, 169, 175)

2.5.38 Loss to Authority due to non-execution/non-operational service areas - Rs 78.000 million

As per para 9.4 of Project Management Guidelines, the project is approved with a specific period of completion. Efforts should be made to complete the project within the stipulated period to ensure flow of benefits well in time.

PC-I of the Project Karachi Lahore Motorway (KLM) Lahore Abdul Hakeem Section M-3 was prepared by the Consultant M/s Asif Ali Associates and approved by the ECNEC in its meeting held on 14.11.2015 at a cost of Rs 131.207 billion. The project was stipulated to be completed in the year 2017.

NHA awarded a contract for construction of Peshawar Karachi Motorway Lahore Abdul Hakeem Section M-3 (230 KM) to M/s CR20G-ZKB (JV) at a cost of Rs 148.654 billion in February 2016 with date of completion as 18.08.2018.

Audit observed that:

i. Project Management remained unable to get completed the project within stipulated period i.e. 18.08.2018.

ii. Granting of extension of time limit and imposition of liquidated damages on the contractors was also not forthcoming from the record due to which responsibility of delay could not be ascertained.

iii. The Authority issued notice for Bid Invitation for Operation & Management of Service Areas in 2019 and 2020. It means that the service areas were not completed in stipulated period and not yet operational up to July 2020, although the motorway was operational on 01.04.2019.

Audit maintains that the loss occurred due to non-adherence to the provision of revised PC-I and lack of administrative, financial and internal controls.

Non-completion of service areas deprived NHA of revenue worth Rs 78.00 million (Approx.).

Audit pointed out the loss in August 2020. The Authority replied that six (06) service areas were to be established on motorway at three locations. Two service areas at North Bound/South Bound are operational at Tandlianwala since opening of traffic on motorway and issuance of TOC w.e.f. 01.04.2019. For remaining four (04) service areas claim will be lodged against the contractor. The tentative amount shall be calculated after start of operations at these service areas to calculate the exact delay period and corresponding amount of revenue loss.

DAC meeting was not convened despite request made by Audit on 09.12.2020 followed by reminders on 15.12.2020 and 24.12.2020.

Audit recommends recovery of the loss besides measures to strengthen the project management.

(DP. 198)

2.5.39 Unjustified payment of Rs 71.23 million and overpayment due to non-deduction of inbuilt component - Rs 16.027 million

Section-6220 - Aluminum Works of contract agreement provides that the work under this section of specification includes furnishing all labour, equipment, appliances and materials and performing all operations in carrying out the work of natural, anodized and powder coated aluminum windows, doors, ventilators and louver with fly proof shutters.

Section-6220-9-11 further provides that the cost thereof shall be deemed to have been included in the quoted unit rate of below mentioned items of BOQ.

i. Providing and fixing locks, handles and door closers as approved by the Engineer.

ii. Providing and fixing fly proof shutters along with aluminum wire gauze to sliding/open able windows and ventilators.

NHA awarded a work “Construction of Infrastructure and Allied Works for Metro Bus Service from Peshawar More to New Islamabad International Airport” containing four (04) packages to various contractors.

Audit observed that:

i. Items No. 6.1 and 6.2 - Providing and fixing all types of glazed aluminum windows under Bill No. 4.6b Structure (Pedestrian Bridge Architecture work) were provided to the extent of 480 Sq.m and 1,950 Sq.m in the BOQ/PC-I having rates of Rs 8,522 per Sq. m and Rs 6,725 per Sq.m against which contractor quoted rates of Rs 15,393 and Rs 8,450. The rates were 58%, 85.26%, 80.62% and 25.65%, respectively, higher than the estimated rate.

ii. During execution of work, the quantities of both items were increased 358% & 130% and 216.9% respectively which was unjustified because the earlier quantities provided in the BOQ were sufficient to the technical and site requirement of the work and the increase was made to benefit the contractor being lucrative rates.

iii. Locks, handles and door closers were not actually installed. Cost of these in-built components was required to be deducted which was not done.

Audit holds that overpayment was made due to weak contract management.

Non-adherence to contract specification/BOQ caused unjustified excess payment of Rs 71.23 million and overpayment on account of inbuilt components not executed at site amounting to Rs 16.027 million.

Audit pointed out the unjustified payment and overpayment in June 2020. The Authority replied that payment was made as per approved BOQ rate. The said quantities increased as per approved design and drawing to bring symmetry in structure. Moreover, after assessment, necessary recovery shall be made.

The recovery effected was not reported to Audit till finalization of the Report.

DAC meeting was not convened despite request made by Audit on 25.11.2020 followed by reminder on 09.12.2020, 15.2.2020 and 24.12.2020.

Audit recommends recovery of cost of unexecuted components from the contractor.

(DP. 112)

2.5.40 Irregular award of additional work without open competition - Rs 66.776 million

Rules 20 and 21 of Public Procurement Rules, 2004 provide that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services, and works.

Rule 42(C)(iv) of Public Procurement Rules provides that repeat orders not exceeding fifteen per cent of the original procurement.

Rule 12(2) of ibid rules also provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and other in Urdu.

NHA awarded two works for construction of road to various contractors as below:

(Rs in million)

DP No.	Name of Formation	Work Reference	Amount of Additional work
146	GM Maintenance Muzaffarabad	PM-2015-16-PN-03	41.867
147	GM Maintenance Muzaffarabad	PM-AJK-18-75-01	24.909
		Total	**66.776**

Audit observed that the Authority awarded additional works to the already mobilized contractors against the original scope of work without calling of tenders.

In the absence of open competition, NHA compromised the transparency, depriving the entity of the advantage of competitive rates, and denied a fair opportunity to other prospective bidders in the bidding process.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in irregular award of additional work of Rs 66.776 million.

Audit pointed out the irregularity during August-September 2020. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 24.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP.146, 147)

2.5.41 Unjustified expenditure on inadmissible item - Rs 61.266 million

According to Special Provision (SP) 712.3, no separate payment shall be made for provision of Service Road/Detour/Baily Bridge over the rivers/canals etc. and the costs involved shall be deemed to be included in other items of BOQ. Para-5 of preamble of BOQ states that the whole cost of complying with the provisions of the contract shall be included in the items provided in the priced bill of quantities, and where no items are provided, the cost shall be deemed to be distributed among the rates and prices entered for the related items of the works.

Package-II-A (Gojra-Jamani 31 KM), Package-II-B (Jamani-Shorkot 31 KM) and Package-III-B (Dinpur-Shamkot 34.28 KM) of Motorway M-4 were awarded to M/s Xinjiang Beixin Road & Bridge Group Co. Ltd and M/s China Railway First Group Company limited on 16.11.2015 and 05.08.2016 at a cost of Rs 8,355.06 million, Rs 8,828.00 million and Rs 10,821.261 million respectively. Taking over certificates for the contracts IIA & IIB were issued on 06.10.2018 and 11.01.2019 respectively while contract IIIB was under completion.

Audit observed that service road on both sides of ROW was to be constructed by the contractor without claiming separate payment as per tender drawing. Accordingly, no provision was made in the BOQ. The record, however, showed that cost of earthen track was approved through variation orders (VO) for these packages to make it payable item. Resultantly, payment was made Rs 31.944 million, Rs 14.013 million and Rs 15.309 million against these packages. Its separate payment through VO was not justified in view of its inbuilt cost explicitly provided in the tender drawing on the basis of which the contractor submitted bid. That’s why it was not separately provided even in the revised PC-I approved by ECNEC in May 2018 for Rs 60,823.66 million.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in unjustified expenditure of Rs 61.266 million.

Audit pointed out the irregularity in October 2020. The Authority replied that according to SP-712 having precedence over tender drawing, contractor will provide side service road on one side at his own cost excluding culverts. The pipe culverts of service road were payable to the contractor. Later on, near completion of the project earthen track for pedestrian was constructed on right side for facility of local villagers and paid to the contractor as per contract.

The reply was not accepted because SP stipulated that granular material would be used for one service road meaning thereby that earthen road would be constructed on other side of motorway. Further, service road was the requirement during construction for project execution whereas the measurement and payment for earthen track through VO was made for the convenience of villagers (not for project) after substantial completion of motorway which was outside the contract scope.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 286)

2.5.42 Overpayment due to application of incorrect rates for price adjustment - Rs 57.805 million

Clause 70.1 (d) of the contract agreement provides that the base cost indices or prices shall be those prevailing on the 28 days prior to the latest date for submission of bids. Current indices or prices shall be those prevailing on the 28 days prior to the last day of the period to which a particular monthly statement is related. If at any time the current indices are not available, provisional indices as determined by the Engineer will be used, subject to subsequent correction of the amounts paid to the contractor when the current indices becomes available.

According to Appendix C to bid, the current price are meant to be ex-factory prices (inclusive all kinds of taxes and duties that can be levied at the source) 28 days prior to submission date of IPC. (Price adjustment shall be processed month wise).

NHA awarded various infrastructure development works relating to road network and payment on account of escalation was made to the contractors during the year 2019-20.

Audit observed that while calculating the price escalation the Authority made overpayment in certain projects due to incorrect current rate, escalation on temporary works, incorrect value of work done and by taking incorrect base rates.

Audit maintains that the overpayment occurred due to non-adherence to the contract provisions and weak financial controls.

This resulted in overpayment of Rs 57.805 million **(Annexure-E).**

Audit pointed out the overpayment during July-November 2020. The Authority admitted the overpayment in certain cases. In case of DP-87, it was replied that the base rate of bitumen arranged by required source National Refinery Limited Karachi vide letter dated 21.10.2019 from Attock Petroleum Limited and vetted by P&CA NHA-HQ.

M/s Attock Petroleum Limited was approached again & same rates were produced during specified period vide their letter dated 26.11.2019.

The reply was not acceptable because base rate was Rs 52,493 per ton instead of Rs 47,151 per ton. The Authority did not produce complete record of price adjustment paid for bitumen i.e. source of current rate and base rate to verify the actual overpaid amount.

The matter was discussed in DAC meeting held on 13.01.2021. The committee directed that letter be written by Ministry to Attock Petroleum for clarification regarding notified rates. (DP.87). Other Paras could not be discussed in DAC.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends recovery of overpaid amount besides verification of clarification from Attock Petroleum.

(DP.187, 230, 87, 295, 232, 167, 289, 374)

2.5.43 Unjustified execution of an item of work beyond PC-I provision - Rs 51.663 million

PC-I of the project "Construction of Blacktop Road Yakmach-Kharan via Dostain Wadh Khurmagai" was approved by ECNEC for Rs 13,758 million on 22.04.2016, having no provision for scarification.

NHA awarded a contract for Construction of Yakmach Khran Road Project Section-I to M/s SMADB - RMS (JV) at an agreement cost of Rs 2,859.682 million on 13.11.2015 with completion in March 2019.

Audit observed that an item of work 209b scarification of existing road was executed and paid for 103,325.30 sq.m @ Rs 500 per sq.m amounting to Rs 51.663 million. Audit also observed that in the approved PC-I by the ECNEC, there was no provision of item of work scarification. It was mentioned in PC-I that 22 km of the existing road having Asphalt concrete with 3.5-meter width was in worse condition. It transpired that existing deteriorated surface, measuring 77,000 sq.m, did not require any scarification work.

Audit maintained that the unjustified payment was made to extend undue benefit to the contractor due to execution of item without requirement.

This resulted in unjustified payment of Rs 51.663 million.

Audit pointed out unjustified payment in October 2020. The Authority replied that during initial survey for works, provincial government road was under construction and thus road having length of 22 Km asphaltic section was mentioned in PC-1. However the execution of the project was started on 14.03.2016 by NHA. During this time period gap, the local government enhanced their asphaltic work (TST) and constructed around 47 km road from Kharan city onwards. As far as length mentioned in PC-1, 22 km is concerned, it may be noted that in PC-1 the width of existing road was mentioned around 5 to 6 meters. Therefore if multiply 22,000 meters length into 5.5 meters width the total scarification quantity comes around 121,000 square meters. It is worth mention here that in original BOQ there was 191,625 square meters quantity for scarification provided but at site actually available quantity has been scarified, measured and paid for 103,425 square meters only. The site authorities have saved around 88,423 square meters quantity worth Rs 44 million. Moreover, the existing black topped TST road from Kharan city to Project start point built by provincial Government is still available and is operational which can be checked physically.

The reply was not acceptable because the item of work was executed without provision in the PC-I, the existing black top provincial road width was 3.5 meter instead of 5.5 meter as mentioned by the Authority in their reply. The overall quantity of scarification comes to 77,000 sq.m whereas it was measured and paid for quantity 148,249 sq.m beyond the actual site requirement i.e. 148,249 sq.m (Section I Qty 103,425 sq.m+ Section II Qty 44,824 sq.m). Hence, the complete record from the Provincial Government regarding road condition before execution of the project may be obtained to verify the facts.

The matter was discussed in DAC meeting held on 13.01.2021. DAC directed the Authority to produce justification of execution of the item without provision in the PC-I/ requirement.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends verification of record involved in the matter.

(DP. 99)

2.5.44 Overpayment due to inadmissible payment of excavation - Rs 48.575 million

As per note to BOQ Bill No.01 of contract agreement for the work “Construction of Shatial-Thur Nullah Bypass (Relocation of KKH) including link road to existing KKH” awarded to M/s Hakas Pvt. Ltd, roadway excavation material shall be used in embankment, back fill around structure, structure works like construction of retaining wall, breast wall, abutments, wings walls, rip rap, grouted rip rap, gabions & pavement layers base course & sub base material which included in the contract. The payment shall not be made under pay item 106c & d (unclassified excavated surplus material) as surplus material, its payments shall be deemed to be included in the pay item where the material is used.

Audit observed that stone masonry works was paid for a quantity of 79,892.932 cu.m. Stone obtained from excavation was used in stone masonry which also included cost component of excavation. As such, while making payment for item, unclassified excavation, the volume of stone used in other item of work was required to be deducted, but was not done.

Audit holds that overpayment was made due to weak internal controls.

This resulted in overpayment of Rs 48.575 million.

Audit pointed out the overpayment in September 2020. The Authority replied that matter of deduction of surplus excavation, equivalent to stone masonry work was decided by the Engineer of the project in favor of the contractor. NHA served the notice to the contractor showing intention to commence the arbitration, the matter shall finally be settled in arbitration.

The reply was not accepted because recovery was to be made as provided in NHA specification referred above.

The matter was discussed in DAC meeting held on 13.01.2021. The committee directed NHA to contest the matter in arbitration as per contract agreement to safeguard the interest of the Authority and outcome be shared with Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends pursuance of recovery.

(DP. 79)

2.5.45 Overpayment due to incorrect weight for girder in Bar Bending Schedule - Rs 41.678 million

Para 8 of instructions of MB provides that the PD/DD should test check at least 10% of measurements recorded by his subordinates and accept responsibility for the general correction of the bill as a whole.

NHA awarded a project "Construction of 4-lane bridge across river Indus linking Layyah with Taunsa, Package-I (main bridge) to M/s SEW-HRL (JV) with agreement amount of Rs 2,689.980 million.

Audit observed that while making payment for interior and exterior girders, as per revised bar bending schedule, NHA calculated weight of steel on higher side.

Audit holds that wrong calculations were made due to weak financial controls.

Incorrect arithmetical calculation resulted in overpayment of Rs 41.678 million as detailed below:

Description	**Weight paid (ton)**	**Actual weight payable (ton)**	**Difference (ton)**	**Rate (million per ton)**	**Over-payment (Rs in million)**
Interior Girder	2,443.78	2,182.18	261.60	0.125	32.370
Exterior Girder	681.66	606.438	75.222	0.125	9.308
				Total	**41.678**

Audit pointed out the overpayment during November-December 2020. The Authority admitted the overpayment and decided to recover in final bill.

DAC meeting was not convened despite request made by Audit on 25.01.2021.

Audit recommends recovery as admitted and its verification from Audit.

(DP. 398)

2.5.46 Non-recovery of cost of material provided to contractor for diversion/detour - Rs 32.856 million

According to item No. 106.2 of NHA Specifications, 1998, all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment, for widening of roadway, for backfill, or for other work included in the contract.

Package IA of work "Widening and Strengthening of Rakhi Gajj-Bewata Section of N-70 under East West Road Improvement Project" was awarded to M/s TAISEI Corporation Japan at agreement cost of Rs 13,753.035 million. The work was started on 11.07.2016 and was to be completed on 10.07.2019 (36 months). The contractor was granted extension of time (EOT) up to 25.12.2019. The contractor was paid a sum of Rs 12,839.521 million up to 28th IPC paid on 20.05.2020.

Audit observed that as per BOQ Item No. 705a (Misc), a lump sum provision of Rs 350.041 million was made for "Construction of Detour or Diversion Road" against which, 95.90% payment of Rs 335.705 million was made up to IPC-28 dated 20.05.2020. Audit further observed that a quantity of 33,341.435 cubic meter of soft rock excavated under BOQ item No. 106d (iii) was issued to the contractor for construction of temporary road Steel Bridge 2&3/Detour or Diversion Road. Amount of Rs 32.856 million on account of provided material was recoverable from the contractor as separate payment for construction of Detour or Diversion Road under BOQ item 705(a) was made.

Audit holds that undue benefit was extended to the contractor due to weak contract management.

This resulted in in non-recovery of Rs 32.856 million.

Audit pointed out the non-recovery during September-October 2020. The Authority replied that payment for construction of access roads was made as per provision of contract.

The reply was not accepted because there was separate provision of construction of detour for which the contractor was paid separately for construction, labour and material cost. Hence, when the material (which was property of NHA) was used, cost of the said material was required to be recovered.

DAC meeting was not convened despite request made by Audit on 25.11.2020 followed by reminders on 09.12.2020, 15.12.2020 & 24.12.2020.

Audit recommends recovery of the cost of stone provided to the contractor.

(DP. 185)

2.5.47 Overpayment due to execution of emulsified asphalt for prime/tack coat against the cut back asphalt - Rs 21.803 million

As per NHA CSR 2014, rate of various types of prime coat and tack coat were as follows:

(Rs per sq.m)

Cut back Asphalt for Bituminous Prime Coat	Emulsified Asphalt for Bituminous Prime Coat	Cut back Asphalt for Bituminous Tack Coat	Emulsified Asphalt for Bituminous Tack Coat
122.03	106.80 (12.48% less than cut back)	48.87	42.58 (12.87% less than Cut back)

NHA awarded a work Package-I, Yarik to Rehmani Khel, 55 km, at bid cost of Rs 13,257.00 million on 09.06.2016 with completion period of 730 days. Audit further noted that in the BOQ under Bill No. 3, items of Cut Back Asphalt for Bituminous Prime Coat and Tack Coat were provided, against which the contractor quoted rate of Rs 90 and 45 per sq.m respectively.

Audit observed that at the time of execution of work, emulsified asphalt was used instead of bituminous asphalt for prime and tack coat, as evident from the test reports, whereas, rate of cut back asphalt was paid to the contractor. Audit is of the view that the rate of emulsified asphalt was less than the cut back which was required to be recovered/ deducted from the contractor.

Higher rates were allowed due to weak financial controls.

This resulted in overpayment to the contractor of Rs 21.803 million.

Audit pointed out the overpayment in October-November 2020. The Authority replied that payment for prime coat and tack coat was made in strict compliance to approved rate of project BOQ.

The reply was not accepted because NHA CSR contains different rates for both the items of emulsified and cut back tack/prime coat. The payment was made for cut back tack/prime coat but actual execution was made of emulsified tack/prime coat.

DAC meeting was not convened despite request made by Audit on 20.01.2021.

Audit recommends recovery.

(DP. 368)

2.5.48 Overpayment due to non-adjustment of back fill quantity from embankment - Rs 20.084 million

According to item 108-c of NHA General Specifications, the quantities of formation of embankment from borrow excavation, to be paid for shall be arrived at by deducting quantity of roadway excavation and structural excavation from quantity of total embankment.

Project Director(Package-I &II) of Yakmach Kharan Road measured and paid an item of work 108-c "formation of embankment from borrow excavation in common material" for a quantity of 1,597,546 Cu.m (922,506 + 674,940). Another item of work granular back fill under structure work (along culverts) was also measured and paid for a quantity of 12,391.55 Cu.m.

Audit observed that the quantity of granular back fill executed along with culverts was part of embankment but was not adjusted from the quantity of formation of embankment.

Non-observance of specification was due to weak internal controls.

This resulted in overpayment of Rs 20.084 million.

Audit pointed out the overpayment in October 2020. The Authority replied that the embankment quantity of item 108c was not fully paid and some quantity of embankment was withheld for the purpose of deduction of item 107d granular back fill quantity. Now the backfill quantity has been re-measured and accordingly is being deducted from embankment quantity as per drawings, executions and specifications.

The matter was discussed in DAC meeting held on 13.01.2021. DAC directed NHA to get the recovery/adjustment and final bill verified from Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends verification of recovery till final bill.

(DP. 88, 97)

2.5.49 Approval of higher rates involving overpayment - Rs 19.527 million

Clause 52.2 of contract agreement provides that if the nature of any varied work is such that, in the opinion of the Engineer, the rate of such work, rendered inappropriate or inapplicable, then after due consultation by the Engineer with the Employer and the Contractor, a suitable rate or price shall be agreed upon. Provided that no change in the rate shall be considered unless such item accounts for an amount more than 2% of the contract price, and the actual quantity of work executed under the item exceeds or falls short of the quantity set out in the BOQ by more than 30%.

NHA awarded a work “Construction of South Access Road (Package-II) from link access road to Qualandi” to M/s Sambu-Nishan (JV) on 27.03.2017 at a cost of Rs 2,031.321 million. Audit further noted that General Manager LTP approved VO-01 for excess quantities of an item of work “Shotcrete (100 mm) thickness, grade B-25 as per specification SP413” which was 130% more than the agreement quantity.

Audit observed that despite excess quantity than permissible, the option of re-fixing was not exercised and higher rate was allowed in the Variation Order. For the same item of work there was rate of Rs 30,000 per Cu.m under another contract of the same project on north side i.e. Construction of North Access Road Project (Package-II).

Higher rates were paid due to weak financial controls.

Higher rates resulted in variation order amounting to Rs 28.344 million and overpayment of Rs 19.527 million.

Audit pointed out the matter in August 2020. The Authority replied that the re-fixing unit rate of varied quantity’s items would be required on the issue of Taking-over Certificate to contractor. Furthermore, unit rate of Item SP-413 “Shotcrete, grade B-25” for the project at South Access Road and North Access Road can’t be same because of site condition, contractor’s strategy, organization of construction resource, especially, organization of manpower including foreign staff and others. However, “The Engineer” has been asked to determine the new rates under clause 52.2.

The reply was not accepted because clause 52.2 of contract agreement requires re-fixing of rate when the change in amount of individual item is more than 2% of the contract price, and exceeds or falls short of the quantity set out in the BOQ by more than 30%. This clause does not refer change of rate on the completion of work but when the above conditions are fulfilled.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends re-fixing of rates as per provision of contract agreement besides recovery of the overpaid amount.

(DP. 280)

2.5.50 Inadmissible payment due to execution of item of work beyond contract specification - Rs 17.367 million

BOQ of the contract provides that SP-6- Permanent steel casing (8 mm thick liner) for encasement of the piles up to desired length to the extent of 22 ton. Item 407.3.2(b) further provides that if shown on the drawing, the contractor shall provide a permanent lining suitably formed of ten (10) mm minimum thickness mild steel plate.

NHA awarded a contract for Up-gradation, Widening & Improvement of Qila Saifullah-Loralai-Waigum Rud Section of NHA N-70, (Lot-2), Loralai to Waigum-Rud to M/s Maqbool-Zarghoon (JV) for an agreement cost of Rs 3,071.681 million on 14.01.2016.

Audit observed that an item of work - SP-6 Permanent steel lining was provided for 22 tons but measured and paid to the extent of 130.544 tons @ Rs 160,000 which was 490% above the BOQ. This indicated that the permanent liner was installed/fixed on additional length of the piles for convenience of the contractor to avoid collapse of bore hole which was not admissible as per provision of contract specification and TS Estimate.

A review of the as-built drawing indicated that steel liner measured on piles of all seven bridges was not shown in the as-built drawing except one bridge No.09 meaning thereby that permanent casing was not fixed on other bridges and contractor got the benefit of payment of the temporary casing only to avoid collapse of bore holes which was his responsibility.

Audit holds that inadmissible payment was made due to non-observance of contract specification.

This resulted in inadmissible payment of Rs 17.367 million.

Audit pointed out the inadmissible payment in September 2020. The Authority replied that the designer added the steel lining for the shafts of bridges to safeguard the structure from damages caused by boulders flowing with flash flood during rainy season. Steel liner was only shown in as-built drawing of Bridge-9 which was a human error which is being rectified.

The reply was quite contrary to the fact as the item of liner was provided for 22 tons only, which was not approved up to Variation Order No.03 for installing on only one bridge in the engineer estimate/BOQ of the contract duly technically sanctioned by the competent authority. During execution of work, by taking leverage of provision of item in the BOQ, the item was shown measured on all other bridges only for convenience of the contractor to avoid collapse of bore holes. In the as-built drawing this item was shown installed/fixed on only one bridge.

DAC meeting was not convened despite request made by Audit on 24.12.2020.

Audit recommends recovery.

(DP. 163)

2.5.51 Overpayment due to non-utilization of available stone - Rs 14.295 million

As per notes to the BOQ/Contract agreement of the work "Construction of South Access Road (Package-II) from link access road to Qualandi - Lowari Tunnel Project" awarded to M/s Sambu-Nishan (JV)" all roadway excavated suitable material within the limits and scope of the project shall be used in most effective manner for the formation of embankment, for widening of roadway, for backfill, or other work included in the contract i.e. stone pitching, stone masonry wall, RCC wall, Tunnel etc. The cost of excavation of suitable material from roadway excavation and transportation will be included in the respective items where it will be used as per item 106 of NHA General Specifications 1998.

The contractor was paid for the item of "Structure excavation in hard rock material" for Rs 14.295 million. An item of work "Stone masonry random with mortar (411b)" was executed and paid for a quantity of 37,897.301 Cu.m at the rate of Rs 4,414 per Cu.m.

Audit observed that the item of "Structure excavation in hard rock material" was not payable because the stone obtained from excavation was used in stone masonry item referred above which also included cost component of excavation.

Audit holds that overpayment was made due to non-observance of specifications.

This resulted in overpayment of Rs 14.295 million to the contractor.

Audit pointed out the overpayment in August 2020. The Authority replied that structural excavation will not be payable only in case that the excavated material is used in road formation according to Item 108.4.2 (b) Formation from structural excavation. Anything used in any other work like stone masonry is not liable for adjustment.

The reply was not accepted because as per contract agreement as referred above all roadway excavated suitable material within the limits and scope of the project shall be used in most effective manner for the formation of embankment, for widening of roadway, for backfill, or other work included in the contract i.e. stone pitching, stone masonry wall, RCC wall, Tunnel etc. The cost of excavation of suitable material from roadway excavation and transportation is included in the respective items where it is used as per item 106 of NHA General Specifications 1998.

The stone obtained after structural excavation hard rock was utilized in the work but excavation item was paid separately which caused overpayment.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends recovery.

(DP. 284)

2.5.52 Overpayment due to execution of additional non-BOQ items at higher rates - Rs 13.037 million

Clause 52.1 COC Part-I provides that all variations and any additions to the contract price which are required to be determined in accordance with clause 52 (for the purpose of this clause referred to as varied work) shall be valued at the rates and prices set out in the contract.

General Manager, NHA Muzaffarabad (DD Maintenance) awarded a periodic maintenance work between KM 0+00 to KM 12+500 (NBC & SBC) on N-75 Islamabad-Murree Dual Carriageway (IMDC) Contract No. PM-2015-16-PN-03 to a contractor on 01.02.2017 with agreement amount of Rs 243.913 million which was 31.14% below the engineer's estimated cost of Rs 354.216 million.

Audit observed that NHA paid additional/Non-BOQ items amounting to Rs 41.867 million without deduction of contractor rebate i.e. 31.14% below according to original contract. Audit further observed that additional work was allowed to the contractor though post-bid change because these items were executed by the contractor from initial stage of work from 1st running bill. Audit was of the view that contractor was already mobilized at site of work, therefore, additional work was required to be executed on original contract rates i.e. @ 31.14% below instead of at higher rates.

Non-execution of items at original contract rates occurred due to weak financial controls.

Execution of additional items at higher rates resulted in overpayment of Rs 13.037 million.

Audit pointed out overpayment in September 2020. It was replied that the Authority is fully empowered to include a non-BOQ item and its rates into the existing contract. The Variation Order-01 was duly approved by the NHA Executive Board in its 247th meeting.

The reply was not accepted because originally contractor provided rebate of 31.14% which should have been applied on the varied works also.

DAC meeting was not convened despite request made by Audit on 25.11.2020 followed by reminders on 09.12.2020, 15.12.2020 and 24.12.2020.

Audit recommends that rebate may be applied on varied work and necessary adjustment be made from payment to contractor.

(DP. 149)

2.5.53 Inadmissible payment due to execution of item beyond the genuine requirement - Rs 12.534 million

Item No. 509 - General Specifications of NHA provides that the areas to receive riprap or slope protection of any kind shall be dressed smooth to the slopes or shapes called for on the plans and shall be free from stumps, organic matter, or waste material. A filter blanket should be provided where it is anticipated that there may be migration of fines through the riprap.

NHA awarded two lots for Up-gradation, Widening & Improvement of Qila Saifullah-Loralai-Waigum Rud Section of NHA N-70, (Lot-1 &2) to M/s Maqbool-Zarghoon (JV) and M/s Umer Jan & Co.-

Xuchang Guangli (JV) at an agreement cost of Rs 3,071.681 million and Rs 4,454.848 million on 14.01.2016 respectively.

Audit observed that an item of work “509h-Filter layer of granular material” provided in the BOQ/contract to the extent of 1,276 Cu.m and 1,714 Cu.m which was increased to the extent of 3,565.411 and 4,827.857 Cu.m through Variation Order, subsequently measured to the extent of 3,565.411 and 4,827.857 Cu.m and paid to the contractor @ Rs 2,500 and Rs 750 per Cu.m respectively. A review of the record indicated that the said item was laid under the grouted riprap, whereas, it is required under the dry riprap which is sealed with grouted with mortar and water is not penetrated therein as per afore-quoted provisions of specification.

Inadmissible payment occurred due to non-observance of contract specification and weak financial controls.

This resulted in inadmissible payment of Rs 12.534 million.

Audit pointed out the inadmissible payment in September 2020. The Authority replied that filter layer was provided under the grouted rip rap on bridges and the same was not provided under grouted rip rap on culverts, keeping in view high flood flows on bridges. The designer had to ensure long life of permanent structure. Similarly, the provisions of filter layer under the rip rap is also provided in the BOQ vide Item No.509h in Bill-5. The contractor executed the work according to design drawing and specification.

The reply was not accepted as item is exclusively meant for laying under dry riprap to avoid migration of fine particles through the riprap and slush over the embankment, whereas, when the riprap is grouted through cement mortar mixed with hydrated lime rain water is not penetrated therein. In case the slopes were damaged due to rain then quality of the grouting is questionable.

DAC meeting was not convened despite request made by Audit on 24.12.2020.

Audit recommends recovery of undue payment.

(DP. 164)

2.5.54 Overpayment due to excessive contents of an item of asphalt base course - Rs 12.067 million

Para 6.3 of NHA Code, 2005 Volume-II, provides that General Manager (Region) will ensure 25% physical verification of the work to verify that the work has actually been executed and scrutiny by the Regional RMA (Revenue and Accounts) Section to ascertain that payment is according to the terms and conditions of the contract.

NHA awarded a contract for "Construction of Hassanabdal–Havelian Expressway (E-35) Sarai Saleh to Simlaila Package-III to M/s LIMAK-ZKB (JV) at a cost of Rs 8,188.128 million. The work was started on 14.12.2015 to be completed up to 12.12.2017 with completion period of twenty four (24) months which was extended up to 20.09.2019 through EOT-02. The contractor was last paid IPC-13 on 18.12.2019.

Audit observed that Project Director measured an item No. 203b Asphalt base course mix design Class-B in MB No.3729 at Page-031 at RDs 11+753 km to 11+837 km for a quantity of 273.504 cu.m and paid @ Rs 17,000 per cu.m through IPC-12 on 20.09.2019.

Audit further observed that the said item was again measured in MB No. 3728 at Page No. 023-A on the same RDs 11+754 km to 11+837 km for a quantity of 709.808 Cu.m incorrectly and paid in IPC-13.

Audit holds that incorrect/double measurement of item was made due to weak internal controls.

This resulted into overpayment of Rs 12.067 million.

Audit pointed out overpayment in September 2020. The Authority admitted the overpayment.

DAC meeting was not convened despite request made by Audit on 09.12.2020 followed by reminders on 15.12.2020 and 24.12.2020.

Audit recommends recovery of overpaid amount from contractor, besides action against person responsible for excess measurement.

(DP. 237)

2.5.55 Undue payment of inbuilt item through Variation Order - Rs 9.825 million

According to Para 5 of preamble of BOQ, the whole cost of complying with the provisions of the contract shall be included in the items provided in the priced bill of quantities, and where no items are provided, the cost shall be deemed to be distributed among the rates and prices entered for the related items of the works.

Three packages of work "Construction of Motorway M-4" Package-II-B (Jamani-Shorkot 31 KM), package-III-A (Shorkot-Dinpur 31 KM) and package III-B (Dinpur-Shamkot 34.28 KM) were awarded to M/s China Railway First Group Company Limited at a cost of Rs 8,828 million on 16.11.2015, M/s China Gezhouba Group Co. Ltd at a cost of Rs 11,220 million on 05.08.2016 and M/s Xingjiang Biexin Road & Bridge Group Co. Ltd on 05.08.2016 at a cost of Rs 10,821.261 million respectively.

Audit observed that the contract agreement of packages contained SP-712 whereby the provision for RCC pipe culverts 310 mm dia, 460 mm dia and 610 mm dia was made. The BOQ, however, contained items for pipe culverts 310 mm dia and 460 mm dia as 501-a and 501-c. Obviously the contractor had included rate for 610 mm dia culverts in other related item of BOQ in view of the stipulation of SP-712 in pursuance of the preamble of BOQ. However NHA approved a non BOQ item through VO for item 610 mm dia pipe culvert @ Rs 7,056.36, Rs 5,818.56 and Rs 5,651.42 per meter to make its payment separately and made payment accordingly.

Audit holds that separate payment of an item was made due to weak internal controls.

This resulted in undue payment of Rs 9.825 million.

Audit pointed out undue payment in October 2020. The Authority replied that according to SP-712 "Pipe culverts of 910 mm, 610 mm or 500 mm may be provided wherever the service road crosses the water courses. RCC Pipe of Dia 610 mm was neither available in the tender drawings nor BOQ, however, it was required for convenience of farmers for easy flow of water and accordingly provided in the construction drawings by the designer. Hence, it was provided at site and paid to the contractor accordingly. New item rate may not be applicable for an item of BOQ where the item is mentioned but its rate is not given by the bidder as per contract clause 12.3 which had priority over BOQ/Preamble of BOQ.

The reply was not accepted because clause 12.3 would take precedence only in case of contradiction with the provisions of BOQ. In this case clause-5 of BOQ stated that where no items were provided, the cost would be distributed among the related items of BOQ. This had no contradiction with clause 12.3.

DAC meeting was not convened despite request made by Audit on 15.12.2020 followed by reminder on 24.12.2020.

Audit recommends recovery of undue payment.

(DP. 305)

2.5.56 Overpayment due to non-deduction of earth available from structural excavation - Rs 9.252 million

According to item 108-c of NHA General Specifications, the quantities of formation of embankment from borrow excavation, to be paid for shall be arrived at by deducting quantity of roadway excavation and structural excavation from quantity of total embankment.

NHA specification No.105.4.2 provides that no payment for road way or borrow shall be made under this item as the same is deemed to be included under relative item of formation of embankment. Specification No. 108.4.2 (b) - formation of embankment from structural excavation describes that payment for this item include cost of excavation, hauling, dumping, spreading, watering rolling, labour, equipment, tools and incidental necessary to complete the item.

NHA awarded a contract for Construction of Yakmach Khran Road Project Section-IV to M/s Sachal Engineering at an agreement cost of Rs 2,496.085 million on 24.01.2018.

Audit observed that an item of work formation embankment from borrow excavation in common material for a quantity of 1,043,210.326 cu.m was executed and paid @ Rs 490 per cu.m. Audit observed that the Authority measured item of work "formation of embankment from roadway excavation" for quantity of 11,010 cu.m and also measured and paid item of work "formation of embankment from structural excavation" for quantity 7,872.58 cu.m. The Authority did not deduct the quantity from the item of work, "Formation of embankment from borrow excavation".

Audit holds that irregularity occurred due to weak internal controls.

Non-adherence to the technical specifications resulted in overpayment of Rs 9.252 million.

Audit pointed out the overpayment in October 2020. The Authority replied that the formation of embankment from structural excavation (108d) having quantity 7,872.58 cu.m had been adjusted in formation of embankment from borrow excavation (108c) in IPC No. 05.

Admitted recovery is yet to be verified by Audit.

The matter was discussed in DAC meeting held on 13.01.2021. DAC directed NHA to get the recovery/adjustment verified from Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends verification of recovered amount.

(DP. 95)

2.5.57 Overpayment due to paying item 108(c) at higher rate - Rs 7.115 million

As per item 108.4.2 (a) (Formation from borrow excavation) of NHA Specifications, the quantity to be paid for shall be deemed to include cost of excavation, payment of royalty, levies and taxes of Local, Provincial and Federal Government, cost of hauling including all lead and lift, spreading, watering, rolling, labour, equipment, tools and incidental necessary to complete this item.

NHA awarded the Project for Overlay and Modernization of M-2 to M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE) on BOT basis through concession agreement signed on 23.04.2014 at an agreed cost of Rs 36,825.00 million. Audit further noted that additional scope of work for Widening of Main Carriageway from Faizpur Interchange to Ravi Toll Plaza with two lanes on both sides for - M-2, construction of two dedicated lanes of PKM M-3 Interchange to Ravi Toll Plaza and Widening of Ravi Toll Plaza with 08 Bays along with allied works was awarded through Variation Order 2 dated

19.04.2018 for Rs 2,587.608 million. Total payment against VO-2 was made vide IPC-1 for Rs 386.852 million up to May 2019.

Audit observed that variation order was prepared/agreed on the basis of CSR-2014 except item No. 108 (c) against which the contractor demanded rate of Rs 500 per cum instead of CSR-2014 rate of Rs 448.89 per cu.m on the plea that the borrow material was not available in the local vicinity and its carriage was from far distance. Audit was of the view that the contractor was not entitled to be paid the said item of work @ Rs 500 per cu.m because CSR rate of Rs 448.89 per cu.m was composite rate and included all lead and lift.

Audit holds that higher rate was allowed due to weak financial controls.

Due to paying item 108(c) at higher rate the contractor was overpaid to the extent of Rs 7.115 million.

Audit pointed out the overpayment in July 2019. The Authority replied that the matter had been referred to the contractor on 25.07.2019. As soon as the reply is received the same would be forwarded on priority basis.

The Authority's stance was not accepted because the final reply should have been given by the project management instead of contractor.

The matter was discussed in the DAC meeting held on 09.12.2020 wherein, NHA explained that due to non-availability of borrow area in immediate vicinity and restriction of plying heavy dumpers on Motorway, NHA Executive Board approved rate of Rs 500 per cu.m for formation of embankment from borrow. Audit, however, contended that rate of Rs 448 per cu.m provided in CSR 2014 was applicable being composite and inclusive of all lead and lift, as such due diligence was not exercised. DAC directed management to submit revised reply explaining whether all facts were presented to Executive Board for decision with reference to Variation Order under NHA Code and contractual mechanism for determination of rate in such case.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision or recovery of overpaid amount.

(DP. 05)

2.5.58 Unjustified modification to concession agreement clauses

According to Rule-19 of GFR (Vol-I) (which is part of Public Finance Management Act 2019) while entering into new agreement, the condition need to be got vetted from Ministry of Finance with reference to financial implication. Pakistan Engineering Council has improved the Standard Bidding Documents and contract clauses for execution of the works under the powers vested through the Act. However, no standard clauses/document was approved to get the projects executed on BOT basis.

Audit observed from the record of General Manager Lahore Sialkot Motorway Project (LSMP) NHA that a concession agreement was executed between NHA and LSMIM (Pvt) Ltd on 28.02.2017 to execute the project "Construction of Lahore Sialkot Motorway" on BOT basis. Project cost was estimated at Rs 43.847 billion. NHA funded Rs 18.00 billion under clause 1.1.146 of the concession agreement besides subsidiary funds of Rs 5.00 billion. The financial obligation accepted by NHA was about 52% of the total project cost. On the other hand, NHA absolved itself from toll revenue for 25 years.

Audit maintained that:

i) The concession agreement being new form of agreement should have been approved from Ministry of Finance (apart from PC-1), to make it more viable.

ii) Preamble of concession agreement clause-D to H shows that several parties were pre-qualified for this project. Record did not show that how financial and technical proposal of the sponsoring party was evaluated as more competitive.

Audit holds that irregularity occurred due to weak internal controls.

Non-adherence to the statutory provisions for execution of contract resulted in unjustified payment of Rs 18.00 billion and Rs 5.00 billion.

Audit pointed out the unjustified payment during July 2020. The Authority replied that PC-I was cleared by NHA Executive Board, Central Development Working Party (CDWP) and finally approved by Executive Committee of the National Economic Council. The Concession Agreement, signed between NHA and the contractor was approved by NHA Executive Board. Senior level representative of Ministry of Finance is integral part of NHA Executive Board as well as ECNEC. In response to notice of inviting expression of interest (EOI), two firms submitted their applications for prequalification and both were prequalified for submission of bid proposals. Both the prequalified companies were issued request for proposal (RFP) but only M/s Frontier Works Organization (FWO) submitted its bid proposal, which was evaluated according to the requirements of RFP.

The reply was not accepted because representative of Ministry of Finance was a member of NHA Board and his approval as Executive Board member does accrue approval by Ministry of Finance.

DAC meeting was not convened despite several requests by Audit on 24.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 244)

CHAPTER 3

CAPITAL DEVELOPMENT AUTHORITY/ METROPOLITAN CORPORATION ISLAMABAD (MINISTRY OF INTERIOR)

3.1 Introduction

Capital Development Authority (CDA), established under the CDA Ordinance promulgated on 27.06.1960, is governed through an Executive Board, constituted by the Federal Government, under Section 6 of CDA Ordinance, 1960. As per notification vide S.R.O 1(2016) dated 14.06.2016 by the Government of Pakistan, Ministry of Interior, twenty-three (23) Directorates of CDA were placed under the administrative control of the Mayor of Metropolitan Corporation Islamabad (MCI) along with all rights, assets and liabilities by virtue of Islamabad Capital Territory local Government Act 2015 with immediate effect. However, due to administrative reasons, financial arrangements are still under CDA and practical distribution of work is yet to be finalized.

As per Schedule-II of Rules of Business, 1973 (amended up to January 2019) CDA and MCI are under the administrative control of Ministry of Interior (Interior Division).

The major objectives/services entrusted to CDA include:

- Development of new Sectors
- Municipal Services
- Allotment and transfer of plots
- Maintenance of Sectors
- Provision of health and medical services in Islamabad and Federal Capital Territory
- Traffic engineering and signals control
- Rescue Service 1122 in Islamabad

Financial Advisor/Member (Finance), CDA is in-charge of the Finance/Accounts Wing and is responsible for preparation of budget and allocation/Distribution of funds to different Divisions/Formations.

Major resources of receipts of CDA include:

- Revenue generated from sale of plots, municipal receipts, sanitation receipts, environmental/horticulture receipts, property tax, water charges, conservancy charges, interest/markup, commercial receipts (rent from shopping centers, bus stands), etc.,
- Grant-in-aid from Federal Government for development purpose through Public Sector Development Programme,
- Grant-in-aid from Federal Government for maintenance of specified government buildings (Maintenance Grant).

3.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	56	13	4,863.986	737.531
2	Assignment Accounts SDAs, RFAs (excluding FAP)	09*	09	2,621.329	-

* 8 assignment accounts pertain to maintenance grants provided by federal government for specified government buildings. 1 assignment account is for development expenditure of Cabinet. Expenditure audited under assignment accounts is also part of formations audited.

3.2 Comments on Budget and Accounts (Variance Analysis)

Comments on Receipt and Expenditure Account for the financial year 2019-20 are as under:

(A) Expenditure:

Budget allocation and expenditure for the financial year 2019-20 is shown in the table below:

(Rs in million)

Type of Funds	Budget Allocation	Actual Receipts	Expenditure	Variation* Excess/ (Saving)	Excess/ (Saving) in %
(A) Non-Development					
Revenue Account (CDA)	10,200.00	7,628.925	14,501.170	6,872.250	90.08
Maintenance Grant (GOP)	2,167.869	1,854.432	2,621.329	766.900	41.35
Funds Transferred to MCI	3,057.730	1,568.768	1,568.768	-	-
Pak. Metro Bus System	2,500.00	2,500.00	2,500.00	-	-
Sub-Total (A)	**17,925.599**	**13,552.125**	**21,191.267**	**7,639.14**	**56.37**
(B) Development					
PSDP	797.185	47.351	48.247	0.90	1.89
Self-Financing	10,873.00	9,327.588	2,802.301	(6,525.29)	(69.96)
Sub-Total (B)	**11,670.185**	**9,374.939**	**2,850.548**	**(6,524.39)**	**(69.59)**
Total (A) + (B)	**29,595.784**	**22,927.064**	**24,041.815**	**1,114.751**	**4.86**
(C) Non-Budget					
Debt and deposit	-	4,744.760	4,070.108	-	-

Type of Funds	Budget Allocation	Actual Receipts	Expenditure	Variation* Excess/ (Saving)	Excess/ (Saving) in %
Remittance	-	371.330	-	-	-
Cash Development Loan	-	-	6.264	-	-
Sub-Total (C)	**-**	**5,116.09**	**4,076.372**	-	**-**
Grand Total	**29,959.784**	**28,043.154**	**28,118.187**	**75.03**	**0.28**

* Variation figures represent difference of actual receipt of funds and actual expenditure.

Comments on 'Receipt and Expenditure Account' of CDA for the year 2019-20 are as under:

i. Under non-development head, funds of Rs 13,552.125 million were received during 2019-20. Expenditure of Rs 21,191.267 million was incurred with an excess of Rs 7,639.14 million (56.37%).

ii. For development activities under the head 'Self-Financing' funds of Rs 9,327.588 million were released but an expenditure of Rs 2,802.301 million was incurred. This indicated non-utilization of Rs 6,525.29 million (69.96%). CDA could only utilize 30% of funds, as such development projects were not implemented efficiently.

iii. A sum of Rs 1,568.768 million was released to MCI formations on account of obligatory expenses on pay & allowances and utility charges as loan against budgetary provision of Rs 3,057.73 million i.e. 51% of the allocated amount. These funds are subject to recoupment by MCI on provision of funds by Federal Government.

(B) Receipts:

Receipts of CDA from its own resources are as follows:

(Rs in million)

Description	2018-19	2019-20
Estimated Receipts	27,768.06	22,820.03
Actual Receipts	21,749.14	13,563.15
Shortfall	2,018.92	9,256.88
Shortfall in %age	8.49	40.56

Besides above, MCI receipts for the year 2019-20 were as under:

Description	Receipt (Rs in million)
Municipal Receipts	735.86
Sanitation Receipts	3.50
Environment Receipts	13.74
Total	**753.10**

i. There was an overall shortfall of Rs 9,256.88 million (40.56%) against overall estimated receipts of Rs 22,820.03 million as the Authority could generate a revenue of only Rs 13,563.15 million during 2019-20. This indicated that either the estimates of receipts were overambitious/unrealistic or the Authority could not expedite collection of previous outstanding dues of auction proceeds or failed to exploit the available resources/new opportunities to derive due benefits. CDA should improve and rationalize mechanism of estimation and realization of revenues.

ii. MCI did not prepare estimates of receipts for the year 2019-20. Therefore, efficiency towards achievement of revenue targets could not be ascertained and commented.

3.3 Classified summary of Audit observations

Audit observations amounting to Rs 6,749.422 million were raised in this audit report. This amount also includes recoveries of Rs 2,148.186 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement related irregularities	260.854
B	Execution of works, contract agreement	2,593.947
2	Value for money and service delivery issues	1,522.691
3	Others	2,371.930

3.4 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to CDA is as under:

Year	Audit Paras		Compliance		
	Total	discussed	made	Awaited	percentage
1988-89	07	07	04	03	57.14
1989-90	04	04	04	-	100
1990-91	21	21	21	-	100
	SAR-9	9	8	1	88.89
1991-92	17	17	12	05	70.59
1992-93	37	37	37	-	100
1993-94	57	57	07	50	12.28
1994-95	15	15	09	06	60
1995-96	28	28	01	27	3.57
1996-97	32	32	27	5	84.38
	SAR	05	05	-	100
	PAR	01	-	01	-
1997-98	312	312	214	98	68.58
1998-99	79	79	63	16	79.75

Year	Audit Paras		Compliance		
	Total	discussed	made	Awaited	percentage
	2 SAR	2 SAR	1 SAR	1 SAR	50.00
1999-00	86	86	57	29	66.28
	1 SAR	1 SAR	1 SAR	-	100
	2 PAR	2 PAR	2 PAR	2 PAR	-
2000-01	73	73	58	15	79.45
	184-SAR	184	108	76	58.69
2001-02	45	45	42	03	93.33
2002-03	14	14	10	04	71.43
2003-04	27	27	16	11	59.26
	22 SAR	22	19	03	86.36
	05 PAR	05	04	01	80.0
2004-05	29	29	18	11	62.06
2005-06	57	57	44	13	77.19
2006-07	39	39	19	20	48.72
2007-08	33	33	17	16	51.52
2009-10	54	54	39	15	72.22
2005-08 (2009-10)	94 SAR	94	54	40	57.45
2010-11	77	77	14	63	18.18
	36 PAR	36	36	00	100
	18 PAR	18	11	7	61.11
	29 PAR	29	0	29	0
2011-12	59	59	12	47	20.34
2012-13	87	87	5	82	5.75
2013-14	53	53	11	42	20.75
2014-15	42	26	09	17	34.61
2015-16	64	02	01	01	50
2016-17	127	81	39	42	48.15
2017-18	69	55	24	31	43.63

Note: Audit Reports for 1985-86, 1987-88, 2014-15, 2018-19, 2019-20 and 06 Nos. Special Audit Report for the year 2017-18 have not been discussed by PAC till the finalization of this Audit Report. Other figures represent Annual Regularity Audit Reports.

