AUDIT REPORT
ON
THE ACCOUNTS OF
NHA, CDA, MCI, CAA, PAK. PWD,
ESTATE OFFICE,
PHAF, HEC
AND PD&SI

GOVERNMENT OF PAKISTAN

AUDIT YEAR 2019-20

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AAR	Accommodation Allocation Rules
AASHTO	American Association of State Highway and Transportation Officials
ACWC	Asphaltic Concrete Wearing Course
ADB	Asian Development Bank
ADP	Annual Development Programme
AER	Assistant to Employer's Representative
AIIAP	Allama Iqbal International Airport
AMP	Annual Maintenance Plan
APM	Airport Manager
ASTM	American Society for Testing and Materials
ATC	Air Traffic Control
BOQ	Bill of Quantities
BOT	Build Operate Transfer
BTS	Base Transceiver Stations
BUP	Built-up Property
CAA	Civil Aviation Authority
CAREC	Central Asia Regional Economic Cooperation Corridor
CCD	Central Civil Division
CDA	Capital Development Authority
CDR	Call Deposit Receipt
CDL	Cash Development Loan
CDWP	Central Development Working Party
cft.	Cubic Feet
CoC	Condition of Contract
CPEC	China-Pakistan Economic Corridor
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
Cu.m	Cubic Meter
DLP	Defect Liability Period
DMA	Directorate of Municipal Administration
DME	Distance Measuring Equipment
DP	Draft Para
DST	Double Surface Treatment
DVOR	Doppler Very High Frequency Omni Range

ECNEC	Executive Committee of the National Economic Council
E&M	Electrical and Mechanical
EO	Estate Office
EOI	Expression of Interest
EOT	Extension of Time
ERP	Enterprise Resource Planning
EVHF	Extended Very High Frequency
FBR	Federal Board of Revenue
FIDIC	Federation Internationale Des Ingenieurs-Conseils (International Federation of Consulting Engineers)
G.M	General Manager
GWL	General Waiting List
HEC	Higher Education Commission
HQ	Headquarters
ICT	Islamabad Capital Territory
ILS	Instrument Landing System
IPC/EPC	Interim/Escalation Payment Certificate
JIAP	Jinnah International Airport
JV	Joint Venture
KKH	Karakorum Highway
LAC	Land Acquisition Collector
LED	Light Emitting Diode
MB	Measurement Book
MCI	Metropolitan Corporation Islamabad
MES	Military Engineering Service
MoC	Ministry of Communications
MORE	Motorway Operations & Rehabilitation Engineering
MPO	Machinery Pool Organization
NBC	North Bound Carriageway
NCL	National Construction Limited
NDC	No Demand Certificate
NESPAK	National Engineering Services of Pakistan
NHA	National Highway Authority
OPI	Office of Primary Importance
PAC	Public Accounts Committee
PAO	Principal Accounting Officer

PC-I	Planning Commission (Proforma-I)
PD&SI	Planning, Development and Special Initiatives
PEC	Pakistan Engineering Council
PSDP	Public Sector Development Program
PHAF	Pakistan Housing Authority Foundation
PLA	Personal Ledger Account
PM	Periodic Maintenance
PNHRP	Post-flood National Highway Rehabilitation Project
PPRA	Public Procurement Regulatory Authority
PRRSA	Provincial Reconstruction Rehabilitation & Settlement Authority
PPWD	Pakistan Public Works Department
PTB	Passenger Terminal Building
PWD	Public Works Department
RAMD	Road Asset Management Directorate
RE	Resident Engineer
RFP	Request for Proposal
RM	Routine Maintenance
RMA	Road Maintenance Account
RoW	Right of Way
SAR	Special Audit Report
SBC	South Bound Carriageway
SDGs	Sustainable Development Goals
SFD	Saudi Fund for Development
SH	Sub-Head
SOP	Standard Operating Procedure
SP	Special Provisions
TS	Technical Sanction
TST	Triple Surface Treatment
VO	Variation Order
WBM	Water Bound Macadam
X-section	Cross Section

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, Metropolitan Corporation Islamabad, CAA, Pak. PWD, Estate Office, PHAF, HEC and PD&SI for the financial year 2018-19 and also contains some audit observations for the financial year 2017-18. The Directorate General Audit Works (Federal), Islamabad conducted audit during 2019-20 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 one million or more. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The audit observations listed in Annexure-1 shall be pursued with the Principal Accounting Officers at the DAC 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 recurrence of similar violations and irregularities.

Most of the audit observations included in the report could not be discussed in the Departmental Accounts Committee meetings despite repeated requests by Audit.

The Audit Report has been prepared for submission to the 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 (Javaid Jehangir)

Dated: 20th February, 2020 **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, Civil Aviation Authority, Pakistan Public Works Department, Estate Office, Federal Government Employees Housing Authority, National Construction Limited, Pakistan Housing Authority Foundation, Higher Education Commission (PSDP/Infrastructure development works executed by federally chartered universities/institutions), Ministry of Planning, Development and Special Initiatives (Special Project Cell) and Sindh Infrastructure Development Company Limited. 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 112 personnel including officers and staff. The annual budget of the Directorate General for the current financial year is Rs 176.903 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. As part of its Audit Plan (2019-20), for the Compliance with Authority Audit, the Directorate General Audit Works (Federal) conducted audit of 76 formations, out of 259 under its audit jurisdiction during Phase-I of the Audit Plan, by deputing fifteen (15) Field Audit Teams with an input of 4,479 man-days. Moreover, regularity audit of twenty-nine (29) formations relating to NHA, CDA, MCI, CAA, HEC, PHAF and PD&SI were conducted in Phase-II of Audit Plan of 2018-19 and significant audit observations have been included in this Audit Report.

i. 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.

ii. Scope of Audit

This office is mandated to conduct audit of 259 formations working under seven PAOs/Ministries. Total expenditure and receipts of these formations were Rs 224.721 billion and Rs 170.369 billion respectively for the financial year 2018-19.

Audit coverage relating to expenditure for the current audit year, under compliance audit category comprises 76 formations of 5 PAOs/Ministries having a total expenditure of Rs 107.930 billion for the financial year 2018-19. In terms of percentage, the audit coverage for expenditure is 48% of auditable expenditure.

Audit coverage relating to receipts is of Rs 58.365 billion for the financial year 2018-19. In terms of percentage, the audit coverage for receipts is 34.26% of the total receipts.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 19.198 billion and receipts of Rs 40.742 billion for the financial year 2017-18 pertaining to 29 formations of 6 PAOs/Ministries.

In addition to this compliance audit report, Directorate General Audit Works (Federal) conducted 09 Financial attest audits[1] and 03 Special audits. Reports of these audits are being published separately.

iii. Recoveries at the instance of audit

As a result of audit, a recovery of Rs 52,551.509 million was pointed out in this report. Recovery effected from January to December 2019 was Rs 1,490.033 million which was verified by Audit.

iv. 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 Principal Accounting Officers are regularly requested to convene DAC meeting to discuss Audit Reports. During the period from 1st July, 2019 till the finalization of this Audit Report, thirty-eight (38) DAC meetings were convened by various PAOs. Audit paras on the accounts of NHA and HEC included in this Audit Report have been discussed in DAC meetings. However, PAOs of other departments/authorities have not convened DAC meetings to discuss audit paras included in this Audit Report despite requests made by Audit.

[1] One financial attest audit of Appropriation Accounts of Pakistan Public Works Department and eight financial attest audits of foreign-aided projects (including two CPEC related projects) of National Highway Authority.

v. 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:
   a. Materiality/significance.
   b. 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.
ix. Evaluating results.
x. Reporting.
xi. Follow-up.

vi. 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. The issue of non-maintenance of inventory of amenities on NHA RoW and raising regular demands/bills to all NHA RoW users has time and again pointed out in the Audit observations. National Highway Authority while responding to DP. 65/2019-20 explained that streamlining of NHA's revenue collection of ROW is under process. The DAC directed that NHA will complete the mapping of its assets of ROW and issue bills accordingly to all users according to an approved charge for each category of users. This would increase the revenue resources of NHA.

ii. DAC in its meeting dated 19th November, 2019 directed NHA to immediately establish Assets Management Cell at the headquarters and circulate SOPs for regular updation of the asset record in the format provided in Admn Manual. NHA was also directed to carry out the exercise through chartered accountants/registered evaluators of SBP and provide it to Audit for verification. This exercise was to be completed by June 2020. This would improve asset management of National Highway Authority (Para 02/SAR Asset Management NHA).

iii. Audit pointed out shortcomings in reserve price calculation mechanism and acceptance of lower toll bids time and again. National Highway Authority has shared with Audit a proposed amendment in which audit observations have been catered for. This change/amendment in NHA code in the light of audit observations would improve revenue stream of the Authority and as a result more financial resources would be available for maintenance of roads network throughout Pakistan (PP 4.4.51.2/AR 2017-18).

iv. Deviations in the approved scope of work, has been a regular feature of execution of development and non-development/maintenance works in National Highway Authority. Approval mechanism of these variations has been highlighted in almost all yearly Audit Reports. NHA Executive Board in its 316th meeting held on 19th February, 2019 decided that henceforth Addendums, Variation Orders, re-appropriations, etc., shall be processed by restricting the delegation of financial powers of variations. This would restrict deviations during execution of works and improve financial discipline (Para 2.4.5/AR 2018-19 & DP. 10/2019-20).

v. In response to audit observation on non-maintenance of waste water quality standard approved in PC-I, Capital Development Authority in DAC meeting dated 19.11.2019 informal that total capacity of water sewage treatment plant is 17 million gallon per day whereas plant at present is working at of 4.16 million gallon per day. DAC directed that missing links and damage of sewage lines should be rectified and a comprehensive report to operationalize the Sewage Treatment Plant at full capacity be submitted to PAC / Audit. This would help improve the waste water quality standard and better environment in the capital city (Para 2.4.114/AR 2016-17).

vi. CDA was disbursing pension to its thousands of pensioners through post offices instead of crediting the same directly in the pensioners bank accounts opened in scheduled banks including National Saving center. In response to the issue raised by Audit DAC in its meeting dated 27& 30th December 2019, CDA apprised that out of 14,000 (fourteen thousand) pensioners, 11000 pensioners pension payments are now being made through bank account and only 3000 pensioner are being paid through post offices which will soon be transferred to bank system. This would improve financial discipline in payments to pensioners (Para 2.4.11/AR 2015-16).

vii. 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, which does not has internal audit setup, we emphasize the need for establishing an internal audit regime in this organization, directly reporting to the Principal Accounting Officer.

Comments on internal controls, highlighting irregularities are given at Annexure-2.

viii. Key Audit Findings of the Report

Major audit findings included in this Audit Report are:

i. Overpayments of Rs 635.211 million were made by NHA, CAA, Pak. PWD and PD&SI due to price escalation/de-escalation, incorrect application of rates, violation of specification and payment of inadmissible items of work in eleven cases. [2]

ii. Revenue of Rs 28,590.56 million on account of lease money, building control/transfer fee, fine, rent, property tax, premium on commercial plots, etc. was not realized/ recovered by NHA, CDA, CAA and Estate Office in seven cases. [3]

iii. NHA, CAA and Pak. PWD awarded works in violation of Public Procurement Rules for Rs 1,855.607 million in four cases. [4]

iv. CAA and Pak PWD could not impose and recover liquidated damages of Rs 742.746 million from the contractors on account of delay in completion of works in two cases. [5]

v. CDA and CAA made payments against work done of Rs 598.92 million without recording measurements in the Measurement Books in two cases. [6]

vi. CDA and CAA did not get the degrees and domiciles of the newly appointed and existing staff verified in two cases. [7]

ix. Recommendations

i. 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 be realized in a timely manner and deposited in the treasury/relevant account.

iii. Public Procurement Rules, 2004 be adhered to in letter and

[2] Paras 2.5.24, 2.5.34, 2.5.62, 2.5.63, 2.5.70, 2.5.77, 4.5.45, 5.5.25, 5.5.26, 5.5.27, 8.5.1
[3] Paras 2.5.65, 3.5.6, 3.5.7, 3.5.12, 3.5.35, 4.5.2, 5.5.48
[4] Paras 2.5.20, 2.5.52, 4.5.4, 5.5.12
[5] Paras 4.5.10, 5.5.6
[6] Paras 3.5.18, 4.5.13
[7] Paras 3.5.34, 4.5.52

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.

v. Credentials of the officers/officials be got verified to assure the authenticity of employed persons.

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.

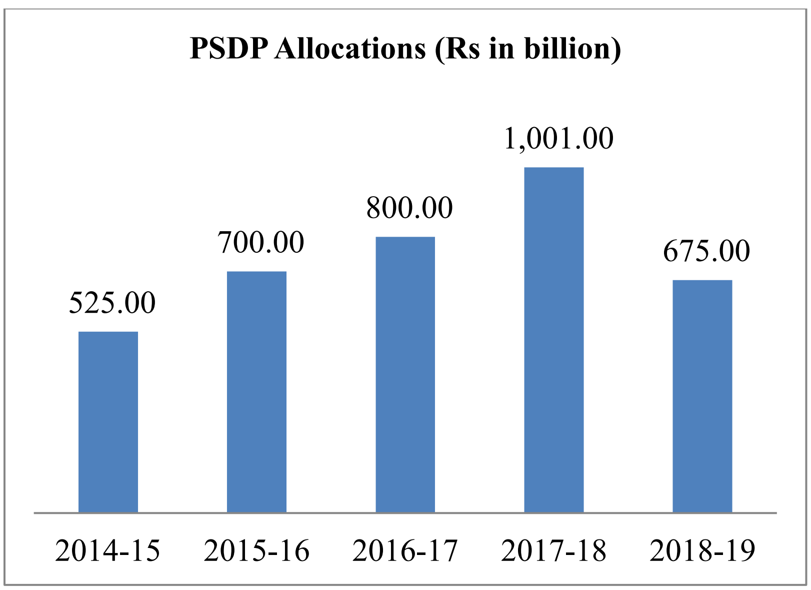

Figure: PSDP Allocations for last five years (Source: PSDP Archive)

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, etc. and also by some ministries/departments concerned. The public sector autonomous organizations - such as CAA, CDA, 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) and Ministry of PD&SI (Special Project Cell). These entities received 30.69% (Rs 206.849 billion) of the total PSDP allocations for financial year 2018-19 (Rs 675.000 billion) with major part of NHA (Rs 185.197 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:

(Rs in billion)

Department	Expenditure				
	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
NHA	72.67	82.96	266.66	257.56	185.62
CAA	13.04	14.81	24.35	21.06	13.98
PPWD	3.21	5.54	11.39	12.29	3.09
PHAF	0.41	0.54	1.59	4.11	4.04
FGEHA	0.04	0.06	10.18	4.74	5.94
CDA / MCI	5.16	3.56	4.46	3.51	2.69
Total	**94.53**	**107.47**	**318.63**	**303.27**	**215.36**

Communication and Transport

NHA is responsible to plan promote, organize and implement construction, development operation, repair and maintenance of 39 national highways 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). Four PPP projects are completed on BOT basis and 09 PPP projects are in the pipeline.

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). These projects are going to be completed in 2020.

As per Medium Term Budgetary Framework (Budget Estimates for Service Delivery 2018-19 to 2020-21), 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.

NHA development portfolio for the year 2018-19 contained 38 ongoing road projects with allocation of Rs 176.636 billion. There were only 8 new schemes with estimated cost of Rs 8.561 billion. None of the new scheme could be implemented as actual expenditure against new schemes was only Rs 70.9 million. Local component allocation against ongoing 38 schemes was Rs 109.937 billion against which actual utilization was Rs 57.300 billion. However, under foreign component actual utilization was Rs 128.247 billion against allocation of Rs 66.700 billion.

NHA Allocation in original PSDP for 2018-19, included Rs 100 billion on PPP mode financing. However, NHA could not finalize any BOT project during 2018-19. There are nine BOT projects which are being initiated by NHA and are at design/feasibility/preparation stage. Currently four BOT projects are operational. As far as CAA is concerned it has not initiated any BOT project in aviation sector.

Annual Maintenance Plan prepared by NHA has not been implemented efficiently as liabilities carried forward to next year AMP resulting deteriorated road network. No measures adopted towards preventive maintenance and main focus was on routine and periodic maintenance (73% of total expenditure).

From the PDPs issued to the Ministry of Communications the audit has observed partial or complete deviation from compliance processes i.e. non-adherence to PPRA, execution of work over and above the approved PC-1, non-adherence to PEC standards, non-obtaining insurance to mitigate risk to the government, issues of measurement book, human resource, mobilization/other advances, bank guarantees, time and cost overrun, inadequate planning leading to a series of variation orders during execution, incorrect rates of quantities and escalation, replacement of key personnel by the consultant, non-preparation of inventory of amenities on NHA right of way to exploit revenue opportunities, non-use of automated toll system, mismanagement in BOT projects, etc. (Paras 2.5.5, 2.5.6, 2.5.8, 2.5.15, 2.5.23, 2.5.24, 2.5.25, 2.5.27, 2.5.32, 2.5.72, 2.5.93, 2.5.94)

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.

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 is still playing role of aviation regulator of the country as well as providing air navigation and airport services. The functions of regulator and service provider have not been made independent. However, a final report of Change Management Committee has been submitted to Aviation Division for approval.

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.

CAA has taken up the initiative of upgradation/extension of airports at Lahore, Faisalabad, Peshawar and Quetta and work is in progress.

Audit has observed that major issues in this sector have been violation of PPRA, awarding work beyond scope and approved PC-I, non-realization of due revenue, contractual issues like non-imposition of liquidated damages for delay in completion of works, non-maintenance of measurement book, violation of contract clauses, land issues, concession and lease award issues, human resource issues, losses due to non-issuance of flight permissions, etc. (Paras 4.5.2, 4.5.4, 4.5.5, 4.5.10, 4.5.12, 4.5.19, 4.5.24, 4.5.27, 4.5.30, 4.5.43)

The analysis of the audit observations revealed that the deviations are due to weak internal controls, undefined policy issues (like appointment on retainership basis and refund of security deposit in case of surrender/cancellation of Regular Public Transport License - Paras 4.5.26, 4.5.38) and improper monitoring.

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 Defence 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.

FGEHA allotted 22642 number of units to its members from 1989 to 2013 (19458 plots, 1595 houses & 1589 apartments) in Islamabad, Peshawar and Karachi. Whereas from 2014 to 2018 FGEHA planned/allotted 26795 number of units (23833 plots & 2962 apartments) to its registered members under Membership Drive Phase-I (Aug-2009 to Feb-2014) and Membership Drive Phase-II (Apr-2015 to Sep-2019) in various housing schemes in Islamabad in various ongoing schemes. Naya Pakistan Housing Scheme is a future project to improve the housing sector.

Audit has observed that major issues in this sector have been improper planning before award of work, variation in work/substitution of items of work during execution, delay in completion of work, award of additional work without tendering, rush of expenditure in closing month compromising due process for quality assurance, unauthentic quality/execution of work, payment without approval of contract agreement, unjustified payment of price escalation, non-handing over of completed schemes, non-obtaining insurance, unauthentic measurement, encroachment of land, etc. (Paras 5.5.1, 5.5.3, 5.5.4, 5.5.6, 5.5.7, 5.5.10, 5.5.12, 5.5.18, 5.5.20, 5.5.21, 5.5.44, 5.5.47)

The analysis of the audit observations revealed that the deviations are 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 as regulator to stop unauthorized/illegal housing societies, issues of non-conforming use of plots, land encroachments, non-mutation of land, unjustified restoration of layout plans/plots, irregular auction of commercial plots, non-functioning of cardiac surgery unit, mismanagement in allotment of plots, non-monitoring of agro/poultry farm plots, etc. (Paras 3.5.1, 3.5.3, 3.5.5, 3.5.9, 3.5.11, 3.5.14, 3.5.17, 3.5.25, 3.5.26)

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 paras on budget utilization and accounting procedures are as follows:

1.2.1 Non-utilization of funds/non-achievement of objectives of development grant - Rs 2,398.713 million

The Public Sector Development Program (PSDP) 2018-19 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 2018-19 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 and incurred expenditure as follows:

(Amount in Rs)

Original Grant	**5,940,464,000**
Supplementary Grant up to 15.05.2019	145,887,000
Sub Total	6,086,351,000
Technical Supplementary Grant after 15.05.2019	0
Grand Total	6,086,351,000
Less amount withheld (not released)	589,189,000

Net available for utilization	5,497,162,000
Funds actually utilized	3,098,448,790
Funds not utilized	**2,398,713,210**

The department could only incur an expenditure of Rs 3,098.449 million (56.36%), leaving a balance of Rs 2,398.713 million (43.64%) as unexpended.

It is evident that development funds were under-utilized at the cost of socio-economic development and beneficiaries.

Audit pointed out the matter in October 2019. The department replied that the factual position of balance amounting to Rs 335,997,210 under the Public Sector Development Programme for the year 2018-19 is as follows:

(Amount in Rs)

Original Grant	**5,940,464,000**
Supplementary Grant up to 15.05.2019	145,887,000
Sub Total	6,086,351,000
Technical Supplementary Grant after 15.05.2019	0
Grand Total	6,086,351,000
Less amount withheld (not released)	589,189,000
Less amount surrendered on 14.05.2019	2,062,716,000
Net available for utilization	3,434,446,000
Funds actually utilized	3,098,448,790
Funds not utilized	**335,997,210**

The department initiated the request for surrender of funds amounting to Rs 2,062.716 million before cutoff date vide letter No. 725/657-B/Surrender/PSDP dated 14.05.2019. After taking into the effect of surrender of funds amounting to Rs 2,062.716 million the un-utilized amount come to Rs 335.997 million (Rs 2,398.713 million - Rs 2,062.716 million). Against the said surrender the release amounting to Rs 190.405 million has been deposited in to Government Account and the unexpended amount reduced to Rs 145.592 million (Rs 335.997 million - Rs 190.405 million). It is further added that the release of funds amounting to

Rs 93.895 million has also been deposited in Government Account due to late sanction of funds under Annual Development Program (ADP) various Schemes. The net un-utilized amount comes to Rs 51.697 million (Rs 145.592 million - Rs 93.895 million) i.e. 1.64% of the Final Grant, which pertains to various Development Schemes all over the country.

The reply was not accepted because the department failed to execute the development projects and did not utilize the funds amounting to Rs 2,398.713 million which lead to non-achievement of goals set by the government in PSDP. Non-execution/non-utilization of funds creates gaps in services delivery to the general public in the area of governance, public utility buildings, water supply schemes etc.

Audit recommends fixing of responsibility against the person at fault for non-execution of works within stipulated timeframe and non-achievement of goals of Public Sector Development Program of the Government of Pakistan.

(Para 01/Comments on Appropriation Accounts)

1.2.2 Release of Supplementary Grants of Rs 1,152.598 million and surrender of Rs 2,124.473 million after cut-off date

According to para 94 of General Financial Rules and time and again instructions of the Finance Division, last date of issuance of surrender orders was fixed as 15th May of the current financial year.

A) Review of Appropriation Accounts showed that Supplementary Grants/Technical Supplementary Grant of Rs 1,152,596,000 were obtained after cut-off date i.e. 15th May, 2019, as detailed below:

Sr. No.	Grant No.& Description	Amount of Supplementary Grant (Rs)
1	51-Civil Works	1,152,596,000
2	53-Federal Lodge	2,000
Total		**1,152,598,000**

Funds were obtained through Supplementary Grant but the department could not expend the funds and there was saving of Rs 289.676 million in Grant-51 and Rs 1.684 million in Grant-53 which was against the principles of propriety.

B) Review of Appropriation Accounts showed that a sum of Rs 2,124,473 million was surrendered after cut-off date i.e. 15.05.2019, as detailed below:

S. No.	Grant No.& Description	Amount of surrendered/deposited (Rs)
1	51-Civil Works	61,472,000
2	53-Federal Lodge	285,000
3	148-Capital Outlay	2,062,716,000
	Total	**2,124,473,000**

Supplementary grant and surrender after cut-off date i.e. 15th May, 2019 was violation of aforesaid rules.

Audit pointed out the matter in October 2019. The department replied as follows:

Grant No. 51-Civil Works: The department initiated the request for additional funds through Supplementary Grant timely to the higher authority but the Finance Division approved the demand of Supplementary Grant after target date.

Grant No. 53-Federal Lodges: The case of supplementary grant of funds amounting to Rs 2,000 was initiated to make the head A04 Employees Retirement Benefit operative, for the payment of the retired employees from Federal Lodges.

The funds amounting to Rs 61.757 million (61.472+0.285) under Grant 51-Civil Works and 53-Federal Lodges was surrendered before target date in the light of the Finance Division Islamabad vide letter No. 7(1)Exp.IV/2016-577 dated 3.12.2018.

148-Capital Outlay: The funds amounting to Rs 2,062.716 million were surrendered before target date vide this office letter No.725/657-B/Surrender/PSDP dated 14.05.2019.

The reply was not accepted because there was no compulsion on any department to receive the supplementary grant after the cutoff date i.e. 15th of May of each financial year. Furthermore, the demand of the supplementary grant for those expenditure for which funds were available but not incurred within timeframe and surrendered in April 2019 was unjustified.

Audit recommends to take action against the person at fault for non-utilization of funds within due time, surrender the funds and receiving of the supplementary grant after cutoff date.

(Para 02/Comments on Appropriation Accounts)

1.2.3 Irregular expenditure on work charged establishment - Rs 1,838.065 million

Para 2.03 (a) & (b) of Pak. PWD Code requires that the work charged establishment should include such establishment as was employed upon the actual execution, as distinct from the general supervision of a specific work. The work charged establishment should not be engaged on any work unless provided for in the estimates as a separate sub-head for the estimate for that work.

As per standard formula for estimation of annual and special repair, proportionate cost is bifurcated in following three components:

i.	Work through contracts	…….	65%
ii.	Staff salary	…….	25%
iii.	Material	…….	10%

The expenditure on pay and allowances of regular establishment is chargeable to head of account “A01-Employee related expense”.

Audit noted that Pak. PWD booked an expenditure of Rs 1,838.065 million on account of pay and allowances of regular work charged staff against Head A-13 Repair and Maintenance under Grant 51-Civil Works.

Audit observed that total expenditure on account of Repair and Maintenance was Rs 2,430.265 million, out of which Rs 1,838.065 million were against salary of work charged staff which constitutes 75.63% against the admissible 25%. Moreover, the expenditure on regular work charged staff was charged to maintenance grant instead of head "A-01-Employee related expense".

This resulted in irregular expenditure of Rs 1,838.065 million.

Audit pointed out the matter in October 2019. The department replied that the details of expenditure amounting to Rs 2,430,265,186 is as under:

(Amount in Rs)

Object Classification	Final Grant	Expenditure
A133-Building & Structure	2,455,585,000	2,430,265,186
A13301-Office Building	243,927,000	236,135,475
A13302-Residential Building	359,745,000	356,064,690
A13306-Salary of Maintenance Staff	1,851,913,000	1,838,065,021

As per above details an expenditure of Rs 1,838,065,021 pertains to the salaries of Work Charged/Maintenance staff against the budget of Rs 1,851,913,000 provided by the Finance Division, therefore question of misclassification of expenditure does not arise.

The reply was not tenable because expenditure of pay and allowances is being charged to Head "Repair and Maintenance" instead "Employee related expense". Moreover, budget specified for repair and maintenance of government buildings was being utilized on salaries of the work charged staff which compromised the maintenance of government property by insufficient repair maintenance.

Audit recommends that matter of work charged staff be resolved with Finance Division for allocation of funds under appropriate head.

(DP. 23, 31, 48, 68, 81, 83, 93, 100, 138 & Para 04/Comments on Appropriation Accounts)

1.2.4 Lapse of funds - Rs 627.358 million

Appropriation Accounts/Grants showed unspent balances of Rs 627,357,919 as detailed below:

(Amount in Rs)

Grant No.	Final Grant	Expenditure	Unspent amount	%
51 Civil Work	4,899,124,000	4,609,447,527	289,676,473	5.91
53 Federal Lodges	99,715,000	98,030,764	1,684,236	1.69
148 Capital Outlay on Civil Work	3,434,446,000	3,098,448,790	335,997,210	9.78

Audit pointed out the matter in October 2019. The department replied that:

51 Civil Work: Out of total saving, funds amounting to Rs 238.600 million was sanctioned by the competent authority on 28.06.2019 which could not be utilized. The remaining saving amounting to Rs 42.876 million was nominal.

Grant 53 Federal Lodges: Out of total saving funds amounting to Rs 0.436 million i.e. 0.45% of Final Grant pertains to the Employees Related Expenses due to vacant post in Federal Lodges. The remaining saving of Rs 1.254 million (1.690-0.436) were kept reserve for payment of T.A on retirement and Encashment to the retired employees of Federal Lodge but the claims were not matured till the closure of the Financial Year 2018-19.

148 Capital Outlay on Civil Work: The department initiated the request for surrender of funds amounting to Rs 2,062.716 million before cutoff date vide letter No. 725/657-B/Surrender/PSDP dated 14.05.2019. After taking into the effect of surrender of funds amounting to Rs 2,062.716 million, the un-utilized amount come to Rs 335.997 million (2,398.713-2,062.716). Against the said surrender the release amounting to Rs 190.405 million has been deposited in to Government Account and the unexpended amount reduced to Rs 145.592 million (335.997-190.405).

It is further added that the release of funds amounting to Rs 93.895 million has also been deposited in Government Account due to late sanction of funds under ADP various schemes. The net un-utilized amount comes to Rs 51.697 million (145.592-93.895) i.e. 1.64% of the Final Grant, which pertains to various development schemes all over the country.

Audit recommends that responsibility be fixed for non-utilization of grants and evidence of lapse of funds in treasury be provided to Audit.

(Para 05/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, Lahore, Multan, Karachi, Sukkur, Quetta and Khuzdar.

2.1.1 Audit Scope and Coverage

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19 (Rs in million)	Revenue/ Receipts audited FY 2018-19 (Rs in million)
1	Formations	52	21	70,049.487	32,328.000
2	Assignment Accounts SDAs, RFAs (excluding FAP)	05*	04	*48,089.420*	-

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19 (Rs in million)	Revenue/ Receipts audited FY 2018-19 (Rs in million)
3	Foreign Aided Projects (FAP)**	08	08	144,784.746	-

* 4 Assignment accounts for Maintenance Grants for national highways, KKH Thakot Khunjerab Road, KKH Skardu Road and Torkham-Jalalabad Road and 1 assignment account for Cash Development Loan under PSDP. Expenditure audited indicated against 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 115,900.77 million.

2.2 Comments on Budget and Accounts (Variance Analysis)

Table below shows the position of budget allocation and actual expenditure for the financial year 2018-19:

(Rs in million)

Type of Funds	Original Budget	Revised Budget	Actual Released/ Realized	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) in %
Non-Development						
Maintenance Grant (GoP)	3,215.804	3,215.804	3,439.036*	3,310.705	(128.331)	**(3.732)**
Road Maintenance Account	34,057.000	34,057.000	32,768.239	430.340	(32,337.899)	**(98.687)**
Provision against previous year AMP (Reserved)	35,096.000	35,096.000	35,096.000	9,341.611	(25,754.389)	**(73.383)**
Others Receipt	3,375.000	3,375.000	3.615	1.023	(2.592)	**(71.701)**

Type of Funds	Original Budget	Revised Budget	Actual Released/ Realized	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) in %
Sub-Total	**75,743.804**	**75,743.804**	**71,306.890**	**13,083.679**	**(58,223.211)**	**(81.652)**
Development Funds**						
PSDP. (Local)	205,783.000	112,997.800	75,579.860	75,579.860	-	-
PSDP (Foreign)	95,817.000	72,200.000	128,247.744	128,247.744	-	-
Sub-Total	**301,600.000**	**185,197.800**	**203,827.604**	**203,827.604**	**-**	**-**
Grand Total	**377,343.804**	**260,941.604**	**275,134.494**	**216,911.283**	**(58,223.211)**	**(21.162)**

* Sum of Rs 3,439.036 million includes an amount of Rs 500.00 million released to NHA as Token Supplementary Grant for "Construction of Additional Carriageway Torkham-Jalalabad Road, Afghanistan".

** This includes allocation of Rs 51,000.00 million and actual expenditure of Rs 115,900.70 million pertaining to CPEC related projects.

Operating income for the financial year 2018-19 is as under:

(Rs in million)

Sr. No.	Description	Estimated Revenue	Actual Receipt/ Realized	Excess/ (Shortfall)	Percentage Excess/ (Shortfall)
1	Toll Collection	25,432.00	23,052.00	(2,380.00)	(9.36)
2	BOT Revenue	2,358.25*	86.24	(2,272.01)	(96.34)
3	Weigh Stations Income	618.00	449.00	(169.00)	(27.35)
4	Police Fine	4,508.00	4,168.00	(340.00)	(7.54)
5	Right of Way/Rental Income	1,870.00	1,911.00	41.00	2.19
6	Other Miscellaneous	1,630.00	3,102.00	1,472.00	90.31
	Total	**36,416.25**	**32,768.24**	**(3,648.01)**	**(10.02)**

*The amount of estimated receipts of Rs 34,057.00 million does not include estimated receipts from BOT of Rs 2,358.25 million.

1. Audited financial statements for the year 2018-19 were not produced by the Authority till the finalization of this report. Therefore, Audit is unable to comments on the accounts and financial statements.

2. A sum of Rs 58,972.927 million was actually released to NHA for utilization on development projects under PSDP (Local) during the financial year 2018-19 after adjustment of Rs 16,606.933 million on account of repayment of Cash Development Loan.

3. Against the estimated receipts of Rs 36,416.25 million, the Authority actualized net receipt of Rs 32,768.24 million showing a shortfall of Rs 3,648.01 million (10.02%).

4. Against the estimated receipt of Toll Collection of Rs 25,432.00 million, the Authority was able to actualize net receipt of Rs 23,052.00 million showing a shortfall of Rs 2,380.00 million (9.36%) despite the fact that toll rates and quantum of traffic and length of motorway/road network were increased during the year.

5. Against the annual receipt of Rs 2,358.249 million from the concessionaires of BOT Projects, as per concession agreement, the Authority was able to actualize net receipt of Rs 86.239 million showing a shortfall of Rs 2,272.01 million (96.34%).

2.3 Classified summary of Audit observations

Audit observations amounting to Rs 31,555.655 million were raised in this audit report. This amount also includes recoverable of Rs 21,596.100 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*	*523.182*
B	*Execution of works, contract agreement*	*25,920.824*
2	Value for money and service delivery issues	3,471.259
3	Others	1,640.390

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
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

Year	Total Paras	Total No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
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

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 and 2017-18 were partially discussed.

2.5 AUDIT PARAS

2.5.1 Excess expenditure beyond the validity period of revised PC-I provision - Rs 5,554.36 million

Para 48 (Chapter 2) of NHA Code (Vol-I) provides that if an approved work is not commenced within five years of the date of administrative approval, fresh approval must be obtained. Further, Para 50 provides that the original administrative approval shall not be exceeded beyond 15%. If, however, such a situation arises where execution of the work involves, an excess of more than 15% over the original administrative approval, revised administrative approval of the competent authority shall be obtained. Any further excess over revised administrative approval shall require a fresh approval.

Planning & Development Division letter No. 21(40)/PIA/PC/200 dated 26.05.2007 stipulates that the 15% permissible limit is allowed only in respect of original approved cost and not revised cost of the scheme.

Audit noted that PC-I of the National Highway Development Sector Project (NHDSP), was approved on 23rd November, 2005 at a cost of Rs 31,242.05 million containing ten (10) projects of improvement and rehabilitation of national highway network **(Annexure-A)**. The PC-I was subsequently revised in September 2009 at a cost of Rs 49,954.785 million which was 59% above the original cost.

Audit observed that an expenditure of Rs 52,043.430 million was incurred against the revised PC-I provision of Rs 49,954.790 million up to 30th June, 2018 despite the fact that a project, Tarnol-Fateh Jang, costing of Rs 3,465.72 million was not executed yet. As such the expenditure of Rs 52,043.430 million was incurred against revised PC-I provision of Rs 46,489.07 million. This indicated that NHA incurred an expenditure of Rs 5,554.36 million in excess over the revised PC-I. It is pointed out that revised PC-I was approved in 2009 whereas, the work of two components Zhob-Mughalkot (N-50) and Qilla Saifullah - Waigum Rud (N-70) were awarded in August 2016 when the validity of administrative approval had expired.

Non-adherence to rules caused irregular/unauthorized expenditure of Rs 5,554.36 million beyond the PC-I provision.

Audit pointed out the irregularity in September 2018. The Authority did not reply.

The matter was discussed in the DAC meeting held on 14th-15th January 2019, wherein, the DAC directed NHA Executive Board to consider these important audit observations and bring up report in the next DAC. The compliance DAC meeting was not convened despite request in November 2019.

Audit recommends compliance of the DAC directives.

(DP. 315/2018-19)

2.5.2 Unjustified inclusion of escalation - Rs 4,860.0 million

According to Article 1.1.41 of the concession agreement for project of overlay and modernization of M-2, the construction cost is provided in the financial model. Schedule-H comprising financial model contains a provision of Rs 4,860.0 million on account of escalation @ 20% of construction cost during the construction period of 3 years. The project was awarded to M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE) [the concessionaire], on BOT basis on 23rd April, 2014 at an agreed cost of Rs 36,825.00 million.

Audit observed that the work was commenced on 19.01.2015 and Substantial Completion Certificate was issued on 25.08.2016. The construction work was completed within the two years period. During this period the cost of construction inputs like fuel, bitumen, steel, etc. was de-escalated, as shown in the Statistical Bulletin for the period from January 2015 to August 2016. Therefore, provision of escalation of Rs 4,860.0 million was un-warranted. This resulted into unjustified inclusion of escalation of Rs 4,860.0 million.

Audit pointed out the non-adjustment of the cost of project in July 2019. The Authority stated that the matter has been referred to the concessionaire for reply.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

Audit recommends that the matter be pursued with the concessionaire for adjustment of the cost.

(DP. 177)

2.5.3 Unauthentic/unjustified payment in deviation of specification - Rs 4,009.349 million

Item 108.3.1 of NHA general specifications provides that material for embankment shall be placed in horizontal layers of uniform thickness and in conformity with the lines, grades, sections and dimensions shown on the Drawings or as required by the Engineer. The layers of loose material other than rock shall be not more than 20 cm. thick, unless otherwise allowed by the Engineer after a trial section is prepared and approved. The material placed in layers and that scarified to the designated depth for formation of embankment shall be compacted to the density specified.

Audit observed that in the project, Hassanabdal-Havelian Expressway (E-35), four items of formation of embankment from roadway excavation and from borrow excavation in common material were measured and paid to the contractor, without attaining the required compaction. The progress report indicated that out of 56 field density tests only 29 fulfilled the specification requirement. Less compaction and use of unsuitable soil in embankment was also reported in the inspection report of Director (Monitoring & Inspection Wing) NHA in April 2018.

This resulted into unauthentic and unjustified expenditure of Rs 4,009.349 million.

Audit pointed out irregularity in August 2018. The Authority replied that all of the reaches mentioned in the report of NHA Inspection team were reinvestigated, all unsuitable materials were removed and replaced at contractor's cost and the work in the concerned reaches was redone to the required compaction. Moreover, as sum of Rs 7.788 million had been deducted, on account of less compaction. Secondly quantity of earthwork by 122,018 cu.m in Package-II was also adjusted.

The reply was not tenable. Audit holds that the Engineer role was not exercised by the consultant engineer, M/s Dohwa who was required to point out less compaction and use of unsuitable material at the time of payment. Compaction tests were unsatisfactory and were done by Inspection Wing of NHA later.

The matter was discussed in DAC meeting held on 12th -13th December, 2018. The Committee directed (GM-E35) to get the record verified from Audit by 20th December, 2018, failing which recovery would be effected from the contractor. Warning to the concerned contractor, consultant engineer and concerned then officer of NHA be issued. G.M. (E-35) stated that recovery of Rs 29.5 million was effected. DAC further directed M&I to report about soundness of earth work within 15 days and share with Audit by 29th December, 2018. Member (Motorways-North), NHA will ensure compliance. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 182/2018-19)

2.5.4 Revenue loss due to non-regularization of existing amenities on Right of Way - Rs 2,190.351 million

National Highways and Strategic Roads Control Rules 1998 as amended in 2002 contained the rule 13 and 14 regarding lease of Government Land. In pursuance of these rules NHA approved Regulatory framework and SOP for preservation and commercial use of Right of Way (ROW) 2002. In view of afore-mentioned provisions of rules and regulations government property was required to be leased out to the private parties, firms in pursuance of the government land lease policy to lease of the land through open auction, open bidding or calling tenders after pre-qualifying firms through wide publicity in the press and media.

As per 255th NHA Executive Board meeting dated 19th October 2015, ten non-operational signed leases, where the sites are under the possession of lessees and have not defaulted in payments (either sites are having boundary wall or building constructed) may be given final notice to establish and operate their approved business within six (06) months otherwise their lease agreement shall be terminated by NHA.

Chapter-1 of Lease Policy 2009 of NHA provides that where construction activity had already taken place, all across the highways, within ROW during the time of its control by Provincial Communication and Works Department, through leases granted for up to period of 99 years (more than 600 cases), it was considered imperative to regularize the same and to control further ribbon development. NHA shall take measures to regularize these facilities and recover arrears of previous 10 years starting from 1999 to date or from the date of Federalization of the roads and charge the rental fee per annum @ 7% of land value notified/assessed by the Deputy Commissioner or Rs 50,000 per kanal, whichever is higher. However, the rentals per annum from 2009 onwards shall be charged @ 10% of DC notified/assessed price or minimum of Rs 250,000 kanal whichever is higher for the same amenity.

Para 7 Chapter-III of Regulatory Framework & SOP (ROW) NHA Code Vol-II, provides that detailed asset inventory of roads, bridges and all facilities/amenities shall be developed either directly by NHA or jointly with Corridor Management Contractor as the case may be.

Audit observed that 54 plots at different sites of ROW were leased to different lessees on request basis instead of open bidding. These lessees failed to deposit rental charges of Rs 60.351 million.

In another case, Audit observed that lessees in 10 leases failed to start their business despite lapse of 10 years. These leases were not cancelled.

Audit further observed that in Lease Policy, more than 600 cases were estimated for regularization and charging rental fee since 1999. But the Authority despite expiry of 20 years could not take stock of inventory of the existing amenities falling within right of way and outside of right of way. This resulted in potential revenue loss amounting to Rs 2,130.00 million.

This inaction on the part of NHA caused huge loss of revenue of Rs 2,190.351 million.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends appropriate steps to realize revenue from these amenities.

(DP. 320, 326, 328, 330, 349)

2.5.5 Non-payment of guaranteed payment by the concessionaire to NHA - Rs 1,900.00 million

Article 2.7(b) and Schedule-X of concession agreement between NHA and M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE) for for overlay and modernization of M-2 provide that the concessionaire shall pay to NHA Rs 9,500.000 million (Staggered Guaranteed Payment) in five (5) equal installments of Rs 1,900.000 million each within 15 days of the expiry of each of the fourth (4^{th}) year to the eighth (8^{th}) year of the concession period.

Audit observed that the concessionaire M/s MORE did not pay Rs 1,900.00 million on account of 2^{nd} installment of staggered guaranteed payment, due on 19.04.2019. This constitutes a serious violation of the provision of concession agreement.

Audit pointed out the non-payment in July 2019. The Authority replied that the matter had been referred to the concessionaire for reply.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

Audit recommends pursuance of recovery without further delay.

(DP. 174)

2.5.6 Irregular payment of mobilization advance against conditional bank guarantee /without bank guarantee - Rs 1,911.042 million

As per clause 14.2 of contract agreement for the works being executed under Post-flood National Highways Rehabilitation Project, the contractors were required to furnish irrevocable/ unconditional bank guarantee against mobilization advance payments.

A. Audit noted that mobilization advance payment of Rs 1,502.339 million was made to different contractors against different works **(Annexure-B)**. The contractors submitted conditional bank guarantees against mobilization advance which were enforceable only upon receipt of advance payment in contractor’s account maintained with the bank.

This resulted in financial favour to the contractors due to conditional bank guarantees against mobilization advance.

Audit pointed out the irregularity in October 2019. The Authority replied that the bank guarantee format included in the contract agreement on which mobilization advance were paid are in line with ADB guidelines.

The reply was not accepted because conditional bank guarantee was a weak collateral and tantamount to financial favour to the contractors as it involved lesser bank charges/conditions of issuance of such guarantees and thus funds of the Authority were put at stake.

DAC meeting was not convened despite request made by Audit on 07.11.2019 followed by reminder on 20.12.2019.

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

(DP. 277, 283)

B. NHA Executive Board in its 272nd meeting held on 16th January, 2017 approved award of Additional work for Construction of Kuchlac Bypass (Km 15.243), 04 bridges, 03 Toll Plazas and 02 Weigh Stations of Kalat-Quetta-Chaman at N-25 at an agreed cost of Rs 2,724.686 million to M/s FWO.

Audit observed that mobilization advance amounting to Rs 408.703 million was paid to the contractor without obtaining required bank guarantee under the conditions of contract. This resulted in an irregular payment of mobilization advance of Rs 408.703 million.

Audit pointed out the matter in January 2018 to which the Authority replied that M/s FWO was exempted from submission of mobilization advance/bank guarantee in accordance with Ministry of Defense O.M dated 03rd December, 1985.

The reply was not tenable as the above said letter was not complied with in totality. The contract was awarded to the contractor on single negotiated bid while the above letter clearly speaks about the non-preferential treatment for the contractor. In response/reply to Transparency International Pakistan (TIP), Ministry of Defense states that FWO provides warrantees against mobilization advance whenever requested by the client, which was not acquired by the Authority.

The matter was discussed in DAC meeting held on 7th & 8th November 2018. The committee pended the para for verification of exemption certificate regarding bank guarantee against mobilization advance. Compliance was not made.

Audit holds that eligibility of FWO needs to be reviewed in the light of provisions of relevant law.

(DP. 27/2018-19)

2.5.7 Non-recovery on account of less execution of structure and reduced thickness of item - Rs 1,823.727 million

According to PC-I of the project Construction of Lahore-Sialkot Motorway approved by ECNEC on 20.07.2016 for Rs 45,382.00 million (including project cost of Rs 43,847 million) on BOT basis, 43 sub-ways (4.5 m x 4.5m) and 27 road underpasses (5.3 m x 5.3 m) were to be executed. Further, thickness of asphaltic base course plant mix (Class-B) was provided for 17 cm.

NHA awarded the project on BOT basis to M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited (the Concessionaire) with the estimated project cost of Rs 43,847.00 million through concession agreement dated 28th February, 2017.