3.5 AUDIT PARAS

Capital Development Authority

3.5.1 Non-reconciliation of cash balance - Rs 13,261.414 million

Para 20 of CDA Procedure Manual Part-III (Accounting Procedure) states that after verification of the cash balance, the bank balance should also be verified. A statement of accounts should be obtained monthly from the bank within three days of the closing of the cash book and a reconciliation statement prepared before the submission of the monthly account to the Accounts Directorate. The reconciliation statement should be copied out in the cash book over the signatures of the Disbursing Officer after the closing entries of the month.

Director Accounts CDA compiled account for financial year 2018-19 wherein, cash and cash equivalent balances of CDA on 30.06.2019 were shown Rs 13,261.414 million as detailed below:

(i)	Bank balance (including Treasury bills):	Rs 13,167.551 million
(ii)	Balance with D.D.Os:	Rs 93.863 million
	Total	**Rs 13,261.414 million**

Audit observed that verification of cash balance and bank balance was not made. Bank balance of Rs 13,167.551 million was posted without giving detailed reconciled figures in each bank account of the Authority. In absence of reconciled figures against each bank account, cash balance cannot be treated as authentic.

Audit holds that bank and cash book reconciliation was not carried out due to weak internal controls.

This resulted in non-verification and non-reconciliation of cash balance of Rs 13,261.414 million.

Audit pointed out the irregularity in November 2019. The Authority did not reply.

The matter was discussed in the DAC meeting held on 18.01.2021. DAC was apprised that relevant record was produced to Audit for verification. Reconciliation is carried out on regular basis. Audit contended that audit pointed out cash balances of financial year 2018-19 whereas record provided pertain to financial year 2017-18. DAC directed the management to provide status of balances of financial year 2018-19 and relevant record to Audit for verification within two weeks.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends that reconciliation of cash and bank balances be carries out and got verified from Audit.

(DP. 19)

3.5.2 Non-achievement of development targets - Rs 1,102.000 million

According to CDA Budget 2019-20 (Annex-I) funds of Rs 25.000 million for ongoing works and Rs 1,100.000 million for new works were allocated for the development of Sector I-15, Islamabad.

Audit observed that during the year 2019-20, the Special Project Directorate CDA Islamabad could only utilize an amount of Rs 23.000 million out of Rs 1,125.000 million leaving a balance of Rs 1,102.000 million. This showed that the execution plan for the development of Sector I-15 could not be implemented due to mismanagement which resulted in non-achievement of development targets.

This resulted into financial indiscipline and non-achievement of development targets for Rs 1,102.000 million.

Audit holds that non-utilization of development fund was due to weak project management.

Audit pointed out the matter in August 2020. The Authority replied that the funds could not be utilized due to delay in the approval of PC-I, revision of the estimates and design works. The reply indicated that project planning phase was not timely completed.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation in the matter, besides completion of the development work at the earliest to avoid time and cost overrun.

(DP. 151)

3.5.3 Unauthorized expenditure beyond PC-I - Rs 808.282 million

As per Planning and Development Division, Government of Pakistan O.M No. 29 (1)/PC/79-Vol.XIV dated 23.06.1980, if the total estimated cost, as sanctioned increases by a margin of 15% or more, or if any significant variation in the nature or scope of the project was made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/competent authority shall be obtained in the same manner as in the case of the original scheme without delay.

ECNEC approved PC-I of "Development of Sector D-12" at a cost of Rs 788.945 million on 17.10.1988. The PC-I was revised to Rs 2,067.000 million on 25.02.2002 which includes cost of Rs 1,271.000 million for civil, electric and sui gas works.

Audit observed that the Authority booked expenditure of Rs 2,079.283 million up to June 2019 against the approved cost of Rs 1,271.000 million. Excess expenditure of Rs 808.282 million was incurred due to significant variation in the nature and scope of the project.

Audit holds that irregularity occurred due to weak financial controls and contract management.

This resulted into unauthorized expenditure of Rs 808.282 million without approval of competent forum.

Audit pointed out the irregularity in October 2019. The Authority replied that 2nd revised PC-I of Development of Sector D-12 Islamabad was prepared for Rs 5,155.517 million and submitted for approval. The Planning Commission of Pakistan intimated that "the original approved projects by the ECNEC may be closed due to extraordinary time and cost overrun at the work done scope and cost after meeting all codal formalities. New projects may be prepared with remaining/ additional scope of work and cost for consideration of CDA-DWP". Hence, in compliance with the directions, the PC-IV (Completion Report) of the project was prepared along with fresh PC-I for leftover development work in Sector D-12 which would be submitted for approval of CDA DWP to regularize the cost of various components.

The matter was discussed in DAC meeting held on 18.01.2021. DAC directed that the matter be taken up with Planning Commission for advice or in case if policy decision has already been given by Planning Commission then share the same with Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends that action be taken after clarification from Planning Commission and measures be adopted for completion of leftover work without further delay.

(DP. 07)

3.5.4 Abnormal delay in completion of project - Rs 420.691 million

CDA DWP approved the project “Construction of Cultural Complex at Shakarparian, Islamabad”, with PC-I cost of Rs 1,300.00 million on 17.01.2007 with stipulated completion period of 30 months. M/s ACE Arts (Pvt.) Ltd. were appointed as consultants and the construction work of the project was awarded to M/s Builders Associates (Pvt.) Ltd. at tendered cost of Rs 1,102.000 million (excluding HVAC works). The project comprised of Auditorium, Amphitheater, Piazza, Admn block, Cinemas, Conference halls (2), Seminar Hall, Cafeteria, Coffee Shop, Mosque and allied facilities like roads, footpaths, boundary wall etc. over an area of 28.5 acres of land.

The work was started on 13.12.2007 which was to be completed on 12.06.2010 but the contractor achieved overall 28.50% physical progress. Expenditure so far incurred is Rs 420.691 million.

In the year 2017, CDA Board decided in principle that the work on the project may be started after detailed review by Member (Engineering) and completion of mandatory codal formalities including feasibility study and Environmental Impact Assessment (EIA).

Audit observed that the compliance of CDA Board decisions was not made. The mechanism to resume the work has neither been devised nor any initiative taken towards finalization of the existing contract of the work.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in wasted expenditure of Rs 420.691 million on the project.

Audit pointed out the matter in November 2019. The Authority replied that they were working on multiple options including outsourcing of the subject facility while ensuring that the money spent is not made redundant. Once the Action Plan is finalized, the decision would be shared with Audit.

The matter was discussed in DAC meeting held on 18.01.2021. The management apprised that due to scarcity of funds, work could not be started. Funds have now been allocated and work will be commenced subject to NAB clearance. Audit contended that the project was not planned properly. DAC directed the management to revive and complete the project immediately if it is feasible, subject to clearance of NAB.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance of DAC decision.

(DP. 01)

3.5.5 Non-conforming use of shops/residential plots and loss of revenue - Rs 250.520 million

According to Section 2.17 of Zoning (Building Control) Regulations, 2005, no land or building shall be put to a non-conforming use. A non-conforming use of a residential building may render the owner and occupant of the building liable on 1st conviction to pay a fine of Rs 500,000 and in case of failure to discontinue the non-conforming use within fifteen (15) days of conviction to an additional fine Rs 5,000 for every day up to three (03) months. The owner or the occupant, as the case may be, shall be liable to be evicted from the building and the allotment deed of the plot be cancelled.

A. Audit observed that various allottees/occupants of the commercial buildings and flats have converted shops/plots in car service stations in violation of regulations.

Al-Meraj Hotel Sector, G-9 Markaz converted the basement of the plot in shops/commercial space without approval of CDA.

B. Audit observed that 386 residential houses were used on commercial basis through establishment of private schools/colleges/ hostel/academies/universities but neither fine was imposed, nor allotment was cancelled to discourage the non-conforming use.

Audit holds that violation of building regulations was due to weak internal controls.

This resulted in loss of revenue due to non-imposition of penalty amounting to Rs 250.520 million.

Audit pointed out the matter in May-June 2020. The Authority replied that notices were served to the owners to remove the non-conforming use. The matter of private schools was subjudice in the Islamabad High Court. Further, action was being taken against the hostels. The owners of the hostel filed case in the court of law which is pending since 2019.

The reply was not tenable because CDA failed as a regulator and could not implement the building control regulations in its true sprits.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends that matter be pursued vigorously in court besides cancellation of allotment.

(DP. 90, 92, 93, 97)

3.5.6 Non-recovery of outstanding rent and utility charges - Rs 146.646 million

Section 49-A of CDA Ordinance, 1960 provides that any sum due to the Authority from or any sum wrongly paid to any person under this Ordinance shall be recoverable as arrears of land revenue.

Audit observed that CDA could not recover rent and other utility charges from various commercial and residential properties.

Audit holds that non-recovery of outstanding dues occurred due to ineffective implementation of administrative, internal and financial controls.

This resulted into non-recovery of Rs 146.646 million **(Annexure-F).**

Audit pointed out the non-recovery in October 2019 and August-September 2020. The Authority replied that in case of laundry shop inquiry is underway. Further, the suit of parliament lodges was vacated from the unauthorized occupant. In other cases, Additional Collector has taken penal action against 46 defaulters and effected recoveries of Rs 54.545 million and actions are being taken against the other defaulters.

The Authority admitted outstanding recoveries. However, effected recovery was not got verified from Audit.

The matter was discussed in the DAC meeting held on 18.01.2021, DAC directed for completion of inquiry and share report with Audit/Ministry within one month. DAC further directed that court's decision and detail of recovery be shared with Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends pursuance of recovery of outstanding dues besides strengthening of administrative, internal and financial controls to avoid any financial loss in future.

(DP. 14, 15, 16, 159, 165, 167, 168, 169)

3.5.7 Non-removal of unauthorized construction on top floors of commercial buildings and loss - Rs 131.000 million

According to Chapter IV(i) of ICT (Zoning) Regulation 2005, the offending structure made in violation of the provisions of this Regulation, the Islamabad Building Regulation, 1963, or the Islamabad Residential Sectors Zoning Regulation, 1985, shall be liable to demolition in accordance with section 49-C of CDA Ordinance, 1960, unless regularized by the Authority on the payment of compounding fee as may be fixed by the Authority from time to time.

Scrutiny of record of Building Control Directorate, CDA revealed that 262 allottees/occupants of the commercial buildings have made construction at the top of the buildings in violation of the plans approved by CDA.

Audit observed that construction made on the top of the commercial buildings in G-series was rented out, used as commercial space, stores or for residence but no action against removal of unauthorized construction was taken. This slackness may result in serious consequences of failure of designs, loss of lives, etc.

Audit holds that irregularity occurred due to weak monitoring mechanism.

Non-removal of unauthorized construction on top floors of commercial buildings also resulted in loss of Rs 131.000 million.

Audit pointed out non-removal of unauthorized construction in June 2020. The Authority replied that various violations had been removed. However, due to stay orders and litigation, actions were not taken.

The reply was not accepted because irregular construction on roof top of commercial buildings was not monitored and action against removal of unauthorized constructions was not taken at proper time.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 89)

3.5.8 Irregular award of additional works without tenders - Rs 109.943 million

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

PAC in its meeting dated 17.07.2001 decided that management is not empowered to award a new work as additional work to an existing contractor without calling of open tenders. It only allows minor adjustments in the already awarded work so as to complete it in all respects.

CDA awarded four works for infrastructure development relating to roads involving Rs 1,044.129 million to different contractors and payments made during the year 2019-20.

Audit observed that during execution, additional works costing Rs 109.943 million were awarded to the same contractors through variation orders without inviting tenders. Award of entirely new works at different locations without open competitive bidding was unjustified and violation of PPRA rules.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in award of additional works without tendering of Rs 109.943 million as detailed below:

(Rs in million)

DP No.	Name of Work	Agreement Cost	Additional Amount
02	Rehabilitation of Service Road (West) of Sector G-11, Islamabad	124.532	18.554
04	Rehabilitation of IJP road from Pindora Chowk to GT Road Link Islamabad	165.136	36.737
06	Development of Sector D-12 (Construction of roads, bridges, culverts, storm drainage, sanitary sewerage system and water supply)	519.182	54.652
	Total	**1,044.129**	**109.943**

Audit pointed out the irregularity during November 2020. The Authority replied that the works were got executed in the best interest of the Authority as per site requirement and with the approval of the Chairman, CDA at the most economical rates.

The reply was not accepted because the original scope of work was enhanced irregularly without open competitive bidding in violation of rules.

The matter was discussed in DAC meeting held on 18.01.2021. The department apprised that additional work was necessitated due to creation of plots and carried out through contractor in continuity and also to recover the seed money. Audit contended that additional work was carried out in violation of PPRA Rules. DAC directed the management to provide complete record along with justification to Audit for verification within two weeks.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

3.5.9 Award of works at higher percentage due to lack of competition - Rs 73.295 million

Rule 4 of Public Procurement Rules provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Maintenance Division-II CDA Islamabad awarded various works through tendering during the years 2018-19 and 2019-20.

Audit observed that most of the works were awarded at 55% to 99% above the MES Schedule of Rates 2014. In each case three (03) to four (04) firms participated in the bidding process. However, during the period 06.01.2020 to 11.02.2020, five (05) to sixteen (16) firms participated in the bidding process and works were awarded at 30% to 10% below the schedule. After that period the same routine was again started and works were awarded at 55% to 99% above the schedule with same three to four participants.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in award of works at higher percentage involving Rs 73.295 million.

Audit pointed out irregularities in December 2019 and August 2020. The Authority replied that the tenders were advertised in the newspapers as per PPRA. Further, the bidders are at liberty to quote the best competitive rate.

The reply was not tenable because the reasonability of rates was not observed properly.

The matter was discussed in DAC meeting held on 18.01.2021. The management apprised that all works were awarded through open tenders after completion of codal formalities in light of PPRA Rules. DAC directed inquiry and submission of report within one month.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 45, 66)

3.5.10 Non-obtaining insurance coverage and non-recovery of premium - Rs 50.593 million

Clauses 21, 23 and 24 of contract agreement (Conditions of Contract Part-I&II) state that the contractor shall insure the work, equipment, machinery, workmanship till expiry of defect liability period. Costs of such insurances shall be borne by the contractor. The contractor was required to submit insurance within 28 days of issuance of letter of acceptance.

CDA awarded six works to different contractors at agreement cost of Rs 4,446.808 million.

Audit observed that the Authority did not obtain the required insurance policies from the contractors. Insurances were not invoked which not only tantamount to undue benefit to the contractors but also put the entire works, equipment, property and labour at risk.

Audit holds that irregularity occurred due to weak contract management.

This resulted into non-obtaining of insurance coverage for the works valuing Rs 4,446.808 million and non-recovery of inbuilt cost of premium of Rs 50.593 million **(Annexure-G)**.

Audit pointed out the irregularity in July-October 2019. The Authority admitted recovery of un-insured period in one case. In other four cases neither insurance policy was provided nor recovery of uninsured period effected. Hence recovery for the un-insured period is stressed upon.

The matter was discussed in DAC meeting held on 18.01.2021. The Authority replied that insurance coverage for the works was obtained. The DAC directed the management to get record of recoveries and policies verified from Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 09, 10, 31, 36, 136)

3.5.11 Unjustified payment of price adjustment in extended period - Rs 42.027 million

As per clause 70.1 (c) of particular condition of the contract, if the contractors 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 is more favorable to the employer, provided that if an extension of time is granted pursuant to clause 44, the above provision shall apply only to adjustments made after the expiry of such extension of time.

Director Roads (South) Division-III awarded a work "Construction of Interchange at Khana & Sohan Intersection at Islamabad Expressway" to M/s Zahir Khan & Brothers at an agreed cost of Rs 2,186.832 million.

Audit observed that after expiry of the stipulated completion date, the project authorities granted Extension of Time in completion of the project. Audit further observed that the authorities allowed price adjustment to the contractor in the extended period amounting to Rs 42.027 million.

The payment of price adjustment/escalation in the extended period of the contract was termed as unauthentic/unjustified.

This resulted in unauthorized payment of price escalation of Rs 42.027 million.

Audit pointed out the unauthentic payment in July 2020. The Authority replied that extension in time up to 15.03.2019 was granted as per clause 44.1 of contract and price adjustment was paid as per provision in clause 70.1(e).

The reply was not accepted because completion time expired on 14.10.2017 whereas the work was still in progress, hence, the payment of price adjustment despite lapse of 30 months from original contract period needs investigation besides action against responsible(s).

The matter was discussed in DAC meeting held on 18.01.2021. DAC was informed that price adjustment was made as per clauses of the contract agreement for extended period. Audit contended that price adjustment is authorized in case of time extension is given due to fault of Employer. DAC directed departmental inquiry for delay in completion of work and report within one month.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 35)

3.5.12 Non-imposition of fine due to non-regularization of marriage halls/marquees - Rs 37.00 million

According to para 3 to 6 of Byelaws/parameters for establishment of marriage/ event halls and marquees approved by CDA Board on 12.02.2018, the owners of existing marriage halls/marquees will be advised to get their buildings/marquees regularized within 06 months of the public notice. Procedure for approval of marriage/event halls and marquees requires land use conversion/planning permission, approval of building plans and completion certificate. As per Schedule of fees/charges, no building shall be occupied/used prior to issuance of completion certificate.

Penalty for delay in bringing existing structures in conformity to approved building plans was fixed as Rs 500,000 plus Rs 5,000 per day. The operators who do not apply for regularization procedure shall be liable to demolition under Section 49 C of CDA Ordinance.

Eighty (80) marriage/event halls and marquees were established illegally without approval of CDA within the limits of ICT. As per survey conducted by CDA, 60 out of 80 marriage /event halls and marquees, were found to be regularized after fulfillment of the requirements of bye-laws/parameters while balance 14 established in Zone-I and Zone-II of ICT were not to be regularized as per Zoning Regulations, 1992.

Audit observed that owners of 60 marriage halls and marquees, which were considered to be regularized, were advised to get their buildings regularized within 06 months of the public notice in February 2018, but they could not get regularization from CDA as per Byelaws. CDA neither imposed penalty nor demolished the marriage halls.

Audit holds that non-imposition of penalty occurred due to weak internal controls.

This resulted in non-implementation of decision of CDA Board and non-imposing of penalty of Rs 37.200 million for delay in getting approval.

Audit pointed out the non-imposition of fine in May-June 2020. The Authority replied that notices were issued and a number of marquees on Kashmir Highway were demolished. Meanwhile, other owners approached the Islamabad High Court. The matter is still subjudice in the court of law.

The reply was not accepted as no progress towards completion of formalities was intimated.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 24.12.2020.

Audit recommends recovery of penalty and action against the defaulters.

(DP. 98)

3.5.13 Overpayment due to premium on market rate items - Rs 15.929 million

According to Rule-I of CDA Procedure Manual Part-II, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

Maintenance Directorate and Directorate of Parliament Lodges and Hostels, CDA awarded different works on the basis of engineer's estimates comprising MES Schedule of Rates 2014 and market item rates.

Audit observed that premium on market rate items ranging from 55% to 96% was accepted. Audit held that premium on market rate items was not admissible because these items already contained overhead and profit margin.

This resulted in acceptance of higher rates for Rs 15.929 million as detailed below:

DP No.	No. of works	%age above	Amount (Rs in million)
13	01	55%	1.534
42	13	68% to 85%	9.422
64	22	70% to 96%	4.973
Total	**36**		**15.929**

Audit pointed out the excess expenditure during October-December 2019 and August 2020. The Authority replied in DP 13 that capital service tax @ 16% was not included in the approved rates of the items. In DP 42 the Authority replied that the rates included in the estimates were approved rate and not based on current market rates.

The reply was not accepted because no ruling premium was added in the cost of market rate items, therefore, these rates were current market rates.

The matter was discussed in DAC meeting held on 18.01.2021. DAC was apprised that old lifts were installed in the parliament lodges and spare parts were not available in the market due to which bids were accepted. Audit contended that premium was allowed on market rates. DAC directed the management to share rate analysis and competency of the approving authority with Audit within two weeks.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends that detailed rate analysis be provided to Audit for examination.

3.5.14 Non-deduction of ICT Sales Tax - Rs 3.371 million

According to the Islamabad Capital Territory (Tax on Services) Ordinance, 2001, 16% ICT sales tax shall be charged and levied on the services provided in ICT.

As per clause 21 of the agreement (Recovery/deduction from the contractor's bill) following deductions shall be made from each payment made to the contractor:

i. 5% Security Deposit on the gross amount of the bill.
ii. Income tax as per prevailing law of the Government.
iii. 1.5% of the work done on account of water charges.
iv. 16% tax on services as per Government Policy.
v. Any other tax imposed by the Government time to time.

CDA awarded a work "Janitorial/Cleaning Services at Parliament Lodges, Islamabad" to M/s Fatima Construction & Builders (Pvt) Ltd at agreement cost of Rs 21.110 million on 20.11.2018.

Audit observed that the Director, Parliament Lodges & Hostels CDA, Islamabad, made payment of Rs 21.070 million up to 6th running bill to the contractor for Janitorial and cleaning services during the year 2019-20, but the ICT sales tax @ 16% of value of services rendered, as required under the above referred Ordinance, was not deducted.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in non-deduction of ICT sales tax of Rs 3.371 million.

Audit pointed out the non-deduction of service tax in August 2020. The Authority replied that it was the responsibility of the contractor to pay to the FBR at its own and show in their returns. The detail of the invoices would be provided.

The reply was not accepted because ICT sales tax was recoverable as per contract agreement which was not done.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery of service tax.

(DP. 157)

3.5.15 Unauthorized installation of BTS Towers on top floors of commercial buildings

Clause 2.11.1(i) of Residential Sector Zoning (Building Control) Regulation 2005 provides that no mobile phone antennas are allowed on roofs of dwelling houses.

Clause 49-C of CDA Ordinance 1960 provides that if any building, structure, work or land is erected, constructed or used in contravention of the provisions of this Ordinance or of any rule, regulation or order made hereunder, the Deputy Commissioner, or any person empowered in this behalf, the Authority may, by order in writing, require the owner, occupier, user or person in control of such building, structure, work or land to remove demolish or so alter the building structure or work, or to desist from using or to so use the land, as to be in accordance with the said provisions.

An examination of record of Directorate of Building Control-I, CDA revealed that 41 Base Transceiver Station (BTS) towers were installed on the top roof of different commercial buildings.

Audit observed that the BTS towers were installed on the top floor of commercial buildings in different sectors of Islamabad without approval of CDA. According to terms of allotment of the commercial plots, there was no provision of the use of top floor of the buildings for such installations. Further, the building structures were not approved for such heavy infrastructure but CDA did not take action for removal of unauthorized installations.

Audit holds that irregularity occurred due to improper monitoring mechanism.

This resulted in unauthorized installation of BTS towers and loss to Authority amounting to Rs 43.378 million.

Audit pointed out the unauthorized installation of BTS Towers in May-June 2020. The Authority replied that buildings with BTS towers have been noted in survey.

The reply was not accepted because no action was taken against unauthorized installations.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 24.12.2020.

Audit recommends action against violations of buildings bye-laws.

(DP. 94)

3.5.16 Construction of commercial buildings without approval of plans by CDA

As per 2.2.1 to 2.2.3 of Islamabad Capital Territory Residential Sectors Zoning (Building Control) Regulations 2020, every person, who intends to carry out building works shall comply with the provisions of these building bye-laws/regulations. No building or structure shall be constructed nor shall any addition/alteration be made thereon except with the prior approval of the Authority. Any construction started/carried out without prior approval of the Authority shall be liable to be removed (partly or wholly) at the risk and cost of the owner(s)/allottees/ occupant(s) and/or imposition of penalty as prescribed in the schedules.

Inspectors of the Building Control Directorate-II conducted survey of the commercial area of Gulberg Green and found that allottees/owners of the commercial areas have started construction without approval of the building plans.

Audit observed that despite issuance of public notices by Director, BC-II, CDA, published in different newspapers, construction on seventy-six (76) commercial plots in the Gulberg Green Housing Society was continued without approval of the building plans by CDA. Audit further observed that the Authority neither stopped the illegal construction nor imposed fine at the rate Rs 200 per sft.

Audit holds that violation of building plan occurred due to weak monitoring mechanism.

This resulted in illegal construction and non-recovery of fine amounting to Rs 15.200 (approximate).

Audit pointed out the violation and non-recovery of fine in May-June 2020. The Authority replied that notices had been issued and most of the owners had submitted the building plans for approval.

The reply was not tenable because CDA could not enforce building control regulations.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 24.12.2020.

Audit recommends action against illegal commercial buildings and fixing of responsibility for lapse.

(DP. 99)

3.5.17 Unauthorized construction of residential flats in dedicated car parking area of Economy Flats

According to condition 42 (viii) of allotment letter, no residence shall be permitted in the basement and it shall be used only for car parking, plant rooms, stores and caretaker/ chowkidar duty room.

Basement of the economy flats on plot No. 13 and 14, F-11/1, Islamabad (Hamza Tower and Sughra Tower) was approved by CDA as dedicated car parking for each allottee of the flats.

Audit observed that the car parking in the basements of the said plots was converted into residential flats by the owners of the buildings in violation of approved plans of the buildings and CDA bye-laws.

Audit holds that violation of building plan occurred due to weak monitoring mechanism.

This resulted in unauthorized construction of flats in car parking and non-imposition of penalty of Rs 3.675 million

Audit pointed out unauthorized construction in May-June 2020. The Authority replied that notices had been issued to the owner to remove the violations and submit drawings for completion as per approved plan, otherwise action would be taken as per building byelaws.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 24.12.2020.

Audit recommends action for removal of violations of building plan and strengthening of internal controls/monitoring mechanism.

(DP. 95)

3.5.18 Non-obtaining of possession of cancelled plots

Section 3.9.1 of Zoning (Building Control) Regulations, 2005 provides that if at any time after permission to carry out building works, the Authority is satisfied that such permission was granted in consequence or any material misrepresentation of fraudulent statement, such permission may be cancelled.

According to Section 2.17 of Zoning (Building Control) Regulations 2005, no land or building shall be put to a non-conforming use. A non-conforming use may render the occupant liable on 1st conviction to pay a fine of Rs 500,000 and in case of failure to discontinue the non-conforming use within fifteen (15) days of conviction to an additional fine Rs 5,000 for every day up to three (03) months. The occupant shall be liable to be evicted from the building and the allotment deed of the plot be cancelled.

Six commercial plots were cancelled by CDA in different areas of Islamabad.

Audit observed that three plots were cancelled due to non-construction, two plots were cancelled due to non-conforming use and other one was cancelled due to non-payment of building charges. Audit further observed that despite cancellation of the plots, the occupants of the plots were carrying on their business. No action against possession of the cancelled plots was taken by CDA.

Audit holds that non-taking over possession of cancelled plots was due to weak enforcement mechanism.

This resulted in non-taking over possession of the cancelled plots.

Audit pointed out non-obtaining of possession of cancelled plots in June 2020. The Authority replied that the possession of cancelled plot rests with the Estate Management Directorate for which reminder has been issued to the Estate Management Directorate for the purpose.

The reply was not tenable because requisite action in the interest of the Authority could not be taken.

DAC meeting was not convened despite request made by Audit on 08.11.2020 followed by reminder on 23.11.2020.

Audit recommends investigation into the matter and action against the responsible(s) besides possession of cancelled plots.

(DP. 88)

3.5.19 Occupation/usage of buildings without issuance of Completion Certificates from CDA

Clause 3.12.11(b) of Residential Sector Zoning (Building Control) Regulation, 2005 provides that no person shall occupy or permit to be occupied, any such building or use or permit, to be used any part affected by the erection/re-erection, if any, of such building, until the completion certificate/permission to occupy is obtained.

Owners of the 331 plots applied for Completion Certificate of residential and commercial buildings in Islamabad but Building Control Section did not issue the Completion Certificate of the buildings due to violations in construction drawings, usage or other reasons.

Audit observed that the owners occupied the buildings and started businesses, rented out building without completion certificates but CDA has not initiated any action for removal of violations and issuance of Completion Certificates.

Audit holds that violation of building plan occurred due to weak monitoring and enforcement mechanism.

Non-issuance of completion certificate resulted in unauthorized use of buildings for indefinite period.

Audit pointed out irregularity in May-June 2020. The Authority replied that the owner is responsible to submit completion plan for issuance of completion certificate and CDA issues completion certificate after completion of all codal formalities.

The reply was not tenable as the owners of the buildings were occupying and using the buildings without obtaining completion certificate but CDA has not taken any action for occupying and using buildings without obtaining completion certificate.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 24.12.2020.

Audit recommends early action against the violators of CDA Bylaws.

(DP. 96)

3.5.20 Unauthorized/Illegal construction without approval of Layout plan

As per Para 2.2.3 of Islamabad Residential Sectors Zoning Regulation 2005, construction started/carried out without prior approval of the Authority shall be liable to removed (partly or wholly) at the risk and cost of the owner(s)/allottee/occupants(s) and /or imposition of penalty as prescribed in the schedule.

Record of Directorate of Building Control-II, CDA revealed that the owner of a commercial plot at Street No. 07, JKCHS (Jammu Kashmir Cooperative Housing Society), Sector F-15/1, Islamabad, started construction of commercial building.

Audit observed following volitions/irregularities:

i. Unauthorized/illegal construction without approval from Authority.
ii. Non-submission of building plans.

iii. Unauthorized occupancy of building without taking completion certificate.

iv. Unauthorized occupancy without taking NOC from E&DM, MCI, Islamabad.

Audit further observed that this plaza was in residential area and also a violation of the approved LOP. The owner of the plaza has also encroached 7 feet road with the connivance of the society management but no action has been taken.

Audit holds that irregularity occurred due to weak enforcement and monitoring mechanism.

This resulted in unauthorized/illegal construction without approval from the Authority.

Audit pointed out the illegal construction in May-June 2020. The Authority replied that the commercial building has been constructed at Plot # 07, which is located outside the approved area of JKCHS, Sector F-15/1 hence categorized as violation of layout plan and cannot be regularized until its revision.

The reply was not tenable as it was the responsibility of CDA to enforce building byelaws and control irregular construction.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends that action be taken against unauthorized construction.

(DP. 101)

3.5.21 Development of Housing Scheme in violation of Layout Plan (LOP) and construction after cancelation of LOP

As per para 25 of Modalities & Procedures of ICT (Zoning Regulation 1992), housing project can be launched by an individual/firm/company or a cooperative society, having open/green spaces/parks not less than 10%; roads/streets not less than 23%; graveyards not less than 2%; commercial & parking not more than 5%; public buildings like school, mosque, dispensary, hospital, community center, post office, etc. not less than 5%. The width of the vehicular streets provided in the layout plan not be less than 40 feet. The minimum size of residential plot will be 130 sq. yds. The easement of nullah, etc., shall be clearly identified and preserved as open spaces.

A. Directorate of Building Control-II, CDA approved the Layout Plan (LOP) of Jammu & Kashmir Cooperative Housing Society in Sector G-15/F-15 (Zone-2) Islamabad on 25.04.2002. The development scheme comprises an area measuring 3,482 kanals with 2,516 residential plots of different sizes. No objection certificate (NOC) of the scheme was issued on 13.05.2004.

Audit observed from the survey report conducted by CDA that the Housing Society committed following violations during development of the scheme:

i. Parks, green areas and site of Sewerage Treatment Plant were converted into residential plots.

ii. Residential plots were created in the bank of nullah by reducing width of nullah and changing its alignment.

iii. Area of parks and playgrounds was reduced and utilized for other purposes like construction of overhead water tank, apartments, etc. Even certain parks were not developed.

iv. Plot allocated for school was reduced in size and rest of land was utilized as commercial area.

v. Non-conforming use of plots and construction of an underground, open concrete tank in the right of way of Kashmir Highway.

Audit holds that violation of building plan occurred due to weak monitoring mechanism.

This resulted in development of the Housing Society in violation of the approved LOP.

Audit pointed out the violation of layout plan in May-June 2020. The Authority did not reply.

(DP. 102)

B. Directorate Building Control-II, CDA approved the Layout Plan of Jinnah Gardens, Phase-I, Zone-5, Islamabad on 09.04.2011. The LOP was withdrawn on 14.09.2018. CDA has not issued a no-objection certificate in favour of the scheme.

Audit observed that the sponsors of the housing scheme were carrying out development works without obtaining NOC from CDA and also in violation of approved LOP. The sponsors did not stop the illegal construction in the society after withdrawal of the LOP.

Audit holds that violation of building plan occurred due to weak monitoring mechanism.

This resulted in unauthorized/illegal construction.

Audit pointed out the unauthorized/illegal construction in June 2019. The Authority replied that LOP of Jinnah Garden was withdrawn due to non-fulfillment of terms & conditions of approved LOP by the sponsors. However, keeping in view the inconvenience of the general public, CDA Board in its 10th meeting held on 30.10.2019 decided to approve the building plans of plots falling within approved area.

The reply was not accepted because appropriate action for rectification of violations was not taken.

(DP. 103)

C. CDA approved Layout Plan of Margalla View Housing Scheme, Sector D-17, Zone-2, Islamabad sponsored by M/s Twin City Housing (Pvt.) Ltd. (TCHL) on 18.01.1995 over an area measuring 1,937 Kanals 18 Marla with 1,118 residential plots of different sizes. No Objection Certificate (NOC) of the scheme was issued on 14.06.2002. Completion period of scheme was five years i.e. up to 14.07.2007. The sponsors could not complete the scheme within prescribed time period and requested for extension of two years i.e. up to 14.06.2009. However, the development works were yet to be completed. The sponsor also requested for revision of LOP on 28.06.20211 but CDA regretted on 29.04.2016 due to existing violations.

Audit observed that sponsors of the scheme made various amendments/changes in Layout Plan without approval of CDA. Construction of the residential buildings was also being carried out without approval of building plans from CDA, but no action for removal of illegal structures was taken by CDA.

Audit holds that violation of layout plan occurred due to weak monitoring mechanism.

This resulted in illegal construction in violation of CDA building regulations.

Audit pointed out the unauthorized/illegal construction in June 2020. The Authority replied that CDA had started enforcement of ICT building byelaws in private housing schemes in compliance to order of the Islamabad High Court and served notices to the management of Margalla View Housing Society and violations of LOP were conveyed to the Directorate of Housing Society for action, against the violators.

The reply was not accepted as CDA failed to take action against violations.

(DP. 104)

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends action against the constructors who continued constructions activities even after cancellation/withdrawal of L.O.P and without obtaining N.O.C from CDA.

3.5.22 Irregular establishment of schools in residential buildings

Clause 49-C of CDA Ordinance 1960 provides if any building, structure, work or land is erected, constructed or used in contravention of the provisions of this Ordinance or of any rule, regulation or order made hereunder, the Deputy Commissioner, or any person empowered in this behalf, the Authority may, by order in writing, require the owner, occupier, user or person in control of such building, structure, work or land to remove demolish or so alter the building structure or work, or to desist from using or to so use the land, as to be in accordance with the said provisions.

Record maintained by Directorate of Building Control-I CDA revealed that CDA allotted a piece of land for establishment of City School in Sector H-8, Islamabad on 26.03.1987.

Audit observed that CDA allotted only one plot for establishment of City School at H-8, Sector, Islamabad while the management has established so many school branches in different residential buildings of Islamabad. CDA did not enforce building by-laws against these violations.

Audit holds that violation occurred due to weak monitoring and enforcement mechanism.

This resulted in unauthorized establishment of schools in residential buildings.

Audit pointed out the irregularity in May-June 2020. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends implementation of conforming use of buildings as per rules.

(DP. 91)

3.5.23 Illegal development and construction on CDA Right of Way

Clause (5) (i) & (iii) of ICT (Zoning) Regulation 2005, provides that any person, group of persons, organization, etc. if found violating any provision of this Regulation shall be liable to be proceeded against as the offending structure shall be liable to demolition unless regularized by the Authority on the payment of compounding fee as may be fixed by the Authority from time to time and any person, group of persons, organization, etc. found guilty of violating any of the provisions may be proceeded against under section 46 and 46-B of CDA Ordinance, 1960.

Directorate of Building Control-II, CDA, Islamabad, CDA approved Layout Plan (LOP) of Margalla View Housing Scheme, Sector D-17, Zone-2, Islamabad on 18.01.1995 over an area measuring 1,937 Kanals 18 Marla, comprising of 1,118 residential plots of different sizes. No Objection Certificate (NOC) of the scheme was issued on 14.06.2002.

Audit observed from the report of the site visit of Sector D-17 (Zone-02) that the management of the Housing Society carried out illegal development and construction in the north of the Housing Scheme and encroached right of way (ROW) of CDA road. In this regard CDA served several notices to the management of the society but the society did not remove the violations. No further action had been taken by CDA to clear violations. This resulted in illegal construction in right of way (ROW).

Audit holds that violation occurred due to weak monitoring and enforcement mechanism.

Audit pointed out the illegal construction in right of way of CDA road in May - June, 2020. The Authority replied that CDA has started enforcement of ICT Building Byelaws in Private Housing Schemes in compliance to order of the Islamabad High Court and served notices to the Management of Margalla View Housing Society and violations of LOP were conveyed to the Directorate of Housing Society for action.

The Authority admitted failure in enforcing building byelaws in the private housing societies as a regulator.

DAC meeting was not convened despite request made by Audit on 08.12.2020 followed by reminder on 23.12.2020.

Audit recommends action for illegal construction and right of way encroachment.

(DP. 105)

Metropolitan Corporation Islamabad

3.5.24 Non-recovery of outstanding dues in respect of License fee, utilities and conservancy - Rs 1,673.745 million

Para 2 of CDA Procedure Manual, Part-II (Financial Procedure) states that all receipts must be realized and accounted for immediately.

MCI awarded various licenses for advertisement rights, awarded spaces for utilization, permissions were allowed for BTS towers etc. on payment of license fee/charges.

Audit observed that there were huge outstanding dues against the advertisement companies, cellular companies and other licensees amounting to Rs 1,673.745 million. The department failed to recover the outstanding dues.

Outstanding dues were not recovered due to weak internal controls of the management.

This resulted in non-recovery of Rs 1,673.745 million **(Annexure-H).**

Audit pointed out non-recovery during July 2020. The Authority replied that recovery is being pursued.

The matter was discussed in DAC meeting held on 28.01.2021. DAC directed that:

i. Agreement should be revised and license fee be recovered on revised rates and compliance report be shared with Audit within one month. (DP.1)

ii. MCI to ensure financial discipline by accepting of pay order only. Matter of recovery be pursued and enforced. Record relating to recovered amount be also got verified from Audit within two weeks. (DP.2)

iii. Follow the matter vigorously and share progress with Audit within two weeks. (DP. 4, 5, 7, 11, 18,)

iv. Get deposit slip of withholding tax verified from Audit and disciplinary action against person (s) at fault. (DP. 8, 21)

v. Get the recovery verified from Audit (DP. 9, 10)

vi. To finalize inquiry and submit report within one month. (DP. 12)

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

3.5.25 Non-reconciliation of DMA receipts for the financial year 2019-20 - Rs 731.713 million

As per para 12 Chapter III, CDA Procedure Manual, a statement of accounts may be obtained within three days of monthly close of cash book for reconciliation purpose.

Directorate of Municipal Administration deposited receipt of Rs 731.713 million during the financial year 2019-20 in an account maintained with Bank of Punjab.

As per bank statement of Account No.6010004553800012 (Bank of Punjab Blue Area Islamabad) the amount deposited by DMA was transferred on daily basis to another account maintained in Bank of Punjab bearing No.6580004553800029. Bank statement of the latter account was not available in the record produced. However, verification of monthly receipts certified by CDA Treasury, showed that an amount of Rs 752.656 million was accounted for instead of Rs 731.713 million.

In the absence of bank statement where daily receipt was transferred from DMA Account to CDA Main Account, and due to difference of DMA and CDA Treasury, the receipt figures of DMA for the financial year 2019-20 could not be verified.

Audit holds that non-reconciliation occurred due to weak financial controls.

Non-reconciliation of revenue/receipt figures resulted in unauthentic figures of revenue collected.

Audit pointed out the matter in July 2020. The Authority did not reply.

The matter was discussed in DAC meeting held on 28.01.2021. DAC directed reconciliation of balances duly authenticated by senior management and submission of report within two weeks. DAC further directed that financial controls should be strengthened.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 16)

3.5.26 Non-maintenance of permanent record/inventory and licenses record of BTS Towers causing recurring loss of revenue - Rs 299.414 million

As per Planning Wing CDA Notification dated 12.02.2005 rentals for setting up of Base Transceiver Station (BTS) Towers by Cellular Operators were decided as under:

i. Annual License Fee: Rs 150,000 per site for green field towers (on CDA land).

ii. Annual License Fee: Rs 50,000 per site for roof top towers

During audit of Directorate of Municipal Administration MCI for the financial year 2019-20, it was noted that DMA was dealing with recovery of rent of BTS Towers in CDA/ICT presently.

During review of record produced, Audit observed that the detail of actual installed and licensed towers was not reconciled with PTA, Frequency Allocation Board (FAB) and even with cellular companies. Demand up to the financial year 2019-20 was assessed against 605 towers.

Audit observed that there was a big network of BTS Towers in Islamabad area. No physical verification exercise was carried out to ascertain correct number of BTS Towers. Demand for collection of dues was for 605 towers, whereas, total number of installed towers stands at 1,171 as per record of PTA.

Audit maintains that due to non-reconciliation of installed BTS Towers from PTA, Frequency Allocation Board and even with cellular companies, MCI was facing recurring loss of revenue for Rs 299.414 million per annum.

Audit pointed out the matter in July 2020. The Authority replied that a record recovery of more than Rs 246.000 million has been made on account of BTS in 2019-20. Data was also sought from PTA which replied to ask the same from FAB. Letter has been written to FAB for provision of the same. Public Notice in dailies was also published to take these towers in MCI loop as per CDA BTS Policy irrespective of installation date. Data from relevant Telcos has also been obtained and going through scrutiny. The count shown in para is inconsistent with available data.

The reply was not tenable. The permanent record and inventory and licenses record of BTS Towers were not being maintained properly. Thus chances of recurring loss of revenue cannot be ruled out.

The matter was discussed in DAC meeting held on 28.01.2021. The management apprised the forum that recovery from registered BTS towers operators has been made. The matter is being departmentally scrutinized and action will be taken accordingly. DAC directed the management to carry out reconciliation of BTS towers with PTA for updation of inventory and recover license fee from all operators and progress be shared with Audit. DAC further directed inquiry and submission of report within one month.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit stresses for maintenance of proper record of BTS towers and effect recovery of loss.

(DP. 15)

3.5.27 Award of concession to the 2nd highest bidder and non-recovery from defaulter - Rs 261.274 million

Rule 29 of Public Procurement Rules 2004 provides that 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.

As per Clause-16, the lessee will pay delayed payment charges at the rate of mark-up as fixed by the government from time to time on annual site/structure rent and on all other dues not paid to the lessor on due date.

Director, Municipal Administration MCI, Islamabad called tenders for "Operation Management & Maintenance of Mega Zone/Bowling Club at F-9, Park Islamabad on 14.02.2019 through newspaper, CDA Website and PPRA Web site. After selling of TORs in given time period and completion of documentation process, 10 participants participated in tender process. However, M/s Fatima Construction & Builders (PVT) Ltd. stood first as highest bidder.

Audit observed the following:

i. Offer letter was issued to 1st highest bidder i.e. M/s Fatima Construction & Builders (Pvt.) Ltd who was directed to deposit 100% advance payment amounting to Rs 62.020 million as per agreement. However, the firm could not deposit the same. The security deposit of the firm involving Rs 5.000 million was not forfeited.

ii. Due to non-deposit of advance amount by 1st highest bidder, the 2nd highest bidder i.e. M/s Liaqat Ali & Co (bid cost Rs 62.019 million) offered to pay full dues in advance as per TORs as on 28.08.2019. The possession of the site was handed over to the 2nd highest bidder instead of retendering.

iii. An amount of Rs 261.274 million was outstanding against the said concession against the previous licensee M/s S&S Enterprises.

Audit holds that irregularity occurred due to mismanagement and non-adherence to the rules and regulations.

This resulted in award of concession to 2nd highest bidder and non-recovery of Rs 261.274 million.

Audit pointed out the matter in July 2020. The Authority replied that open auction for outsourcing of Mega Zone located in F-9 Park was processed in accordance with the relevant rules/PPRA 2004. Case had already been forwarded to Senior Special Magistrate for recovery of outstanding dues for Rs 261.274 million.

DAC meeting was not convened despite request made by Audit on 19.11.2020 followed by reminder on 23.12.2020.

Audit recommends appropriate action against those responsible besides the amount may be recovered.

(DP. 24)

3.5.28 Non-accounting of dis-honored DMA receipt by the Bank - Rs 207.411 million

As per para 12 Chapter III, CDA Procedure Manual, the directorate of accounts will maintain a cash book for the bank they are in account with. A cash book will similarly be maintained by each D.D.O. When money is received it should at once be brought to account in the cash book. Receipt through private cheques should as far as possible be discouraged; but if any cheque is received, it must invariably be recorded in the cash book. In case, a cheque is dishonored by the bank, it should be immediately written back in the cash book by making a minus entry on both sides of the cash book. Before a receipt for the amount actually received is signed by an officer the entry in the cash book should be compared by him with the receipt, and in token of this check he should initial and date the entry in the cash book at the same time.

Monthly Account for June 2020 revealed that DMA collected and deposited receipt of Rs 731.713 million during the financial year 2019-20 in The Bank of Punjab Account No.6010004553800012 (Blue Area Islamabad).

Audit observed that DMA did not account for total deposits in the cash book on daily basis. Rather, on the close of a particular month, bank statement was obtained and only cashed/cleared transactions were recorded in the cash book when compared with bank statements for the financial year 2019-20. Audit further observed that bank deposits against different receipts for Rs 207.411 million were not cashed/cleared by the Bank and minus credits were made for DMA/MCI.

Audit further observed that these non-cashed/dis-honored transactions were not got corrected from concerned licensees and no penal action was initiated against such defaulters.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in non-accounting of dis-honoured cheques amounting to Rs 207.411 million.

Audit pointed out the matter in July 2020. The Authority replied that few payments were mistakenly entered by the bank itself which was rectified/settled during the month end. Few payments expired and after revalidation the same were again presented for further submission into DDO, DMA account. Some payments were dishonored and FIR was launched against the defaulters. Few payments were recovered through Magistrate and deposited into DDO DMA Account.

The matter was discussed in DAC meeting held on 28.01.2021. DAC observed that it a serious violation of financial/treasury rules and directed inquiry by Member Finance CDA for fixing responsibility and disciplinary action against person (s) at fault and submission of report within one month. DAC further directed to discontinue practice of accepting cheques instead of pay order on account of dues.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to DAC decision.

(DP. 14)

3.5.29 Annual loss to the Authority due to less realization of revenue from trade license fees - Rs 158.529 million

As per Section 62 of Chapter-VII and Section-91 of Chapter-XII of the Islamabad Capital Territory Municipal Bye-laws 1969, "no person shall within Islamabad municipal limits carry on any trade without taking proper license from the Director Municipal Administration, CDA". Section 93 provides that if the application for a license is granted after inspection of the premises by the Director, or the person so authorized by him, the licence in Schedule IV shall be issued on payment of annual fee.

Section 95- Whenever any licensable trade is carried on in contravention of the conditions of a license (as mentioned in Schedule V) or the provisions of these bye-laws, the Director or any person authorized by the Authority in this behalf may cancel the license and seize the property and if deemed necessary may seal the premises.

Directorate of Municipal Administration, MCI Islamabad collected the trade license fee departmentally. Except a few cases, fee was being received in cash in violation of rules. Total fee as per monthly account of June 2020 for the financial year 2019-20 on this account is Rs 8.343 million.

Audit observed the following:

i. Trade license was not being collected through public auction.
ii. There is no detail of total trade licenses issued so far i.e. Sector wise and trade wise.
iii. Demand and collection registers against each category of trade were not prepared.
iv. No authorization was made to any lower staff by DMA for this activity as required.
v. Physical verification exercise to count such businesses was never made to assess the estimated revenue on this account.
vi. Mega Malls like Centaurus Mall, Safa Gold Mall, Towers in Blue Area, Markaz shops, hotels etc. in each Markaz and sub-sector Markets and surrounding areas of Islamabad which have significant numbers of shops and hotels have been ignored. Trade fee against 1629 numbers shops, hotels etc. were taken under the net whereas such

count can only be for one sector instead of whole Islamabad.