Audit observed that the structures of subways and road underpasses were constructed less in size and numbers as compared to the provision of PC-I. Further, as per typical cross-section (pavement design), submitted by the concessionaire in December 2017 the thickness of asphaltic base course was reduced to the extent of 1 to 5 centimeter in different reaches. However, resultant cost of Rs 961.445 million for the reduced underpasses and subways and cost of asphaltic base course for Rs 862.282 million for reduced thickness was not adjusted. This resulted in non-adjustment of the cost of Rs 1,823.727 million.

Audit pointed out the non-recovery in June 2019. The Authority replied that the concession agreement does not specify the number of structures to be provided or thickness of items. As per clause 8.2 of concession agreement, it was the responsibility of the concessionaire to prepare the design according to criteria given in the concession agreement.

The reply was not accepted because the BOT cost of the project Rs 43,847.00 million, approved in the PC-1, was the same as quoted by the concessionaire in his final bid. Therefore, these were binding provisions.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, the Para was pended till finalization of design. NHA was directed to provide record for verification. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends that matter be pursued for adjustment of cost of less executed work.

(DP. 54, 57)

2.5.8 Non-adjustment of the cost of additional work against the concessionaire share - Rs 1,432.972 million

According to clause 8.2.4 and 12.13 of the concession agreement between NHA and M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited (the Concessionaire), for construction of Lahore-Sialkot Motorway on BOT basis, any variation in the contract shall be made part of the concession.

The project was awarded with the estimated cost of Rs 43,847.00 million on 28th February, 2017. The cost of project includes cost of civil work, escalation, consultancy, insurance, interest etc.

Audit observed that due to connectivity of the Lahore-Sialkot Motorway with Lahore Eastern Bypass for facilitating to the commuters, the alignment of the Lahore-Sialkot Motorway was changed. Resultantly, this variation increased the length from 89.2 kilometers to 91.5 kilometers and the number of lanes from 04 to 06 lanes at first six (06) kilometers. Due to this variation in scope of work, the cost of the project was enhanced from Rs 43,847.00 million to Rs 46,277.826 million, through

V.O No.01 dated 20th April 2018 (involving additional cost of Rs 2,430.826 million). According to the financial arrangement under BOT project, Rs 997.854 million (2,430.826 x 41.05%) cost of the additional work was to be paid by the NHA and Rs 1,432.972 million (2,430.826 x 58.95%) was to be borne by the concessionaire against its share. Instead of making part of the BOT agreement, additional scope of work was awarded to the concessionaire as independent contract. Non-adherence to contract clause resulted in non-recovery of Rs 1,432.972 million from concessionaire.

Audit pointed out the non-recovery in June 2019. The Authority replied that NHA HQ opted for changing the alignment and issued TOC to concessionaire for the purpose of variation order. However, LSMIM was willing to take this work on item rate basis instead of BOT basis. Accordingly, VO between NHA and concessionaire was signed on 20.04.2018 duly approved by NHA Executive Board.

The reply was not accepted because the variation order was prepared in pursuance of the clause 8.2.4 and clause 12.13 of concession agreement so the additional/varied work should also have been treated as part and parcel of the BOT project instead of treating it independently and all terms and conditions of concession agreement should be applied thereon accordingly.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, the DAC directed to get the record verified. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends that corrective action be taken in the light of provisions of concession agreement.

(DP. 52)

2.5.9 Loss of revenue due to non-auction of bus bays - Rs 1,277.500 million

Chapter-VIII of Regulatory Framework and SOP for Preservation and Commercial use of Right of Way, 2002, provides that NHA may construct bus bays within its ROW by itself or through public/private partnership (on BOT Basis). Entry fee, from the vehicles entering the bus stands/bus bays, shall be charged according to the prescribed rates.

The entry fee shall be collected by the agency, person or firm procured by NHA as Management Contractor and deposited to NHA RM Account, Islamabad as per agreement.

Audit noted during review of the record of ROW Section that 70 bus bays were established on N-5 from Sahiwal to Peshawar. These bus bays were required to be auctioned for collection of entry fee from the vehicles as per prescribed rates. But these bus bays remained un-attended and could not be auctioned.

This inaction at the part of NHA management deprived the Authority from potential revenue approximately Rs 1,277.500 million (per annum), as calculated below:

Total No. of Bus bays at N-5	Average No. of Vehicles (all kinds) on each	Total of vehicles per day	Average rate per vehicle (Rs)	Revenue per day (Rs)	Revenue (Per annum)
70	1,000	70,000	50	3,500,000	1,277,500,000

Audit pointed out the loss in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends that premises be auctioned to avoid further loss of revenue.

(DP. 319)

2.5.10 Non-deduction of income tax from the contractors - Rs 1,110.421 million

Para-3 Appendix-D to Bid of contract agreement provides that the rates and prices entered in the priced Bill of Quantities shall include all costs of contractor's plant, labour, supervision, materials, execution, insurance, profit, taxes and duties and other levies payable by the contractor as on the date 28 days prior to deadline for submission of bid.

Further, clause 73.1 of conditions of contract Part-II states 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.

Audit observed that Authority did not deduct income tax from the payments made to M/s FWO and NLC involving Rs 1,110.421 million as detailed below:

(Rs in million)

S. No.	DP No.	Name of Project	Contractor	Amount of Tax
1	213/ 18-19	Construction of Tarap to Kot Belian (Length 52.500 Km), Package-III	M/s FWO	471.074
		Construction of Yarik to Rehmani Khel (Length 55 Km) Package-I	M/s NLC	435.706
2	55	Construction of Lahore Sialkot Motorway	M/s FWO	26.437
3	340	Dualization and improvement of Old Bannu Road Package-I&II	M/s FWO	146.551
4	28/ 18-19	Additional work for Construction of Kuchlak Bypass	M/s FWO	30.653
Total				**1,110.421**

Audit pointed out the irregularity in August and September, 2018. The Authority replied that being a Government organization, M/s FWO and M/s NLC were not liable to tax in view of the exemption letters.

The reply was not accepted due to following reasons:

i. The bid rates of the contractors included income tax besides other taxes. If the contractors were exempted from Income tax then bid rates were to be quoted excluding income tax.

ii. The payment of Item No. 702(a) & 703(a) and 708(a) was being allowed under provisional sums by adding 7.5% Income Tax.

iii. According to Appendix-I to Bid (List of Sub-Contractors), some parts of work was to be got executed through sub-contractors. However, contract agreements of NLC & FWO with the sub-contractors were not produced to audit even after multiple requests. Moreover, deduction of Income Tax from the sub-contractors and depositing it with the Income Tax Department was not forthcoming from the produced record.

The matter was discussed in the DAC meeting held on 26th & 27th December 2018, wherein, in view of tax exemption certificates issued by FBR for FWO & NLC, DAC directed NHA to get the exemption certificate verified by Audit.

Audit upholds its stance and recommends that the matter be taken up with FBR to confirm eligibility of exemption along with citation of relevant sections of Income Tax Ordinance which allow such exceptions.

(DP. 55, 340/2019-20 & 28, 213/2018-19)

2.5.11 Defective estimation caused undue enhancement of earthwork in violation of TS estimate through variation order at higher rates - Rs 1,046.607 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. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded. Technical Sanction which is concerned with actual design and execution of the work and accounts for all expenditures, ensures that design and specifications are in accordance with sound engineering/practices.

Audit noted that NHA awarded a contract for Up-gradation, Widening & Improvement of Zhob-Mughal Kot (Lot-1) Zhob to Killi-Khudae-Nazar N-50 to M/s LIMAK- ZKB JV at an agreement cost of Rs 4,803.218 million on 14th January, 2016.

The Engineer's Estimate was got technically sanctioned by the competent authority. During execution of contract, aforesaid estimation was modified in a way that quantities of items, having higher rates, were increased manifold i.e. excavation of unsuitable and formation of embankment from borrow. It was observed that the entire available medium rock was declared unsuitable which was disposed of @ Rs 950 per cum and embankment was constructed with borrow material @ Rs 550 per cum.

It was further observed that a Variation Order No.02 was initiated wherein earth work was further increased to the extent of Rs 1,762.145 million which caused 246.26% enhancement than the original TS estimate.

This showed that the technical sanction was not based on accurate data and sound engineering practices which left sufficient room for the contractor to take maximum benefit in view of potential variations.

Non-adherence to contract/specification caused defective estimation and undue enhancement of the earth work for Rs 1,046.607 million.

Audit pointed out the irregularity in September, 2018. The Authority did not reply.

The matter was discussed in DAC meeting held on 26th -27th December, 2018. DAC directed NHA to get the record verified by 31st January, 2019. DAC further directed NHA to hold an inquiry for faulty/defective estimation. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends that responsibility be fixed for violation and action be taken against the person(s) responsible.

(DP. 249/2018-19)

2.5.12 Revenue loss due to self-controlling the toll plazas by General Managers instead of awarding to a contractor after competition - Rs 694.221 million

Para 8 (Chapter 10) of NHA Code 2006 (Vol-I) provides that in all cases of losses, whether of stores or of public money or of any other type, the circumstances leading to loss shall be thoroughly investigated and result of investigation recorded in writing. Further para 11(ii)(3), provides that the competent financial authority may take departmental action against the individuals responsible. Rule 5 of Road Maintenance Account Rules states that Road Asset Management Directorate shall regularly review the level of tolls and other levies being channeled into Road Maintenance Account recommend adjustment to Chairman to match revenue with expenditure.

Audit noted during scrutiny of accounts record of General Manager (RAMD) and G.M (E-35) that in fiscal years 2017-18 and 2018-19 different toll plazas were run by NHA staff on interim basis because tendering was in process for new contracts.

Audit observed from the revenue statement of fiscal year 2018-19 that toll collected by the private contractors was more than revenue collected by NHA staff. NHA management despite of the less revenue receipt allowed imprest as well for NHA staff to run toll plazas/weigh stations. This resulted into loss due to less recovery of Rs 629.181 million and extra expenditure in shape of imprest on toll plazas for Rs 65.04 million.

Audit pointed out the loss in October 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 10.12.2019 followed by reminder on 20.12.2019.

Audit recommends that toll collection be streamlined to avoid losses of revenue.

(DP. 299, 317, 350, 365, 372)

2.5.13 Payment of foreign currency without required proof - US$ 6.700 million

As per Instruction to Bidder (ITB) No. 15.6, bidders may be required by the employer to clarify their foreign currency requirements, and to substantiate that the amounts included in the unit rates and prices and shown in the Schedule of Payment Currencies are reasonable and responsive to ITB 15.3 in which case a detailed breakdown of its foreign currency requirements shall be provided by the bidder.

Audit noted that NHA awarded the work, Construction of Faisalabad Khanewal Motorway (M-4) Package-IIB, Jamani - Shorkot Section 30 KM, to M/s China Railway First Group Co. Ltd at agreement cost of Rs 8,827.501 million with a completion period of 2 years (730 days).

Audit found that the Authority paid a sum of US$ 6.700 million to to the contractor as 30% foreign exchange component during the year

2018-19. In support of this allocated %age, proof of items was required prior to the release of payment in US dollars as per clause 15.6 of ITB. Proof pertaining to physical mobilization of the foreign based staff on the project, their contribution and participation in various project related activities and procurement of equipment/material through opening of LC, etc. was not obtained to substantiate that the amounts included in the unit rates and prices shown in the Schedule of Payment currencies are reasonable and responsive to ITB 15.3 while making the payment of US$ 6.700 million.

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

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends that necessary proof of foreign currency requirement be obtained from the contractor.

(DP. 295)

2.5.14 Unauthentic payment of borrow areas within prohibited limit of right of way - Rs 593.778 million

As per clause 4.18 of particular conditions of contract agreement, no borrow areas shall be located within 500 meter from the Right of Way (ROW).

Audit noted that Project Director (Hassanabdal-Havelian Expressway (E-35) Package-I Burhan to Jarikas) NHA got executed an item of work, formation of embankment from outside borrow pits, for quantity of 2,094,242 cu.m and paid an amount of Rs 593.778 million.

Audit observed from inspection report of Inspection Team of NHA conducted in November 2015 that borrow areas were within 100 meters to 250 meters of right of way and were also not refilled after taking earth by the contractor.

This was a clear violation of contract provisions and Environmental Management Plan and a threat to high embankment of expressway. Further, rate of earth work was not reduced due to less haulage involved than provided in the contract agreement. This resulted in unauthentic payment of Rs 593.778 million.

Audit pointed out the irregularity in August 2018. The Authority replied that Inspection team visited the site in November 2015 when the contractor was constructing service roads within ROW which was mandatory as there was no other approach to site to carry out work. The material excavated close to the ROW was used in filling the deep gorges on the alignment of earthen track. Whereas borrow areas approved for construction of project embankment falls well beyond 500 meters.

The reply was not tenable as lead chart approved by the Engineer with exact route, distance of source of earth was not provided.

The matter was discussed in DAC meeting held on 12th -13th December, 2018. The Committee directed GM-E35 (NHA) to get the record verified from Audit by 20th December, 2018, failing which recovery would be effected from the contractor. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 181/2018-19)

2.5.15 Wasteful expenditure on electronic toll system and subsequent reversal to manual toll system - Rs 578.319 million

NHA Tolling Policy prepared by Road Asset Management Section in July 2010, emphasizes the necessity of automation of toll collection to achieve sustainability.

Audit noted that NHA initiated the establishment of ETTM system on all toll plazas in 2003 and a contract for supply, installation, commissioning and maintenance of ETTM system on N-5 was awarded to

M/s Toll Link with contract cost of Rs 137.938 million vide acceptance letter dated 24.12.2003. The work was to be completed within 24 months.

The contractor installed the system at three (03) locations (Iqbal Shaheed, Tarraki & Jhelum) up to December 2005 and on remaining six (06) locations the system was installed through piecemeal separate pre-installation contract in the year 2008, 2009 & 2011 whereas location of one toll plaza was shifted from N-5 to IMDC which was commissioned in 2014.

Audit observed from case files of bidding of toll plazas for the year 2017-18 that 11 ETTM toll plazas were awarded on guaranteed lump sum revenue basis instead of service/percentage sharing basis through ETTM system for receipt of the actual revenue earned. This indicated that NHA is operating on old manual tolling method. Further, M-1, M-3, M-4 and E-35 are controlled access motorways and expressways wherein electronic toll management was to be installed and actual revenue should have been earned by NHA by auctioning the toll plazas on service sharing basis but this network was also awarded on net monthly guaranteed bid.

NHA incurred an expenditure of Rs 578.319 million on installation/pre-installation and subsequent support and maintenance of ETTM system but could not fetch the benefit of actual fee for services link with actual traffic counts conducted through electronic means. Generating of toll revenue on the basis of old system despite automation resulted in wasteful expenditure of Rs 578.319 million.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends investigation and action against the responsible(s). Audit further recommends that automation of toll system be ensured to avoid revenue losses.

(DP. 318)

2.5.16 Non-recovery of interest due to delayed payment - Rs 520.000 million

As per contract clause 1, the FWO shall repay the amount of Rs 3.000 billion to the NHA within ninety (90) days of the date of receipt of loan amount, or in the first drawdown under the facility for the M-9 project, whichever is earlier.

Audit noted that the Authority paid an amount of Rs 3.00 billion to M/s FWO for starting M-9 project on BOT basis on 28th April, 2015. The amount of Rs 1.000 billion was recovered from FWO on 21st July, 2016 and Rs 2.000 billion on 17th March, 2017.

Audit observed that M/s FWO did not repay the loan in stipulated time period i.e. 90 days thus made themselves liable to pay interest after 90 days but the same was not recovered. This resulted into non-recovery of interest of Rs 520.00 million.

Audit pointed out the non-recovery in May 2018. The Authority replied that the matter of recovery of interest was taken up with M/s FWO.

DAC meeting was not convened despite request by Audit on 05.12.2018 followed by reminder on 07.11.2019.

Audit recommends that since NHA has to pay interest to federal government on cash development loan for PSDP projects, therefore, NHA should charge interest to FWO on loan amount retained beyond the committed schedule at the earliest.

(DP. 361/2018-19)

2.5.17 Loss due to undue benefit to the contractor in shape of obtaining of performance security bond of less amount - Rs 511.228 million

Clause 4.2 of particular conditions of contract provides that the performance security will be in the form of an unconditional bank guarantee equivalent to 10% of the contract price.

Audit noted that the Authority 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 which was revised to Rs 13,300.306 million. The work started in December 2015 to be completed till December 2018.

Audit observed that the contractor furnished a Performance Security Bond worth Rs 818.813 million issued by JS Bank on 29th October, 2015 which was valid up to 27th October, 2019. Later, the quantum of work was enhanced to Rs 13,300.306 million and the contractor was required to furnish Performance Security Bond amounting Rs 1,330.030 million (10% of Rs 13,300.306 million) instead of Rs 818.813 million. This resulted into undue benefit to the contractor in shape of obtaining of less cost of Performance Security Bond of Rs 511.228 million by putting the work at risk.

Audit pointed out the irregularity in September, 2019. The Authority replied that the contractor provided performance security in the amount of 10% of accepted contract amount indicated in the letter of acceptance for execution and completion of works in accordance with the contract clause.

The reply was not tenable. The contract cost of the work was enhanced up to 62.43% through Variation Orders but the performance security was not enhanced as per revised contract cost thus putting the work at risk. The Engineer also instructed employer regarding furnishing of revised performance security bond.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends to get the performance security bond in shape of bank guarantee equal to 10% of the revised/enhanced amount of the work to safeguard the risk along with the interest for the period for which amount was used by the contractor as cash flow.

(DP. 86A)

2.5.18 Loss of revenue due to short receipt of toll collection than guaranteed bid price - Rs 429.947 million

Para-12-b Chapter-11 of NHA Code Vol-I provides that toll shall be collected through an O&M contractor procured under PPRA/RMA Rules as a service contract or as a maximum guaranteed bid.

Audit observed that NHA awarded ten (10) toll plazas to various contractors at net guaranteed revenue of Rs 4,165.512 million per annum But actual revenue of Rs 3,735.575 million was realized. This resulted in loss of revenue due to short receipt of toll collection Rs 429.947 million as detailed below:

(Rs in million)

DP No	Toll Plaza	Net Guaranteed Revenue (per annum)	Actual Revenue Earned (per annum)	Loss
305	Chenab NBC (N-5)	308.532	281.282	27.250
306	Ranipur (N-5)	681.504	627.738	53.776
307	Sadiqabad (N-5)	693.072	641.926	51.146
308	Sakhi Sarwar (N-70)	151.668	117.255	34.413
309	Sultan Bahoo Bridge	141.504	116.747	24.757
310	Chenab SBC (ETTM) Toll Plaza	308.520	268.896	39.624
311	Taunsa (N-55)	126.684	110.081	16.603
312	Harro (ETTM) N-5	452.496	401.300	51.196
313	Khanbela (ETTM) N-5	726.612	652.371	74.241
314	Mandra (ETTM) N-5	574.920	517.979	56.941
	Total	**4,165.512**	**3,735.575**	**429.947**

Audit pointed out the loss in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends investigation and action against the responsible(s) and efforts be made to make the loss good.

2.5.19 Unjustified payment to foreign engineers of consultancy staff - Rs 326.057 million

Clause 4.1 of contract for consultancy services describes that Foreign Engineers at design stage, tender assistance stage and construction supervision stage should possess minimum educational qualification of PhD/Master Degree.

Audit noted that Project Director, Widening and Strengthening of National Highway N-70 (Rakhi Gajj-Bewata Section) 33.84 km of East West Road Improvement Project, Package-1, made payment of Rs 326.057 million to foreign engineers for consultancy services on account of salary and remuneration up to March 2018.

Audit observed that the Foreign Engineers i.e. the Team Leader and Chief Engineers appointed for consultancy services were Bachelor Degree holders instead of PhD/Master Degree as required under the conditions of consultancy contract. This resulted in unjustified payment of Rs 326.057 million.

Audit pointed out the unjustified payment in August 2018. The Authority did not reply.

The matter was discussed in the DAC meeting held on 12th-13th December, 2018, wherein, the DAC directed that GM Construction Punjab-South will provide detailed justification for hiring the consultant with lower education level than mentioned in the contract agreement and justify the rates of hiring. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 160/2018-19)

2.5.20 Irregular award of work without open competition and in violation of PPRA rules - Rs 317.937 million

Rule 12(2) of Public Procurement Rules 2004, 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. Rule 20 ibid provides that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

A. Audit noted that G.M. Maintenance Quetta (North) awarded structural overlay work of reach Km 56-75 on N-40 to M/s Shah Builders at an agreed cost of Rs 271.793 million.

Audit observed that contractor did not start overlay work due to the change in design just after award of work. After design change, revised cost was arrived to Rs 314.100 million which was 16.09% above the agreed cost and thus warranted re-tendering as per PPRA rules.

Audit pointed out the irregularity in July 2019. The Authority replied that the Variation Order was initiated as per actual site requirements.

The reply without documentary evidence was not accepted.

(DP. 192)

B. Audit noted that G.M Muzaffarabad NHA awarded a work SM-AJK-17-S2-06 for repair of settled section and patch work at KM 0+00 to 35+00 on S-2 to M/s Nauman Construction Company at bid cost of Rs 11.689 million.

Audit observed that during execution of work, additional items were included in the scope of work to the extent of 32.82% of the original cost and enhanced the cost of work to Rs 15.526 million in violation of NHA Code and PPRA rules. This resulted in irregular award of additional work of Rs 3.837 million through variation order by more than 30% of original contract.

Audit pointed out the irregularity in October 2019. The Authority replied that the area of road passes in high elevated mountainous terrains which got extraordinary rain falls and during the execution of work further road damages and settlement was faced in the same location KM 00+00 to KM 35+00 on S-2. As the damages and settlement was required to be attended immediately and contractor was mobilized at site work execution, hence it was decided that Variation Order be initiated to execute and attend the further damages and settlement.

The reply was not accepted as per PPR quantity/cost increase from 15% should be treated as fresh work and should be executed through tenders.

(DP. 371)

DAC meeting was not convened despite request made by Audit on 10.12.2019 followed by reminder on 20.12.2019.

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

2.5.21 Irregular award of contract for Assistant to Employer's Representative without provision in PC-I - US$ 1.372 million and Rs 294.819 million

Approved PC-I of the projects provided cost of Monitoring Charges (Assistant to Employer's Representative), as detailed below:

S. No.	Name of Project	Total PC-I Cost (Rs in million)	Provision for AER (Rs in million)	Remarks
1.	Lahore-Abdul Hakeem	150,665.025	1,003.300	No foreign exchange component provided.
2.	Jaglot Skardu Road	32,325.600	155.00	-do-

Audit observed that the Authority awarded the contract for Assistant to ER for US$ 1.372 million for Lahore-Abdul Hakeem Project without provision of foreign component in PC-I for this purpose and for Rs 444.819 million for Jaglot Skardu Road project against PC-I provision of Rs 155.0 million.

This resulted in irregular award of contracts having FEC beyond PC-I provision of US$ 1.372 million and Rs 294.819 million.

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

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends regularization of the irregular award with foreign exchange without provision in PC-I besides fixing responsibility against person(s) at fault.

(DP. 36A, 47A)

2.5.22 Non-recovery from the concessionaire on account of construction of toll plaza - Rs 274.488 million

According to Para 3(h) Schedule-A of concession agreement made between National Highway Authority and M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE), toll plazas shall be established at the entry/exit points of M-1 and M-3 as detailed in the agreement.

Audit noted that a work, construction of 16 Lane Toll Plaza on Motorway M-1, was got executed through contractor M/s Luqman Brothers Construction Company. The contract cost of the work was Rs 249.537 million with already incurred expenditure of Rs 274.488 million.

Audit observed that the establishment of the Toll Plaza at entry/exit points of M-1 was the responsibility of M/s MORE, therefore, construction through contractor was unjustified and needs recovery from M/s MORE of Rs 274.488 million.

Audit pointed the matter in September 2018. The Authority replied that G.M. M-2(BOT) has not incurred the expenditure on the construction of the toll plaza.

The reply was not accepted. The toll plaza at entry point of M-1 was constructed by the G.M. M-1 Burhan, the sister formation of NHA and incurred an expenditure of Rs 274.488 million which was the responsibility of the concessionaire.

DAC meeting was not convened despite request by Audit on 05.12.2018 followed by reminder on 07.11.2019.

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

(DP. 342/2018-19)

2.5.23 Irregular expenditure on land acquisition beyond provisions of 2nd Revised PC-I - Rs 270.326 million

As per Cabinet Division's letter No. 5/CF/75 dated 7th May, 1975, the executing agency should start preparing the revised scheme immediately when it is known that the cost of the scheme is going to rise beyond permissible limit of 15%. It is further added that the 15% permissible limit is allowed only in respect of original approved cost and not revised cost of the scheme.

Para-12 Chapter-7 of NHA Code Vol-I provides that the funds credited to the Land Acquisition Collector's account shall be treated as an advance. The LAC shall be responsible for rendering complete accounts and supporting documents on quarterly basis to the accounts section concerned for settlement of advance. Para 20 further states that, NHA land management wing shall be responsible for mutation of the acquired land.

Second revised PC-I of the project Construction of Lowari Tunnel was approved for Rs 26,855.000 million (Rs 5,870.000 million FEC) by ECNEC on 22nd August, 2016. As per revised PC-I cost of land acquisition was Rs 675 million.

Audit observed that the Project Director Lowari Tunnel Project made payment of Rs 945.326 million for land acquisition for the project against revised PC-I provision of Rs 675.00 million. This resulted in irregular expenditure of Rs 270.326 million. Further, vouched account of land measuring 1,792 Kanal 17 Marla was not obtained from the LAC against this payment.

Audit pointed out the issue in July 2019. The Authority replied that enhancement of cost of land compensation from Rs 675 million to Rs 945 million has been incorporated in 3rd Revised PC-I which is under process for the approval of ECNEC. It was further stated that process of disbursement is underway.

The reply was not accepted because the limit of PC-I was exceeded without approval.

The matter was discussed in the DAC meeting held on 9th-10th December, 2019, wherein, the Authority explained that enhancement of land compensation was made due to the fact that land assessment was made during PC-I preparation with ROW of 12 meters whereas, the land was acquired with ROW of 30 meters as per revised policy of NHA. The DAC directed for revision of PC-I. The Committee also directed that NHA shall ensure ownership of acquired land and share vouched account with Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 69, 76)

2.5.24 Overpayment due to inadmissible payment on account of price adjustment - Rs 268.79 million

Clause 13.8 (Section VII), General condition of contract provides that the amounts payable to the contractor shall be adjusted for rises or falls in the cost of labour, goods and other inputs to the works, by the addition or deduction of the amount determined in the formulae prescribed in this clause. To the element that full compensation for any rise or fail in costs is not covered by the provisions of this or other clauses, the accepted contract amount shall be deemed to have included amounts to cover the contingency of other rises and falls in costs. According to schedule of adjustment (foot note-v) value of work done shall be value of permanent works (excluding bill for general items, provisional sums).

As per clause 70.1(b) pn is a price adjustment factor to be applied to the amount for the payment of the work carried out in subject month, determined in accordance with paragraph 60.1 (a), (b) and (c) where any variations and day work are not otherwise subject to adjustment.

Clause 13.8 of the contract agreement, adjustment of changes in cost, provides that if the contractor fails to complete the works within time for completion, adjustment of prices thereafter shall be made using either, each index or price applicable on the date 49 days prior to the expiry of the time for completion of the works, or the current index or price, whichever is more favorable to the employer.

Audit observed that the Authority made an overpayment on account of escalation without provision in PC-I, without deduction of cost of temporary works, on the cost of varied works, on Afforestation contract and on the value of non-BOQ items involving Rs 268.790 million **(Annexure-C)**.

Audit pointed out the matter in July, September and October 2019. The Authority that escalation was paid according the contract provisions.

Further replied, in case of escalation on afforestation contract that, escalation was paid in the light of World Bank Guidelines.

The replies were not accepted because escalation was paid incorrectly which resulted in overpayment. Moreover, escalation was not admissible for plantation works.

The matter (DP. 101) was discussed in the DAC meeting held on 9th, 10th December, 2019, wherein, the DAC directed the CFAO, Ministry of Communications to probe the matter. Compliance of DAC directive was not made till the finalization of this report. Other pars could not be discussed in DAC meeting.

Audit recommends recovery.

2.5.25 Award of work and grant of mobilization advance without execution and mobilization at site - Rs 215.597 million

As per standard clause 42.1 (c & d) of FIDIC documents, the Employer will, with the Engineer's notice to commence the works, give to the contractor possession of so much of the site, and such access as, in accordance with the contract, is to be provided by the employer as may be required to enable the contractor to commence and proceed with the execution of the works.

A work of Construction of Peshawar Northern Bypass (Package-II Charsadda Road to Warsak Road) was awarded to M/s RMC-LILC JV for contract cost of Rs 4,405.621 million on 18th February, 2014. The work was started on 22nd September, 2015 and was required to be completed up to 21st March, 2017.

Audit noted that an amount of Rs 215.597 million was paid to contractor on account of financial assistance (1st part of financial assistance) on 16.06.2016. Record indicated that an amount of Rs 321.699 million was paid on account of work done up to IPC-2 dated 22.01.2018.

Land measuring 1,315 kanal and 14.5 marla was required to be acquired for the package-II, out of which only 435 kanal and 1.5 marla (33%) could be awarded/acquired. Whereas, 880 kanal and 12 marla (67%) was still un-awarded/un-acquired and yet not mutated in the name of NHA till August 2019. NHA failed to handover the possession of the land to contractor despite lapse of period of 4 years after award of the work. The contractor retained the government funds Rs 215.597 million irregularly without execution of work and mobilization at site. On mobilization in 2017-18, minimal part of the work was executed and paid for Rs 321.699 million.

Audit observed that award of the work without taking possession of land was unjustified which subsequently necessitated grant of mobilization advance to the contractor and retention of government funds for about 4 years. This resulted in award of work and grant of mobilization advance without execution and mobilization at site of Rs 250.92 million.

Audit pointed out the matter in September 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends investigation and action against the responsible(s) along with recovery of profit on mobilization advance for non-execution period of the contract.

(DP. 334)

2.5.26 Irregular/unauthentic payment for an item of work without recording detailed measurements - Rs 233.288 million

Para 5 of instruction of MB provides that all measurements should be recorded neatly and directly in the measurements books at the site of work. The recording of measurements elsewhere and copying them into a measurement book is forbidden. Further, 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 correctness of the bill as a whole.

Audit noted that consultant engineer and project authorities of E-35 measured an item (108-c formation of embankment from borrow excavation in common material) for 2,800,862.34 Cu.m for RD 0+034 to 20+400 in IPC-25.

Audit observed that in addition to the measured quantities, a quantity of 728,249.75 Cu.m was measured for interchanges, flyovers and earthen track etc. without detailed measurements and specific provision in the approved estimates. This resulted into irregular/unauthentic payment of Rs 233.288 million.

Audit pointed out the irregularity in August 2018. The Authority replied that the detail measurements entries for item 108-c in the concerned MB was overlooked but the same measurements would be ensured in the final bill.

The matter was discussed in DAC meeting held on 12th -13th December, 2018. DAC directed to get the record verified i.e. detailed measurement in the Measurement Book from Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 186/2018-19)

2.5.27 Overpayment due to re-rating without approval of variation order - Rs 211.500 million

Para 98 of NHA Code 2005, states that, if, however, it is felt that issuance of a variation/change order is essential due to change in alignment, design or specifications, the same shall be issued with the approval of the competent authority (Table III-13). The aggregate value of all variation orders issued against a contract shall not exceed 30% of original contract cost.

Audit noted that the work, Khuzdar Shahdad Kot, Section-IV, Package-III of M-8 was awarded to M/s Nazir & AMCCL (JV) with cost of Rs 1,115.844 million in September 2004. The cost of variation order No. 03 was approved for Rs 2,033.486 million and the contractor was paid Rs 1,952.836 million up-to IPC-33.

Three items of works were paid to the contractor with some quantity as per contract rate and major quantity with revised/higher rate without approval of variation order.

Audit observed that bifurcation of quantity with original contract rates and revised rates taken in IPC No. 32 & 33 were entirely different. This resulted in overpayment due to application of higher rates without approval of variation order of Rs 211.500 million.

Audit pointed out the overpayment in October 2018. The Authority replied that payment as per revised rates was made after the approval of the Executive Board. These revised rates were incorporated in the VO-04 which is under process of approval. The calculation of Rs 211.500 million made by the Audit was correct. Net total payable to the contractor was Rs 108.671 million. Out of this only Rs 50.532 million was paid against Rs 211.500 million.

The reply was not accepted because payment of re-rated items was made before approval of variation order.

DAC meeting was not convened despite request by Audit on 06.12.2018 followed by reminder on 07.11.2019.

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

(DP. 380/2018-19)

2.5.28 Non-recovery due to execution of emulsified asphalt against cut back asphalt for prime and tack coat - Rs 205.737 million

As per Para-1 of Employer's Requirements (Volume-III of Agreement), the client shall make available an outline design which shows the alignment, general profile, location of the structures, interchanges and rest areas etc. as minimum requirement.

Audit noted that NHA awarded EPC 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 on 18.08.2018.

As per Non-Binding BOQ under Bill No. 3, the item of bituminous prime coat and bituminous tack coat were provided @ Rs 139.14 and Rs 53.09 per sq. m respectively.

Audit observed that at the time of execution of work the items of cut back asphalt for bituminous prime coat and tack coat were replaced with emulsified asphalt for bituminous prime coat and tack coat. As the contractor submitted his bid keeping in view the specification of BOQ items which was on higher side. Changing of specification to cheaper rate item needs recovery from the contractor because the rates of emulsified items were 12.43% and 12.82% on lesser side than the cut back items. This resulted in non-recovery of Rs 205.737 million.

Audit pointed out the non-recovery in September 2018. The Authority replied that the audit observation was based on non-binding BOQ which was even not part of contract documents under clause 1.5.

The reply was not tenable because the cost was developed containing items of higher rates. Therefore any subsequent downward change would require adjustment/recovery. The contractor was to be paid on account of item which he actually executed at site.

The matter was discussed in the DAC meeting held on 14th & 15th January 2019. DAC directed GM concerned to explain execution and payment mechanism to Audit. Outcome be presented in the next DAC meeting dated 30th January-2019. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends recovery along with interest from the contractor.

(DP. 277/2018-19)

2.5.29 Irregular/unjustified award to supervisory/design review consultant without evaluation worth US$ 2.536 million and Rs 193.374 million and non-initiation of penal action

Clause 8 (m) of appendices-IV of consultant agreement provides that the supervisory consultant while supervising construction works will make all necessary arrangements for quality control and implementation of work. The consultant shall assure quality of the works during construction, continuously inspect the soils and material, construction operation and the works with regard to workmanship and compliance with the specification and carry out independent testing in the field and /or in the engineer/project management laboratory and approve or disapprove and certify the works that confirm with the specification and maintain permanent record of result of all the tests made.

Audit noted during scrutiny of record of project Hassanabad-Havelian Expressway (E-35) NHA that performance of design review and supervisory consultant on E-35 project was reported unsatisfactory by the General Manager (E-35) and not found up to the mark.

Audit observed that G.M (E-35) NHA Burhan reported to Member (North) NHA on 21st January, 2016 that field staff (both key and non-key staff) of M/s Dohwa Engineering Co. Ltd. have failed to perform their duties in accordance to the requirements/objectives of the agreement. It was reported that staff provided by the supervisory consultant was found technically weak. Since submission of unsatisfactory report by the G.M (E-35) in January 2016 penal action was not taken against the consultant.

This resulted into irregular/unjustified award to supervisory/ design review consultant without proper evaluation worth US$ 2.536 million & Rs 193.374 million and non-initiation of penal action against supervisory consultants.

Audit pointed out the irregularity in August 2018. The Authority replied that necessary actions were taken by NHA against supervisory consultant which includes debarring of consultancy for participation in any further contract till satisfactory performance on E-35. Besides this, technically weak staff including Team Leader were demobilized. Also necessary changes in organizational setup of the consultant's staffs were made and new Team Leader, Deputy Team Leader, Resident Engineer and key staff and non-key staff were mobilized in replacement of the terminated / weak staff.

The reply was not acceptable because performance report submitted by the G.M (E-35) against weak technical experts of supervisory consultants warranted effective disciplinary action. This report also raised question on the technical prequalification made by the NHA experts regarding selection of M/s DOHWA as consultant Engineer.

The matter was discussed in DAC meeting held on 12th -13th December, 2018. The Committee directed that G.M. and Head of M&I shall visit this project and submit a joint report on this para by 31st December, 2018 to DAC. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 183/2018-19)

2.5.30 Non-termination of contract due to default of contractor - Rs 191.670 million

Clause 63.1 of particular condition of contract provides that in addition to the action taken by the Employer against the Contractor under this Clause, the Employer may also refer the case of default of the Contractor to Pakistan Engineering Council for punitive action under the Construction and Operation of Engineering Works Bye-Laws 1987, as amended from time to time.

Clause 47.1 of Condition of the Contract, Part-II, states that if the Contractor should fail to complete the whole of Works or if applicable any section thereof, within the periods and dates specified under the contract, the contractor shall pay to the employer, a sum equal to 0.1 percent of the Contract Price for every day of delay, in which the whole or part of the works remained unfinished subject to a maximum of ten (10) percent of the contract price.

Audit noted that the G.M. Punjab North NHA Lahore awarded Structural Overlay work PM-2016-17-PN-12 to a contractor with the agreement cost of Rs 191.670 million on 27.01% below the estimated cost of Rs 250.093 million.

Audit observed that Lab tests indicated that provided material at site was not according to the required standard. Poor plant & machinery and equipment was observed at site resulting in poor riding quality & segregation at different locations. In addition that only 23% work was executed by the contractor against the planned progress 73%.

Audit is of the view that the contractor did not execute the work as per specification and within stipulated time for completion, therefore, the Authority was required to take the punitive action under the contract clauses.

Audit pointed out the matter in July 2019. The Authority replied that the punitive action i.e. imposition of liquidated damages, cancellation of contract and blacklisting will be taken up accordingly under relevant clauses of contract agreement.

The matter was discussed in DAC meeting held on 6th-7th January, 2020 wherein the Authority explained that notices had been served to the contractor. Further punitive action i.e. imposition of liquidated damages, cancellation of contract and blacklisting will be taken up accordingly under relevant clauses of contract agreement.

The DAC directed G.M. (Maintenance) Punjab-North to furnish final outcome report to Ministry and Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directive.

(DP. 107)

2.5.31 Non-announcement of land award caused extra cost/loss - Rs 190.428 million

Paras 13, 17 & 18 of Chapter-7 (Land Acquisition) of NHA Code (Vol-I) provides that the timely deposit of funds in the Treasury under head, Revenue Deposit, plays a vital role, because the acquisition cases are time limited. Expiry and re-publication of notification causes financial loss due to increase in the price of land in the vicinity of the project. After publication of notification under Section 17(4) of the Act, if the data for estimated cost of land was approved by the competent authority (Rules 12 of the Land Acquisition Rules 1983), the Land Acquisition Collector shall immediately announce Award under Section 11 of the Land Acquisition Act after approval from G.M. (Project) /Project Director and handover possession to NHA/contractor.

Audit noted that DC Peshawar issued notifications on 21.11.2009 under section-4 of Land Acquisition Act, 1894 of Mouza Haryana Bala to acquire a land measuring 143 kanal 6 marla. Preliminary funds amounting to Rs 11.574 million worked out on Ausat Yaksala were released by the NHA HQ, Islamabad and deposited in the District Treasury, Peshawar. As per provision of rules LAC was required to take possession of the land and handover to the NHA and announce the award immediately but said announcement was inordinately delayed for about 7 years which provides opportunity to the affectees to move to the court whereas LAC announced the award on 02.05.2018 wherein the agriculture land assessed in the preliminary survey was shown converted into residential and commercial. Resultantly per marla cost was increased from Rs 5,133 to Rs 60,000 for all kind of land (agriculture, residential and commercial) and total cost of land increased to Rs 202.183 million. From above it was evident that inordinate delay in announcement of award after section-4 caused extra cost of land acquisition of Rs 190.248 million.

Audit pointed out the matter in September 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

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

(DP. 336)

2.5.32 Unjustified enhancement of item beyond PC-I provision - Rs 185.630 million

PC-I of the project, Construction of Blacktop Road Yakmach-Kharan via Dostain Wadh Khurmagai, approved by ECNEC for Rs 13,758 million on 22nd April, 2016 having an erosion and protection work for embankment heights greater than 3.0 meter.

Audit noted that NHA awarded a contract Section-I (Kharan to Shahi Ghari 50 KM) of the project to M/s SMADB-RMS JV on 13th November, 2015 for Rs 2,859.682 million.

Audit observed that Member (West Zone) NHA Quetta approved the Variation Order for Rs 250.063 million out of which item No. 509e, Grouted Riprap Class, increased to the extent of 18,523 Cu.m for Rs 185.630 million for embankment protection in those RDs where embankment height was not more than 2 meter whereas in approved PC-I protection work for embankment was proposed for height greater than 3 meter. Hence provision of protection work along with embankment less than 2 meter is violation of the approved PC-I.

Audit pointed out irregularity in January 2018. The Authority clarified that project falls in sheet flow area where every rainfall damages the embankment. So the provision of protection work becomes inevitable as provision of cross drainage structures throughout the length is not possible as it being very costly than the protection work which not only safeguard the embankment from scouring but also channelize the storm water to the cross drainage structures. It is pertinent to mention here that the criteria of protection work as pointed out by the audit for embankment greater than 3 meter is for the protection of the embankment from scouring which occurred due to roadway water with high velocity on high embankments.

The reply was not accepted because the work was executed in violation of PC-I.

The matter was discussed in the DAC meeting held on 7^{th}-8^{th} November 2018. The DAC directed NHA to penalize the Consultants for preparation of improper estimates/PC-I. The Committee also directed to report this matter to the Pakistan Engineering Council. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 39/2018-19)

2.5.33 Unjustified hiring of consultants - Rs 162.896 million and extraordinary increase in the cost - Rs 44.794 million

As per Para 7(ii) of Guidelines for hiring of consultants issued by Finance Division vide letter No. F.3(10) Exp.II/94-Vol-I-68 dated

08.02.2002, the consultants should not be appointed for routine functions of an organization.

A. NHA hired the services of various consultants for routine functions despite availability of in-house capacity. NHA appointed consultants for design review of annual maintenance plan for which independent coustomized regional offices exist in each region to carry out maintenance activities. This resulted in unjustified hiring of consultants for Rs 162.896 million, as detailed below:

DP No.	Name of work	Amount (Rs in million)
234	Consultancy work of design review and construction supervision	24.990
362	Various consultancy contracts by Road Asset Management Directorate	109.361
02	Consultancy services as Highways Safety (Audit) Expert	28.545
Total		**162.896**

Audit pointed out the matter in December, 2018, September/October 2019. The Authority replied that the consultants were hired as per necessity.

The reply was not accepted because the consultants were hired for routine function in violation of Finance Division's guidelines.

B. Audit observed that the Authority hired the services of various consultants for supervision of works executed by different regions of NHA. Scrutiny of record disclosed that in two cases the Authority increased the cost of agreements from Rs 50.527 million to Rs 95.322 million. This resulted in extraordinary increase in agreement cost Rs 45.884 million.

DP No.	Name of work	Enhancement (Rs in million)	Remarks
01	Consultancy Agreement for Detailed Design of Link Road of New Benazir Bhutto International Airport	26.499	Cost of agreement increased from Rs 4.768 million to Rs 31.268 million
6 and 156	Consultancy for Supervision of PM and Rehabilitation contracts under AMP 2015-16.	18.295	The Authority enhanced the contract cost from Rs 45.759 million to Rs 64.054 million

Audit pointed out the matter in December, 2018, September/October 2019. The Authority replied that the consultancy services were extended as per need.

The reply was not accepted because the cost of agreements were increased exorbitantly.

The matter was discussed in the DAC meeting held on 26th November, 2019. In case of DP.1, DAC directed for verification of record (i.e. percentage of increase in scope of work with reference to 560% increase in cost. Minutes/directions of Prime Minister Office and Civil Aviation Authority). In case of DP. 5 & 156, DAC directed the Chairman NHA to verify the facts and submit revised reply to Audit. Compliance of DAC meeting has not been made till the finalization of this report.

Audit recommends compliance of DAC meeting.

2.5.34 Overpayment due to allowing escalation on water charges - Rs 144.217 million

As indicated in the minutes of 148 meeting of NHA Executive Board held on 5th May 2007, during ECNEC meeting held on 30th November, 2006, the Chairman NHA highlighted the high rates demanded by FWO and requested P&D Division to rationalize the cost. The Prime Minister directed Planning Commission to review and resolve the matter. The Planning Commission after necessary review communicated a decision on 3rd March, 2007 that water charges amounting to Rs 880 million shall be admissible to FWO on account of water scarcity (@ Rs 0.22 per liter for four billion liters water).

Audit noted that General Manager (Surab-Nag-Basima-Panjgur-Hoshab Project) Balochistan, Khuzdar included payment of water charges in total value of work done while calculating price adjustment of construction input materials in 2016-17.

Audit observed that water charges allowed to the contractor as a special case were not meant for value of permanent work but it was an additional financial effect and was not adjustable under clause 70 of the agreement. This resulted in an overpayment of Rs 144.217 million.

Audit pointed out the overpayment in January 2018. The Authority replied that water charges become part of work done, so escalation is applicable on the whole value work done.

The reply was not accepted because the water charges were paid to the contractor as a financial help on account of scarcity of water in the area with a fixed amount of Rs 880 million for the whole project and was not part of the permanent work. Price adjustment was only applicable on the items of value of work done which were used for calculation of factors as specified in Appendix-C to the bid.

The matter was discussed in the DAC meeting held on 7th-8th November 2018. The DAC directed that a Committee comprising NHA, FWO and Audit will examine the reasons and process of escalation and submit report by 21st November, 2018. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends recovery of overpaid amount.

(DP. 19/2018-19)

2.5.35 Non-revalidation of performance bond/insurance policies and non-recovery of premium cost - Rs 128.512 million

According to clause 21.1-25 the contractor was bound to provide insurance policies valid till defect liability period. Clauses 10.1 and 10.2 of the contract state that contractor shall provide performance security to the employer on a prescribed form. The performance security shall be of an amount equal to 10% of the contract price and valid until the contractor has completed the work and remedied any defects in accordance with the contract.