Audit maintains that due to mismanagement and ill planning in regulating and collection of revenue of trade license fee, the department suffered loss amounting to Rs 158.529 million.

Audit pointed out the matter in July 2020. The Authority replied that staff of Trade License section of DMA carried out routine inspections in different markets/ Markaz of Islamabad and served the notices to the traders, who have not obtained the trade license. After serving notices, this office served the Challan to the traders and the same case was referred to Additional District Magistrate for recovery of revenue/ imposition of fine.

The matter was discussed in DAC meeting held on 28.01.2021. DAC directed that a mechanism should be evolved to streamline the corporation's business opportunities and strengthening of internal controls to exploit all those opportunities. A plan be also prepared to evaluate the option of outsourcing of all such contracts and incentive policy in this regard. DAC further directed that trading activities under the jurisdiction of MCI should be electronically documented as per best practice model.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to DAC decision.

(DP. 20)

3.5.30 Non-recovery of hiring charges of machinery - Rs 133.800 million

Para 401 of Capital Development Authority Procedure Manual Part-III states; "estimated cost of job must be deposited in advance by the party concerned with the Machinery Pool Organization either in shape of special cheque or otherwise".

Machinery Pool Organization (Operation) hired out machinery to various Divisions of Capital Development Authority/Metropolitan Corporation Islamabad during financial year 2019-20 without actual receipt of funds in advance.

Audit observed that MPO operation division did not recover hire charges of Rs 133.800 million from various CDA/MCI formations/ divisions during the financial year 2019-20.

Audit holds that outstanding dues were not collected due to weak financial controls.

This resulted into non-recovery of hiring charges amounting to Rs 133.800 million.

Audit pointed out the matter in July 2020. The Authority replied that a committee headed by Deputy Secretary (CDA), MOI has already given its recommendations regarding one time book adjustment of departmental hire charges of MPO Directorate.

The reply was not accepted because different formations of CDA/MCI got executed works/incurred expenditure without availability of funds.

DAC meeting was not convened despite request made by Audit on 23.12.2020.

Audit recommends adjustment of hire charges.

(DP. 41)

3.5.31 Loss of revenue due to mismanagement in auction of Municipal Cattle Market - Rs 71.500 million

Rule 26 of General Financial Rules (Vol-I) provides that it is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

License for Operation, Management and Organizing the Municipal Cattle Market in Sector I-12, was awarded for the year 2018 to Mr. Sajjad Sheikh for Rs 71.5 million on 31.07.2018.

Open auction process was initiated to license out the cattle market (Mandi) for the next year 2019, on 23 & 24.07.2019 wherein M/s Malik Ghulam Mustafa stood highest with the bid amounting to Rs 56.00 million out of 05 contractors.

As the highest bid was less than the previous year, therefore, it was retendered in which M/s Khaksar Traders stood 1st highest bidder, amounting to Rs 56.100 million, against Municipal Cattle Market (Mandi) I-12 for Eid-ul-Azha 2019 and not a single bid was offered by remaining contestants.

Audit observed that the auction process was not approved and bids were rejected by Mayor MCI after Eid Ul Azha on 16.08.2019 (Eid Ul Azha was on 12.08.2019).

Audit maintains that the auction process was started at a belated stage which narrowed the timelines of the event and much lesser response time was given to fetch highest bid. Moreover, bids were rejected without recording reasons.

Audit holds that irregularity occurred due to weak internal controls.

Irregular auction process caused loss of revenue to MCI for Rs 71.5 million.

Audit pointed out the matter in July 2020. The Authority replied that several attempts for the conclusion of highest bid for the said auction 2019, were made but in vain and only the highest bid of Rs 56.100 million was offered. The case was submitted to higher authority for perusal and approval of the highest bid, to seek out the best available decision in the matter. However, the Authority rejected the bid of Rs 56.100 million being below the benchmark price of Rs 71.500 million.

The reply was not accepted because auction process was not started at proper time due to which auction could not be materialized. Moreover, bids were rejected without recording reasons.

The matter was discussed in DAC meeting held on 28.01.2021. The management stated that bids were rejected being lowest than the reserved price. DAC observed that it is a case of mismanagement. The management further apprised that matter is under departmental investigation. DAC directed to complete inquiry proceedings, take action and submit report within two weeks to Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to DAC decision.

(DP. 03)

3.5.32 Less deposit of receipt of Trade License fee - Rs 2.733 million

Para 13 of Procedure Manuals Part-III, Accounting Procedure, CDA provides that money realized, whether in the form of cash or cheques should be deposited by the DDOs in their bank account immediately on receipt. At suitable intervals during the month, but definitely before closing the cash book for the month, a DDO should draw a cheque in favour of Director of Accounts for the amount collected and forward it to him under a covering challan in duplicate for collection.

During scrutiny of account record of Directorate Municipal Administration, Audit found that MCI collected trade license fee of Rs 11.076 million during financial year 2019-20. Out of the total receipts, an amount of Rs 8.343 million was deposited into Bank account leaving a balance of Rs 2.733 million which remained with the depositor.

Audit observed that less deposit of receipt was due to weak financial controls.

This resulted in misappropriation of receipt of Rs 2.733 million.

Audit pointed out the matter in July 2020. The Authority replied that in the year 2019-20, DMA collected Rs 11.076 million on account of trade license/ tax fee and forwarded to Account Section of MCI. As per record there is no pending pay orders in the trade license section on account of trade license fee for the year 2019-20.

The reply was not accepted because DMA recovered Rs 11.076 million but as per monthly accounts, a sum of Rs 8.343 million was deposited into Bank account. This resulted in misappropriation of receipt of Rs 2.733 million.

The matter was discussed in DAC meeting held on 28.01.2021. The management apprised cash handling has been stopped forthwith and only pay orders would be accepted in future. DAC directed for reconciliation otherwise recovery alongwith interest be effected and disciplinary action against person (s) at fault be taken within one month.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance of DAC decision.

(DP. 17)

3.5.33 Unauthorized utilization of Sarai Aam situated in Sector G-7 Islamabad and loss of revenue

Rule 26 of General Financial Rules (Vol-I) provides that it is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

Case file relating to temporary license of Sarai Aam situated in Sector G-7, Islamabad, revealed that the sub-letting of the building was conveyed to NAB for setting up Safe House, Rawalpindi on 22.06.2016 on the request of NAB.

The possession of the building containing 22 rooms was handed over on 24.06.2016. Rent of the building was assessed and approved by F/A Member CDA as Rs 63 per sft per month with 10% per annum increase as conveyed through letter dated 21.07.2016.

Audit observed that the license agreement was not signed between CDA/MCI and NAB. There was no approval on record for conversion of use of the building from Sarai to Safe House (on commercial basis). Admin Directorate CDA took the possession back on 22.05.2018 as per record but the present use of the building as Sarai is not on record. The possession remained with NAB for almost two years without any agreement. Recovery of rent for the period of occupation by NAB is not available in the record produced. As per record the area of Sarai is 5,670 sft and per month rent was Rs 357,210@ Rs 63 per sft. This also involves a loss of revenue of Rs 8.216 million for the period 24.06.2016 to 22.05.2018 i.e. 23 months @ Rs 357,210 per month.

The irregularities and financial loss occurred due to mismanagement.

This resulted in unauthorized utilization of public facility depriving the general public.

Audit pointed out the matter in July 2020. The Authority replied that Sarai Aam located at G-7 was functional under administrative control of DMA. The building was handed over to NAB for temporary use only and possession retained by the NAB for 2 years. Recovery notice has been issued to NAB Authority for recovery of dues of Rs 357,210 per month. The same would be intimated as the amount is received from NAB.

The reply was not accepted because present use of Sarai Aam was not intimated. Rent of the building was assessed and approved by Financial Advisor/Member CDA as Rs 63 per sft per month with 10% increase per annum. No action was taken by DMA although possession was taken back in May 2018.

DAC meeting was not convened despite request made by Audit on 19.11.2020 followed by reminder on 23.12.2020.

Audit recommends recovery and action against responsible(s).

(DP. 32)

3.5.34 Irregular award of license for establishment of restaurant (Des Pardes) without open auction

According to Rule 6 (1) of Islamabad Land Disposal Rules 2005, all commercial and business plots shall be sold or leased out through open auction as commercial plots, or for one of the specific activities mentioned in clause 3 (2) - plots for any kind of commercial activity having profit as a primary aim, and include plots earmarked for shops showrooms, markets, departmental stores, hotels, motels, guest houses, marriage halls, restaurants, cafes, banks, insurance companies, petrol/CNG filling and or service stations, sites for multi-storey building meant for shops, offices and or residential apartments, sites for multi-storey parking and offices connected with industrial and commercial enterprises.

Directorate of Municipal Administration MCI awarded a license of Market No.03 at Saidpur Model Village, Islamabad for Establishment of Restaurant to Mr. Tauqeer Ahmad on 15.01.2009 for 979 square feet covered area and 320 square yard open area. Rent for covered area was Rs 58,740 per month @ Rs 60 per sq. feet. In addition, open space charges @ Rs 10 per sq. yard per annum were applicable.

An additional open space of 33.33 square yards was granted @ Rs 10 per sq. yard per annum in June 2009.

As per clause XXII of the letter the period of license was 10 years renewable for another term of five years on satisfactory performance. As per record the licensee established a restaurant namely “Des Pardes”.

Audit observed that the license was granted with the approval of Chairman CDA without open auction against the rules referred above. The rates of rent were nominal and CDA/MCI was deprived from good competitive rates through open competition. The License was extended for further 05 years from January 2019 to December 2023 vide letter dated 14.12.2018 but the same was withdrawn in February 2019. Both letters contain the words of approval of “competent authority” but approval was not available in the record produced. Presently the case of extension is in the court of law. An amount of Rs 9.088 million was recoverable as rent for the period up to June 2019 but an amount of Rs 2.972 million was recovered from the licensee as per record. Balance amount of Rs 6.116 million was recoverable.

Audit maintains that the award of license for establishment of restaurant without open auction was irregular.

This resulted in considerable loss of revenues to MCI.

Audit pointed out the matter in July 2020. The Authority replied that an inquiry on the above matter is already in process and the outcomes to the same will be shared with the audit authority.

DAC meeting was not convened despite request made by Audit on 19.11.2020 followed by reminder on 23.12.2020.

Audit recommends that appropriate action against those responsible be taken besides recovery of the amount.

(DP. 25)

3.5.35 Loss of revenue and mismanagement due to illegal bus stands and encroachment on CDA land

As per Section 5 (2) of Federal Government Land & Building (Recovery & Possession) Ordinance 1965, if any person refuses or fails to vacate any land or building, any officer authorized in this behalf by Federal Government may, notwithstanding anything contained any other law for the time being in force, enter upon such land and recover possession of the same by evicting such person and may also demolish and remove the structure, if any, erected or built by that person. Further for the purpose of recovering possession of any land under the provision, an officer authorized by the Federal Government in this behalf may use or cause to be used such force as may be necessary as provided in Para-6.

As per updated survey report by the Admin Officer Municipal Function Section, DMA, MCI Islamabad, twenty (20) open spaces were being used for operating bus stands out of which 13 operated at Faizabad, IJP Road and G .T Road Islamabad illegally.

Audit observed that the illegal occupation of bus stands was neither vacated nor the occupancy charges according to standard rates were recovered from the illegal occupant.

Audit maintains that CDA/MCI allowed running of illegal bus stands and did not retrieve possession from encroachers/illegal bus stands.

This caused mismanagement and loss of millions of revenues.

Audit pointed out the matter in July 2020. The Authority replied that illegal bus stands were operating in Islamabad without any valid permission from this Directorate and Islamabad Transport Authority, ICT Islamabad. Action has been initiated against all illegal bus stands but they went into litigation against CDA/ MCI/ ITA, ICT and obtained stay order from Civil Court and Honorable Islamabad High Court Islamabad. Once these stay orders are vacated, joint action with CDA/MCI & ICT will be initiated accordingly.

The matter was discussed in DAC meeting held on 28.01.2021. The management apprised the forum that the matter is subjudice in the court and inquiry is under process in the NAB. A meeting with ITA has been scheduled to resolve the issue and action will be taken against illegal bus stands. DAC directed that inquiry report of NAB should be shared with Audit within one month.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 23)

CHAPTER 4
CIVIL AVIATION AUTHORITY
(AVIATION DIVISION)

4.1 Introduction

Pakistan Civil Aviation Authority (CAA) is a public sector autonomous body working under the Federal Government of Pakistan through Aviation Division, Cabinet Secretariat. CAA was established on 07.12.1982 through Pakistan Civil Aviation Authority Ordinance 1982. As per Schedule-II of Rules of Business, 1973 (amended up to January 2019) Aviation Division is responsible for administration of Civil Aviation Ordinance and development of civil aviation in Pakistan.

The purpose of establishing CAA is to provide for the promotion and regulations of Civil Aviation activities and to develop an infrastructure for safe, efficient, adequate, economical and properly coordinated Civil Air Transport Service in Pakistan. CAA not only plays the role of the aviation regulator of the country but at the same time performs the service provider functions of Air Navigation Services and Airport Services. The core functions of CAA are therefore, 'Regulatory', 'Air Navigation Services' and 'Airport Services'. These core functions are fully supported by various corporate functions of the organization.

The general direction and administration of CAA and its affairs vests in CAA Board which exercises all powers, performs all functions and does all acts that need to be exercised, performed or done by the Authority. The Chairman CAA Board is the Secretary of the Division to which the affairs of the Authority are allocated. CAA Executive Committee is the highest decision making body of the Organization. It exercises such administrative, executive, financial and technical powers as delegated to it by the Authority. Director General CAA is the Chairman of CAA Executive Committee. The Federal Government appoints the Director General who is the Executive head of CAA and exercises such powers and performs such functions as may be specified in CAA Ordinance or delegated to him by the CAA Board from time to time. The CAA Board is assisted by CAA HR (Human Resource) Committee and CAA Audit Committee. The Director General is assisted by the Deputy Director General, Directors and Additional Directors. The Director (Finance) controls the budget and enforces the internal financial controls/checks. Internal Audit Department is headed by an Additional Director under the direct supervision of the Director General. The Headquarters of the CAA are situated at Karachi.

4.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	68	12	17,501.422	15,311.858
2	Assignment Accounts SDAs, RFAs (excluding FAP)	04	02	232.98*	-

* Assignment accounts pertain to PSDP funds provided by federal government for construction of ASF accommodation and rain water harvesting dams at Islamabad International Airport. Expenditure audited under assignment accounts is also part of formations audited.

4.2 Comments on Budget and Accounts (Variance Analysis)

Financial Statements of Civil Aviation Authority for the financial year 2019-20 (unapproved) disclosed the figures of budget, revenue and expenditure as follows:

a. **Revenue**

(Rs in million)

Description	Target	2019-20		
		Amount Realized	Excess/ (Shortfall)	Excess/ (Shortfall) %
Aeronautical	69,271.01	57,181.23	(12,089.78)	(17.453)
Non-Aeronautical	11,262.06	9,173.79	(2,088.27)	(18.543)
Inspection and services	234.09	248.13	14.04	5.998
Return on Bank Deposits	3,529.00	3,529.35	0.35	0.010
Other Income	106.49	135.85	29.36	27.571
Total	**84,402.65**	**70,268.35**	**(14,134.30)**	**(16.746)**

Audit noticed that:

i. The aeronautical revenue for the year 2019-20 was Rs 57,181.23 million against target of Rs 69,271.01 million. There was a shortfall of Rs 12,089.78 million which constitute (17.453%) of the estimated revenue, which was mainly due to non-payment of dues by M/s Pakistan International Airlines.

ii. The Non-Aeronautical revenue for the year 2019-20 was Rs 9,173.79 million against targeted Rs 11,262.06 million. There was a shortfall of Rs 2,088.27 million which constitutes (18.543 %) of the target.

iii. Overall shortfall in revenue was Rs 14,134.30 million, which constitutes 16.746% of the estimated revenue.

b. Budget and Expenditure

(Rs in million)

Description	Original Budget	Revised Budget	Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Non-Development					
Establishment	25,821.38	28,216.00	28,455.84	239.84	0.85
Administrative Expenditure	19780.93	16,225.86	16,445.72	219.86	1.35
Repair & maintenance	6,559.20	1548.61	1,543.91	(4.70)	(0.30)
Provision for doubtful receivables	12,615.69	12,490.91	12,399.66	(91.25)	(0.73)
Financial Charges	4.66	3.57	39.21	35.64	998.32
Exchange Loss	13.00	63.69	63.70	0.01	0.01
Any other	-	-	84.97	-	-
Total Non-Development	**64,794.86**	**58,548.64**	**59,033.01**	**399.40**	**0.68**
Development					
PSDP (Federal Government Funds)	675.00	254.60	232.98	(21.62)	(8.49)
Annual Development Program (CAA Fund)	17,911.00	12,407.00	8,772.51	(3,634.49)	(29.29)
Total Development	**18,586.00**	**12,661.60**	**9,005.49**	**(3,656.11)**	**(28.88)**
Grant Total	**83,380.86**	**71,210.24**	**68,038.50**	**(3,171.74)**	**(4.45)**

Audit noticed that:

- PSDP funds (Government funds) amounting to Rs 21.62 million remained unutilized representing 8.49% of the budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for PSDP projects.

- In Annual Development Programme (CAA own source), there was a saving of Rs 3,634.49 million representing 29.29% of the budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for development projects.

C. Assets and Liabilities

Assets and liabilities as on 30.06.2020 are as under:

A. Assets	**Amount (Rs in million)**
A1. Non-current assets	
Property, plant and equipment	584,070.747
Intangible asset	25.463
Investment property	106,660.513
Long-term loans	1,142.719
Long-term deposits	19.566
Deferred taxation – net	2,966.152
Sub-Total non-current assets	**694,885.16**
A2. Current assets	
Stores and spares	305.855
Trade debts	3,375.370
Loans and advances	519.923
Prepayments	72.980
Interest accrued	107.616
Other receivables	669.427
Taxation – net	13,183.593
Cash and bank balances	32,258.226
Sub-Total current assets	**50,492.990**
Total assets	**745,378.150**
B. Fund and liabilities	
B1. Fund and reserves	

Civil Aviation Authority Fund	252,781.516
Surplus on revaluation of fixed assets	441,426.497
Sub-Total Funds	**694,208.013**
B2. Non-current liabilities	
Deferred taxation – net	
Retirement and other Services benefits	31,113.714
Government grants	9,470.405
Deferred income	664.663
Sub-Total non-current liabilities	**41,248.782**
B3. Current liabilities	
Trade and other payables	4,389.426
Retention money and security deposits	5,531.929
Sub-Total current liabilities	**9,921.355**
Sub-Total liabilities	**51,170.137**
Grand total fund and liabilities	**745,378.150**

i. Net worth of property, plant and equipment is Rs 584,070.747 million after certain adjustment like re-valuation, depreciation, ijarah sukuk, etc. Out of it, major portion is of land with value of Rs 243,704.247 million (41.73%). As per draft financial statements, land measuring 4,237.60 acres is not mutated in the name of the Authority. Inclusion of land in the assets which has not been mutated in the name of Authority tantamount to overstatement of assets in the Financial Statements to the extent of value of 4,237.60 acres land (Note 6.1).

ii. Foreign Travel Tax and Government Airport Tax amounting to Rs 240.208 million and Rs 382.460 million (including Rs 22.950 million for the year 2019-20), respectively are receivable on behalf of the government (Note 13). The pendency of huge receivable government taxes with airline operators is inefficiency on the part of CAA. The collection of government dues may be matured and remitted to government without delay.

iii. An amount of Rs 32.414 million is payable to Sindh Coal Authority on account of excess of deposit against construction of

Thar Airport (Note 19.1). The account may be reconciled and corrective action be taken accordingly.

iv. An amount of Rs 840.092 million and Rs 35.872 million is payable to government (Note 19) on account of sales tax and income tax deducted at source by CAA from different invoices. The same has not been remitted to government.

Note. Approved Audited financial statements from CAA Board for the year 2019-20 were not produced by the Authority, however, the comments have been offered on the draft/unaudited financial statements.

4.3 Classified summary of Audit observations

Audit observations amounting to Rs 56,400.924 million were raised in this audit report. This amount also includes recoveries of Rs 4,970.762 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	HR/Employees related irregularities	27.811
B	Procurement related irregularities	12,364.105
C	Execution of works, contract agreement	42,411.489
2	Others	1,597.519

4.4 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Civil Aviation Authority is as under:

Year	Total Paras	No. of Para Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1985-86	3	3	-	3	-
1986-87	3	3	-	3	-
1988-89	6	6	-	6	-

Year	Total Paras	No. of Para Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1989-90	01	01	01	-	100.0
1990-91	09 CAA+ 3 Ex-ADA+1 PAR (10)	12	09	3 Ex ADA+ 1 PAR	75.0
1991-92	26	26	10	16	38.46
1992-93	33 CAA+ 5 Ex-ADA+ 1 PAR (14)	38	26	07+Ex_ ADA+01 PAR	68.42
1993-94	49	49	21	28	42.85
1994-95	08	08	06	02	75
1995-96	14	14	07	07	50.0
1996-97	20	20	16	04	80.0
1997-98	91	91	82	09	90.10
	2 SAR	2	-	2	-
1998-99	46	46	36	10	78.26
1999-00	63	63	37	26	58.73
2000-01	83	83	62	21	74.69
2001-02	14	14	12	02	85.71
2002-03	10	10	04	06	40.00
2003-04	21	21	16	5	76.42
2004-05	10	10	08	02	80.0
2005-06	13	13	12	01	92.30
2006-07	09	09	05	04	55.55
2007-08	06	06	03	03	50.0
2008-09	17	17	10	07	58.82
2009-10	14	14	12	02	85.71
2010-11	56	56	26	30	53.57
	25 PAR	25	22	3	88.0
	16 PAR	16	14	2	87.5
	33 PAR	33	19	14	57.57
2012-13	38	10	01	09	2.63
2013-14	38	38	16	22	42.10
2015-16	51	50	15	36	29.42
2016-17	26 (50+ M)	26	12	14	46.15

Year	Total Paras	No. of Para Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
	15 (50-M)	15	04	11	26.66
2016-17 Special study	2	2	01	01	50.0
2017-18	32	07	0	07	-

Note: Audit Reports for 2011-12, 2014-15 and 2019-20 have not been discussed by PAC till the finalization of this Audit Report.

4.5 AUDIT PARAS

4.5.1 Non-finalization of accounts of works - Rs 14,909 million

According to Clause 33.5 of the agreement, not later than 84 days after the issue of Taking-Over Certificate in respect of the whole of the Works, the Contractor shall submit to the Engineer a Statement of completion showing final value of work done, any further sums which the contractor considers to be due and estimate of the amounts which the contractor considers will become due to him under the contract.

As per Clause 33.9 (a&b), within 30 days after the final statement and the written discharge, the Engineer shall issue to the Employer (with a copy to the Contractor) a final certificate stating the amount which, in the opinion of the Engineer, is finally due under the Contract, and after giving credit to the Employer for all amounts previously paid by the Employer and for all sums to which the Employer is entitled under the Contract.

CAA awarded various works of the project New Islamabad International Airport to the contractors.

Audit observed that the works were completed on different dates and TOCs were issued. Even after the expiry of Defect Liability Periods, the accounts of the following works have not been finalized by the Authority:

Description of Contract Package	Effective Date of DLC	DLC Recommendation Date	Amount (Rs in million)
Package-6 Hydrant & Refueling	05.02.2019	07.08.2019	1,185.00
Package-8A-Landside Infrastructure	30.03.2017	17.04.2017	8,296.00
Package-8B Power &Telecom Networks	07.02.2019	21.03.2019	2,005.00
External Electrification and Telecom Works	04.01.2019	19.06.2019	1,334.00

Description of Contract Package	Effective Date of DLC	DLC Recommendation Date	Amount (Rs in million)
Package-Installation of High-Pressure Internal Gas Pipeline Network at IIAP	31.12.2018	25.03.2019	169.00
Package-5 PTB Furniture, Seating, counters& Signage	18.02.2020	10.03.2020	1,502.00
Additional roads	-	-	418.00
Total			**14,909.00**

Audit holds that irregularity occurred due to non-adherence to rules and regulations.

This resulted in non-finalization of accounts of works having value of Rs 14,909.000 million.

Audit pointed out the non-finalization of accounts in August-September 2020. The Project management replied that finalization of accounts is under process.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised that accounts of Works Packages-5, 6, NGP, Additional Roads and External Electrifications have already been finalized. However, Accounts for Package-8A & 8B are in progress and would be submitted to Audit after finalization. The reply was not accepted because packages-8A and 8B were the major works and had already been completed in 2017 and 2019 but the accounts of the same have not been finalized. After detailed deliberation, DAC directed the Authority to submit final accounts for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends finalization of accounts besides action against the responsible(s) for delay.

(DP. 70)

4.5.2 Violation of PPRA rules in award of works, lack of competition and extensions in contracts - Rs 11,776.063 million

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

Rule 42 (c) (iv) provides that a procuring agency shall only engage in direct contracting if the repeat orders do not exceed fifteen percent (15%) of the original agreement. According to Rule 50, any violation of these rules constitutes mis-procurement. Further, Rule-9 provides that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

CAA awarded various contracts regarding outsourcing manpower, license agreements for business and for execution of civil and E/M works at various airports.

Audit observed that:

i In 67 cases, involving Rs 454.506 million, the Authority extended the contract/license period after expiry of contracts;

ii In 5 contracts the Authority awarded additional works amounting to Rs 11,280.186 million to the existing contractors;

iii Four contracts were awarded without tenders involving Rs 18.068 in violation of PPRA rules.

iv Maintenance/supply works at various airports involving Rs 23.303 million were awarded through piecemeal quotations/work-orders to avoid approvals of higher authorities.

Audit holds that irregularity occurred due to non-adherence to PPRA rules and guidelines.

This resulted in irregular award of works in violation of PPRA rules amounting to Rs 11,776.063 million **(Annexure-I)**.

Audit pointed out the irregularity in July-October 2020. The formations replied that award of works and extensions in existing contracts were granted after approval of the competent authority.

The reply was not accepted because the works/extensions were granted in violation of PPRA Rules.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised (DP-72) that the selection of legal consultant falls within the powers of the Project Director, being contract operating officer, subject to provision of PC-1 of IIAP Project. In case of DP-75, CAA explained that DGCAA will approve the extension in the period of the concession. In case of DP-78, CAA explained that hired services and terms & conditions of provisions remained the same during the period of contract i.e. three years as per provision in the contract. After detailed deliberation, DAC directed that revised reply on the basis of justification, duly supported with documentary evidences as well as approval of Competent Authority be submitted to Audit to proceed further in the matter.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

4.5.3 Irregular approval of Variation Orders - Rs 11,303.00 million

As per letter No HQCAA/1000/DGS/432 dated 23.11.2009 issued by the Director General CAA, responsibilities of Project Director New Islamabad International Airport were outlined where, para-f provides as; "Initiation of cases for seeking approval of DGCAA for any variation in contract/specification or design shall be routed through Director P&D".

Variation Orders amounting to Rs 11,303.500 million were approved by the Project Director in Package 3, 4, 5, 7A, 7B, 8B and 8c-I D up to 30.06.2020.

Audit observed that the Project Director was delegated the power of initiation of cases for seeking approval of DG CAA. Thus, as per provisions, the Project Director was not delegated the powers regarding approving the variations in the Contract/Specifications or design.

Audit holds that irregularity occurred due to non-adherence to rules and regulations.

This resulted in irregular approval of VOs of Rs 11,303.500 million.

Audit pointed out the irregularity in August-September 2020. The Project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends justification/regularization of the matter besides strengthening of the financial and internal controls.

(DP. 142)

4.5.4 Payment without approval of Variation Order - Rs 5,149.037 million

As per clause 51.1 of the agreement, the Engineer shall make any variation of the form, quality or quantity of the works or any part thereof that may, in his opinion, be necessary and for that purpose, or if for any other reason it shall, in his opinion, be appropriate, he shall have the authority to instruct the Contractor to do and the Contractor shall do the same.

As per practice all the variations are required to be incorporated in the agreement through issuing of Variation Order after approval of the competent authority.

Package-3 Passenger Terminal Building of IIAP, Islamabad (i/c all associated utilities & E/M works) was awarded to M/s CSCEC - FWO (JV) at agreement cost of Rs 20,286.041 million on 20.01.2011. The work was to be completed up to 15.04.2017 (last EOT). The work is still in progress.

Audit observed that Project Director IIAP Islamabad paid Rs 24,153.045 million to the contractor against agreement cost of Rs 20,286.041 million up to 86th IPC paid 29.04.2020. The paid amount included provisional payment of Rs 5,149.037 million on account of Variation Order No. 11.

Audit further observed that the VO-11 was initiated in 2015 for extension of Passenger Terminal Building to increase the boarding bridges etc., but despite lapse of period of more than 5 years, the final rates and scope of work was not finalized and approved by the competent authority.

Audit holds that irregularity occurred due to weak project management.

This resulted in irregular payment of Rs 5,149.037 million.

Audit pointed out the irregularity during August-September 2020. The Project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by a reminder on 23.12.2020.

Audit recommends justification/regularization besides strengthening of the financial and internal controls.

(DP. 150)

4.5.5 Non-realization of revenue on account of aeronautical, non - aeronautical and utility charges - Rs 4,407.835 million

As per para D.14.1 of policy and procedure regarding grant of business (concession) at Airports (CAAO No.11-4 dated 15.01.1990) it is personal responsibility of the Airport Manager concerned to ensure that all the dues are realized from the licensee as soon as they become due.

According to License agreement clause 3 (a), the licensee shall pay license fee in advance for the current month i.e. on the date of start of the business or possession of the premises is handed over to the licensee. Thereafter, the monthly license fee shall be paid in advance up to 10th of each month to which it relates. If, licensee fails to pay monthly license fee on due date, late payment surcharge thereon @ 5% shall be imposed. According to Clause 3(b) of agreement (standard form) for various licenses/concessions, if the license fee or any part thereof shall be in arrears for one month or more after the same has become due, whether demanded or not, the Airport Manager/Licensor may terminate the license agreement and the licensor or his authorized representatives may upon such termination enter into or upon the premises and take over the same without any right or remedy to the licensee or any obligation to the licensor.

CAA raised bills against various Airlines, lessees and contractors working at airports during the financial year 2019-20 on account of aeronautical and non-aeronautical charges (i.e. license fee, utilities, premium, ground rent, non-utilization charges etc.).

Audit observed that the Authority could not realize the outstanding dues from the licensees, lessees and airlines working at different locations.

Audit holds that non-realization of revenue occurred due to mismanagement and lack of oversight mechanism for implementation of internal and financial control.

This resulted in non-realization of revenue of Rs 4,407.835 million **(Annexure-J)**.

Audit pointed out the non-realization of revenue in May, August, September 2020. The Formations admitted the non-realization of revenue in most of the cases. However, progress toward realization of revenue was not reported till finalization of the Report.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, in case of DP-74, CAA apprised that total amount of outstanding dues against airlines and commercial concessions was Rs 405.777 million out of which an amount of Rs 154.325 million has been recovered leaving a balance of Rs 251.460 million.

After detailed deliberation, DAC reduced the para to Rs 251.460 million after verification of effected recovery of Rs 154.325 million. In case of DP-85, the DAC pended the para till the decision of Court of law, while, in case of DP-50, 60, 61, pended the paras till final recovery of dues and verification thereof, and in case of DP-63 DAC pended the para for discussion in the next DAC meeting. In case of DP-82, DAC directed that to transfer the land given for public purpose, by determining whether NOC of land is temporary or permanent, a policy be formulated on the matter. Detail of such properties be prepared and got regularized from CAA Board.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

4.5.6 Non-imposition of liquidated damages for delay in completion of work - Rs 3,461.999 million

According to clause 47.1 of the agreement, if the contractor fails to complete the work within the stipulated time period, he shall render himself liable to pay liquidated damages equal to 0.01% of contract price for each day of delay in completion of work subject to maximum of 10% of the contract price stated in letter of Acceptance. In some cases the maximum was provided up to 5%.

CAA awarded ten (10) works at different locations to various contractors at their bid cost of Rs 36,138.966 million with a completion period of 6 months to 5 years.

Audit observed that the contractors did not complete the works in their stipulated completion period and even in the extended period. Thus the contractors rendered themselves to pay liquidated damages as per contract provisions which were not imposed by the Authority.

Audit maintains that non-imposition and recovery of liquidated damages occurred due to ineffective monitoring, non-compliance with rules, regulations and weak internal control.

This resulted in non-imposition and recovery of liquidated damages of Rs 3,461.999 million **(Annexure-K)**.

Audit pointed out the non-imposition of penalty in July - September 2020. The Formation admitted the recovery in one case and in other case replied that during execution of work, few changes were made in scope of work which required Work Completion and Deviation Statement to be got approved from competent authority before finalization of accounts which took extra-ordinary time due to Covid-19 and strict lock down imposed by Government of Pakistan.

The reply was not accepted because the finalization of accounts was not made and deviation statement was also not approved by the competent authority. Further documentary evidence was not provided regarding completion of work.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, in case of DP-10, CAA apprised that the work is in progress at advance finishing stage and approximately 2% physical quantum of work is left, which is required to be completed. Extension of time will be granted to contractor for delay caused by justified reasons and unjustified delay will result into imposition of liquidated damages as per terms and conditions of the contract agreement at the completion of the project. After detailed deliberation, DAC directed that LD be imposed and evidences be produced to Audit while in case of DP-38, DAC reduced the para to the amount of Rs 5.000 million.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends imposition and recovery of liquidated damages.

4.5.7 Encroachment due to non-demarcation and fencing of CAA Land - Rs 1,324.00 million

As per Para 5(2) of Federal Government Land & Building (Recovery & Possession) Ordinance, 1965 'if any person refuses or fails to vacate any land or building, any officer authorized in this behalf by Federal Government may, notwithstanding anything contained in any other law for the time being in force, enter upon such land and recover possession of the same by evicting such person and may also demolish and remove the structure, if any, erected or built by that person'. Further, for the purpose of recovering possession of any land under the provision, an officer authorized by the Federal Government in this behalf may use or cause to be used such force as may be necessary.

According to BOQ of the contract, an item No. 2 for provision of barbed wire fence for protection and item No. 3 for Gate and boundary around the land acquired for Kasana Dam was provided for protection of land and to avoid land encroachment.

Project Director-II, Islamabad International Airport acquired land measuring 643.5 acres for construction of rain water harvesting Kasana Dam for provision of water to the IIAP at cost of Rs 1,324.00 million. The work was awarded to M/s ZKB at agreement cost of Rs 942.858 million on 13.06.2017 which was started on 13.10.2017 and was to be completed in all respects in 406 days.

Audit observed from the Progress Report for the month of December, 2018 that the contractor could only achieve physical progress of 21.6 %. Audit further observed that due to non-completion of possession works, local people encroached the acquired land and started cultivation (RD 2+500, 6+500).

Audit holds that encroachment of land was due to weak asset management/internal controls.

This resulted in encroachment of land valuing Rs 1,324.00 million.

Audit pointed out encroachment of land in August-September 2020. The Project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by a reminder on 27.12.2020.

Audit recommends vacation of CAA land besides strengthening of vigilance and monitoring mechanism.

(DP. 160)

4.5.8 Excess expenditure beyond the Technical Sanction - Rs 1,099.598 million

Para 6.17 of Pak. PWD Code provides that when the expenditure upon a work exceeds or is found likely to exceed, the approved cost by more than 15%, a revised approval must be obtained from the authority competent to approve the cost, as so enhanced. Further, Para 6.19 of ibid code also provides that revised estimate must be prepared where the sanctioned estimate is likely to be exceeded by more than 15%.

The work "Expansion and Renovation of Bacha Khan International Airport Peshawar" was awarded to the contractor on 28.12.2015 at an agreed cost of Rs 1,896.006 million which was 8.08% above the T.S. Estimate cost of Rs 1,754.176 million.

Audit observed that the original T.S. Estimate of said work was approved for Rs 1,754.176 million, whereas, up to IPC No.21, an amount of Rs 2,853.774 million was paid to the contractor which was 62.68% above the technically sanctioned estimate cost. Audit further observed that work was executed beyond the permissible limit of 15% without revision and approval of estimated cost by the competent authority.

Audit holds that excess expenditure was made due to weak internal & financial controls.

This resulted in ill-planning and excess expenditure of Rs 1,099.598 million beyond TS estimate.

Audit pointed out unjustified payment during October 2020. The project management replied that all variations were executed through approval of the competent authority. Final TS Estimate is under process with the competent authority and would be submitted upon its approval.

The reply was not accepted because it was case of ill-planning which resulted in huge variation in the work against the approved TS Estimate.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends fixing of responsibility besides regularization of the matter.

(DP. 164)

4.5.9 Irregular extension of hired services on higher rates - Rs 562.994 million

Rule 20 of Public Procurement Rules 2004 provides that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

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.

Airport Manager Islamabad International Airport Islamabad, hired services of M/s Greave Air Conditioning Pvt. Ltd for provision of 360 technical/semi-skilled employees for operation/maintenance of E&M works, HAVAC, water works, sewerage treatment plant, electric power network etc. on 18.04.2018 for six months with the monthly payment of Rs 24.478 million.

Audit observed that the contract was initially awarded for six months from 18.04.2018 but the same was extended up to September 2020 without awarding the work through open tenders. This resulted in irregular award of extensions involving Rs 562.994 million (24.478 million x 23 months).

Audit further observed that the salary rates of hired manpower were higher i.e. an amount of Rs 60,000 per month was allowed for semi-skilled labour, Rs 70,000 per month was allowed for electricians etc. as compare to salary of skilled/semi-skilled manpower hired on Retainer ship basis @ Rs 25,000 per month during the year 2020.

Audit holds that irregularity occurred due to non-adherence to PPRA rules and weak internal controls.

This resulted in irregular expenditure amounting to Rs 562.994 million.

Audit pointed out irregularity in September 2020. The Formation replied that the subject services were hired at the time of operationalization of IIAP w.e.f. 18.04.2018 whereas, the subject tender was extended as per clause 16 (A) (1) which states that the Procuring Agency shall arrange the procurement through framework agreements of recurrent or common use items, services including maintenance services and those commodities, whose market prices fluctuate during the term of the agreement, for a maximum period of three years. Accordingly, the agreement of said contractor was extended till September 2020 after due concurrence of the Competent Authority. CAA hired manpower on retainer ship basis against non-technical post such as janitors, drivers, mali, trolley retriever, civil maintenance staff etc. Moreover, the hiring of manpower on retainer ship basis is being carried out in periodic phases which would also include manpower hired for subject service in the long term plan, whereas, services provided by M/s Greaves are technical in nature. Islamabad Airport being the most recently developed airport of Pakistan has high-tech installations, machineries and equipment which need handling with expert and technical resource.

The reply was not accepted because the agreement was awarded for six months only, which was continuously extended.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA submitted the same reply. After detailed deliberation, DAC directed that copy of agreement be produced to Audit for verification of clause of extension.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 83)

4.5.10 Overpayment due to application of incorrect foreign currency exchange rate - Rs 389.840 million

According to Summary of Cost of Consultant, local currency cost of Rs 321.915 million and Foreign Currency USD 6.709 million was provided. Note to the Summary of Costs states that 1 US Dollar was equivalent to Pak Rs 100.06 on 28 days prior to submission of bid (Bid submission date). All foreign currency remuneration and cost was to be paid in equivalent Pakistani Rupees.

Consultancy agreement for providing management consultancy services for balance work of Islamabad International Airport, Islamabad was awarded to M/s Mott MacDonald Limited (UK) in association with M/s MMP (Pvt) Limited (Pak). The agreement was signed on 06.05.2015 for a period of 18 months. The contract was extended upto 31.05.2020 through EOTs at increased cost of Rs 1,260.699 million and USD 21.848 million.

Audit observed that the Project Director, IIAP, Islamabad paid USD 20.095 million upto 58th Invoice paid in March 2020 by applying foreign currency exchange rates prevailing on the dates of payments instead of conversion rate provided as note to the summary of cost of the agreement as 1 Dollar equivalent to Rs 100.60. Audit further observed that price escalation on the foreign exchange component was also allowed.

Audit maintains that overpayment resulted due to non-adherence to the provision of the agreement.

This resulted in overpayment due to application of incorrect foreign currency exchange rate of Rs 389.840 million (approximate).

Audit pointed out the overpayment in August-September 2020. The project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery of overpaid amount.

(DP. 156)

4.5.11 Unauthentic payment due to non-performance of Factory Acceptance Test - Rs 388.502 million

According to clause 12 of the agreement (technical specification of the items of works related to mechanical works and HVAC system), the contractor has to provide facility for employer and engineer (one representative each) to witness factory acceptance test for equipment require such test. All incidental expenses incurred shall be borne by the contractor.

CAA awarded a work "Expansion and Renovation of Bacha Khan International Airport Peshawar" on 28.12.2015 at an agreed cost of Rs 1,896.006 million. As per agreement and approved specifications, items of work i.e. Passenger Baggage Screening System (PBSS), VRF/VRV system, L-5, E-5, L-1 AHU 2 and DG Set 640 KVA were required to be imported by the contractor after arranging the Factory Acceptance Test.

Audit observed that the contractor failed to arrange the Factory Acceptance Test of above imported equipment and installed all the equipment without fulfillment of the mandatory clause of the agreement. Audit further observed that cost of Factory Acceptance Test was already included in the cost of equipment, therefore, it was the responsibility of the contractor as well as of the Employer to ensure the Factory Acceptance Test before import and installation of the equipment. Due to non-observing the contract clause all payment made to the contractor for said equipment amounting to Rs 388.502 million stands unauthentic/ unjustified.

Sr. No.	Description	Amount (Rs)
1	Passenger Baggage Screening System (PBSS)	183.366
2	VRF/VRV system	173.944
3	Lift-5	11.244
4	Escalator-5	9.193
5	Lift-1	9.071
6	D.G Set 640 KVA	1.684
Total		**388.502**

Audit holds that unauthentic payment was made due to weak internal controls.

Installation of equipment without Factory Acceptance Test resulted in irregular expenditure.

Audit pointed out the unauthentic payment during October 2020. The project management replied that recovery on account of FAT has been finalized in Variation Order No. 06 and cost of FAT Rs 1.683 million would be recovered in Interim Payment Certificate (IPC) No. 22. Moreover, FAT for Passenger Baggage Screening System (PBSS) is not covered under the Contract.

The reply was not accepted because as per Technical Specification it was mandatory to perform the Factory Acceptance Test before import and installation of the equipment which might result in installation of equipment below specification.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery besides action against the responsible(s) for accepting the equipment without FAT.

(DP. 167)

4.5.12 Non-execution of component of work quoted 17% below the estimate - Rs 351.578 million

According to GFR-10 (i), every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.

CAA awarded a work "Construction of Access Road Network at AIIAP Lahore" to M/s Sichuan-SCL(JV) on 20.01.2017 at an agreement cost of Rs 1,778.447 million with completion period of 200 days. Audit further noted that ratio of premium and rebate quoted by the contractor in his bid on scheduled items of work was given as below:

S. No.	Description	NIT amount (Rs)	Premium quoted by contractor	Bidding Amount (Rs)
1	Road Pavement Works	397,707,347	10% above	437,478,082
2	Road Surface Drainage Works	97,648,439	35% above	131,825,393
3	Underpass, Bridge & Retaining Walls	638,828,746	17% Below	530,227,859
4	Storm Water Lift Stations	9,865,464	Nil	9,865,464
5	Road Lighting Works	6,297,322	70% above	10,705,447
Total		**1,150,347,318**		**1,120,102,245**

Audit observed that contractor executed 45% work under sub head Underpass, Bridge & Retaining Walls and up to 12th running bill. Remaining 55% work was not executed and the component of work was finalized. This showed that the finalization of work was already in the knowledge of contractor due to which he quoted the rates 17% below.

Audit holds that irregularity occurred due to negligence and undue favour by CAA to the contractor.

This resulted in non-execution of below quoted work by the contractor involving Rs 351.578 million.

Audit pointed out the non-execution of work in December 2019. The Project management replied that during the execution stage, in order to economize the design and to fulfill overall aesthetic and safety requirements, the value engineering was exercised which resulted in cost saving under the head of “Underpass, Bridge and Retaining Walls” without jeopardizing project objectives.

The reply was not acceptable because contractor quoted 17% below rates for Sub-head Underpass, Bridge and Retaining walls and only 45% work was executed for this sub -head which shows that the change of design was already in the knowledge of the contractor and, resultantly, he quoted 17% below. Connivance of contractor and consultant/employer cannot be ruled out in the eyes of Audit.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA submitted the same reply. After detailed deliberation, DAC directed the Authority to provide comparison of quotations of other bidders.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 97)

4.5.13 Unjustified expenditure on runway up-gradation works - Rs 318.00 million

Para-53 CPWD code provides that there are four main stages in the project for execution of works namely administrative approval, expenditure sanction, technical sanction and the appropriation & re-appropriation of funds. Para-56 of CPWD code provides that for each individual work, proposed to be carried out properly, detailed estimate must be prepared for the sanction of competent authority; this sanction is known as the technical sanction to the estimate. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that estimates are accurately calculated and based on adequate data.

CAA Board approved a scheme for Joint Users Airfield Bholari/Hyderabad in Annual Development Program 2015-16. An amount of Rs 318 million was paid to Pakistan Air force for execution of the said project. The Authority requested on 15.06.2016 to the Chief Project Director to provide estimate, design, drawing, specifications for runway upgradation works for examination by the Technical Team and draft agreement with plans etc. as per decision of CAA Board.

Audit observed that estimation, specification, design/drawing, and draft agreement was not provided by the PAF to CAA. Further the status of funds provided to PAF was also not provided to Audit.

Audit holds that unjustified expenditure resulted due to weak internal and financial controls.

This resulted into unjustified expenditure of Rs 318.00 million.

Audit pointed out the irregularity in September 2020. The formation did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends provision of record of expenditure incurred according to approved Annual Development Program.

(DP. 112)

4.5.14 Unauthentic payment of Foreign Exchange difference - Rs 211.238 million

According to Particular condition of the contract clause 35.3 states that the rates of exchange to be used by the contractor for conversion of US $ shall be TT&OD (Telegraphic Transfer & On-Demand) selling rates published or authorized by State Bank of Pakistan prevailing on the date 28 days prior to the deadline for submission of any statement.

According to letter No. PD (IIAP)/6282/214/CMC.4457 dated 05.10.2017, the employer accords the specific approval under clause 2.1(e) of Particular Conditions of Contract to the Engineer for granting interim Extension of Time to the contractor pursuant to Clause 26.1 of General Conditions of contract up to 09.08.2017. This approval for interim award of Extension of Time is for time only with no impact on contract price. It is to be noted that the Final EOT granted would not lead automatically to the recovery of any prolongation costs. The contractor will have to demonstrate, under Clause 34 of the Conditions of Contract, that the sole proximate cause of delay was an Employers Risk Event entitling him to compensation. Further, the contractor shall have to identify segregation of Concurrent delays into Culpable, Excusable and Neutral Delays through detailed particulars with regard to Clause-12 (Works Program).

Audit observed that the Project Director, AIIP Islamabad paid rate difference on foreign components amounting to Rs 211.238 million. Audit holds that the payment is unauthentic due to the following grounds:

i Current rates were applied beyond Extension of Time

ii Average rates were applied to calculate the difference.

iii Work program and detailed particulars identifying segregation of concurrent delays into Culpable, Excusable and Neutral Delays were not provided by the Contractor.

Audit maintains that the unauthentic payment was made due to non-adherence to the conditions of contract and weak internal and financial controls.

This resulted in unauthentic payment of Foreign Exchange Difference due to application of beyond completion period rate/average current rate for Rs 211.238 million.

Audit pointed out the unauthentic payment in August-September 2020. The Project management did not reply.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised that Payment of Foreign Exchange Component (FEC), has been paid strictly in accordance with the clause 35.3 of Particular Conditions of the E&M Contacts and Clause 72.2 of Civil Contracts. In the Contract under discussion, the Contractor was instructed to price the Bill of Quantities for certain items in Foreign Component of USD and the Employer had accepted the Bid of the Contractors on the same rates including Foreign component in USD. The reply was not accepted because current rates were applied beyond the Extension of Time. After detailed deliberation, DAC pended the para till next DAC meeting.

Audit recommends corrective measure to safeguard authority interest besides strengthening of the financial and internal controls.

(DP. 66)

4.5.15 Excess payment to the consultants - Rs 145.903 million & USD 0.340 million

According to Appendix-Summary of Cost of consultant agreement, contract was signed with Mott MacDonald Limited (UK) at agreement cost of Rs 312.915 million and USD 6.708 for a period of 18 months.

Contract for "Project Management Consultancy Services for balance work of Islamabad International Airport" was signed on 06.05.2015 for a period of 18 months with Mott MacDonald Limited (UK) at agreement cost of Rs 312.915 million and USD 6.708 million. The Consultancy period was extended up to 31.05.2019 through Amendment-5 for US$ 19.755 million and Rs 1,079.028 million.

Audit observed that the consultants have been paid Rs 1,224.931 million & USD 20.094 million against contract price of Rs 1,079.028 million & USD 19.754 million up to 58th Invoice paid on 05.03.2020. It was also observed that the consultants have been granted extension up to 31.05.2020 vide amendment No.5.

Audit maintains that the excess payment was made due to non-adherence to the contract provisions and weak financial controls.

This resulted in excess payment of Rs 145.903 million and USD 0.340 million beyond contract price and period.

Audit pointed out the excess payment during August-September 2020. The Project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends regularization of the matter besides fixing of responsibility against the concerned.