Audit noted that the General Manager, Hakla M-1 to Yarik D.I Khan (CPEC Western Route) project awarded the works as under:

(Rs in million)

S No	Name of Project	Contractor	Contract Cost
1	Package-2A (km 25+400 to km 50+791)	M/s SKB-KNK JV	9,232.715
2	Package-2B (km 0+000 to km 25+802)	M/s Muhammad Ashraf D Baluch	7,250.000
3	Package-2D (km 0+00 to km 13+400)	M/s Khalid Rauf	4,441.774
		Total	**20,924.489**

Audit observed that the performance guarantees and insurance coverage for these works were expired and not got revalidated. Due to non-revalidating, the contractor save inbuilt cost of insurance premium of about Rs 128.512 million (2% of remaining contract costs of Rs 6,425.766 million).

Audit pointed out the irregularity in September, 2019. The Authority replied that case of (EOT) Extension of Time for the project has been forwarded to NHA-HQ for approval. After approval of the Employer, same will be forwarded to Insurance Company for validation of performance security for extended period.

The reply was not accepted. As per conditions of contract, valid performance bond is required for the construction as well as for maintenance period of one year. The matter of revalidation was required to be taken up with the Contractor well before the expiry date to safe guard the interest of Government. Moreover, recovery of premium is also required to be made.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends for revalidation of policies besides recovery of uninsured period.

(DP. 100A, 101A)

2.5.36 Un-authentic payment of rock excavation on the basis of template instead of actual cross sections - Rs 127.132 million

Item No. 100.9 of NHA General Specifications provides that the contractor shall be responsible for the setting out of the work in accordance with Clause 17 of the General Conditions of contract. Notwithstanding that project drawings have been issued to the contractor, the contractor shall also be responsible for taking joint cross sections on the proposed alignment of the road. Item No. 106.3.1 further provides that the contractor shall schedule his work in such a way that authorized cross sections can be taken before and after the material has been removed.

Audit noted that National Highway Authority awarded a contract for Up-gradation, Widening & Improvement of Zhob-Mughal Kot (Lot-2) Killi-Khudae-Nazar to Mughalkot N-50 to M/s Maqbool-Zarghoon JV on 14th January, 2016 for Rs 4,043.635 million.

Audit observed that an item of work 106 was recorded in IPCs and measurement books wherein, area of cut was taken as per template cross sections taken in original joint cross sections, prior to commencement of earth work. As per provision of contract specifications, the measurements were required to be recorded after execution of work on the basis of the cross sections taken thereof. But this aspect was completely ignored and full payment of earth work was allowed. This resulted in unauthentic payment of earth work for Rs 127.132 million.

Audit pointed out the irregularity in September 2018. The Authority did not reply.

The matter was discussed in DAC meeting held on 26th-27th December, 2018. The DAC directed NHA to effect recovery to by 31st January, 2019.

Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 250/2018-19)

2.5.37 Award of works through quotations - Rs 123.906 million

According to Para 56 (Chapter 3) of NHA Code (Vol-I) emergency may arise / necessitate due to:

1. Earthquakes, floods or heavy rain
2. Breakage of dam or a bund of a river or canal or nullah
3. Major damage caused by riots or strikes
4. Occurrence of accident (s) on roads
5. Need for removal of road safety hazards
6. Failure of culverts / bridge structures
7. Spillage of dangerous fluids causing hindrance to traffic flow or any other threat to safety of road users
8. Any other similar reason which affects the safety of road users.

Road user safety endangered due to reasons enunciated above should be met as follows:

Operational Emergency; should be immediately taken up with the approval of G.M. (Region)/(Project). Later, however, approval in writing should be obtained from the Member (Ops) / (Const.) (operational emergency qualifies as restoration of traffic). (2) *Work Emergency*; should be taken up after obtaining formal approval from Member (Ops)/(Const.) (work emergency qualifies as the work carried out/required to restore the road to pre-emergency condition).

The Member (Operations)/(Construction) may approve the emergency work after consulting Member (Finance) about the budget position.

Audit noted that General Manager (Maintenance) KP, NHA, Peshawar awarded 73 works to various contractors during 2017-18 having cost of Rs 123.906 million.

Audit observed that:

i. The works were of routine nature which were required to be executed under Annual Maintenance Plan but the works were got executed as Emergency Works after calling of quotations, keeping the amount of each quotation below two million.

ii. The works were awarded and got executed without prior approval of Member (Operation).

iii. The works were not completed in the stipulated period of completion given in the agreement.

iv. The works did not qualify for emergency as per definition of NHA Code.

v. The works were awarded without open competition which deprived the Authority of the advantage of competitive rates.

vi. The emergency works were awarded at average rate of 0.70 % below 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. This caused award of works at higher rates.

This resulted in unjustified award of works in category of Emergency in violation of NHA Code of Rs 123.906 million.

Audit pointed out the irregularity in August-September 2018. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 05.12.2018 followed by reminder on 07.11.2019.

Audit recommends that responsibility be fixed against person(s) at fault.

(DP. 341/2018-19)

2.5.38 Irregular award of work and unjustified payment of mobilization advance - Rs 122.990 million

As per Rule 20 of Public Procurement Rules 2004, procurement of goods, services and works shall be through open bidding process.

Audit noted that National Highway Authority Kallar Kahar awarded a new work widening of main carriageway from Faizpur Interchange Motorway M-2 Lahore to Ravi Toll Plaza with two (02) Lanes on both sides through Variation Order No. 02 (VO#02) for Rs 2,587.608 million in April, 2018 without open tendering in violation to Public Procurement Rules 2004. It was further observed that the General Manager M-2 NHA Kallar Kahar made payment of Rs 122.990 million on account of first installment of mobilization advance to the contractor M/s MORE (FWO), who was already mobilized at site.

Audit pointed out the irregularity in September 2018. The Authority replied that the concessionaire has to mobilize its resources afresh for which mobilization advance was paid as per condition of contract.

The reply was not tenable as the concessionaire was already mobilized at site and the original concession agreement did not provide for grant of mobilization advance.

DAC meeting was not convened despite request by Audit on 05.12.2018 followed by reminder on 07.11.2019.

Audit recommends to investigate the matter of irregular and unjustified payment.

(DP. 345/2018-19)

2.5.39 Non-award of OM&M contract by annulment of procurement process caused loss of revenue - Rs 120 million

Para 12 of NHA Toll Policy provides that all motorways and expressways will be tolled through a closed tolling system while all national highways and roads will be tolled through open tolling system at defined access control points as per international norms and practices. Para 17 of the policy states that the operation & management of toll plazas may either be carried out by NHA itself or outsourced to private contractors/operators. The objective of sub-contracting toll collection must be to get the best deal. This requires an open and transparent bidding procedure.

Audit noted that bids were invited for procurement of Operation, Management and Maintenance (OM&M) of toll plaza and collection of toll revenue in October 2017 for the period January 2018 to June 2019 but this procurement could not be materialized on stipulated date of January 2018 and the toll collection was operationalized by G.M. (E-35) from 04.01.2018.

Audit observed that bids were opened on 10.01.2018 wherein only one bidder M/s FWO participated with net monthly guaranteed bid of Rs 30.00 million. NHA did not award the contract to M/s FWO and annulled the procurement process on 28th March, 2018. After cancellation of procurement process, the Authority again went into bidding in May 2018. Seven prospective bidders attended the pre-bid meeting held on 02.05.2018. However, only two bids were received i.e. M/s FWO and M/s National Engineers. Interestingly, M/s National Engineers was not among the prospective bidders who attended the pre-bid meeting.

M/s National Engineers quoted a bid of only Rs 4.2 million for monthly guaranteed revenue, which was far below the bid of M/s FWO (Rs 23.00 million). This indicated that 2nd bidder was a covering candidate only to manage participation of 2nd bidder but in actual it was a single bidder M/s FWO who had already submitted bid in first bidding which was annulled by Chairman, NHA to avoid the approval of higher authority being sole bidder.

However, after rebidding the contract was awarded to M/s FWO on Rs 23 million for 2018-19 and Rs 27 million for 2019-20 as monthly guaranteed bid which was less than rejected bid at the time of first tendering. This resulted in loss of Rs 120 million. Had the contract awarded in first bidding, loss of Rs 120 million could have been avoided.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

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

(DP. 303)

2.5.40 Irregular provision of vehicles and their maintenance cost in violation of approved PC-I - Rs 106.160 million

As per Para 88 (vi) of Chapter 3 of NHA Code (Volume-I), 2005, no project vehicle shall be purchased unless a provision thereof exists in the PC-1 of that project.

PC-I of Central Asia Regional Economic Cooperation Corridor (CAREC) Development Investment Program Tranche-1 Projects approved by ECNEC on 26.07.2017 for Rs 21,041.00 million, did not contain any provision for purchase of vehicles for the project.

Audit observed that G.M. (P&CA) Wing included different vehicles in the BOQ for Rs 106.160 million in two contracts i.e. Petaro-Sehwan (N-55) Section-I & II, in violation of PC-I.

Audit pointed out the irregularity in September 2019. The Authority replied that the audit observation was forwarded to Design Wing for reply. No reply was received till finalization of the Report.

DAC meeting was not convened despite request made by Audit on 07.11.2019 followed by reminder on 20.12.2019.

Audit recommends investigation against responsible and recovery.

(DP. 274)

2.5.41 Non-deduction of royalty - Rs 104.445 million

SP-5 Supplementary condition of contract agreement for Upgradation, widening and construction of Surab-Basima-Nag-Panjgur-Hoshab Road Project N-85 Section I to Section IV D-8 packages, provides that the rates and prices quoted by the contractor shall include all freight, customs, import duty, taxes, pilotage, landing charges, wharfage, octroi, excise duties, royalties and all other cost, charges imposed.

SP-I & SP-3 Special provision of Construction of Kharan-Yakmach Road Project provides that the contactor shall arrange all material for construction works including water, earth filling material, aggregates etc. The contractor will also be responsible to bear the cost of royalty/malkana of the quarry.

Audit noted that an item of work, Formation of embankment from borrow excavation, was paid to contractors of three works, but proof of payment of the royalty of the material to the quarry owner was not found on record. This resulted in an overpayment due to non-deduction of royalty for Rs 104.445 million, as detailed below:

S. No.	PDP No./Audit Year	Name of Project	Name of Contractor	Amount involved (Rs in million)
1	23/2018-19	Up gradation, widening and construction of Surab-Basima-Nag-Panjgur-Hoshab Road Project N-85 Section I to Section IV D-8 packages	M/s FWO	11.357
2	29/2018-19	Widening & Improvement of Kalat-Quetta-Chaman	M/s FWO	55.176
3	37/2018-19	Construction of Kharan-Yakmach Road Project Section-I (Kharan to Shahi Ghari 50 KM)	M/s SMADB-RMS JV	37.912
	Total			**104.445**

Audit pointed out non-deduction of royalty in January 2018. The Authority replied in case of DP.37 that payment of royalty was the responsibility of the contractor and no one from local inhabitant of the project approached NHA for non-payment of royalty. In other case (DP.23) it was replied that M/s FWO engaged local people in its construction works. Royalty was paid in engagement/employment of local people in construction activities. Furthermore, the earthen cuts were filled and their lands were smoothened/straightened as per willingness of local people. Ultimately, no any complain/ worry was raised by land holders.

The reply was not tenable as item rate included cost of royalty but proof of payment of royalty was not obtained with the check requests/lead chart. It is evident from the departmental reply that no payment was made to the land owners or Government of Balochistan on account of royalty. Engagement/employment of the local on the project did not substitute the cost of royalty of land and were paid on account of wages for the services rendered.

The matter was discussed in the DAC meeting held on 7th & 8th November 2018, wherein, DAC directed to obtain an undertaking from the contractor for settling royalty claims as and when received.

Audit recommends early recovery from the contractors in case of non-provision of proof of payment of royalty to the land/quarry owner/government of Balochistan.

2.5.42 Un-justified expenditure on account of construction of RCC Boundary wall - Rs 99.554 million

According to Para 54 (iii) of NHA Code (Vol-I), the funds shall be expended on duly authorized services/works/projects for which they are allotted.

Audit noted that G.M. (P&CA), NHA Islamabad awarded the work, Improvement & Widening of additional two lanes on either side from Thokar Niaz Baig to Hudyiara Drain Multan Road (N-5) for 10.170 KM, Lahore" to M/s Khalid Rauf & Company on 11th September 2017 at an agreed cost of Rs 3,624.937 million.

Audit observed that a payment of Rs 99.554 million was made to the contractor on account of construction of new RCC boundary wall for Police Training Centre Chung Lahore. The boundary wall was constructed outside the project Right of Way (ROW) which was the responsibility of Provincial Building Department. This resulted in un-justified expenditure of Rs 99.554 million

Audit pointed out the matter in July 2019. The Authority replied that the new boundary wall of the Police Training College Chung was constructed after approval of competent authority as per requirement of police to avoid any terrorist activity.

The reply was not accepted because construction of boundary wall was not the responsibility of NHA.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

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

(DP. 123)

2.5.43 Overpayment due to re-rating of items at higher rates - Rs 97.971 million

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

General Manager (P&CA) awarded a work, Rehabilitation/ upgradation of Jalalpur Pir Wala Uch Sharif Section of Shujabad-TMP Road, District Multan Package-III, to M/s Saadullah Khan & Brothers Co (SKB) on 12th October 2009 at an agreed cost of Rs 1,565.566 million. The cost was revised to Rs 1,658.195 million. The work was commenced on 3rd December 2009 and requires to be completed by 2nd December 2011 which was revised up to 30th November 2017. The contractor was paid 18th running bill for Rs 1,652.163 million and last escalation payment bill No. 13 for Rs 281.031 million.

Audit noted that NHA Executive Board in its 272nd meeting held on 16th January 2017 approved the revival of the contract and allowed re-rating of an item of work ‘asphalt base course plant mix class B

@ Rs 19,158.48/cu.m based on CSR 2014-Multan District at par for a quantity of 16,944 cu.m (under clause 52.2 of particular conditions of contract) from 27,000 Cu.m @ Rs 12,608 Cu.m.

Audit observed that the rate was allowed on higher side as due to reduction in construction input material prices, the rates were being received ranging from 25% to 40% below the engineer estimates based on CSR 2014 as M/s Khalid Rauf & Co quoted its rates for the said item for another work, Construction of Lahore Eastern Bypass, tendered in December 2016 @ Rs 12,718.37 (13,941 x 8.77% below) against CSR rate of Rs 19,247.52 i.e. 34%.

Audit holds that re-rating at higher rates resulted in an overpayment of Rs 97.971 million

Audit pointed out overpayment in November 2018. The Authority replied that the rates of ABC, Class-B were revised as per clause 52.2 on the recommendations of the Engineer. The rates tendered by a contractor at Lahore cannot be applied at work at Uch Sharif having 400 km extra lead than Lahore.

The reply was not acceptable as Lahore Eastern Bypass project was quoted as an example. The works in NHA during the said period were awarded 25% to 40% below the CSR 2014.

DAC meeting was not convened despite request by Audit on 09.01.2019 followed by reminder on 07.11.2019.

Audit recommends that matter be investigated and responsibility be fixed.

(DP. 451/2018-19)

2.5.44 Excess payment due to excessive measurement beyond Technical sanction estimates - Rs 94.237 million

Para 56, Chapter-II 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 Executive Board in its 275th meeting held on 14th March 2017 endorsed its earlier decision of 274th meeting that no variation order and re-appropriation will be processed by the G.M. concerned in all periodic maintenance work and if so required, the same shall be presented before the Board for its approval.

Audit observed that G.M. Punjab North NHA Lahore executed the works of structural overlay by measuring increased width, excessive thickness and execution of items not provided in the linear plan, detailed technical sanction estimates and contract agreement. This resulted in an excess payment of Rs 94.237 million.

Audit pointed out excess payment in September 2018. The Authority replied that the works were executed as per actual site requirements after approval of the Member (Central Zone) Punjab.

The reply was not based on facts as the execution of on excessive work was against the spirit of NHA Code and instructions of NHA Executive Board.

The matter was discussed in the DAC meeting held on 14th & 15th January 2019, wherein, it was decided that NHA Executive Board will examine the excess spending and inform the DAC of its findings. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 293/2018-19)

2.5.45 Unjustified payment due to paying cost of excavation - Rs 93.324 million

Clause 106.3.1 of NHA General Specification provides that cost of excavation of material which is used anywhere in the project shall be deemed to be included in the pay item relating to the part of the work where the material is used.

Audit noted that the work, Widening and Strengthening of Rakhi-Gajj-Bewata Section of N-70 under East West Road Improvement Project Package I, was awarded to M/s TAISEI Corporation Japan at the cost of Rs 13,753.035 million on 10.03.2016.

Audit observed that the item No. 106c regarding excavation of surplus common material was paid for a quantity of 92,730 Cu.m @ Rs1,006.41 per Cu.m with total amount of Rs 93.324 million. Remarks noted at the measurement sheets of item No. 106c & 106d indicated that common and soft rock roadway excavated material was used under item No. SP 404g, formation of embankment with specified material of mechanically stabilized material. Moreover, according to the rate analysis of item No. SP 404g road excavated material was to be used under the same item and for which provision of rate of Rs 594.30 per Cu.m was made. It meant that material for filling under MSE was utilized from roadway but cost of excavation of roadway material in the light of above referred contract specification was not adjusted. Rather, excavation cost of roadway material was paid under item # 106c and SP 414g simultaneously. This resulted in unjustified payment of Rs 93.324 million.

Audit pointed out the unjustified payment in September 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 07.11.2019 followed by reminder on 20.12.2019.

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

(DP. 216)

2.5.46 Non-recovery due to variation in size of Underpasses against the Employer's requirement and actual Rs 93.168 million

As per Schedule of underpasses contained in Volume 12 of contract agreement, the size for vehicular underpass was provided as 6.1m x 5.5m (i.e 33.55 sqm).

Audit noted that NHA awarded EPC 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 date of completion as August 2018.

Audit observed that as per progress of underpasses, the contractor designed the underpasses with the size of 6.1m x 5.2m (31.72 Sqm) and executed the work accordingly. Due to under sizing the underpasses the contractor saved an amount of Rs 93.149 million for 1.83 Sq.m, which was not recovered.

Audit pointed out the non-recovery in September 2018. The Authority replied that the audit observation is based on the size of underpass given in the preliminary design of the bid, which states that preliminary design drawings submitted by the contractor to be replaced with detailed design after approval of the Employer. This clause also clarifies that approved detailed design done by the contractor is the final documents on which construction has to be done.

The reply was not tenable because as per clause 5.1 the size of structure could be increased but not to be decreased. Hence, recovery on account of reduced size is due.

The matter was discussed in the DAC meeting held on 14^{th} & 15^{th} January 2019, wherein, DAC directed NHA to get the record verified from Audit within 15 days. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends recovery on account of reduced size of underpasses.

(DP. 278/2018-19)

2.5.47 Overpayment due to non-reduction in quoted rates of BOQ item - Rs 82.889 million

According to clause 12.3 of general conditions of contract, for each item of work, the appropriate rate or price for the item shall be the rate or price specified for such item in the contract or, if there is no such item specified for similar work. However, a new rate or price shall be appropriate for an item of work if the measured quantity of the item is changed by more than 25 % from the quantity of this item in the Bill of Quantities (BOQ) or other Schedule.

Audit observed that in project E-35, BOQ quantities of item of work 108-a, formation of embankment from roadway excavation in common material, was provided 2,231,438 cu.m @ Rs 180 per cu.m which was executed upto IPC No.7 for 1,590,047 cu.m indicated that 28.74% agreed quantity was not executed. Similarly item No.108(bi) formation of embankment from roadway excavation in hard rock material was provided/agreed for 343,878 cu.m @ Rs 300 per cu.m which was not executed at all.

Another item 108-d formation of embankment for structural excavation in common material was agreed for 82,077 cu.m @ Rs 600 per cu.m. This item was abnormally increased upto 325,153.239 cu.m which was 396.156% above the approved/agreed quantity. Rate of item No.108-d for package-III was Rs 600 per cu.m which was very high as compared to rate of same item accepted by the same authority in Package-I Rs 259 per cu.m and for package-II Rs 134 per cu.m. Due to abnormal increase of item 108-d rate already accepted on higher side i.e Rs 600 per cu.m was not reduced/adjusted through re-rating for enhanced quantity 325,153 cu.m – 82077 cu.m = 243,076 cu.m.

Audit was of the view that rate for enhanced quantity was to be paid Rs 259 per cu.m as allowed in package-I.

This resulted into overpayment of Rs 82.889 million on account of non-reduction of quoted rate.

Audit pointed out overpayment in August 2018. The Authority replied that rate of one contract, cannot be applied at another contract. As per provision of clause 12.3 of COC, the rates qualifying for re-appropriation must be derived from relevant BOQ rates with reasonable adjustment, hence the same would have increased than original rates based on principal of derivation from BOQ rate as per contract, if considered for re-rating.

The reply was not accepted as reasonability of acceptance of rates of similar nature items for all three packages of E-35 accepted were not adjudged by the accepting authority. As pointed out in the para that rate for item No.108-d was accepted Rs 600 per cu.m for package-I as compared to rate Rs 259 per cu.m and Rs 134 for package-II and III respectively. Quantity of earth work of item in package-I was abnormally increased 396% above than BOQ. Rate of item was not decreased which was increased 396% above and beneficial to the contractor.

The matter was discussed in DAC meeting held on 12th -13th December, 2018. G.M. concerned informed the DAC that the issue was before the Dispute Resolution Board as per agreement clause. DAC directed the Board to complete its findings within 30 days and submit report to DAC by 15th January, 2018. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 184/2018-19)

2.5.48 Excess payment due to excess quantities of item of shortcrete - Rs 76.764 million

As per special conditions of contract and specifications for tunneling 9.3 shortcreting, in case the measured quantity is more than the theoretical quantity calculated as per approved drawing, payment shall be limited to theoretical quantity only.

Audit observed that the contractor of Lowari Tunnel project was paid excess quantities for fine graded smoothening Shotcrete, thickness 30mm than as provided in the contract agreement for Rs 76.764 million. Audit is of the view that the smoothening shortcrete was required to be executed at selected locations whereas, the Authority executed on overall areas. This resulted in excess payment of Rs 76.764 million.

Audit pointed out the issue in July 2019. The Authority replied that the quantity of fine graded smoothening shotcrete was incorporated in original contract as per the limit requirement of shotcrete behind the concrete lining. However, in conversion of design of Rail to Road Tunnel led to enhance the quantity owing to provision of full length of concrete lining in Road Tunnel. Accordingly, the quantity of said items was incorporated in variation orders. Furthermore, the final quantity executed are within the estimated quantities of variation order.

The reply was not accepted because smoothening shortcrete was required to be executed at selected locations whereas, the Authority executed on overall areas.

The matter was discussed in the DAC meeting held on 9th, 10th December, 2019, wherein, the Authority explained that the quantity of fine graded smoothening shortcrete was increased due to change of design from Rail to Road tunnel. The excess quantity was approved in revised PC-I by the competent forum ECNEC. The DAC directed to provide the design provision of shorcrete on full length of the tunnel. The DAC directed for verification of the approval of ECNEC and revised approved design. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 81)

2.5.49 Overpayment due to incorrect calculation of weightage of the specified material - Rs 75.198 million

Part -2, para 4 of standard procedure and formula for price adjustment 2006 denotes that the co efficient for each specified element shall be calculated and given in the bidding/tender documents. The co efficient for each specified adjustable element shall be determined by the user proportionate to its ratio among all the adjustable elements in a contract. Part-1 part B.1 of the standard procedure and formula for price adjustment 2009 states that in determining the weightages. The following procedure shall be adopted: Base Data Price alone of an element based on market rate shall be considered excluding cost of construction/ installation, overheads and profit. Engineer's Estimate shall be prepared for complete project. Appropriate Rate analysis of Engineer's estimate shall be made to determine cost of the basic elements, for such element having various cost and each cost element determined as above, shall be divided but the total amount of Engineer's Estimate to determine various weightages.

Audit noted that NHA awarded the work, Rehabilitation Up Gradation of JP-Uch Sharif Section of Shujabad-TMP Road, District Multan, Contract Package-III to M/s SKB (Pvt) Ltd at agreement cost of Rs 1565.566 million. The contractor was paid a sum of Rs 1007.852 million up to 14th IPC till June 2017 along with payment of price adjustment up to EPC No 11 for Rs 233.175 million. Audit also noted that the department made payment of price variation for bitumen amounting to Rs 154.352 million by taking factor 0.234.

Audit observed that higher weightage was assigned to specified item the bitumen without considering the actual consumption of bitumen in the work as described by the ibid rules. The actual factor for adjustment of bitumen comes to 0.12 as calculated by the audit for bitumen based on bitumen has per BOQ quantity in PC-1 allowing of higher weightage factor c resulted in overpayment of Rs 75.198 million(154.352 million-(0.12/0.234=79.154)

Audit pointed out overpayment in September 2017. The authority replied that this contract was awarded in 2009 to M/s SKB. The escalation/de-escalation is being paid according to C-factor. The audit paras in this regard were made on contract all over Pakistan. Authority stance was not accepted because weightages of fixed/variable portions were not calculated as per PEC formula; a higher weightage C for bitumen was adopted to calculate price variation for bitumen, i.e. 0.234 instead of 0.12 in variation of Pakistan Engineering council's standard Procedure and Formula for Price adjustment.

The matter was discussed in the DAC meeting held on 7th & 8th November 2018, wherein, DAC directed NHA to reconcile the weightage of bitumen with Audit within 15 days.

Audit recommends that weightage of bitumen be reconciled and recovery be made.

(DP. 102/2018-19)

2.5.50 Non-recovery due to improper maintenance of N-35 by FWO - Rs 74.532 million

According to clause-vi of contract agreement signed between NHA and M/s FWO for Routine Maintenance of KKH (N-35) for the year 2017-18 and 2018-19, performance indicators to be met by M/s FWO at the end of each quarter for payment includes:

- Road will be kept potholes /patches free and will be filled with Bitmac as per NHA specification & standard practice (Patches up to 3 x 3 meter maximum size).
- Road will be kept free of land slide/Snow/Ice/Mudflow etc. as soon as it happens.

Audit noted that as per contract agreement signed between NHA and M/s FWO for Routine Maintenance of KKH (N-35) for the year 2017-18 and 2018-19 (km 190-km 350) Rs 119.25 million per year were to be paid in advance in quarterly four installments of Rs 29.813 million.

However, the contract agreement states that payment of 4th quarter shall be 50% released and balance amount of 50% shall be released after end of the financial year. In case of failure to complete the already identified works till end of the contract, then the withheld amount shall be deducted and NHA shall get such works done through private contractor on risk and cost of M/s FWO on the same terms and conditions as with that M/s FWO.

Audit observed from the record that due to non-attending road damages in Thakot-Dassu Section with bit mac, the pothole were converted into long size patches. Sliding material was deposited on the whole left side of road on Thakot-Dassu Section. Resultantly, rain water stands in shape of pond on carriageway and causing cracking, settlement and serious damages. Further, ten km out of 50 km of Dassu-Sazin Section were taken over by Chinese contractor of WAPDA for Dassu Hydro Power Project (DHPP) but payment of Rs 14.906 million on account of repair work in this section was made which was not admissible.

M/s FWO were paid Rs 238.50 million for the years 2017-18 and 2018-19 without any deduction against specific works which were not attended as per Note to the Performance Indicators and on account of 10 km which were not maintained by FWO. This resulted in non-recovery of Rs 74.532 million.

Audit pointed out recovery in July 2019. The Authority replied that as a result of correspondence, FWO started patchwork on all section of KKH. Further replied that no such handing/taking over exists for 10 KM road section and the same still belongs to NHA.

The reply was not accepted because the Authority itself written letters for non-maintenance of road and for recovery of 10 KM section which was taken over by WAPDA.

The matter was discussed in the DAC meeting held on 9th, 10th December, 2019, wherein, the Authority explained that the section of 10 KM i.e. DASSU-Kaiga has not been handed over to WAPDA. Deduction on account of said section will be made from FWO upon handing over the same to WAPDA. Further explained that, the road section of Thakot-Dassu, has been maintained/repaired by FWO.

The DAC directed that the Director (Maintenance) NA's, Abbottabad will verify the payments made to FWO on the stretch of DASSU-Sazin and justify the routine maintenance works carried out by FWO kilo-meter wise in accordance with clause-A of the contract. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 62)

2.5.51 Enhancement of contract by charging Sales Tax of Rs 70.365 million and non-deposit in treasury - Rs 70.140 million

IB - 12.3 & 12.4 of contract agreement provides that all duties, taxes and other levies payable by the contractor under the contract as on the date 28 days prior to the deadline for submission of bids shall be included in the rates and prices and the total bid price submitted by a bidder. Additional/reduced duties, taxes and levies due to subsequent additions or changes in legislation shall be reimbursed/deducted as per sub-clause 70.2 of the general conditions of contract Part-I.

Audit observed that Variation Orders were initiated and approved by the Member (Central Zone) wherein cost of the each contract was enhanced by addition of the 5% Punjab Sales Tax and 13% Sindh Sales Tax and subsequently said amount was deducted. This resulted in irregular enhancement of contract cost by charging sales tax Rs 70.365 million.

In another case, Punjab Sales Tax Rs 42.799 million was refunded to the contractors and an amount of Rs 27.341 million was retained in Authority's accounts instead of deposit the same with Punjab Sales Tax Authority.

Audit pointed out the irregularity in December 2018. The Authority replied that AMP works of 2014-15 & 2015-16 were tendered and awarded to the contractors before the imposition of PST by Government of the Punjab. Accordingly, Regional Accounts office started deduction of 5% PST from IPCs of the contractors. All the aggrieved contractors took up the matter with HQ NHA, as such type of tax was not levied at the time of submission of their bids. Keeping in view the genuine grievances of contractors, the matter was submitted before the NHA Executive Board which was duly approved.

In reply it is conceded that PST was included in the contract cost which was irregular and this recovery was required to be charged to the contractors rather than the RMA funds.

The matter was discussed in the DAC meeting held on 26th November, 2019/6th-7th January 2020, wherein, the DAC pended the para being the matter subjudice before Appellate Tribunal for Punjab Revenue Authority, Lahore.

Audit recommends that matter be pursued in court actively and outcome be shared with Audit.

(DP. 09, 98, 104, 137)

2.5.52 Irregular award of consultancy work without tendering - Rs 61.824 million

Rule 12(2) of Public Procurement Rules-2004 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.

Audit noted that National Highway Authority executed a project for Construction of Faisalabad Khanewal Motorway (M-4) 184 KM. Audit further noted that the project was financed through loan of Asian

Development Band and as per ADB's Project Administration Manual hiring of Social Safeguard Management Consultant was required on the project for implementation of Land Acquisition and Resettlement Plan and Corrective Action Plan of M-4 project. M/s International Development Consultants was already working at E-35 project for the same purpose.

Audit observed that NHA with the plea to avoid the lengthy timelines for procurement of consultant awarded the above consultancy work to M/s International Development Consultants without tendering process involving Rs 61.824 million.

Audit pointed out the matter in August 2018. The Authority did not reply.

The matter was discussed in the DAC meeting held on 12^{th}-13^{th} December 2018, wherein, the DAC directed NHA to explain procurement procedure to Audit for such foreign funded projects. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends that responsibility be fixed for irregular procurement of consultancy services.

(DP. 176/2018-19)

2.5.53 Overpayment due to incorrect rate at higher side - Rs 59.270 million

As per Para 103 of NHA Code, inclusion of non BOQ items during the execution stage shall, as far as possible, be avoided. However, in case it is absolutely essential to get new items of work executed, proper rate analysis shall be carried out in consultation with consultants and contractors. Rates finally agreed among the contractor, consultant and the G.M. concerned shall be submitted for approval of the competent authority through the tender acceptance committee.

Audit noted that NHA awarded a contract of Package-IIB Jamani to Shorkot of M-4 project, to M/s China Railway First Group Co. Ltd for

Rs 8,827.501 million with a completion period of two years. After award of work, a non-BOQ item, formation of rock fill material was included in the BOQ through Variation Order No. 1 with the quantity of 34,150 @ Rs 2,833.08 per Cu.m. During execution, a quantity of 37,057.122 Cu.m was executed up to IPC-18 involving Rs 104.985 million.

Audit observed through rate analysis of the said item that the Authority included rate of Rs 1,624.72 per cu.m for rock fill material (100mm to 300mm), whereas, material rate for rock fill under item 507 b of NHA CSR-2014 was available as Rs 959.91 per cu.m. Further, under item 507b there was nil equipment provided for execution of work whereas, the Authority also included equipment cost of Rs 52,608.03 for 222 Cu.m. This resulted in incorrect calculation of rate at higher side. As per calculation of Audit, rate of item comes to Rs 1,233.675 per Cu.m. This resulted in overpayment of Rs 59.270 million.

Audit pointed out the matter in August 2018. The Authority replied that the rate of rock fill material as 959.91 per Cu.m taken by Audit for rock fill in Gabion for Faisalabad (as per CSR 2014), whereas, the rock fill material (100-300mm) used at site was not a rock fill gabion material. Since no rate of rock fill material (100-300mm) is available in CSR, therefore, therefore same was determined through quotations. Similarly, equipment (Grader, Rollers, Water Tankers and Diesel Delivery Pumps) are required for laying, spreading, dressing and compaction of rock fill material at site contrary to the Gabion where no such equipment for working at site are required.

As far as equipment cost is concerned the reply of the Authority is accepted, however, in respect of rate of rock fill material the reply was not accepted because Audit has only taken material cost/rate of rock fill material. In the CSR 2014, the rate of rock fill material 100-200mm was available as Rs 959.91 per cu.m whereas the Authority paid Rs 1,624.72 per cu.m for 100-300mm which is almost 70% higher than the available schedule rate. Audit therefore stresses to recover excess cost on prorate basis involving Rs 34.953 million with the increase of 30% rate of material and inclusion of equipment cost.

The matter was discussed in the DAC meeting held on 12th-13th December 2018, wherein, the DAC directed NHA to provide necessary details to Audit by 28th December, 2018. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends early recovery of overpaid amount.

(DP. 172/2018-19)

2.5.54 Unjustified execution of contract - Rs 224.869 million and undue payment - Rs 50.501 million

According to Rule-10 of GFR (Volume-I), every public officer incurring or authorizing expenditure from the public funds should be guided by high standards of financial propriety and expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

Audit noted that super floods in July 2010 damaged KKH between Besham and Pattan. The floods also washed away bridges at four locations at Karakoram Highway (KKH) at km 218 – 237 on N-35. Rs 100 million from RMA were paid by NHA to M/s FWO as advance on 6th August, 2010 without any agreement. NHA Executive Board approved estimated cost of Rs 224.86 million in its meeting held on 31st December, 2014. Works were executed by FWO who were already mobilized to maintain KKH in addition to routine maintenance and other nine emergency contracts valuing Rs 114.872 million. However, agreement for installation of compact 200 steel bridges and other necessary civil works was signed on 4th April, 2018 at agreement cost of Rs 224.869 million.

Further, NHA imported the bridges valuing US$ 6.00 million plus Rs 115 million (other charges) from United Kingdom and China in 1997 under World Bank Loan No. IDA credit 2468 to meet with emergency situation to ensure free flow of traffic in far flung areas.

The bridges were handed over to M/s FWO for use in emergency at the specified locations. However, the suspension bridge components and heavy Civil Pontoon Bridges are in ES&OD (FWO) Chaklala. The two sets of Civil Pontoon Ribbon Bridges supplied in 65 packages and Suspension Bridge of 189 meters length was also handed over on 29th April, 2011 to Army Corps of Engineers as gratis.

Audit observed that:

a) M/s FWO submitted first & final IPC of Rs 198.409 million against estimate of Rs 224.869 million in January, 2019. The claim of M/s FWO includes Rs 35.061 million in Package-I and Rs 15.440 million on account of non-scheduled items in respect of bridges at Besham and Keyal while the bridges belongs to NHA. Thus, the amount of Rs 50.501 million was not payable to M/s FWO.

b) The contract was awarded on single source basis on NHA CSR 2009 plus 25% in 2010 while work was to be awarded at par the NHA CSR, 2009. The rates appear to be on very higher side as no evaluation of rates/comparison with prevailing rates was made. This resulted in award of work at higher rates.

c) NHA paid Rs 119.250 million to M/s FWO on account of routine maintenance and replacement of damaged bridges at km 190-350 (N-35) on quarterly basis. The contracts of maintenance include 6% payment against bridges. As per note to the performance indicators, deduction on account of non-compliance was to be made against specific work per kilometer. It means that M/s FWO is also receiving payments for these bridges under maintenance contracts. This duplication requires reconciliation and recovery, if any.

d) FWO were also paid Rs 114.872 million against claim of Rs 149.14 million for other civil works in addition to other nine (9) emergency contracts executed during 2010-11. Payments made to FWO on account of maintenance of N-35 needs reconciliation and adjustment.

Audit pointed out undue payment in July 2019. The Authority did not reply.

The matter was discussed in the DAC meeting held on 9th, 10th December, 2019, wherein, the Authority explained that the final bill has not yet been paid and the same is in Internal Audit for scrutiny. The DAC directed that the Director (Maintenance) NA's, Abbottabad will verify the record to Audit and will ensure that before the final bill all adjustments are made through recovery. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 60)

2.5.55 Inadmissible payment due to execution of restoration layer - Rs 48.484 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.

As per nomenclature of item No. 202 I, aggregate base course (restoration), provided as additional worn out qty depth 45mm (4.5 cm).

Audit noted that the Authority awarded a work Rehabilitation/upgradation of Jalalpur Pir Wala Uch Sharif Section of Shujabad-TMP Road, District Multan Package-III, to M/s Saadullah Khan & Brothers Co (SKB) at an agreed cost of Rs 1,565.566 million.

Audit observed that the Authority made payment of Rs 48.484 million to the contractor on account of restoration layers of base course which was not admissible.

Audit pointed out the overpayment in November 2018. The Authority replied that traffic was plying at project for 4 years. The section remains unattended during this period. The aggregates were abruptly disturbed. When amendment made and VO prepared some difference in levels miscalculated. After getting detailed X-Section levels, the thickness achieved was more than approved thickness. The excessive quantity was withheld and would be paid after approval.

The reply was not acceptable as the withheld quantity reflected that the excessive measurement was recorded. The matter was not of miscalculation as the actual quantities were taken into account in revival of the agreement. Payment made without approval of competent authority/ approval of variation order.

DAC meeting was not convened despite request by Audit on 09.01.2019 followed by reminder on 07.11.2019.

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

(DP. 454, 455, 456/2018-19)

2.5.56 Inadmissible payment due to execution of costly item - Rs 47.745 million

Drawing of stone masonry retaining walls provides that the band will be constructed with the lean concrete.

Audit noted that NHA awarded a contract for Up-gradation, Widening & Improvement of Zhob-Mughal Kot (Lot-1 & II) N-50 to M/s LIMAK- ZKB JV and M/s Maqbool-Zarghoon JV at an agreement cost of Rs 4,803.218 million and Rs 4,043.635 million respectively in January 2016 with date of completion in August 2018.

Audit observed that an item of work Class B Concrete was measured and paid to the contractor @ Rs 9,500 per Cu.m (lot-1) and Rs 8,500 per Cu.m (lot-2) for casting of bands of retaining walls rather than lean concrete @ Rs 6,000 per Cu.m (lot-1) and Rs 6,500 (lot-2) as provided in the construction drawings. Adoption of costly item caused unjustified extra expenditure of Rs 47.745 million in violation of drawing and design.

Audit pointed out the inadmissible payment in September 2018. The Authority did not reply.

The matter was discussed in DAC on 26th-27th December, 2018, wherein, the NHA admitted recovery. DAC directed that recovery will be effected by 31st January, 2019 by G.M. (N-50) under intimation to Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 256/2018-19)

2.5.57 Unjustified payment for relocation of utilities - Rs 46.142 million

As per clause 13.6 (Employer's Requirements) of agreement, the construction firm shall identify all services to be removed, liaise with the authority responsible for such services and provide, in his lump sum price, for the costs related to such removal.

Further clause SS-15 (Supplementary specification) provides that the contractor shall conduct his operations, make necessary arrangements, take suitable precautions and perform all required work incident to the protection of and avoidance of interference with power transmissions, telegraph, telephone and gas lines, water and sewerage mains and other utilities within the area of his operations in connection with this contract and thereof shall be borne by the contractor and the contractor shall indemnify the Employer in respect of all claims, demands, proceedings, costs, charges and expenses whatsoever arising out of or in relation to any such interference.

Audit noted that the Project Director, Improvement- up-gradation and widening of Jaglot-Skardu Road (S-1) 164 KM made payment of Rs 46.162 million on 08.05.2019 to the Water & Power Department Gilgit for relocation/ shifting of transmission line.

Audit observed that relocation/ shifting of transmission line falling in project area was covered in the scope work of the contractor under the EPC contract in terms of specifications referred above. Thus payment of Rs 46.142 million on this account by NHA was unjustified as it was responsibility of the contractor.

Audit pointed out the unjustified payment in July 2019. The Authority replied that the case was with P&CA Section NHA for decision. The reply was not convincing as the re-location of utilities was the responsibility of the contractor.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends recovery from the contractor besides appropriate action.

(DP. 43A)

2.5.58 Non-deduction of withholding tax from the contractors - Rs 41.913 million

Section 153(1)(c) 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.

According para 2.5(d) of CSR 2009, 25% is added on the estimated unit cost of the items which includes overheads, taxes, preliminaries and profit.

Audit observed that the contractors were paid Interim Payment Certificates (IPCs) on account of work done and mobilization advances against various contracts/lots under Post-Flood National Highways Rehabilitation Project (PNRHP) but withholding tax amounting to Rs 41.913 million was not deducted from these payments to the contractor. The matter was discussed with Accounts Wing NHA wherein they responded that contractor produced exemption certificates being residents of Swat State. It is pointed out that none of the contractors belong to Swat and their offices and residential addresses registered at Islamabad. Hence, this exemption was not applicable.

Audit pointed out the irregularity in August, 2018. The Authority did not reply.

The matter was discussed in DAC meeting held on 12th -13th December 2018. The Committee directed G.M. (Finance) NHA to write a letter for verification of tax exemption certificate from FBR HQs. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 149/2018-19)

2.5.59 Non-recovery of outstanding amount from contractor - Rs 41.420 million

Rule 26 of GFR (Vol-I), provides that it is the duty of the Departmental Officer to see that sums due to Government are promptly and correctly assessed, realized and duly credited in the Public Accounts.

The contracts ICB-II & IV under the project, Construction of Kalat-Quetta-Chaman, were initially undertaken through ADB funding. The original loan closing date for the project was 31st December 2009 which was extended to 31st December 2010 by ADB. However, ADB closed the funding for the project after 31st August 2010, due to delay in implementation of the project as a result of adverse security situation. To execute the balance works, NHA held negotiations with USAID for funding the remaining work as well as some essential additional works.

ICB-II & ICB-IV were initially awarded to M/s HCL with date of commencement on 6th February, 2006 which was subsequently re-assigned to M/s MAB/REX JV on 27th January, 2009 but released from performance on 20th July, 2013, with progress up to 34% and 38.6% respectively due to adverse security situation. USAID agreed to finance the balance works of ICB-II and ICB-IV of Kalat-Quetta-Chaman Road Project along with additional works. USAID allocated US$ 90 million for the project. The MOU between USAID, EAD and NHA was signed on 14th October 2013 while the Activity Agreement between USAID and NHA was signed on 11th October, 2013.

Audit noted that M/s SMEC (the consultant) prepared a final account report of MAB/REX JV and forwarded to G.M. (ADB) NHA Islamabad vide its letter dated 13th March, 2014.

Audit observed that the consultant pointed out that an amount of Rs 274.073 million is payable to the contractor by the Authority and an amount of Rs 319.097 million was recoverable from the contractor leaving a net recoverable amount of Rs 45.024 million. Outstanding amount of Rs 45.024 million has not so far been recovered by the Authority despite elapse of a period of about 04 years.

Audit pointed out the non-recovery in January 2018. The Authority replied that accounts of M/s MAB/REX JV have not been finalized yet. Recovery shall be effected upon finalization of accounts.

The matter was discussed in the DAC meeting held on 7th-8th November 2018, wherein, the DAC directed NHA to settle the claim and effect recovery within 06 weeks. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 30/2018-19)

2.5.60 Overpayment in violation of contract clause - Rs 38.451 million

As per contract clause 59.4 provides that for all work executed or goods, materials, plant or services supplied by any nominated sub-contractor, the contractor shall be entitled to the actual price paid or due to be paid by the Contractor, on the instructions of the Engineer, and in accordance with the sub-contractor.

Audit noted that the NHA proposed to engage the nominated sub-contractor to get the work of national importance executed expeditiously being very critical position of CPEC. The nominated contractor M/s Khalid Pervez Khan - S.K Enterprises (JV) awarded the work of Rs 325.951 million on 29.12.2016 on BOQ rates of original main contract. The nominated contractor was paid up-to IPC No. 04 for Rs 94,243,508 as per original BOQ rates of main contract.

Further, the difference of revised & original rates was paid to main contractor M/s Nazir & AM in violation of contract clause. This resulted overpayment of Rs 38.451 million.

Audit pointed out the overpayment in October 2018. The Authority replied that the difference of rates of three items paid to main Contractor and executed by Nominated sub-Contractor (NSC) is concerned, in this regard it is stated that due to mutual understanding between the main Contractor & NSC.

i. The main contractor provided machinery, plants and some materials to the nominated sub-contractor for execution of their works.
ii. The work done against these three items by NSC becomes workable only due to the help provided by the main Contractor to the Nominated sub-Contractor as mentioned in (i) above.

The reply was not acceptable because the nominated contactor was also paid price escalation of Rs 145.250 million on the base rates of 2004 against the total value of work done of Rs 94.244 million. Hence payment regarding difference of original contract rates and revised rates to the main contractor is unjustified and needs recovery.

DAC meeting was not convened despite request by Audit on 06.12.2018 followed by reminder on 07.11.2019.

Audit recommends recovery.

(DP. 375/2018-19)

2.5.61 Unjustified measurements and payment of running bill - Rs 33.886 million

Para 5 of instructions of MB provides that all the measurement should be recorded neatly and directly in Measurement Book at the site of work. The recording of measurement elsewhere and copying them into a Measurement Book is forbidden.

Audit noted that the General Manager (Punjab South) NHA Multan awarded a work of Periodic Maintenance at KM 1030+00 to 1044+00 at N-05 to M/s Taimoor Shah Construction Co. at bid cost of Rs 234.534 million. The Authority measured 4th Running Bill of the above work with gross amount of Rs 17.521 million. Items of cold milling, DST and aggregate base course were measured for KM 1034+500 to 1035+00 and wearing course was measured at KM 1034+500 to 1036+500.

Audit observed that the above complete bill was cancelled and new bill was prepared with the gross amount of Rs 33.886 million and execution of items was shown measured as cold milling, DST and base course at KM 1031+700 to 1033+800, 1034+150 to 1035+00 and wearing course at KM 1034+700 to 1036+500. Audit is of the view that the measurements of the 4th running bill were recorded without going to the site and bill was made just to accommodate the contractor financially. This resulted in doubtful measurement and payment of running bill Rs 33.886 million.

Audit pointed out the doubtful measurements during July 2019. The Authority replied that bill amounting to Rs 17.52 million was entered by the field office on MB which was less than the minimum percentage of each IPC (15%) as per condition of contract/special stipulations. Therefore, the same was cancelled before soliciting approval and another bill by fulfilling the minimum percentage of IPC was paid.

The reply was not tenable because as per Measurement Book, 3rd Running bill was measured on 31.12.2018 and 4th Running bill (which was cancelled and afterward resubmitted) was measured on 07.01.2019. Hence it is not possible in the short span of only seven days that firstly the bill was submitted for 500 meter (from milling to base course level) and 2500 meter (wearing course) and again the resubmitted bill for further execution of work for almost 2.5 KM (from milling to base course level). Moreover, the contention of Authority regarding minimum IPC amount up to 15% is also not correct because the amount of Rs 33.886 million was still below the 15% of contract cost. Hence cancellation of bill of Rs 17.520 million and payment of Rs 33.886 million was just to accommodate the contractor financially.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

Audit recommends investigation and action against the responsible(s) along with recovery of the stated amount.

(DP. 159)

2.5.62 Overpayment due to non-deduction of cost of excavation - Rs 32.309 million

As per specification 106.3.1 of special provisions of bidding documents (Vol-III), pay item No.106b, the volume of surplus material shall be the original volume of excavation less the volume of unsuitable material in cut less the volume of embankment and less the volume of material used in other works in the contract.

Note given under Bill No.01-Earth work of BOQ describes that roadway excavation material shall be used in embankment, backfill around structure, structure works like construction of retaining wall, breast wall, abutment, wing wall, rip rap, gabions and pavement layers base &sub base material which included in the contract. The payment shall not be made under Pay item 106 c&d (unclassified excavated surplus material) as surplus material, its payment shall be deemed to be included in the pay item where the material is used.

Audit noted that the Project Director, Shatial-Thor Nullah Bypass, paid the quantities for 48,593.96 Cu.m and 4,546.65 Cu.m against item of work 411b (Bill-04a & 4b i) stone masonry up to IPC-10.

Audit observed that said quantity of excavated stone 53,140.61 Cu.m (48,593.96+4546.65) was not deducted from total quantity of item 106 c&d as per specification. This resulted in overpayment of Rs 32.309 million.

Audit pointed out the overpayment in July 2019. The Authority replied that NHA decided to go for arbitration on this matter against the decision of the Engineer, but as an amicable settlement attempt is a requirement prior to enter into arbitration which is being made.

The reply was not accepted as specification of the item clearly described that when excavated material is used in other items of work, its excavation shall be not paid separately. The Engineer cannot recommend anything in violation of the provisions of contract specification.

DAC meeting was not convened despite request made by Audit on 07.11.2019 followed by reminder on 20.12.2019.

Audit recommends recovery of overpaid amount.

(DP. 230)

2.5.63 Non-recovery/adjustment of defective work of asphalt due to lesser thickness - Rs 31.311 million

Item 305.3.2 of NHA, General Specifications 1998 provides that the asphalt concrete wearing course shall be compacted to the desired level and cross slope as shown on the drawing or as directed by the Engineer. The tolerances in compacted thickness of the wearing course shall be +3mm from the desired thickness shown on the drawings. For determination of thickness one (1) core per hundred meters of each lane will be taken. If the thickness so determined is deficient by more than three (3) mm, but not more than ten (10) mm, payment will be made at an adjusted price as specified in table-1, clause 305.4.2. (2) of this specification.

Project Director (Rehabilitation and Reconstruction of Kalat-Quetta-Chaman, N-25, Additional Work) made payment for item No. 203 b, Asphalt Concrete Base Course and item No. 305- b, Asphalt Concrete Wearing Course for Kuchlak Bypass for 15.30 km.

Audit observed that inspection report of Monitoring & Inspection Wing of NHA showed that percentage of compaction in four locations out of 13 locations with an interval of 01(one) km was much less than required/designed compaction. Similarly, in three 03 locations compaction for item No. 203-b, ACBC was less than approved compaction. Director M&I also recommended to make adjustment/recovery of Rs 31.311 million which was not done.

Audit pointed out the non-recovery in September 2019. The Authority replied that suitable amount has been withheld form IPC 06 till final inspection.

DAC meeting was not convened despite request made by Audit on 07.11.2019 followed by reminder on 20.12.2019.

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

(DP. 247)

2.5.64 Loss of revenue due to award of operation & management of weigh station contracts on higher rates - Rs 30.016 million

Rule 5 of RMA Rules provides that Road Asset Management Directorate shall regularly review the level of tolls and other levies being channeled into the Roads Maintenance Account and recommend adjustments to the Chairman, to match revenues with expenditures needed to fully address the network-level maintenance needs of the National Highway Authority. Toll levels shall be adjusted over time to reflect the following as far as possible, namely:

Extent or road use
Damage caused to network
Level of service provided

Audit noted that G.M. Revenue awarded contract for operation and management of weigh stations during the year 2018-19. A review of the collection & receipt details of weigh fine collection statement indicated that an amount of Rs 30.726 million was paid on account of Operation & Management cost of these weigh stations to various operators.

Audit observed that sub-ledger account of income from weigh station account showed receipt of Rs 0.710 million from all these operators (in 09 cases). This state of affair is evident that NHA management awarded O&M contracts either on fix or sharing basis at higher rates as income was found less than the expenses and these expenses were met out from other RMA revenue.

Audit held that the matter requires investigation in to the matter for award of contract at higher rates and non-imposition of fines on overloaded vehicles as per provision of rules. It is further added that these weigh stations were installed for implementation of Axle Load Control to save the road network from deterioration not for earning revenue but it was observed that corrosion of NHA road network is continued, on other side fines income is also declining which means that proper enforcement of Axle Load Control is not being made which is ultimate deficit/loss to NHA in the shape of loss of revenue and damage to road asset network.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

Audit recommends investigation and action against the responsible(s). A proper SOP may be devised to stop this practice in future.

(DP. 322)

2.5.65 Non-recovery of NHA dues from the owners of business operating on ROW of NHA - Rs 26.981 million

As per Rule 10 of Chapter III (General Regulations, Provisions) 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.

Audit noted that General Manager (Northern Areas), NHA Abbottabad is collecting toll, annual fees/ground rental charges from the owners of commercial entities/amenities falling on Right of Way (ROW) of N-125, N-35 and N-15. Audit also noted that certain owners of CNG filling stations, Petrol Pumps and other business operators of commercial plazas and hotels using ROW are not depositing due charges.

Audit observed that G.M. (Revenue) NHA fixed targets for revenue collection in Northern Areas Region of Rs 65.00 million for the year 2018-19 but the management could only collect revenue of Rs 38.018 during the year which was only 58.49%. There was a shortfall of Rs 26.981 million. Audit further observed that the Authority did not take any action against business operators using right of way of NHA since many years without payment of ROW charges. This resulted in less collection of revenue of Rs 26.981 million during the year 2018-19.

Audit pointed out recovery in July 2019. The Authority did not reply.

The matter was discussed in the DAC meeting held on 9th, 10th December, 2019, wherein, the Authority explained that streamlining of NHA's revenue collection of ROW is under process. The DAC directed that NHA will complete the mapping of its assets of ROW and issue bills accordingly to all users according to an approved charge for each category of users. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 65)

2.5.66 Overpayment due to execution of work at relocated place at higher rates and inadmissible escalation - Rs 25.095 million

Pakistan Engineering Council bidding documents did not cover the award of works for Development of Plantation for Afforestation nor provided any price adjustment for such type of contracts.

Audit noted that the General Manager, National Highway Improvement Program (NHIP) Islamabad awarded an afforestation contract AP-01 (Hyderabad – Hala at km 163 to 209) to a contractor for Rs 54.00 million on 29th August 2009. The work of afforestation includes furnishing & plantation of trees etc. @ Rs 500 per plant for a quantity of

100,000 plants and its maintenance for 5 years for Rs 4.0 million excluding the year of plantation.

After award of the work, the Authority changed the original location from Hyderabad-Hala Sindh Region to Okara-Lahore Section Km 1140 to 1232 of Punjab at the same rates for plantation & maintenance due to construction works, establishment of graveyard, wooden stalls, stock of garbage/waste of banana trees in the median and encroachment by the locals in original location for plantation.

Audit observed that in the Punjab Region, a nearby location under package 02, Mian Channu Sahiwal KM 1030~ 1102 at N-5, the plantation of trees were accepted and paid @ Rs 298 per plant and its maintenance for 5 years for Rs 2.0 million for a quantity of 60,000 plants. Audit further observed that due to change in location on the request of the contractor, the Authority had not kept in view the rates offered by the contractors and executed the work in the same region and relocated the work at higher rates through variation order without fresh tendering. This resulted in an overpayment of Rs 15.450 million.

Further, price escalation of Rs 9.645 million was paid to the contractor for the relocated plants at new location from May 2015 to September 2017 which was not admissible as the relocated work at the higher rate requires to be executed without any extra claim/payment.

Audit pointed out the overpayment in September 2018. The Authority replied that due to reasons beyond the control of the contractor the plantation at given site was not possible and project was shifted/relocated at new location by granting extension for two years through variation order No. 1 without any cost effect. Further, the payment of escalation was made strictly in accordance with clause 18 section VIII conditions of contract agreement.

The reply was not accepted, as the work was shifted on the request of the contractor. The rates were on higher side as compared to the nearest reach/location/environmental similarities (Mian Channu-Sahiwal) awarded during 2009 and maintenance for the period of 5 years.

The matter was discussed in the DAC meeting held on 14th-15th January 2019, wherein, the DAC observed that a para of similar nature was discussed earlier in the DAC meeting and an inquiry was ordered. The inquiry committee will explain the delay in submission of the inquiry report. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 296, 349/2018-19)

2.5.67 Unjustified payment on below specification/substandard execution of work - Rs 24.928 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. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded. Technical Sanction ensures that design and specifications are in accordance with sound engineering/ practices. The materials for the execution of work are in strict accordance with the plans and specifications.

Audit noted that the G.M. Punjab North NHA Lahore awarded Structural Overlay work PM-2016-17-PN-12 to a contractor with the agreement cost of Rs 191.670 million.

Audit observed that a BOQ item No. 305b Asphalt Concrete Wearing Course was measured and paid for the quantity 1,219.02 Cu.m @ Rs 20,449.41 for Rs 24.928 million. Audit further observed that sample taken from site for necessary material testing showed that the material at site was not of the required standard. This resulted in unjustified payment for below specification execution of work for Rs 24.928 million.

Audit pointed out the matter in July 2019. The Authority replied that the deduction of payment against substandard work was already made.

The matter was discussed in DAC meeting held on 6th-7th January 2020 wherein the Committee directed G.M. (Maintenance) Punjab-North to furnish final outcome report to Ministry and Audit for information/ verification. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 109)

2.5.68 Overpayment due to paying item 108(c) at higher rate - Rs 23.996 million

As per Composite Schedule of Rates 2014 of NHA, rate of Rs 448.89 per Cu.m was available for the item 108c "Formation of embankment from borrow excavation in common material".

Audit noted that National Highway Authority awarded the project, Construction of Lahore- Sialkot Motorway on BOT basis to M/s Lahore-Sialkot Motorway Infrastructure Management (Private) Limited (the Concessionaire) with the estimated project cost of Rs 43,847.00 million through concession agreement dated 28th February, 2017.

Audit observed that due to connectivity of the Lahore-Sialkot Motorway with Lahore Eastern Bypass for facilitating to the commuters, the alignment of the Lahore-Sialkot Motorway was changed. Resultantly, the length of the project was increased from 89.2 kilometer to 91.5 kilometer with increase in the number of lanes from 04 to 06 lanes at first six (06) kilometers. Due to this change in scope of work the cost of the project was enhanced from Rs 43,847.00 million to Rs 46,277.826 million, through V.O No.01 dated 20th April 2018 which was prepared/approved for Rs 2,430.826 million. Total payment Rs 352.492 million was made up to June 2018 vide IPC No.02 to FWO (assignee contractor of LSMIM).

Audit further 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 Cu.m 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 @ Rs 500 per cu.m due to the following reasons:

- CSR rate of Rs 448.89 per Cu.m was composite rate and included all lead and lifts.
- As evident from the Deputy Project Director (LEBP) letter No.1472 dated 27.12.2018 & letter No.1512 dated 15.01.2019 and Project Director letter No. 02 dated. 2/01/2019 the borrow material was excavated/obtained from NHA/LEBP ROW through sub-contractors of M/s FWO.

This resulted in overpayment due to excess rate of item for Rs 23.996 million.

Audit pointed out the overpayment in June 2019. The Authority replied that the project lies within vicinity of build-up area and LSMIM took the stance that they were unable to obtain the borrow material with lead distance which is more than 10 km therefore rate of 108c should not be taken from CSR 2014, rather claimed @ Rs 500 per Cu.m instead of Rs 448.89 per Cu.m to which NHA agreed.

The reply was not accepted because NHA CSR rate of Rs 448.89 per Cu.m was composite rate and included all lead and lifts and as evident from the correspondence the borrow material was excavated/obtained from NHA/LEBP ROW through sub-contractors of M/s FWO.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, the DAC directed NHA to provide the record to Audit for verification. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 58)

2.5.69 In-admissible payment of Provincial government through RMA funds and non-recovery - Rs 23.312 million

As per Rule 09(3) of NHA Road Maintenance Account Rules, 2003, the Roads Maintenance Account resources shall not be withdrawn to bridge finance non-eligible expenditures or be allocated or re-appropriated for the development projects and capital works.

Audit noted that NHA executed a work, Rehabilitation and widening of Chakdara - Fatehpur road under Malakand Infrastructure project, funded by Saudi Fund for Development (SFD). The project was assigned to NHA by Provincial Disaster Management Authority (Provincial Reconstruction Rehabilitation & Settlement Authority-PARSA). In the approved PC-I of the project, there were some items i.e. procurement of land, shifting of utilities, environmental charges and other such items which were refused to fund by the SFD with the plea that these works will be executed by the agencies of government.

Audit observed that Programme Manager PRRSA requested NHA to own the responsibility of such items of utilities relocations etc. and PRRSA in turn may request the donor to shift these funds to construction cost. The Authority disbursed an amount of Rs 23.312 million on account of shifting of utilities out of RMA funds on the request of PRRSA. Audit is of the view that firstly it is irregular to pay cost for development projects out of RMA funds secondly, it was not the responsibility of NHA to pay such charges from their funds and it was PDMA-PRRSA's responsibility to bear such costs from their own source. Moreover, till date the disbursed amount has not been recovered. This resulted in in-admissible payment for shifting of utilities of deposit work of Provincial government through RMA funds and non-recovery of Rs 23.312 million.

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

DAC meeting was not convened despite request made by Audit on 10.12.2019 followed by reminder on 20.12.2019.

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

(DP. 353)

2.5.70 Non-recovery of cost of trial section - Rs 21.248 million

Clause 203.3.14 of NHA General Specification read with clause 1.5 of (Contract Specification) provides that a contractor shall prepare a trial section before the start of work in light of procedure given in clause 1.20 (General). As per addenda to the said specification "No extra payment shall be made for the trial. The trial section should be minimum 200mm in length and full width of the road. If the trial section has been carried out in the permanent work and approved by the Engineer, the cost of same shall be deducted from the contract price."

Audit observed that NHA did not deduct cost of trial sections from payments made to contractors, as provided in the specifications, as detailed below:

DP No	Project	Amount (Rs in million)
217	Widening and Strengthening of Rakhi-Gajj-Bewata Section of N-70	4.173
246/2018-19 & 248 /2019-20	Up-gradation, Widening & Improvement of Zhob-Mughalkot (Lot-1)	12.939
249	Up-gradation, Widening & Improvement of Zhob-Mughalkot (Lot-1)	2.189
260	Up-gradation, Widening & Improvement of Zhob-Mughalkot (Lot-2)	1.947
Total		**21.248**

Audit pointed out the matter in September/October 2019. The Authority did not reply.

The matter (DP. 246/2018-19) was discussed in DAC held on 26^{th}-27^{th} December 2018, wherein, the NHA admitted recovery. The DAC directed that recovery will be effected by 31^{st} January, 2019 by G.M. (N-50) under intimation to Audit. Other paras could not be discussed in the DAC meeting. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

2.5.71 Undue favour during award of contracts due to retendering - Rs 20.255 million

As per rule-17 of Public Procurement Rules 2004 a procuring agency, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not: Provided that such qualification shall only be laid down after recording reasons in writing. They shall form part of the records of that procurement proceeding.

Audit noted that General Manager (Maintenance) Punjab North Lahore advertised thirteen works for up-gradation and rehabilitation of Toll Plazas to different contracts in September, 2017. Bid submission date was decided as 10.10.2017. Bid was opened on same date and checked technically as per procedure by technical development committee. Fifteen firms/contractors qualified technically. Audit further noted that Member (CZ) Punjab North Lahore annulled the tendering process and ordered to evaluate criteria and fresh tenders were advertised without any solid reason and did not give the approval for opening the financial bid. Advertisement was again made with same contents only with the change of date and time. Bids received and fourteen (14) bidders technically qualified and out of them five contractors were awarded six works for up-gradation and rehabilitation of toll plazas.

Audit observed that General Manager (Maintenance) Punjab North Lahore awarded four contracts to such contractors who were not participated in previous tendering process. Audit observed that retendering of the works was arranged to give undue favour to someone and annulled the tendering process without any solid reason. This shows the awarding the contracts with collusion of contractors and Authority. This resulted into undue favour during award of contracts due to retendering Rs 20.255 million.

Audit pointed out the matter in July 2019. The Authority replied that the tendering process was annulled due to the reason of evaluative criteria with the approval of Member (C-Z). The financial bids revealed that bidders had quoted bids up to 37.72% below. The Engineer Estimates which reflects the fair and transparent competition in the bidding process without giving favour to any bidder/contractor. As far as participation of contractors in specific contracts is concerned, who do not participate in the previous bidding, in this regard it is submitted that NIT is published in daily Newspapers, NHA website and PPRA Website and all prospective bidders have equal right to participate in the bidding process.

The reply was not accepted because the retendering was done just to accommodate the contractors.

The matter was discussed in DAC meeting held on 6^{th}-7^{th} January, 2020 wherein the Authority explained that tendering process was annulled due to revision of evaluation criteria with the approval of Member (C-Z). In re-tendering process more bidders participated and fair competition has been observed.

The DAC was not convinced with the explanation and directed Chairman NHA to conduct a fact finding Inquiry and submit report to the DAC. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 106)

2.5.72 Non-mutation of land in the name of NHA - Rs 20.040 million

According to Rule 20 of NHA Code, 2005, upon taking over from the Land Acquisition Collector/Officer, the concerned officer in-charge of the Land Management Section/Wing shall cause proper records of the land to be prepared in the format used by the Revenue Authorities in consultation with the Land Acquisition Collector. The record so prepared shall be a permanent record and shall never be destroyed. Every time the officer entrusted with the custody of the record is transferred, he shall properly hand over the record to the incoming incumbent. The Land Management Wing shall be responsible for carrying out the mutation of the acquired land in the name of the Authority.

Audit noted that land measuring 412.43 kanals in Abbottabad, Mansehra and Kohistan Districts was acquired for different projects at assessed price of Rs 20.040 million including 15 % compulsory acquisition charges.

Audit observed that the Deputy Director, Land NHA Abbottabad could not mutate land measuring 412.43 Kanals (406+128.6/20) having Award value of land of Rs 20.040 million in the name of National Highway Authority up to June 2019. This resulted in non-mutation of land of Rs 20.040 million.

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

The matter was discussed in the DAC meeting held on 9th & 10th December, 2019, wherein, the Authority explained that all the other mutation has been done except Mauza Paras which is under way. As regards to Gari Habibullah bridge and Lassan Nawab-Seri Dhanaka the decision regarding mutation of land in the name of NHA is still unclear as the same are neither in the possession of NHA nor they maintained the projects at later stage.

The DAC directed that Director (Land) will verify to audit the payments made to the collector for mutation of the Federalized roads and their further distribution according to award. Further directed NHA to take up the case with the provincial Govt. for recovery of payments made for Lasan Nawab & Seri Dhanaka road. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 67)

2.5.73 Non-deposit of collected amount in NHA Receipt - Rs 18.613 million

General Financial Rule-23 (Vol-I) provides that every Government 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 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.

Audit noted that five toll plazas were operated by the Regional Office Punjab-South NHA Multan itself under the supervision of Deputy Director Revenue.

Audit observed that the amount was collected during operation was not fully deposited in NHA receipt account for Rs 18.613 million as detailed below:

(Amount in Rs)

S. No	Site	Period of operation by NHA	Amount collected	Amount deposited	Balance not deposited
1	Khanbela (N-5)	11.12.2018 to 31.01.2019	89,021,730	87,524,620	1,497,110

S. No	Site	Period of operation by NHA	Amount collected	Amount deposited	Balance not deposited
2	Sadiqabad (N-5)	08.12.2018 to 31.01.2019	95,219,500	93,390,270	1,829,230
3	Sakhi Sarwar (N-70)	07.11.2018 to 05.12.2018	7,444,030	-	7,444,030
4	Sultan Bahoo	15.12.2018 to 20.02.2019	17,680,000	16,338,000	1,292,000
5	Taunsa (N-55)	07.11.2018 to 06.12.2018	65,515,500	-	6,551,500
Total					**18,613,870**

Audit pointed out the non-deposit of revenue during July 2019. The Authority replied that the total collected toll revenue at Sakhi Sarwar and Taunsa Toll Plaza was deposited in RMA NHA, HQ account, for which the operational expenses were met from imprest account duly sanctioned by HQ NHA. The toll revenue collected at Sadiqabad, Khanbela & Sultan Bahoo toll plazas were also deposited in RMA HQ NHA account, except the operational charges i.e Rs 4.618 million for which a case for imprest amount has already been submitted to HQ NHA, but the approval is not yet conveyed. Upon receiving of the imprest amount the same will be deposited in the RMA HQ NHA account against each of toll plaza to cover up the shortfall. However, if the approval for imprest is not granted, NHA Code Chapter 11 Para-12 (b) authorizes Regional General Manager to meet the operational expenditures from the toll revenues collection.

The reply was not accepted because no documentary evidence was provided in respect of deposition of amount against Sakhi Sarwar and Taunsa. Moreover, retention of amount from the Govt. revenue is not covered under any rule which is required to be immediately deposited in the NHA account along with interest for period of retention.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

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

(DP. 161)

2.5.74 Excess expenditure from the savings of the project - Rs 18.352 million

Para 56 (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.

As per Government of Pakistan instructions/rules, the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution (CPWD-83).

Audit noted that G.M Muzaffarabad awarded a work of Periodic Maintenance PM-AJK-18-75-01 Structural Overlay KM 0+00 to 12+00 (SBC) to M/s Wajid Iqbal & Company at bid cost of Rs 124.549 million.

Audit observed that work for the KM 0+00 to 12+00 was completed with 80% of the BOQ quantities and the work was to be closed at saving of about 20% cost/items, whereas, the Authority instead of crediting the savings to RMA extended the work for the KM 12+500 to 24+00 through variation order and executed quantities involving Rs 18.352 million on the area of 12+500 to 24+00 which was not originally included in the agreement. This resulted in excess expenditure due to utilization of saving irregularly of Rs 18.352 million.

Audit pointed out irregularity in October 2019. The Authority replied that the stretch for KM-12+00 to KM 24+00 (NBC) was also facing some cracks (alligator, mapping, fatigue) which were identified in the condition survey but was not covered under Periodic Maintenance work for financial year 2017-18. The same stretches needed rectification to avoid sub-structure damage. Keeping in view, the necessity of repair/maintenance works at said stretches, NHA intended to utilized the balance quantities of subject contract as per site requirements.

The reply was not accepted because the Authority utilized the saving of the project in violation of rules.

DAC meeting was not convened despite request made by Audit on 10.12.2019 followed by reminder on 20.12.2019.

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

(DP. 376)

2.5.75 Non-imposition of penalty due to non-procurement of vehicles provided in the contract – Rs 18.30 million

SP – 708.3 (iii) of contract agreement provides that on failure of the contractor to provide and of the services under this clause or even otherwise notwithstanding anything contained in any other clauses of the contract documents, the Engineer shall have the authority to nominate/sublet to any other contracting agency on recommendation of the Resident Engineer for the supply of services under this clause, the payment for which shall be made through this contract direct to the nominated agency out of provisional sum provided in the contract or hire the good road worthy vehicles and recover the cost with 100% penalty charges from contractor's IPCs.

Audit noted that G.M. (Construction), Khyber Pakhtunkhwa, NHA awarded a work Dualization of Indus Highway (N-55) to M/s ACEG-

Matracon JV Package-I for contract cost of Rs 10,495.786 million and Package-II for contract cost of Rs 11,945.666 million.

Audit observed that the contractor did not provide any vehicle despite lapse of fifteen (15) months which was badly affecting the construction supervision and quality check of the work. This default at the part of contractor rendered him to be penalized 100% penalty charges as per provisions of contract. This resulted in non-imposition of penalty of Rs 18.30 million.

Audit pointed out non-imposition of penalty in September 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

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

(DP. 346)

2.5.76 Overpayment due to incorrect multiplication of measurement of item of work - Rs 16.919 million

Item 309.2.1 of NHA specification provides that milling machine shall be adjusted to cut to required depth. Milling drum shall be correlated to sky or string line arrangement to ensure milling according to required grade or profile. The accepted quantity measured and shall be paid at the contract unit price per square meter 0-30 mm, 0-50 mm and 0-70 mm.

Audit observed that three contracts, PM-2016-17-PS-05, PM-2016-17-PS-01 and PM-2015-16-SS-03 were awarded to different contractors and an item of work 309-b cold milling 0 – 50 mm was measured with full width of road 7.3 meters. The area was multiplied with digit 2 by enhancing the area two times higher than the actual measureable once in terms of specification. This enhancement of the area by incorrect multiplication caused undue favour to the contractor in the shape of overpayment Rs 16.919 million.

Audit pointed out the overpayment in December, 2018. The Authority replied that the observation of auditor is correct that item No. 309 b has been measured twice. It is important here to mention that the maintenance methodology for the subject work was to execute asphalt base course (8 cm) and asphalt wearing course (5 cm), for which 13 cm area was required to be excavated though milling process. The CSR-2014 contains three types of milling, 0-30 mm, 0-50 mm and 0-70 mm for excavation and maintaining the profile of existing road. Therefore, to attain the required level of 13cm deep, the milling item 0-30 mm was carried once and 0-50 mm was carried twice, which was an appropriate & cost efficient solution for the excavation and the quantities were measured accordingly.

The reply was not accepted as specification clearly provides the range of cutting of asphaltic layers 0-3 and 0-5 cm and there is no provision in the specification for cutting of asphalt layer twice, hence, measurement was made in contravention of the specification which needs to be recovered.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, the DAC pended the para for verification of record. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 08, 22)

2.5.77 Non-utilization of available material resulted in overpayment to contractor - Rs 15.636 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. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded. Technical Sanction ensures that design and specifications are in accordance with sound engineering/ practices.

Audit noted that National Highway Authority awarded a contract for Construction of Yakmach to Kharan Road Project Section-II (from 50+000 to 100+000) to M/s MHB - NIC (JV) at an agreement cost of Rs 2,422.699 million on 4th May, 2017 started from 20th July.2017 with date of completion July 29, 2019.

Audit observed that the Engineer's Estimate was technically sanctioned by the competent authority and the tenders were floated on said estimated quantities and contractor quoted their rate accordingly. During execution of contract, item No-108a: Formation of embankment from roadway excavation in common material was executed with the quantity of 5,666 Cu.m @ Rs 370 and paid Rs 2,096,601 leaving a balance of 42,260 Cu.m, whereas, the quantum of embankment from borrow material was executed for a quantity of 872,302 Cu.m which was 94.55% against the BOQ quantity of 922,513 Cu.m except shoulder quantity. Non-utilization of roadway excavation common material resulted in overpayment of Rs 15.636 million.

Audit pointed out the matter in October 2019. The Authority replied that the quantities would be readjusted in upcoming IPC's.

DAC meeting was not convened despite request made by Audit on 07.11.2019 followed by reminder on 20.12.2019.

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

(DP. 210)

2.5.78 Overpayment to the contractors due to non-recovery of interest on secured advance - Rs 12.791 million

As per G.M. M-4 letter dated 4th July 2017, NHA decided to amend all the contracts of M-4 as Secured advance @ 75% of the total cost of the material may be allowed to the contractors through an amendment with the condition that interest will be charged at the rate of 0.6141% per month, leads to 7.37% per year against each of issued secured advance request of the respective contractors.

Audit noted that NHA awarded works of Faisalabad-Khanewal Motorway (M-4) to various contractors as below:

(Rs in million)

Package	Description	Contractor	Cost
IIA	Gojra to Jamani (31 KM)	M/s Xingjiang Beixin Road & Bridge Group	8,355.060
IIB	Jamani to Shorkot (30 KM)	M/s China Railway First Group	8,827.501
IIIA	Shorkot to Dinpur (31 KM)	M/s China Gezhouba Group – M/s Ghulam Rasool JV	11,220.709
IIIB	Dinpur to Shamkot (34 KM)	M/s Xingjiang Beixin Road & Bridge Group	10,821.261
Total			**39,224.531**

Audit observed that while making payments to the contractors the Authority did not deduct the interest @ 0.6141% per month on the amount of secured advance. Only in case of Package-IIA the Authority deducted the amount of interest from four IPCs out of nine IPCs and in other packages, the Authority has not deducted the interest from any IPC. This resulted in overpayments to the contractors due to non-recovery of interest involving Rs 12.791 million.

Audit pointed out the issue in August 2018. The Authority did not reply.

The matter was discussed in DAC meeting held on 12th -13th December 2018. The Committee directed to get the record verified from Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends recovery of the interest.

(DP. 177/2018-19)

2.5.79 Non-recovery of cost of material from other project - Rs 12.368 million

Rule 149 of GFR provides that in case of stores issued to a contractor, the cost of which is recoverable from him, the acknowledgment should give full particulars of the materials issued including the recovery rates and the total value chargeable to the contractor.

Audit noted that NHA awarded a project, Lyari Expressway, Karachi to M/s FWO on negotiated rates for Rs 4,892.214 million without tendering. Audit further noted that a huge quantity of unused 'reinforced earth' due to non-utilization on change of project design was available with NHA for which secured advance was granted by the Authority to the original contractor.

Audit observed that reinforced earth material for an amount of Rs 12.367 million at the original cost was issued in March 2013 to the project, Northern Bypass N-5 Package-3C Peshawar, executed by M/s KARCON. Audit further observed that even after lapse of a period of about five years, Rs 12.367 million was not recovered. This resulted in non-recovery of Rs 12.367 million.

Audit pointed out the non-recovery in November 2018. The Authority replied that an amount of Rs 6.50 million on provisional basis against utilization of said material by M/s Karcon has already been made and the contractor intends to deliver back the balance unutilized quantity.

The reply was not accepted as no record was provided for verification of recovery. Furthermore, recovery was required to be made at the current market rate.

DAC meeting was not convened despite request by Audit on 05.12.2018 followed by reminder on 07.11.2019.

Audit recommends for early recovery.

(DP. 336/2018-19)

2.5.80 Overpayment due to excessive measurement than Technical Sanction Estimate/BOQ - Rs 12.105 million

Para 56 of Chapter-2 of NHA Code Vol-I provides that technical sanction means the order of the competent authority sanctioning a properly detailed estimate of the cost of a work of construction or repair proposed to be carried out by the Authority. In the engineer estimate of the work the quantities of the item of work 309a-Cold Milling 0-30 mm and 303a-tack coat were provided 131,768 Sqm equally as milled surface of road was conditioned with spray of tack coat for providing adhesion under the asphalt wearing course.

Audit noted that the Authority awarded two works i.e. PM-2015-16-PS-01 to M/s Al-Zeb and PM-2015-16-SS-03 to M/s Sachal Engineering Works Pvt. Ltd.

Audit observed that in both the works, item of 309a-Cold Milling was measured to the extent of 73,090 sqm and 30,426.10 Sqm respectively whereas item No.303a tack coat was shown measured for 133,543 sqm and 59,626.40 Sqm respectively which was about double the cold milling surfaced area. This indicated that tack coat was measured in excess area than milled or measured twice which resulted into overpayment to the contractor involving Rs 12.105 million.

Audit pointed out the overpayment in December, 2018. The Authority replied that the observation of the audit was correct that quantity of Tack Coat is almost double to the quantity of Cold milling item. The maintenance methodology approved for the subject work was to carry out cold milling initially up to a depth of 13cm and followed by asphalt base course (8cm) and asphalt wearing course (5cm). Therefore, as per NHA specification, a tack coat was necessarily required before laying of asphalt base course and similarly before the laying of asphalt wearing course. That is why the quantity of tack coat is almost double to the quantity of milling as, it has been applied twice at site.

In reply it was admitted that tack coat was excessively measured beyond the provision of TS Estimate which needs to be recovered and got verified by audit.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, DAC directed NHA to probe the matter through taking cores of the road to verify execution of tack coat twice. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 11, 21)

2.5.81 Excess payment due to excess boring depth of steel pipe pile than approved drawing/approval of the Engineer - Rs 11.931 million

According to Special Specification 802.1 the work regarding Prefabricated Steel Widening, includes the work furnishing of all labour, material and equipment required for performing all operations in the fabrication and installation of structural steel, bolt and other miscellaneous connection works and Steel Pile as specified and shown on the drawings. Except as indicated in these Technical Specifications, the work of this contract shall be performed in accordance with Part 3 (conditions of contract) and NHA General Specification including amendments.

Audit noted that Project Director, Widening and Strengthening of National Highway N-70 (Rakhi Gajj–Bewata Section) 33.84 km of East West Road Improvement Project Package-1 measured and paid at item of work 802-b Placing of Steel Pile Diameter 508 mm and paid in bill No. 8 vide IPC# 11.

The Engineer on the request of the contractor regarding design boring depth of steel pipe pile C9-G5 confirmed the contractor that design boring length shall be 19 meters. Further the designed boring length of location C9, G1, G3 and G5 was 08 meters below the natural surface level (NSL) but due to ground strata condition boring length was changed to 19 meters below NSL but the boring depth was measured upto 26.755 meters.

Similarly boring depth of steel pipe pile at C11-G1, G-3, G5 and C77-G3, G3, G5 were executed/ measured in excess than provision in approved drawing and approval of the Engineer. This resulted into excess payment of Rs 11.931 million.

Audit pointed out the excess payment in August 2018. The authority did not reply to the observation.

The matter was discussed in DAC meeting held on 12th-13th December, 2018. The Committee directed that the payment will be made after approval of the variation order by the competent authority and excess payment shall be justified. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 165/2018-19)

2.5.82 Overpayment due to excessive and incorrect measurements - Rs 8.445 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. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded.

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.

Audit observed that the Authority made an overpayment due to incorrect calculation, incorrect measurements and execution of work against the approved layout plan involving Rs 8.445 million as detailed below:

DP No.	Name of Work/Region	Amount (Rs in million)
152	Periodic Maintenance at KM 495+00 to 510+00 at N-55 – GM Punjab South Multan	4.970
202	Contract No-PM-2015-16-BS-001 - GM Balochistan Khuzdar	1.165
150	Periodic Maintenance PM(G)-2017-18-55-04 at KM 719+000-723+00 NBC N-55 - GM Punjab South Multan	1.158
140	GM Construction Punjab North Lahore	1.152
	Total	**8.445**

Audit pointed out Overpayment in July 2019. The Authority admitted the overpayment. No progress towards recovery was reported till finalization of the Report.

DAC meeting was not convened despite requests made by Audit on 30.08.2019 and 30.09.2019 followed by reminder on 20.12.2019.

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

2.5.83 Loss due to non-deduction of rebate on additional items - Rs 7.275 million

Engineer Estimate of the work PM-2015-16-PS-04 was prepared on NHA CSR 2014 of D.G Khan District with the amount of Rs 280.004 million containing formation of embankment with borrow excavation, ACBC, WBM, Scarification, Prime and Tack Coat, DST, ACWC and traffic road signs.

Audit noted that General Manager (Punjab South) NHA Multan awarded above Periodic Maintenance work at KM 796+00 – 800+00 NBC/SBC N-55 to M/s Dawn Construction Co. at bid cost of Rs 207.483 million which was 25.90% below the estimated cost which was Rs 280.004 million.

Audit observed that before start of work, the scope of work was changed and some items were deleted/added keeping in view the site requirements and approved through Variation Order No.1. Audit further observed that eleven (11) non-BOQ items were added in the BOQ which were taken from the same CSR 2014 of DG Khan District but rebate of 25.90% was only applied on three items i.e. Excavate surplus common material, Granular sub base and Dismantling of structure, whereas, on remaining eight (08) items i.e. excavate unsuitable common material, cold milling 0-30mm & 0-50mm, lean concrete, concrete class A1 and Reinforcement G-60 etc the rebate was not applied. This resulted in loss of Rs 5.546 million.

Further, three (03) non-BOQ non-schedule items of sand cushion, manhole cover and shifting electric poles were also included in the Variation Order amounting to Rs 6.677 million without applying the rebate factor. This also resulted in loss of Rs 1.729 million.

Audit pointed out the loss during July 2019. The Authority replied that during scrutiny, all items were categorized, as BOQ items, Non-BOQ CSR similar nature items (on rebate), Non-BOQ CSR Non-similar nature items (without rebate) and Non-Schedule items. The objected items were bifurcated by QS section due to the nature of items available in the contract as per condition of contract and rebate was applied on relevant items.

The reply was not accepted because the Authority reproduced the same facts which are already pointed out in the Audit Para. The contractor has quoted its rates on CSR-2014 with the rebate of 25.90% overall on the CSR items at the time of bidding therefore, the rebate was to be applied on all the other non-BOQ items/additional items of CSR. Hence due to non-application of rebate on additional items the Authority sustained loss.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

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

(DP. 149)

2.5.84 Overpayment due to allowing higher rate of structural steel - Rs 6.817 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. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded. Technical Sanction ensures that:

i. In assessment of the project cost, utmost economy has been observed consistent with good workmanship and good materials.
ii. The estimate represents carefully budgeted cost of execution of the work including all accessory and consequential services calculated as accurately as is possible at the time of its preparation.

Audit noted that the G.M. Punjab North NHA Lahore awarded the contract Construction of Pedestrian steel overhead Bridge with Ramps at Km 1395+000 at N5 to contractor with the agreement cost Rs 21.157 million. Rate of Structural steel was paid as Non-Schedule item for Rs 232 per kg. Another contract HS-PN-16-05-06 at RD 1397+300 on N-5 was awarded with same rate of Structural steel.

Audit observed that the rate of the Structural Steel in another same nature contract No. SM-PN-16-05-10 was Rs 178.53 per kg. Audit is of the view that the department was required to make payment at the rate of Rs 178.53 per kg for Structural steel instead of Rs 232 per kg. Payment at high rate of steel without preparation of rate analyses resulted in overpayment of Rs 6.817 million.

Audit pointed out the matter in July 2019. The Authority replied that in previous contract rate for NSI-2 item was applied as Rs 178.53 per kg but due to price hike and increase in dollar value and steel value in international market, new rate determined.

The reply was not accepted because the rate of Rs 178.53 per kg was approved rate in previous contracts which was required to be applied in the later estimates.

The matter was discussed in DAC meeting held on 6th-7th January 2020 wherein the Authority explained that due to price hike and increase in dollar value and steel value in international market, new rate determined and all the factors were calculated based on market price of steel.

The DAC was not convinced with the explanation and directed that the difference of items i.e. steel and fabrications in the subject contracts, if any, be recovered from the defaulters and got verified from Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 108)

2.5.85 Irregular expenditure from RMA - Rs 6.495 million and loss due to award of work to second lowest - Rs 4.639 million

Para 10 of NHA Road Maintenance Account Rules provides that eligible expenditures form the Road Maintenance Account shall have the following priority, namely:

- First charge: Routine and periodic maintenance.
- Second charge: Rehabilitation.
- Third charge: Geometric Improvements and highway safety improvements.
- Fourth charge: New toll plazas and weigh stations.
- Fifth charge: Corridor management

Audit noted that the G.M. Punjab South NHA Multan awarded a contract for Riverine Survey for Revised Model Study of Head Muhammad Wala Bridge over River Chenab to M/s Country Survey & Mapping Services at their bid cost of Rs 6.495 million.

Audit observed that the work of Riverine Survey was conducted as a result of Army's Post Flood Conference attended jointly by the NHA and Punjab Irrigation Department etc. Initially the responsibility of such survey was given to the Chief Engineer Nandipur, Lahore as the work pertains to Irrigation Department. However, NHA executed the survey through consultant and paid from RMA funds despite the facts that such work was not covered in their jurisdiction and not a valid charge to RMA funds. This resulted in irregular expenditure of Rs 6.495 million.

Further, at the time of tendering of above contract, three bidders participated in the tenders and M/s Associated Consultancy stands lowest with bid cost of Rs 1,855,319. The other bids were M/s Country Services Rs 6,494,725 and M/s Hafeez Associates Rs 7,821,150 but the Authority instead of awarding the contract to 1st lowest at cost of Rs 1.855 million, awarded the work to second lowest at cost of Rs 6.495 million by combining the financial and technical scoring and declared M/s Country

Services as 1st lowest. This resulted in loss due to award of work to 2nd lowest Rs 4.639 million.

Audit pointed out the issue during July 2019. The Authority replied that Head Muhammad Wala Bridge (HMWB) was constructed by NHA in 2011 on River Chenab as per designed based on Hydraulic study of Irrigation Department Nandipur for a discharge of 10 lac cusecs water flow. The work was awarded to the firm on Quality Cum Cost based selection (QCBS) as per Request for Proposal (RFP) which was uploaded on NHA website, for engaging the technically sound & experienced consultant/firm that have sufficient ability to complete the specialized job, accurately in view of the complexity & nature of work.

The reply was not tenable because the work was not covered under the RMA SOP and the same was required to be done by the Irrigation Department. Therefore, recovery be made from the Irrigation Department. Moreover, all the firms were equally qualified for the study related job therefore quality and cost base selection was not in the interest of NHA financially and least cost method or single stage two envelope procedure was most feasible and economical.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

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

(DP. 153)

2.5.86 Overpayment due to measurement of excess area of prime coat - Rs 3.723 million

According to item No. 302.1 of NHA General Specification, 1998, the work Prime Coat shall consist of furnishing all plant, labor, equipment, material and performing all operations in, applying a liquid asphalt prime coat on a previously prepared and untreated; earth subgrade, water bound base course, crushed aggregate base course, tops of roadway shoulders and as otherwise shown on the plans in strict accordance with the Specifications and in conformity with the lines shown on the Drawings. As per item No. 302.4.1, the unit of measurement shall be square meter as actually covered by prime coat in accordance with these Specifications. No measurement or payment will be made for the areas primed outside the limits, specified, herein, shown on the plans or designated by the Engineer.

Audit noted that the General Manager, Hakla M-1 to Yarik D.I Khan (CPEC Western Route) project awarded the work “Hakla M-1 to Yarik D.I Khan (CPEC Western Route) project to different Contractors.

Audit observed that width of road for prime coat (BOQ item No. 302) was measured as 8.500 meters in IPCs instead of width provided in the drawing as 8.300 meters (7.300+1.000 inner shoulder). This resulted in excess measurement of 20 centimeter for Rs 3.723 million.

Audit pointed out the overpayment in September, 2019. The Authority replied that as per NHA Specification, item No. 302.3, area is to be primed 20 centimeter outside the edge of the pavement line which was carried out and the payment was released to the contractor.

The reply was not accepted because as per item No. 302.4.1 of the Specification, no measurement or payment will be made for the areas primed outside the limits, specified, herein, shown on the plans or designated by the Engineer. As the drawing shows the width as 8.3 meters therefore the same was required to be paid.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends for early recovery.

(DP. 92A)

2.5.87 Non-termination of lease due to default and non-recovery of outstanding rental charges - Rs 12.063 million and default surcharge - 3.618 million

As per Regulatory Framework and SOP for preservation and commercial use of Right of Way 2002, government property was required to be leased out to the private parties, firms in pursuance of the government land lease policy through open auction, open bidding or calling tenders after pre-qualifying firms through wide publicity in the press and media.

Clause 4.10.2 b-ii condition of lease agreement provides that in case the lessee fails to pay the ground rental charges 3 months after due date surcharge of 30% of ground rental charges or fee will be charged.

Audit noted during review of the record of ROW Section that lease of plot located at North Bound Carriageway on Lahore Bypass near River Ravi, measuring 110 Kanals was approved on 26.12.2002 by the Chairman NHA to M/s A&M Consortium (Magic River Pvt. Ltd) through quoted highest bid price for Rs 3,100,000 per annum for establishing filling/CNG Station, Amusement Park, Restaurants, Shopping Mall etc. for a period of thirty years.

Audit observed that the lessee did not make payment of rental charges for an amount of Rs 12,063,970 up to June 2019 in approved timelines. In case the lessee failed to abide by the provision or any dues are outstanding the lease was required to be terminated by the lessor. But neither surcharge of Rs 3.618 million was levied nor the lease terminated.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

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

(DP. 329)

2.5.88 Undue benefit to the contractor due to inadmissible payment beyond the provision of Technical Sanction Estimate/BOQ - Rs 3.272 million

Clause-17.2, Section-7 general conditions of contract provides that if any loss or damage happens to the works, goods or contractor's documents during the period when the contractor is responsible for their care, from any cause, the contractor shall rectify the loss or damage at the contractor's risk and cost, so that the works, goods and contractor's documents conform to the contract.

Audit noted that NHA awarded a contract for Construction of Hassanabdal–Havelian Expressway (E-35) Sarai Saleh to Simlaila (39+611 to 58+711 Km) Package-III to M/s LIMAK–ZKB (JV) at a cost of Rs 8,188.128 million.

Audit observed that a non-BOQ item of work, providing & fixing MS plate diaphragm end at outer girder size 210x200x15mm, was approved to the extent of 1,412 No. and paid @ Rs 2,897. This showed that either the girders of eight (08) bridges and four (04) flyovers were damaged during launching of girders or benefit was given to the contractor. This resulted into undue benefit to the contractor due to inadmissible payment of Rs 3.272 million.