(DP. 148)

4.5.16 Non-recovery of dues - Rs 103.306 million

General Financial Rule 23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

CAA awarded land measuring 64,334 square feet in Domestic Cargo area at JIAP Karachi to M/s TCS (Pvt) Ltd for a period of one year commencing w.e.f 20.08.2019 to 19.08.2020 @ Rs 641,761 per month.

Audit observed that despite lapse of one year no agreement has been executed by the licensee. Audit further observed from the revenue record that an amount of Rs 103.306 million was receivable from the licensee as on 30.06.2020.

Audit is of the view that non-execution of agreement and non-recovery of Authority's dues occurred due to weak internal and managerial controls.

This resulted into non-recovery of Rs 103.306 million.

Audit pointed out the irregularity in October 2020. The Formation did not reply.

DAC meeting was not convened despite request by Audit on 23.12.2020.

Audit recommends recovery and execution of agreement with the licensee.

(DP. 190)

4.5.17 Excess payment due to execution of excessive quantities than BOQ and non-BOQ items without approval - Rs 93.850 million

As per contract agreement clause 16 the contractor shall execute the whole of every part of the work in the most substantial and workman-like manner and both as regards materials and otherwise in every respect in strict accordance with the specifications. The contractor work shall also confirm exactly, fully and faithfully to the design, drawings and instructions in writing relating to the work issued by the senior works engineer.

CAA awarded and executed four infrastructure projects/works relating to construction of roads/buildings etc. during the year 2019-20.

Audit observed that the Project Authorities allowed excessive quantities of certain items of works against the approved BOQ and Variation Order without approval of competent authority.

Audit holds that excess expenditure occurred due to weak contract management.

This resulted in excess payment due to execution of excessive quantities than BOQ and Variation Order without approval Rs 93.850 million **(Annexure-L).**

Audit pointed out the excess payment during July - September 2020. The Formation replied in one case that quantities of items were enhanced as per site requirements.

The reply was not accepted because execution of excessive quantities and non-BOQ items were got executed without approval of the competent authority.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised (DP. 46) that excessive quantities were executed due to change in design/drawings as per site requirements which were essentially required to complete the works in totality. The matter would be regularized in final variation/deviation statement at completion.

In case of DP-47, CAA explained that quantity of item 1.40 (N.S) taken in the Engineer estimate/BOQ prepared by the consultant is estimated quantity for tender processing, comparison of bids submitted and subsequent award of contract. No overpayment has been made in this regard.

In case of DP-96, CAA explained that the variations in quantities are although less than that provided in BOQ, however, they are more than provided in VO No. 2. Although the cost has increased in individual items, the total cost of the executed work is within provision of VO No. 2. These variations in quantities will be regularized/approved in the final variation/deviation statement.

After detailed deliberation, DAC directed the Authority to regularize the excessive quantities and provide evidence to audit for verification. In DP 47, DAC directed the Authority to impose penalty on the contractor and effect recovery under intimation to Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

4.5.18 Loss to authority due to non-establishment of car parking - Rs 77.382 million

According to Rule 23 of General Financial Rule (Vol-I) provides that every Govt. officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his post and he will also personally responsible for any loss.

Airport Manager BKIAP CAA, Peshawar executed a license agreement with M/s Prime Traders for Installation, Operation & Maintenance of Automated Car Parking System on BOT basis and collection of Car Parking Fee at BKIAP Peshawar for a period of three (3) years from 07.01.2016 to 06.10.2019 @ of Rs 1.683 million per month with 10% annual cumulative enhancement. Audit further noted that due to ongoing expansion project of Terminal Building, the license agreement was terminated on 19.10.2017.

Audit observed that it was the responsibility of the authority to arrange the temporary car parking facility for the passengers because car parking is a main component of airport building as well as main source of revenue but such arrangements was not made by the authority till to date. Audit further observed that expansion of Main Terminal Building Project was near completion but Car Parking was not yet constructed which deprived the Authority from huge revenue.

Audit holds that loss occurred due to mismanagement, negligence and weak internal and financial controls.

This resulted in loss to Authority involving Rs 77.382 million on account of license fee from October 2017 to December 2020.

Audit pointed out the loss in September-October 2020. The Project management replied that BKIAP Peshawar is a Joint User Airfield, only 1.2% (approx) of the total land is the property of CAA. When the expansion project was started, a multi-storey car parking was planned to be constructed on the space of old CAA car park and existing ASF camp after its demolition, whereas, PAF was requested to provide appropriate land to CAA for shifting of the ASF camp in this regard. Subsequently after a joint survey a land of 2.253 acres located at BKIAP Peshawar was designated for construction of ASF Camp to start processing of the project of Multi-storey Car Park accordingly. However, till date the case is pending for the final approval of Air Headquarter for allotment of 2.253 acres land in favor of CAA which is, otherwise, being perused vigorously by CAA.

The reply was not accepted because Car Parking is basic facility for any commercial activity and in PC-I of Car Parking it is mentioned that land would be available for multiple construction of Parking.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA submitted the same reply. After detailed deliberation, DAC directed the Authority to continue its efforts to obtain the requisite area and establish car parking at the earliest.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 51)

4.5.19 Imprudent decision of adopting unreliable and costly Siphon Roof Drainage System of Passenger Terminal Building - Rs 72.802 million

As per 1.4 of Section 077100 roof specialties (Siphonic Drainage), the system is to be designed and manufactured to meet the specified performances and requirements on dimension, thickness and visual appearance, and fit for the prevailing local weather conditions. The roof rain water is to discharge effectively from the collection points to the discharge points upon completion. Pipes and fittings must meet the local manufacturer's performance specification.

Package-3 Passenger Terminal Building of IIAP, Islamabad (i/c all associated utilities & E/M works) was awarded to M/s CSCEC - FWO (JV) at an agreement cost of Rs 20,286.041 million on 20.04.2011.

The Passenger Terminal Building was originally designed with a gravity-based Roof Drainage System. The contract including the item "Supply, install and commission Storm Drainage piping complete in all respect as per drawings & specifications" at cost of Rs 50.370 million was awarded to M/s CSCEC - FWO (JV) on 20.04.2011. On 14.12.2017, the Engineer instructed the contractor to construct a Siphonic Roof Drainage System in lieu of the Gravity Roof Drainage System. The deviated item "Supply install and commission Siphonic Drainage pipework, complete in all respects as per drawings and specifications" was analyzed at the rate of Rs 123.173 million through VO No.31 (Addendum-01). The original item was totally omitted which had lesser cost of Rs 72.802 million.

Audit observed that during thunderstorm, which occurred on the midnight of 13th and 14th August, 2020, the deviated Siphonic Roof Drainage System failed which damaged various points of the airport, including concourse halls, domestic arrival lounge, CIP lounges and international departure areas due to overflowing of drains on the roof of the passenger terminal building causing several pieces of false ceiling to come off in various spots.

Audit further observed that either the suitable roof drainage system was not adopted or the Siphon Roof Drainage System was not properly designed as per rain data of the area and executed. This resulted in execution of costly system of Rs 72.802 and loss to the false ceiling and other installations (not yet estimated) due to selection of improper design and execution of the work.

Audit holds that irregularity occurred due to lack of technical controls, poor estimation and inadequate internal control mechanism.

Audit pointed out the irregularity in August-September 2020. The Project Management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation and disciplinary action against the person (s) at fault.

(DP. 144)

4.5.20 Non-deposit of Withholding Tax and Government Airport Tax - Rs 64.573 million

Section 160 (Division-IV, Part-V, Chapter-X) of Income Tax Ordinance 2001 explains that any tax that has been collected or purported to be collected shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed.

Finance Directorate of CAA was responsible for maintaining consolidated accounts of receipts and expenditures of the Authority. Authority collected/deducted Withholding Tax and Government Airport Tax during the year 2018-19.

Audit observed that sums of Rs 29.846 million and Rs 34.727 million on account of Withholding Tax and Government Airport Tax respectively were not deposited by CAA in the Government Treasury.

Audit holds that non-deposit of taxes occurred due to non-adherence to relevant rules and regulations.

This resulted in non-deposit of taxes amounting to Rs 64.573 million.

Audit pointed out the matter in November 2019. The Authority replied in case of withholding tax that remaining outstanding balance of Rs 29.85 million includes advance income tax under section 235 of the Income Tax Ordinance 2001 on electricity at various locations, which is recoverable from the contractors/airlines. The amount shall be deposited in the Government Treasury as and when received from the respective parties. The Authority did not reply regarding Airport Tax.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends remittance of Income Tax to the Government treasury.

(DP. 100, 101)

4.5.21 Non-recovery of license fee from the licensee - Rs 30.792 million

As per condition No.3b of License agreement, if the license fee or any part thereof shall be in arrears for one month or more after the same has become due whether demanded or not, the Airport Manager/Licenser may terminate the license agreement and the licensee or his authorized representative may upon such termination enter into or upon the premises and take over the same without any right or remedy to the licensee or any obligation to the licensee may impose financial charges 10% of the outstanding amount or a fine of Rs 1,000 for each day of such default.

Airport Manager, CAA AIIAP Lahore signed the agreement with M/s CIRO to establish operation of "handling outbound excess unaccompanied baggage & establishment of baggage wrapping facility in international briefing area at AIIAP Lahore" for a period of five (05) years w.e.f 07.06.2017. License fee was fixed for Rs 2.729 million per month with 10% annual enhancement. Audit further noticed that financial statements depicted that an amount of Rs 30.792 million was outstanding against the licensee.

Audit observed that as per decision of the Federal Government, all check-in baggage of international and domestic passengers were to be wrapped with plastic sheet at the initial stage of scanning at combined search counters of ASF, ANF and customs. Wrapping charges were fixed at Rs 50 per bag but the licensee did not pay the license fee since October 2019. Audit was of the view that APM Lahore neither imposed the financial charges nor terminated the license agreement. Performance security was also not forfeited by the APM Lahore.

Audit holds that non-recovery occurred due to weak financial controls.

This resulted into undue benefit to licensee due to non-recovery of license fee amounting to Rs 30.792 million.

Audit pointed out irregularity during August-September 2020. The Authority replied that in November 2018 HQ CAA, upon directions by the Federal Government, directed to revise/reduce the baggage wrapping charges of the concession of Baggage Wrapping Facilities at all airports. Accordingly, the license fee of the concession was recommended for reduction/rationalization as per the percentage decrease in baggage charges. Thereafter, the case was submitted to HQCAA for reduction of license fee from Rs 3.303 million per month to Rs 0.532 million per month. The decision of the matter is under process at HQ CAA and further action will be taken after approval of HQ CAA accordingly.

The reply was not accepted because the license was granted for handling outbound excess unaccompanied baggage & establishment of baggage wrapping facility and agreement was signed. Due to reduction in charges of baggage wrapping facility only, a huge rebate in license fee is unjustified and resulted in undue favor to the licensee.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation and disciplinary action against the person (s) at fault.

(DP. 119)

4.5.22 Overpayment due to unjustified approval of VO for deployment of additional manpower & resources - Rs 29.010 million

Specification No. 1 of Section-8440 (Scope of services) of Instrument Landing System (ILS) describes that this covers the complete site survey, detailed engineering design, supply, installation, testing and commission of the ILS comprising two sub-systems i.e. localizer and glide slope for the IIAP. As per Specification No. 8.6 (Flight Check), the Contractor shall coordinate and actively participate in the flight inspection process required by Employer & Engineer and be responsible for the Instrument Landing System (ILS)/Distance Measuring Equipment (DME) adjustments and calibration required before, during and after the commissioning flight check. All tests recommended in ICAO Annex 10, Vol. I and ICAO Manual of Testing of Radio Navigation Aids, Document. 8071 shall be carried out during the commissioning flight check. Additional tests may be carried out on an as-required basis to ensure the integrity of the signals along operational routes and/or approaches.

According to Specification 1.1 of Section 8001 (General Technical Requirement), the Contractor shall be responsible on a turn-key basis for the supply, installation and commissioning of the ATC/ Navaids equipment specified in the Technical Specifications.

Package 7B (Navigation Aids & ATC equipment) at Islamabad International Airport was awarded to M/s Jaffer Brothers, M/s GECI & M/s Murshid Builders (JV) at agreement cost of Rs 1,051.249 million on 23.06.2012 which was required to be completed on 17.11.2013. Project Director approved and paid seven (07) Variation Orders up to 30.06.2020 having value of Rs 362.646 million which is 34.50 % of the original contract price.

Audit observed that CAA instructed the contractor to perform approach procedure validation flight checks required under the Site Acceptance Testing (SAT). The support provided under this Engineer Instruction (EI) shall not form any part of the testing required for the NAVAID calibration flight checks that must be performed at a later date as per Specification. Audit further observed that on the plea, VO No. 7 having value of Rs 29.010 million was initiated on the basis that the Contractor deployed additional manpower and resources to accomplish the Navigation Aids installation. Audit is of the view that the flight checks performed by the Contractor were part and parcel of his scope of work given in the specifications and no additional payment was to be paid.

Audit holds that overpayment occurred due to non-adherence to the contract clauses.

This resulted in overpayment of Rs 29.010 million.

Audit pointed out the overpayment in August-September 2020. The Project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery from the contractor.

(DP. 141)

4.5.23 Irregular hiring of manpower on Retainer-ship basis without advertisement - Rs 27.811 million

Rules 20 and 21 of Public Procurement Rules, 2004 provide that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works. Rule 12(2) provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and other in Urdu.

Airport Manager, BKIAP CAA, Peshawar incurred an expenditure of Rs 27.811 million on account of hiring of medical staff , Airport Facilitation Services Staff, Mali's, Cooks, janitorial Staff, M.T Drivers and Trolley Retrievers on retainer-ship basis during financial year 2019-20.

Audit observed that said manpower was hired without advertisement in newspaper and in the absence of open competition, the Authority compromised the transparency which was against the above PPRA rules.

Audit maintains that irregularity occurred due to non-adherence to relevant rules and regulations.

This resulted in irregular hiring of manpower on Retainer-ship without advertisement involving Rs 27.811 million.

Audit pointed out irregularity during September-October 2020. The Authority replied that the hiring of retainer ship staff at CAA BKIAP Peshawar was made by HQ CAA after completion of all formalities. Audit did not agree because no record was produced in support of reply

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA explained that the mechanism for retainer-ship was duly approved by the CAA Executive Committee in its 273rd meeting held on 19.01.2012**.** According to the procedure an advertisement notice for solicitation of the applications was invariably placed on Notice Boards of the location. After detailed deliberation, DAC directed that local press advertisement from now onwards be ensured, para was pended till next meeting.

Audit recommends that appropriate policy decision be taken in the matter and matter be got regularized.

(DP. 53)

4.5.24 Non-deposit of EOBI contribution - Rs 27.077 million

According to Clause 15.1 of the agreements, the contractor shall, in all matters arising in the performance of the Contract, comply in all respects with, give all notices and pay all fees required by the provisions of any national or state statute, ordinance or other law or any regulation or bye-law of any duly constituted authority.

As per EOBI Act, 1976, contractors are bound to pay all applicable taxes and levies to the EOBI in respect of their employees working on the airport project.

Audit observed that the Contractors & Consultants working on the airport project failed to make contribution to the EOBI as required under the Act. The matter of non-contribution was also taken up by the Project Management Consultants and Project Directors for deposit of outstanding amount with the EOBI. Due to non-payment of due amounts by the Contractors and Consultants, the outstanding amount was accumulated to Rs 27.077 million up to January 2018.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in non-deposit of EOBI contribution for Rs 27.077 million.

Audit pointed out the non-deposit of EOBI contribution in August-September 2020. The Formation did not reply.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised that contractors have been directed to deposit the amounts with EOBI and obtain clearance certificate for submission to CAA failing which, the amount will be deducted from their Final Bills and shown to audit for verification and settlement of para. Further, department submitted that an amount of Rs 7.000 million has been recovered from contractors which may be verified. Audit did not agree because no record of deduction/recovery was produced in support of reply. After detailed deliberation, DAC directed that record be produced to Audit for verification.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early deposit of EOBI contribution besides strengthening of the contract management.

(DP. 69)

4.5.25 Unjustified award of work - Rs 24.460 million and loss to Authority - Rs 0.588 million

According to Standard Form of Bidding Documents (Civil Works) issued by PEC, Islamabad, Para 27.1: Bids determined to be substantially responsive will be checked by the Employer for any arithmetic errors. Errors will be corrected by the Employer as follows:

a) where there is a discrepancy between the amounts in figures and in words, the amount in words will govern; and
b) where there is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern, unless in the opinion of the Employer there is an obviously gross misplacement of the decimal point in the unit rate, in which case the line item total as quoted will govern and the unit rate will be corrected.

Senior Additional Director, Engineering Services/Works, CAA, AIIAP Lahore awarded a work to the contractor at an agreed cost of Rs 24.460 million with completion period of one year.

Audit observed that Deputy Director (Civil) Works Division Faisalabad, made changes by overwriting some items in the B.O.Q submitted by the contractor in order to give him undue favour. The Contractor's submitted agreement cost was enhanced from Rs 23.871 million to Rs 24.459 million by the staff. Audit was of the view that the contractor was given undue benefit in agreement cost by over writing the rate of items which made the award of work irregular.

Audit pointed out irregularity in August, 2018. The management replied that the rates quoted by the bidder(s) could not be changed, once the bid was put into tender opening box. The sealed envelopes containing bids were opened on the same date and time, in presence of bid opening committee and representatives of the participating contractors and initial scrutiny was carried out then and there. It was evident from the tender opening register that M/s. Fayyaz & Co. submitted their bid amounting to Rs 23.871 million, which was recorded in the tender opening register. Hence, no irregularity was made. Audit did not agree because overwriting was made which is quite visible. Further, the department admitted that the rates quoted by the bidder are Rs 23.871 million which was also recorded in tender opening register.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA explained that all the correction was done according to rules and same rates were accepted by the contractor at the time of acceptance. Thus tender was awarded after proper scrutiny. After detailed deliberation, DAC was not convinced and directed to conduct Fact Finding Inquiry and fix the responsibility against the person(s) at fault and be produced to Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 18)

4.5.26 Loss due to incorrect selection of site for ATC tower - Rs 21.943 million

According to GC 3.1.1 of General Conditions of the Contract, the Consultants shall perform the Services and carry out their obligations with all due diligence, efficiency and economy in accordance with generally accepted professional techniques and practices.

As per GC 3.4 (Liability of the Consultants):

(a) the Consultants are liable for the consequences of errors and omissions on their part or on the part of their employees in so far as the design of the project is concerned to the extent and with certain limitations

(b) If the Client suffers any losses or damages as a result of proven faults, errors or omissions in the design of a project, the Consultants shall make good such losses or damages, subject to the conditions that the maximum liability as aforesaid shall not exceed twice the total remuneration of the Consultants for design and Field Design Support Services phases in accordance with the terms of the Contract.

CAA awarded a contract for Airport Infrastructure Design and Field Design Support Services for the Construction of Islamabad International Airport, Islamabad to M/s Aeroports De Paris Ingenierie (ADPI) - NESPAK (JV) at agreement cost of Rs 1,310.000 million. The Consultants designed the ATC and FCR buildings. The work "Package 7B (Navigation Aids & ATC equipment)" was awarded to M/s Jaffer Brothers, M/s GECI & M/s Murshid Builders (JV) at agreement cost of Rs 1,051.249 million on 23.06.2012.

Audit observed that the ATC building designed by the Consultants could not serve the purpose as the ATC tower was unable to watch the aircraft standing on apron at north western side of main terminal building. Audit further observed that due to construction of another building for ATC through a separate contract, a VO No. 8 of Package 7-B was approved and paid for Rs 21.943 million for "re-routing of fiber optic cable, relocation and installation of additional equipment to support relocation of apron cab (Rev-02)" necessitated due to incorrect site selection of ATC tower by the design consultants.

Audit holds that loss occurred due to lack of technical controls, mismanagement and weak internal controls.

This resulted in loss of Rs 21.943 million due to change of location and defective design.

Audit pointed out the loss in August-September 2020. The Project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends justification/recovery of loss from concerned besides strengthening of the financial and internal controls.

(DP. 143)

4.5.27 Loss due to non-charging excess space in use of Flying Clubs - Rs 15.856 million

Rule 8 of General Financial Rule (Volume-I) provides that it is the duty of the Revenue or Administration department concerned to see that the dues of government are correctly and promptly assessed, collected & paid into the treasury/Bank.

As per Walton Aerodrome, Lahore (Estates Branch) letter No. WAD/1116752/WLES/1316 dated 30.12.2019, an area of 66,904 Sft was found to be under possession of three parties in excess of allotted space as per record/agreement.

Airport Manager Walton Aerodrome, Lahore leased out covered and open space in the premises of the Aerodrome to different Flying Clubs.

Audit observed that an area of 66,904 sft was under possession of three parties in excess of their allotted spaces as evident from the record referred above for which the billing was also not made by the Authority.

Audit holds that loss occurred due to weak internal/financial controls.

This resulted in loss due to non-charging of excess space for Rs 15.856 million.

Audit pointed out the loss in May 2020. The Formation replied that the matter of excess land was taken up with HQCAA for decision.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised that physical verification of spaces were conducted jointly by the teams of Internal Audit, HQCAA and Airport Manager Walton Aerodrome Lahore, however for developing consensus of both teams on the spaces, the Committee has been re-constituted for revised verification of spaces. The said committee could not go in the field due to COVID-19. Efforts were being made to re-schedule the site visit of committee for revised verification of spaces.

After detailed deliberation, DAC pended the para for provision of surveyor report, ascertainment of excessive space and charges to be levied accordingly and production of record to Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 59)

4.5.28 Overpayment due to incorrect higher rate of foreign currency exchange rate - Rs 9.979 million & USD 0.173 million

According to Clause 6.2 (a) of the Special Conditions of the consultancy contract, during eighteen months from May, 2015 to October, 2016 of the Contract, the Consultants were not entitled to escalation.

Contract for “Project Management Consultancy Services for balance work of Islamabad International Airport was signed on 06.05.2015 for a period of 18 month with M/s Mott MacDonald Limited (UK) at agreement cost of Rs 312.915 million and USD 6.708 million. The consultancy period was extended up to 31.05.2019. The Consultant was paid for Rs 1,224.931 million and USD 20.094 million up to February 2020.

Audit observed that consultancy contract of 18 months (From May 2015 to November 2016) was extended up to 31.05.2019 through an irregular amendment-3 in the contract. The period of original contract of 18 months was allowed to be incorporated for payment of price escalation. Accordingly, while calculating price escalation, base rates for the month of May 2015 were taken instead of admissible rate of November 2016.

Audit holds that overpayment occurred due to non-adherence to contract clauses and weak financial controls.

This resulted in overpayment of Rs 9.979 million and USD 0.173 million.

Audit pointed out the overpayment in August-September 2020. The project management did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery/regularization besides strengthening of the financial and internal controls.

(DP. 149)

4.5.29 Allocation of space without agreement since 2008 and non-recovery of dues - Rs 2.905 million

Rule 8 of General financial Rules (GFR) states subject to such general or specific instruction as may be issued by Government in this behalf it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

CAA allotted hanger/space on 30.09.2008 to M/s Scaled Aviation at the monthly rent of Rs 25,000 for one year with the condition to deposit six months security advance. The hanger/space was handed over on 11.10.2008.

Audit observed that even after lapse of more than 11 years, license agreement was not executed till to date. Monthly rent along with utilities was not paid by the licensee due to which, an amount of Rs 2.905 million was found accumulated against outstanding dues of said party till June 2019. Furthermore, an amount of security deposit was also not deposited by M/s Scaled Aviation till to date.

Allocation of space without agreement and non-recovery of dues occurred due to weak internal and managerial controls.

This resulted in allocation of space without signing formal agreement and non-recovery of dues of Rs 2.905 million.

Audit pointed out the matter in May 2020. The Formation replied that M/s. Scaled Aviation Industries occupied space at Walton Aerodrome since 2009 with the permission of HQCAA. Notices for payment of outstanding dues had been issued by this office. However, an amount of Rs 0.570 million has been recovered from the party till 30.09.2016. Further, progress on the matter would be shown in due course of time.

The reply was not accepted because the Authority ignored the aspect of non-execution of lease agreement in its reply. The licensee is enjoying all facilities even in the absence of lease agreement. It is mere negligence/failure of the department that the licensee has occupied the space since long without undertaking any legal binding. Furthermore, the Director, Commercial & Estates HQCAA, accorded approval to seal the premises and also ordered to serve them notice for cancellation & withdrawal of space after clearance of dues but the APM WAD, Lahore de-sealed the hanger without the approval of competent authority.

The matter was discussed in the DAC meeting held on 14 & 15.01.2021, wherein, CAA apprised that the licensee was the only aircraft manufacturing company working in Pakistan, therefore keeping in view the NAP-2019, the case was taken up at appropriate forum. The DG CAA had constituted a committee under supervision of Addl. DG to design a policy for aircraft manufacturing facilities and resolve the issue in the best interest of Pakistan's Aviation Industry. However, due to COVID the meeting of the committee would be re-scheduled in near future.

After detailed deliberation, DAC pended the para till resolution of the issue.

Audit recommends execution of agreement, recovery of outstanding dues and fixing of responsibility against the concerned.

(DP. 64)

4.5.30 Unauthorized allotment of land on lease for construction of Royal Swiss Hotel

As per Clause D3.3 of Land Lease Policy 2019, the award of lease for Mega Commercial Projects shall be subject to submission and approval of the feasibility report including viable business plan in addition to other tender requirements. The bidders will also be required to provide the proposed financing arrangement for the development of mega commercial project. As per Clause D3.6, no sub-leasing shall be permissible for any of the leased premises, only rentals shall be allowed.

Tender for commercial utilization of MT Building was invited on 06.04.2009 for an area of 46,050 sft on reserve price of Rs 0.760 million per month. M/s Unicorn prestige Ltd. was the highest evaluated bidder having bid offer of Rs 0.775 million to whom the license for establishment of a Guest House/Motel was awarded. After tendering process, the contractor requested for allotment of additional open space lying next to MT Building which was approved on prescribed space charges. Subsequently, an area measuring 99,869 sq. ft was handed over to the licensee for fifteen years from 28.02.2010 to 27.02.2025.

M/s Unicorn Prestige Ltd. used space measuring 51,620 sq. ft on the rear side of the hotel for its temporary labor camp and equipment/material. Previously the party had occupied 27,200 sq. ft for which CAA had imposed occupation charges on the party amounting to Rs 4.723 million from 17.06.2014 to 31.10.2016. Later on the licensee submitted request that without allotment of this space, to house essential hotel installation, the project shall not get completed up till 2020.

Audit observed that till date the licensee had not constructed the Hotel on licensed spaces. Instead, the licensee constructed a Hotel Royal Swiss five star nearby the MT Building AIIAP Lahore. APM and Senior Manager Commercial AIIAP Lahore allotted unauthorized extra land to M/s Unicorn Prestige Ltd for construction of Hotel Royal Swiss at superior location of AIIAP Lahore. Audit is of the view that this land should have been leased after preparation of the tender documents, pre-qualification procedure and through proper tendering procedure, which was not done.

Audit holds that irregularity occurred due to weak asset management.

This resulted in unauthorized allotment of land for construction of hotel.

Audit pointed out the matter in August-September 2020. The Formation did not reply.

DAC meeting was not convened despite request by Audit on 09.12.2020 followed by reminder on 23.12.2020.

Audit recommends inquiry besides fixing of responsibility against the concerned.

(DP. 131)

CHAPTER 5

PAKISTAN PUBLIC WORKS DEPARTMENT AND ESTATE OFFICE (MINISTRY OF HOUSING AND WORKS)

5.1 Introduction

(A) Pakistan Public Works Department

Pakistan Public Works Department (Pak PWD) is an attached department of the Ministry of Housing and Works (Housing and Works Division). As per Rules of Business, 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division and Ministry of Foreign Affairs. Exemption is also allowed to Ministry of Foreign Affairs for the maintenance of Foreign Office Buildings and the allied buildings.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. It is headed by a Director General. The Director General is assisted by a Chief Administrative Officer who deals with administrative matters. There are four Chief Engineers for North, South, West and Central Zones in the country. They are assisted by Superintending Engineers and Executive Engineers/Assistant Executive Engineers. The matters relating to planning are dealt by the Chief Engineer (Planning). The accounts of the Pak. PWD are departmentalized. The Budget and Accounts matters are dealt with by the Director, Budget and Accounts. Appropriation Account and Finance Accounts are prepared annually by Director, Budget and Accounts. Divisional office is the basic accounting unit of the department and is headed by the Executive Engineer. All payments relating to work done and supplies are made in the divisional offices.

Detailed estimates are prepared at the sub-divisional level and technically sanctioned by the Executive Engineers, Superintending Engineers or the Chief Engineers according to their competency. Pre-audit is carried out by the Divisional Accounts Officers on behalf of the Director, Budget and Accounts who is responsible for maintaining the accounts of the department. Divisional Accounts Officers are also co-signatory of the cheques with the Executive Engineers.

5.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	58	13	5,103.692	0.729

5.2 Comments on Budget and Accounts (Variance Analysis)

(A) Pakistan Public Works Department

Grant No. 52-Civil Works

The Grant includes establishment budget for the regular employees of the Department and maintenance budget for office/residential buildings of the Federal Government. In addition, the expenditure on annual/special repair, utility charges of these buildings are met from this Grant. The Department also maintains V.I.P buildings such as Prime Minister's House, Prime Minister's Secretariat, State Guest House, etc. The position of the Grant for the last two years is summarized below:

(Amount in Rs)

	2019-20	2018-19
Final Grant	4,470,515,000	3,808,000,000
Actual Expenditure	4,470,016,956	4,609,447,527
Excess/(Saving)	(498,044)	801,447,527
Percentage	0.01%	21.05 %

Grant No. 54 Federal Lodges

The Department is also responsible for the maintenance and running of Federal Lodges all over the country. At present, thirteen Federal Lodges located at Islamabad/Rawalpindi, Lahore, Quetta, Karachi and Peshawar are being maintained by the Department. These Lodges provide economical and quality lodging facilities to the officers of the Government and Members of the Parliament. Expenditure relating to the operation of these lodges is met from this Grant. The allotment and the expenditure for the last two years under this Grant are given below:

(Amount in Rs)

	2019-20	2018-19
Final Grant	107,000,000	100,005,000
Actual Expenditure	105,645,831	98,030,764
Excess/(Saving)	(1,354,169)	(1,974,236)
Percentage	1.27%	1.97 %

Grant No. 151 Capital Outlay on Civil Works

The Grant is meant for original works financed through Annual Development Programme (A.D.P) of the Works Division. In addition to Housing & Physical Planning Sector, Development Schemes of other Ministries/Divisions are included in this Grant. During the year 568 Schemes pertaining to 03 Sectors were executed by the Department. Position of allotment and expenditure of this Grant for the last two years is as follows:

(Amount in Rs)

	2019-20	2018-19
Final Grant	5,676,941,000	6,086,351,000
Actual Expenditure	5,515,036,925	3,098,448,790
Excess/(Saving)	(161,904,075)	(2,987,902,210)
Percentage	2.85%	49.09 %

Federal Lodges Receipts

In the Appropriation Accounts of Pak. PWD, Rs 65.604 million were shown as realized on account of Federal Lodges against the estimated receipt of Rs 84.000 million. This resulted in less realization of Rs 18.396 million.

(B) Estate Office

Estate Offices situated at Islamabad, Lahore, Karachi, Quetta and Peshawar are under the administrative control of the Ministry of Housing and Works. These offices deal with allotment of government-owned accommodations, properties, recovery of rent, etc. from the allottees/occupants. The Estate Office management includes an Estate Officer assisted by Joint Estate Officers at the four provincial offices. Grant No. 52 relates to Estate Offices.

Audit Coverage & Scope

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	05	02	56.204	642.214

Budget allocation and expenditure of Estate Offices for the year 2019-19 is tabulated below:

(Rs in million)

Original Grant	Final Grant	Expenditure	Excess/ (Saving)	%
175.000	162.833	175.688	12.855	7.90

Receipts

(Rs in million)

Head & Description	Estimated Receipt	Actual Receipt	Excess/ (Shortfall)	%
C 02701 – Works Building Rent	850.000	627.373	(222.627)	(26.19)

5.3 Classified summary of Audit observations

Audit observations amounting to Rs 3,150.120 million were raised in this audit report. This amount also includes recoveries of Rs 1,157.741 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement related irregularities	33.369
B	Execution of works, contract agreement	2,510.892
2	Others	605.859

5.4 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Pakistan Public Works Department/Estate Offices as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1985-86	06	06	01	05	16.67
1986-87	02	02	01	01	50
1987-88	09	09	01	08	11.11
	1 SAR	1 SAR	-	1 SAR	0
1988-89	1 PAR	1 PAR	01	-	100
1989-90	37	37	13	24	35.13
	1PAR	1PAR	-	1PAR	0
1990-91	17	17	15	2	88.24
	1 PAR	1 PAR	-	1 PAR	0
1991-92	63	63	18	45	28.57
	1 PAR	1 PAR	-	1 PAR	0
1992-93	50	50	45	05	88.23
	1 PAR	1 PAR	-	1 PAR	0
1993-94	64	64	31	33	48.44
1994-95	24	24	15	09	62.5
1995-96	24	24	15	09	62.5
1996-97	69	69	50	19	72.46
1997-98	176	176	128	48	72.72
	1 SAR	35	33	02	94.29
1998-99	175	175	89	86	50.85
1999-2000	106	106	69	37	65.09
2000-01	60	60	48	12	80
2001-02	32	32	28	04	87.50
2002-03	9	9	3	6	33.33
2003-04	21	21	14	07	66.66
2004-05	18	18	07	11	38.89
2005-06	38	38	19	19	50
2006-07	45	45	17	28	37.77
2007-08	27	27	10	17	37.03
2008-09	29	29	21	08	72.41
2009-10	09	09	04	05	44.44
2010-11	64	64	27	38	42.18
2013-14	77	77	16	61	20.77

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2014-15	18	08	01	14	5.55
2015-16	39	39	04	35	10.25
2016-17	146	146	03	143	02
2017-18	58	06	0	06	0
2018-19	36	12	02	34	5.55

Note: Audit Reports for 2010-11 (02 PAR), 2011-12, 2012-13, 2014-15 and 2019-20 have not been discussed by PAC till the finalization of this Audit Report. Audit Reports for 2017-18 and 2018-19 have been partially discussed.

5.5 AUDIT PARAS

Pakistan Public Works Department

5.5.1 Irregular execution of work due to non-revision of T.S. Estimate - Rs 1,172.308 million

Para No. 6.17 of Pak. PWD Code provides that when the expenditure upon a work exceeds or is found likely to exceed, the approved cost by more than 15%, a revised approval must be obtained from the authority competent to approve the cost, as so enhanced. Further, Para 6.19 of ibid code also provides that revised estimate must be prepared where the sanctioned estimate is likely to be exceeded by more than 15%.

Executive Engineers, CCD Sialkot, CCD-I Lahore and CCD-V Islamabad awarded various works to different contractors involving Technical Sanction Cost of Rs 4,535.841 million.

Audit observed that the department paid total amount of Rs 5,708.147 million to the contractors against the TSE amount of Rs 4,535.841 million. In this way the department enhanced the scope of works beyond TSE provision for Rs 1,172.308 million, which was 26% above the T.S, without revising TSE **(Annexure-M)**.

Audit holds the irregularity occurred due to improper estimation and weak technical controls.

This resulted in irregular execution of work beyond TS estimate amounting to Rs 1,172.308 million.

Audit pointed out irregularity in September 2020. The department replied that the contractor’s account is yet to be finalized. The revised estimate as required under para 6.19 of Pak PWD code were submitted to competent authority for approval. The same will be submitted to Audit for its verification in due course of time.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the department to pursue the case for release of the Departmental Charges and revise the T.S.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 38, 53, 61)

5.5.2 Loss to public exchequer due to non-deduction of income tax from the contractor's IPCs - Rs 406.058 million

According to PEC Standard Document Para-3 Appendix-D to Bid of contract agreement provides that the rates and prices entered in the priced Bill of Quantities shall include, except insofar as it is otherwise provided under the contract include all costs of contractor's plant, labor, supervision, materials, execution, insurance, profit, taxes and duties, together with all general risks, liabilities and obligations set out or implied in the contract. Furthermore, all duties, taxes and other levies payable by the contractor under the contract, or for any other cause, as on the date 28 days prior to deadline for submission of bids, shall be included in the rates and prices and the total bid price submitted by the bidder.

Executive Engineer Central Civil Division-V Pak. PWD, Islamabad awarded a contract for "Dualization and improvement of Sohawa to Chakwal Road (66.405 km)" to M/s NLC at an agreement cost of Rs 4,293.36 million on 08.07.2015 with date of completion on 07.07.2016 (EOT- was granted up to 30.06.2019) and 19th running bill was paid for Rs 5,414.115 million.

Audit observed during the review of the interim payment certificates and measurement books that payment was made to the contractor on account of work done Rs 5,414.115 million up to 19^{th} running bill, but the department did not deduct the income tax from the payment made to the contractor whereas as per provision of contract income tax was required to be deducted/payable from the contractor's Interim Payment Certificates (IPC) because quoted rates were inclusive of all the taxes and profit.

Non-adherence to contract agreement clauses/Income Tax Ordinance occurred due to weak internal controls.

This resulted in non-deduction of income tax amounting to Rs 406.059 million.

Audit pointed out recovery in October 2020. The department did not reply.

DAC meeting was not convened despite requests made by Audit on 07.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 62)

5.5.3 Irregular award of work over the revised PC-I - Rs 378.321 million

According to 2^{nd} revised PC-1 approved by the ECNEC the total cost of Establishment of 200 Bed Centre of Excellence for Gynecology & Obstetrics at Rawalpindi (S.H Supply Installation Testing and Commissioning of HVAC Work) was provided as Rs 279.866 million.

Executive Engineer E&M-I Pak PWD Islamabad awarded the work Establishment of 200 Bed Centre of Excellence for Gynecology & Obstetrics At Rawalpindi (S.H Supply Installation Testing and

Commissioning of HVAC Works) for Rs 658.187 million to the contractor M/s Al-Awan Electric Works & Construction Co. JV M/s Greaves Air Conditioning Pvt. Ltd. on 27.01.2020 and an amount of Rs 339.971 million was paid up to 6th running bill including Mobilization advance payment.

Audit observed that the total cost of Supply Installation Testing and Commissioning of HVAC Work was provided in the revised PC-I as Rs 279.866 million, whereas, the department awarded the HVAC work to the contractor at cost of Rs 658.187 million which was 135% above than the provided cost in revised PC-I. Audit is of the view that the work was to be awarded within the provision of PC-I.

Audit holds that irregularity occurred due to non-adherence to the PC-I provisions and weak internal controls.

This resulted in irregular award of work over and above the revised PC-I amounting to Rs 378.321 million.

Audit pointed out irregularity in November 2020. The department replied that PC-I for the project was framed in 2017 wherein, provision for HVAC work was Rs 279.866 million. The work for HVAC was awarded during the year 2019-20. During the period from 2017 to 2019 the dollar exchange rate increased manifold and as a result cost of all imported items increased accordingly. Furthermore, revision of the PC-I was under process wherein the cost of HVAC work on actual basis was incorporated. The contention of the department was not acceptable because no efforts regarding revised PC-I was shown in the documents.

DAC meeting was not convened despite requests made by Audit on 23.12.2020.

Audit recommends regularization of the matter from competent forum.

(DP. 100)

5.5.4 Undue financial benefit to contractor due to non-deduction of deferred amount - Rs 270.705 million

According to agreement appendix-D to Bid BOQ Summary of Bills note -1 agreed by the contractor we extend our offer to execute work through deferred payments of 5% against each IPC, on condition that same be reimbursed upon execution of 70% of the work through subsequent IPC.

Executive Engineer Central Civil Division-V Pak. PWD, Islamabad awarded a contract for "Dualization and improvement of Sohawa to Chakwal Road (66.405 km)" to M/s NLC at an agreement cost of Rs 4,293.36 million on 08.07.2015.

Audit observed that the contract cost of the project was increased through revised PC-I up to Rs 7,980.475 million. Audit further observed that the contractor executed the work up to 19th running bill for Rs 5,414.115 million which was 67% of the revised cost of the contract, whereas, the department was required to defer/retain the payment up to 5% of each IPC up to the limit of 70% execution of work as per codal agreement obligation. The department did not deduct/ retain the deferred amount in violation of agreement obligation signed by both parties because the contractor agreed for deferred payment up to 70% execution of work.

Audit holds that irregularity occurred due to weak financial controls.

This resulted in undue financial benefit to contractor due to non-deduction of deferred amount of Rs 270.705 million.

Audit pointed out recovery in October 2020. The department did not reply.

DAC meeting was not convened despite requests made by Audit on 07.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery of the deferred amount besides fixing of responsibility for non-recovery of the committed amount.

(DP. 63)

5.5.5 Irregular payment without acceptance of contract agreement and without recording detailed measurements - Rs 81.443 million

Para 208 of CPWA Code provides that unless in any case, the administration after consultation with Accountant General, direct otherwise, payments for all work done are to be made on the basis of measurements recorded in the MB. The Measurement Book should therefore, be considered very important account record.

Para 7.12 (c) of Pakistan Public Works Department Code, 1982 provides that the agreement with the contractors selected must be in writing and should be precisely and definitely expressed; it should state the quantity and quality of the work to be done, the specifications to be complied with, the time within which the work is to be completed, the conditions to be observed, the security to be lodged, and the terms upon which the payments will be made and penalties exacted, with any provisions necessary for safeguarding the property entrusted to the contractor.

Executive Engineers, CCD-III Peshawar, CCD Abbottabad and CCD-I Lahore awarded various works to different contactors at the total agreement cost of Rs 187.151 million. **(Annexure-N)**

Audit observed that the department paid an amount of Rs 81.443 million against two works on lump sum basis without recording detailed measurement and without approval of the contract agreements. Audit is of the view that the payment was made to the contractors without execution of physical execution at site involving Rs 81.443 million.

Audit holds that irregularity occurred due to weak internal controls.

This resulted in irregular payment of Rs 81.448 million.

Audit pointed out irregularity in September 2020. The department replied that factual position is that the sites of works were scattered and situated in remote hilly areas. Due to time constraints and rush of works, it was not possible to make payment after recording the detail measurement for all works. So, payment was made as work done but not measured as per Para 229, CPWA Code. Payment of work done but not measured and actually executed was made on the basis of certificate of Assistant Executive Engineer/Sub-Divisional Officer Incharge of the works. The items of work as certified by the SDO/AEE and executed at site would be measured in due course and record got verified from Audit.

The reply was not accepted because the department made payment in advance without measurement to avoid the lapse of funds. Actually work was not executed at site because no evidence was attached.

The matter was discussed in the DAC meeting held on 08.01.2021. The DAC was informed that the Executive Engineer Central Civil Division Pak PWD Abbottabad has been suspended. The DAC directed the department to complete the disciplinary proceeding and share it with the Audit alongwith the latest implementation status of the project.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 06,07,14,15, 48)

5.5.6 Undue financial benefit to contractor due to non-recovery of Mobilization Advance - Rs 80.327 million

As per clause 60.11 b (Financial Assistance to contractor) of Particular Conditions of Contract, the Advance shall be recovered in equal installments, first installment at the expiry of third month after the date of payment of first part of Advance and the last installment two months before the date of completion of the works as per clause 43 hereof.

Executive Engineer, Central Civil Division-V, PWD, Islamabad awarded 02 works "Construction of Chakwal Northern bypass" Package-1 & III with agreement cost of Rs 286.950 million and Rs 248.565 million respectively to M/s Haji Muhammad Khan & Sons on 14.02.2019 with completion period of 12 months.

Audit observed that the authority awarded both the works to one contractor and Mobilization Advances amounting to Rs 43.042 million and Rs 37.284 million paid on 15.4.2019 for Package-1 and Package-3 against Bank Guarantee. Audit further observed that no work was executed at site after expiry of stipulated completion time while Mobilization Advance of Rs 80.327 million was not recovered and being utilized by the contractor.

Audit holds that undue financial benefit resulted due to weak internal and financial controls.

This resulted in undue financial benefit due to non-recovery of Mobilization Advance amounting to Rs 80.327 million.

Audit pointed out recovery in October 2020. The department did not reply.

DAC meeting was not convened despite requests made by Audit on 07.12.2020 followed by reminder on 23.12.2020.

Audit recommends recovery of the mobilization advance besides fixing of responsibility against the concerned.

(DP. 69)

5.5.7 Overpayment due to non-deduction of structural excavation material - Rs 47.553 million

Item 108.4.1 of NHA General Specifications provides that, measurement shall be made for "Formation of Embankment from Borrow Excavation" as total quantities of embankment (minus) structural excavation.

As per Engineer Estimate (1st revised PC-I) Formation of Embankment from Roadway Excavation (108a) was provided with the quantity of 114,938 Cu.m and Formation of Embankment from Borrow Excavation (108c) with the quantity of 335,635 Cu.m against which the contractor quoted Rs 325.80 and Rs 475 per Cu.m respectively keeping in view the scope of work.

Executive Engineer Central Civil Division-V Pak. PWD, Islamabad awarded a contract for "Dualization and improvement of Sohawa to Chakwal Road (66.405 km)" to M/s NLC at an agreement cost of Rs 4,293.36 million on 08.07.2015.

Audit observed that the department measured and paid item 108c (Formation of embankment from borrow excavation in common material) with quantity of 665,530.05 Cu.m @ 475 per Cu.m without deduction of 41,835.94 Cu.m Structural excavation carried out under Bill No. 4b & 5. This resulted in overpayment of Rs 30.404 million.

Audit further observed that the contractor executed the embankment from borrow to the extent of 542,309 Cu.m and the quantity of available earth under item 108a (Roadway excavation) was only utilized to the extent of 6,973 Cu.m against available quantity of 114,938 Cu.m. In this way the contractor utilized the higher rate item of Borrow material than the Roadway Excavation. Audit is of the view that borrow material can only be utilized when Roadway Excavation material would not be available but in this case the authority increased the borrow material and decreased the roadway excavation to allow undue benefit to the contractor.

Audit holds that overpayment occurred due to non-adherence to technical specifications and weak internal controls.

This resulted in overpayment of Rs 17.149 million due to non-utilizing available earth from 108c.

Audit pointed out overpayment in October 2020. The department did not reply.

DAC meeting was not convened despite requests made by Audit on 07.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 64, 66)

5.5.8 Non-imposition and recovery of liquidated damages for delay in completion of works - Rs 23.440 million

As per condition of contract 47.1, if the contractor fails to deliver/complete the works, or any part thereof, within the time stated or fails to complete the whole of the work or any section within the relevant time prescribed, the contractor shall pay to the Employer maximum 10% of the contract price as liquidated damages.

Executive Engineers, Central Civil Division No.VII Islamabad awarded different works to different contractors **(Annexure-O).**

Audit observed that despite expiry of contract period, payments were made to the contractors without approval of extension of time

(EOT). The contract clause for imposition of liquidated damages was not invoked and no amount of liquidated damages was recovered.

Audit holds that irregularity occurred due to weak contract management.

This resulted in non-imposition/deduction of liquidated damages involving Rs 23.440 million.

Audit pointed out the matter in November 2020. The department did not reply.

DAC meeting was not convened despite requests made by Audit on 23.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 82)

5.5.9 Difference in balance of PLA-III of divisional office and treasury office - Rs 22.217 million

Para 4.2.13.3 of Accounting Policies and Procedures Manual states that after the validity period has expired, the amount must be transferred into an "unclaimed money account" within the Public Account. Such unclaimed amount will be cleared after three (3) years and transferred to the Consolidated Fund Account.

Closing balance of PLA-III cash book of Central Civil Division-II Pak. PWD Lahore on 30.06.2020 was Rs 12.816 million.

Audit observed that as per monthly reconciliation statement of the divisional office for the month of June 2020 closing balances on 30.06.2020 of PLA-III Cash Book was Rs 35.731 million. The divisional office showed difference of amount as un-presented cheques in treasury whereas, the payments was released as per balance of cash book.

According to rules the amount of un-presented cheques was required to be credited into consolidated fund.

This resulted into difference in balance of PLA-III of divisional office and treasury office Rs 22.217 million due to non-credit of un-presented cheques into consolidated fund.

Audit pointed out the irregularity during October 2020. The department replied that funds amounting to Rs 20.000 million out of Rs 22.217 million were transferred to Ministry of Water & Power Islamabad under PWP-II from the available funds of NA-140 District Kasur. The cheque remained un-cashed till date due to unknown reasons. All the outstanding un-cashed cheques amounting to Rs 22.217 million shall be remitted into Govt. account in due course of time after fulfillment of all codal formalities.

The reply was not accepted because un-cashed cheques were issued during 2008.

DAC meeting was not convened despite requests made by Audit on 07.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 60)

5.5.10 Irregular execution of additional works without tendering process - Rs 16.875 million

Rule 42 (c) (iv) of Public Procurement Rules, 2004 provides that a procuring agency shall only engage in direct contracting if the repeat orders do not exceed fifteen percent (15%) of the original agreement. According to Rule 50 of ibid Rules, any violation of these Rules constitutes mis-procurement.

Public Accounts Committee in its meeting dated 17.07.2001 decided that the management is not empowered to award a new work as additional work to an existing contractor without calling open tenders. It only allows minor adjustments in the already awarded work so as to complete it in all respect.