Audit pointed out the irregularity in September 2019. The Authority replied that providing of MS plate at outer girders at Diaphragm's ends has been given in the construction drawings of diaphragms, which were issued to the contractor by the Engineer in 2016 well before launching of girders. The basic purpose for providing the MS Plate at outer Girders was to tie the bars crossing all the intermediate girders through diaphragms and hold the entire components intact during horizontal movements of girders under heavy traffic and seismic loads.

Therefore, the same were provided and fixed by the contractor at specified locations and paid accordingly.

The reply was not tenable as the services of M/s Loya Associates were hired by the Authority to examine the stability of girders of Package-I & II. In this context, M/s Loya Associates conducted the Enquiry Report wherein the girders of Package-I & II were not in line at site. Hence, to save from huge loss regarding damaged girders of Package-I & II, non-BOQ item was introduced for Package-III only to compensate the contractor for the cost for which he was responsible to bear.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

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

(DP. 85A)

2.5.89 Irregular award of work without open competition - Rs 2.863 million

As per Para 97 of Chapter -3 of NHA Code, 2005 (Vol-I), normally the designs, specifications, estimates and the bills of quantities shall be prepared on such a realistic basis and so accurately that necessity for issuance of variation/change orders at a later stage does not arise. Variation/change orders shall, as far as possible, be avoided as a matter of policy.

Audit noted that General Manager (Maintenance), NHA Quetta, awarded a Routine Maintenance work No.RM-BN-15-16-043 for Rs 2.864 million to M/s Qaiser Khan & Brothers on single tender basis on 15.04.2016.

Audit observed that original BOQ consisted of 07 items and item No. 304b Double Surface Treatment was major item. Audit further observed that management of NHA through V.O No.1 deleted all major items and included one new which was non-BOQ/non-scheduled item, Removal & Cutting of Bushes/Wild kikers @ Rs 34.23/SM for 110,180 SM, and the rate analysis of which was also not available in documents. Approximately whole amount of the work was utilized on this single item which was not put to tender. The bushes and stamps obtained were neither taken on stock nor got auctioned.

Audit is of the view that this work was totally new which should be awarded through open competition but authority avoided it. This resulted into irregular and doubtful award of work of Rs 3.771 million.

Audit pointed out the irregularity in October 2018. The Authority replied that the work was awarded after due tendering process to the lowest bidder. During execution of work the item of removal of wild bushes was executed as per actual site requirement, for which variation order was approved by the competent authority.

The reply was not accepted. The items put to tender were not actually required at site and after award of work, the scope of work was changed and new items were included without open tender.

DAC meeting was not convened despite request by Audit on 01.01.2019 followed by reminder on 07.11.2019.

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

(DP. 417/2018-19)

2.5.90 Non-implementation of Annual Maintenance Plan and irregular expenditure without approval

According to Para 8 of NHA Code 2005 (Volume-II), the Road Asset Management Directorate shall prepare a maintenance plan, and the budget in consultation with the Regional Offices and various stakeholders by the 31st March every year, using the Road Asset Management System described in the Standard Operating Procedure.

Para 5.9.3 Chapter-5 of SOP RMA NHA code (Vol-II) provides that maintenance works shall commence from 1st July of every calendar year and be completed during the financial year by 30th June of the next calendar year.

Regional Maintenance Offices of the Authority are responsible for execution of schemes/works through Annual Maintenance Plans.

Audit observed the following irregularities in implementation of Annual Maintenance Plan:

- The Authority incurred expenditure of Rs 13,082.656 million during 2018-19 without approval of Annual Maintenance Plan.
- An amount of Rs 2,986.577 million provided Lump Sum as global allocation in AMP (unapproved) which was to be utilized on necessity/emergency basis, whereas, the same was utilized 100% throughout the year as a routine budget allocation.
- Major portion of the budget (Rs 9,062.259 million) was spent on clearing the previous year's liability on account of maintenance works. This state of affairs is indicative that Regional offices of the NHA did not implement the Annual Maintenance Plans as per approved schedules and the objectives of conservation and preservation NHA road network could not be achieved despite incurring huge expenditure.
- Most of the maintenance works were awarded at below the estimated costs ranging from 10% to 40% below the estimates which resulted in savings, whereas, instead of clearing/repayment of loan of PSDP, the saved amount was utilized by the regional offices after approving variation orders according to their competency, whereas, the original

estimates were approved after due deliberation and proper survey.

Audit pointed out the irregularity in December, 2018, January, September, October 2019. The Authority replied that delay in implementation of AMP shall not affect the estimated cost of works as well the cost of AMP. The awarded works of AMP 2015-16 and 2016-17 were almost completed and the objectives of the improvement of road network have been achieved.

In reply it was conceded that implementation of AMP was delayed inordinately in violation of NHA rules.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, the DAC directed NHA to get the record verified from Audit.

Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 5, 18, 23, 24, 25, 27, 28, 196, 237, 331, 332, 333, 351, 352, 358, 363, 367)

2.5.91 Non-eligible expenditure from Road Maintenance Account

Rule 9(1) RMA Rule 2003 provides eligible expenditure from the RMA shall comprise maintenance plan, rehabilitation of existing road network, highway safety improvement, etc. Rule 9 (3) states that road maintenance account resources shall not be withdrawn to bridge finance non-eligible expenditures.

Audit observed that the Authority charged an amount of Rs 2,094.789 million from RMA funds which was not eligible charge to RMA as detailed below:

S No	Description	Amount (Rs in million)
1	National Highway & Motorway Police (NH&MP)	574.765
2	Transfer of funds to NHA pension contribution fund account for pension, leave encashment and post-retirement medical scheme	1,500.00
3	Payment for Senior Procurement and Contract Specialist	20.024
	Total	**2,094.789**

Audit further observed in case of NH&MP that the amount of Rs 574.765 million was released on 11th January 2019 as 50% share for procurement of logistics such as Vehicles, Machinery Equipment, Wireless Equipment etc, whereas, at that time the total estimated requirement of NH&MP was Rs 725.413 million (Rs 362.706 million as 50% share). The NH&MP made procurement for Rs 557.899 million and refunded an amount of 278.949 million on 21st June 2019 being excess amount than requirement. Audit is of the view that at initial stage the actual requirement was not kept in view and excess amount was released to NH&MP. If that amount remained in the NHA accounts, an interest/profit would have been earned by the Authority involving Rs 11.507 million. This resulted in release of excess amount to NHMP against actual requirement resulted in loss on account of bank profit of Rs 11.507 million.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite requests made by Audit on 03.12.2019 and 10.12.2019 followed by reminder on 20.12.2019.

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

(DP. 324, 359, 360)

2.5.92 Illegal establishment of toll plazas and unauthorized toll collection from the public

In exercise of the powers conferred under Section-10(2)(vii) of NHA Act-1991 as amended in 2001 National Highway Authority is authorized to establish toll plazas on National Highways, bridges and Motorways to levy, collect or cause to be collected toll on Highways, strategic roads, such other roads and bridges assigned to NHA and Motorways in the light of aforesaid section.

Audit noted during review of the record that FWO established temporary toll plaza on Zero point of E-35 at the time of operation of traffic on the route and started collection Rs 30 from each vehicle for only 2.5 km operational road stretch at its own without any authorization by NHA. It is further noted that accountal of toll collection and receipt thereof was not found in the NHA account which showed that unauthorized toll collection was likely to be misappropriated/embezzled.

M/s FWO also established another illegal temporary toll plaza at New Islamabad Airport link road and collected Rs 30 from each vehicle both sides entry and exit towards airport at its own without authorization/notification by NHA in December 2017 till August 2018.

Non-adherence to provision of NHA Act and allowing establishment of illegal toll plazas and toll collection caused embezzlement of public revenue of millions of rupees.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 03.12.2019 followed by reminder on 20.12.2019.

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

(DP. 315)

2.5.93 Irregular execution of work without approval of the detailed design

Clause 8.2.1 of the Concession Agreement provides that concessionaire shall submit for review of NHA the Preliminary Design of the works within one (1) month of the effective date. The Independent Engineer shall review the Preliminary Design and submit detailed comments to NHA within one (1) week of receipt of the Preliminary Design from the Concessionaire. NHA shall taking into account, inter alia, the comments of the Independent Engineer, inform the Concessionaire in writing of its approval or rejection, partial approval of partial rejection (along with comments) of the Preliminary Design within four (4) weeks from the date of submission. If the Concessionaire has not received the written approval or written objections from NHA on the Preliminary Design within four (4) weeks after the date of submission, the Preliminary Design shall be deemed approved by NHA.

Audit observed that the Authority executed the following projects and made payment thereof, without approval of detailed design.

DP No	Name of Work	Agreement cost (Rs in million)
56	Construction of Lahore-Sialkot Motorway	43,847.00
176	Overlay and Modernization of M-2	36,825.00

This resulted in irregular execution of works without approval of detailed design.

Audit pointed out the irregularity in June 2019. The Authority replied in case of Lahore-Sialkot Motorway that the LSMIM did not submit the preliminary design and submitted partial detailed design document to NHA in June 2017. The same was rejected by Design Section. Subsequently, the contractor again submitted the partial detailed design in December 2018, which was again rejected by NHA Design Section stating that it did not conform to NHA requirements and queries were conveyed to the contractor. The Authority did not reply in case of M-2.

The reply was not accepted because the Project Management should pursue the matter properly and get the Preliminary/Detailed Design approved from competent forum within six month time from the effective date but the same was not finalized, even after execution of 59.07% civil work.

The matter (DP. 56) was discussed in the DAC meeting held on 26th November, 2019, wherein, the DAC directed NHA to provide the record to Audit for verification. Compliance of DAC directive was not made till the finalization of this report. Other para could not be discussed in DAC meeting.

Audit recommends compliance of DAC directive.

(DP. 56, 176)

2.5.94 Non-completion of ongoing schemes and non-generation of revenue

Para-4 of Chapter-11 of NHA Code Volume-I provides that while chalking out the Annual Development Program, priority in respect of fund allocation shall be given to those ongoing projects which are nearing completion so that necessary funds for repayment of the loans and the interest accrued thereon could be generated through levy of tolls/other charges on these completed projects.

Audit noted during review of the Public Sector Development Programme prepared by the Planning Wing NHA for the last 3 years (2015-16 to 2017-18) that new projects were included in the Annual Development Programme and heavy allocations were made against thereof, rather than completion of the ongoing scheme of Ratodero-Dadu-Sehwan.

Audit observed that heavy cost was shown incurred against this project but no toll income was generated from the project. This reveals that projects having potential of revenue generation were not prioritized and allocation of development funds were made against new projects. Due to this, the objective of revenue generation for repayment of loans and interest thereon could not be achieved. NHA undertook the project without comprehensive appraisal on the parameters set out in the project guidelines of the Planning Commission at approval stage, including cost benefit ratio, net present value and internal rate of return for financial and economic stand point for productive and infrastructure projects. Non-adherence to Project Guidelines of Planning Commission and NHA Code caused ill-planning by undue allocation of funds and non-generation of revenue there from despite incurring expenditure of Rs 17,210.461 million.

Audit pointed out the matter in June 2019. The Authority did not reply.

The matter was discussed in the DAC meeting held on 26th November, 2019, wherein, the DAC directed NHA to submit reply and also get it verified from Audit. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 50)

2.5.95 Unjustified enhancement of the toll rates at Motorway M-2 by the concessionaire

As per Article 1.1.18 of the concession agreement the date of commencement of tolling in accordance with the Toll Structure set out in Part II of Schedule I [Toll Structure], shall be the day immediately following the project completion date. In accordance with the Schedule-I (Part-II) (b)(ii) of the concession agreement the following annual Toll escalation shall be applicable during the Operations Phase:

- Ten percent (10%) annual Toll escalation shall be applied from the second (2nd) Operational Year till the twelfth (12th) year of the Concession Period;
- Seven percent (7%) annual Toll escalation shall be applicable from thirteenth year of the Concession Period till last year of the Concession Period.

Audit noted that National Highway Authority awarded the Project for Overlay and Modernization of M-2 to M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE), the Concessionaire, on BOT basis through concession agreement signed on 23rd April, 2014 at an agreed cost of Rs 36,825.00 million.

Audit observed that the work was commenced on 19.01.2015 and substantially completed on 25.08.2016. The certificate of substantial completion was issued without execution of main works/modernization activities at site and without undertaking joint inspection of works with the concessionaire and NHA as required under Article 13.4(d) of the concession agreement.

On the other side the G.M. M-2 office, PPP section, M&I section and RAMD section remained unable to monitor/inspect the physical execution of works at site regularly and carry out the necessary laboratory tests. Resultantly, the Concessionaire started the operation phase w.e.f. 26.08.2016 and escalated the toll rates two times once on 27.08.2016 and secondly on 02.12.2017, whereas, according to the Schedule-I (Part-II)(b)(ii) of the concession agreement first revision of the toll rates should be applied from the 2nd operation year. Thus, the enhancement of the toll rates without completion of the contractual formalities, due to which the concessionaire obtained the financial benefit of billions of rupees, was considered as undue.

Audit pointed out the matter in July 2019. The Authority did not reply.

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

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

(DP. 178)

2.5.96 Illegal construction activities by the Concessionaire at M-2

Article 14.2(a) & (b) of the concession agreement provides that in addition to the Concessionaire's rights vis-a-vis the Motorway Service Areas Facilities, NHA may, at the request of the Concessionaire at any time prior to the expiration of the Concession Period, approve the establishment, operation and maintenance of Ancillary Facilities at the Concession Area and/or the NHA Adjacent Areas. NHA shall consider any such request in good faith and shall consult with the Concessionaire prior to approving establishment of the Ancillary Facilities, or any of them. The Concessionaire shall make use of the development rights granted to it under this Article 14.2 in such a manner so as not to impair the general integrity of the Project and with full regard for the safety of all users of the Motorway and shall implement the development rights so to avoid danger to any such users

Audit noted that National Highway Authority awarded the Project for Overlay and Modernization of M-2 to M/s Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd. (MORE), the Concessionaire, on BOT basis through concession agreement signed on 23rd April, 2014 at an agreed cost of Rs 36,825.00 million. Construction work of the project was commenced on 19/01/2015 and substantially completed on 25/08/2016 as per Substantial Completion Certificate, issued by the Quality Assurance Inspector vide letter No.ACC/M-2/QAI/16/782 dated 25.08.2016.

Audit observed from record that M/s MORE was carrying out following construction activities at different locations of M-2 without necessary NOC/approval of NHA:

- Conversion of vehicle fitness checking point into Restaurant/Tuck shop KM 222 (North) near Salt Range Area.
- Conversion of 3x static weighs stations into tuck shops.
- Construction activities at Rest Lay Bay Area established at KM 60 (North & South) on Motorway M-2.
- Construction activities at various MSAs on Motorway M-2.
- Construction of International Food Chains by demolition of parking areas in Motorway Service Areas particularly at MSA Bhera.

In addition to above certain illegal construction activities were also noticed at various locations/service areas of M-2 during travelling. NHA has issued several notices to M/s MORE to stop and demolish the unauthorized construction but the Concessionaire paid no heed in this regard. Illegal construction is a clear violation of the contractual provision and may extend road safety issues/inconvenience for the users with the passage of time.

Audit pointed out the irregularity in July 2019. The Authority replied that the matter has been referred to the Concessionaire for reply.

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

DAC meeting was not convened despite request made by Audit on 30.09.2019 followed by reminder on 20.12.2019.

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

(DP. 180)

2.5.97 Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed projects

As per para 3.33 and 3.34 of Project Management Guidelines issued by Planning Commission of Pakistan, the final stage of the project is its completion. The project is considered to be completed/ closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV and forwarded to the Projects Wing of Planning Commission. Project closure involves handing over the deliverables to the concerned authorities, closing of suppliers contracts, and closure of bank account, releasing security money, staff and equipment and informing stakeholders of the closure of the project.

As per para 3.36 if any of the project staff has to be retained for the operation of the project, a case for the shifting of the post in revenue budget may be initiated and got approved from the Finance Division well in time so that continuity in project operation is not hindered and public assets created under the project are properly maintained.

As per para 3.37 after closure of the project, annual operation reports have to be submitted to the Planning & Development Division over a period of five years on PC-V proforma.

As per Public Procurement Rule 2004 rule 45 Closing of contract (1) Except for defect liability or maintenance by the supplier or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the auditors to do substantial audit. (2) In case of defect liability or maintenance period, defect liability certificate shall be issued within thirty days of the expiry of the said period enabling the supplier or contractor to submit the final bill. Except for unsettled claims, which shall solved through arbitration, the bill shall be paid within the time given in the conditions of contract, which shall not exceed sixty days to close the contract for final audit.

Audit noted that twenty-one (21) projects under the jurisdiction of G.M. Construction Punjab South Multan were completed during the years 2010 to 2015.

Audit observed that:

i. Since expiry of considerable time after completion of these projects, Defect Liability Certificates were not issued as yet. This shows that the defects or incomplete works as identified in the Punch Lists were not complete.
ii. Accounts of these projects have not yet been finalized and PC-IV and PC-V of these projects have not been prepared and submitted to Planning Commission as required.
iii. Assets i.e vehicles, office and residence furniture and fixtures, Laboratory and Survey equipment procured from the above projects have not been taken on stock registers (Project wise).

Audit maintains that the above shortcomings were due to poor contract management and internal controls.

Audit pointed out the matter in September, 2018. The Authority replied that Defect Liability Certificates of most of the projects mentioned had been issued. The PC-IVs of Moosa Pak Shaheed Bridge and Kumharan Wala Chowk projects were prepared and letters to all Supervisory Consultants had been issued for submission of PC-IVs. Once the PC-IVs received the same will be submitted for verification.

The reply was not accepted because the Accounts of completed project were not finalized despite expiry of defect liability period. Copies of assets handing taking over attached with reply are without copies of Bill No. 07 to verify procurements against each project and their present status.

The contractors were responsible to keep all assets in good/working condition as they were also paid for maintenance charges of these assets. Audit observed that handing /taking over documents attached with reply showed that most of the items taken over were in not useable condition, which is not acceptable. The cost of all unusable items needs to be recovered from the contractors.

The matter was discussed in the DAC meeting held on 26th-27th December 2018, wherein, DAC directed that PC-IV of completed projects be prepared by 31st March, 2019 under intimation to Audit and DAC. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 234/2018-19)

2.5.98 Irregular disbursement of loan facility by Export-Import Bank of China

Article No.78 (1) of the Constitution of Pakistan provides that all revenues received by the Federal Government, all loans raised by the Government and all moneys received by it in repayment of any loan, shall form part of Consolidated Fund, to be known as the Federal Consolidated Fund.

Audit noted that the project, Construction of KKH-Phase-II, Havelian-Thakot Section CPEC (Length 118.057 Km), was awarded to M/s China Communication Construction Company on 22.12.2015 for Rs 133.980 billion. The total value of work done Rs 56,977.229 million (equal to US$ 559.313 million) was paid in June, 2018 upto 19th IPC.

Audit observed that Export-Import Bank of China provided following loans to the Government of Pakistan for construction of KKH Phase-II (Havelian-Thakot 118.057 km), CPEC:

S.No	Loan Name and Number	Amount
1	Buyer's Credit Loan (contract No.14102052016210415) 12.50%	US$ 164,400,707
2	Government Concessional Loan (GCL No.575) 14%	Yuan 1,200,000,000
3	Preferential Buyer Credit Loan (PBC No.397) 73.46%	US$ 966,193,365.00

Audit further observed that the Export-Import Bank of China made the payment directly in the contractor's account through drawdown procedure on the receipt of contractor's invoices/drawdown notices from the Employer side. Whereas, in accordance with the above referred article of the Constitution of Pakistan, the amount of loan should first be received in the Pakistan & deposited in the Federal Consolidated Fund and subsequently, disbursed to the contractor through Assignment Account/Special Account opened in the National Bank of Pakistan. The disbursement of loan through drawdown procedure constituted a financial irregularity in terms of above referred constitution provision.

Audit pointed out that the irregularity in September-October, 2018. Authority replied that the terms of disbursement of loan were agreed at the Government level and NHA has no comments to offer. However, audit advice had been conveyed to Finance Wing NHA HQ vide letter No. 1(5)/GM(CPEC-TH)/NHA/18/1530 date 09 October, 2018.

DAC in its meeting held on 26-27 December, 2018 maintained that the para pertains to EAD. Audit may kindly take up with them and withdraw this para from NHA Audit report.

Audit recommends that the matter be taken up by NHA Finance Wing with the Finance Division and Economic Affairs Division for regularization and doing the needful besides, financial and internal controls.

(DP. 271/2018-19)

2.5.99 Unjustified delay in implementation of PC-I caused heavy cost and time overrun

PC-I of the National Highway Development Sector Project (NHDSP) was approved in 2005 at a cost of Rs 31,242.05 million which contained nine (09) projects of Improvement and Rehabilitation of National Highway Network out of which seven (07) specified/located in Baluchistan. PC-I implementation period was provided 2005 & 2012-13. In pursuance of PC-I these projects were required to be tendered in 2005 with a completion period of 24 months upto 2007.

Audit noted that NHA initiated four projects in 2007 after lapse of two years over the approval of PC-I and to be completed in 2009-10.

In 2009-10 NHA started two projects only which were to be completed in 2011-12, but completed in the year 2014-15. As per revised schedule four projects/lots were required to be started in 2010-11 were completed in 2012-13 at approved cost of Rs 16,372.74 million.

Audit observed that four projects were initiated in 2015 and tenders were invited in 2015 with date of commencement of August, 2016 and to be completed in August, 2018, but these contracts not yet to be completed and contractors applied extension of time for eight months. It is worth to mentioning that tenders were called for in 2015 after expiry of admissibility Admn approval/PC-I which was granted in 2010. Tarnol-Fateh Jang project which was included in the original and revised PC-I has not been started yet.

The above state of affairs is evident that NHDSP which was required to be implemented upto 2007 at a cost of Rs 16,372.74 million could not be got completed uptill 2018 having time and cost overrun.

Audit pointed out the irregularity in September 2018. The Authority did not reply.

The matter was discussed in DAC meeting held on 14-15 January 2019. The Committee directed NHA Executive Board to consider these important audit observations and bring up report in the next DAC. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of the DAC directives.

(DP. 314/2018-19)

2.5.100 Mis-procurement of contracts

Instruction to Bidder (IB) - 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.

Audit noted that the General Manager, Hakla M-1 to Yarik D.I Khan (CPEC Western Route) project awarded the work, Construction of Motorway from Rehmani Khel to Kot Baelian Package-2A (km 25+400 to km 50+791.64) to M/s SKB-KNK JV at agreement cost of Rs 9,232.715 million, and Construction of Rehmani Khel to KotBelian, (Package-IIB) Isakhel to Right bank of Indus Bridge (km 0+000 to km 25+802.76) 25.803 km) to same contractor at agreement cost of Rs 7,137.853 million.

Audit observed that two Packages IIA and IIC of the project were awarded to M/s SKB-KNK (JV) in violation of the clause IB 4.1. Award of two packages to the same contractor and at the same location was not in the interest of the work as both works witnessed slow progress due to capacity issues, less deployment / division of labour and machinery on both packages. This resulted in mis-procurement of Rs 16,370.568 million.

Audit pointed out the irregularity in September, 2019. The Authority replied that the condition in ITB (IB) 4.1 pertains to each and every contract (sub-package) independently irrespective of the fact that the package is a part of the project. ITB (IB) 4.1 restricts the bidder to either submit a bid as a single entity or a (JV). The bidder cannot participate for a single bid as a single entity as well as in a (JV). Moreover, it is submitted that as per clause No IB.16 (16.2) “Alternate proposal (s) if any, of the lowest evaluated responsive bidder only may be considered by the Employer as the basis for the award of contract to such bidder”. In accordance with IB.16 (16.2) Contracts of CPEC Package-2A& Package 2C have been awarded to the lowest bidder (M/s SKB – KNK (JV) after necessary pre-qualification and fulfilling codal formalities of PPRA rules. Moreover It is pertinent to mention here that both projects have been awarded through different bids carried out independently and commenced at different dates. The contractor has deployed all its resources including Manpower, Machinery, Plants and Equipment’s in accordance with contract on each package independently. However, slow progress was witnessed on Package 2C due to construction of 1.464 KM mega bridge structure on Indus River wherein the seasonal flood phenomenon is a routine from May to September each year.

The reply was not accepted. Two bids of same contractor were accepted in violation of IB 4.1. Award of two packages to the same contractor and at the same location was against the interest of the work. Both works witnessed slow progress due to capacity issues, less deployment / division of labour and machinery on both packages.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

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

(DP. 103A)

CHINA PAKISTAN ECONOMIC CORRIDOR PROJECTS OF NATIONAL HIGHWAY AUTHORITY

KKH PHASE II (THAKOT – HAVELIAN SECTION)

2.5.101 Non-crediting the saving by making downward adjustment due to economizing the detailed design and overpayment due to inclusion of higher percentage in the construction cost - Rs 2,228.436 million

Clause-5.1 Section-VIII Particular Conditions of Contract Vol-III of Contract Agreement further provides that the contractor is to submit detailed design in part or full as per approved programme subsequent to the submission of preliminary design with his bid.

Pavement design and quantities provided in the contract were based on 8% CBR on sub-grade for Havelian-Abbottabad and Abbottabad-Mansehra section.

		Pavement layer thickness (cm)			
Section	Asphaltic wearing course	Asphaltic binder course	Asphaltic base course	crushed base course	Crushed sub base
Havelian Abbottabad	4	6	12	34	20
Abbottabad Mansehra	4	6	10	30	24

Audit noted that National Highway Authority 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 22nd December, 2015 with date of completion 29th February, 2020. The contractor submitted preliminary design which was reviewed by AER and afterward detail design was submitted by the contractor company duly vetted by in house designer.

Audit observed during review of the comparison sheet of the CBR & compaction test prepared by the AER consultant that sub-grade CBR in cut area was achieved 18% to 75% on subgrade in cut area and in fill area 22% to 62%. As the pavement design was assumed on the basis of sub-grade CBR 8% and contractor quoted cost based on the layer thickness of the sub-base, base and asphalt concrete as per this pavement design, therefore higher ratio of CBR on sub-grade than assumed was required to be readjusted proportionately which was not done.

Non-adjusting the thickness of pavement quantities as per higher CBR resulted into superfluous heavy cost of Rs 2,228.436 million.

Audit pointed out the matter in November 2019. The Authority replied that the bid price by the EPC contractor was quoted keeping in view the prevalent CBR values in the area, whereas detail design was done by the contractor after the signing of contract agreement. During this phase they conducted thorough investigation of soils found frequent variations in the CBR values. At this stage any change in the method of construction which eventually changes the bid price, cannot be imposed upon the contractor to effect any savings in the cost to the Employer. Even if due to high CBR value, the Employer asks the contractor to reduce thickness of asphalt layers, this shall not lead to change the lump sum price of the contract.

The reply was not accepted, as, non-provision of saving credit to the employer during execution and detail design of the work caused superfluous payments to the contractor beyond the genuine requirements of the site. This provision was made in the Lahore-Abdul Hakeem contract wherein saving was credited to the Employer. In reply it was also conceded that higher CBR was available in the cut and fill area of the mountainous terrain of the project which was required to be adjusted.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends justification of the matter besides recovery and appropriate action.

(DP. 09)

2.5.102 Overpayment due to non-deduction of unused component - Rs 576.495 million

Para 2.1 of preamble to schedule of prices provides that price given in the schedule of price against each item shall be for the scope covered by that item as detailed in the employer's requirement, scope of work, specifications, bid drawings or elsewhere in the bidding documents. Bidding documents shall be made to ascertain the full scope of the requirements included in each item prior to filling in the prices against each item in schedule of prices. The schedule of payments and updated non-binding priced BOQ provides the contractor's quoted rate against the item No. 305-b asphalt wearing course @ Rs 25,307 per cu.m under bill No.3 surfacing courses & pavement. Analysis of rate of the item submitted by the contractor which was part of contract contained the components of materials with its cost to be utilized.

Audit noted that contractor's aforequoted rate was multiplied with the estimated quantity and said total amount was added in the contract cost. As such all components included in the analysis were required to be utilized during execution of work.

Audit observed during review of the job mix formula of Asphalt wearing course (AC 13 and AC 16) indicated that component of cement and breeze included in the analysis of rate of item were not used while execution of wearing course despite the cost charging by the contractor. In view of non-using of component in the JMF at site, cost thereof was required to be deducted and saving to be credited to the employer which was not done. Non-adherence to contract/non-deduction of unused component resulted overpayment of Rs 576.495 million.

The Authority replied that Job Mix Design of asphalt work has been vetted and scrutinized in comparison with the employer's requirements given at section-IX of the contract. Inclusion of certain quantities of cement and breeze have been placed as Filler materials and can be replaced by another suitable material in the job mix formula. The bid instruction 11.3 provides that breakup of price components will be solely for the purpose of facilitating the comparison of bids by the employer. More so, when it is an EPC/ Turn-key contract, the rate analysis is not a binding element of the contract. As the Mix Design Formula adopted in the construction has met the requirements/standards of the specifications, therefore constituents of the mix do not become the issue of the employer because if the contractor had to use additional admixtures to meet these requirements, he would not be entitled to get that extra cost

The reply was not accepted, as all the cost of material which was charged to the employer was required to be used at site accordingly which was not done.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends recovery for the unused material.

(DP. 04)

2.5.103 Non-recovery of accounts receivable from contractor since long period - Rs 239.902 million

Accounts receivable refers to the outstanding invoices a company has or the money clients owe the company.

Audit noted during review of trial balance for the month of June 2019 of Islamabad-Raikot Havelian Project (Havelian-Thakot Section) that an amount of Rs 239.902 million was shown as receivable from contractors (Account code 28.12.00).

Audit held that these receivables were required to be received/adjusted in timely manners but huge outstanding amount for the previous financial years has shown that proper efforts to realize the receivables amounts were not made by the authorities, NHA. Non-observance to the rules caused non-recovery of accounts receivable from contractor since long period amounting to Rs 239.902 million.

Audit pointed out the non-recovery in November 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends early recovery.

(DP. 17)

2.5.104 Non-imparting the training to NHA officers in pursuance of provision of contract and non-utilization of BOQ provision - Rs 135.793 million

Clause 5.5 of EPC contract condition of the contract provides that the contractor shall carry out the training of employer's personnel in the operation and maintenance of the works to the extent specified in the employer's requirements. If the contract specifies training which is to be carried out before taking-over, the works shall not be considered to be completed for the purposes of taking-over until this training has been completed.

Audit noted that an item 712-a employment of twenty-four (24) trainee engineers for 12 months each including boarding and lodging for a quantity of 288 man-months was made in the schedule of prices against which contractor quoted unit rate @ Rs 471,502 per month. As the unit rate was far higher than prevalent rate of Rs 25000 to 30000 per month for trainee engineers then NHA converted it into item 712-a training in China twenty-four 24 NHA graduated engineers for 12 months each including boarding and lodging @ unit rate Rs 471,502 per month.

Audit observed that the contract period was 42 months from September 2016 to February 2020 and out of which 36 months has been elapsed which is 86% of the currency of contract, but neither the local trainee engineers were got trained on the project site nor training was imparted at China and the provision of contract is still unutilized.

Audit held that the project area was falling in the highly hilly terrain involving heavy structural work, tunnel work, rock cutting and slope protection and installation of ITS (Intelligent Transport System), therefore, employment of the graduate engineers was necessary which was not done in violation of the PEC guidelines and contract provision. Non adherence to contract caused non imparting training to NHA officers in pursuance of provision of contract and non-utilization of BOQ provision of Rs 135.792 million (471,502 x 288 months).

Audit pointed out irregularity in August 2019. The Authority replied that the contractor has not commenced this service yet because in the last audit 2017-18, DAC directed NHA to complete this training program through HRTC. However, the contractor has completed with homework for this program and a meeting between HRTC and Chinese University has already been convened and modalities have been finalized. Accordingly, DG HRTC has submitted a proposal of suggested individuals for the approval of Competent Authority. Considering that, for the completion of project, 42 months (plus 3 years of DLP) are remaining, subjected service can be completed before the end of the project.

In reply it was conceded that training facilities were not provided to NHA officers despite expiry of 36 months which comes to 86% of total completion period.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends fulfillment of the Clause 5.5 of EPC contract.

(DP. 08)

2.5.105 Unjustified payment on account of review of design to AER for Rs 5.859 million & US$ 0.174 million and US$ 0.321 million

TOR of the consultancy contract (AER) provides that the EPC/turnkey scope of works (design & drawing approval, engineering and supervision of turnkey work during implementation stage including testing & commissioning) and subsequent defect liability and maintenance includes but not limited to review the design prepared by the contractor to be in conformance with the employer's requirements. The design review team of AER shall remain on site during the activity.

Audit noted that NHA hired services of consultancy firm M/s Dolsar-Nespak JV as AER for design review and top supervision of EPC/turnkey contract of "construction of Havelian-Thakot section KKH-II (118 km)" executed by the Chinese company M/s CCCC.

Audit observed that NHA paid an amount of Rs 5.859 million & US$ 0.174 million on account of design review. A review of the design review report prepared by the AER indicated that M/s CCCC prepared the design on Chinese standards and specifications whereas AER was required to review design in pursuance of employer's requirement on ASTM, AASHTO and NHA general specification standards. In design review report the consultant wherever recommended cost-effective alternate to the contractor in order to economize the project cost entail saving to the employer, the contractor flatly denied and insisted his own design based on Chinese standards. This state of affair indicated that review of the design did not prove fruitful to the employer and the payment made on such account stood wasteful/unjustified.

Further, a provision of 13 months for chief material engineer (international personnel) was made against which Mr. Josefino Frogoss was appointed for 13 man-months. The consultant was paid US$320710 @ 24670 per month but no output performance of said CME is forthcoming in the record. As per provision of construction contract AER was responsible for identification of quarries, sampling and testing of material for employer which was not done. AER was required to test the material in independent testing laboratory but said laboratory did not have upgraded lab equipment to cater to the testing on Chinese standards. Certain material test were also sent to various laboratories at Taxila, Islamabad and Lahore wherein test were carried out on ASTM, AASTHO standards having non-conformance with the Chinese standards. As such the deployment of CME proved futile and the payment such made stood unjustified.

Non-adherence to contract caused unjustified payment on account of review of design to AER for Rs 5.859 million & US$ 0.174 million and US$ 0.321 million.

Audit pointed out unjustified payment in August 2019. The Authority replied that the technical expertise in vetting and supervision of a design of an international contractor, it was mandatory to appoint an international joint venture of Consultants to ensure an appropriate design and a foolproof execution of a major part of CPEC. The requirement of man months of various experts has been suitably vetted at NHA HQ. During the design review and execution phase, AER has been giving useful output to improve the product. It is misconception that the AER has not been able to comprehend and implement Chinese standards. As agreed at the pre bid meetings and the Framework Agreement between the Governments of Pakistan and China, the Chinese standards were agreed to prevail, however, the AER has reviewed all the designs on the basis of AASHTO & ASTM standards and got necessary rectifications in the design of the contractor. It may also be clarified that payment against the experts was only approved when his services have been utilized at the project. The CME performed as per his assigned technical duties and supervised material testing, Mix Design, JMF and Trial sections.

The reply was not tenable as AER was required to review the design in conformance with the employer's requirement which was based on AASHTO and ASTM standards whereas the contractor prepared the design and executed the work with Chinese standards and no instructions by AER were followed by contractor. Therefore, the entire expenditure incurred on review of design was termed futile.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends to probe the matter to ascertain the genuine need for engaging this consultancy with reference to its deliverables and performance during design and execution phase.

(DP. 11)

2.5.106 Irregular/unjustified replacement of International/National key experts in the consultancy contract

Para - 8 Chapter 4 NHA Code Vol-I provides that the names, designation, and experience of the staff to the employed by the consultants shall be explicitly reflected in the Agreement. Any subsequent change and replacements in staff shall be considered fresh recruitment.

Clause - 30 of Consultancy Agreement further provides that the client may otherwise agree in writing, no changes shall be made in the Key Experts. The substitution of Key Experts during contract execution may be considered only based on the Consultant's written request and due to circumstances outside the reasonable control of the Consultant, including but not limited to death or medical incapacity. In such case, the Consultant shall forthwith provide as a replacement, a person of equivalent or better qualifications and experience, and at the same rate of remuneration.

Audit noted that National Highway Authority awarded EPC contract for construction of Havelian-Thakot Section (118 km) KKH Ph-II to M/s Dolsar – Nespak JV on November 2016 for contract cost of US$ 3,319,171 (Dolsar) and Rs 483.271 million - Nespak).

Audit observed that key personnel foreign and national were replaced during currency of contract like, CRE, chief material engineer, resident engineers, environment experts, drainage engineer. It is worth mentioning that about 10 key personnel during design review and construction supervision did secure 70% marks which were mandatory for appointment of the key personnel. The consultant firms were technically qualified on the basis of the qualification and experience of the key and non-key personnel hence after winning the contract replacement was unjustified. Non adherence to contract caused unlawful replacement of key personnel having lesser qualification and experience resulting in unjustified payment.

Audit pointed out irregularity in August 2019. The Authority replied that the key personnel were designated and detailed as per the employer's requirements. During the contract, however, some transfers and changes of experts were necessitated due to different site encumbrances and personal issues of the individuals. All the substitute experts have been thoroughly interviewed by the ER/Employer as per consultancy agreement.

The reply was not accepted as the consultant won the contract on the basis of technical expertise, qualification of the international key experts, therefore, replacement at initial stage of the contract was unjustified. Similar para had already discussed in the DAC wherein DAC directed that key personnel must not be changed during currency of the contract.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends fixing of responsibility for non-implementation of NHA code and replacement of key personnel foreign and national during currency of contract.

(DP. 12)

PESHAWAR-KARACHI MOTORWAY (MULTAN-SUKKUR SECTION)

2.5.107 Overpayment due to non-deduction on account of reduced quantities of Grouted Rip Rap - Rs 2,270.299 million

PPRA Rule-4 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.

Audit noted that National Highway Authority prepared a PC-I for Construction of Peshawar Karachi Motorway Section-II Multan-Sukkur section (392 KM). The PC-I was approved by the ECNEC on 3rd July 2014 with the cost of Rs 259,353.10 million. Bids were invited for the project with estimated cost of Rs 240,158.390 million. Three Chinese firms participated and M/s China State Construction Engineering Corporation Limited submitted lowest bid of Rs 406,332.270 million which was reduced to Rs 294,352.00 million after negotiations.

Audit observed that besides variation in other items against which the cost was rationalized, quantities of Grouted Rip Rap Class A were reduced from 944,155 Cu.m to 575,015 Cu.m (as provided in Schedule O) but cost effect on account of such decrease was not recovered from the contractor at the time of rationalization or at later stage as detailed below:

(Amount in Rs)

Item	Qty in initial bid	Qty in rationalized bid	Difference	Rate	Amount
Grouted Rip Rap Class-A	944,155	575,015	369,140	6,150.24	2,270,299,593

Audit pointed out the issue during August-September 2019. P&CA Section replied that the bidding process of said project was done in accordance with rules and regulation including PPRA Rule-4. Procurement of Sukkur-Multan Motorway Project was undertaken on EPC (Engineer, Procure, Construct) mode and the contract is fixed price. Under this mode, the contractor is given the freedom to carry out the work in his chosen manner, provided the end result meets the performance criteria specified by the Employer. The quantities given against each item of works are approximate and provisional that were meant for general guidance to the bidders as such these quantities are contractually and legally non-binding on the parties under the contract.

The reply was not accepted because when the contractor quoted his bid for Rs 406.332 billion it includes the quantity of Grouted Rip Rap as 944,155 Cu.m. Later on when negotiations were held and rationalization was done the quantities of Grouted Rip Rap were decreased to 575,015 Cu.m without considering the financial aspect which is unjustified as all the other items were reduced with financial effect.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends early recovery.

(DP. 31)

2.5.108 Less recovery on account of reduced thickness of Aggregate Base Course from 38cm to 34cm -Rs 1,444.00 million

PPRA Rule-4 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.

Audit noted that National Highway Authority prepared a PC-I for Construction of Peshawar Karachi Motorway Section-II Multan-Sukkur section (392 KM). The PC-I was approved by the ECNEC on 3rd July 2014 with the Cost of Rs. 259,353.10 million. Bids were invited for the project with estimated cost of Rs 240,158.390 million. Three Chinese firms participated and M/s China State Construction Engineering

Corporation Limited submitted lowest bid of Rs. 406,332.270 million which was reduced to Rs 294,352.00 million after negotiations.

Further, initially the thickness of Aggregate Base Course was 38 cm (total quantity 5,971,041 Cu.m) which was reduced at the time of rationalization to 34 cm (reduced quantity 5,151,508 Cu.m) and an amount of Rs 3.280 billion was reduced by the contractor on account of reduced thickness.

Audit observed that an amount of Rs 1.444 billion was less reduced by the contractor at the time of rationalization against that item, because initially a quantity of 5,971,041 Cu.m was provided for 38 cm thickness @ Rs 5,765.85 per cu.m involving Rs 34,428,122,041 which was reduced to the quantity of 5,151,508 Cu.m by reducing a quantity of 819,233 Cu.m. Therefore, an amount of Rs 4,723,574,593 (819,233 Cu.m x 5,765.85 per Cu.m) was required to be reduced instead of 3.280 billion. This resulted in less recovery on account of decreased thickness involving Rs 1.444 billion (4.723 billion - 3.280 billion)

Audit pointed out the issue during August and September 2019. P&CA Section replied that the bidding process of said project was done in accordance with rules and regulation including PPRA Rule-4. Quoted cost, referred to in the audit para has been taken from Schedule O to bid which is Non-Binding BOQ. As the BOQ is non-binding, the bidder cannot be expected to confirm with those rates while the items are being deleted. Procurement of Sukkur-Multan Motorway Project was undertaken on EPC (Engineer, Procure, Construct) mode and the contract is fixed price. Under this mode, the contractor is given the freedom to carry out the work in his chosen manner, provided the end result meets the performance criteria specified by the Employer. The quantities given against each item of works are approximate and provisional that were meant for general guidance to the bidders as such these quantities are contractually and legally non-binding on the parties under the contract.

The reply was not accepted because initially the contractor quoted his bid keeping in view the thickness of 38cm for aggregate base course and accordingly calculated the quantities and cost in Schedule-O. In view of Audit, the Schedule-O is non-binding but only "during execution of work in terms of quantities which can be increased/decreased, whereas, at the initial stage for quoting bid, it is the basis of all the bid cost and quantities. Due to revised design a quantity of 819,233 Cu.m of aggregate base course was reduced but basis of rate for decreased quantity was not available. Audit is of the view that the same rate is applicable for decreasing quantities which was initially provided/quoted by the contractor i.e. Rs 5,765.85 per Cu.m.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends early recovery.

(DP. 18)

2.5.109 Less recovery on account of reduced thickness of asphaltic base course from 17cm to 16cm - Rs 666.000 million

PPRA Rule-4 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.

Audit noted that National Highway Authority prepared a PC-I for Construction of Peshawar Karachi Motorway Section-II Multan-Sukkur section (392 KM). The PC-I was approved by the ECNEC on 3^{rd} July 2014 with the Cost of Rs. 259,353.10 million. Bids were invited for the project with estimated cost of Rs 240,158.390 million. Three Chinese firms participated and M/s China State Construction Engineering Corporation Limited submitted lowest bid of Rs. 406,332.270 million which was reduced to Rs 294,352.00 million after negotiations.

Audit further noted that initially the thickness of Asphaltic Base Course was 17cm (total quantity 1,639,703 Cu.m) which was reduced at the time of rationalization to 16cm (reduced quantity 1,528,735 Cu.m) and an amount of Rs 2.097 billion was reduced by the contractor on account of reduced thickness.

Audit observed that an amount of Rs 0.666 billion was less reduced by the contractor at the time of rationalization against that item, because initially a quantity of 1,639,703 Cu.m was provided for 17cm thickness @ Rs 24,901.22 per Cu.m involving Rs 40,830,610,733 which was reduced to the quantity of 1,528,735 Cu.m by reducing a quantity of 110,968 Cu.m. Therefore, an amount of Rs 2.763 billion (110,968 Cu.m x 24,901.22 per Cu.m) was required to be reduced instead of 2.097 billion. This resulted in less recovery on account of decreased thickness involving Rs 0.666 billion (2.763 billion – 2.097 billion)

Audit pointed out the issue during August-September 2019. P&CA Section replied that the bidding process of said project was done in accordance with rules and regulation including PPRA Rule-4. Quoted cost, referred to in the audit para has been taken from Schedule O to bid which is “Non-Binding BOQ”. As the BOQ is non-binding, the bidder cannot be expected to confirm with those rates while the items are being deleted. Procurement of Sukkur-Multan Motorway Project was undertaken on EPC (Engineer, Procure, Construct) mode and the contract is fixed price. Under this mode, the contractor is given the freedom to carry out the work in his chosen manner, provided the end result meets the performance criteria specified by the Employer. The quantities given against each item of works are approximate and provisional that were meant for general guidance to the bidders as such these quantities are contractually and legally non-binding on the parties under the contract.

The reply was not accepted because initially the contractor quoted his bid keeping in view the thickness of 17cm for Asphaltic Base Course and accordingly calculated the quantities and cost in Schedule-O. In view of Audit, the Schedule-O is non-binding but only “during execution of work in terms of quantities which can be increased/decreased, whereas, at the initial stage for quoting bid, it is the basis of all the bid cost and quantities. Due to revised design a quantity of 110,968 Cu.m of Asphaltic

Base Course was reduced but basis of rate for decreasing quantity was not available. Audit is of the view that the same rate is applicable for decreasing quantities which was initially provided/quoted by the contractor i.e. Rs 24,901.22 per Cu.m.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends early recovery.

(PDP-19)

2.5.110 Overpayment due to increase in ratio of pipe culvert 1.22 meter - Rs 309.00 million

As per S. No. 14 of minutes of Rationalized Bid Price as a result of Technical Discussion under IB-32.2, Bill No. 4A – Change of 50% pipe culverts from 1.52 meter to 1.22-meter dia item No. 501(i) as per site requirement. An amount of Rs 0.516 billion was reduced on account of this change.

Audit noted that National Highway Authority 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 the work of pipe culverts was completed 100% and a total of 887 numbers pipe culverts were constructed out of which 709 were 1.22-meter dia and 178 were 1.52-meter dia. Hence the ratio of constructed pipe culverts becomes 80% and 20% respectively. Audit is of the view that the contractor was bound to construct the culverts with the ratio of 50%-50%. Reduction of costly pipe culverts (1.52 dia) resulted in benefit to the contractor and overpayment of Rs 309 million on account of further reduction of 30% quantity of pipe culverts 1.52-meter dia (0.516 billion for 50% reduction / 50 x 30).

Audit pointed out the issue during August and September 2019. The Authority replied that size of pipe culverts were designed on the existing water courses capacity. The reply was not accepted because the ratio of constructed pipe culverts was changed from the approved design. Accordingly the adjustment in cost was required to be made according to the as-built pipe culvert ratio.

DAC meeting was not convened despite request by Audit on 28.10.2019 followed by reminders on 12.11.2019, 26.11.2019, 04.12.2019 and 28.01.2020.

Audit recommends early recovery.

(DP. 23)

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 27th June, 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 14th June, 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 2018-19 (Rs in million)	Revenue/ Receipts audited FY 2018-19 (Rs in million)
1	Formations	56	11	5,586.176	1,687.923
2	Assignment Accounts SDAs, RFAs (excluding FAP)	09*	05	*513.455*	-

* 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 2018-19 are as under:

(A) Expenditure:

Budget allocation and expenditure for the financial year 2018-19 is shown in the table below:

(Rs in million)

Type of Funds	Budget Allocation	Actual Receipt of funds	Actual Expenditure	Variation* Excess/ (Saving)	Excess/ (Saving) in %
(A) Non-Development					
Revenue Account (CDA)	3,790.000	4,422.239	14,572.845	10,150.606	229.535
Maintenance Grant (GOP)	1,860.908	1,977.596	2,650.132	672.536	34.000
Pak. Metro Bus System	-	-	-	-	-
Sub-Total (A)	**5,650.908**	**6,399.835**	**17,222.977**	**10,823.142**	**169.115**
(B) Development					
PSDP	160.890	127.777	127.777	-	-
Self-Financing	19,978.060	17,326.906	2,565.832	(14,761.074)	85.191
Sub-Total (B)	**20,138.95**	**17,454.683**	**2,693.609**	**(14,761.074)**	**84.567**
Total (A) + (B)	**25,789.858**	**23,854.518**	**19,916.586**	**(3,937.932)**	**(16.508)**
(C) Non-Budget					
Other debts and deposits	-	4,087.118	4,061.322	(25.796)	(0.631)
Remittance	-	67.958	-	(67.958)	-
Sub-Total (C)	**-**	**4,155.076**	**4,061.322**	**(93.753)**	**(2.256)**
Grand Total	**25,789.858**	**28,009.594**	**23,977.908**	**(4,031.685)**	**14.394**

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

Comments on 'Receipt and Expenditure Account' of CDA for the year 2018-19 are as under:

i. Under non-development head, funds of Rs 6,399.835 million were received during 2018-19. Expenditure of Rs 17,222.977 million was incurred with an excess of Rs 10,823.142 million (169.115%).
ii. Funds of Rs 160.890 million were allocated in the Public Sector Development Programme for the year 2018-19 against which funds of Rs 127.777 million were released and expenditure of Rs 127.777 million (100%) was incurred.
iii. An allocation of Rs 19,978.060 million was earmarked for the development activities under the head 'Self-Financing' against which, actual funds of Rs 17,326.906 million (86.729%) were realized but an expenditure of Rs 2,565.832 million was incurred. This indicated that CDA could only achieve 14.808% of planned targets/objectives of development activities.
iv. CDA Board approved development budget for financial year 2018-19 for Rs 20,138.95 million, which was 78.088 % of the total budget of Rs 25,789.858 million. Audit observed that key milestones envisaged in the original budget estimates for 2018-19 were not materialized. CDA incurred development expenditure of Rs 2,693.609 million which was 13.375% of the original development budget estimates of Rs 20,138.95 million. Financial managers of CDA did not conduct proper exercise to review their financial resources keeping in view the quantum of receipts and expenditure.
v. The development funds were not fully utilized during 2018-19 and there was a saving of Rs 14,761.074 million (84.567%). On the other hand, there was an excess of Rs 10,823.142 million (169.115%) in non-development budget. This indicated that non-development expenditure was on rise and development activities were not being given priority.

vi. Federal Government did not release any amount for Metropolitan Corporation Islamabad (MCI) during financial year 2018-19. Separate accounts of MCI were not maintained. Hence, no separate expenditure was booked by CDA against MCI.

vii. Federal Government neither allocated nor released any funds during the financial year 2018-19 to CDA for Pakistan Metro Bus System. Hence, no expenditure was booked.

(B) Receipts:

Receipts of CDA from its own resources are as follows:

(Rs in million)

Description	2017-18	2018-19
Self-Financing Sector		
Estimated Receipts	26,379.77	19,978.060
Actual Receipts	9,554.256	17,326.905
Shortfall	16,825.514	2,651.155
Shortfall in %age	63.78	13.27
Other Receipts		
Estimated Receipts	2,967.73	3,790.000
Actual Receipts	5,075.122	4,422.239
Shortfall/(Excess)	(2,107.392)	(632.239)
Shortfall/(Excess) in %age	(71.01)	(16.681)
Total Receipts		
Estimated Receipts	29,347.50	23,768.060
Actual Receipts	14,629.378	21,749.144
Shortfall	14,718.122	2,018.916
Shortfall/(Excess) in %age	50.15	8.494

i. As per CDA account for the year 2018-19, the estimated receipts under self-financing were Rs 19,978.060 million against which a sum of Rs 17,326.905 million was actually realized (86.729% of the estimates) and estimated 'other receipts' were Rs 3,790.00 million while Rs 4,422.239 million were realized (16.681% above of the estimates). This showed an excess of Rs 632.239 million (16.681%) in collection of 'other receipts.

ii. There was a shortfall of Rs 2,018.916 million (8.494%) against overall estimated receipts of Rs 23,768.060 million as the Authority could generate a revenue of only Rs 21,749.144 million during 2018-19. This indicated that either the estimates of receipts were overambitious/unrealistic or the Authority could not exploit the available resources to derive due benefits. CDA should improve and rationalize mechanism of estimation and realization of revenues.

3.3 Classified summary of Audit observations

Audit observations amounting[8] to Rs 18,560.786 million were raised in this audit report. This amount also includes recoverable of Rs 12,811.206 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	Reported cases of fraud, embezzlement and misappropriation	140.000
2	Irregularities	0
A	*HR/Employees related irregularities*	*242.012*
B	*Procurement related irregularities*	*361.897*
C	*Execution of works, contract agreement*	*9,856.473*
3	Value for money and service delivery issues	7,167.470
4	Others	792.934

[8] The amount under audit observations is more than the expenditure audited due to multiple audit observations on a transaction, non-expenditure transactions like PC-I, award of works, losses, etc …

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
	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

Year	Audit Paras		Compliance		
	Total	**discussed**	**made**	**Awaited**	**percentage**
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	46	36	10	78.26
2017-18	69	49	14	35	28.57

Note: Audit Reports for 1985-86, 1987-88, 2014-15, 2018-19 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

3.5.1 Unauthorized construction of Ghouri Town comprising on 5,944.43 kanals - Rs 29,722.00 million

Para 4(4)(B)(e) and (f) of Chapter-III of ICT Zoning Regulations 1992 [with regard to Zone-4 un-acquired areas] provides that all the buildings to be constructed in the Zone shall be subject to the Islamabad Building Regulation 1963 and the Islamabad Residential Sectors Zoning Regulations 1985. All such permissions shall be subject to payment of scrutiny fee/service charges on account of appraisal of proposals as determined and levied by the Authority from time to time and without prejudice to the right of the Authority to acquire the land in public interest.

Sub-paras g & h of ICT Zoning Regulation further provide that no construction of houses and expansion of settlements shall be allowed in the areas adjoining all water bodies, lakes and reservoirs. No private housing scheme shall be permissible however repair/maintenance of existing building may be allowed by the authority with certain conditions.

Audit noted during audit of Directorate Regional Planning CDA, for the year 2017-18 that nine (9) phases of Ghouri Town in Zone-4, alongside Islamabad Highway, were launched by M/s Raja Ali Akber & Company-Al Rehman Associates, without approval of CDA.

Audit observed that unauthorized/illegal schemes of Ghouri Town Phase-I to IX were floated for which publicity/marketing and sale, purchase of plots were made since 1996 to date. In all phases parameters provided in Zoning Regulation for development of housing societies were not observed at all. Width of service and internal roads was provided with average 15 feet and set back cushion was not provided. Amenities plots of schools, hospitals, parks and mosques were not spared and commercial areas were developed on nullahs without lawful authority. Plots in nine phases of Ghouri Town comprising of 5,944.43 kanals worth of Rs 29,722.00 million @ Rs 5.00 million (approx.) per kanal were sold to different individuals without getting NOC and approval of Layout Plan (LOP) of the scheme from CDA.

CDA as a regulator did not stop unauthorized constructions started in 1996 except issuance of a few notices but action through enforcement was not taken against unauthorized constructions. This resulted into unauthorized construction of nine phases of Ghouri Town on 5,944.43 kanals without approved plan.

Audit pointed out the unauthorized construction in April 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends enforcement of ICT Zoning Regulation in its true spirit and CDA, as regulator may exercise possible measures to stop illegal construction in Islamabad.

(DP. 43)

3.5.2 Non-pursuance of recovery cases - Rs 19,751.077 million

Section 49A of CDA Ordinance 1960 provides that any sum due to the Authority from any person under this ordinance shall be recoverable as arrears of land revenue. Section 80 of Land Revenue Act 1967 provides the processes of recovery of arrears including notice of demand to be issued by Revenue Officer.

A. Audit noted during scrutiny of accounts record of Additional Collector (Revenue)/Special Magistrate, CDA, Islamabad that there was a short fall in receipts/revenue during 2015-16 involving Rs 19,655.477 million.

Audit observed several discrepancies/shortcomings in the recovery cases, which were under trial in the court of Additional Collector Revenue CDA, pertaining to different Directorates/Wings of CDA as:

i) In many cases, the defaulters filed writ petitions in higher courts i.e. High Court/Civil Courts and obtained "status-quo". These cases were pending for many years and court repeatedly directed to concerned directorates of CDA to pursue these court cases vigilantly and intimate the latest position but no response was received.

ii) In many cases, the concerned directorates/departments of CDA provided the address of the defaulters in other districts other than Islamabad, so the court forwarded such cases to the respective Deputy Commissioner for recovery. The court also directed all the concerned directorates of CDA to pursue these cases with DC but no progress was made. In many cases, the DC concerned replied that provided addresses of the defaulters were not correct/traceable and requested to provide new address so that further action could be taken.

iii) After forwarding the recovery cases to the court, the concerned directorates/wings settled/closed these recovery cases at their own without intimating the court.

This resulted in non-pursuance of cases of recovery of Rs 19,655.477 million.

Audit pointed out the issue in June 2018. The Authority did not reply.

(DP. 85/2018-19)

B. As per letters received from Deputy Commissioner, CDA office which were specially addressed to Director Enforcement, CDA, Director Estate Management-I CDA and Additional Collector (Revenue) / Senior Special Magistrate, for action under section 49-C of the CDA Ordinance 1960 and clause 2.17.3 of Islamabad Section Zoning Building Regulation 2005.

Audit noted that Deputy Commissioner mentioned in above letter that the case files of Sector F-7 were personally examined by him and it was evident from record that owners had not removed non-conforming use even after giving many opportunities, therefore, instant cases were decided against owners of houses with imposition of fine Rs 500,000 under clause 2.17.3 of Islamabad Residential Sector Zoning Building Regulation 2005. Owners are directed to pay this fine within 5 days and remove the non-conformity within 15 days, failing which violator was liable to pay a fine of Rs 5,000 per day. Recovery of fine was required to be effected under Land Revenue Act 1967.

Audit observed that letters of DC (CDA) were put up in files and notices against these letters were also put up for signature but no signature on noting side or on notices was found available on the record. The letters were 2 to 3 years old. As per notices the owners should have to remit fine of Rs 500,000 and stoppage of non-conforming usage otherwise imprisonment or confiscation of property would be initiated but nothing was done. This resulted into non-compliance/non-recovery of Rs 95.600 million.

Audit pointed out non-recovery in June, 2018. The Authority did not reply.

(DP. 86/2018-19)

The matter was discussed in the DAC meeting held on 23rd January 2019, wherein, the Member (Estate) CDA admitted the audit point of view regarding non-recovery and lack of coordination between Additional Collector and concerned Directorates of CDA. DAC showed its concerns over the weak follow-up and non-coordination/liaison of the concerned Directorates with Additional Collector CDA and directed to devise SOP for better coordination between the Directorates and early recovery of CDA dues. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive at the earliest.

3.5.3 Loss of revenue due to encroachment and non-auction of land/plots - Rs 9,704.477 million

According to SOP issued by Member Estate CDA vide No.CDA-1(1) PSMEST/2012/12229 dated 21st December, 2012, the Authority is responsible to make the plots ready for auction by removing all bottlenecks.

Audit observed that following plots could not be included in the auction held from time to time without any reason and in four cases due to encroachments. The Directorate Enforcement CDA was mainly responsible to get these plots vacated from the encroachers. Non-vacation of encroached land and non-inclusion in auction resulted in revenue loss of Rs 9,704.477 million as detailed below:

DP No	Plot No.	Total Premium (Rs in million)
60	56-D Blue Area, F-6, Islamabad	977.80
	G-11/1, Islamabad	1,755.00
	1-C class-III, SC No.05, F-11/1, Islamabad	74.665
	1-A, Bazar No.04	27.466
61	Plot No. 20, Shezad Town	39.900
	Plot No. 5-I, I-10/3 Islamabad	215.333
45	27 plots	6,614.313
	Total	**9,704.477**

Audit pointed out loss in March 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation in the matter and vacation of land from the encroachers to save the Authority from loss.

3.5.4 Non-verification and non-reconciliation of cash balance - Rs 9,227.851 million

Para 20 of Procedure Manual Part-III (Accounting Procedure) of CDA 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.

Audit noted that Director Accounts CDA compiled account for financial year 2017-18 wherein cash and cash equivalents balances of CDA were shown Rs 9,227.851 million on 30th June, 2018 as detailed below:

S. No.	Description	Amount (Rs in million)
1	Bank balance (including M. Treasury bill)	8,731.526
2	Balance with D.D.O	496.325
	Total	**9,227.851**

Audit observed that verification of cash balances and bank balances were not made. Bank balances of Rs 8,731.526 million were posted without giving detailed reconciled figures in each bank accounts. In absence of reconciled figures against each Bank account, cash balance was found un-authentic. This resulted into non-verification and non-reconciliation of cash balance Rs 9,227.851 million.

Audit pointed out the issue in November 2018. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for reconciliation of balances with respective banks.

(DP. 12)

3.5.5 Non-cancellation of plots under non-conforming use - Rs 7,800.00 million

Paragraph-6 of the Islamabad Manufacturing Industry Area Zoning Regulations, 1963, states that no land or building shall be put to non-conforming use and any building or structure designed or intended for a use not authorized/permitted under these regulations shall be removed.

Clause 5 (iii) of ICT Zoning Regulation 1992 provides that any person, group of persons, organization, etc. found guilty of violating any of the provisions of the Regulation of whoever without lawful excuse fails or refuses to comply with any direction or order issued by the Authority in this behalf may be proceeded against under section 46 and 46-B of CDA Ordinance, 1960.

Audit noted during audit of Directorate of Regional Planning CDA, that 156 industrial plots **(Annexure-D)** in Industrial Area Sector I-10/3 Islamabad were identified as being used for different trade than authorized and in non-conforming use for residential purposes.

Audit observed following irregularities:

i. Status of the industrial plots was recorded as constructed and there was no business activity shown against these industrial plots.
ii. Some plots were shown vacant and their latest position/trade was not given.
iii. Some plots were shown in residential use which was a non-conforming use.

iv. The allottees rented out the industrial plots for other activities without lawful authority. Some plots were found rented to private universities/bakeries and other commercial activities.

v. The allottee submitted for trade change from their original allotted trade to warehouse but final decision was not made since long.

Audit held that CDA failed to monitor the site activities of the industrial plots to ensure that these plots were being used for the purpose for which they were allotted. CDA did not maintain the record of industrial plots for non-conforming use and recovery of the fine was also not effected. This resulted in non-cancellation of industrial plots worth Rs 7,800.00 million for non-conforming use.

Audit pointed out the violations in April 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends that CDA may take action against the allottees involved in violation besides fixing responsibilities against the person(s) at fault.

(DP. 41)

3.5.6 Non-recovery of installments of premium/cost of plots and delayed payment charges - Rs 7,096.879 million

As per clause 12 of terms & conditions of balloting of Park Enclave Housing Scheme (Phase-II), in case of non-payment, as per payment schedule, the plot shall be cancelled in accordance with CDA rules.

As per clause of the brochure and terms & conditions of the allotment letter, in case of corner plot the allottee will pay corner charges @ 10% of the total price of the plot.

According to CDA Property Manual Chapter-II (Construction Period), after allotment, sub-division of plot or demolition, the allottee shall construct a house and to get completion certificate from Building Control Section (BCS), CDA within the construction period specified in the Allotment Letter/Sub-Division Letter. The date of completion shall be that date on which Form B1 & B2 are submitted on One Window Operation (OWO) Directorate, subject to initial conformation report of completion of house from surveyor. Extension in construction period may be granted by the Authority on the merit of each subject to payment of Extension Surcharge at the rate as may be prescribed by CDA from time to time.

Condition-03 of the Allotment letter provides if allottees failed to deposit any installment within the given time schedule delayed payment charges @ 15% or as may be revised from time to time will be charged by the authority. Absence of any infrastructure facility at site will be no justification for withholding payment or any dues of the Authority and the Authority shall have the right to cancel the allotment if any amount remains unpaid for more than 60 days after it become due.

Condition-04 of the Allotment letter provides if any amount remains in arrears for six months after it becomes due (whether formally demanded or not) the allotment shall stand automatically cancelled possession of the plot stands reverted to the Authority and 10% of the total price of the plot stand forfeited in favour of the Authority.

Audit noted that the Estate Management-I Directorate CDA, allotted plots in various Sectors of Islamabad but the allottees did not pay the installments of premium/cost of plot within due dates. The allottees were thus required to pay delay payment charges as per condition of the allotment. The record showed that installments of premium/cost of the plots and delayed payment charges were outstanding against the allottees. This resulted in non-recovery of outstanding dues of Rs 7,096.879 million **(Annexure-E).**

Audit pointed out the non-recovery in May, 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for early recovery of installments/cost of plots alongwith delayed charges as per actual.

3.5.7 Non-recovery of outstanding property tax and water & allied charges - Rs 2,506.603 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 Revenue Directorate CDA did not recover property tax and water & allied charges of Rs 2,506.603 million **(Annexure-F)** outstanding since long against the various commercial and residential properties. This resulted into non-recovery of Rs 2,506.603 million.

Audit holds that non-recovery of outstanding dues occurred due to non-pursuance of the matter properly by the management and ineffective implementation of administrative, internal and financial controls.

Audit pointed out the non-recovery in November 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends pursuance of recovery of outstanding dues besides strengthening of administrative, internal and financial controls to avoid any financial loss in future.

3.5.8 Abnormal delay and mismanagement in acceptance and start of the signal free corridor project - Rs 2,186.872 million

Para 2.6 of Guidelines for Project Management issued by Planning Commission, Government of Pakistan in June 2008 states that it is equally important that the works are not delayed / suspended or slowed down due to impediments in timely supply of materials, acquisition of land and / or what of requisite funds at appropriate stage. All these strategic points must be sorted out well in advance by the project director in co-ordination with the concerned quarters to avoid time and cost overrun.

Audit noted that a project, Development of signal free and controlled access corridor of Islamabad Highway, Construction of interchange at Khanna and Sohan, was put to tender by the CDA with estimated cost of Rs 2,936.648 million. The tender for said project was opened on 20.05.2016 wherein M/s ZKB with bid cost of Rs 2,186.832 million stood first lowest. Tender evaluation committee finally recommended first lowest bid for acceptance on 26.05.2016 which was accepted by the competent authority on 30.06.2016. The contract agreement was, however, accepted by the Chairman, CDA on 29.09.2016 with a gap of three months.

Audit observed that lowest bid of the project was accepted by the competent authority on 30.06.2016 and time for commencement was 28 days from the date of receipt of the notice to commence the work after letter of acceptance. Audit further observed that work could not be started well in time due to delay in expenditure sanction and to ensure availability of funds by the Finance Wing, CDA. Date of commencement of project was shown 15.12.2016 with completion period 10 months upto 14th October, 2017. The project could not be commenced timely and delayed for 165 days due to non-fulfillment of procedural formalities, which should have been done earlier before award of work. Due to delay in start of the project, the objective, urgency and priority provided in the approved PC-I was negated. This resulted into abnormal delay and mismanagement in acceptance and start of the signal free corridor project of Islamabad Highway in violation of project guidelines valuing Rs 2,186.872 million.

Audit pointed out irregularity in November 2018. The Authority replied that Budget of the Capital Development Authority was approved in October 2016, after that, case was processed for expenditure sanction, which was issued on 15th December 2016 and then letter of commencement was issued.

The reply was not accepted as bid was accepted on 30th June 2016 and letter of commencement was issued on 15th December 2016 after a laps of 165 days, which was abnormal delay and mismanagement on the part of project authorities.

DAC meeting was not convened despite request by Audit on 05.12.2018.

Audit recommends to follow Project Management Guidelines in its true spirit for early completion of the projects as per their social/economic importance.

(DP. 126/2018-19)

3.5.9 Irregular/unjustified restoration of layout plan - Rs 2,136.00 million

Layout plan of Park View City Housing Scheme, Mouza Malot, Zone-4 Islamabad was approved originally by the Directorate of Regional Planning CDA vide No CDA/PCW/Zone-4(94)/12/970 dated 14th February, 2013 for an area measuring 1067.90 kanal. As per condition No "J" the sponsors of the scheme would provide 100' wide access/approved Road to the subject scheme area

Audit noted during Audit of Directorate Regional Planning CDA that NOC issued to the Park View City Housing Scheme on 7th November, 2014 was cancelled/withdrawn due to non-transfer of land of public buildings, areas including Schools, Hospitals and Mosques etc. in the name of CDA. The case for restoration of NOC remained pended and finally layout plan of Park view city was also cancelled/withdrawn on 22nd December, 2017 for carrying out development works without restoration of NOC by the authority

Audit observed that CDA Board approved a policy on 9th June, 2017 in the public interest that the sponsors will provide an access Road of minimum 100 feet wide to the housing scheme. Summary forwarded by the Directorate Regional Planning CDA, was discussed in the CDA, Board meeting on 29th May, 2018. The Board decided that Member Planning and design may finalize the matter accordingly in line with the rules and ensure that title of the access road shall rest with CDA. The cancelled NOC was restored by the Planning wing CDA, without ensuring the fulfillment of construction of road 100 feet wide up to the Scheme area of Park View city. This resulted into irregular/un-justified restoration of layout plan of housing scheme of 1,067.90 kanals valuing Rs 2,136.00 million.

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

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends to ensure decision taken in the general public interest for transfer of title of 100’ wide road in the name of CDA.

(DP. 44)

3.5.10 Loss due to non-cancellation of plot after expiry of lease - Rs 1,111.116 million

Restoration Policy, 2014 provides that the plots cancelled due to reasons other than non-payments may be considered for restoration at the rates notified by the Finance Wing.

Audit noted from the record of Estate Management-II, CDA, Islamabad that a Plot No. 21-B, Markaz G-9, Islamabad was leased out on 09.04.1983 to M/s Alamdar Khan, Tahawar, Nasira Pvt Ltd for construction of hotel @ Rs 1,900 per sq. yard measuring 2,777.79 sq. yard with total premium of Rs 5,277,801. The hotel was not constructed till 2014 and extension in construction period was granted repeatedly. Noting Para 465/N of the file showed that 1st term of lease was expired on 22.04.2010. The plot was required to be cancelled due to non-extension of lease. Contrarily, the construction period was extended up to 30.06.2012.

Audit further observed that on the report of Deputy Director (Building Control Section) regarding non-conforming use, the plot was cancelled by Chairman, CDA on 13.4.2018. Had the plots been cancelled on expiry of lease in 2010, the Authority would have earned considerable revenue through re-auction or restoration at current market rates. This resulted in loss of revenue of Rs 1,111.116 million (Rate of Rs 400,000 per sq. yard taken from auction held in March 2018 contemporary plot in G-7/F-7).

Audit pointed out loss in March, 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation in the matter and action against the responsible.

(DP. 62)

3.5.11 Loss due to irregular restoration of plot instead of re-auctions - Rs 874.00 million

CDA Board in its meeting held on 7th March, 2014 approved Restoration Policy, 2014. The policy was notified vide SRO 350(I)/2014 dated 24th March, 2014. The policy came into force w.e.f. 7th March, 2014.

Audit noted from the record of Estate Management-II, CDA, Islamabad that a plot No. 8-B, Markaz G-6, Islamabad measuring 2,500 sq. yards was auctioned to M/s SKB Engineering Construction @ Rs 164,000 per sq. yard with total premium of Rs 410.000 million vide bid acceptance letter dated 28th June, 2012 and a plot No.6, D-12, Markaz, Islamabad measuring 1,333.33 sq. yards was allotted to M/s Naveed Asghar @ Rs 90,000 per sq. yard on 20th January, 2011 with total premium of Rs 119.999 million.

Audit observed that the bidders deposited 40% of the total premium and failed to deposit the remaining 60% premium. The Authority, therefore, cancelled the plots on 1st August, 2013 and 15th June, 2011 respectively. The plots were, therefore, required to be offered in the subsequent auctions. The record, however, indicated that the Authority on the request of bidders restored the plots under the Restoration Policy 2014 effective from 7th March, 2014. Since the plots were cancelled prior to inception of restoration policy 2014, therefore, the plots were required to be re-auctioned. The Authority would have thus earned approximately Rs 1,403.999 million on new rates as per other auctions made in the said areas. This resulted into loss of Rs 874.00 million due to irregular restoration of plot.

Audit pointed out loss in March, 2019. The Authority did not reply

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation and fixation of responsibility for unjustified restoration of plot besides making the loss good.

(DP. 63)

3.5.12 Non-recovery of access and Right of Way charges for major Roads - Rs 611.00 million

S.R.O 576 (1) of 9th June, 2015 provides following access and right of way (ROW) charges from major roads of Islamabad for petrol pumps/CNG stations with effect from 24th December, 2014 in advance for 5 years:

Sr. No.	Category	Rate/Amount
1	Petrol Pump/CNG station/Amenities	0.5% of market value up to Rs 50,000 per month
2	Housing Societies up to 400 kanal	Rs 266,000 per month
3	Housing Societies 401-800 Kanal	Rs 562,000 per month
4	Housing Societies 801+ kanal	Rs 800,000 per month

Audit noted during review of record of Directorate Regional Planning CDA, for the year 2017-18 that Right of Way/access charges for following roads were to be charged by the CDA.

i. G.T Road/Islamabad Expressway
ii. Islamabad Highway
iii. Kashmir Highway
iv. I.J.P Road
v. Park Road

Audit observed that inventory of commercial units i.e. petrol pumps, CNG stations, shopping centers, plazas was not shown maintained in the Directorate of Regional Planning CDA. Charges as notified were neither recovered in advance nor credited in the CDA account. Notices for non-deposit of annual departmental charges and access charges were issued to few CNG stations and petrol pumps only but permanent record such as ledgers of the receipt were not maintained. This resulted into non-recovery of Rs 611.00 million, as calculated below:

(Rs in million)

Description	No.	Period	Months	Rate	Amount
Petrol pumps/ CNG Stations	75	12/2-14 to 03/2019	52	0.050	195.000
Housing Societies	10	12/2-14 to 03/2019	52	0.800	416.000
				Total	**611.000**

Audit pointed out the non-recovery in April, 2019. The Authority did not reply

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommended for early recovery.

(DP. 37)

3.5.13 Unauthentic compilation of surplus/deficit account and depreciation account without breakup of sub-heads - Rs 568.611 million

Para 255 of CDA Procedure Manual Part-III (Accounting Procedure) provides that the several registers and schedules relating to the suspense and deposit heads of account, and the accounts referred to in the margin Contractor's Ledger, Works Abstract, Register of Works, Rent Register and record of Assessment and realization of revenue should be reviewed monthly so that the steps necessary to effect expeditious clearance of outstanding balances, whether by actual recovery or by adjustments in the accounts, should be taken regularly throughout the year. In the month of June (preferably in May), special steps should be taken with a view to bring about all possible reduction in the number and amounts of outstanding items.

Audit noted through scrutiny of compiled accounts of CDA for June, 2018 that opening and closing balance at serial No.B-4 Surplus/deficit account balance was shown Rs 539.306 million, without giving details of this deficit. Similarly figure Rs 29.305 million was provided as depreciation, without preparation of manufacturing accounts of machinery and equipment.

Audit observed that balances in various accounts heads were being carried forward without verification of actual figures and authenticity of transactions. The Accounts of all liabilities and assets awaiting settlement and to effect clearance in the account of June were liable to be cleared. In absence of details and certified figures, compilation of Surplus Deficit Account and depreciation Account of Rs 568.611 million stood un-authentic.

Audit pointed out issue in November, 2018. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 08.01.2019.

Audit recommends to probe the matter.

(DP. 116/2018-19)

3.5.14 Non-taking over possession and non-mutation of 477 kanal land in the name of CDA - Rs 396.589 million

Section 32 of CDA Ordinance, 1960, provides that immediately on the making of the award under Section 28, the land shall vest in the Authority free from all encumbrances (and thereupon the Deputy Commissioner may, after giving reasonable notice to the occupier, enter upon and take possession of the same).

Audit noted that the Deputy Commissioner, CDA, Islamabad, announced Land Award on 15.01.2009 for acquisition of 16,076 Kanal 4 Marla land at flat rate of Rs 830,000 per kanal for Sectors H-16 & I-17 and made payment of compensation to the affectees.

Audit observed that Land Directorate CDA disbursed an amount of Rs 396.589 million on account of land compensation during the financial year 2017-18 but the possession of the land for which compensation was paid was neither taken nor mutated in the name of CDA.

Audit further observed that possession of the land was not taken by CDA as built-up property was not acquired with land which will encourage encroachment on the acquired land. This resulted in non-taking over possession/non-mutation of land Rs 396.589 million.

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

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for taking early possession and mutation of land in the name of CDA to avoid any future encroachment.

(DP. 35)

3.5.15 Unjustified inclusion of new construction during survey for entitlement of residential plots - Rs 388.569 million

Islamabad Displaced Persons Rehabilitation Policy 1996 defines the term "affectee" as a person whose land and or built-up property has been acquired under CDA Ordinance 1960 prior to January 1996.

Para 4(2) of the Policy regarding allotment of residential plots provides that where built-up property is acquired in Abadi Deh, residential plots will be allotted to the affectees notwithstanding the ownership of the land beneath the built-up property on the following criteria:

	Area of BUP	Plot size
i)	300 to 499 Square feet	Plot of 25x50
ii)	500 Square feet and upwards	Plot of 30x 60

The allotment will, however, be subject to the condition that the affectee has not availed any benefit against acquisition of land, if any, acquired from him.

Audit noted that Deputy Commissioner Land Directorate CDA announced an Award for acquisition of Built-up Properties (BUP) in the Revenue Estates Chatha Bakhtawar and Majuhan Tehsil & District Islamabad on 6th October, 2017 on the basis of Survey conducted by the Extra Assistance Director Land (EADL)/Naib Tehsildar CDA and

Assistant Director (Technical) CDA. The Urdu /English Lists of the BUP were prepared by the concerned Naib Tehsildar and Assistant Director Technical.

Audit observed during review of compensation statements of built-up properties that 123 Nos buildings were constructed during survey as the Assistant Director Technical mentioned "New construction during Survey" on the on the compensation statement while recording measurement of the building measurement sheet. This resulted into loss of Rs 369.00 million (123 plots @ Rs 3.00 million). Further cash compensation of Rs 19.659 million on account of BUP was also made.

Audit pointed out the loss in March, 2019. The Authority replied that Technical Section, Land Directorate CDA assessed all the properties whether new or old as per prevailing policy and paid compensation as per category of the property.

The reply was not accepted. The Assistant Director Technical CDA also mentioned "new constructions during survey" on the measurement sheets. The unauthorized new constructions made on the CDA acquired land were included in the survey by the Technical Staff entitling them for residential plots.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation in the matter and action against the person(s) at fault.

(DP. 31, 28)

3.5.16 Non-cancellation of plot due to non-payment of premium - Rs 367.485 million

Para-6 of the Acceptance Letter of allotment of plot dated 29.04.2016, states that if any of the installments of premium is not paid on time, the bid shall stand cancelled without any notice. The amount paid or 10% of the total premium, whichever is higher shall stand forfeited in favour of the Authority. The Authority will be at liberty to sell/use/dispose of this property as it deems appropriate.

As per condition No.02 (Note under mode of payment) of Brochure 2016, in case of failure to pay due installments and or applicable taxes the acceptance of bid shall automatically be withdrawn and an amount equal to 10% of the total premium on earnest money whichever is higher shall be forfeited.

A. Audit noted from the record of Estate Management-II, CDA, Islamabad that a Plot No. 32, D-12 Markaz, Islamabad measuring 711.11 sq. yards was leased out to Mr. Zeeshan Arshad and Khalid Iqbal Mian @ Rs 307,000 per sq. yard for a total premium of Rs 218.311 million which was payable in installments till 3rd May, 2017.

Audit observed that the allottee failed to deposit the premium within due date. As per record, an amount of Rs 30 million was lying outstanding against the allottee till the end of 2018. However, the plot was not cancelled and premium was not forfeited as per condition of allotments. This resulted in non-cancelation of plot and non-forfeiture of deposited amount of Rs 188.310 million. (Amount deposited Rs 218.310 million – Rs 30.00 million)

Audit pointed out non-recovery in March 2019. The Authority did not reply.

(DP. 49)

B. Audit noted from the record of Estate Management-II, CDA, Islamabad that a Plot No. 14-C, Markaz G-5 (Diplomatic Enclave), Islamabad having an area of 4,778 sq. yards was leased out to Mr. Faiz Sahib Khan @ Rs 375,000 for a total premium of Rs 1,791.750 million vide acceptance letter dated 31st May, 2017.

Audit observed that only token money Rs 50 million was adjusted against 1st installment. The bidder instead of depositing the due amount filed civil suit against deduction of advance tax on entire amount of premium. The court granted stay on 19th June, 2017 on the condition that the bidder shall provide bank guarantee equal to the amount of tax applicable. This order shall lose its field if not specifically extended on non-appearance or non-deposit of process fee or non-furnishing of bank guarantee. Audit further observed that the bidder provided neither bank guarantee nor deposited due tax and remaining premium of Rs 174.150 million. The plot was therefore required to be cancelled after recovery @ 10% of the total premium. This resulted in non-imposition and recovery of penalty of Rs 179.175 million.

Audit pointed out irregularity in March, 2019. The Authority did not reply

(DP. 46)

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for appropriate action and to forfeit the deposited amount.

3.5.17 Irregular auction of commercial plots without approval of CDA Board - Rs 261.576 million

CDA Board is empowered to approve auction of the plots as per Delegation of Administrative and Financial Powers.

Audit noted from the record of Estate Management Division No.II, CDA, Islamabad, that CDA Board approved 48 plots for auction in March 2018 in its meeting held on 12th February, 2018. Those plots were required to be included in the brochure for sale to the intended bidders.

Audit observed that two plots i.e. plot No.21, Class-III, Shahzad Town and plot No.5-J, I-10/3 Islamabad were added in the Brochure for auction of commercial plots held in March 2018 which were not existed in the list of 48 plots approved by the CDA Board. This resulted in unauthorized and irregular auction of plots for Rs 261.576 million. Audit further observed that there was no signature of the Member Planning & Design on any bid sheet of auction of plots.

Audit pointed out loss in March, 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for appropriate action and to conduct fact finding inquiry to ascertain the circumstances under which un-approved plots were included in brochure. Their reserve price, prevailing market prices in the adjacent areas needs to be shared with Audit.

(DP. 56)

3.5.18 Unauthentic payment without detailed measurement in measurement books - Rs 252.991 million

Paras 119 and 120 of CDA Procedure Manual (Part-III: Accounting Procedure) provide that payments for all works done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB) Form-23. The MB should, therefore be, considered very important accounts record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

Audit noted that the Capital Development Authority awarded a work "Construction of Interchange at Sohan & Khanna Intersection on Islamabad Expressway, Islamabad" to M/s ZKB at an agreement cost of Rs 2,186.832 million.

Audit observed that payment was made without recording detailed measurements in the Measurement Books. Only abstract of quantities were recorded in the MBs without detailed quantities. An amount of Rs 252.991

million was paid to the contractors without recording detailed measurements.

Audit pointed out the matter in August 2019. The Authority replied that as per specific requirements of audit, record entry on measurement book for the Interim payment was being done and would be submitted for verification by Audit.

The reply was not accepted because detailed measurements for each activity involved in the work were not recorded in the measurement books and payments were made to the contractor.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for action against the responsible(s).

(DP. 71)

3.5.19 Loss due to acceptance of bid at lesser rate than the previous auction - Rs 229.344 million

CDA Board in its meeting held on 3rd June 2011, decided that whenever bids are presented by the Finance Wing before the Board, the summary should include previous sale price, General Price Index and market trend.

Audit observed from the record of Estate Management-II, CDA, Islamabad that a Plot No. 14-C, Markaz G-5 (Diplomatic Enclave), Islamabad, having area 4778 Sq. yards was re-auctioned in May 2017 and leased out to Mr. Fazal Sahib Khan Bangash @ Rs 375,000 per sq. yard with a total premium of Rs 1,791.750 million.

The said plot was previously auctioned in December 2016 to Mr. Fazal-ur-Rehman S/o Saif ur Rehman @ Rs 423,000 per sq. yard with a total premium of Rs 2,021.094 million. The bidder sought clarification regarding FAR (Floor Area Ratio) but CDA cancelled the plot on the plea of non-payment. While accepting re-auctioned bid @ Rs 375,000, the CDA Board maintained that the default bid cannot be taken as a valid sale price. The assertion of CDA Board does not appear to be justified because in the first auction there were nine (09) bidders who raised the bid 26 times after Rs 375,000 by multiple of Rs 1,000 per sq. yard. It showed market trend. In the 2nd auction only two bidders having token No. 302 and 305 participated against the total sold token of five. This state of affairs is indicative the response was inadequate and the plot was required to be re-auctioned. Acceptance of bid at very lesser rate ignoring previous sale price resulted in loss of Rs 229.344 million.

Audit held that no proper mechanism for setting reserve price is in place resulting in loss of revenue.

Audit pointed out the loss in March, 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for appropriate action and to conducts fact finding inquiry to ascertain facts and make good loss.

(DP. 47)

3.5.20 Irregular approval of layout plan without mortgage of saleable area/development cost - Rs 166.800 million

Planning Wing CDA approved Layout Plan (LOP) of FIA Employee Corporation Housing Society in Mouza Malot, Zone-4, Tehsil and District Islamabad on 30th November, 2016. As per para 3 (d) of the LOP the developer will deposit within 45 days the entire development cost of the schemes with the Authority. The cost shall be assessed by the Authority on the basis of prevailing cost of development. (Or) In case developer was not inclined to deposit the development cost of the scheme it was required to mortgage 20% of the saleable area in the approved detailed layout plan with the Authority as a guarantee for completing development works/services within the prescribed period i.e. in three years.

Audit noted that M/s FIA Park Enclave Housing Scheme gave an undertaking on 23rd February, 2017 on behalf of the General Manager, FIA Park Enclave to abide by the terms contained in Modalities and Procedures framed by CDA in pursuance of ICT (Zoning) Regulation, 1992, particularly referred to in layout plan.

Audit observed that CDA withdrew the approval of layout plan in the light of minutes of annual general meeting dated 20th December, 2018 as M/s FIA Park Enclave Housing Scheme failed to acquire the land of society and did not develop housing scheme. This resulted into irregular approval of layout plan without mortgaged the saleable land of Rs 166.800 million.

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

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends effective monitoring by the authority as a regulator to safeguard the investment of the innocent people.

(DP. 38)

3.5.21 Loss due to mismanagement and improper decisions - Rs 166.11 million

Rule-I of CDA Procedure Manual Part-II (Financial Procedure) states that 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.

Audit noted from the accounts record of Estate Management Division No.II, CDA, Islamabad that a Plot No. 8, F-5/1, Islamabad measuring 18,055.55 sq. yard (3.73 Acre) meant for five star hotel was put to auction on 10th & 12th October, 1994 at a reserve price of Rs 5,000 per sq. yard. Mr. Nawab Khan Afridi & Others stood the highest bidder at a bid of Rs 9,200 per sq. yard.

Audit observed that the highest bid was cancelled by CDA on 27th November, 1994 due to non-deposit of the installment of premium. The 2nd highest bidder M/s Panorama Condominiums Pvt. Ltd. matched the bid with 1st highest @ Rs 9,200 per Sq. yard and deposited 1st installment of Rs 41,527,765. The allottee failed to deposit the premium and applicable taxes within prescribed period of six months, so the site was not handed over. Meantime one of the bidder M/s Pakistan Services Ltd. got stay order from Lahore High Court Rawalpindi Bench on 3rd March, 1996. Subsequently on 9th August, 1996 the Federal Government declared the said area as "Cordon Sanitaire". Consequently, on the direction of High Court, the CDA had to refund an amount of Rs 77,093,989 (Rs 41,527,776 plus 16% interest Rs 35,566,213) vide cheque No. 6108567 dated 27.06.2000.

Audit further observed that on 13th March, 2013, the said area was again put to auction without seeking permission/clarification from Federal Government regarding its earlier decision dated 9th August, 1996. M/s Hashwani Hotels Ltd. filed petition against the auction in Islamabad High Court. The High Court stopped the auction in October, 2018 with the direction to seek clarification from Federal Government regarding the status of "Cordon Sanitaire". Mismanagement and improper decisions of the authority resulted into loss of Rs 166.11 million (18,055.55 Sq. yards x Rs 9,200 per Sq. Yard).

Audit pointed out loss in March, 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for appropriate action and to hold a fact finding inquiry for fixing the responsibility for the loss and to ascertain the reasons as to why the management did not resort to the appropriate course of action to get the embargo of Federal Government revoked at initial stage.

(DP. 51)

3.5.22 Irregular change of trade without approval from the CDA Board - Rs 297.079 million and recurring loss due conversion at nominal conversion charges

According to the Islamabad Land Disposal Regulation 2005, Chapter III, Disposal of Plots, Condition No. 6(3) Commercial and Business plots of the Islamabad, plots already sold or leased out specifically for any of the activity may be put with the prior approval of the Authority and subject to restriction imposed by the Proviso to a different commercial activity on payment of conversion fee at the rated as may be fixed for different commercial activities by the CDA, Board from time to time.

Audit observed that CDA granted approval for trade change without approval of CDA Board involving Rs 297.079 million as detailed below:

(Rs in million)

DP No	Description	Remarks	Amount
20/2018-19	License was changed from Cold Storage to Warehouse	The change was granted by Member (Planning Wing) without getting approval from the CDA Board	157.079
39	Trade of seven (07) plots (No.52, 53, 54,57,58,59 and 60) in Sector I-9 was changed	Fake transfer letters for change of trade were issued for which an Enquiry was being held in FIA Crime Circle Rawalpindi.	140.000
		Total	**297.079**

Audit further observed that the Directorate Planning and Directorate Estate Management-II, CDA are in continuous practice to incorporate industry trade (called to be General/Open Trade) in the Brochure at first instance and subsequently changing it into commercial/semi commercial trades like warehouse, office, IT and computer hardware & software industry on the request of bidders by charging nominal conversion charges @ Rs 200 per sq.yard (prevailing rate).

Audit is of the view that as to why such non-commercial/industrial trades were being incorporated in the auction Broachers continuously, even if, these trades were not practically applicable. Audit was further of the opinion that this is very easy and alternate way to get the costly plot at low rate while, quoting open bid of industry plot at low rate. By adopting such practice of incorporating open trade in the Brochure by the Planning Wing and Estate Management Wing CDA, the Authority was sustaining a recurring huge loss due to converting the industrial trade into commercial/semi trade at nominal conversion rates instead of at market rates.

Audit pointed out the irregularity in June 2018 and April 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 18.09.2018 followed by reminders on 25.10.2018 and 04.01.2019.

Audit recommends for formulation of proper policy to save the Authority from loss and fixing responsibility against the person(s) at fault.

(DP. 39/2019-20, 20, 31/2018-19)

3.5.23 Non-preparation of detailed estimates for the works - Rs 144.080 million

Para-81(vi) and 82(i) of CDA Procedure Manual Part-III (Accounting Procedure) provides that for each work or component part there must be fully prepared detailed estimate showing complete specification, dimension, drawing design, history of the work to be done. Para-7.03 of CPWD code also provides that detailed estimates shall include detailed plans, specification, detailed statement of measurement, quantities with the history of work.

Audit noted that Deputy Director, Parliament Lodges & Government hostel Directorate CDA, Islamabad incurred expenditure of Rs 144.018 million on the works executed through contractors during 2017-18.

Audit observed that the works executed under the Directorate of Parliament lodges were of repair and maintenance nature relating to repainting of internal and external surfaces, upholstery and re-polishing of furniture, repair of lifts, supply of store material, supply of furniture etc. Audit further observed that the estimates of these works were silent about the history of work i.e. when these repair/installation or supply earlier made and after how much period this repairing, re-polishing, replacement, renovation is again carried out. Recording of work history reflects life of work previously executed. Hence while preparing detailed estimate, the history of work to be executed must be recorded to watch proper utilization and analysis of market rate should be attached with the estimates. This resulted in non-preparation of detailed estimates for the works Rs 144.080 million.

Audit pointed out the irregularity in August-2018. The Authority did not reply.

The matter was discussed in the DAC meeting held on 23rd January 2019, wherein, the DAC directed the Authority that standard SOP's should be prepared for each category of Major repair, minor repair etc. Approval should be obtained from the competent forum within 30 days. Compliance of DAC directive was not made till the finalization of this report.

Audit recommends compliance of DAC directive.

(DP. 66/2018-19)

3.5.24 Non-recovery of delay charges against late deposit of premium - Rs 69.635 million

Condition-9 of Annexure-G to Auction Brochure provides that charges would be levied at the rate of kibor + 1.5% on all types of delayed payments.

Audit noted that Estate Management-II CDA, Islamabad issued provisional acceptance letter of plot No.26-A (measuring 1100 sq. yards), G-9 Markaz, Islamabad in the name of successful bidders on 25.11.2013 @ Rs 420,000 per sq. yard with total premium of Rs 462.000 million.