Executive Engineer, Central Civil Division, Pak PWD Sialkot awarded a work Construction of Road from Basao Kot to Agency More, Tehsil Shakergarh District Narowal NA-116" Prime Minister Directive (PWP-II 2009-2010) to M/s Aslam Pervaiz & Co at the agreement cost of Rs 53.007 million with the completion period of 12 months. Audit further noted that department made payment of Rs 9.991 million to the contractor for construction of SH: Nallaha through extra items.

Audit observed that SH. Nallaha was executed as additional work which was required to be advertised in the newspapers to obtain competitive rates. This resulted in irregular execution of additional work amounting to Rs 9.991 million.

Audit further observed that another work for "Extension of Federal lodge No 01 (Qasr-e-Naz) Karachi Sub head construction of 32 VIP suits (Ph-I) was awarded to M/s VIP Workers for Rs 53.345 million. During execution the scope of work was enhanced/varied through substitution and extra items for Rs 68.231 million which constituted an excess of 27.905% on the original scope of work without calling open tenders.

Audit holds that irregularity occurred due to non-adherence to rules and regulations and weak internal controls.

This resulted in an irregular execution of works in violation of PPRA for Rs 6.884 million (68.231-61.345(53.345x15%).

Audit pointed out irregularity in September 2020. The department replied in case of DP. 39 that nullah was approved by the competent authority on 14.01.2020 and the additional work was completed by the contractor on the prevailing rates within the concurrent agreement.

The reply was not accepted because additional work of Rs 10 million was got executed without open competition in violation of PPRA rules. Moreover, additional work pertains to construction of Nallah whereas the original contractor was constructing a carpet road, therefore there was no similarity between the original and additional work. Hence the additional work was to be advertised in the News Papers having a wide circulation.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the department to provide the revised reply in case of DP-39 and record for verification in case of DP-36.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 36, 39)

5.5.11 Overpayment due to allowing higher rate of non-schedule item - Rs 12.898 million

Rule 10 (i) of GFR (Volume-I) provides that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Executive Engineer Central Civil Division Pak PWD Abbottabad awarded two works for construction of RCC bridges at “Kangan Pain Seri Sher Shah District Abbottabad” and “Chokan and Chaker Baian villages District Mansehra” to M/s Hi Star Associates at bid cost of Rs 77.180 million and Rs 69.048 million on 22.03.2017 and 10.11.2016 respectively.

Audit observed that in both the works, the department measured and paid a Non-Scheduled item (NSI) “Boring for cast in place RCC pile hard rock” @ Rs 21,970 per meter and Rs 29,060 per meter respectively, whereas, the same item was allowed in the work of “construction of RCC Pre-stressed Bridge at Dhannu/Lung Sharif District Mansehra” @ Rs 12,450 per meter on the basis of rate analysis. Audit is of the view that rate of Rs 12,450 was required to be paid in all the works instead of Rs 21,970 and Rs 29,060 per meter.

Audit holds that overpayment occurred due to improper planning and weak internal controls.

This resulted in overpayment of Rs 12.898 million.

Audit pointed out the overpayment in October 2020. The department replied that the item was paid after approval from the competent authority. The rate was approved keeping in consideration the remote location of site which is situated in far flung, hilly area of District Mansehra where transportation/cartage of material is an uphill task, requiring multiple carriages.

The contention of the department was not justified because department replied that the District Mansehra required heavy transportation and carriage. But the item was paid at lessor rate in District Mansehra as @ Rs 12,450 per meter and same item was paid in District Abbottabad @ Rs 21,970 per meter which was higher than District Mansehra.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the department to provide a revised reply to Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 19)

5.5.12 Overpayment of price adjustment - Rs 10.576 million

According to clause 70.1 (d) of agreement the base cost indices or prices shall be those prevailing on the day 28 days prior to the latest date for submission of bids. Current indices or prices shall be those prevailing on 28 days prior to the last day of the period to which a particular monthly statement is related.

Executive Engineer Central Civil Division, Pak PWD, Sialkot awarded the work “Construction of widening/improvement of road from Noor Kot bridge to Kot Naina Tehsil Shakergarh district Narowal” to M/s Sohail Manzoor & Co at contract cost of Rs 65.705 million and construction of pre-stressed Bridge over Nallah Behein Shakargarh-Akhlaspur Road Tehsil Shakargarh District Narowal NA-116 at contract cost of Rs 258.478 million.

Audit observed that:

i. Escalation was calculated by applying current rate prevailing on the last day of the period to which the particular monthly statement was related instead of 28 days prior to the last day of the period to which the monthly statement was related. Incorrect application of rate resulted into overpayment of Rs 1.120 million.

ii. Payment of Rs 12.141 million was made on account of escalation on cement, steel and crush against the value of work done in the 7^{th} running bill, whereas, at that time only earth work was executed and no work involving cement, steel or crush was executed at site. This resulted in overpayment of Rs 9.456 million.

Audit holds that overpayment was made due to non-adherence to relevant rules and regulations.

This resulted in overpayment of Rs 10.576 million.

Audit pointed out overpayment in September 2020. The department replied that the computation of Price Adjustment (weightage of each element) is purely based on PEC Standard Parameters & Formula and no deviation is involved. The rates have been taken from the Monthly Bulletin issued by the Statistical Division prior to 28 days as per conditions of Contract Agreement. The price adjustment (Increase/ Decrease) has not been paid on cement and steel, whereas the same has been paid on “Crush/Boulders”.

The reply was not accepted because the department has not clarified/justified the application of current rate, prevailing on the last day of billing period instead of 28 days prior to the last day of billing period. Due to incorrect application of current rate overpayment was made to the contractor which needs to be recovered.

DAC meeting was not convened despite requests made by Audit on 07.12.2020 followed by reminder on 23.12.2020.

Audit recommends investigation into the matter and action against the responsible(s).

(DP. 44, 46)

5.5.13 Irregular finalization of incomplete work - Rs 9.616 million

The Chief Engineer (CZ) Pak PWD Lahore accorded technical sanction to the detail estimate of work Construction of road from Bara Manga to Noor Kot (Fateh Pur) Tehsil Shakargarh District Narowal for Rs 40.194 million.

As per condition No.(iii) of letter issued by the Chief Engineer Central Zone Pak PWD Lahore, the work should be executed strictly in accordance with specification/standard stipulated in the agreement.

Executive Engineer Central Civil Division, Pak PWD, Sialkot awarded a work for widening/improvement of road from Bara Manga to Noor Kot (Fatehpur) Tehsil Shakergarh District Narowal" to M/s Sohail Manzoor & Co at contract cost of Rs 39.818 million with the completion period of one year.

Audit observed that up to 6th/final bill a sum of Rs 9.616 million was paid to the contractor i.e. 24.15 % of the agreement cost but the work was irregularly finalized leaving 75.85% work unexecuted. No reasons for finalizing the incomplete work were available in the record.

Audit holds that irregularity was due to mismanagement and weak internal controls.

This resulted in irregular finalization of incomplete work of Rs 9.616 million.

Audit pointed out irregularity in September 2020. The department replied that after award of project, the site of work was visited by the Assistant Executive Engineer and contractor concerned to stack material as well as Machinery & Equipment but location of site was already taken up for construction of road under the administrative control of Punjab Highway Department and the work was physically started on some portion of the road. The contractor completed the work on reduced quantum of work for 4,200 Rft. The account of contractor will be finalized in due course of time and the same record shall be produced to Audit.

The reply was not accepted because it showed that the road was under administrative control of Punjab Highway Department and NOC was not obtained from Punjab Highway Department before starting all process of construction of road. Moreover, reduced quantum of work was required to be brought in the notice of approving authority of Admn approval before start of construction. Hence, all the process i.e. preparation of PC-1, T.S. Estimate and calling of tenders resulted in wastage of time and public money.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the department to provide the record to the Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 40)

5.5.14 Unjustified payment beyond PC-I provision - Rs 6.877 million

DDWP on 10.10.2019 cleared the project at cost of Rs 167.581 million subject to following conditions:

2-a incorporate all information in PC-I including soil Geo Technical investigation report, detail design, technical specification, BOQs and basis of cost estimate.

3 The representative of the ASF clarified that PC-I has been amended as per direction of the DDWP and requested for its approval.

Executive Engineer Central Civil Division-I Pak PWD Quetta awarded the work "Construction of 2X Double Story Barrack with Provision of 3rd storey for Corporal to Inspector & Assistant Director along with separate Mess hall & Allied Facilities recreation Hall at Quetta Airport Package 01", to M/s Atta Muhammad Khan & Sons at an agreed cost of Rs 60.875 million on 07.04.2020 with a completion period of 3 years.

Audit observed that the management measured and paid item No. 6/6 P/L hard grade ribbed deform reinforcement bars for Raft foundation for a quantity of 38.60 ton in IPC 2 whereas, the same was not available in PC-I. Bar bending schedule and drawings were also not available on record.

Audit holds that unauthorized payment resulted due to non-adherence to the PC-I provisions.

This resulted into unjustified/unauthorized payment of Rs 6.877 million.

Audit pointed out the unjustified payment beyond PC-I provision in September-October 2020. The department replied that the provision of raft foundation/excavation for raft foundation is provided in the approved PC-I, TS as per bearing capacity of soil worked out i.e. 0.61 ton per sft as per STS reports which is in accordance with modified PC-I prepared by Pak PWD in compliance of DDWP directions.

The reply was not agreed because there was no provision for raft foundation in approved PC-I prepared in the light of DDWP directions. Whereas compliance of DDWP was not addressed in PC-I regarding soil Geo Technical investigation and incorporated an old Geo Technical report conducted in September 2015 showing 0.65 ton/sft whereas another Geo Technical investigation was conducted on 09.03.2020 after award of work and result of safe bearing capacity i.e. 1.00 ton/sft. Hence non incorporating of fresh Geo Technical Investigation Report in PC-I and allowing Raft foundation for two story building on bearing capacity of 1.00 ton/sft is not justified.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the Department to get the relevant record verified from Audit within week.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 23)

5.5.15 Overpayment due to incorrect factor-C - Rs 2.538 million

According to Appendix-C to Bid weightage of the Reinforcement steel was 0.207. According to condition 2 of appendix-C-to Bid any fluctuation in the indices or prices of material other than those give in the Appendix-c to Bid shall not be subject to adjustment of the contract price.

Executive Engineer, Central Civil Division-I, Pak. PWD Lahore, awarded the work Construction of Office Complex including Boundary Wall for Survey of Pakistan Lahore to M/s Ch Liaqat Ali on 16.05.2018 at an agreement cost of Rs 133.998 million with the completion period of two years. Further, a payment of Rs 12.999 million on account of escalation up to 5th escalation bills was made.

Audit observed that department applied the weightage of Reinforcement Steel as 0.227 instead of 0.207 as provided in Appendix-C to Bid. Change of weightage after the award of work was violation of agreement conditions.

Audit holds that overpayment occurred due to non-adherence to appendix-c of the agreement and weak internal controls.

Application of incorrect weightage of steel resulted in overpayment of Rs 2.538 million.

Audit pointed out the overpayment during October 2020. The department admitted the recovery and promised to recover the same in due course. However, no progress toward effecting the recovery was reported.

DAC meeting was not convened despite requests made by Audit on 23.12.2020.

Audit recommends recovery of overpaid amount.

(DP. 47)

5.5.16 Overpayment due to incorrect formula - Rs 2.509 million

As per conversion formula provided in the Pak PWD Schedule of Rate 2012, for conversion of cubic feet to cubic meter, 1 Cu.m is equal to 35.3147 cft.

Executive Engineer Central Civil Division, Pak PWD, Sialkot awarded the work “Widening/improvement of road from Noor Kot bridge to Kot Naina Tehsil Shakergarh district Narowal” to M/s Sohail Manzoor & Co at contract cost of Rs 65.706 million with completion period of one year. Audit further noted that an amount of Rs 36.616 million was paid against the item P/L Hot Bituminous concrete runway pavement laid with mechanical paver etc. for a quantity of 4,736 tons.

Audit observed that conversion of quantity from cft into Cu.m was made by formula (35.283 cft = 1 cu.m) instead of correct formula (35.3147 cft = 1 cu.m).

Audit holds that overpayment occurred due to non-adherence to basic rules and regulations of calculation.

Incorrect conversion formula resulted into overpayment of Rs 2.509 million.

Audit pointed out the overpayment in September 2020. The department replied that conversion method from Cft into Cu.m was made purely on standard parameters and formula and no deviation was involved. The reply was not accepted because incorrect formula for conversion of cubic feet into cubic meter was applied.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the Department to get the relevant record verified from Audit within week.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 41)

Estate Office

5.5.17 Non recovery of outstanding dues from the defaulters of Government Accommodation at Karachi - Rs 545.602 million

Rules 11 (9C) Accommodation Rules, 2002 denotes that, “Where a pensioner who is allowed to retain the accommodation after his retirement, defaults and the matter shall be referred to AGPR, DBA or CAO as the case may be for recovery of dues from his pension.”

Rule 25 (2) and (3) The ejectment of trespassers from the Government or hired accommodation shall be carried out by the Estate Office concerned, immediately without serving any notice on the trespasser and First Information Report shall be lodged against the trespasser by the Estate Office. In order to expedite the eviction under sub-rule (1), the Estate Office shall arrange the disconnection of services like water supply, gas, electricity and telephone of the house under illegal occupation.

Additional Estate Office, Karachi could not vacate 4,950 houses from the defaulters/pensioners of Government accommodation during the financial year 2019-20.

Audit observed that the Estate Office Karachi neither got vacated 4,950 houses nor recovered the outstanding dues from the defaulters/pensioners of Government accommodation involving Rs 545.602 million. Audit further observed that the matter was not referred to AGPR, DBA or CAO for recovery of said dues from their pensions.

Audit holds that non-recovery occurred due to mismanagement and lack of oversight mechanism for implementation of internal and financial control.

This resulted in non-recovery of revenue of Rs 545.602 million.

Audit pointed out the matter of outstanding dues in July, 2020. The department replied that as per Rule 11(9)(c) of Accommodation Allocation Rules 2002, Estate Office, Karachi has taken up the matter with DGPR for recovery of outstanding dues from the pension of retired Government Servants. As soon as any progress is received from AGPR the same will be shared with Audit.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC was informed that the action regarding non recovery of outstanding dues is pending before DGPR Karachi. The DAC directed the EO to pursue the case with CGA.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 07)

5.5.18 Loss due to non-execution of agreement at enhanced rate with payments of one-year advance rent - Rs 45.742 million and non-recovery - Rs 14.515 million

According to condition No. ii & iv of Ministry of Housing and Works Islamabad letter No. F.No.4(24)/97-EIII(Pt) dated 27.03.2017, (Shops rental auction policy 2017) existing rent be enhanced @ 25% and after every three years be a regular feature. The present occupants be given chance to accept enhanced rates by signing revised lease agreements with payments of one-year advance rent. Available shops will be allotted/rented out through auction by advertisement and open tendering in lines with the PPRA rules.

Five hundred and sixty (560) shops (legal/authorized occupation shops 217 shops + illegal/unauthorized occupation of 344 shops) and 09 petrol pumps were found on pool of Estate Office Karachi.

Audit observed that the Estate Office Karachi neither executed agreement with present occupants at enhanced rate (with payments of one-year advance rent) nor the shops were tendered/auctioned as per PPRA rules. This resulted in loss due to non-execution of agreement at enhanced rate along with recovery of Rs 45.742 million.

Audit further observed that an amount of Rs 14.515 million was outstanding against the said allottees. This resulted in non-recovery of dues involving Rs 14.515 million.

Audit holds that non-recovery occurred due to mismanagement and lack of oversight mechanism for implementation of internal and financial control.

Audit pointed out the loss due to non-execution of agreement at enhanced rate in July 2020. The department replied that the efforts are being made for execution of agreement and recovery of outstanding dues. As soon as any progress is made, the same will be shared with Audit. The department has admitted the audit observation.

The matter was discussed in the DAC meeting held on 08.01.2021, wherein, the DAC directed the EO to complete the job of survey and auctions within 120 days.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends compliance to the DAC decision.

(DP. 01, 02, 03)

CHAPTER 6

PAKISTAN HOUSING AUTHORITY FOUNDATION (MINISTRY OF HOUSING AND WORKS)

6.1 Introduction

Pakistan Housing Authority Foundation (PHAF) is a Public Company registered with Securities and Exchange Commission of Pakistan under Section 42 of the Companies Ordinance, 1984. Secretary Housing and Works Division is the Principal Accounting Officer of PHAF. The major objectives/services entrusted to PHA Foundation are as under:

i. Being one of the implementing arms of the Ministry of Housing and Works, PHA Foundation is mandated to provide shelter and to reduce the housing shortfall in Pakistan.

ii. PHA Foundation provides low cost-housing units to low and middle income groups of Pakistan on ownership basis. Since its inception in 1999, PHA Foundation has built several housing units for general public and Federal Government Employees in Federal and Provincial capitals to provide high quality and state-of-the-art buildings at low and affordable price.

iii. In addition to Ground plus 3 building apartments, PHA Foundation has undertaken to construct high rise buildings. Construction of PHA-Maymar Towers in Karachi is first endeavor in this respect.

Regional offices have also been established in Lahore and Karachi to provide services to the allottees of the respective areas.

6.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19* (Rs in million)	Revenue/ Receipts audited FY 2018-19 (Rs in million)
1	Formations	1	1	4,431.619	3,181.496

*Audit of the accounts for the financial year 2018-19 during Phase-II of Audit Year 2019-20.

6.2 Comments on Budget and Accounts/Financial Statements (Variance Analysis)

6.2.1 The table below shows the position of budget and expenditure of PHA Foundation for the financial year 2018-19:

(Rs in million)

Nature	Final Budget	Expenditure	Excess/ (Saving)	%age
Non-Development (Operational)	399.416	326.745	(72.671)	18.19
Development	6,958.884	4,104.874	(2854.01)	41.01
Grand Total	**7,358.300**	**4,431.619**	(2,926.681)	**39.77**

Revenue

(Rs in million)

Estimated Receipt	Actual	Surplus/ (Deficit)	% age
7,283.494	3,181.485	(4,101.01)	(56.31)

6.2.2 Against approved development budget of Rs 6,958.884 million, Pakistan Housing Authority Foundation incurred expenditure of Rs 4,037.632 million. The funds were less utilized by Rs 2,921.252

million (41.14% less) which showed that development targets were not achieved.

6.2.3 Revenue target was estimated at Rs 7,467.554 million for the financial year 2018-19. Actual receipts of Rs 3,397.260 million (45.49% of the estimated receipt) were realized resulting in deficit of Rs 4,070.294 million (54.51% deficient).

6.3 Classified summary of Audit observations

Audit observations amounting to Rs 7,850.871 million were raised in this audit report. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	-
A	Execution of works, contract agreement	7,850.871

6.4 Brief comments on the status of compliance with PAC's directives

Directorate General Audit Works (Federal) conducted audit of the accounts of Pakistan Housing Authority Foundation for the first time during 2013-14. In past, the entity was under the audit jurisdiction of Directorate General Commercial Audit.

Compliance position of PAC's directives on Audit Reports relating to PHAF is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
2003-04	01	01	-	01	0
2007-08	01	01	-	01	0

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
2009-10	04	04	-	04	0
2010-11	02	02	01	01	50
2013-14	08	07	01	07	12.5

Note: Audit report for the year 2011-12, 2012-13, 2014-15, 2015-16, 2016-17 (SAR), 2017-18, 2018-19 and 2019-20 are yet to be discussed by PAC.

6.5 AUDIT PARAS

6.5.1 Irregular payment without recording detailed measurements in Measurement Books - Rs 7,517.025 million

As per Para 208 of Central Public Works Accounts Code, payments for all work done are based on measurements recorded in the Measurement Book (Form 23) in accordance with the rules in Para 209 of CPWA Code. The Measurement Book (MB) should, therefore, be considered as very important accounts record. Para 209(b) states that all measurements should be neatly taken down in MB.

Pakistan Housing Authority Foundation awarded various works to different contractors as detailed below:

(Rs in million)

DP No.	Name of Work	Contractor	Payment
06	Package 1 to 10 of the project Development of PHAF Officer Residencia at Kurri road Zone-IV, Islamabad	Various contractors	2,763.193
07	Package-04, to 10 for construction of apartments in sector I-16/3, Islamabad	Various contractors	3,023.96
13	Construction of Multi-Storey Apartments at I-12, Islamabad	Various contractors	1,729.872
		Total	**7,517.025**

Audit observed that the PHA-F made payments to the contractors on the basis of computer-based forms instead of recording detailed measurements of each item of work done in Measurement Books.

Audit holds that irregularity occurred due to non-adherence to rules and regulations.

This resulted into irregular payment of Rs 7,517.025 million.

Audit pointed out irregularity in June 2020. The management replied that the matter was placed before the 24th Board of Directors meeting wherein, it was decided that the CPWA Proforma 26 is almost identical to the IPC format that is submitted by the consultant therefore, it was decided that the IPC format submitted by the consultant is considered as CPWA Form 26.

In light of the BOD decision, all prerequisites were adopted and the Engineering Wing is recording in full the Abstract of Cost and recoveries in the MB in addition to the IPC submitted by the consultants.

The reply was not accepted because the instructions in the matter were issued by the Public Accounts Committee Secretariat on 15.10.2017 to all Principal Accounting Officers for strict compliance of the PAC directives regarding recording of actual/date-wise measurements in the Measurement Book, otherwise they would be held responsible.

The matter was discussed in the DAC meeting held on 06.01.2021, wherein, the DAC deferred the para for further clarification whether the Board can approve for adoption of IPC as measurement under corporate law.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends fixing of responsibility for violation of rules.

(DP. 06, 07 & 13)

6.5.2 Non-encashment of guarantees on default of the contractor - Rs 333.846 million

According to clause 10.2 of condition of contract Part-I, the performance security shall be valid until the contractor has executed and completed the works and remedied defects therein in accordance with the contract agreement.

Package I & II of project "Construction of multi-storey apartments at sector I-12 Islamabad" were awarded to M/s. Maaksons Pvt. Ltd. on 15.04.2016 and 07.09.2016 at an agreed cost of Rs 1,225.908 million and Rs 899.177 million respectively. The works were required to be completed within 40 months, but the contractor failed to complete the works. The contracts were terminated on 17.02.2020 under the contract provision and remaining works were decided to be awarded to another contractor for completion.

Audit observed that on termination of contracts the management did not forfeit the performance securities, encash mobilization advance guarantees and retention money for Rs 333.846 million.

Audit holds that non-encashment/forfeiture of guarantees was due to weak internal controls.

This resulted into non-encashment of guarantees on default involving Rs 333.846 million.

Audit pointed out non encashment of guarantees in June 2020. The management replied that M/s Adamjee Insurance Company conveyed PHA-F on 11.02.2020 that the Honorable Court directed the parties to maintain status quo as to encashment of bank guarantee till next date of hearing**.** However, the retention money of Rs 41.794 million is still withheld by PHAF which will be utilized for the adjustment of final accounts of the contractor.

The reply was not accepted because the contractor's progress was beyond the work schedule, whereas, the authority did not take action timely.

The matter was discussed in the DAC meeting held on 06.01.2021, wherein, the DAC directed to pursue the court case vigorously.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision besides action against the responsible(s) for not taking timely action against the defaulter contractor.

(DP. 15, 16, 18)

CHAPTER 7
NATIONAL CONSTRUCTION LIMITED
(MINISTRY OF HOUSING AND WORKS)

7.1 Introduction

National Construction Limited (NCL) was incorporated on 16th November, 1977 under the Companies Act, 1913 later on replaced with Companies Ordinance, 1984 as unlisted public company. As per Schedule-II of Rules of Business, 1973 (amended up to January 2019), Housing and Works Division is responsible for matters relating to NCL.

The principal activities of the Company are to carry out the business of construction as consultant, advisor, structural engineer, builder, architect, contractor, job contractor and designer and to engage in other allied activities. The authorized share capital of the Company is Rs 200.00 million. Issued subscribed and paid-up capital is Rs 199.13 million.

7.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19* (Rs in million)	Revenue/ Receipts audited FY 2018-19 (Rs in million)
1	Formations	1	1	474.092	500.495

*Audit of the accounts for the financial year 2018-19 during Phase-II of Audit Year 2019-20.

7.2 Comments on Budget and Accounts (Variance Analysis)

7.2.1 The working results (Profit & Loss Account) of the Company for the year 2018-19 along with comparison with previous two years are tabulated below:

(Rs in million)

Description	2016-17	2017-18	% Increase/ (Decrease)	2018-19	% Increase/ (Decrease)
Contract income	923.8	768.359	(16.83)	473.440	(38.80)
Cost of work done (Direct cost)	849.68	714.236	(15.94)	420.806	(41.08)
Gross Profit	74.12	54.123	(26.98)	52.635	(2.75)
General & Administrative/ indirect cost	61.21	57.309	(6.37)	52.412	(8.54)
Operating Profit/(Loss)	(12.91)	(3.186)	(75.32)	0.223	106.99
Financial charges	0.49	1.664	239.59	1.125	(167.61)
Other income	21.54	23.408	8.67	27.055	13.48
Profit/(Loss) before taxation	33.95	18.558	(45.34)	26.153	29.04
Provision for taxation	26.15	16.12	(38.36)	24.491	251.93
Profit after taxation	7.8	2.437	(68.76)	1.661	(31.84)

(Source: Annual Accounts of NCL for the year ended June 30, 2019).

Notes: Increase/decrease (in %age) has been determined after comparison of 2018-19 with 2017-18 and 2017-18 with 2016-17.

7.2.2 The contract income decreased from Rs 768.359 million in 2017-18 to Rs 473.440 million in 2018-19 (38.80% decrease). It shows that the operational activities were not being managed effectively by the NCL.

7.2.3 The progress and pace of projects/contracts was much behind as compared to previous years. However, in the year 2018-19, the Company managed to earn a profit of Rs 1.661 million.

7.2.4 General & Administrative/ indirect cost decreased from Rs 57.309 million in 2017-18 to Rs 52.412 million (8.54%) in the year 2018-19. Administrative expense decreased which improved the overall position of the Company from the previous years.

7.3 Classified summary of Audit observations

Audit observations amounting to Rs 1,171.262 million were raised in this audit report. This amount also includes recoveries of Rs 901.209 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	1,171.262

7.4 Brief comments on the status of compliance with PAC's directives

The Directorate General Audit Works (Federal) conducted audit of the accounts of NCL for the first time during 2013-14. Previously the entity was under the audit jurisdiction of Directorate General Commercial Audit. Compliance position of PAC's directives, as adopted from Audit Report of Public Sector Enterprise is as under:

Audit Report	Total Paras	Compliance made	Compliance awaited	Percentage of compliance
1990-91	01	01	-	100
1991-92	01	01	-	100
1992-93	05	05	-	100
1993-94	03	02	01	67
1995-96	01	01	-	100
1996-97	02	02	-	100

Audit Report	Total Paras	Compliance made	Compliance awaited	Percentage of compliance
1999-00	07	03	04	43
2000-01	01	01	-	100
2001-02	01	01	-	100
2003-04	05	04	01	80
2005-06	05	05	-	100
2006-07	08	06	02	75
2007-08	02	0	02	0
2008-09	04	03	01	75
2009-10	05	05	0	100
2010-11	01	01	0	100
2013-14	06	-	06	-

Note: Audit Reports for the year 2011-12, 2012-13, 2014-15, 2015-16, 2016-17 and 2017-18 are yet to be discussed by PAC.

7.5 AUDIT PARAS

7.5.1 Non-recovery of retention money and non-finalization of work accounts with the Client Departments - Rs 760.655 million

As per Paras 287 & 288 of CPWA Code, read with Paras 46, 52 and 99 of CPWD Code, the accounts of the works should be closed immediately after completion of the work. On completion of work, it should be seen that any adjustments of costs necessary under the rules have been duly made in the accounts.

Managing Director, NCL, Islamabad executed construction agreements with different departments. The trial balance for the year 2018-19 showed that most of the projects were complete but NCL neither received its retention money nor got the accounts finalized with the client departments.

Audit observed that NCL executed ten (10) works in Sindh, Balochistan and Islamabad against which retention money of Rs 139.677 million was deducted by the Client Departments. Despite lapse of considerable period, the management could not recover its legitimate construction revenue. Audit further observed that in Account Head "Receivable Contractor Misc." an amount of Rs 620.978 million was receivable from Quetta Water Supply Project WS-2.

Audit holds that non-recovery was due to non-adherence to contractual clauses and inadequate oversight mechanism for effective implementation of internal controls and contractual obligations.

This resulted in non-recovery of Rs 760.655 million.

Audit pointed out the non-recovery in February 2020. The management replied that Mega Project of Quetta was awarded to NCL in 2004. In 2009 to 2014, the Client i.e. PMU deducted Rs 660 million from our verified/already paid bills. The point of conflict was interpretation of certain Contract Clauses. The matter for recovery of unlawfully deducted amount was undertaken by NCL at all levels but in vain. Now, a recovery suit has been filed by NCL in Civil Court Balochistan for recovery of Rs 782 million including retention money from the Client departments.

The management admitted the audit observation. However, efforts need to be enhanced to recover the retention money and withheld amount from the client departments.

The matter was discussed in the DAC meeting held on 06.01.2021, wherein, the DAC was informed that out of Rs 139 million of retention money, an amount of Rs 5.082 million has been adjusted whereas the remaining 134.5 million is currently subjudice. The DAC directed MD NCL to pursue the court cases vigorously. The DAC further directed to arrange a meeting of Secretary H&W with Chief Secretary Balochistan and other relevant officials to resolve the issue.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 05)

7.5.2 Non-Completion of ongoing projects within stipulated time and non-recovery of liquidated damages - Rs 270.053 million

Clause 47 (1) of General Conditions of the contract agreement provides that if the contractor fails to comply with the time for completion in accordance with clause 48, for the whole of the works or, any section within the relevant time, 0.1% of contract value for each day of delay in completion of the works subject to a maximum of 10% of contract price stated in the letter of acceptance will be imposed and recovered.

As per Clause-4 of “Special Condition of Sub-Contractor Agreement” the sub-contractor shall be liable to pay the company liquidated damages at half of one percent of the estimated total cost of the work per day for each day beyond completion date up to a maximum of ten percent. These damages shall be payable at the company's direction and may be reduced or waived off, if in the opinion of the company's engineer the work has been delayed for reason beyond the control of the sub-contractor.

NCL entered into various contracts and executed works from 2012 to 2016.

Audit observed that the NCL awarded works of the projects to different sub-contractors and the works of the projects are still under execution despite the expiry of completion period. This showed that the progress of NCL was far behind the program of works submitted to client department. Audit is of the view that NCL may be held responsible for delay and imposition of liquidated damages which can cause unnecessary financial burden on it. Moreover, the delay in completion of projects may adversely affect the performance/rating of the company.

Audit further observed that despite failure of the sub-contractor to complete the work in time, the liquidated damages @ 10% of contract price were not imposed on the defaulting contactor.

Audit holds that non-imposition of liquidated damages occurred due to non-adherence to the provision of contract agreement and inadequate implementation of technical and internal controls.

This resulted in non-recovery of liquidated damages of Rs 270.053 million from sub-contractors.

Audit pointed out the non-recovery in February 2020. The management replied that after assessing genuineness of the reasons, the consultants recommend time extension. On the recommendation of consultant, the Client gives time extension in completion of project. Accordingly, time extension is also passed on to the sub-Contractors as well. If liquidated damages are imposed on NCL then this would also be passed on to the Sub Contractor.

The reply was not accepted because as admitted, the projects were not completed in time due to extension of time from the client. The project management of NCL was required to deploy its resources to speed up the pace of works in order to complete the scheduled scope of work in accordance with work execution plan. Slow pace of work has already resulted in reduced profit margin.

The matter was discussed in the DAC meeting held on 06.01.2021, wherein, the DAC directed the MD NCL to submit a revised project-wise reply, regarding their status.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 03)

7.5.3 Non-adjustment/recovery of advances from sub-contractors, suppliers and NCL staff - Rs 110.554 million

As per approved accounts statement for the Financial Year 2018-19 short term advances were paid to different sub-contractors, suppliers and NCL Staff which were required to be adjusted as soon as possible.

NCL paid short term advances to different sub-contractors, suppliers and NCL staff worth Rs 110.554 million up to June 2019 as detailed below:

Description	**Advances (Rs in million)**
Advances paid to Sub-Contractor	102.171
Advances paid to Suppliers	4.705
Advances Paid to Staff	3.678
Total	**110.554**

Audit observed that the management failed to adjust/recover outstanding short-term advances from different sub-contractor, suppliers and employees of the NCL up to June 2019.

Audit holds that amount was not recovered due to weak internal controls.

This resulted in non-recovery/adjustment of advances involving Rs 110.554 million.

Audit pointed out the non-recovery in February 2020. The management replied that advances given to sub-contractors are fully secured against liabilities of respective sub-contractors. Payments to sub-contractors were made as a part payment against work done liabilities of sub-contractor and booked as advances.

Advances will be adjusted as and when liabilities are paid. Staff advances are given to NCL procurement staff at various projects for day to day petty purchases as per normal course of business.

The reply was not accepted because the advances were not recovered till closure of financial year. The advances of sub-contractors, suppliers and NCL staff were pending since long which need to be recovered at the earliest.

The matter was discussed in the DAC meeting held on 06.01.2021, wherein, the DAC was informed that Rs 23.500 million has been adjusted whereas remaining Rs 87.5 million is currently subjudice. The DAC directed MD NCL to pursue the court cases vigorously.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 04)

7.5.4 Non-recovery of Mobilization Advance - Rs 30.000 million

According to Rule 26 of GFR (Volume-I), it is duty of the departmental officer to see that all sums due to Government are promptly assessed, demanded, collected and remitted into treasury.

NCL issued work order to M/s Pollution Engineering Pakistan (Pvt) Limited for the work "Construction of Sewage Treatment Plant at Samungli Road (Old C.B.Q Treatment Plant Site), Quetta" on 30.06.2010 for Rs 334.154 million. The work was started on 26.02.2011 with completion period up to 26.08.2012, and NCL paid mobilization advance for Rs 30.000 million to the sub-contractor.

Audit observed that NCL paid mobilization advance on 19.07.2011 against bank guarantee but the work could not be started due to non-handing over of the site by the client. Audit further observed that the mobilization advance was not recovered to date. Moreover, the bank guarantee against mobilization advance was expired but the same was not re-validated despite lapse of more than eight (8) years.

Audit holds that non-recovery of mobilization advance was due to weak oversight mechanism for exercising the internal controls.

This resulted in non-recovery of outstanding mobilization advance amounting to Rs 30.000 million.

Audit pointed out the non-recovery in February 2020. The management replied that bank guarantee issued by Deutsche Bank was valid upto 10.07.2012. The party was repeatedly asked for extension of Bank Guarantee through various letters. To avoid the encashment of the guarantee the sub-contractor with malafide intention approached the bank and got guarantee revalidated without handing it over to NCL. Later on, the sub-contractor managed to withdraw its guarantee with the help of bank. The case is under investigation of FIA and NCL is quite optimistic of reclaiming its advance amount.

The reply was not acceptable because the management did not take timely action for recovery of mobilization advance and blacklisting of the contractor.

The matter was discussed in the DAC meeting held on 06.01.2021, wherein, the DAC was informed that the case for recovery of mobilization has been referred to FIA. The DAC directed MD NCL to pursue the matter vigorously.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision besides action against the responsible(s) for non-recovery.

(DP. 06)

CHAPTER 8

FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
(MINISTRY OF HOUSING AND WORKS)

8.1 Introduction

Federal Government Employees Housing Authority (FGEHA) was established under Ordinance No. VIII of 2019 dated 16.07.2019. Subsequently, Act No. IV of 2020 dated 15.01.2020 was passed to establish the Authority. The Authority was originally established as Federal Government Employees Housing Foundation in 1989 by Ministry of Housing and Works, as a public limited company registered with the Securities and Exchange Commission of Pakistan under Section 42 of Companies Ordinance, 1984. FGEHA is a body corporate, headed by Director General and have an Executive Board for general administration, supervision and control of the affairs of the Authority.

FGEHA is under the administrative control of Ministry of Housing and Works.

FGEHA is authorized to plan and develop housing schemes for serving and retired Federal Government employees and other specified groups.

8.2 Comments on Budget and Accounts (Variance Analysis)

i. Audit of the accounts for the financial year 2018-19 (when the Authority has the status of Foundation) was conducted in 2019-20 (Phase-II). Audited financial statements as at 30.06.2019 were not finalized by the management till the finalization of this report.

ii. Budget allocation and expenditure of FGEHA for the financial year 2018-19 is as under:

(Rs in million)

Nature	Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	744.146	633.287	(110.859)	(14.90)
Development	11,517.667	5,835.460	(5,682.207)	(49.33)
Total	**12,261.813**	**6,468.747**	**(5,793.066)**	**(47.24)**

A sum of Rs 744.146 million was allocated for operational expenses for the financial year 2018-19 whereas actual expenditure of Rs 633.287 million was incurred involving saving of Rs 110.859 million which constitutes 14.90 % of the budget allocation.

A sum of Rs 11,517.667 million was allocated for development activities for the financial year 2018-19 against which an expenditure of Rs 5,835.460 million was incurred involving saving of Rs 5,682.207 million, which constitutes 49.33% of the budget allocation. This indicated that the development activities could not be undertaken at all.

Receipts

(Rs in million)

Description	Estimated Receipts	Actual Receipts	Variation Excess/ (Shortfall)	Variation in %
Receipt from sale	10,656.225	2,638.036	(8,018.19)	(75.24)
Misc. Receipts	845.00	1,250.695	405.695	48.011
Total	**11,501.225**	**3,888.731**	**(7,612.494)**	**(66.19)**

8.3 Classified summary of Audit observations

Audit observations amounting to Rs 130.200 million were raised in this audit report. This amount also includes recoveries of Rs 130.200 million as pointed out by the audit. Summary of the audit observations classified by nature is as follows:

S. No.	Classification	Amount (Rs in million)
1	Others	130.200

8.4 Brief comments on the status of compliance with PAC's directives

Directorate General Audit Works (Federal) conducted audit of the accounts of FGEHF during 2011-12 for the first time. This office prepared a Special Audit Report covering the period from 2008-09 to 2010-11 and Regularity Audit Reports for the years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19.

Audit Reports for the year 2013-14, 2014-15 and 2015-16 have been discussed by PAC, while rest of the reports (2011-12, 2012-13, 2016-17 and 2018-19) are yet to be discussed. Compliance position of PAC's directives is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2013-14	10	07	02	05	71.42
2014-15	04	02	-	02	-
2015-16	05	05	-	05	-
2017-18	15	05	-	05	-

8.5 AUDIT PARAS

8.5.1 Unjustified payment on account of cost of land for access road - Rs 130.200 million

As per clause 11 of Joint Venture agreement No. 1028 dated 01.04.2009 between M/s Green Trees (Pvt) Ltd and Federal Government Employees Housing Authority, the contractor shall complete within four months earthwork of 100 feet wide dual carriageway from Murree Express Highway via Angori Road to the site, to serve as an access road to the proposed project. The metaled road, including the construction of intervening bridges shall be completed at its own expense by the contractor within period of nine (09) months.

FGEHA paid an amount of Rs 130.200 million to M/s Green Trees (Pvt) Ltd on 19.08.2018 for provision of 42 kanals land @ Rs 3.100 million per Kanal.

Audit observed that payment was unjustified as it was the responsibility of the contractor/developer to provide metaled access road free of cost as per above clause of the agreement.

Audit maintains that the unjustified payment was made due to weak financial controls.

Audit pointed out the unjustified payment during November-December 2019. The management replied that the Executive Committee approved to release an amount of Rs 130.200 million to M/s Green Tree for 42 Kanals out of the next agreed installment of Rs 343.00 million to bail out the developer in order to get mutated the said land to be used for access road.

The reply was not accepted because the payment was made in violation of agreement.

The matter could not be discussed in DAC meeting despite requests on 07.08.2020 and 03.02.2021.

Audit recommends early recovery of the amount involved under intimation to Audit.

(DP. 03)

8.5.2 Non-exchange of unsuitable land by the developer for 536 kanals

As per clause 2 of Joint Venture agreement dated 01.04.2009 between M/s Green Trees (Pvt) Ltd and Federal Government Employees Housing Authority, the contractor has offered for sale "raw land" measuring 3,000 kanals in a compact block, free from all encumbrance, mortgages, charges, liens and disputes of all kinds, and FGEHA has agreed to purchase the same at the mutually settled price of Rs 950,000 per kanal. This price shall be applicable to the entire 3,000 kanals of land.

FGEHA paid an amount of Rs 231.800 million to M/s Green Tree (Pvt) Ltd on account of cost of land for exchange of 244 Kanals land for development of Green Enclave-I (Bharakuh Housing Project) during 2018-19.

Audit observed that FGEHA directed M/s Green Tree (Pvt) Ltd to exchange 700 Kanals land declared as unsuitable for construction, by the consultant M/s NESPAK. The contractor/developer provided 3,000 kanals land @ Rs 950,000 per Kanal during 2009 for development of Green Enclave-I. The Executive Committee of FGEHA in its 156th meeting on 24.12.2018 decided that Rs 911.000 million pending on account of cost of land would be released on pro-rata basis in three phases on Intaqal-e-Tabadala of 700 Kanals and transfer of 222 Kanals land in addition due to requirement for increase of green area to 15% instead of 8% as approved by CDA in revised layout plan of the scheme. The committee also directed M/s Green Tree and Technical Wing of FGEHA to prepare revised Layout Plan as per land including 700 Kanals exchanged land and 222 Kanals additionally required within 15 days and submit to CDA for approval.

Audit further observed that FGEHA did not devise any plan/phase for exchange of 700 kanals land and balance payment thereof. M/s Green Tree (Pvt) Ltd only exchanged 244 kanals land costing Rs 231.800 million whereas record was silent about exchange of remaining 536 Kanals out of 700 kanals and additional 222 Kanals till date of Audit. It is worth mention that FGEHA collected an amount of Rs 1,335.959 million from allottees.

Audit is of the view that non-exchange of unsuitable land delayed the development of scheme for the long awaiting allottees despite receipt of cost of land.

Audit maintains that the non-exchange of unsuitable land occurred due to weak internal controls.

Non-adherence to the provisions of the Joint Venture agreement and layout plan of the scheme resulted in non-exchange of unsuitable land and delay of project.

Audit pointed out the irregularity during November-December 2019. The management replied that 337 kanals of land had been exchanged. Payment of Rs 525 million, yet to be made by FGEHA for the land already mutated in favour of FGEHA, would be released on pro-rata basis, as decided in the 156th EC meeting. As far as the other measurable target of the mutation of remaining 222 Kanals to meet the requirement of the revised CDA Regulations, is concerned; another 74 Kanal 17 marlas of land out of remaining 222 kanals had been got mutated and the JV partner is committed to get mutated the remaining 147 kanals in favour of FGEHA within a month.

The reply was not accepted because unsuitable land was not exchanged up till now despite lapse of considerable period.

The matter could not be discussed in DAC meeting despite requests on 07.08.2020 and 03.02.2021.

Audit recommends exchange of unsuitable land, justification into the matter and fixing responsibility of the persons at fault.

(DP. 04)

8.5.3 Allotment of excess plot in F14/15 sector than allocation due to non-observance of quota/allocation of category –I

As per agenda item 3 of 142nd meeting of Executive Committee of FGEHA held on 28.09.2016, 10% quota was approved for old retirees of the Federal Ministry/Division/Attached Department and their subordinate offices. 4% quota was reserved for the employees of Autonomous/Semi-Autonomous Government Organization under the administrative control of the Federal Government and 2.5% quota was reserved for Employees of Constitutional bodies, their allotments shall be verified by their respective institution, including 0.75 % for Professional Judges.

F-14/F15 Scheme was launched in 2016. The scheme consists of 6,257 plots, allocated for various categories i.e. Category-I (2,139 Plots), Category-II (2,111 Plots) and Category-III (2,007 Plots). An amount of Rs 11,989.190 million has been collected from allottees of housing scheme F-14/F15 Sector, Islamabad up to 30.06.2019, and an amount of Rs 154.978 million was refunded to 116 allottees out of 5,811 allottees during the financial year 2018-19.

Audit observed that FGEHA issued 5,811 consent letters and 4,662 provisional offer letters to allottees of the F-14/F-15 Schemes up to June, 2019. Scrutiny of record revealed that 585 consent letters/ provisional offer letters were cancelled due to non-fulfillment of the eligibility criteria like federal government serving employees, retired employees, already allotted plots, seniority/quota in respective category and provision of incorrect information, etc.

Audit further observed that consent and provisional letters for category-I were issued in excess of allocated quota/category of federal government employees regarding old retiree, autonomous and professional judges. Detail is given as under:

Sr. No.	Quota	Percentage	Allocation (F-14 & F-15	Consent Letters	POL/ Offer Letters
1	Old Retiree	10%	214	556	543
2	Autonomous	4%	86	111	99
2	Professional Judges	0.75%	16	41	36

Audit is of the view that proper scrutiny of information provided by the allottees was not carried out while issuing offer letters as FGEHA issued excess consent and offer letters than allocation of the plots in the F-14/F-15 Sectors. Process of consent/ offer letter is still going on as 232 letters have been issued during 2018-19. Resultantly, cancellation of 585 consent/offer letters and excess allotments created doubts about the process of allotment.

Audit maintained that the irregularity occurred due to weak internal controls.

This resulted in non-observance of allocated quota and excess issuance of offer letters.

Audit pointed out the irregularity during November-December 2019. The management replied that consent letters / offer letters under some quotas were issued over and above the quota limit. The Executive Committee in its 142nd meeting held on 28.09.2016 had approved that all the quotas against which there is no membership, may be re-advertised and if again no membership form is received, then the balance plots of such quotas may be shifted to Old Retirees Quota. In compliance to the decision, the balance plots of Category-I against few quotas of Category-I stand shifted to Category-I Old Retirees Quota. By going through this exercise, excess consent letters have been issued.

The excess allotments in Autonomous, Professional / Judges etc. were issued as per tentative allocation as per decision taken in 133rd EC meeting in which quota was fixed 8% reserved for Autonomous bodies which was subsequently revised/ reduced 8% to 4% in 142nd EC meeting. Resultantly, numbers of plots decreased. The consent letters in Category-I under Autonomous Quota were issued on the basis of 8% which was subsequently reduced to 4% and due to the reduction in quota limit, excess allotments have been shown. Further, in Professional Judges quota initially as per 133rd Executive Committee meeting 0.9% was allocated which was subsequently reduced to 0.75 % and excess consent letters were issued due to reduction in the quota(s).

The reply was not accepted because excess consent letters and offer letters were issued than quota percentage allocated for the category. Cancellation of consent and offer letters was not replied.

The matter could not be discussed in DAC meeting despite requests on 07.08.2020 and 03.02.2021.

Audit recommends observance of the allocation and percentage of quota for allotment of plots, cancellation of excess consent and offers and takes appropriate action against the persons at fault under intimation to Audit.

(DP. 07)

CHAPTER 9
HIGHER EDUCATION COMMISSION
(INFRASTRUCTURE DEVELOPMENT EXPENDITURE OF FEDERALLY CHARTERED UNIVERSITIES)

9.1 Introduction

Higher Education Commission (HEC), formerly University Grants Commission, was established through Higher Education Commission Ordinance 2002, for improvement and promotion of higher education, research and development. The Commission is a corporate body having perpetual succession and a common seal with power, subject to the provisions of the Ordinance, to acquire, hold and dispose of property, both moveable and immovable. The Headquarters of the Commission is located at Islamabad. The Executive Director, HEC is the Principal Accounting Officer.

The Commission, for the evaluation, improvement and promotion of higher education, research and development, may:

i. Formulate policies, guiding principles and priorities for higher education institutions to promote socio-economic development of the country.

ii. Review and examine the financial requirements of Public Sector Institutions and provide funds to these institutions on the basis of annual recurring needs as well as development projects and research, based on specific proposals and performance.

iii. Approve funds for the Public Sector Institutions ensuring that a significant proportion of the resources are allocated for promoting research, establishing libraries and executing projects within the ceiling specified for Departmental Development Working Party (DDWP) and Executive Committee of National Economic Council (ECNEC).

Directorate General Audit Works (Federal) is responsible for audit of infrastructure development (PSDP) expenditure of federally chartered universities/institutions under Higher Education Commission. Further, as per Auditor General of Pakistan policy decision, issued vide letter No. AP&SS/C/Audit Jurisdiction/2015/106 dated 20.03.2015, the Directorate General Audit Works (Federal), has also been assigned the responsibility to comment upon the overall status of Federal Government Grants utilization by HEC on infrastructure development projects.

9.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	18	03	338.768	-

9.2 Comments on Budget and Accounts (Variance Analysis)

Table below shows the position of budget allocation, releases and actual expenditure against PSDP of HEC for the financial year 2019-20:

(Rs in million)

Type of Funds	Budget Allocation	Funds Released	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) in %age
Federal PSDP (HEC)	28,497.837	27,156.374	19,994.574	7,161.80	26.37

Audit evaluated overall performance of HEC with reference to utilization of development budget. Audit observed as follows:

A sum of Rs 28,497.837 million was allocated for Higher Education Commission in Federal Public Sector Development programme (PSDP), against 138 development schemes. Funds of

Rs 27,156.374 million were released under 1st and 2nd quarter causing less releases of Rs 1,341.463 million (which was 4% of total allocation). An expenditure of Rs 19,994.574 million was incurred during the period. This reflected that funds amounting to Rs 7,161.80 million remained un-utilized. HEC was maintaining Assignment Account in NBP and according to terms and conditions of assignment accounts expected savings/unspent balances must be lapsed to the government well before closing of the pertinent financial year.

Budget allocation and expenditure relating to 28 development projects of 18 federally chartered universities/institutions is as under:

(Rs in million)

Budget Allocation	Funds Released	Actual Expenditure	Unspent balance	%age
6,669.420	6,669.420	4,540.207	2,129.213	31.93

Overall position of budget allocation/releases and incurrence of expenditure under PSDP of HEC is narrated as under:

i. Excess expenditure than releases - Rs 693.510 million

In 16 cases, funds of Rs 3,454.971 million were released during the year 2019-20 against which an expenditure of Rs 4,148.481 million was incurred. it resulted in excess expenditure of Rs 693.510 million than funds released for the projects. This shows that the universities retained unspent funds during the previous year and utilized in the subsequent year. Unspent funds of Assignment Accounts were required to be lapsed to the government at the end of the financial year which was not done. Moreover, the universities were operating current accounts of the projects in the National Bank of Pakistan instead of assignment accounts without approval of the Ministry of Finance.

ii. Less utilization/Non-utilization of funds

Under 84 universities/projects, an expenditure worth Rs 9,631.141 million was incurred against the released amount of Rs 17,553.64 million resulting in less utilization of funds for Rs 7,922.499 million which constitute 45 %. Out of 84 universities/projects, 12 projects incurred an expenditure of Rs 120.535 million against the releases of Rs 1,104.588 million resulting less utilization of Rs 984.053 million which was 89%. This visualized that the progress of execution of works was not in line with the targets set in the PC-I and approved work plan. Savings in available funds also indicated that the project's management could not utilize available resources which led to non-achievement of planned objective due to ineffective financial /monitoring control.

iii. Poor performance due to less expenditure than releases

It was observed that in 12 cases, funds amounting to Rs 1,104.588 million were released, whereas expenditure for Rs 120.535 million was incurred only which resulted in poor performance due to less expenditure.

Keeping in view the above facts, it was observed that the activities regarding project management supervision as well as project monitoring and evaluation were not being performed by the quarters concerned effectively. Thus, matter needs investigation besides improving the project supervision/monitoring/evaluation mechanism in order to execute project as per given targets of PC-I/cash plans and work plans. Further, new schemes need to be got approved from competent forum through vigorous pursuance. Procedure of Assignment Account needs to be followed in letter and spirit.

9.3 Classified summary of Audit observations

Audit observations amounting to Rs 1,376.694 million were raised in this audit report. This amount also includes recoveries of Rs 9.501 million as pointed out by the audit. Summary of the audit observations classified by nature is as follows:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Procurement related irregularities	9.544
B	Execution of works, contract agreement	1,120.056
2	Others	247.094

9.4 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2013-14	14	14	02	12	14.29
2014-15	08	08	02	06	25.00
2015-16	09	09	01	08	11.11
2016-17	12	03	0	03	0
2017-18	11	11	03	08	27.27

Note: Audit Report for 2016-17 was partially discussed while Audit Reports for the year 2012-13, 2018-19 and 2019-20 are yet to be discussed by PAC.

9.5 AUDIT PARAS

9.5.1 Extra-ordinary delay in preparation of estimates and execution of work - Rs 1,012.938 million

According to Finance Department letter No. RO(Tech)FD/2-6/98 dated 21.10.2006, approved schemes shall be technically sanctioned under the delegation of financial power rules, 1990 at the rates on which the scheme was administratively approved, irrespective of any change in market rates at the time of technical sanction.

PC-I of the project "Establishment of University of Baltistan Skardu" was approved by CDWP on 30.11.2017 for Rs 1,747.307 million and Administrative Approval was issued on 30.11.2017 with 60 months execution period. Under the said project, works for construction of "Academic block, Administration Block and Residences" were approved with cost of Rs 1,012.938 million.

Audit observed that the PC-I of the project was approved in November 2017, but the estimates for civil works were not prepared by the management up to June 2020, although the works were required to be completed before June 2023.

Audit holds that delay in execution of the project was due to weak internal controls.

The extra ordinary delay in preparation of estimates and execution of work would result in massive increase of financial liability for civil work involving Rs 1,012.938 million.

Audit pointed out the irregularity in July 2020. The department did not the reply.

The matter was discussed in DAC meeting held on 20.01.2021. The management explained that University of Baltistan, Skardu, was reconstituted as University on 25.08.2017. Being a new University, it did not have any statutory bodies functional at that time. The project was transferred from Karakorum University on 03.01.2019 after taking over of first vice chancellor. After preparation of detailed master plan by consultants, HEC Technical Review Committee meeting approved the concept Master Plan on 12.09.2019 and detailed design on 07.02.2020. The project was approved to be executed through tendering in four packages. The delay was due to administrative reasons. The Committee directed to provide technical sanctions to Audit for analysis.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 30)

9.5.2 Loss due to cancellation of procurement process - Rs 181.218 million

Rule-4 of Public Procurement Rules, 2004 states that Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Rule - 38 of ibid rules provides that 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.

Management of Federal Urdu University of Arts, Science & Technology (FUUAST) called tenders in April 2015 for the Project "Establishment of Main Campus of FUUAST (Administration and Academic Blocks), Islamabad". Five bidders participated in the bidding out of which M/s Mehboob Builders stood first lowest with the bid cost of Rs 421.666 million and was awarded the contract on 14.05.2015.

Audit observed that the university cancelled the entire procurement process without any cogent reason and re-tendered the bidding process in September 2017. The work was awarded at a bid cost of Rs 602.884 million in March 2018.

Audit holds that loss occurred due to non-adherence to rules and regulations.

Due to inordinate delay in completion of procurement process, Government sustained loss of Rs 181.218 million.

Audit pointed out the loss in November 2019. The management replied that the bidding process was cancelled due to some technical reasons. However, the 2nd bidding process was started in December, 2014 and due to some discrepancies in pre-qualification process, some bidders filed writ petition in Islamabad High Court. Furthermore, Higher Education Commission (funding agency) directed the FUUAST to postpone the opening of financial bids before settlement of the issues of pre-qualification process but the ex-administration of the University opened the bids to award the civil works contract. PPRA also received complaints regarding non-transparency of financial bidding process of the bid. Meanwhile, the Vice Chancellor FUUAST was removed and project was temporarily suspended by the CDWP upto the appointment of a regular VC. The interim administration of FUUAST cancelled the said bidding process due to aforementioned reasons.

The reply was not accepted as to:

- Why the tender documents were issued by Consultant to M/s Mehboob Builders who did not participate in pre-qualification process and his bid was opened being first lowest despite of the fact that the bidder was not prequalified.
- Why the responsibility was not fixed against the persons at fault who delayed the procurement process for three years and caused a loss of Rs 181.218 million to government.

- Why the bidding process was cancelled without responding to the PPRA.

The matter was discussed in DAC meeting held on 13.10.2020 wherein, the Committee directed Director M&E, HEC to conduct inquiry regarding cancellation of procurement process and submit the report to Audit within 10 days. The DAC further directed that facts & figures of the case regarding acceptance of bid, cancellation of tendering process may be examined. Loss may be ascertained and outcome be shared with Audit. The management may also look whether matter is under trial in court of law, FIA/NAB or otherwise and submit report.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 11)

9.5.3 Award of works beyond the approved cost of PC-I - Rs 73.971 million

Planning & Development Division's letter dated 22.06.1980 provides that if the total estimated cost as sanctioned increased by a margin of 15% or more or if any significant variation in the nature of the scope of the project was made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/Competent Authority shall be obtained in the same manner as in the case of the original scheme without delay.

Pakistan Institute of Engineering & Applied Sciences (PIEAS) Islamabad awarded various works to different contractors at 26.26%, 13.72% and 20.76% over and above the approved Admin Approval/PC-I cost. Three works were awarded for Rs 476.903 million against PC-I provision of Rs 402.932 million.

Audit observed that Planning and Development Division PIEAS requested to adopt certain measures to bring the cost of all works/projects within PC-I provision or as close to it as possible, but the agreement cost of the works was enhanced without observing the Admin Approval/PC-I provision.

Audit holds that award of works beyond the PC-I cost was due to weak internal controls.

This resulted in acceptance of agreements beyond the Admin Approval/PC-I involving Rs 73.971 million.

Audit pointed out the matter in November 2019. The management replied that civil works were awarded through competitive bidding process. The award was at a higher cost due to distant location of PIEAS and its security clearance aspect. However, it is expected that expenditure on civil works will not exceed the allocated amount because saving from consultancy services and escalation could be utilized to overcome the shortfall.

In reply the department accepted that works were awarded at higher rates. However, saving from consultancy and escalation cannot be re-appropriated without approval of competent forum.

The matter was discussed in DAC meeting held on 20.01.2021; wherein, the Committee directed that clarification from the Planning Commission regarding re-appropriation of funds in the aforesaid heads may be obtained and shared with Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 05)

9.5.4 Un-healthy competition during procurement process - Rs 35.876 million

Para 7.12 (a) of Pak PWD Code states that where work or supply material is to be given out on contract, tenders must be invited after the estimate has been technically sanctioned and the contract documents have been approved by an authority not lower than that empowered to accept the tender.

FUUAST Islamabad prepared bidding documents/ specification / design for the project in 2014 without proper Geo Technical Soil Investigation. Tenders for construction work were called in 2015 which were cancelled due to some administrative problems.

Audit observed that Geo Technical Soil Investigation was finalized by Consultant in 2016 and bidding process was re-initiated in May 2017 on the basis of previous bidding documents instead of revised bidding documents with changes on basis of Soil Investigation Report. Resultantly, scope of work was changed to an abnormal extent as quantities of earth, steel and concrete works were increased during execution from 22% to 37,165%, 17% to 28% and 5% to 78% respectively with an aggregate cost impact of Rs 35.876 million. Hence, not only the original scope of work was changed but tendering process was also compromised as enhanced scope of work worth Rs 35.876 million was not put to tender.

Audit holds that irregularity occurred due to non-adherence to rules and regulations.

This resulted in irregular award of work due to unhealthy competition involving Rs 35.876 million.

Audit pointed out the irregularity in November 2019. The management replied that the quantities mentioned in BOQ were estimated quantities which might increase or decrease during execution of works. Total difference of amount in BOQ and actual quantities of executed earthwork was Rs 14.334 million only, which is 2.378% of contract price, whereas, for steel and concrete, the same comparison gives a difference of Rs 15.481 million only which is 2.568% of contract price. Hence, the aggregate excess of 4.946% from the contract price is under admissible limit of 15% consistent with the contract conditions.

The reply was not accepted because abnormal increase in the quantities of earth, steel and concrete showed that quantities incorporated in the BOQ were not worked out by the design consultant in accordance with the tender drawings and after proper survey of site. Moreover, Consultant remained reluctant to revise the Engineer Estimate/BOQ quantities on the basis of Geo Technical Report. Such situation warranted the punitive action against the persons at fault besides condonation of the irregularity by the PPRA.

The matter was discussed in DAC meeting held on 20.01.2021 wherein, Committee directed the management to provide all relevant record to Audit for scrutiny.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 10)

9.5.5 Non-receipt of PSDP Funds in the Project Account - Rs 30.000 million

Para 2.1 of Guidelines for Project Management provides that policy of the Government of Pakistan is to utilize natural and economic resources of the country efficiently for socio-economic welfare of the people.

HEC released funds amounting to Rs 406.368 million (Rs 396.368 million to Karachi Campus and Rs 10.000 million to Islamabad Campus) as PSDP Share in 2013-14, 2016-17 & 2018-19 against the Project 'Establishment of Main Campus of FUUAST (Administration and Academic Blocks), Islamabad'.

Audit observed that out of total amount of Rs 406.368 million an amount of Rs 376.368 million was received in the Project Account up to June 2019 leaving a balance of Rs 30.000 million. No efforts were made by the Project Management for reclaiming the balance amount of Rs 30.000 million from the Karachi Campus FUUAST. It showed that the Karachi Campus of FUUAST utilized the development funds either on the other Projects or against non-development heads of account.

Audit holds that irregularity occurred due to weak financial controls.

This resulted in non-receipt of PSDP funds in Project Account.

Audit pointed out the irregularity in November 2019. The project management did not reply.

The matter was discussed in DAC meeting held on 13.10.2020; wherein, the management replied that matter would be resolved on priority basis. The Committee directed Director (M&E) Division, HEC to conduct inquiry regarding utilization of PSDP funds and to submit the report to audit within 10 days. The matter was again discussed in DAC meeting held on 20.01.2021 and the Committee directed that amount may be transferred to Project Account and got verified from Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 12)

9.5.6 Non-obtaining of Indemnity Bond from the consultant against the Design Services - Rs 23.646 million

Clause 3.4 of Consultancy Contract provides that the Consultant is liable for the consequence of errors and omissions on his part or on the part of his employees in so far as the design of the Project is concerned to the extent and with the limitations as mentioned herein below:

i. If the client suffers any losses or damages as a result of proven faults, errors or omissions in the design of a project, the Consultant shall make good such losses or damages.

ii. The consultants shall procure the necessary cover before commencing the Services and the cost of procuring such cover shall be borne by the Consultants up to a limit of one percent of the total remuneration of the Consultants for the design phase for every year of keeping such cover effective.

iii. The consultant shall, at the request of the Client, indemnify the Client against any or all risks arising out of the furnishing of professional services by the Consultant to the Client.

The Consultancy Services for Designing and Supervision for the Project Establishment of Main Campus of Federal Urdu University of Arts, Science and Technology at Islamabad were awarded to M/s National Engineering Services Pakistan Pvt. Ltd. (NESPAK) in December 2012.

Audit observed that the Project Management did not obtain the indemnity bond worth Rs 23.646 million from the Consultant against the design services of the Project. As a consequence, the management not only took the risk of design failure but the consultant was also allowed financial benefit to the extent of premium cost saved for procurement of insurance cover.

Audit holds that indemnity bond was not obtained due to weak internal controls and non-adherence to rules and regulations.

The department shall not be indemnified by the contractor in case of any loss.

Audit pointed out the irregularity in November 2019. The management replied that the Para 02 of Clause 3.4 of Consultancy Contract stated that Consultant shall make good such losses or damages which have occurred due to proven design faults, errors or omissions but the losses or damages which have not been occurred yet.

The reply was not accepted because according to the clause 3.4(iv) of the consultancy agreement, the Consultants should indemnify the client against any or all risks arising out of furnishing of professional services. However, if the project management has any confusion then the matter should be got clarified from the PEC; otherwise, recovery of the inbuilt cost against indemnity bond should be made from the consultant.

The matter was discussed in DAC meeting held on 13.10.2020; wherein, the Committee directed that clarification regarding Indemnity Bond may be obtained from Pakistan Engineering Council and verified from Audit. In DAC meeting held on 20.01.2021, the Committee directed to expedite the process of seeking clarification from Pakistan Engineering Council (PEC) regarding obtaining of indemnity bond from the consultant as per previous directives of DAC and outcome be shared with Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 09)

9.5.7 Irregular award of consultancy contracts - Rs 9.544 million

Rule 12(2) & 15(2) of PPRA provides that, "all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu:

Project Director "Construction of Academic, Research, Admin Block and Multipurpose Hall at NTU, Faisalabad" awarded the consultancy services for architect, design/drawing, bidding documents, and works' engineering estimates to M/s Sikandar Ajam Associates at contract cost of Rs 9.544 million on 28.07.2016 at 3% of the contract cost of the civil work worth Rs 318.144 million by conducting architectural design competition through Pakistan Council of Architects and Town Planner (PCATP).

Audit observed that the university management awarded the consultancy services contract of the project without going through the selection procedures set by PPRA i.e., prequalification and open tendering etc.

Audit holds that irregularity occurred due to non-adherence to rules and regulations.

This resulted in irregular award of consultancy services without open tenders involving Rs 9.544 million.

Audit pointed out the loss in September 2020. The management replied that PCATP was hired for appointment of consultant with the approval of Board of Governors and selection of consultant was made by considering all measures of competitions. Further, prequalification process was to be undertaken by HEC but the matter was delayed. Hence, the management appointed the consultant through PCATP.

The reply was not accepted because the consultant was hired without observing the set procedures of PPRA i.e. prequalification & tendering process. Further, an amount of Rs 1.925 million was paid to PCATP, as architectural design competition cost, which is irregular payment.

The matter was discussed in DAC meeting held on 20.01.2021; wherein it was directed to the management to submit revised reply addressing the process of hiring of consultant.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends investigation into the matter and fixing of responsibility besides getting the irregularity condoned from the competent forum.

(DP. 18)

9.5.8 Overpayment due to application of higher rate beyond the MRS rates - Rs 5.173 million

As per page 82 chapter 12 of adopted Schedule of Rates i.e. Market Rate System (MRS) Punjab 2017, the item of work "providing & fixing 1.5" (40mm) thick hollow flush doors and windows with commercial ply (3 ply),,,,,,," was provided @ Rs 561.45 per sft.

Project Director National Textile University (NTU) Faisalabad provided and paid the item of work "Providing & fixing 1.5" thick ash wood solid core flush door,,,,," for a total quantity 5,905.72 sft.

Audit observed that the management adopted the MRS of Punjab 2017 in the overall execution of the project but the management skipped the MRS rates of the above mentioned items and adopted market rates despite of the fact that the items were included in the adopted Schedule of rates i.e. MRS Punjab 2017.

Audit further observed that the market rate of the said items was extra-ordinarily high as firstly ash wood doors were included as new items in BOQ and later on these were substituted with kail wood doors. Both new item and substituted item were without quotation from the market and on site visit, audit team observed that hollow core doors were used instead of solid core doors.

Audit holds that overpayment was made due to weak internal controls.

This resulted into overpayment of Rs 5.173 million due to application of higher rate beyond the schedule of rates/MRS.

Audit pointed out the matter in September 2020. The management replied that specification and design did not match, therefore, ash wood was used instead of deodar wood.

The reply was not accepted because in the adopted schedule of rates, deodar wood was available with the low rates but the management substituted it with kail wood and further replaced it with ash wood as market rate item at higher rates.

The matter was discussed in DAC meeting held on 20.01.2021; wherein, the Committee directed that inquiry may be conducted and report be shared with Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 27)

9.5.9 Unauthorized re-fund of liquidated damages - Rs 4.328 million

According to clause-47.1 of the contract agreement, liquidated damages @ 0.1% of contract price for each day of delay in completion of the work subject to maximum of 10% of contract price was to be charged for delay in completion of the work.

Project Director NTU Faisalabad awarded the work "Construction of Academic, Research, Admin Block and Multipurpose Hall at NTU, Faisalabad" to M/s Mectech International at agreement cost of Rs 318.144 million. The work was started on 29.06.2017 and was to be completed on 29.12.2018.

Audit observed that the project could not be completed despite lapse of a considerable period of 1.5 year. The university management imposed penalty for delay in completion of work and deducted an amount of Rs 4.328 million from the contractor's bills. However, the same was refunded to the contractor during October/November 2019 without any legal justification.

Audit holds that unauthorized refund of liquidated damages was made due to weak internal/financial controls.

This resulted in an unauthorized refund of liquidated damages of Rs 4.328 million.

Audit pointed out the matter in September 2020. The management replied that liquidated damages were refunded on contractor's request to delay/defer such deduction till the final bill.

The reply was not accepted because liquidated damages once imposed/deducted should not be refunded.

The matter was discussed in DAC meeting held on 20.01.2021; wherein, the Committee directed the management to recover the imposed and refunded LD charges from the contractor.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 23)

CHAPTER 10
SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
(Ministry of Planning, Development and Special Initiatives)

10.1 Introduction

Pursuant to the approval of PSDP Scheme i.e. "Green Line Rapid Transit System Karachi" by ECNEC on 04.12.2014, under the Prime Minister's Directives, Ministry of Communications established Special Project Management Unit (SPMU) on 24.12.2014 to execute the project according to provision of the PC-1. Subsequently, the unit was changed into Karachi Infrastructure Development Company Limited ("the Public Sector Company") incorporated under Companies Ordinance, 1984 on 02.06.2015 with the approval of the Prime Minister. The Company obtained certificate for commencement of business under section 146(2) of Companies Ordinance, 1984 on 23.11.2015. The name of Company was further changed from Karachi Infrastructure Development Company Limited to Sindh Infrastructure Development Company Limited under section 32 of Companies Act-2017 by extending the jurisdiction of the Company up to entire province of Sindh. Revised Certificate of incorporation was issued by Securities and Exchange Commission of Pakistan dated 23.07.2019. Alongside the changing of name of company, administrative ministry was also changed from Ministry of Communication to Cabinet Division.

The principal objective of the Company was to carry out the business of infrastructure and development, expansion and planning, designing, implementation, construction and execution of infrastructure and development in the province of Sindh.

Presently, the following projects were under construction, operationalization and consideration by the company.

Green Line BRTS Project

The Prime Minister of Pakistan, during high level meeting in Karachi on 10.07.2014, announced to provide infrastructure component to launch the BRT Green Line project on modern lines to alleviate the severe traffic congestion problems in the city and to improve the quality of life of the daily commuters by improving the existing transport system. The project was to be undertaken by Government of Pakistan as high priority project as determined by Japan International Cooperation Agency (JICA) in their Feasibility Study conducted for Karachi Transportation Improvement Project (KTIP 2030) in December 2012. Prime Minister of Pakistan during formal inauguration of the project on 26.02.2016 extended the scope of work of Green Line BRTS from Surjani to Central Business District (CBD) which was previously planned from Surjani to Gurumandar. Resultantly, the cost of the project was also increased from Rs 16,085.000 million to Rs 24,604.060 million and increase in the length from 18.4 Km to 24.0 Km.

Karachi Package

The Prime Minister of Pakistan during visit on 12.08.2017 announced Karachi Package for Rs 25.000 billion. However, under Karachi Package, four (4) PC-I costing Rs 8,602.000 million against the following works could be got approved from the CDWP in its two meetings held on 19.12.2017 and 29.03.2018.

1. Construction of three (03) Fly Over at Sakhi Hassan, Five Star and KDA Round About
2. Reconstruction of Mangho Pir Road from Jam Chakro to Banaras
3. Reconstruction of Nashtar Road from Teen Hatti to Napier Road and Reconstruction of Mangho Pir Road from Banaras chowk to Nashtar Road
4. Rehabilitation/upgradation of Existing Fire Fighting System of KMC

Operationalization of Green Line BRTS

During meeting held in the Prime Minister Secretariat on 09.05.2019, the Prime Minister approved the proposal of undertaking the operations of Green Line BRTS Project for the initial 03 years and then handing it over to Government of Sindh. CDWP in its meeting held on 25.09.2019 recommended the project i.e. "Operationalization of Green Line BRTS and installation of Integrated Intelligent Transport System" at the cost of Rs 10,959.965 million. The process of procurement of buses is in progress.

10.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Formations	01	01	5,047.20	-

10.2 Comments on Budget and Audited Accounts

10.2.1 The working results of the Company for the year 2019-20 are given below:

(Rs in million)

Particular	FY 2019-20	FY 2018-19	FY 2017-18
Service revenue net	50.752	100.621	62.141
Administrative expenses	(135.508)	(95.675)	(95.633)
Operating Profit/(loss)	(84.756)	4.946	(33.492)
Other income	114.365	19.399	25.889
Profit/(loss) after taxation	29.609	24.345	(7.603)

(Source: Annual Audited Accounts)

During the year under review, service revenue of SIDCL has decreased by 49.57%, from Rs 100.621 million in 2018-19 to Rs 50.752 million in 2019-20.

10.2.2 Administrative expenses have become an area of concern for SIDCL, which took a massive increase by 41.64%, from Rs 95.675 million in 2018-19 to Rs 135.508 million in 2019-20. Reason for the increase in administrative expenses is major rise in salaries, wages and benefits which rose by 28.79%, the only area which impacted operating results.

(Rs in million)

Particular	FY 2019-20	FY 2018-19
Salaries, wages and benefits	87.100	67.635

10.2.3 Audit observed that the Company's management (S. No. 6.1 of notes to the financial statements) did not recover the amount of Rs 4.258 million on account of tax deducted at source from interest income earned on saving account maintained with National Bank of Pakistan.

10.2.4 SIDCL is maintaining retention money in current account of NBP under account No. 4142428902. Balance as on 30.06.2020 under retention money is Rs 928.582 million. Investing this amount in profit bearing account, which could increase revenues of SIDCL, has not been considered which may be justified besides corrective action under intimation to Audit.

10.2.5 Final budget allocation and expenditure incurred for the financial year 2019-20 of SIDCL was as under:

Project	**Budget &Expenditure (Rs in million)**			
	Salary	**Non-Salary**	**Development**	**Total**
Green Line Project	-	1.47	1,498.53	1,500.00
Karachi Package projects	63.33	234.84	2,249.03	2,547.20
Karachi Municipal Corporation(KMC) deposit works	-	-	1,000.00	1,000.00
Total				**5,047.20**

SIDCL paid an amount of Rs 1,000.00 million to KMC, Karachi on 23.06.2020 for execution of the project as deposit work. The amount un-utilized on the 30th June was to be lapsed to Government exchequer. The funds released into the Assignment Accounts from the Federal Consolidated Fund were not to be transferred to any Bank Account of the project authorities/agencies under the administrative control of the Ministry, Division and Department. Funds were transferred to KMC at the close of the financial year to avoid lapse of funds without actual utilization.

10.3 Classified summary of Audit observations

Audit observations amounting to Rs 1,760.161 million were raised in this audit report. This amount also includes recoveries of Rs 4.258 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	1,760.161

10.4 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Sindh Infrastructure Development Company Limited is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2017-18	04	04	01	03	25

Note: Audit Reports for the year 2016-17 and 2018-19 are yet to be discussed in PAC.

10.5 AUDIT PARAS

10.5.1 Irregular utilization of development funds - Rs 1,000.000 million

The Project "Improvement/Rehabilitation of different roads/ streets including water & sewerage system in various districts under Karachi Municipal Corporation (KMC)" was approved by Departmental Developmental Working Party (DDWP) in its meeting held on 13.03.2020 for Rs 1,011.309 million with an implementation period of five months.

AGPR on 11.06.2020 was authorized to arrange the payment of Rs 1,000.000 million in the Assignment Account NBP Main Branch Karachi as ceiling for current financial year 2019-20. As per the above authorization, the assignment account was to be maintained only to keep a record of withdrawals out of them by their authorized officer and no receipts were to be creditable to the said account. The amount un-utilized on the 30th June was to be lapsed to government. The funds released into the Assignment Accounts from the Federal Consolidated Fund were not to be transferred to any Bank Account of the project authorities/agencies under the administrative control of the Ministry, Division and Department.

An amount of Rs 1,000.000 million was paid by SIDCL to KMC, Karachi on 23.06.2020 for execution of the project as deposit work. As per contract agreement dated 22.06.2020, the expenditure of funds by KMC was subject to engagement of TPV consultants to monitor projects being executed by KMC, to monitor/ inspect site of works, and to check/ supervise laboratory & field tests as described in the contract documents.

Audit observed that certificates regarding non-duplication of the work and allocation of funds in any of the already approved provincial/local or foreign funded projects were not provided. Funds were transferred to KMC at the close of the financial year to avoid lapse without actual utilization. Vouched account against advance payment made to KMC and in support of expenditure incurred thereon, was also not furnished.

Irregularity occurred due to non-adherence to pre-requisites/ requirements of DDWP, violations of authorization of funds and lack of managerial & financial controls.

This resulted into irregular transfer/utilization of development funds for Rs 1,000.000 million.

Audit pointed out the matter in November 2020. The management replied that as per deposit work arrangement, KMC is responsible for execution and keeping the record of work done. SIDCL had no responsibility of the work done by KMC and to keep record. As per directives of DDWP, SIDCL has hired consultant for monitoring and Third Party Validation.

The reply was not accepted because funds were transferred to KMC at the close of the financial year to avoid lapse without actual utilization. Certificates regarding non-duplication of the work and allocation of funds in any of the already approved provincial/local or foreign funded projects were not provided. Vouched account against advance payment was also not obtained.

DAC meeting was not convened despite requests made by Audit on 21.12.2020 followed by reminder on 24.12.2020.

Audit recommends fixing of responsibility for irregular utilization of funds under intimation to Audit.

(DP. 01)

10.5.2 Award of additional consultancy contract without approval from competent forum - Rs 448.121 million

As per delegation of financial/administrative powers of SIDCL, Chief Executive Officer (CEO) is competent to sanction variation order up to 30% of construction cost or up to administrative approval limit whichever is higher. Board of Directors-SIDCL on the recommendation of technical committee of BoDs has full powers for approval of variation order.

Consultancy Services for design, Construction Supervision, EIA, Geo Technical Investigations and other tasks in respect of “Green Line Bus Rapid Transit System from Municipal Park Saddar to KESC Power House Chowrangi, Surjani Karachi” was awarded to M/s EA Consulting Pvt. Ltd. for an agreement amount of Rs 173.225 million (incl. sales tax - Rs 22.595 million).

Audit observed that Variation Order-11 for Rs 81.990 million increasing total consultancy cost to Rs 598.751 million was approved by CEO without approval of SIDCL Board of Directors.

Irregularity occurred due to non-implementation of internal controls and exercise of financial/administrative powers.

This resulted in irregular approval of VO involving award of additional consultancy fee of Rs 448.121 million.

Audit pointed out the matter in November 2020. The management replied that in 15th BOD meeting held on 22.04.2019, it was decided that CEO may approve variation of costs on its merit regarding variation in consultancy contract due to complex site situation and up to date information regarding daily activities on site.

The reply was not accepted as CEO was not competent to approve variation orders beyond 30% of construction cost as pointed out.

DAC meeting was not convened despite requests made by Audit on 21.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation and action against the responsible(s).

(DP. 17)

10.5.3 Non-imposition and recovery of liquidated damages for delay - Rs 146.805 million

According to clause 27.1 of the contract agreement, if the supplier fails to deliver any or all of the Goods within the period specified in the contract, the purchaser may without prejudice to all its other remedies under the contact, deduct from the contract price, as liquidated damages, a sum equivalent to the percentage specified in the PCC of the contract price for each week or part thereof of delay until actual delivery of performance, up to a 10% maximum deduction of the percentage specified in the particular condition of contract.

As per para-03 of acceptance letter, every effort shall be made to complete the supply of all items as per specifications/requirements mentioned in bidding documents in stipulated time of 11 months from the date of opening of clean L.C.

Contract for "Supply of 50 units of Fire Tenders, 02 Units Water Tanker/Bowser for Fire Fighting and Rescue Purpose" was awarded to M/s Leapfrog, Solution Pakistan, on 30.01.2019 for Rs 1,468.054 million.

Audit observed that the contractor did not supply the vehicles/equipment as per agreed schedule. The same have not been supplied even up to November 2020. The management of SIDCL did not impose and recover liquidated damages from the defaulter contractor.

Non- imposition/recovery of liquidated damages occurred due to non-adherence to the contract clauses and weak internal controls.

This resulted in non-imposition/recovery of LD charges for Rs 146.805 million.

Audit pointed out the matter in November 2020. The management replied that being Government Asset and to save cost of Custom duty/ taxation, SIDCL decided to open LC instead to be opened by supplier because procedural and compliance requirement of National Bank of Pakistan and State Bank of Pakistan took some time for compliance.

SIDCL duly opened Letter of Credit through NBP on 07.02.2020. Accordingly, the delivery period was agreed with the contractor as 07.01.2021. On 09.12.2020, M/s Leapfrog Solutions Pakistan provided written confirmation in the form of 3rd party inspection report conducted by TUV, that the said vehicles are complete and fully comply with tender technical specifications. The whole order was shipped on 04.01.2021, therefore, there was no need to impose liquidated damages.

The reply was not accepted because contract for supply was awarded during January 2019 and LC was opened by SIDCL in July 2020 after a lapse of more than one year. This shows negligence of the management towards completion of the work.

DAC meeting was not convened despite requests made by Audit on 21.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation and action against the responsible(s) for delay.

(DP. 04)

10.5.4 Non-recovery due to non-insurance of works by the Contractors - Rs 101.653 million

Clause-25.3 of Conditions of Contract Part-II provides that if the contractor fails to effect and keep in force any of the insurances required under the contract, or fails to provide the policies to the Employer within the period required by Sub-Clause 25.1, then and in any such case the Employer may effect and keep in force any such insurances and pay any premium as may be necessary for that purpose and from time to time deduct the amount so paid from any monies due or to become due to the contractor, or recover the same as a debt due from the Contractor.

Audit observed that contractors of different works did not effect all risk insurances for Rs 10,165.32 million as required under the provisions of contract. Project Management also did not effect all risk insurance policies for the said amount at the contractor's cost.

Audit further observed that M/s National Logistic Cell submitted insurance of work from National Insurance Company Limited issued in November 2019, valid w.e.f. 01.08.2018 for Rs 1,921.050 million. This shows that the policy was issued in November 2019 instead of August 2018 (i.e. date of start). The work remained un-insured during August 2018 to November 2019.

Audit maintains that due to non-insurance of the works, contractors saved the inbuilt cost of insurance for Rs 101.653 million (1% of Rs 10,165.32 million) besides putting the works at risk.

This resulted in non-insurance of the works and non-recovery of insurance cost of Rs 101.653 million.

Audit holds that the irregularity occurred due to non- adherence to the contractual provision and lack of internal controls.

Audit pointed out the matter in November 2020. The management replied that M/s ZKB did obtain the insurances. Moreover, the contract of M/s NLC was already complete and there was no loss involved.

The reply was not accepted because M/s ZKB insurance coverage was not furnished with reply. M/s NLC saved insurance premium which was inbuilt in rates.

DAC meeting was not convened despite requests made by Audit on 21.12.2020 followed by reminder on 24.12.2020.

Audit recommends investigation into the matter and recovery of premium for uninsured period from contractors under intimation to Audit.

(DP. 10)

10.5.5 Unauthentic execution of earth works - Rs 59.323 million

Item 106.3.1 of NHA General Specifications, states that quantity computation of roadway excavation shall be based on original cross sections taken jointly by the contractor/approved by the Engineer and final cross sections developed from typical cross sections.

Earth work items i.e., Excavate unsuitable common material, formation of embankment from borrow excavation in granular material (sand) etc. were paid to the contractors as detailed below:

(Rs in million)

Name of work	Name of contractor	Contract cost
Construction of 03 No. Flyovers at Sakhi Hassan ,Five Star and KDA Roundabout alongwith Sher shah Suri Road, Karachi	M/s Zahir Khan & Brothers (ZKB)	20.477
Re-Construction of Manghopir Road from Banaras Chowk to Nishtar Road Karachi	M/s Fazal & Brothers	38.846
Total		**59.323**

Audit observed that earth work items were got executed and paid without availability of typical and RD wise x-sections containing Natural Surface Level (NSL) and Finished Road Level (FRL) etc. The method of quantity computations was not based on the original cross sections taken jointly by the contractor/approved by the Engineer and final cross sections were not developed from typical cross sections in the Drawings.

Unauthentic payment occurred due to non-adherence to procedure and specification of works and weak internal controls.

Calculation and payment of earth works in contravention of laid down procedure and specification of works resulted in unauthentic payment of Rs 59.323 million.

Audit pointed out the matter in November 2020. The management replied that the earth work quantities were calculated on the basis of typical and RD wise x-sections containing Natural Surface Level (NSL) and Finished Road Level (FRL) etc. Further, the earthwork volume occupied by box culverts was already deducted from roadway excavation.

The reply was not accepted because the reply was without documentary evidence.

DAC meeting was not convened despite requests made by Audit on 21.12.2020 followed by reminder on 24.12.2020.

Audit recommends early production of required record to Audit for verification.

(DP. 06)

10.5.6 Inadmissible deduction of income tax on interest income by the bank - Rs 4.258 million

The Company (SIDCL) has been allotted tax free number from Federal Board of Revenue (FBR); whereby, the income of the Company is exempted from tax under section 49 of the Income Tax Ordinance, 2001.

Notes to the financial statements for the year ended 30.06.2020 stated that advance tax was not recovered from bank. There was no provision of taxation given in these Financial Statements. It was mentioned that as a result, temporary differences do not arise and deferred tax is not recorded. Therefore, management is confident that this amount is recoverable from the bank.

Audit observed that the Company's management (notes to financial statements 6.1) did not recover the amount Rs 4.258 million on account of tax deducted at source from interest income earned on saving account maintained with National Bank of Pakistan.

This resulted into non-recovery of interest income earned on saving account for Rs 4.258 million.

Audit pointed out the matter in November 2020. The management replied that National Bank of Pakistan deducted income tax from profit earned on deposit for which SIDCL presented the case that SIDCL is federal government entity and exempted from tax. However, the Bank did not agree with the contention. The management is now considering the receivable as bad debts in next financial year.

DAC meeting was not convened despite requests made by Audit on 21.12.2020 followed by reminder on 24.12.2020.

Audit recommends recovery under intimation to Audit.

(DP. 11)

CHAPTER 11
GWADAR PORT AUTHORITY
MINISTRY OF MARITIME AFFAIRS
(CONSTRUCTION OF EASTBAY EXPRESSWAY OF GWADAR PORT)

11.1 Introduction

Gwadar Port Authority (GPA) was established under Gwadar Port Authority Ordinance 2002. Eastbay Expressway Project (a CPEC project) is being executed by GPA. The project "Construction of Eastbay Expressway of Gwadar Port" has been under consideration since 2006, however, due to design, alignment, and non-availability of finances, it could not be executed. CDWP approved the project on 11.10.2011 for submission to the ECNEC with the condition that its design and alignment be vetted through a third party.

As per MoU signed on 22.05.2013 between GPA and M/s China Communications Construction Company Limited (CCCC), GPA wished to build the Gwadar East Bay Expressway and CCCC with the relevant experience and capacities wished to offer to assist the Project on EPC basis, i.e. Engineering, Procurement and Construction. The expressway will connect the newly built Gwadar port and its Free Zone with Makran Coastal Highway. It will be a limited access high speed road meant for the use of heavy traffic fulfilling the cargo needs of the port. CCCC was to conduct a further technical feasibility study and to refine the design provided by GPA, and prepare a technical and financial report to the GPA pertaining to the development of the Project.

Thus, the design, alignment, and updated costs of the project were worked out by CCCC and submitted to GPA. Construction of Expressway was being financed from the interest free loan by the Chinese Government to the Government of Pakistan (CPEC). Bidding for the construction of the Expressway was restricted to the Chinese Construction firms. Bidding was based on Engineering Procurement and

Construction (EPC) contract basis. Six nominated Chinese construction firms participated in the bidding process for the construction of Expressway. M/s China Communication Construction Company Limited was selected as the contractor for the expressway project based on highest technical score and lowest bidder at a contract cost of Rs 15,088.155 million (excluding Balochistan Sales Tax on Services) equivalent to US $ 143.746 million at fixed conversion rate of 1 US$ = Rs 104.9642 to be completed within forty-two months from date of commencement.

EPC Contractor was responsible to prepare the detailed design, undertake construction, detailed construction supervision and other ancillary works of the Expressway. Contractor's design was to be reviewed by the Employer.

ECNEC in its meeting on 11.01.2015 approved PC-I for Rs 14,061.79 million (EPC Construction cost Rs 13,800.557 million). Revised PC-I of the Project was approved by ECNEC in its meeting on 02.10.2019 for Rs 17,369.84 million (including FEC portion Rs 16,435.55 million).

Execution

The Project "Construction of Eastbay Expressway of Gwadar Port", on EPC basis was awarded to M/s China Communications Construction Company Ltd.(CCCC) on 19.09.2017 at agreement cost of Rs 15,088.155 million. The work was started on 12.10.2017 with stipulated completion date 11.10.2020. However, time extension was granted up to 11.04.2021. Total payment against work done (IPC#04) up to 30.06.2020 for Rs 8,902.012 million was made to the contractor.

Contract for Consultancy Services for the project management and supervision of Gwadar East-bay Expressway was awarded to M/s Techno-Consultant International (Pvt) Ltd for Rs 89.975 million on 20.03.2015. The consultant was paid a sum of Rs 114.620 million up to June 2020.

11.1.1 Audit Scope and Coverage

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs in million)	Revenue/ Receipts audited FY 2019-20 (Rs in million)
1	Foreign Aided Project (CPEC)	01	01	3,834.540	-

11.2 Comments on Budget and Audited Accounts

Expenditure during the year 2019-20 is as under:

(Rs in million)

Description	Budget	Expenditure
China Development Bank Corporation, Interest-free loan Account No.2016/1 (Civil Works)	2,200.000	3,772.040
GoP (Establishment charges, land, etc.)	200.00	62.500
Total	**2,400.000**	**3,834.540**

11.3 Classified summary of Audit observations

Audit observations amounting to Rs 2,742.664 million were raised in this audit report. This amount also includes recoveries of Rs 1,395.234 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Sr. No.	Classification	Amount (Rs in million)
1	Irregularities	
A	Execution of works, contract agreement	2,742.664

11.4 Brief comments on the status of compliance with PAC's directives

The results of audit of the project "Construction of Eastbay Expressway of Gwadar Port" are included in the Audit Report for the first time.

11.5 AUDIT PARAS

11.5.1 Unjustified claim of the contractor as additional work - Rs 1,347.43 million

As per clause 2.12 of Employer's Requirements, the contractor was required to construct an underpass on East Bay Expressway for the existing Fish Harbor Road to fulfill the requirements of transportation of all types of vehicles considering the Master Plan development works of GPA. As per clause 2.13, the contractor was to provide access to Fishermen Boats from land side to sea side at 05 suitable locations between RD 0+000 to RD 4+300 with a clear height for to and fro of the boats during High Tide levels.

The contractor did not construct underpass on East Bay Expressway for the existing Fish Harbor Road to fulfill the requirements of transportation and access to fishermen boats from land side to sea side at 05 suitable locations.

This is reflected in contractor's letter of 23.02.2019 submitting Preliminary Design and cost estimate for an amount at Rs 2,115.738 million of three bridges at Offshore Section as per demand of local fishermen to provide access to sea through East Bay Expressway. Consultants M/s Techno-Consult reviewed submitted documents and discussed with the contractor's representative. As a result of these discussions the contractor resubmitted cost estimate on 22.03.2019 for a lump sum amount of Rs 1,347.433 million.

Audit observed that Revised PC-I of the project was approved for Rs 17,369.840 million by ECNEC on 02.11.2019 in which additional amount of Rs 1,347.430 million was approved as additional budget for three bridges instead of construction of underpass and access at five locations as per Employer's Requirements mentioned above. Audit is of the view that execution of three bridges work as additional work at additional cost is against the provisions of EPC contract. No extra cost is payable to the contractor to meet the Employer's Requirements.

Audit holds that irregularity was due to non-adherence to the contract clauses.

This resulted in irregular/unjustified claim of the contractor as additional work of Rs 1,347.430 million.

Audit pointed out the issue of unjustified claim of contractor in October 2020. The Authority replied that additional work was beyond the agreed scope of work/Employer's requirement.

The reply was not accepted because the contractor did not fulfill the original requirement regarding construction of underpass and provision of access at 5 locations. Construction of three bridges demanded by local fishermen, would have been considered in place of original requirement without extra cost under EPC contract.

The matter was discussed in DAC meeting held on 29.01.2021. DAC directed that revised reply be provided alongwith approval of variation by competent forum and justification should be verified by the Audit.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP. 02)

11.5.2 Non-recovery due to deviation from the agreed work methodology - Rs 1,139.643 million

The contractor as well as employer both has the option of invoking clause 13.2/13.3 of conditions of contract to carry out the value engineering exercise at any time if it can reduce costs to the employer of executing, maintaining or operating the works.

As per BOQ (on which the contract cost was finalized and agreed with the contractor), following item was provided under Bill No. 02 Soft Foundation Treatment:

Description	Unit	Qty	Rate	Amount (Rs in million)
SPB-A plastic draining plates	M	5,347,096	232.07	1,240.901
Rebate 8.16%				101.258
Total				**1,139.643**

Audit observed that the contractor did not execute the above item as no evidence for execution of this item at site of work was on record. No recovery on this account was made from the contractor and contract cost was kept same for the payments of IPCs.

Audit holds that non-recovery was due to weak contract management.

Deviation from the agreed work methodology and non-carrying out value engineering exercise resulted in non-recovery of Rs 1,139.643 million.

Audit pointed out the non-recovery in October 2020. The Authority replied that in EPC contract, BOQs are non-binding, having no legal or contractual value. The contractor was required to complete the job in accordance with technical specifications and Employer's requirements. The work executed at site is in accordance with the construction drawings/design prepared by the contractor, vetted by the consultant. Subsequently, upon successful passing of the tests, the contractor became entitled to receive the total amount provided against the contract. Use of non-binding BOQ quantities is against the intent of EPC contract and, therefore, contractually not permissible.

The reply was not accepted because the contractor bid was based on certain items of work and cost mentioned against these items. The contractor did not execute the work as per contract agreement as referred above.

The matter was discussed in DAC meeting held on 29.01.2021. DAC directed the management that process of preliminary and detailed design and approval / vetting by competent authority with reference to gravel piling, dynamic compaction method etc, may be provided to Audit for analysis.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends early compliance to the DAC decision.

(DP.05)

11.5.3 Less deposit of Income Tax by the contractor - Rs 255.591 million

Section 71 of Income Tax Ordinance 2001 [Chapter-IV, Common Rules, Part-I (General)] provides that:

(1) Every amount taken into account under this Ordinance shall be in Rupees.

(2) Where an amount is in a currency other than rupees, the amount shall be converted to the Rupee at the State Bank of Pakistan rate applying between the foreign currency and the Rupee on the date the amount is taken into account for the purposes of this Ordinance.

As per serial No.2 of the minutes of the clarification meetings the Bid price included 7% income tax to be deducted at source (withholding tax) as per prevailing income tax law of Pakistan. However, as per clause 22.1 of particular conditions of contract, the Contractor shall be responsible for the payment, if any, of all Pakistani Income Tax, Super Tax, and other taxes on income arising out of the contract.

As per clarification meetings and contract agreement income tax was to be deducted at source, whereas no deduction was made at source rather deposit slips of income tax were obtained from the contractor which did not contain the detail of project against which tax was deposited by the contractor. Moreover, the deposit of income tax was also not confirmed from FBR by GPA.

Audit observed that the contractor M/s CCCC deposited income tax of Rs 623.141 million at the exchange rate of Rs 104.9642 per US$ (which was for the agreement) instead of current exchange rates at the time of payment as per rules.

Audit holds that less deposit of income tax was due to non-adherence to relevant rules and regulations.

This resulted in less deposit of income tax amounting to Rs 255.591 million.

Audit pointed out the less deposit of income tax and unauthentic deposit slips in October 2020. The Authority replied that the contractor would be asked to deposit income tax as pointed out by Audit. Further, the deposited income tax by the contractor would be reconciled with FBR.

The matter was discussed in DAC meeting held on 29.01.2021. DAC directed that GPA will review the tax deduction procedure and submit report within 10 days to Audit for analysis.

Compliance to the DAC decision was not reported to Audit till finalization of this report.

Audit recommends recovery and compliance of audit observation under intimation to Audit.

(DP.04)

Annexure-1: MFDAC

Seven hundred eighty-eight (788) Proposed Draft Paras of under-mentioned departments/organizations for the year 2020-21 have been placed in MFDAC for further follow up and compliance on the part of Principal Accounting Officers which are to be complied through Departmental Accounts Committee/verification within a year. In case of non-compliance and after further improvement, paras deemed appropriate will be included in next Audit Report.

S. No.	Name of Department/Organization	No. of PDPs
1.	National Highway Authority	322
2.	Capital Development Authority/Metropolitan Corporation Islamabad	149
3.	Civil Aviation Authority	128
4.	Pakistan Public Works Department	84
5.	Estate Office	17
6.	Pakistan Housing Authority Foundation	10
7.	National Construction Ltd.	04
8.	Federal Government Employees Housing Authority	10
9.	Higher Education Commission	22
10.	Sindh Infrastructure Development Company Limited	18
11.	Gwadar Port Authority (CPEC)	24
	Total	**788**

LIST OF MFDAC PARAS

NATIONAL HIGHWAY AUTHORITY

S No	PDP No	Subject of para
1.	4	Non-bridging of missing fence gaps valuing -Rs 3.456 million
2.	6	Non-adjustment/submission of vouched accounts of land acquisition advances – Rs 151.336 million
3.	7	Non-preparation/production of audited financial statements for the financial year 2018-19
4.	8	Non-adjustment/submission of vouched accounts of advance payment made for relocation of utilities – Rs 4.797 million
5.	10	Unjustified/Irregular opening of bank accounts in Head Office and Regional Offices
6.	16	Overpayment to the contractor due to excessive measurement than drawing/design/ specification
7.	18	Unjustified/unauthorized payment due to execution of certain items of work beyond the specified RDs - Rs 168.146 million
8.	22	Unjustified payment due to non-accountal/recovery of dismantled RCC Pipe Culverts - Rs 6.332 million
9.	25	Unjustified/unauthorized payment on account of Security Guards/FC Hiring - Rs 1.783 million
10.	26	Unjustified charging of extra expenditure to Bill No.07 twice - Rs 7.447 million
11.	27	Overpayment to the contractor due to non-utilization of available earth – Rs 15.884 million
12.	28	Irregular payment on account of previous year's liabilities without specific budget in the year of payment Rs 1,049.381 million
13.	29	Abnormal defective Engineer's Estimation Rs 807.632 million.
14.	31	Non-Revalidation of Performance Guarantees Rs 74.278 million.
15.	32	Un-due financial Aid to the contractors due to obtaining the Performance security @10% instead of @30% of the contract cost Rs 111.404 million.
16.	34	Unnecessary deployment of consultant for construction supervision of Periodic maintenance and Rehabilitation works caused undue burden on Road Maintenance Account Rs 45.759 million.
17.	35	Overpayment due to measurement of excessive width of road – Rs 5.783 million
18.	36	Irregular accord the approval of revised T.S. Estimates of Periodic Maintenance Work by Member (Planning) worth Rs 250.093 million.
19.	37	Un-justified payment due to doubtful measurement Rs 5.246 million.
20.	38	Over payment due to incorrect measurement Rs 4.639 million.
21.	39	Over payment due to incorrect measurement Rs 1.904 million.
22.	40	Unauthentic payment due to make splitting in contractor bills to avoid the approval/sanction of higher authority Rs 55.261 million.
23.	41	Un-justified payment due to execution of work beyond the approved specification of Asphaltic Base Course Rs 45.167 million.