Audit observed that the Director Estate Management-II, CDA, Islamabad did not ensure timely deposit of premium 1st, 2nd and 3rd instalments from the bibber against the said plot. The premium was paid by the lessee with delay of 2 to 2-1/2 years. Audit further observed that delay charges amounting to Rs 69.635 million were not imposed and recovered from the lessee. This resulted in non-recovery of Rs 69.635 million. (Rs 26.013 million for 1st installment, Rs 19.360 million for 2nd installment and Rs 24.262 million for 3rd installment).

Audit pointed out the non-recovery in June 2018. The Authority did not reply.

DAC meeting was not convened despite request by Audit.

Audit recommends for early recovery of delayed charges.

(DP. 25/2018-19)

3.5.25 Loss due to non-functioning of Cardiac Surgery Unit since its establishment in April 2016 - Rs 55.746 million

As per PC-I approved by CDA-DWP with a cost of Rs 96.319 million for establishment of cardiac surgery unit at CDA hospital in its meeting held on 29th April, 2014 included Rs 68.289 million for procurement of cardiac surgery equipment and Rs 28.030 million for HR requirement (salary for one year) with direction to make necessary appointments after completion of the procurement process.

Audit noted that CDA Hospital management awarded the procurement contract to M/s Mediland Pakistan (Pvt) Ltd at an agreement cost of Rs 67.589 million in November 2015 and cardiac unit was established in April 2016. PC-1 for establishing cardiac surgery department was based on the logic that an amount of Rs 45.251 million was paid to other hospitals against CDA patients referred for treatment during 2010-11 to 2012-13. Moreover, expenditure incurred on establishment of cardiac unit would be recovered in next 2-3 years by stopping the recurring expenditure in this regard in future.

Audit observed that after procurement of required equipment and establishment of cardiac surgery unit in April 2016, CDA hospital management entirely failed to implement the provisions of approved PC-I to get functional the unit. Due to non-functioning of the cardiac unit not only the cardiac equipment is going to be deteriorated with the passage of time besides exhausting of the provided warranty period but the Authority also sustained a loss of Rs 55.746 million in shape of payments to the other cardiac hospitals, made against referred cases.

Audit pointed out the loss in March 2019. The Authority replied that the main cause of delay was due to ban imposed by the Federal Government/Election Commission of Pakistan on recruitment, delay in appointment of Chairman CDA and delay in receipt of clarification regarding applicability of 20% quota for residents of ICT for the posts in CDA in order to implement the order passed by Honorable Islamabad High Court, Islamabad in writ petition No. 1648 of 2015 related to fixing/determination of quota for ICT.

The reply was not accepted because NOC for the recruitment was granted by Establishment Division vide letter dated 20th January, 2017 with validity period of 06 months and with the directions that recruitment process would be completed within 60 days from the date of advertisement. Whereas, letter for advertisement of posts was made in newspaper on 9th July, 2017 after lapsing of more than five and a half months from the date of issuance of NOC. Hospital management was required to start the process of recruitment well in time before procurement of necessary equipment for establishment of Cardiac Surgery Department.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation at higher level for fixing responsibility against the persons.

(DP. 25)

3.5.26 Non-recovery of fine and non-cancellation of the allotments/conveyance deeds of houses due to non-conforming use - Rs 35.785 million

As per Regulation 2.17.3 of Zoning (Building Control) Regulations, 2005 (Ban on non-conforming uses), 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 0.50 million 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.

Audit noted that Deputy Commissioner CDA Islamabad imposed fine under clause 2.17.3 of Islamabad Residential Sector Zoning Building Regulations 2005 against the owners of five (05) houses due to non-conforming use of the residential Houses, as reported by the Building Control Section CDA and the court (DC, CDA) directed Director Enforcement, Director Estate Management–I & Senior Special Magistrate/Additional Collector Recovery CDA to take necessary action towards recovery of fine, eviction of houses, cancellation of the allotments/conveyance deeds of the houses and taking possession of the houses, if non-conforming use was not removed even after three months. The owner was also directed to pay the fine within five (5) days and remove the non-conformity within 15 days, failing which after expiry of 15 days violator will be liable to pay a fine of Rs 5,000 per day.

Audit observed that the Director Estate Management-I along with other officers like Director Enforcement & Senior Special Magistrate/ Additional Collector Recovery CDA failed to comply with orders of the court towards recovery of fine Rs 35.785 million, eviction of house, cancellation of the allotments/conveyance deeds of the house and taking possession of the houses even laps of considerable period. This resulted into non-recovery of Rs 35.785 million, as detailed below:

S No.	House No	Total Fine (Rs)
1	House No. 22, Street No. 24, F-8/2 Islamabad	2,615,000
2	House No. 1181, G-9/4 Islamabad	2,580,000
3	House No. 46, G-11/2 Islamabad	8,585,000
4	House No. 384, Street 71, G-11/2 Islamabad	15,090,000
5	House No. 30, Street 35, G-6/2 Islamabad	6,915,000
Total		**35,785,000**

Audit pointed out the non-recovery in May, 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends early recovery of fine or cancellation of allotments/conveyance deeds of the houses.

(DP. 67)

3.5.27 Unauthentic increase in measurement of covered area - Rs 32.963 million and unauthorized double benefit of plots - Rs 16.300 million

According to Para 2(d) of The Islamabad Displaced Persons Rehabilitation Policy, 1996 in this policy, unless there is anything repugnant in the subject or context, Built-up properties means a residential house with covered area not less than 300 square feet.

Para 4(2) of the Policy regarding allotment of residential plots provides that where Built-up Property is acquired in Abadi Deh, residential plots will be allotted to the affectees notwithstanding the ownership of the land beneath the where built-up property on the following criteria:

	Area of BUP	**Plot size**
i)	300 to 499 Square feet	Plot of 25x50
ii)	500 Square feet and upwards	Plot of 30x60

The allotment will, however, be subject to the condition that the affectee has not availed any benefit against acquisition of land, if any, acquired from him.

Audit observed that Deputy Commissioner Land Directorate CDA announced an Award for acquisition of Built-up Properties (BUP) in the Revenue Estates Chatha Bakhtawar and Majuhan Tehsil & District Islamabad on 6th October, 2017 on the basis of Survey conducted by the Extra Assistance Director Land (EADL)/Naib Tehsildar CDA and Assistant Director (Technical) CDA. The dimensions and areas of plots were changed/enhanced through cutting the original entries after survey of the BUP and covered area of the BUP were enhanced to 300 sft. without lawful authority. This resulted into loss of Rs 32.963 million.

Audit further observed that affectees of various villages were allotted Agro Farms in Agro Farming Scheme but the legal heirs of the affectees were again allotted residential plots in Islamabad. This resulted in unauthorized double benefit involving Rs 16.300 million as detailed below:

DP No	Description	Amount	Remarks
29	Award for acquisition of Built up Properties (BUP) in the Revenue Estates Chatha Bakhtawar and Majuhan Tehsil & District Islamabad	2.963	Covered area of some of the BUP/buildings was less than 300 sft which was enhanced.
30		30.000	Dimensions of 10 BUP/buildings were changed/enhanced through cutting the original entries after survey of the BUP
34	A Award of Built up Properties of village Sehana	8.800	The Authority allotted residential plots to the legal heirs of affectees who already availed benefit of Agro Plots.
36	Residential plot No. 531 size (30 x 60) Sector I-12/1 Islamabad to legal hairs of Allah Dad (Sr. No.46) an affectee of village Chak Shehzad	7.500	Mr. Allah Dad was already allotted a Plot No. B-41 measuring 5.94 Acres in Poultry & Vegetable Scheme – II, Chak Shezad National Park Road, Islamabad
	Total	**49.263**	

3.5.28 Non-cancellation of contracts and non-forfeiture of security deposits of defaulting contractors - Rs 31.881 million

Clause 21-A of contract provide that the contractor shall give an undertaking that no member of his firm who has a financial interest in its profit and losses is a gazetted officer or are Assistant Director of CDA or is related to a gazetted officer or an Assistant Director of the CDA or to gazetted officer of the rank of Assistant Secretary or above of Works

Division, or any officer of the CDA and that the firm will not allow any such relation of an officer to have financial interest in the firm during the currency of the contract. In the event of a breach of this clause or of the undertaking or if the undertaking is found to be false the contract shall be liable to immediate cancellation and the security deposit of the contractor shall be liable forfeited and be absolutely at the disposal of the CDA.

Audit noted that Deputy Director Civil Coordination Directorate Parliament House CDA Islamabad awarded fourteen (14) works involving cost of Rs 31.881 million to M/s Hafiz & Brothers Engineers & Contractors and M/s BSK Engineers & Contractors during financial year 2018-19.

Further, both the contractors gave undertaking under clause 21-A that no member of my/our firm who has a financial interest in its profit and losses is a gazetted officer or an employee of the Authority and undertake that the firm will not allow any such relation of an officer to have financial interest in the firm during the currency of the contract. In the event of a breach of clause 21-A of the agreement or if the undertaking is found to be false the contract shall be liable to immediate cancellation and the security deposit shall be thereupon forfeited and placed absolutely at the disposal of the Authority.

Audit observed that the undertakings regarding non-relation certificate given by both the contractors seems false due to the following reasons:

i. CEO/owner of the firm M/s Hafiz Brothers Engineers & Contractors was real brother of Assistant Director (E&M) Maintenance Division Parliament House CDA Islamabad posted since 4th May, 2017.
ii. CEO/Chairman of the firm M/s BSK Engineers & Contractors was real uncle of Assistant Director (E&M) Maintenance Division Parliament House CDA Islamabad.

Audit further observed that the divisional management did not initiate punitive action under clause 21-A for immediate cancellation of the fourteen (14) contracts and forfeiture of security deposits of the contractors involving 31.881 million.

Audit pointed out irregularity in July 2019. The Authority replied that the contractors are working under sole proprietorship and there is no partnership in both firms their bank accounts are also solo type no joint bank account is found further the owner of firms and Assistant Director (E&M) is posted in E&M Division Parliament House who have no jurisdiction in Civil Division Parliament House and cannot use any influence on the work.

The reply was not accepted because the firms given false declaration but penal action regarding cancellation of the contracts and forfeiture of security deposits of the contractors due to breach of the clause of contracts was not initiated giving undue favour to the firms. Moreover, Assistant Director (E&M) was posted in the same Directorate of Coordination, Parliament House CDA Islamabad since 4^{th} May, 2017. Thus there was a conflict of interests which compromised the quality of the works executed. The quality of works executed and satisfactory execution/completion of the works was also not got verified from the Building Supervisors of the Parliament House, Cabinet Block and Jinnah Convention Center buildings where the works were got executed by these firms.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for early investigation at an appropriate level, fixing responsibility and action against the person(s) responsible.

(DP. 82)

3.5.29 Unauthorized payment of Session and Diet allowance - Rs 26.492 million

National Assembly Secretariat Memorandum No. F.20 (2) /74-Estt dated 16th May, 1975, provides additional pay/additional special pay to the officers of and above the status of Deputy Secretary and Session Allowance to other employees below the rank of Deputy Secretary in the National Assembly Secretariat only at the rate of 50 % of their basic pay (including special pay if any) for the duration of each session of the Assembly for the hard and arduous nature of work and long number of hours required to put during sessions by them.

According to Public Accounts Committee (PAC) directives issued vide letter dated 30th May, 2018 while discussing Para No.2.4.17 (AR-2015-16) (Unjustified expenditure on session allowance and diet charges - Rs 57.075 million) in a meeting held on 26th April, 2018 the Committee had already settled the Para in another meeting with the clear direction that all the CDA employees who are performing their duties in the Parliament House and Parliament Lodges are entitled for Diet and Session Allowance.

Audit noted that Coordination Directorate Parliament House (Civil & E/M) Maintenance CDA Islamabad and Directorate of Aiwan-e-Sadar, CDA, Islamabad made payment of Rs 26.492 million on account of Session Allowance as well as Diet Allowance to the employees of CDA deputed in Aiwan-e-Sadar, Cabinet Block, Jinnah Convention Center, National Monuments and Pak-China Friendship Center during financial year 2017-18 and 2018-19.

Audit observed that the Session and Diet Allowance was admissible only to the employees of CDA who are performing their duties in the Parliament House and Parliament Lodges. The employees performing their duties in Cabinet Block, Jinnah Convention Center, National Monuments and Pak-China Friendship Center were not entitled for the Allowances. This resulted in unauthorized/irregular payment of Rs 26.492 million.

Audit pointed out unauthorized/irregular payment in March and July 2019. The Authority replied that due to shortage of staff and to ensure its services smoothly and seamlessly, certain CDA employees who were deputed in Cabinet Block and Jinnah Convention Center were attached in working of the Parliament House, and hence become entitled for the session and diet allowance. Further these employees had been properly attached through formal Officer Orders/notification by the approval of competent authority.

The reply was not accepted. The Session and Diet allowances have been paid to the non-entitled employees existed on the sanctioned/working strength of Cabinet Block, Jinnah Convention Center and Pak China Friendship Center and also deputed on the operational duties in these buildings. Further the expenditure incurred on diet and session allowance was also charged to the budget allocation of the Cabinet Block, Jinnah Convention Center and Pak China Friendship Center which was irregular and unauthorized.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit of unauthorized payment.

(DP. 20, 81)

3.5.30 Non-accountal/non-disposal of replaced dismantled material - Rs 20.102 million

Rule 167 of General Financial Rules (Vol-I) provides that subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value. Each order declaring stores as unserviceable should record the full reasons for condemning them and how the condemned stores are to be disposed of i.e., whether by sale, public auction or otherwise. The head of the office should record full particulars regarding all condemned stores in suitable list from which their disposal can be watched.

Audit noted that Deputy Director, Parliament lodges & Government Hostel Directorate, Islamabad incurred an expenditure of Rs 71.793 million on account of replacement of furniture in Parliament lodges during 2017-18.

Audit observed that new furniture amounting to Rs 71.793 million was purchased for 120 family suits at Parliament lodges during 2016 to 2018. Similarly electric tube lights were replaced with SMD lights at agreement cost of Rs 4.048 million. Air conditioner, CCTV camera etc were replaced during 2017-18. Replacement of furniture, electric and mechanical items is a continuous process. Parliament lodges and government Hostel are prestigious buildings and the furniture, curtains mattress and other household items used by the dignitaries were in good condition and had much market value. For example furniture amounting to Rs 71.793 million containing chairs, tables were procured and replaced. Previous furniture was procured during 2012-14 which was in good condition and had at least its used cost upto Rs 20.102 million. Similarly 1000 tube lights were replaced with SMD light but the disposal of dismantled tube lights was not on record. Some other material like Air conditioner, geyser, lights etc. are regularly replaced and their proper disposal should be made as required under the rules. This resulted in non-accountal/disposal of dismantled material Rs 20.102 million.

Audit pointed out the matter in August-2018. The Authority did not reply.

The matter was discussed in the DAC meeting held on 23rd January 2019, wherein, the DAC directed CDA to pursue and effect recovery from the occupants/users. Para was pended.

Audit recommends for early compliance to the DAC directive.

(DP. 68/2018-19)

3.5.31 Acceptance of premium on market rate items in addition to admissible provision of overhead and profit - Rs 18.779 million

Clause-29 of contract agreement provides that the percentage in the tender will be reduced from or added to the gross amount of the bills for work done. Contractors are required to give only one percentage on the estimated amount put to tender.

As per standard procedure for preparation of the analysis of rates of non-schedule item following basic inputs have been updated in the individual rates analysis. The formula has been created by appropriate quantitative inputs of the following items.

Manpower	Hour and Number
Material	Weight, Volume, Length and Unit
Plant Equipment	Hour and Number
Contractor's Profit	10 percent respectively

Audit noted that Director, Aiwan-e-Saddar, and Deputy Director, (Civil) Coordination Directorate Parliament House CDA, Islamabad CDA, Islamabad prepared Engineers Estimate/NIT of the works for repair, maintenance, providing and fixing of materials at residency, R/M of Govt. buildings and other miscellaneous works for Aiwan-e-Saddar. A review of the Tender Register/Engineer Estimates indicated that two percentages were provided for calling of tender whereas as per afore quoted clause of contract only one percentage was required to be provided in the Engineer Estimate. Subsequently, the contractors quoted two percentages i.e. on MES Schedule and other percentage on non-schedule items.

Audit observed that item rate for non-scheduled items was derived from current market rate & profit was added thereon subsequently the work was put to tender. It is worth to mention that contract period of these contracts was about one to three months and no market fluctuation was anticipated to influence the market rates during this short period. This resulted in acceptance of premium on market rate items Rs 18.779 million.

Non-adherence to provision of standard parameters of item rate caused acceptance of higher rates/premium on market items.

Audit pointed out the irregularity in March and July 2019. The Authority replied that all estimates were prepared as per engineering practice in CDA. The procedure from estimate to tender may take 06 months to 04 years depending upon principle approval, technically sanctioned, preparation of NIT and advertisement in the newspapers according to PPRA rules. During the process as per rule CDA prepared comparative statement on the basis of percentage rates quoted on schedule and non-schedule items and then work was awarded to the lowest bidder.

The reply was not accepted because premium on non-schedule items based on current market rates including overhead and profit margin, from the range of 45.99% to 70% were accepted which seems on higher sides. Acceptance of higher premium up to 70% above on market based items is inadmissible resulted to loss to the government exchequer.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for recovery of premium paid on market rate items.

(DP. 13, 84)

3.5.32 Change of plots from under developed Sector to Developed Sector against the balloted results - Rs 7.000 million

According to Computer Balloting conducted on 17.08.2017 for transparent allotment of plots to the affectees of old Mouzas, 102 plots size 30x60 were allotted to the affectees through computer balloting in Sector I-12 duly signed by the Allotment Committee.

Audit noted that Director Land & Rehabilitation CDA, Islamabad allotted two (02) residential plots size (30 x 60) through computer balloting in Sector I-12/1 Islamabad to legal hairs of Allah Dad S/o

Barkhurdar and Said Muhammad S/o Badar Din the affectees of village Chak Shahzad on 17th August, 2017 against the Built-up Property (BUP) Award announced on 3rd May, 1976. The allotment letters were issued on 31st October, 2017.

Audit observed that later on these two plots were changed and allotted plots size 30x70 in Developed Sector I-11/2 in lieu of Plots size (30x60) in Sector I-12/1 on the choice of the allottees through corrigendum on 26th April, 2018 extending undue benefits to the allottees in violation of sanctity of the balloting. This resulted into loss of Rs 7.00 million to the authority.

Audit pointed out the loss in March, 2019. The Authority replied that the residential plots were allotted in Sector I-12 as per Presidential decision. Later on plots were changed in Sector I-11 through corrigendum on the choice of the allottees in lieu thereof.

The reply was not accepted. The plots size (30x60) were allotted through computer balloting in Sector I-12 which was changed and allotted plots size 30x70 in Developed Sector I-11/2 in lieu thereof on the choice of the allottees through corrigendum on 26th April, 2018 extending undue benefits to the allottees in violation of sanctity of the balloting.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends to investigate the matter.

(DP. 33)

3.5.33 Non-recovery of outstanding dues on account of booking charges of government buildings - Rs 5.065 million

Para 2 of CDA Procedure Manual, Part-II-Financial Procedure, states that all receipts must be realized and accounted for immediately.

Audit observed that Manager Marketing, Coordination Directorate, CDA Parliament House, Islamabad had not recovered rent and other charges from different government organizations for reservation of Pak China Friendship Centre building and Jinnah Convention Centre building, Islamabad. This resulted into non-recovery of booking charges of Rs 5.065 million.

Audit pointed out non-recovery of outstanding dues in December, 2018. The Authority replied that the buildings were got reserved by government departments for holding of functions with a promise to deposit the required rent shortly. However, despite repeated requests the departments did not deposit the outstanding dues.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends early recovery of outstanding dues.

(DP. 02)

3.5.34 Non-verification of degrees of the employees and non-observance of merit quotas

As per provision of CDA Employees Service Regulations 1992 and condition of offer letters, the regularization of service was subject to checking of original documents viz. first engagement letter, last extension letter of service, CNIC, academic certificate/degrees, experience certificates, domicile etc. at the time of joining. As per condition of the offer letter, later on these documents shall be checked/verified from concerned Boards/Universities/Departments by concerned Directorate, CDA within three months. In case during their period these record/documents found counterfeit, a criminal as well as disciplinary proceeding shall be initiated against the individuals under CDA (Employees) Service Regulations, 1992.

As per ESTA Code Sl No.17(2) regarding verification of antecedents on first appointment, all Federal Government

Ministries/Divisions/Department including FPSC will make simultaneous references for security clearance of employees appointed from following agencies according to the revised procedure:

1) Intelligence Bureau.
2) District Police.
3) Special Branch of Provincial Police concerned.

Audit observed that Secretary, CDA Board was assigned the duty for cross verification of Degrees of CDA officers from HEC. A total of 850 degrees of officers was to be sent to HEC for verification but details showing verified and un-verified degrees was not available. This resulted into non-verification of degrees/educational certificates of CDA officers.

Audit further observed that Director Land & Rehabilitation, CDA, Islamabad regularized twenty four (24) patwaries (Revenue Clerks) in the Directorate but antecedents/character of the employees for security clearance were not got verified by the above agencies. Audit further observed that during regularization, merit quotas were not observed as 100% appointments of Patwaries reportedly pertained to the Province Punjab. Due to this, not only peoples of Punjab Province were accommodated, but other provinces/regions were also deprived equally. This constituted serious lapses on the part of management.

Audit pointed out the matter in June 2018 and October 2019. The Authority replied in case of verification of degrees that HRD Directorate was requested for the provision of list of CDA officers but the requisite information was not provided by HRD. However, so far 306 officer's CDA degrees were sent to HEC for cross verification/Authentication out of which 231 have been received and the response of remaining 75 officer's CDA degree are still awaited, while batches continuing on 25 each are being sent every fortnightly to HEC for re-verification. In other case the Authority did not reply.

As admitted in reply that Human Resource Directorate CDA has not furnished details of CDA officers BPS-16 and above to Secretary

CDA, Board. HRD Directorate is under administrative control of Member Admn, CDA. Matter of non-furnishing of details of CDA officers to Secretary CDA for degrees' verification is a serious administrative lapse which should be reported to the Member Admn and CDA, Board.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends early verification of degrees.

(DP. 87, 6/2018-19)

METROPOLITAN CORPORATION ISLAMABAD (MCI)

3.5.35 Non-recovery of outstanding dues in respect of License fee, utilities and conservancy - Rs 2,893.864 million

Para 2 of CDA Procedure Manual, Part-II (Financial Procedure) states that all receipts must be realized and accounted for immediately.

Para 401 of CDA Procedure Manual Part-III states that 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.

Audit noted that the 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 against license fee, space charges, Utilities (Water, Electricity, Gas) etc. involving Rs 2,893.864 million. Neither facilities were disconnected nor were concrete measures taken towards recovery. This resulted in non-recovery of Rs 2,893.864 million **(Annexure-G).**

Audit pointed out non-recovery during March, May and November 2019. The Authority did not reply in most of the cases. Where replied, they promised to recover the dues at the earliest.

No progress towards recovery of dues was reported till finalization of the Report.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

3.5.36 Absence of permanent record and licenses receipts record of Base Transceiver Stations (BTS) since 2005 - Rs 1,302.00 million

Para 3-d of new accounting system and budgeting 2004 issued by Finance Division with regard to realization of receipts provides that in the matter of receipts pertaining to his Ministry/Division, the Principal Accounting Officer is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of the departments under his control.

Audit noted that Directorate of Municipal Administration, MCI issued 620 numbers licenses to different Cellular Operators for installation of B.T.S Towers in CDA/ICT Areas from 2005 to August 2019.

Audit observed that an inventory of said B.T.S towers and licenses record was not maintained by the DMA. Due to non-maintenance of permanent record i.e. license fee ledgers, collection/realization of license fee and actual receipts was not properly maintained. This resulted into non-maintenance of permanent record for due receipt Rs 1,302.00 million.

No. of BTS Towers	= 620 Nos.
License fee of BTS Tower	= Rs 150,000 per annum
Period (2005 to 2019)	= 14 years
Amount (620x150,000x14)	= Rs 1,302.00 million

Audit pointed out the irregularity in August 2019. The department replied that receipt ledgers were being prepared and actual recoverable amounts will be worked out in due course of time.

The reply was not accepted as huge amount was outstanding for which neither ledgers were maintained nor recovery was followed and effected.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends to maintain permanent record for B.T.S Towers to ascertain actual amount due and received.

(DP. 59)

3.5.37 Irregular creation of liability without approval of the federal government - Rs 1,068.151 million

According to Article 130 (1) of Islamabad Capital Territory Local Government Act, 2015 the Government or an officer designated by the Government shall, within one hundred and eighty days of the commencement of this Act, divide rights, assets and liabilities of the local governments or the Authority amongst the local governments and the Government or the Authority, and the decision of the Government or of the designated officer shall be final. (2) The Government shall bring all bye-laws, rules, regulations, notifications or any other legal instrument, issued under any law in force on the date of commencement of this Act, in conformity with this Act within a period of two years from the date of commencement of this Act.

Audit noted that in pursuance of Government of Pakistan, Ministry of Interior's Notification dated 14th June, 2016, twenty three (23) formation of CDA including Directorate of Sanitation were transferred and placed under the administrative control of the Mayor of the Islamabad along with all rights, assets and liabilities by virtue of Islamabad Capital Territory Local Government Act 2015.

Audit further noted that as per Administrative Wing CDA order dated 27th June, 2016, consequent upon transfer of Sanitation Directorate to the Mayor, Islamabad Metropolitan Corporation with all rights, assets and liabilities, all officers/officials of Sanitation Directorate were stand transferred to the MCI.

Audit observed that Director, Sanitation did not ensure that:

1. More than 70% staff of CDA was to be transferred to the MCI. Neither segregation of staff has been made nor have personal files, service books with list of officers/officials been taken over by the Directorate of Sanitation, MCI.

2. The employees transferred to MCI were to continue to draw pay & allowance from CDA till close of financial year 2015-16 as per sub-section 4 of Section 129 of the Act. However, if budgetary allocations for the financial year 2016-17 to MCI were delayed by the Federal Government, CDA has to pay salaries to the transferred staff for another period of two months on instructions of the Government. Nevertheless, in that case CDA will recoup the expenditure from the MCI through Government. Audit has observed from detail of expenditure for the year 2018-19 that the Director, Sanitation MCI has withdrawn Rs 490.696 million for payment of salaries to officers and staff and Rs 577.455 million for non-salary expenditure of Sanitation Directorate. The Sanitation Directorate has not so far arranged funds from Government for recoupment to CDA despite lapse of a period more than three years.

3. Directorate of Sanitation was required to start immediately process of handing over of all assets, rights and liabilities to the MCI and furnish complete and final lists of assets, rights and liabilities taken over by MCI duly countersigned by the Chief Officer MCI to the Chairman CDA within a period of month. The book value of the assets/liabilities were also to be indicated for book keeping and preparation of balance sheet of the entity. Audit has observed that the assets of Sanitation Directorate were un-accounted for despite expiry of period of more than three years.

4. All financial instruments like Bank Guarantees, pay orders on the name of CDA were to be dealt with in accordance

with terms and conditions of the contracts. The formation has not passed contractual/legal obligations to the legal successor of CDA i.e. MCI as per terms and conditions of contract. Name and address of new legal successor/employer has not been notified till date.

5. The Sanitation Directorate, MCI with effect from 1st July, 2016 was responsible for payment of bills of utilities/services to IESCO, SNGPL etc. and transfer of service on the name of MCI within one month. No such transfer of services in the name of MCI were made.

Audit maintains that liability of Rs 1,068.151 million was created without approval of the federal government due to non-completion of transition and poor management.

Audit pointed out the irregularity in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends for regularization besides action against the responsible(s).

(DP. 81)

3.5.38 Loss due to non-utilization of Plant & Machinery at optimal level - Rs 223.115 million

Para 425 of Capital Development Authority Procedure Manual Part-III-Accounting Procedures states "in order to exercise effective control on the running and maintenance of plant and machinery and on the recovery of correct hire charges the Deputy Director (Operation) will prepare annually, sufficiently in advance of 1st July separate estimate for the running and maintenance of each important and costly machine or plant chargeable to head plants and machinery. Having estimated the amount, the total number of working hours for which each machine or plant is expected to be used during the year will be arrived at on the basis of this data running rate per hour of each machine or plant will be worked out separately. These rates will be utilized for making recoveries of hire charges.

Audit noted that Machinery Pool Organization (Operation) incurred an expenditure of Rs 344.382 million on account of Establishment Charges, POL, and Machinery etc. during the year 2018-19 for Plant & Carpeting work. Audit further noted that an expenditure of Rs 29.261 million was made on account of Pay & Allowances of the employees of different shops established in MPO Directorate during the year 2018-19.

Audit observed that MPO Maintenance division executed works during the financial year 2018-19 for Rs 150.086 having deficit of Rs 194.296 million. Audit further observed in respect of shops that the total output for the shops during the financial year was only Rs 1,434,000 which clearly indicates that the works executed by these shops were not up to the mark and resulted in a deficit of Rs 27.827 million. This resulted in loss of Rs 223.115 million to the Authority due to non-utilization of Plant & Machinery and shops at its optimal level.

Audit pointed out the loss during August-September 2019. The department replied that proforma account of the formation shows that MPO's Directorate remained in good financial achievement.

The reply was not accepted as the total cost of materials, pay and allowances etc. was more than the output of the machinery and shops.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends improvement in the output of the machinery and shops to save the department from losses.

(DP. 54, 55)

3.5.39 Un-authorized expenditure due to deployment of excess staff than sanction strength - Rs 215.520 million

As per Para 4.02 of CDA Service Regulation 1992, all appointments in CDA shall be made against sanctioned posts only and appointments to all the posts shall be made with the approval of the competent authority.

Para 4.12 of CDA Service Regulations with regards to observance of merit and provincial quotas provides that (1) vacancies in all posts carrying basic pay scale 3 and above shall be filled on all Pakistan basis in accordance with the merit and provincial and regional quotas prescribed by the Federal Government for Civil posts from time to time.

Audit noted during audit of Directorate of Municipal Administration, MCI Islamabad that 379 employees including officers/ officials were on working strength of DMA out of which pay & allowances shown paid to 335 employees excluding officers, daily wagers and contingent staff for Rs 17.960 million per month.

Audit observed that deployment of officers/staff was not made against sanctioned strength. In absence of approved/sanctioned strength, posting of employees without clear post and approved budget cannot be justified. Many posts of Supervisory Officers i.e. two Deputy Director, four Assistant Directors, two Admin Officers and six Assistants were laying vacant. This resulted into deployment of lower staff in excess without approved sanctioned strength and unauthorized expenditure of Rs 215.520 million for the financial year 2018-19.

The reply did not furnish reply to audit observation.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends rationalization of the staff as per requirement.

(DP. 73)

3.5.40 Loss due to non-collection of license fee from various business operations - Rs 132.707 million

As per Islamabad Capital Territory Municipal Bye-Laws, 1969, Chapter XII Licensing of Trades, rule 94 and 97, Every application for a license and every license issued under these bye-laws shall be got registered by the Director in the license register prescribed for the purpose. Whoever carries on any licensable trade without obtaining a license therefore or carries on that trade during the period of suspension of a license or after the same has been revoked or the period of its validity has expired, shall be punishable with a fine which may extend to Rs 500 or in the event of a continuous breach, Rs 20 per day during which the breach continues as below:

License Fee:

Sr. No	Category	License fee
1	Hotel/Restaurants/fast food	Rs 5,000 to Rs 25,000
2	Departmental store	Rs 10,000 to Rs 20,000
3	Dry cleaners	Rs 5,000 to Rs 20,000
4	Printing press	Rs 15,000
5	Beauty parlors	Rs 10,000
6	Chemist	Rs 15,000
7	Private Hospitals	Rs 15,000 to Rs 100,000
8	Engineers firms	Rs 50,000
9	Wedding Halls	Rs 75,000
10	Catering	Rs 25,000
11	Private educational institutes (college universities etc.	Rs 15,000 to Rs 30,000

Audit noted that number of business are operational in Islamabad such as Hotels, factories, private hospitals, Banks, Multinational Companies, Chemists Druggists, Civil Engineering offices for construction and consultancy purposes, CNG/Petrol pumps, Auto Mobile Workshops, Showrooms, Jewelers shops, Cloth Shops and Departmental

Stores etc. CDA Finance wing during the year 2013 approved new rates ranging from Rs 10,000 to Rs 100,000 on per annum basis keeping in view the category of business.

Audit observed that the Directorate failed to recover any amount for past several years. Only small business fall under the range of Rs 3000 per annum were charged for trade license fee and all other categories were not perused for the reasons best known by the management. Audit calculated data form internet and found that 70 air-conditioned hotels and 21 air conditioned bakeries and several private Hospitals, restaurants, Super stores, printing press, private colleges and schools factories etc. were operational in Islamabad. The Directorate produced only details of license fee collected from small businesses i.e. general store, small sweets and bakery shops, milk shop, Nan shop and misc. shop heads whose fee is ranging from Rs 2,000 to Rs 5,000 total fee calculated in this head was only Rs 7.667 million. Moreover, license register was not maintained by the Directorate to authenticate proper number of businesses in each sector and their full address and amount due/balances outstanding against them from past several years against the rules referred above. This resulted into loss of Rs 132.707 million per annum.

Audit pointed out the irregularity in February, 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends that the matter be taken up at higher level to enhance the revenue of the department by issuing licenses and recovering license fees.

(DP. 20)

3.5.41 Preparation of Performa Account on the basis of un-authentic income - Rs 118.121 million

Para 389 of Chapter-VII of CDA Procedure Manual Part-III provides that the Machinery Pool Organization (MPO) has been established for departmental purposes. Its accounts should therefore, be maintained in such a way as should enable the organization to prepare its Performa annually, these accounts will facilitate review of financial results of the organization at the end of every year.

Para 421 further provides that Annual Performa of the workshop will be prepared by the Deputy Director Workshop immediately after the accounts for the year have been finally closed. After approval of the Director M.P.O. these accounts will be submitted to the Director Accounts for review.

Audit noted that as per Performa for the year 2018-19, the MPO Directorate MCI Islamabad incurred an expenditure of Rs 887.832 million and shown raising/revenue of Rs 1,005.953 million and a net profit of Rs 118.121 million.

Audit observed that the raising/revenue includes an amount of Rs 194.099 million which was outstanding (Rs 123.310 million on account of hire charges of machinery, Rs 1.434 on account of workshops and Rs 69.355 million on other heads). Audit further observed that recovery on account of hire charges of machinery and workshops etc. was never made by the MPO Directorate in previous years. If the factor of non-recovery be taken into account, the directorate was completely in loss instead of profit, therefore the figures of net profit purely based on assumption basis. This resulted in unjustified showing of income in the Performa involving Rs 118.121 million.

Audit pointed out the irregularity during August-September 2019. The department replied that it is true that recoveries regarding hire charges are not still received from sister formations but for showing actual position of earning, expenditure and liabilities, it was necessary to show all the detail in Performa.

The department admitted the fact that the hire charges were never recovered.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 57)

3.5.42 Loss due to non-receipt/realization of rent - Rs 116.160 million

According to letter No. CDA/DMA/MF-15(1)/Genl/2013/1342 dated 1st November 2013, the Directorate Municipal Administration cancelled all licenses of Kiosks/Tea Stall etc. within and out of the Municipal limits of Islamabad.

During Audit of Directorate of Municipal Administration, MCI for the financial year 2018-19, it was noted that DMA Islamabad restored 484 kiosks and tea stalls etc. within CDA limits.

Audit observed that monthly rental charges were not recovered from the allottees of the kiosks/khokhas 484 numbers already restored by the DMA. Further hundreds of kiosks/shops were opened and operational, but not entered in the records of Municipal Administration CDA. In this way DMA & MCI were bearing a loss due to non-realization of monthly rent from these kiosks. This resulted into loss of revenue due to non-receipt of rent of Rs 116.160 million from the beneficiaries of these kiosks in CDA/ICT limit.

Audit pointed out loss in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends immediate measures to recover the due rent from the beneficiaries of the Kiosks at the earliest.

(DP. 71)

3.5.43 Less-recovery on account of license fee issued for temporary site/office camp - Rs 82.963 million

Policy regarding open space vide Para 33 to 37 was approved by the Chairman, CDA on 28th April, 2014 as proposed vide Para 36(ii) i.e. grant of temporary permission/license for using the open land adjacent to organizations i.e. Hospitals, Universities, Institutions etc. for temporary parking of their vehicles subject to payment of monthly license fee @ 143 per square yard and as per standard terms and conditions.

Para 36(iv) of policy clearly provides that there is no rate for erecting the temporary removable sheds at front or adjacent the shops to avoid the seasonal effects, however rate of open space Rs 143x3 is to be charged.

Audit noted that Deputy Director Municipal Administration MCI issued provisional offer of temporary permission to use open space for camp office for construction purpose by M/s U.S.A Embassy Islamabad on 6th July, 2017 measuring 243 Acres 11,764.70 square yards for period of 05 years @ 143 per square yard per month to be paid in advance.

Audit further noted that rate of Rs 450 per square yard was approved for covered areas and Rs 143 per square yard for open space as provided in offer letter dated 3rd February, 2015 for similar activity of establishment of temporary site/office camp of the construction working on the project of new U.S Embassy compared at Diplomatic Enclave Islamabad. In this letter license was also issued for 2.43 acres land (11,797 square yards) out of which 4,504 square yards was allowed as covered area @ 450 per square yard and remaining 7,293 square yards @ 143/- as open space.

Audit observed that rate of open space @ 143 was applied for 100% area for construction camp office/site office instead of due rate Rs 450 per square yard for covered area for 4,504 square yards. This resulted into less recovery Rs 82.963 million.

Audit pointed out less recovery in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends for effecting recovery on admissible rate at the earliest.

(DP. 62)

3.5.44 Unfair/non-transparent issuance of permissions for advertisements - Rs 81.893 million

Rule-18 of Procedure Manual Part-II CDA, (Financial Procedure) provides that every officer whose duty is to prepare and render any accounts or returns in respect of authority funds or stores is personally responsible for their competences and strict accuracy and their dispatch within the prescribed date Para-19 further state that an officer who signs or countersigns a certificate is personally responsible for the facts. Certified to when a certificate is signed, the officer signing it, will be held responsible for its authenticity.

Audit noted Directorate of Municipal Administration, MCI granted permissions to display Steamers in Islamabad mostly for Promotion/ Advertisement of products, commercial activities throughout the year. As per terms and conditions of advertisements, the applicant may apply seven (07) days before their campaign. The applicant/firm will arrange fee/tax in advance. In addition to dues/taxes security deposit equal to three times of the tax in shape of pay orders in favour of DDO/DMA CDA shall be deposited by the advertisers. Security deposited shall be forfeited in case of violations and if steamers are not removed after expiry of the permission.

Audit observed that approved procedure and conditions were not fulfilled while allowing permissions for advertisements by the DMA MCI. For example temporary permission for display of 50 numbers of Malam Jabbas Steamers in Islamabad were allowed to M/s Sign Act, F-7 Markaz Islamabad without obtaining application of advertiser. Moreover, pay order dated 19th February, 2018 was unduly retained by the A&C Section and deposited in DDO Accounts on 16th March, 2018 after expiry of display dates 20th February, 2018 to 26th February, 2018. In another case permission was conveyed to M/s Marab advertising & marketing Pvt. Ltd Islamabad for display of 30 Nos “Shaheen Grocers” steamers in F-7 w.e.f 15th May, 2017 to 21st May, 2017 whereas, advertiser applied on 3rd May, 2017. In case of permission granted to Project Manager Brand Login for permission of stall of ‘KNORR’ w.e.f. 19th August, 2017 to 31st August, 2017 for which application dated 17th August, 2017 was entertained without required details. Pay order dated 18th August, 2017 for Rs 273,000 was submitted to DDO on 13th September, 2017.

Further, the approved procedure was not followed, cutting/overwriting in numbers of steamers were found, further pay orders submitted in the name of DDO/DMA were unduly retained by A&C section, DMA and not deposited in DDO account. Sites were not inspected by the Deputy Director and Director Municipal Administration to check the display of Steamers as per permit issued. Removal of Steamers by the advertisers were not checked and reported. In many cases steamers were not removed for months. Security deposited three times of bids by advertisers were not shown entered in the cash book, monthly accounts. This resulted into unfair/non-transparent issuance of permissions for advertisements Rs 81.893 million.

Audit pointed out the irregularity in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 10.12.2019 followed by reminder on 19.12.2019.

Audit recommends for observance of rules and regulations in later and spirit besides action against the responsible(s).

(DP. 67)

3.5.45 Illegal occupation of area over and above the authorized area - Rs 69.576 million

As per condition-4 of letter of acceptance, in case of any default or non-observance or violation of any of the terms and conditions of license, the Authority may terminate the license and eject the licensee from the premises of the stand and take over its possession of such termination.

A. Audit noted that the MCI awarded open space measuring 4,610 sq. yards to M/s Marriot Hotel Islamabad for vehicle/Car parking purpose @ Rs 565,000 per annum in the year 2002. Audit further noted that the license was renewed from time to time and last renewal was made on 19 December 2016 for one year @ Rs 143 per sq. yard for 4,610 sq. yards.

Audit observed that physical inspection was carried out for the site awarded to M/s Marriot Hotel and it was noticed that the licensee was utilizing an area of 12,000 sq. yards instead of permissible/awarded space of 4,610 sq. yards. An excessive area of 7,390 sq. yards was occupied and utilized by the licensee since September 2013. No action was taken by the Authority and recovery for use of excessive area was also not made. This resulted in illegal occupation of excessive area than licensed and non-recovery of Rs 61.293 million.

Audit pointed out the non-recovery in February, 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 13)

B. As per para-2 of offer letter for temporary permission for car parking to M/s KRL, the competent authority has approved open space measuring 1000 sq. yards for car parking in front of KRL hospital G-9/1 Islamabad.

Audit noted that the DMA MCI Islamabad awarded open space measuring 1,000 sq. yards to the KRL Hospital for vehicle/Car parking purpose @ Rs 5 per sq. yard on 19th December 2006. The period of license was renewed from time to time and last renewal was made for the period of 04.2018 to 06.2019 @ Rs 15 per sq. yard.

Audit observed that M/s KRL physically occupied a space measuring 4,245 sq. yards whereas, their license was for 1,000 sq. yards. The recovery for excessive area for the period of occupation to date was not available in record involving Rs 8.283 million.

Audit pointed out the non-recovery in February, 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 12)

3.5.46 Loss due to award of open space at lesser rates - Rs 41.825 million

As per the Gazette of Pakistan, Part-II Statutory Notification, CDA Directorate of Municipal Administration dated 7th September 2015, open space charges were fixed as Rs 143 per square yard in Islamabad.

Audit noted that the DMA MCI Islamabad awarded open space measuring 9,077 sq. yards to the IB department Govt. of Pakistan @ Rs 15 per sq. yard for a period of one year extendable for further period.

Audit observed that the approved notified rate for open space was Rs 143 per sq. yard whereas, land was allotted to the said government department at Rs 15 per sq. yard with the plea that there was no rate for government agencies and provisional rates were allowed which could be revised. A period of three years was lapsed but the rates were not revised. This resulted in loss due to allotment of land at lesser rates involving Rs 41.825 million. Audit further observed that land to other departments such as Pakistan Software Export Board and KRL was also allotted on said provisional rates.

Audit pointed out the loss in February, 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends for application of approved notified rates to all the government departments.

(DP. 16)

3.5.47 Non-deposit of revenue by the licensees of Melody Food Park - Rs 4.311 million

Para 3 of CDA Procedue Manual, Part-III, Accounting Procedure states that money realized, whether in the form of cash or cheques should be deposited by DDO in ban account immediately on receipt.

Audit noted that in Directorate of Municipal Administration, dealing officer of Melody Food Park receives pay orders, demand drafts from different licensees in respect of trade business of restaurant/cafe/fast food shop etc. It was the responsibility of dealing officers to deposit the pay order/demand draft on timely bases.

Audit observed that in several cases original pay orders were lying in files from last three (03) to six (06) months which were not deposited in department's accounts. This resulted in non-deposit of DMA receipts of Rs 4.311 million.

Audit pointed out non-deposit of revenue in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends disciplinary action against the person(s) at fault.

(DP. 25, 80)

3.5.48 Un-authorized payment of diet charges and session allowance - Rs 4.204 million

National Assembly Secretariat Memorandum No. F.20 (2) /74-Estt dated 16th May, 1975, provides Additional Pay/Additional special pay to the officers of and above the status of Deputy Secretary, and Session Allowance to other employees below the rank of Deputy Secretary in the National Assembly Secretariat only at the rate of 50 % of their basic pay (including special pay if any) for the duration of each session of the Assembly for the hard and arduous nature of work and long number of hours required to put during sessions by them.

According to Public Accounts Committee (PAC) directives issued vide No. PAC.16-SC-IV(PAC) dated 30th May, 2018 while discussing Para No.2.4.17 (AR-2015-16) (Unjustified expenditure on session allowance and diet charges Rs 57.075 million) in a meeting held on 26th April, 2018 the Committee had already settled the Para in another meeting with the clear direction that all the CDA employees who are performing their duties in the Parliament House and Parliament Lodges are entitled for Diet and Session Allowance.

Audit noted that that Directorate of Environment East, MCI Islamabad paid an amount of Rs 4.204 million on account of session allowance and diet charges during the year 2017-18 to the regular employees working for horticulture activity around the Parliament House, Awan-e-Saddar and Constitution Avenue.

Audit observed that the subject pay/allowances were admissible only to the employees of National Assembly Secretariat. Non-adherence to rules caused unjustified payment on account of session and diet allowance for Rs 4.204 million.

Audit pointed out the unjustified payment in November, 2018. The department replied that diet charges and session allowance are being paid to the staff of Environment wing for their duties in Parliament house, Parliament lodges and MNA Hostel who are performing their duties devotedly to beautify the area of Parliament House, Cabinet Division, and Parliament Lodges etc.

The reply was not accepted because Session Allowance and Diet Charges were only admissible to the employees of National Assembly Secretariat. Therefore payment of such allowances to the environment staff stands unauthorized and overpayment which needs recovery.

DAC meeting was not convened despite request by Audit on 30.08.2019 followed by reminder on 19.12.2019.

Audit recommends for recovery of unauthorized payment.