24.	42	Unauthentic payment due to adopt forbidden procedure during measurements recorded in the measurement books Rs 216.113 million.
25.	43	Non achievement of revenue targets causing less recovery of Rs 120.315 million.
26.	48	Excess payment to the contractor on account of Price Escalation beyond the PC-I provision - Rs 250.102 million
27.	49	Overpayment due to excessive measurement than approved typical cross section - Rs 39.651 million
28.	50	Unjustified payment to the contractor - Rs 10.926 million
29.	51	Unjustified/unauthorized payment to the contractor on account of Rental Vehicles and its maintenance - Rs 11.040 million
30.	52	Non-carrying out of roughness survey and allowing full payment of item of work without withholding cost thereof - Rs 11.256 million
31.	55	Non maintenance of accounts of fixed assets in pursuance of APPM - Rs 2.460 million
32.	56	Irregular/unjustified replacement of Key/Non-Key Experts/Personnel in the consultancy contract
33.	58	Acceptance of Insurance Policy without confirmation/verification of engineering limits of the Insurance Company
34.	59	Overpayment due to incorrect rate and calculation Rs 1.265 million
35.	61	Excessive expenditure due to execution of expensive item Rs 5.885 million
36.	62	Overpayment due to allowing higher rate - Rs 5.858 Million
37.	63	Irregular award of additional work without open competition - Rs 8.114 million
38.	64	Inordinate delay in execution of work resulted in change of entire BOQ which was not in tender initially involving Rs 126.349 million
39.	66	Unjustified execution of work resulted in excess/overpayment of Rs 21.555 million
40.	67	Non-finalization of accounts of completed Periodic Maintenance works involving Rs 1,883.989 million
41.	68	Irregular payment of previous works of Annual Maintenance Plan during current financial year Rs 536.422 million
42.	69	Execution of routine maintenance works in the shape of advance payment in violation of RMA Rules beyond the approved schedule – Rs 69.892 million
43.	70	Non-recovery of advance payment from the contractor – Rs 1,996.002 million
44.	71	Excess expenditure of land acquisition than as approved in the revised PC-I – Rs 753.472 million
45.	72	Irregular Insurance of work with a delay of two years
46.	75	Non-recovery due to non-execution of work- Rs 5.158 million
47.	76	Non-adjustment of advance payments of land acquisition - Rs 803.472 million
48.	78	Unauthentic quality and execution of work- Rs 540.299 million
49.	80	Unauthentic execution of earth works – Rs 873.934 million
50.	81	Unauthentic execution of Stone Masonry works – Rs 242.608 million

51.	82	Irregular/unauthentic payment against work – Rs 85.500 million
52.	83	Excess execution of work beyond Technical Estimate – Rs 4.723 million
53.	84	Excess execution of work beyond Technical Estimate – Rs 4.084 million
54.	85	Unauthentic execution of plumb concrete works – Rs 23.721 million
55.	86	Unjustified expenditure on running maintenance of project laboratory - Rs 8.978 million
56.	89	Excess payment due to excess measurement of corresponding item -
57.	90	Non-obtaining insurance coverage for the worker's compensation valuing Rs 110.505 million and non-recovery of cost of premium Rs 1.105 million
58.	92	Undue/inadmissible provision due to superfluous item of work without genuine requirement - Rs 98.977 million
59.	96	Overpayment due to repeated measurement of same RDs - Rs 1.971 million
60.	98	Overpayment due to calculation mistake of Rs 2.037 million
61.	100	Unjustified payment of Rs 25.777 million due to excess measurement of an item of work than correspondence item
62.	101	Misuse of Revised Procedures of Assignment Account caused lapse of development funds amounting - Rs 366.270 million
63.	102	Overpayment due to non-application of proportionate rate of contract price - Rs 7.084 million
64.	103	Overpayment due to non-deduction of inbuilt component included in analysis of rate - Rs 4.945 million
65.	104	Excess payment to the contractor due to excessive measurement of steel than TS Estimate - Rs 40.823 million
66.	105	Excess payment to the contractor due to excessive measurement of steel than TS Estimate - Rs 25.054 million
67.	106	Unjustified/extra payment due to non-adoption of AASHTO guidelines - Rs 16.168 million
68.	107	Non-conducting of internal Audit of the consultants expenditure - Rs 252.308 million
69.	108	Unjustified/unauthorized payment due to non-obtaining of comprehensive training program - Rs 6.446 million
70.	110	Non-economical designing and faulty estimation by the Consultant by inclusion of the costly items caused superfluous extra cost beyond the genuine requirement - Rs 673.67 million
71.	111	Unauthorized/undue payment on account of damaged work - Rs 2.467 million
72.	113	Unjustified/excess payment due to enhancement of quantities of lucrative items and insertion of superfluous item - Rs 52.760 million
73.	114	Unjustified payment due to installation of the costly E & M equipment's prior to utilization of manufacturer warranties - Rs 299.875 million
74.	115	Fictitious payment to the contractor without execution of work at site - Rs 7.500 million

75.	116	Unjustified payment due to non-accountal of dismantled material - Rs 7.744 million
76.	117	Unjustified fabrication of item of work without detailed breakup and measurement at higher rates - Rs 35.00 million
77.	118	Overpayment due execution of lucrative item of work - Rs 13.933 million
78.	119	Unauthentic installation of escalators without obtaining of pre-shipment inspection and origin certificate/manufacturer warranty - Rs 22.00 million
79.	120	Non-economical designing and faulty estimation by the Consultant - Rs 1,767.56 million by inclusion of the costly items caused superfluous extra cost beyond the genuine requirement - Rs 646.45 million
80.	121	Unauthentic payment due to measurement of structural steel in non-specified unit - Rs 118.980 million
81.	122	Unjustified payment on account of removal of existing street light poles - Rs 1.178 million
82.	123	Unjustified/unauthorized payment to the contractor on account of maintenance - Rs 1.540 million
83.	124	Irregular payment on account of previous year's liabilities without specific budget in the year of payment Rs 1,317.935 million
84.	126	Non-assessment of Revenue of millions of rupees on account of ROW charges and non-recovery of NOC charges.
85.	127	Overpayment due to allowing higher rate – Rs 3.772 million
86.	128	Overpayment due to execution of item of work without construction requirement Rs 1.076 million
87.	129	Overpayment due to allowing higher rate – Rs 6.608 million
88.	130	Overpayment due to allowing higher rate – Rs 20.597 million
89.	131	Overpayment due to allowing higher rate – Rs 1.720 million
90.	132	Unjustified execution of item of work beyond construction requirement - Rs 11.473 million
91.	133	Overpayment due to allowing higher rate – Rs 3.224 million
92.	134	Overpayment due to execution of item of work without construction requirement Rs 35.641 million
93.	135	Overpayment due to execution of item of work without construction requirement Rs 18.749 million
94.	136	Overpayment due to execution of item of work without construction requirement Rs 22.399 million
95.	137	Overpayment due to execution of item of work without construction requirement Rs 14.818 million
96.	138	Unjustified payment without conducting roughness test - Rs 1.993 million
97.	139	Unjustified payment without conducting roughness test - Rs 4.055 million
98.	140	Irregular payment due to execution of item without approval of Job Mix Formula Rs 26.527 million.
99.	141	Non-accountal of Call Deposit Receipts CDRs Rs 23.388 million.

100.	143	Irregular payment on account of previous year's liabilities without specific budget in the year of payment Rs 306.741 million
101.	144	Non-preparation of the Engineer Estimates of the routine maintenance works on the basis of accurate data and inclusion of periodic maintenance items in the routine maintenance contracts- Rs 201.853 million.
102.	148	Unauthentic payments due to non-compliance of the NHA Board directives- Rs 295.042 million.
103.	150	Abnormal defective Engineer's Estimation Rs 423.871 million.
104.	151	Un-due financial benefit to the contractor due to non-observing the contract clause Rs -220.104 million.
105.	152	Non-adjustment of advance payments to other departments - Rs 278.385 million
106.	153	Irregular calling of tenders without approved PC-I - Rs 28,291.261 million
107.	155	Delayed insurance of work and for lesser amount – Rs 871.642 million
108.	156	Irregular payment of consultant salaries – Rs 135.031 million
109.	157	Non-recovery of mobilization advance - Rs 1,411.447 million
110.	158	Award of work through un-fair tender evaluation process causing extra burden on public exchequer - Rs 422.0865 million
111.	160	Unjustified expenditure on running maintenance of survey equipment and vehicle maintenance - Rs 10.388 million
112.	161	Overpayment due to addition of income tax on the cost of provisional sum items to income tax exempted contractor – Rs 2.555 million
113.	162	Loss to Authority due to non-usage of available excavated stone in efficient manner - Rs 20.363 million
114.	165	Unauthentic measurement caused undue advance payment without work done at site – Rs 15.008 million
115.	166	Non-carrying out of roughness survey and allowing full payment of item of work without withholding cost thereof - Rs 25.825 million
116.	168	Irregular/unauthorized incurring of an excess expenditure beyond the validity period of revised PC-I provision- Rs 11,584.661 million
117.	170	Excess payment to the contractor on account of Price Escalation beyond the PC-I provision - Rs 4,769.802 million
118.	171	Excess expenditure than budget allocation amounting to Rs 430.043 million
119.	173	Unauthentic /irregular measurement/ payment of defective work – Rs 86.155 million
120.	174	Non-revalidation of work insurance
121.	176	Overpayment due to un-justified reimbursement of Income Tax – Rs 156.396 million
122.	177	Execution of below specification work and non-recovery from the Contractor due to less compaction of Asphaltic Concrete Wearing Course - Rs 24.173 million
123.	178	Execution of below specification work and non-recovery from the Contractor - Rs 1.314 million

124.	179	Execution of below specification work and non-recovery from the Contractor - Rs 27.547 million
125.	180	Execution of below specification work and non-recovery of loss from the Contractor - Rs 8.372 million
126.	181	Non-provision of Weigh Bridges for safety and long life of road – Rs 13,728.778 million
127.	183	Overpayment due to non-deduction of material obtained from breaking of existing road & obstructions from the quantity of granular sub-base - Rs 38.055 million
128.	184	Execution of defective work - Rs 269.025 million
129.	186	Overpayment due to inclusion of unjustified 'ETC' charges - Rs 46.078 million
130.	188	Irregular withholding/ Non-Remittance of General Sales Tax on Services to tax authority - Rs 1.974 million
131.	189	Non-realization of Receivables on account of Other Receivables - Rs 6.762 million
132.	190	Financial indiscipline due to non-closing of accounts of completed works – Rs 43.189 million
133.	191	Non-obtaining of additional performance security and bank guarantee of Routine maintenance works Rs 12.275 million
134.	192	Non-adjustment/submission of vouched accounts of land acquisition advances paid to LAC - Rs 1.527 million
135.	193	Non-recovery due to non-execution of work in conformance with the design/ specifications - Rs1,963.045 million
136.	195	Non-recovery due to non-execution of Grass work against the Employer's requirement Rs 1,037.423 million
137.	197	Non-recovery on account of non-establishment of Intelligent Transportation System on main carriageway Rs 327.615 million
138.	199	Non-recovery due to non-execution of Metal Beam Guard Rail against the Employer's requirement Rs36.782 million
139.	200	Un-justified/irregular payment to consultant due to poor performance - Rs 51.683 million
140.	201	Non-recovery of premium due to non-insurance vehicles procured under bill No.7 against employer/engineer's facilities-Rs18.059 million
141.	202	Non-recovery due to left over work by Contractor against the Employer's requirement Rs3,861.207 million and loss of Rs 91.00 million due to late operational of Toll Plazas i/c Weigh Stations.
142.	203	Unauthentic payment to the contractor without detailed measurement of works - Rs 129.991 billion
143.	204	Overpayment due to execution of item of work without construction requirement -Rs 9.052 million
144.	205	Overpayment due to incorrect weightages for price adjustment – Rs 20.570 million
145.	206	Irregular/Unauthorized change in design/scope of work valuing Rs 576.114 million without revision of PC-I from competent forum
146.	207	Below specification work of Rs 567.893 million due to execution of aggregate gradation and less compaction achievement of ACBC than JMF

147.	208	Undue financial aid to contractor due to hypothetical measurement without execution on site of Rs 38.572 million
148.	209	Overpayment due to execution of item beyond the construction requirement Rs 57.213 million
149.	210	Unjustified/ Irregular payment of Escalation of Rs 132.128 million beyond PC-I and ADB guideline provision
150.	211	Recoverable sum of Rs 9.006 million on account of execution of less thickness of ABC
151.	212	Overpayment due to application of incorrect current rate for price adjustment Rs 10.044 million
152.	213	Overpayment for an item of work due to incorrect record measurements - Rs 6.627 million
153.	214	Unjustified payment without obtaining sales tax invoices of bitumen – Rs 452.522 million
154.	215	Overpayment due to execution of item beyond the construction requirement Rs 42.772 million
155.	216	Overpayment due to excess measurement of an item of work than allied corresponding item Rs 11.371 million
156.	217	Excess payment due to excessive measurement of an item of work beyond PC-I Provision – Rs 143.388 million
157.	218	Excess payment due to measurement of excessive width of an item of work beyond PC-I provision Rs 79.002 million
158.	219	Overpayment due to non-deduction of inbuilt component included in analysis of rate Rs 3.726 million
159.	220	Non-charging of Delay Damages due to slow progress of the contractors - Rs 116.413 million
160.	221	Recoverable sum of Rs 4.944 million on account of cost difference of sub base and aggregate base.
161.	222	Overpayment due to execution of costly item Rs 2.964 million
162.	224	Non deduction of trimming charges from the formation of embankment- Rs 4.769 million
163.	225	Overpayment due to non-deduction of royalty Rs 9.250 million
164.	226	Overpayment due to non-deduction of inbuilt component included in analysis of rate Rs 3.640 million
165.	227	Non-recovery/adjustment of advances - Rs 8.869 million
166.	228	Unjustified payment due to non-accountal of dismantled material- Rs 5.808 million
167.	229	Irregular execution and measurement of items without approval – Rs 21.300 million
168.	233	Overpayment of Rs 10.038 million due to execution and measurement beyond BOQ/ approved variation order.
169.	234	Non deduction of trimming charges from the formation of embankment – Rs 2.970 million
170.	236	Non deduction of trimming charges from the formation of embankment – Rs 1.829 million
171.	238	Non-adjustment/recovery on account of receivables from the contractors -Rs 10.325 million

172.	239	Overpayment to contractor due to execution of costly item -Rs 3.987 million
173.	240	Overpayment due to inclusion of excess income tax in the remuneration of consultancy services - Rs 3.365 million
174.	241	Non-recovery on account of utility bills from the contractors - Rs 2.239 million
175.	242	Overpayment due to duplication of an item of plum concrete - Rs 0.796 million
176.	243	Overpayment due to duplication of item of plain concrete class A-1 on shoulders - Rs 0.388 million
177.	245	Non-implementation of Environmental Management Plan caused non-protection of environment of project vicinity by non-utilization of provision of PC-I - Rs1,799.179 million
178.	247	Non-obtaining of vouched account/adjustment against advance payments to LAC and non-mutation of land in the name of NHA - Rs268.74 million
179.	248	Non-execution of Road side facilities - Rs1,381.625 million
180.	249	Non-construction of Trauma centers and intelligent transport system - Rs3,539.044 million
181.	250	Non-execution of drainage structure along the main carriageway of LSMP Rs 439.100 million
182.	251	Loss to Authority due to approval of Variation order at higher rates Rs- 189.198 million
183.	253	Non-execution of weigh stations on LSMP Rs - 737.305 million
184.	254	Non-recovery of vehicles cost from the concessionaire - Rs 26.303 million
185.	255	Non-recovery due to non-provision of Employer's/Engineer's facilities by the Concessionaire - Rs 134.322 million
186.	256	Extra Expenditure of extra payment of varied work contrary to concession agreement Rs - 2.452 billion.
187.	257	Overpayment due to application of incorrect item Rs 4.174 million
188.	258	Non-deduction of Retention Money Rs 3.878 million
189.	259	Loss due to non-accountal/disposal of RAP material Rs 42.276 million
190.	260	Overpayment due to execution of higher rate item Rs 3.297 million
191.	261	Unjustified/excess execution of DST on shoulders Rs 25.870 million
192.	262	Irregular enhancement of contract cost by inadmissible charging of Punjab Sales Tax (PST) - Rs 21.067 million
193.	263	Irregular award of routine maintenance works through split of works - Rs 33.320 million
194.	264	Non-deduction of PST - Rs 12.111 million
195.	265	Irregular award of Highway Safety Works to technically disqualified firms - Rs 12.445 million
196.	267	Non-forfeiture of Performance Security due to fault of Contractor – Rs 37.917 million
197.	268	Non-forfeiture of Performance Security due to fault of Contractor – Rs 17.402 million

198.	269	Non-implementation of the Annual Maintenance Plan and incurring expenditure on clearance of liabilities - Rs 593.258 million
199.	270	Unjustified payment of tack coat - Rs 6.136 million
200.	271	Extra expenditure due to execution of costly item – Rs 23.402 million
201.	272	Acceptance of bid having imbalance rates – Rs 1,099.190 million
202.	273	Loss due to delay in completion of project - Rs 1,885.85 million
203.	274	Non-accountal of removed trees – Rs 3.800 million
204.	275	Non-adjustment of advance payment for shifting of utilities - Rs 42.299 million
205.	276	Irregular replacement of staff by Consultants and payment – Rs 1.132 million
206.	277	Non-recovery on account of defective work from the contractor - Rs 244.871 million
207.	278	Non-revalidation of Contractor's all risk Insurance Policy and insurances for lesser amount
208.	279	Approval of higher rates involving anticipated Overpayment - Rs 40.114 million
209.	281	Unauthorized deviations without approval of competent forum
210.	282	Award of additional work without tenders - Rs 493.187 million
211.	283	Contractor's all risk Insurance Policy for lesser amount - Rs 317.882 million
212.	285	Overpayment due to payment of inadmissible excavation - Rs 3.719 million
213.	288	Irregular payment of Rs 4.0822 million due to measurement beyond scope
214.	291	Un-warranted expenditure of Rs 8.6058 million
215.	293	Excess payment of Rs 10.055 million due to derivation of new rate
216.	294	Non implementation of plantation plan Rs 385.68 million along M-4 Project.
217.	296	Un justified payment of Rs 139.429 million to consultants on account of slack services.
218.	297	Excess payment of Rs 56.577 million due to unwarranted earth work.
219.	298	Likely abortive work Rs 4,924.029 million due to faulty planning
220.	299	Excess Payment of Rs 2.163 million on account of replacement of TST into asphalt wearing course.
221.	304	Non-finalization of final statement of the contract Rs 28,465.236 million
222.	307	Non-revalidation of Performance Guarantee – Rs 21.60 million
223.	308	Execution of sub-standard work and non-removal of defects - Rs 69.331 million
224.	309	Loss due to execution of irrelevant item of work beyond requirement – Rs 9.453 million
225.	310	Execution of sub-standard work and non-removal of defects - Rs 4.451 million
226.	311	Overpayment due to excessive measurement of Asphaltic Concrete Wearing Course – Rs 21.142 million
227.	312	Excessive expenditure due to execution of expensive item - Rs 43.689 million

228.	313	Mis-Procurement due to award of (12) works without open competition -Rs 82.574million.
229.	314	Overpayment due to measured and paid excess width beyond the approved X- section– Rs 13.536 million.
230.	315	Un-justified payment to the contractor due to laying of Water Bound Macadam in One layer instead of required Two layers – Rs 4.797 million.
231.	316	Irregular payment on account of previous year's liabilities without specific budget in the year of payment Rs 707.134 million.
232.	317	Abnormal defective Engineer's Estimation Rs 1731.684 million.
233.	318	Overpayment due to doubtful execution of work Rs 9.110 million.
234.	319	Overpayment due to measured and paid additional 20 mm thickness of cold milling Rs 2.526 million.
235.	321	Execution of below specification of work Rs 7.238 million.
236.	322	Overpayment due to execution of higher rate item instead of approved item Rs 1.806 million.
237.	324	Irregular/unauthentic payment of Bit-mac without following standard methodology – Rs 10.858 million
238.	325	Irregular/unauthentic execution of Non Schedule items without getting prior approval from the competent Authority Rs 5.417 million.
239.	326	Unjustified payment due to execution of items beyond the approved design Rs 74.275 million.
240.	327	Irregular payments due to execution of ACWC and ABC items without approval of Job Mix Formula Rs 487.897 million.
241.	331	Loss to Government due to non-inclusion of Sales Tax on service in contract agreement of Rs 65.519 million.
242.	332	Irregular payment of consultancy fee in US$ 2.684 million & Pak Rs 327.416 million due to non-maintenance of revolving fund account
243.	334	Irregular expenditure on account of consultancy services (Travelling) beyond the provision of contract Rs 18.385 million
244.	335	Non implementation of EMP caused non protection of environment of project vicinity & non utilization of provision of PC-I – Rs 598.27 million
245.	337	Inadmissible and overpayment on account of Earth work Clearing and grubbing Rs 130.998 million& Scarification Rs 21.216 million
246.	338	Overpayment due to non-use/auction of Structure Excavated material Rs 70.914 million
247.	339	Unjustified/ overpayment on account of Backfilling behind abutment Rs 840.837 million
248.	340	Overpayment due to charging higher rates beyond the rate analysis Rs 33.130 million
249.	342	Unauthorized higher payment due to defective design resulted loss of Rs 1.327 billion
250.	343	Non preparation of the comprehensive Employer's Requirements and Particular Conditions of contracts in pursuance of FIDIC Guidelines created ambiguities which hampered sanctity of EPC contract
251.	344	Loss of revenue due to non-utilization of Electronic Tolling facility and award of contract on net guaranteed Revenue - Rs 1,896.188 million

252.	345	Loss of revenue due to delay in operation of motorway after completion of the project - Rs 867.620 million
253.	346	Wasteful expenditure on account of non-utilization of ITS system - Rs 4,852.122 million
254.	347	Overpayment on account of non-crediting of saving to the Employer's account due to unexecuted item of work - Rs 791.289 million
255.	348	Unjustified inclusion of item of work in Rationalized Bid by ignoring the Addendum No.03 - Rs 5,654.785 million
256.	350	Overpayment on account of non-crediting of saving to the Employer's account due to unexecuted item of work - Rs 650.423 million
257.	351	Overpayment due to unexecuted item of work - Rs 159.369 million
258.	352	Overpayment to the contractor due to non-adjustment of the contract price as per revision of design at site – Rs 579.010 million
259.	353	Wasteful expenditure due to non-operation of four Weigh in Motion (WIM) - Rs 142.857 million
260.	354	Non-Conformance Plantation caused unjustified payment - Rs 839.396 million
261.	356	Non-execution of Mainline Toll Plazas as per provision of contract
262.	357	Non-ascertainment of the volume of earth work of varied profile than outline drawing
263.	358	Unauthentic/Unauthorized payment to the AER on account of Operation & Maintenance Phase - Rs 20.210 million
264.	359	Unjustified/unauthentic payment on account of procurement of materials under Bill No.7 due to non-maintenance of accounts of fixed assets in pursuance of APPM - Rs 864.104 million
265.	360	Non-recovery of accounts receivable from contractor amounting - Rs 319.827 million
266.	361	Non-conducting of internal Audit of the consultants expenditure - Rs 795.863 million
267.	362	Unjustified charging of extra expenditure to Bill No.07 twice - Rs 1.900 million
268.	363.	Overpayment to the contractor due to non-utilization of available earth - Rs 39.395 million
269.	364.	Overpayment due to execution of ACWC at excess area than required Rs 25.696 million
270.	365.	Overpayment due to application of unauthentic source for price adjustment - Rs 11.410 million
271.	366.	Excess expenditure/payment due to execution of excessive quantities than revised BOQ Rs 526.537 million
272.	367.	Overpayment due to change of Provisional sum into monthly payment for residence and laboratory Rs 8.250 million
273.	369.	Overpayment due to non-deduction of item 108d from formation of embankment Rs 3.171 million
274.	371.	Overpayment due to increase in provisional sum amount Rs 5.035 million
275.	372.	Overpayment due providing separate residence, office and laboratory for two packages instead of one Rs 16.894 million
276.	373.	Irregular procurement of vehicles beyond PC-I Rs 20.262 million

277.	375.	Overpayment on account of item 108d which was deleted in variation order but again paid involving Rs 30.204 million
278.	376.	Irregular inclusion and payment of items in agreement without availability in the approved PC-I Rs 218.956 million
279.	377.	Overpayment/loss because of undue benefit to the contractor by non-inclusion of higher rate items in the over and above quantity list Rs 19.876 million
280.	378.	Excess expenditure due to change of length of bridge Rs 89.948 million
281.	379.	Overpayment due to non-deduction of compaction factor from 108c for protection bund Rs 6.154 million
282.	380.	Unauthentic payment for Plum Cyclopean/Rubble Concrete due to non-availability of test for ratio of 2:1 Rs 55.596 million
283.	381.	Overpayment due to inclusion of extra length in prestressing wire strand Rs 4.903 million
284.	382.	Non-recovery of cost of steel from New Jersey Barrier Rs 55.256 million
285.	383.	Non-adjustment of advance payment for deposit work Rs 1,000.00 million
286.	384.	Overpayment due to addition of income tax on the cost of provisional sum items to income tax exempted contractor - Rs 3.825 million
287.	385.	Overpayment due to superfluous item of Aggregate Base Course under beam seat Rs 1.367 million
288.	386.	Loss to Authority due to blockade of funds– Rs 1,118.221 million
289.	387.	Non-obtaining of vouched accounts and non-recovery of un-spent funds – Rs 272.512 million
290.	388.	Excess purchase of land in Isa Khel Tehsil against the provision of PC-I - Rs 491.197 million
291.	389.	Likely loss to government due to delay in acquisition of land – Rs 53.701 million
292.	390.	Doubtful measurement of items of rectification – Rs 8.997 million
293.	391.	Unauthorized payment to the contractor – Rs 15.047 million and non-recovery of liquidated damages of Rs 1.504 million
294.	392.	Non-recovery on account of sub-standard work of riprap class-B – Rs 119.734 million
295.	393.	Overpayment due to non-recovery of thickness deficiency beyond allowable tolerance in aggregate and asphaltic courses - Rs 1.062 million
296.	394.	Unjustified payment/charging of consultancy to project cost – Rs 8.905 million
297.	395.	Non-imposition of liquidated damages – Rs 32.790 million and non-award of work on risk & cost basis – Rs 327.790 million
298.	396.	Excess payment of consultancy services due to delay in completion of project – Rs 9.672 million
299.	397.	Undue financial aid to contractor – Rs 104.505 million
300.	399.	Overpayment due to calculation of escalation on provisional rates Rs 6.151 million

301.	400.	Excess expenditure due to increase of steel and decrease of concrete in the bridge Rs 121.219 million
302.	401.	Excess expenditure due to increase of maintenance charges for additional vehicle Rs 1.666 million
303.	402.	Insurance coverage from ineligible firm for the work valuing Rs 2,689.981 million
304.	404.	Overpayment due to separate measurement of inbuilt component – Rs 7.577 million
305.	405.	Fixation of abnormally high escalation factor for steel as 35% resulted in excess payment of Rs 37.034 million
306.	406.	Overpayment due to excess payment of escalation against the calculated cost effect Rs 40.277 million
307.	407.	Loss due to non-conversion of test piles into working piles Rs 20.174 million
308.	408.	Non execution of repair maintenance works in violation of NHA Code Rs 3,268.87 million.
309.	409.	Overpayment due to execution of work beyond the approved chainage Rs 18.014 million.
310.	410.	Irregular award of works without detailed quantities in BOQ Rs 552.243 million.
311.	411.	Unjustified expenditure due to unnecessary deployment of consultant for construction supervision of Periodic maintenance and Rehabilitation works Rs 10.092 million.
312.	412.	Unjustified payment due to execution of work beyond the approved scope Rs 93.466 million.
313.	413.	Abnormal defective Engineer's Estimation Rs 3,825.338 million.
314.	414.	Undue financial benefit to the contractors due to non-obtaining of additional performance security of Rs 1,318.955 million.
315.	415.	Non-accountal of Call Deposit Receipts CDRs and non-maintenance of tender register Rs 95.739 million.
316.	416.	Unauthentic/irregular payment on the basis of measurements not authenticated and test checked by the officer-In charge- Rs 4.734 million.
317.	417.	Non-recovery of liquidated damages for delay in completion of work - Rs 15.496 million.
318.	418.	Unjustified/unauthentic payment to the contractor - Rs 23.733 million.
319.	419.	Overpayment to the contractor Rs 1.373 million.
320.	420.	Irregular payment on account of previous year's liabilities without specific budget in the year of payment Rs 755.456 million.
321.	421.	Non-revalidation/renewal of Performance Security - Rs 136.736 million.
322.	422.	Un-justified/irregular execution of ACWC on shoulder instead of DST-Rs 1.220 million.

LIST OF MFDAC – CDA

S No.	PDP No	Subject of Para
1.	3	Non-recovery/accountal of serviceable material – Rs 1.162 million
2.	5	Unauthorized payment to Contractor – Rs 20.00 million
3.	8	Non-reconciliation/adjustment of advance payment – Rs 388.176 million
4.	12	Uneconomical hiring of gym trainers through contractor instead of direct hiring Rs 2.647 million
5.	17	Incurrence of expenditure in excess of deposits received from sponsors - Rs 24.042 million
6.	18	Compilation of surplus/deficit account and depreciation account without certification - Rs 29.305 million
7.	20	Non-preparation of Proforma Accounts
8.	21	Incurrence of expenditure in excess over budget allocation/releases by the Federal Government - Rs 13,184.825 million
9.	22	Negative balance appearing in Accounts since Financial Year 2005-06 against Khanpur Dam (Capital Account item) - Rs 102.05 million
10.	23	Heavy closing balances with DDOs - Rs 93.863 million
11.	24	Recurring loss on account of payment of service charges for disbursement of pension - Rs 24.685 million
12.	25	Unjustified payment of price adjustment without detail calculation - Rs 5.348 million
13.	27	Irregular award of work without land possession valuing Rs 32.232 million
14.	28	Loss due to finalization of uncompleted works and calling tender of remaining work of Rs 6.04 million
15.	29	Loss of Rs 53.175 million due to mismanagement and delaying of award of work
16.	30	Recoverable sum of Rs 7.040 million on account of GST or obtaining evidence of GST paid by contractor
17.	32	Unjustified payment due to non-accountal of dismantled material - Rs 13.557 million
18.	33	Overpayment of grass carpet due to non-deduction of plants area – Rs 2.60 million
19.	34	Procurement of equipment without provision in PC-I/TS Estimate - Rs 59.965 million
20.	37	Non handing over vehicles and laboratory equipment on completion of the project worth – Rs 21.841 million
21.	38	Loss due to running the shoe caring services departmentally - Rs 1.405 million
22.	39	Pooling of tenders for Janitorial contract and award of work to ineligible firm Rs 13.797 million
23.	40	Loss to Authority due to non-taking of prudent decision of re-tendering Rs 3.005 million
24.	41	Award of multiple maintenance contracts to four firms - Rs 80.342 million

25.	44	Irregular expenditure on houses beyond the allocation criteria Rs 19.369 million
26.	47	Overpayment/excess expenditure due to expensive market rate item instead of scheduled item Rs 1.532 million
27.	48	Execution of work in haphazard manner to avoid the lapse of funds Rs 3.618 million
28.	49	Unauthentic payment to Janitorial Services firms Rs 12.477 million
29.	50	Non-verification of non-relationship certificates provided by contractors which may result in conflict of interest
30.	51	Ineffective utilization of grant and unjustified lapse of funds for Rs 109.956 million
31.	52	Unjustified expenditure due to non-utilization of services of maintenance (Regular–P) staff - Rs 158.940 million
32.	53	Unjustified payment due to execution of work beyond the approved locations Rs 3.426 million
33.	54	Irregular award of work on negotiation basis – Rs 8.981 million
34.	55	Non-recovery due to non-compliance of contract provision – Rs 4.00 million.
35.	56	Non-maintenance of Revenue Record - Rs 20.179 million
36.	57	Irregular withdrawal of money from Lapsable Assignment Account - Rs 2.217 million
37.	58	Unauthorized expenditure and creation of liabilities – Rs 5.657 million
38.	59	Non-obtaining of required PEC registration of fire alarm system - Rs 19.435 million
39.	60	Non-recovery due to non-dismantling and removal of old fire alarm system Rs 1.938 million
40.	61	Execution of repair/maintenance works beyond approved work plan for the year 2018-19 – Rs 43.893 million
41.	62	Unjustified clearance of liabilities of the previous years by charging to the maintenance grant allocated for the year 2018-19 Rs 79.61 million
42.	63	Financial indiscipline due to rush of expenditure – Rs 109.587 million
43.	65	Irregular award of works through quotations without open competition – Rs 4.646 million
44.	66	Inadmissible acceptance of contracts at higher rates beyond the provision of TS estimate in non-transparent manner for Rs 42.543 million
45.	67	Ineffective utilization of grant caused unjustified lapse of funds Rs 22.567 million (57.34%) and doubtful utilization of Rs 12.952 million and unauthentic payment of Rs 3.834 million in ill-considered manner
46.	68	Unjustified/unauthentic procurement of store material and non-maintenance of stock inventory of store material - Rs 8.564 million
47.	69	Non obtaining of additional performance security – Rs 2.377 million
48.	70	Unjustified/unauthentic and fictitious payment without actual execution of work at site in contractual time and utilization of government funds in ill-considered manner in violation of rules -Rs 11.081 million

49.	71	Unjustified/unauthentic procurement of store material and non-maintenance of stock inventory of store material - Rs 1.100 million
50.	72	Irregular/unauthorized execution of work and charged to maintenance grant without receipt of funds - Rs 73.76 million
51.	73	Irregular/undertaking the deposit work on receipt of the short deposit than the contract cost for Rs 9.016 million
52.	74	Incorrect provision of item of work in the TS Estimate beyond the genuine requirement of site carrying higher rates caused unjustified payment - Rs 11.483 million
53.	75	Irregular/unauthorized arrangement of funds and execution of repair/maintenance work - 6.480 million
54.	76	Incorrect provision of costly item in the TS Estimate caused unjustified payment - Rs 1.865 million
55.	77	Irregular/unauthorized award of work through splitting to non-specialized firm - 6.480 million
56.	78	Loss of revenue due to non-conforming use of Faisal Mosque by the International Islamic University - Rs 65.00 million
57.	79	unjustified payment due to incorrect application of item at higher rates - Rs 4.378 million
58.	80	Unauthentic payment due to non-execution of work in pursuance of contract - Rs 9.468 million
59.	81	Unjustified clearance of liabilities of the previous year by charging to the maintenance grant allocated for the year 2018-19 Rs 12.517 million
60.	82	Loss due to Irregular/Unauthorized Extension in Contract Period - Rs 7.032 million
61.	83	Irregular/unauthorized award of work to a non-specialized firm – Rs 1.007 million
62.	84	Irregular payment due to irregular/unauthorized extension in contract period - Rs 2.861 million
63.	85	Excess expenditure over & above the approved budget allocation - Rs 19.889 million
64.	86	Irregular award of work without provision of funds caused loss to the government - Rs 33.610 million
65.	87	Ineffective utilization of grant and unjustified lapse of funds for Rs 81.640 million
66.	100	Issuance of LOP without getting registration with Cooperative Societies Department
67.	106	Non-Implementation of Penalty Imposed on Account of Bogus Certificate
68.	107	Undue Favor to Employee Due To Change of Cadre during Probation Period
69.	108	Regularization of Services of Mr. Rana Kashif Nazir, Assistant Director, Without Having Any Contract History
70.	109	Non Recovery on Account of Theft of Vehicles
71.	110	Irregular/Illegal Appointment of nine (09) Additional Assistant Admin Officers (BPS -16) beyond the Advertised Posts and in Violation of the Government Recruitment Policy
72.	111	Illegal / Un-authorized Appointment without Codal Formalities

73.	112	Non Implementation of Decision of Inquiry committee for Removal from Services of Employee Due To Illegal Transfer of Plot
74.	113	Illegal/ Unjustified Appointment without Observing Codal Formalities
75.	114	Illegal Change of Cadre in Case of Mr. Chaudhry Nazir Ahmed, DAO, (BPS-17).
76.	115	Illegal Appointment below Prescribed Qualification as Admin Officer (BPS-16)
77.	116	Un-Justified Appointment as Assistant Director Beyond the Advertised Posts
78.	117	Non Finalization of Inquiries against Illegal Up-Gradation/Redesignation/Change of Cadre of CDA Officers/Officials and Loss to CDA
79.	118	Irregular Promotion of Officers
80.	119	Un-Justified Relaxation in Promotion from Deputy Director (Planning) to Director (Planning)
81.	120	Un-Authorized Promotion of Sub Engineers (BPS-16) to Assistant Director (BPS-17)
82.	121	Un-Authorized Promotion of Junior Sub-Engineers (BPS-16) to Assistant Director (BPS-17), and Senior & Un- authorized Regularization of Project Employees
83.	122	Unauthorised Promotion of Sub-Engineer to Assistant Director (BS-16 to BS-17) without Availability of Post
84.	123	Delay in Inquiry Process by the Inquiry Officer against Mr. Raaz Muhammad (Sub Inspector).
85.	124	Irregular Re-Instatement of Officer under Suspension without Finalizing of Inquiry
86.	125	Concealment of Inquiry Report in R/O Qazi Muhammad Omer, PD, BRT, CDA, and Allowed Irregular Extension in Contract Period.
87.	126	Disciplinary Proceeding Against the Officer/Official of Maintenance Division, V, FMP, CDA for Embezzlement of Rs 10.228 Million
88.	127	Non-Finalization of Inquiry and Non-Taking of Disciplinary Action against Mr. Ashafaq Ahmed, AO, and Mr. Bashir Ahmed, DAO
89.	128	Non Finalization of Disciplinary Proceeding and Non Taking of Action against Irregular/Unjustified Personal Up-Gradation/Re-Designation of 1,025 Employees
90.	129	Irregular/Illegal Appointment without Completion of Required Formalities and Approval of the Competent Authority
91.	130	Non Finalization/Implementation of Inquiry on Missing Of 68 Tons Steel Costing Rs 7.318million
92.	131	Irregular Award of Current Charge
93.	132	Irregular Regularization of Services of Eleven (11) Employees
94.	133	Overpayment due to full rate of item Rs 4.610 million
95.	134	Excess expenditure due to change in concrete specification from A1 to A3 Rs 1.278 million
96.	135	Non Provision of employer facilities by the contractor Rs 7.262 million (approx.)
97.	137	Irregular award of additional work without tendering Rs 25.908

		million
98.	138	Irregular award of works without PC-I and open tender/competition - Rs 173.998 million
99.	139	Loss due to award of work at higher rates Rs 63.372 million
100.	140	Non-execution of development work in Sector C-15 due to ill planning and non-clearance of site - Rs 382.354 million
101.	141	Non-revalidation of Performance Guarantee of the Contractor- Rs 76.471 million
102.	142	Non-adjustment of advance payment made to Machinery Pool Organization – Rs 18.100 million
103.	143	Non-revalidation of performance security for Rs 49.697 million
104.	144	Excess payment due to execution of work in violation of provisions of BOQ and detailed/TS estimates of the work – Rs 5.004 million
105.	145	Non-adjustment/recovery of mobilization advance from the contractor – Rs 3.041 million
106.	146	Non-obtaining of the performance security in shape of bank guarantee/ insurance bond Rs 9.201 million
107.	147	Wasteful expenditure due to ill-planning of the CDA management - Rs 20.00 million
108.	148	Non-obtaining of performance bond from the consultant – Rs 15.451 million
109.	149	Non-recovery of risk & cost amount from the defaulting contractor - Rs 16.984 million
110.	150	Non-recovery/adjustment of expenditure incurred on deposit work through bridge financing – Rs 23.168 million
111.	152	Unauthentic payment of electricity charges of street lights without confirming actual consumption through Electric Meters – Rs 155.703 million
112.	153	Overpayment due to unmetered billing of the street lights – Rs 8.960 million
113.	154	Non-installation of Energy Meters for Street Lights by the Chief Engineer IESCO
114.	155	Non-obtaining of completion certificate for completed contract – Rs 36.083 million
115.	156	Irregular/Unauthorized expenditure due to splitting through piece meal quotations – Rs 3.860 million
116.	158	Irregular execution of Janitorial Services – Rs 21.070 million
117.	160	Ineffective utilization of maintenance grant caused lapse of funds Rs 15.164 million (5.11%) and Non-preparation of separate cash books/Bank Reconciliation Statements for Assignment Accounts
118.	161	Unauthorized expenditure over and above the allocation – Rs 247.279 million
119.	162	Irregular execution of rent agreement with banks without open competition amounting – Rs 17.445 million.
120.	163	Non-ejectment of trespasser and non-recovery of double ceiling rent - Rs 2.836 million.
121.	164	Non-initiation of disciplinary as well as criminal proceedings against employees having fake degrees.

122.	166	Loss to authority due to inadmissible long routes of staff buses - Rs 32.286 million.
123.	167	Non-recovery of electricity charges from the illegal occupant Rs – 2.700 million.
124.	170	Irregular appointment and overpayment due to increase in fixed pay package of contract employee through addendum – Rs 5.282 million.
125.	171	Un-justified repair/maintenance of vehicles from private/local workshops in presence of CDA well equipped MPO Directorate -Rs 9.269 million.
126.	172	Irregular expenditure due to procurements in piecemeal orders – Rs 16.077 million.
127.	173	Financial indiscipline due to non-surrendering the savings in June 2020 - Rs 58.495 million.

LIST OF MFDAC – MCI

S No	PDP No	Subject of Para
1.	6	Non-Obtaining of Bank Guarantee – Rs 9.07 million
2.	13	Mis-management in auction for visa seeker facility - Rs 102.60 million
3.	19	Irregular expenditure on Route & Decoration visits - Rs 17.997 million
4.	22	Non-deposit of Demand Drafts in the banks causing loss of revenue – Rs 5.165 million
5.	30	Unjustified deployment of 172 security guards
6.	31	Irregular Handling of Cash in MCI receipts - Rs 27.934 million
7.	33	Unjustified/Advance payments without adjustments - Rs 55.533 million
8.	34	Irregular expenditure on works without Technical Sanction of estimates - Rs 54.397 million
9.	35	Blockade of funds due to non-utilization/auction of surplus steel – Rs 29.773 million
10.	36	Non-availability of proof regarding payment of salaries and honorarium as per agreement rates involving Rs 451.475 million
11.	37	Provision of unjustified item in rate analysis resulted in excess expenditure of Rs 54.205 million
12.	38	Ambiguous clause in the rate running agreement resulted in excess expenditure of Rs 31.176 million
13.	39	Non-deduction of income tax, sales tax and other deductibles during September and December 2019 involving Rs 23.402 million
14.	40	Un-authorized payment of ex-gratia – Rs 1.654 million
15.	42	Non-disposal of Condemned Machinery/Vehicles – Rs 64.030 million
16.	43	Unjustified payment on account of salaries of sub-engineers (civil & EM), work supervisors, auto and electrical mechanic etc - Rs 49.790 million
17.	44	Irregular award of work beyond the provision of contract agreement Rs 3.284 million
18.	45	Overpayment to the contractor due to inclusion of higher rate in the

		engineer estimate for non-scheduled item Rs 4.113 million
19.	46	Overpayment due to non-deduction of cost of pipe work from the contractor's bill Rs 0.698 million
20.	47	Suspected loss due to non-completion of work through risk and cost action –Rs 13.694 million
21.	48	Unjustified payment due to unauthentic test report before procurement – Rs 13.435 million
22.	49	Unjustified expenditure on salaries, maintenance of tube wells/water tankers and purchase of other parts and machinery due to non-availability of manufacturing account/Profit & Loss account – Rs 927.973 million

LIST OF MFDAC – CAA

S No	PDP No	Subject of Para
1.	1	Un-authentic execution of consultancy agreement -Rs 72.636 million
2.	2	Non completion of ADP scheme during the year -Rs 35.00 million
3.	3	(A)Irregular payment without requisite documentary evidences-Rs 3.800 million.
4.	4	Excessive estimation of an item of work -Rs 3.398 million
5.	5	Irregular issuance of Certification of Airworthiness to the Aircrafts beyond 20 years age.
6.	6	Deployment of excessive officers in two categories without approved sanctioned establishment
7.	7	Non-compliance of assigned task and targets regarding establishment/ enhancement of Airworthiness Engineering Division
8.	8	Under statement of tangible assets of the authority millions of rupees
9.	9	Unjustified enhancement of tender amount Rs 1.311 million
10.	11	Unjustified tendering process due to connivance of firms and management Rs 57.446 million
11.	12	Unjustified booking of contingencies- Rs 3.163 million
12.	13	Non-transparent tendering process- Rs 19.618 million
13.	14	Unjustified award of work without Administrative Approval for Rs 14.993 million
14.	15	Irregular award of work to desired contractor Rs 8.793 million
15.	16	Unjustified extension of time and less deduction of delay charges Rs 1.874 million
16.	17	Non-recovery of risk and cost from default contractor- Rs 1.444 million
17.	20	Unjustified procurement beyond the requirement -Rs 4.672 million
18.	22	Non completion of Annual Development Programme for the 2019-20- Rs 110.39 million
19.	23	Non-imposition of penalty due to non-compliance of agreed terms of contract-Rs 128.115 million
20.	24	Award of work to ineligible contractor -Rs 2.745 million

21.	25	Overpayment on account of escalation to the contractor- Rs 194.272 million.
22.	26	Overpayment due to allowing price escalation in extended period - Rs 20.574 million.
23.	27	Payment of deleted BOQ item to the contractor- Rs 1.657 million.
24.	28	Unauthentic Payment due to Non-appointment of Independent Testing Agency - Rs 2,051.310 million and Non-Recovery of ITA fee - Rs 20.513 million.
25.	30	Unjustified expenditure due to non-implementation of project management guidelines Rs 40.456 million
26.	31	Overpayment of Rs 716.107 million.
27.	32	Overpayment of scheduled item at the rate of non-scheduled item Rs 249.160 million.
28.	33	Extra payment of scheduled item as non-scheduled item - Rs 6.800 million.
29.	34	Overpayment due to payment of scheduled item as non-scheduled item- Rs 1.529 million.
30.	35	Loss due to delay in award of work of - Rs 735.598 million.
31.	36	Non deduction / recovery of penalty amount from contractor due to non - provision of facilities at site of - Rs 3.066 million
32.	37	Irregular award of consultancy work to the joint venture firm - Rs 78.830 million.
33.	39	Less recovery of income tax of Rs 2.493 million
34.	40	Loss to govt. due to non-renewal of PEC license by foreign contractor – Rs 5.952 million
35.	41	Non-Recovery of Rebate – Rs 1.261 million.
36.	42	Non- Recovery of water charges of Rs 75.118 million.
37.	43	Overpayment by payment of same non-scheduled item at different rates under the name PC-1 of Rs 3.089 million
38.	44	Overpayment due to excessive measurement of Rs 4.609 million.
39.	45	Loss to authority due to missing of valuable item – Rs 7.833 million.
40.	48	Irregular award of concessions without open competition – Rs 187.454 million.
41.	49	Loss of Revenue due to non-floating the tender of vacant spaces of - Rs 15.079 million.
42.	52	Irregular expenditure due to piece meal quotations- Rs 24.065 million.
43.	55	Procurement of contract without open competition -Rs 27.174 million.
44.	56	Non-obtaining of insurance coverage – Rs 28.382 million.
45.	57	Un-authorized execution of license agreements due to non-vetting from legal/finance Branches Rs 173.390 million.
46.	58	Loss due to change of category of space - Rs 1.210 million
47.	62	Un-authorized adjustment of Rs 3.963 million by revenue section.
48.	65	Un-authorized Adjustment of Rs 1.258 million due to decrease of fee
49.	67	Irregular procurement and non-recovery of Income Tax - Rs 1.961 million
50.	68	Unjustified reimbursement of sale tax - Rs 36.061 million

51.	71	Unauthentic payment of price escalation – Rs 611.001 million
52.	73	Overpayment to the Consultants due to paying contingencies on price escalation – Rs 16.644 million
53.	76	Loss due to non-allotment of vacant spaces – Rs 47.663 million
54.	77	Irregular award of work without Implementation of Revised PEC Standard Bidding/Contract Document – Rs 53.454 million
55.	79	Un-authentic payment of non-schedule item Rs 45.680 million
56.	84	Loss to authority due to ill planning – Rs 77.494 million
57.	86	Irregular/Unjustified appointment of 949 retainers without observing regional quota and security clearance
58.	87	Irregular/unjustified payment of Special Allowance of Rs 122.720 million
59.	88	Non-Enhancement of Performance Guarantee Rs 723.381 million
60.	89	Undue monetary benefit to contractor by less deduction of retention money - Rs 39.877 million
61.	90	Unauthorized expenditure due to non-revision of T.S estimate Rs 1,556.758 million
62.	91	Irregular award of works to the joint venture firms without registration of JV with the PEC – Rs 2593.810 million and unauthentic expenditure of Rs 1791.950 million.
63.	93	Overpayment due to incorrect application of rates Rs 3.878 million.
64.	94	Execution of below specification/ substandard work Rs 6.431 million.
65.	99	Unjustified payment to the consultant due to poor Consultancy & supervision of the Project Rs 815.363 million.
66.	102	Irregular payment due to lack of monitoring - Rs 22.058 million and inadmissible payment on account of sales tax – Rs 2.831 million.
67.	103	Placement of ineligible staff in SG-05 resulted unjustified expenditure - Rs 3.654 million
68.	104	Un-justified provision of deferred taxation-net -Rs 2,405.747 million
69.	105	Mis-classification in accounting of income and expenditure account involving -Rs 22,999.706 million
70.	106	Inadequate mechanism of recovery resulted provision for credit losses -Rs 69,193 million
71.	108	Abnormal huge expenditure on account of Transportation of Goods - Rs 3.870 million
72.	110	Non-achievement stipulated targets of Annual Procurement Plan- Rs 7,579.30 million.
73.	111	Non achievement of ADP Schemes in respect of Jinnah International Airport and Small Development Schemes for the year 2019-20 -Rs 3,146.786 million
74.	113	Non observance of PEC approved bidding documents in award of works- Rs 71.547 million
75.	114	Non-credit of unclaimed retention/earnest money of the contractors to revenue account-Rs 16.020 million
76.	115	Non-integration of Engineering Services South with centralized accounting unit at Civil Aviation Authority (HQ).
77.	116	Irregular acceptance of imported Air conditioners other than approved make– Rs 12.703 million

78.	117	Irregular payments without compliance /rectifications of shortcoming -Rs 2.090 million
79.	118	Undue benefit to semi commercial concessioners due to reduction in prevailing rates- Rs 89.545 million
80.	120	Expected loss due to damages against non-possession of land for filling station more than Rs 334.804 million
81.	122	Unjustified booking of contingencies- Rs 1.457 million
82.	124	Wasteful expenditure due to halted work of Rs 9.778 million
83.	128	Award of contract to non-specialized supplier/manufacture of fire crackers-Rs 7.722 million
84.	129	Non-obtaining of insurance coverage from the licensees of air craft hangers
85.	130	Non-execution of license agreement and unauthorized reduction/reversal in outstanding monthly rentals - Rs 7.737 million
86.	132	Non-Implementation of Revised PEC Standard Bidding/Contract Document of Works Rs 116.994
87.	133	Unauthentic payment of Non-schedule items Rs 35.877 million
88.	134	Non-execution of work due to non-issuance of work order for Rs 16.706 million
89.	135	Overpayment by increase in the high value item for Rs 7.873 million
90.	136	Over payment due to measurement of excessive width of item for Rs 1.147 million
91.	139	Non-deduction of 1% sales tax amounting to Rs 1.65 million
92.	139	Abnormal delay in commencement of project - Rs 5,000 million
93.	140	Non-appointment of Independent Project Director resulting violation of Project Management Guide Lines
94.	145	Non-revision of Professional Liability Insurance - Rs 100 million
95.	146	Non-revalidation of Performance Guarantee - Rs 241.69 million
96.	147	Loss due to mismanagement and interface issue - Rs 12.867 million
97.	151	Release of withheld amount without actual rectification of defective work – Rs 173.237 million
98.	152	Loss due to non-replacement of collapsed Boarding Bridge - Rs 130.892 million
99.	153	Excess release of security deposit – Rs 85.777 million
100.	155	Non-remittance of Provincial Sales Tax deducted at source in Government Treasury – Rs 997.571 million
101.	157	Non-recovery from the Contractor on account of violation of Integrity Pact and expenditure of Rs 3.225 million
102.	159	Non-remedy of defects pointed out in the Punch Lists in the Defect Liability Period
103.	161	Retention of funds more than Award amount – Rs 35.532 million
104.	162	Non-mutation of land in the name of CAA / Government – Rs 2,030.101 million
105.	163	Non-accountal and disposal of structures etc - Rs 55.393 million
106.	165	Non-accountal/inventory of dismantled material - Rs 150.392 million.
107.	166	Undue financial benefit to the contractor due to less deduction of retention money - Rs 47.888 million.

108.	168	Un-justified expenditure due to non-provision of basic facilities in newly constructed Office Block Rs 42.437 million.
109.	169	Un-authentic expenditure on account of fixing of Passenger Boarding Bridges (PBB) – Rs 197.000 million.
110.	170	Undue financial benefit to the contractor due to Pre-mature release of retention money Rs 47.400 million.
111.	171	Abnormal delay for Construction of Multi level Car Parking Rs 1,607.585 million.
112.	172	Un-authorized execution of Consultancy Contract for not covered in contractual agreement – Rs 99.143 million
113.	173	Irregular engagement of Consultant in Multi-Level Car parking Project – Rs 44.369 million
114.	174	Irregular Payment due to non-recording of detail measurements in the Measurement Books Rs 176.500 million.
115.	176	Non-recovery of cost of old material Rs 5.355 million.
116.	177	Ill Planning due to non-inclusion of Multi-Level Car parking work in main PC-I cost Rs 1,781.561 million.
117.	178	Non-conducting of internal Audit of the consultant's expenditure - Rs 232.734 million.
118.	179	Unjustified expenditure on account of consumption of material-Rs 2.413 million
119.	180	Unjustified acceptance of Performance Guarantee -Rs 937,000
120.	181	Non-Adjustment of TA/DA Advance of Rs 1.091 million
121.	183	Irregular appointments on retainer-ship basis involving expenditure - Rs 22.782 million
122.	184	Irregular payment to the Service Provider due to non-compliance of agreed terms and conditions - Rs 16.172 million
123.	185	Non-capitalization of work due to mismanagement - Rs 4.803 million
124.	186	Unjustified expenditure on account of supply of water-Rs 23.587 million
125.	187	Unauthentic expenditure on account of vehicle insurance-Rs 1.358 million
126.	195	Non-cancellation of leases beyond expiry of agreed terms of CAA Land of area measuring 4272.33 sq yds.
127.	196	Illegal occupation of CAA Land by Airport Security Force
128.	197	Undue financial aid to the Car Parking Concessionaire-Rs 2.089 million

LIST OF MFDAC – Pak. PWD

S No	PDP No	Subject of Para
1.	1	Irregular execution of work under Prime Ministers Global SDG'S Achievement Programme Valuing Rs 49.999 million
2.	2	Irregular/ Unjustified payment beyond agreement Rs 13.780 million.
3.	3	Unauthentic payment of steel without obtaining Lab test reports for Rs 12.537 million.
4.	4	Overpayment due to measurement of excessive quantity –Rs 10.826 million.

5.	8	Non-utilization of funds – Rs 91.596 million
6.	9	Non-imposition/recovery of liquidated damages due to non-completion of work in stipulated time - Rs 5.943 million
7.	10	Unjustified payment of secure advance and non-recovery of secure advance for Rs 3.862 million.
8.	11	Overpayment due to measurement of excessive length of item Rs 3.815 million
9.	12	Financial indiscipline due to laps of development funds – Rs 27.407 million
10.	13	Irregular expenditure beyond T.S estimate without revision 21.367 Rs million
11.	16	Overpayment due to excessive measurement of items in violation of TS estimate/BOQ – Rs 9.008 million.
12.	17	Excess payment due to execution of items beyond revised PC-I/ TSE/BOQ Rs 9.926 million
13.	18	Non-revalidation of Performance Security Bond of work Rs 23.659 million
14.	20	Excess expenditure beyond the agreement/NIT cost - Rs 5.598 million
15.	21	Excess payment due to excessive measurement of an item of work beyond TS provision- Rs 4.654 million
16.	22	Excess payment due to allowing excessive steel than admissible - Rs 0.465 million
17.	24	Unauthentic/ Irregular expenditure due to non-observance / compliance of DDWP directive¬ - Rs 42.581 million
18.	25	Non-implementation of Cabinet Division Guidelines for SDG's for incurring expenditure Rs 237.849 million
19.	26	Undue benefit due to non-obtaining/verification of Performance Bond - Rs 6.087 million
20.	27	Non-obtaining insurance coverage for the works valuing Rs 70.00 million and non-recovery of cost of premium Rs 1.400 million
21.	28	Irregular award of work in violation of bidding criteria – Rs 23.534 million
22.	29	Non-obtaining insurance coverage for the works valuing Rs 30.51 million and non-recovery of cost of premium Rs 0.610 million
23.	30	Undue benefit due to non-obtaining/verification of Performance Bond - Rs 2.654 million
24.	31	Unauthentic payment on purchase of store due to non-accountal and utilization Rs 1.097 million
25.	32	Execution of market rate item instead of available schedule item in maintenance work involving Rs 2.501 million
26.	33	Unauthorized expenditure without approval of contract agreement - Rs 8.682 million
27.	34	Non-obtaining of Performance Bond/Guarantee - Rs 1.902 million
28.	35	Non-completion of work in due time and non-imposition of penalty Rs 8.053 million
29.	37	Unauthorized payments on account of extra substitute items without approval of the competent forum - Rs 3.050 million

30.	42	Overpayment of Rs 2.360 million.
31.	43	Non-Surrender of anticipated savings timely - Rs 11.103 million
32.	45	Non finalization of accounts of work / project amounting to Rs 442.451 Million
33.	49	Unjustified lapse of development funds of Rs 33. 773 million.
34.	50	Irregular payment of extra/substitute item of Rs 9.709 million.
35.	51	Non revalidation of performance security - Rs 1.952 million
36.	52	Irregular payment of mobilization advance Rs 6.765 million.
37.	54	Irregular payment of Rs 6.730 million
38.	55	Unjustified lapse of Development Funds Rs 24.169 Million
39.	56	Irregular Payment Rs 1.855 million
40.	57	Non-Revalidation of Performance Security Rs 2.213 Million
41.	58	Non revalidation of performance security Rs 1.078 million
42.	59	Overpayment due to excess quantities than BOQ Rs 1.379 million
43.	65	Unjustified payment due to non-accountal of dismantled material - Rs 23.783 million
44.	67	Non-revalidation of Performance Security Bond of work Rs 82.181 million
45.	68	Non-imposition/recovery of liquidated damages due to non-completion of work in stipulated time - Rs 82.181 million
46.	70	Non obtaining of Additional Performance Guarantee Rs 86.754 million
47.	71	Unauthentic payment due to execution of item below specification without reduction of rate Rs 4.364 million
48.	72	Award of work without revision of T S estimate 120.362 Rs million
49.	73	Non-handing over of 57 SAPs completed schemes to the concerned Provincial Government - Rs 99.679 million.
50.	74	Non obtaining of Additional Performance Guarantee - Rs 22.748 million
51.	75	Over payment due to measurement of excessive quantities 16.392 Rs million
52.	76	Over payment to contractor due to non accountal of serviceable material 4.248 million
53.	77	Over payment due to unnecessary substitute low rate item into high rate item 4.104 million
54.	78	Overpayment due to measurement of item with extra height beyond nomenclature of item Rs 2.104 million
55.	79	Irregular deduction and remittance of income tax against non-registered firms – Rs 11.291 million
56.	80	Non-recovery due to Non-provision of facilities by the contractor as per contract - Rs 1.560 million
57.	81	Award of additional work without tendering - Rs 36.985 million
58.	83	Irregular award/mis-procurement of work due to negotiation - Rs 42.275 million
59.	84	Non-recovery of mobilization advance - Rs 21.100 million
60.	85	Excess payment due to execution of items of work beyond the provisions of Engineer’s Estimate/BOQ -Rs 65.491 million

61.	86	Unjustified payment on account of additional consultancy charges to the Consultant – Rs 8.700 million
62.	87	Non-deduction of Provincial Sales Tax from the payment made on account of consultancy services to the consultant – Rs 14.254 million
63.	88	Non-imposition of penalty due to poor performance of the consultant – Rs 1.448 million
64.	89	Unauthorized payments on account of excess quantities paid without approval of the competent forum - Rs 51.968 million
65.	90	Irregular payment of extra item contrary to TS estimate/drawing/ design and without approval of competent authority – Rs 4.860 million
66.	91	Unjustified payment on account of superfluous item – Rs 15.730 million
67.	92	Non-imposition/Non-recovery of Liquidated Damages due to delay in completion of work - Rs 4.228 million
68.	93	Non-recovery on account of removal of debris from the original contractor - Rs 0.600 million
69.	94	Excess payment due to duplicate measurement of quantities of items – Rs 1.076 million
70.	95	Over payment due to execution of inadmissible item for – Rs 3.220 million
71.	96	Unauthorized payment of mobilization advance of Rs 178.372 million without bank guarantee and non-recovery of mobilization advance since 2012- Rs 67.270 million
72.	97	Financial loss due to inordinate delay in completion of the project causing time over-runs / cost over-runs for Rs 192.925 million and Non-recovery of liquidated damages due to delay in completion of work-Rs 118.915 million
73.	98	Execution of unauthorized extraordinary excess quantities in filling of foundation/plinth resulting overpayment of - Rs 2.288 million
74.	99	Unjustified payment of earth works quantities Rs 17.31 million
75.	101	Irregular Hiring of consultancy Services without competition for E&M works 37.403 million
76.	102	Non-conducting of internal Audit of the consultants expenditure - Rs 24.186 million
77.	103	Unauthentic/ unjustified expenditure of imported material without pre-shipment inspection/test reports Rs 190.021 million
78.	104	Financial indiscipline for Rs 490.335 million and surrendered/laps of development funds – Rs 4.946 million
79.	105	Less obtaining of Bank Guarantee against advance Rs 14.450 million and non-revalidation of Bank Guarantee of advance Rs 53.050 million
80.	106	Payment of different items of electrification without obtaining proof of manufacture - Rs 28.613 million
81.	107	Non-deduction of 1% sales tax amounting to Rs 3.399 million
82.	108	Undue financial aid to the contractor in shape of advance payment without approval of agreement - Rs 22.919 million
83.	109	Undue financial benefit to contractor due to non-provision of facilities at site by the contractor for Rs 3.00 million

84.	110	Over payment due to allowing premium on Non schedule items Rs 2.960 million

LIST OF MFDAC – E.O

S No	PDP No	Subject of Para
1.	4	Non-evicting of more than 100 Government quarters sold out/purchased out under possessions of illegal and un authorized persons.
2.	5	Non removal of encroachments at Government Colonies of 50.740 Acre
3.	6	Irregular allotment of houses in violation of rules
4.	8	Irregular issuance of No Demand Certificates (Provisional)
5.	9	Non-Payment of outstanding dues on account of deployment of Police Guards Rs 10.851 million
6.	10	Non-vacation/settlement of outstanding case of quarters occupied by Sindh Government employees since 1st July, 1982
7.	11	Non-Cancellation of allotment due to non-recovery of rental ceiling from the allottees of non-entitled department – Rs 1.215 million.
8.	12	Non-vacation of Govt. Accommodation (3-A) from Un-authorized occupant.
9.	13	Non-Recovery of Rent Rs 1.190 million.
10.	14	Non-Recovery of Rent Rs 1.998 million.
11.	15	Non-recovery of rent -Rs 5.126 million
12.	16	Non-cancellation of shops due to non-recovery of rent - Rs 0.995 million.
13.	17	Irregularity in allotment of Govt. accommodations
14.	18	Non recovery of 5% house rent in accordance with terms & conditions of allotment letter – Rs 3.569 million.
15.	19	Non-Recovery of ceiling rent Rs 9.572 million.
16.	20	Non recovery of ceiling rent due to non-vacation of Govt. Accommodation - Rs 1.124 million.
17.	21	Irregular Allotment of Government Accommodation.

LIST OF MFDAC – PHAF

S No	PDP No	Subject of Para
1.	1	Additional expenditure without approval Rs 167.363 million
2.	2	Undue financial benefit to the contractor due to non-recovery of Mobilization Advance Rs 122.876 million
3.	3	Overpayment due to incorrect weightages for price adjustment – Rs 59.736 million
4.	4	Non-obtaining of additional performance security – Rs 55.406 million
5.	5	Non-obtaining of insurance of work and equipment -Rs 310.780 million and non-recovery of Premium of Rs 3.108 million

6.	8	Non cancellation of defaulter's allotment resulted in non-recovery of Rs 8.183 million
7.	9	Excess expenditure due to execution of non-BOQ items without approval Rs 12.597 million
8.	10	Additional expenditure through variation orders due to change of design/defective estimation involving Rs 206.066 million
9.	14	Excess expenditure due to execution of non-BOQ items without approval Rs 40.091 million
10.	17	Overpayment due to execution of items of work beyond agreement/BOQ Quantities of Rs 11.312 million

LIST OF MFDAC – NCL

S No	PDP No	Subject of Para
1.	1	Non-remittance of income tax into Government treasury - Rs 18.722 million
2.	2	Non-remittance of income tax from suppliers for purchased/procured material - Rs 2.611 million
3.	7	Recovery/Un-authentic payment due to without weight slip and incorrect Delivery Challan/ GST Invoice of Dia # 4 deformed steel bar - Rs 955,000
4.	8	Un-authentic payment due to disbursement of expenditure without bills, details and supporting evidences - Rs 6.438 million

LIST OF MFDAC – FGEHA

S. No.	PDP No.	Subject of the Para
1.	01	Non-observance of policies as per memorandum and article of association of housing foundation despite collection of allotment fee –Rs 24,303.349 million
2.	02	Unjustified payment on account of taxes/ mutation fee – Rs 12.345 million
3.	05	Unjustified/irregular promotion without observance of Service Rules of Assistant Director against the post of Deputy Director due non-approval of General cadre
4.	06	Non-Recovery/Non-taking over possession of twelve (12) created residential plots from commercial plots cancelled on the direction of Prime Minister Office - Rs 90.00 Million
5.	08	Non-revalidation of Performance Guarantee of the Consultant- Rs 8.070 million

S. No.	PDP No.	Subject of the Para
6.	09	Non-imposition and recovery of liquidated damages on account of delay in completion of work_- Rs 94.652 million
7.	10	Non-revalidation of Performance Bonds - Rs 124.846 million
8.	11	Unauthentic payment of price adjustment without check request of work done and month wise market statistical bulletin rates –Rs 202.209 million
9.	12	Non-recovery of Professional Fee - Rs 3.300 Million
10.	13	Un-authorized deployment of excess staff without sanctioned strength resulting in excess expenditure on salaries during the financial year 2018-19 of Rs 16.450 million

LIST OF MFDAC – HEC

S No	PDP No	Subject of Para
1.	1	Non-renewal of earnest money bond by M/s NCL- Rs 4.000 million
2.	2	Undue favour to the contractor due to acceptance of lower model vehicle - Rs 2.500 million
3.	3	Irregular/unjustified payment due to ill estimation amounting to Rs 11.791 million
4.	4	Overpayment due to non-deduction of income tax- Rs 1.274 million
5.	6	Undue favour to the contractor due non-provision of Performance Security – Rs 23.041 million
6.	7	Unjustified payment of item without bifurcation of rate-Rs 1.110 million
7.	8	Non-affecting of All Risk Insurance Policies by the Contractor – Rs 693.317 Million
8.	13	Non-imposition/Non-Recovery of Liquidated Damages due to Slow Progress of work execution – Rs 60.288 Million
9.	14	Execution of Sub Standard Work of Brick Masonry in facing and other masonry work – Rs 30.670 Million
10.	15	Non-imposition of penalty for delay incompletion of work Rs 2.826 million
11.	16	Non-obtaining of insurance policies to cover work, contractor's equipment and third party insurance - Rs 300.60 million
12.	19	Overpayment due to application of incorrect base rate for payment of escalation on steel - Rs 9.455 million
13.	20	Irregular payment of price escalation for Rs 7.797 million and overpayment on account of escalation on crush – Rs 1.670 million
14.	21	Overpayment due to application of higher rate of labour in substituted items – Rs 1.829 million
15.	22	Overpayment due to application of higher rates – Rs 3.683 million
16.	24	Non-obtaining of insurance of the work and non-recovery of premium cost - Rs 3.658 million

17.	25	Irregular acceptance of performance guarantee with less amount – Rs 25.814 million
18.	26	Non-recovery due to non-provision of field laboratory by the contractor - Rs 2.820 million
19.	28	Overpayment on account of price escalations on steel – Rs 3.762 million
20.	29	Delay in execution of project of Rs 1747.308 million due to non-implementation Financial Phasing as approved in PC-1
21.	31	Non-utilization of HRD component in project for Rs 69.107 million
22.	32	Loss due to acceptance of bid of 2nd lowest of Rs 1.484 million and non-recovery of liquidation damages/ late delivery charges of Rs 360,879/-

LIST OF MFDAC – SIDCL

S No	PDP No	Subject of Para
1.	2	Non-recovery of Insurance charges from the contractor - Rs 3.800 million
2.	3	Non-obtaining of valid Performance Guarantee - Rs 146.805 million
3.	5	Non-obtaining of additional performance security from the contractor - Rs 273.434 million
4.	7	Irregular award of consultancy contract through negotiation - Rs 146.481 million
5.	8	Irregular payment in violation of Contract provisions - Rs 163.147 million
6.	9	Excess payment to consultants – Rs 29.366 million
7.	12	Non-obtaining of vouched account for advance payment - Rs 72.850 million
8.	13	Excess payment due to excessive quantity of steel without justification and approval - Rs 101.625 million
9.	14	Payment of sales tax without proof of deposit by the contractor - Rs 95.742 million
10.	15	Unauthentic payment of Diesel Generating sets and Transformers - Rs 117.517 million
11.	16	Overpayment due to inadmissible items of work – Rs 10.510 million
12.	18	Unjustified expenditure and mis-procurement of security services - Rs 88.132 million
13.	19	Unauthentic payment of electricity charges for street lights without confirming actual consumption - Rs 6.887 million
14.	20	Unauthentic expenditure on account of imported lift - Rs 15.010 million
15.	21	Irregular and Unjustified expenditure on extra items - Rs 118.166 million
16.	22	Excess payment due to excessive quantities without justification and approval - Rs 257.596 million
17.	23	Excess payment of - Rs 26.417 million and irregular procurement of Diesel generating set - Rs 5.262 million
18.	24	Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed projects

LIST OF MFDAC – GPA

S No.	PDP No	Subject of Para
1.	1	Award of work on EPC mode at higher cost - Rs 1,287.598 million
2.	7	Non-recovery due to non-execution of work as per bid – Rs 1,327.478 million
3.	8	Non-recovery due to non-execution of work as per bid - Rs 73.022 million
4.	9	Non-recovery due to construction of cast in place New Jersey Barriers instead of pre-cast
5.	10	Non-recovery due to non-compliance to Employer's Requirement – Rs 17.820 million
6.	11	Payment of excavation for pipe culvert - Rs 29.911 million
7.	12	Irregular insurance of work - Rs 19,614.602 million
8.	13	Non-recovery due to non-compliance to contract provision – Rs 23.763 million
9.	14	Non-procurement of 23 vehicles in the name of Gwadar Port Authority – Rs 56.236 million
10.	15	Non-recovery due to non-compliance to contract provision - Rs 49.277 million
11.	16	Irregular award of consultancy contract in violation of tender documents evaluation criteria - Rs 89.975 million
12.	18	Unjustified payment of remuneration without presence at site of work - Rs 32.856 million
13.	19	Excess payment beyond contract cost - Rs 29.852 million
14.	20	Unjustified appointment of technical advisor without advertisement and approval of GPA Board - Rs 10.884 million
15.	21	Non-obtaining of consultancy contract insurances - Rs 3.827 million
16.	22	Replacement of key personnel of the consultants without approval - Rs 22.242 million
17.	23	Execution of project and payments without required approval of detailed design - Rs 9,807.301 million
18.	24	Non-recovery of mobilization advance - Rs 905.289 million
19.	25	Non-revalidation of performance and mobilization advance guarantees
20.	26	Non-adjustment of advance payments of land acquisition - Rs 63.843 million
21.	27	Non-conducting of Internal Audit of Gwadar Port Authority and the Project
22.	28	Non-preparation of Entity Financial Statements
23.	29	Non-conducting of required Highway Safety Audits
24.	30	Non-recovery on account of NOC from EPA – Rs 3.00 million

Annexure-2: Status of previous years' outstanding MFDAC paras

Status of MFDAC paras of previous five years is as under:

S. No.	Audit Year	No. of Outstanding MFDAC paras	Amount (Rs in million)
1.	2019-20	601	75,061.700
2.	2018-19	507	36,400.130
3.	2017-18	602	52,494.710
4.	2016-17	328	20,332.640
5.	2015-16	688	33,190.18
Total		**2,726**	**217,479.36**

Annexure-3: Comments on Internal Controls

Internal controls are the set of rules, regulations, technical memos, policy instructions and standard operating procedures which have been prescribed by the departments/organizations to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The management of NHA, CDA, MCI, CAA, Pak. PWD, Estate Office, PHAF, NCL, FGEHA, HEC, SIDCL and GPA did not take adequate measures for the effective implementation of internal controls in their respective organizations. Audit observed recurrence of many irregularities, reported over the last many years, generally stemming either from absence of an effective oversight mechanism or the weak implementation of internal controls. The major recurring irregularities are:

i. Non-adherence to Public Procurement Rules while procuring works, services, goods, awarding concessions, leases, etc.

ii. Execution of works over and above the provisions of approved PC-I without approval of deviation by competent forum

iii. Non-adherence to Pakistan Engineering Council's standard procedure and formula for price adjustments

iv. Non-obtaining insurance policies from the contractors to safeguard works, equipment, labour, etc.

v. Non-recording detailed measurements of work done in Measurement Books

vi. Delay in completion of works

The organizations did not avail the services of their internal audit wings to create effective internal controls environment. The workload of external audit could have been reduced by utilizing existing internal audit capacity of the departments in addition to the enforcement of financial discipline. It is proposed that prior to the start of external audit, the internal audit reports should be made available to the external auditors help them in delineating the potential audit risk areas. Hence, Audit emphasizes to enhance the role of internal audit wings of these Ministries/organizations and suggests establishment of independent internal audit wings under the direct supervision/control of PAOs/heads of the departments.

Significant breach of internal controls included:

- Weak internal controls often result in loss to government. Such cases occurred due to failure of laid down controls like acquisition/safeguard of assets, performance reviews, monitoring process, financial and administrative delegation of powers, information technology system, pre-audit checks, internal audit, maintenance of record, budgeting, accounting process, reconciliation, tendering for grant of lease/award of concessions and works, invoking of contract clauses/specifications, etc.
- There are cases of non-transparent bidding process, award of works/consultancy without tendering, non-retrieval of encroached land, execution of projects without approval of competent forum, non-insurance of works, post-bid amendments to the contracts, undue financial aid to contractors, irregular appointments, defective execution of works, improper planning, payments without recording detailed measurements of work done in MBs, wasteful expenditure, etc.
- There are cases of overpayment due to allowing higher/incorrect rates, allowing excessive quantities, separate payment for built-in items, incorrect escalation, etc.

- During audit on a test check basis, cases of non-recovery on account of licence fee, commercialization charges, rent, penalty, taxes, etc. were noticed which have been highlighted in this Audit Report.

Annexure-A
Ref to Para 2.5.3

Non-imposition of liquidated damages for delay in completion of work - Rs 9,039.714 million

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
73	Improvement, Upgradation and Widening of Jaglot - Skardu Road	29.06.17	28.06.20	3,100,000,000	3,100.00
196	Lahore-Abdul Hakeem M-3	2.2016	18.08.18	148,654,000,000	1,866.34
172	Rakhi Gajj Bewata Package-1A	11.07.16	10.07.19	13,753,035,000	1,375.30
	Dualization and Improvement of Old Bannu Road Package-1 Domail to Khurram			7,132,516,984	713.252
	Dualization and Improvement of Old Bannu Road Package-2 Khurram to Karappa			5,927,258,574	592.726
154	Dualization and Improvement of Pindigheb-Jand-Kohat Road, Package03: KhushalGarh – Kohat			5,810,946,377	581.095
14	Behrain - Kalam Section N-95 Pkg-I, Lot-1	12.10.17	11.10.19	2,161.85	216.185
	-do- Package-I, Lot-2	12.10.17	11.10.19	1,933.20	193.319
	-do- Package-I, Lot-3	30.10.17	30.06.20	1,303.49	130.348

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
	-do- Package-I, Lot-4	30.10.17	12.11.19	968.247	96.824
	Package-II, Lot-1 (Chakdara-Bahrain 10 No. Bridges)	01.01.18	15.11.19	789.518	78.952
53	Chakdara - Fatehpur Section (82 Km)	25.08.17	24.08.19	2787.926	61.875
336	Havelian-Thakot" Section (118 km) KKH Ph-II	22.12.15	29.02.20	133,980,000,000	33.495
Total				**318,357,766,879**	**9,039.71**

Annexure-B
Ref to Para 2.5.6

Award of works without detailed quantities - Rs 2,349.183 million

(Rs in million)

DP No.	Name of Formation	Number of works	Amount
44	General Manager Punjab (North), Lahore	-	503.873
125	General Manager Balochistan (North), Quetta	108	690.435
145	General Manager, (Maintenance) NHA, Muzaffarabad	-	201.852
266	General Manager Maintenance West Baluchistan, Gwadar	79	385.110
306	General Manager (Maintenance) NHA Khuzdar	46	311.013
323	General Manager (Northern Areas), NHA, Abbottabad	-	256.900
Total		**233**	**2,349.183**

Annexure-C
Ref to Para 2.5.24

Excess payment due to excessive quantities-Rs 226.87 million

(Rs in million)

DP No	Formation	Name of Work	Particulars	Amount
21	GM FERP	Rehabilitation of National Highways Taunsa - Ramak Section Package-6 (Lot-2) 4.786 Km incl. 3 new bridges	Excessive Quantities than BOQ	2.508
109	GM Metro Bus Islamabad	Package-I from Peshawar More to Golra More		75.491
142	GM Muzaffarabad	Three different works		14.456
159	GM Old Bannu Road Peshawar	Package-1; Domail to Khurram (40.036 km)		22.328

DP No	Formation	Name of Work	Particulars	Amount
		Package-2; Khurram to Karappa		68.579
223	GM CAREC	(Section-1) km 64-000 to 130+370 km(66.37 km)		7.230
231	GM CAREC	(Section-1) under Package 1B km 20+000 to km 40+000		1.923
235	GM CAREC	Section-1) under Package 1A km 0+000 to km 20+000	Non-BOQ Items	34.355
		Total		**226.87**

Annexure-D

Ref to Para 2.5.26

Non/less deduction of income tax from the payment made to the contractors/consultants – Rs 209.727 million

(Rs in million)

DP No	Name of work	Contractor	Description	Amount
252	Construction of Lahore-Sialkot Motorway - Additional work from km 0 - 6	M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited	Income tax from the payment made to the contractor was not deducted on the basis that firm relates to M/s FWO.	92.377
17	Rehabilitation of National Highways Dhanasar - Sheikhmela Section Package-8	M/s Sultan Mehmood	Income tax from the payment made to the contractor was not deducted.	36.863

DP No	Name of work	Contractor	Description	Amount
03	Widening of Main Carriageway from Faizpur Interchange to Ravi Toll Plaza with two lanes on both sides	M/s Motorway Operations & Rehabilitation Engineering (Pvt.)	Income tax from the payment made to the contractor was not deducted on the basis that firm relates to M/s FWO.	29.010
341	Consultancy contract of Havelian-Thakot Section (118 km) KKH Ph-II		Income tax was not deducted from the salary of consultant staff.	26.534
328	Construction of Havelian-Thakot Section (118 km) KKH Ph-II	M/s CCCC	Income Tax deducted @ 7% instead of 7.5%	16.186
333	Construction of Havelian-Thakot	M/s DOLSAR	Income tax deducted on net amount instead of gross amount. Further income and sales tax deducted but not deposited in treasury.	5.892
91	Construction Supervision of YakmachKharan Road	M/s PEAS Consulting (Pvt.) Ltd in association with M/S CECON Civil Engineers and Consultants	Income tax deducted Rs 2.803 million instead of Rs 5.668 million	2.865
Total				**209.727**

Annexure-E

Ref to Para 2.5.42

Overpayment due to application of incorrect rates for price adjustment - Rs 57.805 million

(Rs in million)

DP No	Name of project	Description	Amount
187	Widening and Strengthening of RakhiGajj – Bewata Section of N-70 Package 1A	Escalation paid on the cost of temporary works	22.478
230	CAREC - Petaro to Sehwan N-55 (Section-1) under Package 1A	Rate of bitumen paid @ Rs 89,895 instead Rs 78,115	7.710
87	Construction of Yakmach to Kharan Road Project Section-II	The Authority calculated the price adjustment by allowing base rate for bitumen @ Rs 47,151 instead of actual base rate Rs 52,493	5.184
295	M-4 Package-III-B (Dinpur-Shamkot 34.28 KM)	Escalation was paid on withheld amount	3.034
232	CAREC - Petaro to Sehwan N-55 (Section-1) under Package **1B**	Rate of bitumen paid @ Rs 92,335 & Rs 89,895 instead of Rs 78,115	2.455
167	Up-gradation, Widening &Improvement of Zhob – Mughalkot Section" N-50, (Lot-I)	Incorrect current rates were applied for calculation	2.265
289	M-4 Package-II-A (Gojra-Jamani 31 KM)	Calculated the escalation on excessive work done against actual	1.951
374	Hakla-D.I Khan	Escalation was paid on incorrect rates	12.728
Total			**57.805**

Annexure-F
Ref to Para 3.5.6

Non-recovery of outstanding rent and utility charges - Rs 146.646 million

(Rs in million)

DP No	Description	Amount
14	Non-recovery of outstanding dues from Laundry shop at Parliament Lodges (FY 2018-19)	2.556
15	Non-recovery from illegal occupants who occupied suits in Parliament Lodges (FY 2018-19)	3.842
16	Non-recovery from the Parliament Lodges & Hostels (FY 2018-19)	16.802
159	Non-recovery of room rent from occupants of CDA Officer's hostel	22.513
165	Non-recovery from defaulters	88.886
167	Non-recovery of electricity charges from M/s Saifullah Khalid & Shiraz Khalid Lasani Consulting	2.700
168	Non-recovery from unauthorized occupants of CDA House No. 14-A, 16-A and 20-A Street No. 63, Sector F-7/3	8.237
169	Non-recovery of rent from M/s Saifullah Khalid & Shiraz Khalid Lasani Consulting	1.110
	Total	**146.646**

Annexure-G
Ref to Para 3.5.10

Non-obtaining insurance coverage and non-recovery of premium - Rs 50.593 million

(Rs in million)

DP No	Formation	Description	Agreement Cost	Premium cost
09	Sector Development	Development of Markaz in Sector D-12, at Islamabad (construction of parking area, drainage, sewerage & water supply systems)	102.447	1.229
10	Parliament Lodges &	Replacement of existing false ceiling with POP	16.131	0.161

DP No	Formation	Description	Agreement Cost	Premium cost
	Hostels	false ceiling of top floor of Suites at Parliament lodges, Islamabad		
		Internal re-painting of suites, corridors & replacement of ceiling in all corridors at Govt/MNA hostels Islamabad	12.379	0.124
31	Roads (South)	Construction of Interchange at Karal Intersection of Islamabad Expressway, Islamabad	1,777.110	20.420
36	Roads (South)	Construction of Interchange at Khana & Sohan Intersection of Islamabad Expressway	2,186.832	25.140
136	Roads (North)	Construction of underpass between G-7 & G-8	351.909	3.519
		Total	**4,446.808**	**50.593**

Annexure-H

Ref to Para 3.5.24

Non-recovery of outstanding dues in respect of License fee, utilities and conservancy - Rs 1,673.745 million

(Rs in million)

DP No	Description	Amount
01	Non-recovery of license fee for collection of Parking Toll from Marriott Hotel Islamabad	86.655
02	Non-recovery of license fee for Operation, Management and Maintenance of Bus/Coach Stand G-9 Markaz Islamabad	84.125
04	Non-recovery on account of withholding tax from the Operation, Management and Organizing the Municipal Cattle Market in Sector I-12	7.150

DP No	Description	Amount
05	Non-recovery on account of withholding tax from Collection of Car Parking fee at adjacent plot to Centaurs Mall, Islamabad	9.070
07	Non-recovery of car parking fee and delayed payment charges from M/s Design & Development Associate for collection of entry fee of car parking at Shaker Peryan (East and West Side)	14.264
08	Non-recovery on account of withholding tax from M/s Al-Shoaib Enterprises car parking entry fee at shaker peryan, Islamabad with agreement cost of Rs 8.100 million p	2.430
09	Non-recovery of license fee/conservancy charges from weekly bazars	1.275
10	Non-recovery of Annual License Fee from Cellular Operators	67.419
11	Non-recovery of license fee for Intra City Wagon Stands Islamabad	47.030
12	Non-recovery of license fee collected departmentally for Intra City Wagon Stands Islamabad	5.638
18	Non-recovery of license fee for Intra City Wagon Stands Islamabad M/s Al-Saddat Travels	20.200
21	Non-recovery of withholding tax	69.881
26	Loss due to non-recovery of Fascia Signboards fee	1,089.465
27	Non recovery of outstanding dues from the licence for installation of Bill Boards, Hoardings, Moppies, Pole Signs, Roof Top and Tri-vision screens, use of open spaces on yearly basis for various Avenue, Highways and Roof top of Buildings	119.858
28	Non recovery of department charges from the owners of Petrol Pumps/ CNG Stations	47.285
29	Non-removal/non-recovery of illegal advertisement at Safa Gold Mall	2.000
	Total	**1,673.745**

Annexure-I

Ref to Para 4.5.2

Violation of PPRA rules in award of works, lack of competition and extensions in contracts - Rs 11,776.063 million

(Rs in million)

DP No.	Description	Amount
29	Additional Work in Expansion of Passenger Terminal Building Project at Allama Iqbal International Airport Lahore (Const. of Car Parking Area)	1,325.230
72	Professional legal services on retainer ship basis for all disputes of IIAP before DRB awarded without tenders	6.000
	Consultancy services for design of DG guest house and APM residence at IIAP awarded without tenders	6.956
75	63 license agreements were extended without inviting tenders at IIAP Islamabad	340.855
78	Transport hiring contract was extended instead of new tender at IIAP Islamabad	21.946
80	Janitorial and cleaning Services was extended instead of new tender at IIAP Islamabad	56.415
107	Logistics Centre South Karachi procured material through quotations in piecemeal instead of open tenders	12.955
109	Logistics Centre North Karachi procured material through quotations	4.811
121	Additional Director E&M Karachi procured material through quotations in piecemeal instead of open tenders	3.436
126	Work of Integrated Security System was awarded without tendering by APM Lahore	0
127	APM Lahore extended the contract of outsource manpower instead of new tender	9.455
154	Package 7A (air field lightning system) - additional work	1,205.961
	Package 7B (NAVAIDS &ATC equipment) - additional work	341.859
	Package 8B (Electrical Power & Telecom works) - additional work	848.149
	Package 3(passenger terminal building) - additional work	7,558.987
175	Additional Flooring Wooden work at BKIAP was awarded without tenders	5.112

DP No.	Description	Amount
182	APM JIAP Karachi procured material through quotations in piecemeal instead of open tenders	2.101
201	APM JIAP extended the agreement for Hiring of 38 vehicles with M/s Defense Rent instead of retendering	25.835
	Total	**11,776.063**

Annexure-J

Ref to Para 4.5.5

Non-realization of revenue on account of aeronautical, non- aeronautical and utility charges - Rs 4,407.835 million

(Rs in million)

DP No	Location	Description	Amount
50	BKIAP Peshawar	Non-recovery on account of license fee	127.997
60 & 63	Walton Aerodrome Lahore	Non-recovery on account of license fee	19.596
61	Walton Aerodrome Lahore	Non-recovery on account of rent, electricity and water charges against retired/serving employees CAA.	1.664
74	IIAP Islamabad	Non-recovery on account of license fee	415.585
81	IIAP Islamabad	Non-recovery of Income Tax from Car Parking License	24.305
82	IIAP Islamabad	Non-recovery of rent/space charges from CDA	842.800
85	IIAP Islamabad	Non-recovery on account of non-utilization charges etc.	25.094
123	AIIAP Lahore	Non-recovery of license fee and electricity charges	22.956
125	AIIAP Lahore	Non-recovery of license fee from PIA and M/s Shaheen	745.695
188	JIAP Karachi	Non-recovery of utility charges from other agencies working at airport	455.646

DP No	Location	Description	Amount
189	JIAP Karachi	Non-recovery of premium and ground rent from lessee	202.144
191	JIAP Karachi	Non recovery of license fee from M/s Shaheen Air International	42.106
192	JIAP Karachi	Non-recovery of ground rent and utility charges	13.111
193	JIAP Karachi	Non-recovery of non-utilization charges	8.712
194	JIAP Karachi	Non-recovery of lease charges from M/s Sky Room	3.867
198	JIAP Karachi	Non-recovery of advance tax and Annual Gross Turnover (86,675.02$ x 130 + Rs 6.866 million)	18.134
199	JIAP Karachi	Non-recovery of license fee, surcharge and advance tax from duty free shop	62.14
200	JIAP Karachi	Non-recovery due to non-execution of agreement	5.671
202	JIAP Karachi	Non-recovery from commercial licensees	135.623
203	JIAP Karachi	Non-recover from M/s PIA	89.490
204	JIAP Karachi	Non-recovery of Airport charges, embarkation fee etc.	789.850
205	JIAP Karachi	Non-recovery of Cargo Handling Charges	6.779
206	JIAP Karachi	Non-recovery of revenue	321.832
207	JIAP Karachi	Non-recovery of rent and allied charges of CAA accommodation	2.979
208	JIAP Karachi	Non-recovery of electricity charges	24.059
Total			**4,407.835**

Annexure-K
Ref to Para 4.5.6

Non-imposition of liquidated damages for delay in completion of work - Rs 3,461.999 million

(Rs in million)

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
10	Reconstruction of CAA office (C-I house) at Walton Aerodrome Lahore	10.01.2019	09.07.2019	12.353	1.235
38	Expansion of Passenger Terminal Building Project at AIIAP, Lahore "Access Road"	19.07.2017	11.02.2018	1,778.447	25.948
138	Construction of Additional public toilets (pre-fabricated) at level-III Concourse Hall PTB, IIAP, Islamabad	04.11.2019	03.02.2020	18.496	1.849
158	Passenger Terminal Building (P#3)	25.08.2013	15.04.2017	20,286.00	2028.600
	PTB Special System (P#4)	13.04.2016	09.08.2017	4,504.00	450.400
	Airfield Lighting System (P#7A)	08.03.2011	10.06.2017	947.00	94.700

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
	Navaids & ATC Equipment (P#7B)	20.11.2016	16.05.2017	1,051.00	105.100
	ATC Complex *FCR, Radio & Rader building (P#8C-1)	03.07.2012	31.12.2017	1,470.00	147.000
	Aircraft Stand Equipment (P#9)	02.11.2016	26.01.2018	5,990.00	599.000
	Construction of medical center and allied facilities at airport (ASF camp)	15.19.2019	-	81.670	8.167
			Total	**36,138.966**	**3,461.999**

Annexure-L
Ref to Para 4.5.17

Excess payment due to execution of excessive quantities than BOQ and non-BOQ items without approval - Rs 93.850 million

(Rs in million)

DP No	Formation	Name of Work	Particulars	Amount
46	Project Director, Expansion of PTB Lahore	Expansion of Passenger Terminal Building Project at AIIAP, Lahore "Access Road Network	Excessive Quantities than BOQ /	60.222
47	Project Director, Expansion of PTB Lahore	Expansion of Passenger Terminal Building Project at Allama Iqbal International Airport		11.004

		Lahore (Const. of Car Parking Area)	VO	
96	Project Director, Expansion of PTB Lahore	Expansion of Passenger Terminal Building Project at AIIAP, Lahore "Access Road Network		16.758
137	Additional Director Engineering Services Islamabad	Provision of ICAO Standard Fencing including Gates Star Barries, Ladies Search Room, Hard Standing Road Side Retaining Wall for strengthening of security infrastructure at Thallian Gate at IIAP Islamabad		5.866
			Total	**93.850**

Annexure-M

Ref to Para 5.5.1

Irregular execution of work due to non-revision of T.S. Estimate

(Rs in million)

DP No.	Division	Name of work	Contractor	TS amount	Payment	Excess
38	CCD Sialkot	Construction of Pre-stressed Girder Bridge over Nallah Bahein Tehsil Shakargarh District Narowal NA-116" Prime Minister Directive (PWP-II 2009-2010)	M/s Hamad Raza & co	232.186	280.568	48.382 (20.83%)
53	CCD-I Lahore	Refurbishment of Library Hall class room No.2 and IT	M/s Hamad Raza & co	6.845	8.832	1.987 (29%)

DP No.	Division	Name of work	Contractor	TS amount	Payment	Excess
		room at PAS Campus Lahore (SH-Refurbishment of Library Hall)				
		Refurbishment of Library Hall class room No.2 and IT room at PAS Campus Lahore (SH-Water Supply)	M/s Hamad Raza & co	3.446	4.632	1.186 (34.42%)
61	CCD-V Islamabad	Dualization and improvement of Sohawa to Chakwal Road (66.405 km)	M/s NLC	4,293.364	5,414.115	1120.753 (26%)
Total				**4,535.841**	**5,708.147**	**1,172.308**

Annexure-N

Ref to Para 5.5.5

Irregular payment without acceptance of contract agreement and without recording detailed measurements - Rs 81.443 million

(Rs in million)

DP No.	Division	Name of work	Contractor	Contract cost	Payment
06	CCD-III Peshawar	Construction of PCC street, Drain At Ghudi Area Mania Khel Sher Khan Khel Area TorKhel and Katia Khel Takhta Baig Shahkhas Surkamar Tidi Bazar New Abadi Ghariza Jamrud, District Khayber	M/s Javed Yosuzai & Co	7.317	7.317

DP No.	Division	Name of work	Contractor	Contract cost	Payment
07	CCD-III Peshawar	Construction of PCC street, Drain and Culverts At UC Khalsa 1&2, Mahal Thrai 1&2, Hasan Ghari-1, Shahi Bagh, Faqeerabad and Sikandar Town District Peshawar	M/s Zarobi Builders	9.019	6.329
		Construction of Retaining Wall at UC Gulbahar Shaheen Muslim Town – 1&2, Shaiekha Junaidabad Lahori Karim Pura Andar Shehr and Asia UC-Jehangir Pura, Gunj, Yakka Toot-1, 2 and 3 Wazir Bagh Kakshal-1 & Kakshal-2 District Peshawar to	M/s Usman Corporation	7.545	4.526
14	CCD Abbottabad	Const. of PCC roads/New road/Water Channel/Sewerage Line/Retaining Wall & DWSS Abbas abad Imdad abad Asppaidar Dara Biari to Pokal Rabbat Biari Village Karr Abdul Malik Karr Pakol Sarwar Khan Jamil Korona	M/s Deshan Construction	18.717	19.109

DP No.	Division	Name of work	Contractor	Contract cost	Payment
		& Shoib Khan U/C Biari Tehsil Allai Dist. Battagrame			
15	CCD Abbottabad	Construction of Zonal Office (I.R) at Mansehra"	M/s Abdul Khaliq & Co	41.443	21.00
		Construction of PCC roads/ Retaining Wall/ Sewerage Line & DWSS at Habib Banda Shingri to Rajmera, Mirani, Main Road to Qala , Atif Shaheed Khan Baffa Mahalla Batamori Village Kakar Shang to Sely Pagull Khan Bazar Gay Bala, Ismeell Khan Kuz Bazar Gaye, Zubair Korona, Arif Jesol Qalah, Jeol Colony U/C Battabori, Tehsil & Disstt. Battagram	M/s Dodhal construction	12.857	13.317
48	CCD-I Lahore	Construction of Triple Storey Living Accommodation for ASF Personnel at AIIAP Lahore	M/s Akbar Ali Bhatti	90.253	9.845
Total				**187.151**	**81.443**

Annexure-O
Ref to Para 5.5.8

Non-imposition and recovery of liquidated damages for delay in completion of works - Rs 23.440 million

S. No	Name of Institution	Agreement Amount	Date of Start	Completion Date	Status
1	IMS for boys (I-X) Khanna Naiabadi/ M/S Friends Engineering	21,076,409	19.06.2018	18.06.2020	Work in progress
2	IMS for Girls at Korang Town FA Islamabad M/S M. Rafiq	35,651,595	21.06.2018	20.06.2020	Work in progress
3	IMCB G-11/1, Islamabad M/S M. R. Manga Khan	20,694,568	29.05.2018	28.05.2020	Work in progress
4	IMCG (I-X) N.H.C Islamabad M/S Sheeba Enterprises	15,706,728	31.05.2018	30.05.2020	Work in progress
5	IMS for Girls I-10/4 Islamabad M/S Nasir Mehmood	32,592,572	22.06.2018	21.06.2020	Work in progress
6	IMCB F-7/3 Islamabad M/S Abid & Co.	25,966,840	23.05.2018	22.05.2020	Work in progress
7	IMCG F-8/1 Islamabad M/S Mizrab Gul & Co.	25,931,560	14.06.2018	13..12.2019	Work in progress
8	ICG F-6/2 Islamabad M/S Falcon Construction	21,130,060	22.06.2018	21.12.2019	Work in progress
9	IMCG F-6/2 Islamabad M/S Haji Ibrahim	35,651,595	23.05.2018	22.05.2020	Work in progress
	Total	**234,401,927**			