(DP. 02)

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 7th December, 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 and things 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. Presently, it is the Secretary Aviation. 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 Resources) 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

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue/ Receipts audited FY 2018-19
1	Formations	68	17	24,915.989	24,162.68
2	Assignment Accounts SDAs, RFAs (excluding FAP)	04	02*	*714.77*	-

* 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 2018-19 (unapproved) disclosed the figures of budget, revenue and expenditure as follows:

a. Revenue

(Rs in million)

Description	Target	2018-19		
		Realized	Excess/ (Shortfall)	Excess/ (Shortfall) %
Aeronautical	77,183	77,147	(36)	(0.047)

Description	Target	2018-19		
		Realized	Excess/	Excess/
Non-Aeronautical	8,846	8,978	132	1.492
Inspection and services	192	198	6	3.125
Returns on Bank Deposits	2,268	2,673	405	17.857
Revaluation gain on investment property	-	23,000 *	23,000	27.49 %
Other	149	150	1	0.671
Total	**88,638**	**112,146**	**23,508**	**26.521**

*Balance at the beginning of the year was Rs 83,661 million during the year after revaluation gain on Investment property was Rs 23,000 million, which is 27.49 % of the beginning value.

Audit noticed that:

- The aeronautical revenue realized was 0.047% less than the target. The Authority was able to achieve the target.
- Non-aeronautical revenue was 1.492% more than the targeted revenue, this suggest that the Authority was able to achieve its targets relating to non-aeronautical revenue.
- The overall revenue realized as shown by the Authority was Rs 112,146 million, for the financial year 2018-19 representing 26.521% which was more than the targeted revenue of Rs.88,638 million. The main reason of enhancement in revenue was due to revaluation gain on investment property of Rs 23,000 million. The Authority includes gain on property due to revaluation of Rs 23,000 million in its revenue. It could not be included in its revenue being non-cash gain.
- The actual overall revenue realized was Rs 89,146 million (Rs 112,146 million – Rs 23,000 million) representing 0.57% higher than the targeted revenue of Rs 88,638 million.

- Approved Audited financial statements from CAA Board for the year 2018-19 were not produced by the Authority till the finalization of this report despite repeated requests of Audit. Therefore, Audit is unable to comment on the accounts and financial statements.

b. Budget and Expenditure

(Rs in million)

Description	Budget	Revised Budget	Actual Expense (Unapproved)	Excess/ (Saving)	Excess/ (Saving) %
Non-Development					
	A	**b**	**C**	**d=(c-b)**	**e=d/b*100**
Establishment	23,312	26,194	22,051	(4,143)	(15.82)
Administrative Expenditure	8,649	7,069	5,620	(1,449)	(20.50)
Repair & maintenance	1,748	1,659	1,348	(311)	(18.75)
Provision for doubtful receivables	11,403	13,452	15,429	1,977	14.70
Depreciation	6,411	10,331	9,742	(589)	(5.70)
Revaluation Deficit	-	-	4,853	4,853	100
Financial charges	4	14	68	54	385.71
Total Non-Development	**51,527**	**58,719**	**59,111**	**392**	**0.67**
Development					
PSDP	2093	755	546	(209)	(27.68)
Annual Development Programme	35,364	20,311	13,437	(6,874)	(33.84)
Total Development	**37,457**	**21,066**	**13,983**	**(7,083)**	**33.62**
Grant Total	**88,984**	**79,785**	**73,094**	**(6,691)**	**8.39**

The total revised budget allocation for the year 2018-19 in non-development and Annual Development Programme was Rs 79,785 million. An expenditure of Rs 73,094 million was incurred out of the revised budget allocation. This resulted in saving of Rs 6,691 million representing 8.39% of total revised budget allocation.

Audit noticed that:

- The non-development expenditure of the Authority was 0.67 % more than the approved revised budget.
- Financial charges paid by the Authority was 385.71% more than the approved revised budget
- In PSDP there was a saving of Rs 209 million representing 27.68% 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 budget, there was a saving of Rs 6,874 million representing 33.84% of the budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for development projects.

4.3 Classified summary of Audit observations

Audit observations amounting[9] to Rs 27,280.842 million were raised in this audit report. This amount also includes recoverable of Rs 15,077.174 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*	*425.445*

[9] The amount under audit observations is more than the expenditure audited due to multiple audit observations on a transaction, non-expenditure transactions like PC-I, award of works, losses, etc

S. No.	Classification	Amount (Rs in million)
B	*Procurement related irregularities*	*4,169.108*
C	*Management of accounts with commercial banks*	*2,200.000*
D	*Execution of works, contract agreement*	*17,888.455*
2	Value for money and service delivery issues	2,534.188
3	Others	65.646

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	-
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

Year	Total Paras	No. of Para Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
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
	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 2018-19 have not been discussed by PAC till the finalization of this Audit Report.

4.5 AUDIT PARAS

4.5.1 Non-handing/taking over of assets of CAA Rs 144,884.819 million

According to Chapter-1 of CAA Lands Manual (CAAO No. 11-3) dated 28th February, 1989, the Airport Managers are the authorized agents of the Civil Aviation Authority for the administration of lands and estates the property of the Civil Aviation Authority and perform the functions prescribed by these Orders.

Audit noted during audit of Airport Manager, International Airport Islamabad that on inauguration of new Islamabad International Airport, the airport functions of Benazir Bhutto International Airport (BBIAP) were shifted to the new airport on 14th March, 2018. Audit further noted that the land and other property of the Civil Aviation Authority at the old airport was taken over by the PAF on 14th March, 2018.

Audit observed that proper handing and taking over of CAA assets at BBIAP was not made between PAF and CAA. This resulted in irregular handing over of assets without proper taking over/adjustment of assets of CAA worth Rs 144,884.819 million.

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Audit pointed out irregularity in September 2019. The Authority replied that the matter of proper handing/taking over of CAA assets has been taken up with PAF.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for proper handing/taking over the assets.

(DP. 158)

4.5.2 Non-realization of revenue on account of aeronautical, non-aeronautical and utility charges - Rs 14,584.32 million

According to License agreement clause 3 (a), the licencee 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 10^{th} 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 agreements (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.

According to Lease Deed condition-4, the lessee shall complete the construction and /or allied works, to meet the purpose of this lease, within the specified period of 06 months from the date of signing of this indenture of during the specified agreed extended period. Failure to commence construction work within 02/03 months or delay in launching/operation within specified period of 6 months or extended period as deemed fit by the Lessor in view of the purpose of this Lease, shall either be subject to a penalty of Rs 100 to Rs 300 per square yard per month as non-utilization charges as decided by the Lessor depending on the location of the site and nature of purpose/business of lease or shall result in terminate of lease and resumption of land by the lessor at the risk and cost of the lessee.

Audit noted that Civil Aviation Authority raised bills against various Airlines, lessees and concessionaires working at airports during the financial year 2018-19 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. This resulted in non-realization of revenue of Rs 14,584.32 million **(Annexure-H)**.

Audit pointed out the non-realization of revenue in December, 2018, July to October 2019. The Authority 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.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends early realization of revenue and action against the responsible(s).

4.5.3 Violation of Investment Policy resulted irregular investment - Rs 4,997.60 million

As per Civil Aviation Authority Employees Pension Fund Trust Investment Policy, Table-A:

a) In daily product account/investment, funds in any single bank can be placed up to Rs 5.0 billion (A1+) and Rs 3.0 billion (A1).
b) In case any bank holds CAA investment and also has CAA Pension Fund daily product account, the total amount of placement should not be more than Rs 5.00 billion and Rs 3.00 billion respectively.

As per Civil Aviation Authority Investment Policy 3.7 (c) in case of rollover, encashment of funds must not be subject to reduction in rates or any early encashment penalty.

A. Audit noted that Director Finance HQ CAA Karachi, made investments of surplus funds for Rs 3,500 million in Habib Metropolitan Bank Ltd @ 6.55% per annum from 2nd October, 2016 to 3rd January, 2017 from treasury & funds investment. It was further noted that investment of Rs 1,000 million @ 6.50% per annum was made in the same bank during the same period from Employees' Pension Fund Trust. Moreover, an investment of Rs 797.60 million from Employees' Pension Fund was made @ 6.80% per annum in Faysal Bank Ltd which was matured on 10th February, 2017. Another investment of Rs 1,000 million was made @ 6.60% per annum. in Faysal Bank Ltd matured on 22nd February, 2017.

Audit observed that investment in the same bank during same period was made at two different rates i.e. investment of Rs 3.5 billion was made @ 6.55% per annum whereas, Rs 1.00 billion was made @ 6.50% per annum. Audit further observed that the rollover investment of Rs 800 million (including profit) was made on 10th February, 2017 @ 6.10% and the other investment of Rs 1,000 million on 22nd February, 2017 was rollover @ 5.80 per annum. Non observance of policy resulted in irregular investment Rs 1,797.60 million and loss to Employees Pension Fund Trust due to less rate of profit of Rs 123,287 and rollover investment was made at less rate of profit than previous rate of profit respectively which was against the Civil Aviation Authority investment policy.

Audit pointed out the irregularity in November, 2017. The Authority did not reply.

(DP. 46/2018-19)

B. Audit noted that the Authority made investments of Rs 3,700.00 million and Rs 3,500.00 million from surplus funds in Faisal Bank during the financial year 2017-18.

Audit observed that as per approved policy maximum Rs 5.0 billion was required to be invested in a single bank, whereas, an amount of Rs 7,200.00 million was invested in Faisal Bank which was in excess of

Rs 2,200.00 million. This resulted in irregular investment beyond prescribed limit Rs 2,200 million.

Audit pointed out the irregularity in March 2019. The Authority replied that Civil Aviation Authority and Civil Aviation Authority Employees' Pension Fund Trust are two separate legal entities and are independent from each other for the investment purpose. CAA has a separate limit for Investment of Rs 5.00 Billion in a single bank and CAA Employees' Pension Fund Trust has a separate limit of Rs 5.00 billion in a single bank as per their respective Investment Policies.

The reply was not accepted because Authority has made excessive investment in contradiction to the approved policy.

(DP. 41)

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

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

4.5.4 Violation of PPRA rules due to award of works without tenders and extensions in contracts - Rs 1,438.916 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.

Audit noted that Civil Aviation Authority 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 in seven contracts, the Authority extended the contract/license period after expiry of contracts, in two contracts the Authority awarded additional works to the existing contractors and one contract of inaugural ceremony of Faisalabad Airport was awarded without tenders in violation of PPRA rules. Audit further observed that maintenance works at various airports were awarded through piecemeal quotations/work-orders to avoid approvals of higher authorities. This resulted in irregular award of works in violation of PPRA rules involving Rs 1,438.916 million **(Annexure-I)**.

Audit pointed out the irregularity in February, July-October 2019. The Authority 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.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

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

4.5.5 Award of works without approval from the competent forum - Rs 1,212.440 million

Planning and Development Division Office Memorandum No.21(2-Gen)PIA/PC/2004 dated 18th December, 2004 explains that the Executive Committee of the National Economic Council (ECNEC) considered the summary dated 5th November, 2004 submitted by the Planning & Development Division on Procedure for Approval of Self-Financing Development Schemes of Autonomous Organizations (Commercial/Non-Commercial) and approved the recommendations that the autonomous organizations whether commercial or non-commercial having board by whatever name called, should be competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance.

A. Audit noted that the Authority awarded two works:

S No	Name of Work	Cost (US $)	Date of Award
1	Provisioning, installation and commissioning of six (06) Instrument Landing System/Terminal distance measuring equipment	6.416 million	24.06.2019
2	Provisioning Installation, Testing and Commission of eleven (11) Doppler Very High Frequency Omni Range/distance measuring equipment		22.07.2019

Audit observed that the cost of the projects comprised on 100% foreign exchange which required prior approval from the competent forum i.e CDWP, whereas, the project's cost were got approved from CAA Board.

Audit pointed out the irregularity in October 2019. The Authority replied that DWP decided that CAA Board was competent enough to grant approval for replacement cases-which were non-developmental" in nature.

The reply was not tenable because as per nomenclature of the contracts there exist no provision of replacement of existing equipment's. Therefore approval from CDWP was required to be obtained.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for approval from the ECNEC along with action against the responsible(s).

(DP. 189)

B. Audit noted that the Authority executed thirty-eight (38) agreements for various works at New Islamabad International Airport valuing Rs 250.040 million.

Audit observed that the above works were not included and got approved from Development Working Party as part of the PC-I of New Islamabad International Airport Project (still in progress). This resulted in irregular execution of works Rs 250.040 million.

Audit pointed out the irregularity in September 2019. The Authority replied that New Islamabad airport is a mega project which consists of different packages. Some minor works were essentially required to meet up the operational exigencies/passengers, meters & greeters and functionaries. Such small schemes are being executed after approval of CAA's Competent Authority.

The reply was not accepted because main project of Airport was not finalized and cost of these additional works was also required to be charged to the PC.I of the main project.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends regularization from the competent forum.

(DP. 16, 129)

4.5.6 Award of works to ineligible contractors - Rs 1,172.551 million

As per PEC Bye-laws Para 2(fa), foreign constructor or foreign operator means an enterprise incorporated or registered as a constructor or operator outside Pakistan; irrespective of its membership by Pakistani national. Para 3 provides that no engineering work shall be constructed except by a constructor or by an operator licensed as such by the Council.

Audit noted that Civil Aviation Authority awarded three contracts to the contractors as below:

S No	Name of work	Contract cost (Rs in million)
1	Procurement of complete ADS-B system (Qty-05) along with its installation, testing and commissioning at Karachi, Lahore, Dalbadin, Laramtop and Hunza	165.270
2	Provisioning, installation and commissioning of (Qty-06) instrument landing system/terminal distance measuring equipment	1,007.281
3	Provisioning installation and testing and commission of (Qty-11) Doppler very high frequency Omni Range/distance measuring equipment	
Total		**1,172.551**

Audit observed that the works were awarded to the local as well as International firms without observing the Pakistan Engineering Council's above quoted guidelines. The contractors were neither registered with PEC nor have license in the specialized field. This resulted into award of works to ineligible contractors involving Rs 1,172.551 million.

Audit pointed out the irregularity in October 2019. The Authority replied that these services are of specialized nature and can only be done by the Original Equipment Manufacturer.

The reply was not accepted because the works involved provision, installation, testing and commissioning which does not fall in the ambit of procurement of goods. Further PEC's guide lines were applicable on all engineering works which were also proved by the specialization field for license.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for condonation from the PEC for the violation.

(DP. 186)

4.5.7 Recurring loss of revenue to Authority - Rs 960.488 million

As per revised Route Navigation and Airport charges effective from February 2019 Airport charges are applicable on domestic operation.

Para D.7.3 of ANO-001-ATNR-3.0 dated 30th May, 2019 provides that Regular Public Transport (RPT) operators shall ensure deposit of an amount equal to current 03 billing cycles in advance (100% cash) as security against default of PCAA dues within 90 days of implementation of NAP-2019 or at the time of renewal of licence, whichever is earlier. Advance Billing Cycles for RPTs would be revised with the change in the Schedule operations during summer and winter seasons accordingly.

Audit noted that airport charges on domestic flight operators have not been imposed since May 2019.

Audit observed that Revised Route Navigation and Airport charges effective from February 2019 were applicable on domestic flight operators. According to the National Aviation Policy (NAP-2019) and Air Navigation Order (ANO-001-ATNR-3.0), there exists no exemption on levy of Airport charges for domestic flights. Audit further observed that during the month of May and June 2019, an amount of Rs 240.122 million was waived off by the Authority.

Audit is of the view that due to incorrect decision, the Authority sustained loss of revenue Rs 960.488 million upto October 2019.

Audit pointed out the loss in October 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for inquiry in the matter besides action against the responsible(s) for loss.

(DP. 185)

4.5.8 Excess payment due to execution of excessive quantities - Rs 676.39 million

Clause 2.1 of General conditions of contract Part-II provides that the Engineer may exercise the authority attributable to the engineer as specified in or necessarily to be implied from the contract. The engineer is required to obtain the specific approval of the Employer.

Clause 31.1 & 2 GOC Part-I provides that the Engineer may by Variation Order to the contractor at any time before the works are taken over, instruct the contractor to alter, amend, omit add or otherwise vary any part of the works. Prior to any variation order, the Engineer shall notify the contractor of the nature and form of such variations. If the engineer decides that the variation shall be carried out, he shall issue a variation order clearly identified as such in accordance with contractor's submission or as modified by agreement.

Audit noted that a work Electrical Power and Telecommunication Networks (Package-8B) was awarded to M/s SIEMENS at contract cost of Rs 2,004.789 million. The work was started on 16.09.2010 and was required to be completed up to 12.09.2012 (original completion period).

Audit observed the following irregularities;

- Due to change of location of sleeves and Nav-Aid, a variation order with the cost of Rs 18.454 million was approved, whereas, an amount of Rs 260.062 million was paid to the contractor against said VO. This resulted in excess/unauthorized payment of Rs 241.608 million.
- Separate item of excavation in all kind of soil including disposal of surplus material and backfill with surplus material was measured to the extent of 26,693.41 cu.m @ Rs 1,750 per cu.m involving Rs 46,705,451 for laying of pipes and conduits whereas, cost of excavation was inbuilt in the item of conduits. This resulted in overpayment of Rs 46.705 million.
- Certain items of work were measured and paid 200% to 3200% excess over the provision of BOQ without any cogent technical justification and approval by the engineer and employer. BOQ rates were applied for these excessive quantities and foreign exchange differential cost was also paid thereon beyond the provision of contract.
- There was a provision of item of work "SGP-268 complete with control gear „„" 250 watts and 150 watts with the quantity of 1,842 Nos. against which the contractor quoted rate Rs 12,327 and Rs 12,235 respectively with total cost of Rs 22,604,030 without any foreign exchange component. The said lights were substituted with the LED lights with the quantity of 1,537 Nos. involving foreign exchange and involving Rs 145,323,045. This indicated that contractor was awarded additional work at his terms and conditions and rates.
- In the contract, local currency component cost was Rs 1,642.618 million with FC component US$ 4,250,832 (Rs 362,170,886 @ Rs 85.20) and total contract cost came to Rs 2,004.789 million. As per provision of contract, FC component was 18.07% of the total contract cost against which the exchange rate difference was payable. A review of the IPC-27 paid in February 2019 indicated that this

differential cost was paid/allowed over US$ 6,306,707.70 (US$ 6,306,707.70 x Rs 85.20 = Rs 537,331,496) which was 26.04% of the contract cost. This means that contractor was allowed FC component difference on excessive quantities and variation orders which disrupted the fixed proportion of the contract.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility besides recovery.

(DP. 215)

4.5.9 Overpayment due to non-freezing of dollar rate - Rs 591.288 million

Clause 72.2 particular condition of contract (Part-II) provides that the total tender price will be expressed in Pak rupees. Bidders will specify dollar amount of those BOQ item wherein, rate is to be quoted in Pak rupees as well as some portion in US dollars. In order to receive the dollar component of an IPC/final certificate, the rate of exchange will be that prevailing 28 days prior to submission of that particular certificate (IPC/final). Dollar payment however will not exceed the percentage as entered by the bidder in appendix-B to the bid.

Clause 35.3 general condition of contract provides that for the payment in foreign currency, the rates of exchange between the currencies shall be fixed for the purpose of the contract and shall be as stated in the preamble. If, such rates of exchange are not stated in the preamble the rates to be used shall be those quoted by the central bank of the country whose currency is to be sold 28 or the nearest day thereto prior to the latest date for submission of tenders for the work.

Clause 8.1 of addendum No.01 of Package-7B provides that for goods and services which the bidder will supply be quoted in local currency component (Pak Rs) and required foreign currency component (US$). In no case shall the foreign currency component (US$) be more than 50% of the total bid price.

Audit noted that Civil Aviation Authority awarded following contract packages in respect of IIAP Islamabad to different contractors:

S No	Name of work	Stipulated Completion time
1	Airfield Lighting System	09.04.2011
2	Special Systems & Baggage Handling	13.04.2016
3	Aircraft Stand Equipment (Package-9)	01.11.2016
4	NAVAIDS and ATC Equipment Package-7B	17.11.2013
5	Airport Information Management System (Package-4A)	14.02.2018

Audit observed that the contactors failed to complete their work within stipulated time. As, the delay in completion was attributable to the contractors, therefore, current rate of foreign exchange conversion was required to be frozen at the rate favourable to the employer after due date of completion as contractors were gaining exchange rate and employer was sustaining exchange rate loss due to default of the contractor. This resulted in overpayment due to non-freezing of dollar rate Rs 591.288 million.

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility besides recovery of the amount involved under intimation to Audit.

(DP. 202, 204, 205, 207, 208)

4.5.10 Non-imposition of liquidated damages for delay in completion of work - Rs 556.213 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 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%.

Audit noted that the Civil Aviation Authority awarded eight (08) works at different airports to various contractors/suppliers at their bid cost of Rs 8,377.442 million.

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. This resulted in non-imposition and recovery of liquidated damages of Rs 556.213 million **(Annexure-J)**.

Audit pointed out the non-imposition of penalty in January, July and August 2019. The Authority replied in case of relocation of DVOR that decision regarding grant of legitimate time extension and amount of liquidated damages shall be imposed on the Contractor, with approval of Competent Authority. The Authority did not reply in other cases.

The contractors failed to complete the work in extended period, therefore liquated damages were required to be imposed and recovered.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends imposition and recovery of liquidated damages.

4.5.11 Unjustified payment due to addition of items at higher rates - Rs 505.847 million

Item No.2.4 of introduction to Composite Schedule of Rates provides that all the basic inputs have been updated in the individual rates analysis. Formulae for construction item have been created by appropriate quantitative inputs of the following items:

Manpower	Hour and Number
Material	Weight, Volume, Length and Unit.
Plant Equipment	Hour and Number
Overheads & Profit	15 percent and 10 percent respectively

Audit noted that a work Airfield Lighting System Package-7A was awarded to M/s Siemens at contract cost of Rs 946.697 million. During currency of the contract addition/deletion was made through variation orders. The work could not be completed within stipulated time, however the contractor remained mobilized at site. In January 2016 the CAA Board accorded approval of technology up-gradation of airfield lighting system from Cat-II already installed to Cat-III. Tenders were invited through press but despite purchasing tender documents by six firms only one non-responsive bid was received. Afterwards on the recommendation of Project Management Consultants (PMC) the aforesaid additional work was awarded to M/s Siemens existing contractor through Variation Order No.6 for valuing Rs 901.016 million. A review of the analysis of rates of these varied items indicated that item rates were determined by the engineer and approval by the employer at higher side due to following observations:

1. Quotation of only one firm M/s ADB for material was obtained included in the item rate whereas, as per standard procedure the quotations from minimum three firms were required to be obtained.
2. Material cost including LCF and transportation was US$ 2,454,731 and in PKR 257,157,568 and by including local part of Rs 5,077,906 it came to Rs 262,235,474 which remains the

30.94% whereas, its installation, services & subcontracting, FAT and training, insurance and warranty on material, financing cost, overhead & profit came to Rs 585,242,046 which was 69.06% which means that installation fixing of material and equipment was determined 110% above of the material cost.

3. Quotation cost of the material by ADB was US$ 2,456,731 which was CIP cost (carriage and Insurance paid) whereas Insurance and warranty of material including DLP was added at foreign part US$ 897,437 (Rs 94,015,472) and local part Rs 1,403,070 whereas no documentary evidence in support of incurring of expenditure of Rs 95.418 million whereas warranty cost always included in the item material cost. This means that the cost of insurance component was paid twice.
4. Cost of civil works for Rs 47.406 million was added in the variation order whereas civil work has already executed through contract and piping and trenches for laying of cables was made in the specification. Therefore, its addition in the VO seems repetition of the said activity.
5. Overheads 30.29% over the material and installation charges were added amounting to Rs 256.883 million about 100% of the material which was also on higher side. No supporting contractual documents/contract clause were found available in the record whereas installation was carried out by the subcontractor M/s ADB and its cost was inclusive of overheads in foreign and local. Hence, M/s Siemens fetch the benefit of overhead and profit over the subcontractors overhead & profit whereas as per FIDIC overhead on additional/extra work is required to be reduced.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility.

(DP. 199)

4.5.12 Un-authorized payment of pay & allowances in excess of approved strength - Rs 369.032 million

According to Para 4.04 of Civil Aviation Authority Service Regulation, actual staff strength of CAA, HQ and any unit of the authority will at no time, exceed the sanctioned strength except with the prior approval of board.

Audit observed that at Bacha Khan International Airport Peshawar and Faisalabad International Airport excessive staff was deployed against the approved sanctioned strength. Due to excessive deployment than sanctioned, the Authority incurred excessive expenditure of Rs 369.032 million.

Audit further observed in case of Quetta Airport that there was an acute shortage of officers/officials and professionals in various areas/section i.e. Cargo, Vigilance, APS and Finance Sections. Due to non-deployment of sanctioned officers/officials output and required efficiency was compromised. This resulted in non-deployment of officers/officials and professionals in all important sections as per approved sanctioned strength.

Audit pointed out the issue in August-September 2019. The Authority replied that since the creation of CAA, infrastructure at the airport has been increased. In order to meet the changing demands and workloads the establishment at various airports was reviewed from time to time to meet the challenging assignments and is still undergoing scrutiny.

The reply was not accepted as the excessive staff was deployed against the approved sanctioned strength.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends for early regularization and deployment of strength as per actual requirement.

(DP. 110, 126, 138)

4.5.13 Unauthentic payment due to non-recording measurements in the Measurement Book - Rs 345.929 million

Public Accounts Committee Secretariat issued Office Memorandum vide No. F.10 (1)/2016-17/2017-PAC dated 15th November, 2017 to all Principal Accounting Officers for strict compliance of the PAC directives regarding compliance of recording actual/date-wise measurement in the Measurement Books, otherwise they will be held responsible by the Public Accounts Committee.

As per Para 208 of Central Public Works Accounts Code, payments for all work done are made based on measurements recorded in the Measurement Book. The Measurement Book should, therefore, be considered as a very important accounts record.

Audit observed that the Authority made payments of Rs 345.929 million to the contractor without recording detailed measurement for the following works. This resulted in unauthentic payment of Rs 345.929 million.

(Rs in million)

S No	Name of work	Agreement Cost	Payment
1.	Up-gradation of Fokker Apron for jet operation at Quetta Airport	164.829	182.506
2.	Supply of furniture for passenger Terminal building at Quetta Airport	164.829	152.978
3.	Consultancy Services for up-gradation of main runway (13R/31L) at Quetta Airport	84.498	10.445
Total		**414.156**	**345.929**

Audit pointed out the unauthentic payment in July, August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends investigation and action against the responsible(s) for violation of rules.

(DP. 71)

4.5.14 Irregular payment due to excess beyond BOQ - Rs 339.635 million

Planning Division letter No. 20(1)DA/PC/79-Vol.XIV dated 22.06.1980 provides that if the total estimated cost, as sanctioned increases by a margin of 15% or more or if any significant variation in the nature/scope of the project has been 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.

Audit observed that the Project Director, Expansion & Renovation of Quetta International Airport, Quetta got executed, measured and paid additional items of work valuing Rs 214.572 million upto IPC-8 at part rates i.e 60% - 80% against contract cost. The additional items of work were paid without approval of the competent authority/forum. Audit further observed that the Authority executed and paid excessive quantities than BOQ/without availability in BOQ for Rs 125.063 million. This resulted in irregular payment of Rs 339.635 million.

Audit pointed out the irregularity in July 2018. The Authority replied that payments made were based on the provisional rates as per clause 51.1 and 52.2 of part one general conditions of the contract.

The reply was not accepted because execution of additional varied and deviated work without approval of competent authority/forum was irregular. Further rate of the additional/varied items of work, analyzed on the basis of prevailing market prices were also not approved.

DAC meeting was not convened despite request by Audit on 12.10.2018 followed by reminders on 18.10.2018, 03.01.2019 and 01.03.2019.

Audit recommends for regularization of excess quantities or recovery from the contractor.

(DP. 62, 64, 65/2018-19)

4.5.15 Loss of revenue due to non-recovery from the defaulter lessee - Rs 318.181 million

Civil Aviation Authority Order D7-Non-Utilization Charges, D7.1 denotes that where the lessee fails to commence construction or commits delay in launching of a project he shall be liable to pay a penalty ranging from Rs 100/- to Rs 300/- per square yard per month as Non-Utilization Charges on the lessee as determined by the Lessor depending on the location of the site and nature of purpose/business of lease.

Audit noted that that a lease agreement of land measuring 10,325 Sq yard situated at Quaid-e-Azam International Airport for establishment of flight kitchen was executed on 19th May, 1994, for a period of 30 years with M/s. Aviserv Ltd. at a premium of Rs 4.646 million with annual ground rate at the rate of 10% of the premium during the first ten years. During the next ten years at the rate of 1/30 of the market value of the leased land as on the date coinciding with the end of the first ten years of the term of the lease and during the last ten years at the rate of 1/30 of the market value of the leased land as on the date coinciding with the end of 20th year of the lease.

Audit observed that the lessee has not yet constructed flight kitchen as per lease agreement, despite lapse of about 25 years. Had CAA management withdrawn the land in time, the Authority could have utilized the land for other commercial purpose for revenue generation.

Audit further observed that non utilization charges @ Rs 100 per sq. yard per month were also not imposed upon the lessee. This resulted in huge loss to the Authority Rs 318.181 million.

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

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends for corrective action.

(DP. 43)

4.5.16 Unjustified hiring of outsource manpower - Rs 270.681 million

The CAA Board decisions in 165th meeting held on 12th May, 2016 approved recommendations of CAA 1st Joint meeting of HR & Audit committee against item -individuals on work-charge at IIAP as, the house was of the consensus that hiring on work-charge be avoided and outsourcing through a contractor was recommended, subject to a maximum of six months at a time. Outsourcing of manpower or outsourcing of service/facilities may be considered by CAA.

Audit noted during audit of the accounts record of Airport Manager, Benazir Bhutto International Airport, CAA, Islamabad that an agreement was executed with M/s Graves Air-Conditioning Pvt., Ltd on 1st May, 2018 for Operation/Maintenance of E&M Services for HVAC, Water Works, Sewage Treatment Plant, Electric Power Network, Passenger Conveying System, Generators, Road and Building Electrification at Islamabad International Airport for a period of one year at bid cost of Rs 24.478 million per month.

Audit observed that the project of New Islamabad International Airport was under process and not been taken over by the management of the Airport. Further, the Operation/Maintenance of E&M Services for HVAC, Water Works, Sewage Treatment Plant, Electric Power Network, Passenger Conveying System, Generators, Road and Building Electrification was under the responsibilities of the contractors installed the systems being maintenance period. In the presence of original contractor the hiring of service through outsources contract was not justified.

Audit further observed that services of Chief Engineer, Engineer and Sub Engineer @ Rs 325,000, Rs 215,000 and Rs 105,000 respectively were hired for the operation/maintenance of E/M services which were also not justified in the presence of Authority's regular staff deployed for the purposes. This resulted in hiring of Operation/Maintenance of E/M Services beyond the prescribed time limit but also effect undue financial impact on the accounts of the Authority Rs 270.681 million.

Audit pointed out the irregularity in December 2018. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends for inquiry in the matter.

(DP. 07)

4.5.17 Loss due to non-granting flight permissions - Rs 259.489 million

Para D2.6 of ANO-003-ATNR-1.0 dated 30.09.2016 explain that the Schedule Airline/GSAs applying for the first time or applying afresh after a gap, shall be required to deposit aeronautical charges of one month of schedule operation in advance in CAA collection account as security deposit or a valid bank guarantee (covering schedule period) equal to the amount of three billing cycle for their overflying/landing flights and to clear the invoice raised by CAA billing branch on fortnightly basis.

A Audit noted during audit of Air Transport & Economics Regulations Directorate that M/s Jazeera Airways submitted an additional winter landing schedule 2018-2019 with effect from 12^{th} February, 2019 to 30^{th} March, 2019 on 3^{rd} January, 2019, comprising seven (07) flights per week to/from Karachi and Kuwait. M/s Jazeera Airways deposited US$ 147,335 in CAA account as one month advance security deposit. Audit further noted that the Airline also submitted additional winter landing schedule 2019-20 with effect from 27^{th} October 2019 to 28^{th} March, 2020 for six (06) flights per week on sector Kuwait-Karachi-Kuwait.

Audit observed that management of the Authority allowed only one frequency per week to M/s Jazeera Airways, on the plea that PIA has indicated that 200 passengers per week are moving on Karachi-Kuwait route on 3^{rd} and 4^{th} freedom basis, which may lead to enhanced carriage of 6^{th} freedom traffic ex-Pakistan and may hurt the interest of the designated airlines of Pakistan. Although M/s Jazeera Airways was entitled as per existing bilateral arrangement between Pakistan and Kuwait, the Airline qualify for operating 07 flights per week with an uplift of 1000 pax in each directions under MOU 2004. Audit further observed that PIA was not operating flight from Karachi to Kuwait and a major defaulter of CAA therefore; in this situation Authority further suffers from revenue losses. Incorrect decision for refusal of the request of the M/s Jazeera Airways resulted in revenue loss to Authority for Rs 146.421 million.

Audit pointed out the loss in October 2019. The Authority replied that National Aviation Policy, through Para 2.1.1 holds that "Pakistan shall pursue bilateral liberalized policy with other countries on the principle of commercial reciprocity upon organic market growth, number of seats and code sharing, when it is in the national interest. Further, the Honorable Prime Minister of Pakistan also directed that additional flights by foreign carriers may only be considered when in the national interest and therefore, consequent upon the realization that there did not exist enough point-to-point traffic on the Karachi – Kuwait route (as conveyed by PIA), the additional flights of M/s Jazeera Airways were not approved.

The reply was not accepted because due to non-acceptance of the additional flight's requests, Authority sustained revenues loss.

(DP. 174)

B. Audit noted that M/s Pegasus Airlines submitted on a summer landing schedule 2019 with effect from 1st July, 2019 till 25th October, 2019 comprising four (04) flights per week. M/s Pegasus Airlines deposited an amount of Rs 25.389 million in CAA account on 7th March, 2019 as one month advance security deposit. Audit further noted that the Airline further submitted winter landing schedule 2019-20 with effect from 1st January, 2019 till 28th March, 2020 for four (04) flights per week on sector Istanbul-Karachi-Istanbul.

Audit observed that management of the Authority turned down the requests submitted by the M/s Pegasus Airlines on the plea that PIA and Pegasus Airlines are entering into mutually beneficial commercial arrangements of code share between Pakistan and Turkey. Although, M/s Pegasus Airlines was entitled as per existing bilateral arrangement. This resulted in loss of revenue Rs 113.068 million

Audit pointed out the loss in October 2019. The Authority replied that the request of Pegasus Airlines was within the ambit of the Air Services Agreement, considering the guidance contained in the aforementioned para of National Aviation Policy-2019 and the premise that operations by Pegasus Airlines may have resulted in the airline operator acting as a feeder to the Turkish Airlines for carriage of 6th freedom traffic beyond Istanbul, the request of Pegasus was not approved and the airline operator was advised to first conclude a commercial agreement with PIA.

The reply was not tenable due to non-acceptance of the additional flight's requests, Authority has sustained revenues loss.

(DP. 175)

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends formulation of clear policy for the future to save the Authority from losses as PIA continuously defaulted in payment of revenue.

4.5.18 Unjustified expenditure due to defective design - Rs 212.00 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. Objective of development planning is to have projects implemented for the benefit and social uplift of the society. For achievement of stipulated targets and tangible returns, it is imperative to entrust management and supervision of the project during implementation stage to capable and competent persons of required qualifications, experience and caliber.

Audit noted that CAA awarded a contract for design consultancy of infrastructure to M/s ADPI at cost of Rs 1,310 million out of which Rs 1,056 million was paid up to 30.06.2019. The consultant designed ATC complex and FCR building at Islamabad International Airport at estimated cost of Rs 2,204 million out of which Rs 1,401 million was paid to the contractor and NAV-AIDS and ATC equipment at cost of Rs 1,868 million out of which Rs 1,300 million paid to the contractor.

Audit observed that a provision of an additional Airside building with a cost of Rs 322 million was made in revised PC-I. When the matter was probed it was found that a separate apron control cabin with satellite fire station was got constructed by contractor through a separate contract as existing ATC tower was unable to watch the aircraft standing on apron at north western side of main terminal building due to non-visibility.

This state of affair is evident that CAA has to incur an extra expenditure which necessitated improper selection of site of ATC tower non catering the visibility of both sides of terminal building. Had the selection and designing of the location for ATC tower would have been made in consonance with the building design this extra expenditure could have been saved.

A review of the expenditure statement indicated that an expenditure of Rs 212 million had incurred uptill 30.06.2019 on civil and electrical works excluding the NAV-AID and ATC equipment cost (which were arranged departmentally as stop gap arrangement and ALCs will be shifted from the new tower) after installation of category-3 controllers.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility.

(DP. 214)

4.5.19 Undue benefit of Rs 148.345 million and overpayment of overhead and other charges - Rs 50.437 million

Rule 42 (C-i&ii) of PPRA provides that a procuring agency shall only engage in direct contracting if the following conditions exist, namely:

i. the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier:

ii. only one manufacturer or supplier exists for the required procurement.

Audit noted that a work, PTB furniture, seating, counters & Signage (Package-5), was awarded to M/s Interwood-Descon-CCM (JV) at contract cost of Rs 1,502.202 million. The work was started on 23.09.2016 and was required to be completed up to 22.05.2017 (original completion period).

Audit observed during review of the contract/BOQ record that supply/deliver and install hard ID (interior design) work in state lounge and domestic CIP lounge was provided at Rs 148.345 million duly designed by M/s CPG designer of the Passenger Terminal Building whereas Domestic CIP lounge was to be designed and built by the tenants at their own.

A review of the case file leading to variation order No.06 indicated that hard ID items for state lounge and CIP lounge with revised concept design by upgraded with luxurious items and VO was initiated by PMC for approval in June 2018 which was approved on 18.06.2019 about two years later than the original completion date. The matter was discussed with OPI wherein it was observed that M/s PMC JV engineer of the project got executed this work from the contractor without seeking prior approval of the employer.

The item rates provided in the variation order indicated that no analysis of rates of new items was provided by the engineer. The contractor was asked to re-design, procure and deliver & install the furniture at site.

Audit observed following discrepancies which may be attended to:

1. The contractor submitted the cost of the varied items with supporting quotations of the other furniture manufacturer/suppliers and added 4% for transportation, 2% to 14% installation cost and 30% overhead & profit thereon.

2. The design and BOQ of the contract was prepared by the M/s CPG (main terminal designer) and tenders were invited in the year 2016 and work was awarded to M/s Interwood-Descon-CCM (JV). The currency of the contract was 180 days (6 months) hence, change of design within short period seems uncalled for as the BOQ design cannot be termed outdated.
3. The contractor was obliged to submit any variation favourable to the employer for reduction of cost by value engineering is pursuance clause 31.7 wherein, in instant case, the cost increased beyond the permissible limit.
4. In case the CAA was required to upgrade the interior designing of both lounges, the supply and delivery and installation was required to be made directly from the manufacturer/supplier to save the 32.5% to 44% overhead and other charges charged by the contractor.
5. CAA hired the services of interior designer and appointed an officer at the post of Deputy Director for specific interior designing of Islamabad International Airport but his services were not utilized. This additional work was assigned through variation order on design cum construction basis wherein, the contractor charged Rs 3.5 million separately on account of interior designing. The contractor engaged M/s Arcop who was JV partner with M/s CPG which created a conflict of interest.

From above state of affair, it is evident that interior of lounges was redesigned and luxurious items at higher rates were approved by M/s PMC at their own without seeking prior approval of the employer which caused unjustified/ unauthorized higher cost.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility besides recovery.

(DP. 211)

4.5.20 Non-recovery of deficit cash security - Rs 173.567 million

As per standard clause 4 of licensee agreement, the licensee shall for the due performance of his obligations under this license deposit with the licensor/APM, cash security of amount equal to four (4) months license fee of the last year. The security will be refunded to the licensee upon peaceful vacation of the premises, after deduction, if any of any amount payable by the licensee.

Audit noted that Airport Manager, Allama Iqbal International Airport (AIIAP), Lahore awarded various license agreements to the airlines/concessionaires.

Audit observed that the required cash security as per agreement condition was not recovered by the management against four licensees. This resulted in non-recovery of deficit cash security Rs 173.567 million.

(Rs in million)

S No	Name of licensee	Admissible security	Available security	Deficit security
1	Jamil & Co. AIIAP Lahore	243.187	151.000	92.187
2	Shaheen Airport Services	75.862	11.655	64.207
3	Air Blue	8.724	-	8.724
4	Royal Airport Services	8.449	-	8.449
Total		**336.222**	**162.655**	**173.567**

Audit pointed out the non-recovery in July 2019. The Authority replied that the security deposit is merely an insurance against unpaid dues or damages to the allotted premises by the licensee during license tenure.

The reply was not tenable because license agreements for the extended period were not executed with the licensees. No steps were taken to execute the license agreements and recover the deficit amount of security. This shows undue favour to the licensee as all activities were carried out without any agreement bindings/obligations.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the cash security.

(DP. 75, 76, 79, 80)

4.5.21 Execution of deposit work without receipt of funds - Rs 172.743 million

Para 410 CPWA Code denotes that, a consolidated record of the transactions of a month relating to all deposit works of the division should be prepared in Form 65, Schedule of Deposit Works. This schedule shows, in respect of each work, the amount of deposit received and the expenditure incurred, both during the month and up to date.

Audit noted that Project Manager Mai Bakhtawar Airport Tharparkar made requisition of funds to the Director General Sindh Coal Authority on account of Contractor's claim involving Rs 172.743 million.

Audit observed that the Authority incurred expenditure of Rs 172.743 million without releases of funds from Sindh Coal Authority and no liability was booked in the books of accounts of Thar Airport. This resulted in execution of deposit work without release of funds Rs 172.743 million.

Audit pointed out the irregularity in December 2018. The Authority replied that keeping in view the urgency of the project the liability could not be booked whereas, funds were demanded from the Govt. of Sindh.

The reply was not accepted because expenditure was incurred without releases of funds and the transaction of outstanding Contractor's liabilities was not occurred and depicted in the books of accounts of Thar Airport.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved.

(DP. 01)

4.5.22 Inadmissible payment of price escalation - Rs 171.696 million

In the approved PC-1 of Rs 43.632 billion, a provision of Rs 5,023.220 million was made for the component of Car-parking at AIIAP Lahore. In this component, the PC-1 envisages no provision for escalation. Therefore, no escalation was admissible to the contractor.

Audit noted that Planning & Development Pakistan Civil Aviation Authority, Headquarters Karachi awarded the work, "Passenger Terminal Expansion Project at Allama Iqbal International Airport, Lahore (Car Parking) at agreement cost Rs 5,903.940 million to M/s Izhar Construction (Pvt) Ltd vide acceptance letter dated 24th April 2017.

Audit observed that the project authorities paid price escalation of Rs 171.696 million for the work "Passenger Terminal Expansion Project at Allama Iqbal International Airport, Lahore (Car Parking)" in violation of provision of PC-I. Payment of escalation over and above the PC-1 resulted in inadmissible payment of price escalation amounting to Rs 171.696 million.

Audit pointed out the matter in September, 2018. Authority did not reply.

DAC meeting was not convened despite request by Audit on 02.11.2018 followed by reminders on 03.01.2019 and 01.03.2019.

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

(DP. 134/2018-19)

4.5.23 Irregular expenditure beyond the scope as approved in revised PC-I - Rs 148.097 million

The Ministry of Planning, Development and Special Initiatives (Public investment Authorization Section) approved project cost of New Gwadar International Airport (NGIA) Revised through Office Memorandum issued vide letter No. 2(10) PIA-III/PC/2014, dated 10th July, 2015. As per cost summary, an amount of Rs 395.80 million was approved for under item-21 Contingencies (Contingency design and consultant management fee etc) and Rs 573.16 million under item-22 Planning & Design Consultants. Accordingly, Cabinet Secretariat, Aviation Division, Islamabad issued administrative approval vide letter No. 3(3)/95- P&D, dated 23rd July, 2015. As per PC-I form S.No.13 Page 24, no shortage of manpower is anticipated. The required professional and allied staff required for the implementation of the project will be provided by the consultant, contractor and in house from CAA's own pool of engineers and staff.

Audit noted the Authority incurred an expenditure under sub head Planning, Designing and Contingencies and charged to balance available against Omani Grant amounting to Rs 148.097 million.

Audit observed from the details of payment made that an expenditure was incurred on account of salary of contract employees, work charge establishment, TA/DA officers, vehicles hiring charges, security arrangement charges etc., and charged against Planning & Design Consultants (cost item-22) and item-21 Contingencies (Contingency design and consultant management fees etc.) which was not covered under the mandate of approved purpose.

Audit further observed as under:

- Employees on contract and work charge staff were hired without provision in the approved revised PC-I. Although the Revised PC-I clearly defines that CAA's manpower for the project will be managed out of the CAA's own pool of engineers and staff.
- Salary of the work charged staffs were revised time to time without any policy of the Authority.
- A test check of payment made to the work charge staff disclosed that payment was paid during holidays without marking attendance.

This resulted in irregular expenditure beyond the scope as approved in revised PC-I Rs 148.097 million **(Annexure-K)**.

Audit pointed out the irregularity in March, 2019. The Authority replied that the original PC-I of Rs 7,500.00 million was approved in 2010 and revised PC-I of Rs 22,247.00 million was approved in 2015. Whereas, it was clearly mentioned that item No. 21 is total estimated construction cost and item No. 22 is only for contingencies including CAA management charges hardship & Project allowance, purchasing/hiring of vehicles furnished offices & Accommodations, security arrangements for site officers/residences which covers all the management expense of CAA in terms of salary of contract and work charge staff, TA/DA of officers vehicle hiring and security arrangements etc.

The reply was not accepted because PC-I (Revised) comprising project cost breakup did not contain provision of such expenditure.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends for early regularization.

(DP. 37)

4.5.24 Non-transferring the risk to contractor as per provision of contract - Rs 130.892 million

Clause 38.1 of general condition of contract provides that the contractor shall be responsible, for the care of the works or any section thereof from the commencement date until the risk transfer date applicable thereto. The contractor shall also be responsible for the care of any part of the works upon which any outstanding work is being performed by the contractor during the defect liability period until completion of such outstanding work.

Clause 2.1 of technical specification (Vol-II) provides that the total life of Passenger Boarding Bridge (PBB) unit when used and maintained according to manufacturer's recommendations must be a minimum of 20 years (based on usage frequency of 5000 cycles per year).

Audit noted that the work, Aircraft Stand Equipment (Package-9) was awarded to M/s Adelete/HRL (JV) at contract cost of Rs 5,990.130 million. The work was commenced on 02.11.2015 and was required to be completed originally on 01.11.2016. The work was extended up to 05.04.2017.

Audit observed during review of the record and reports from the media that one passenger boarding bridge installed at stand 5 was collapsed on 09.10.2018 within 5 months of the operations. As per technical specification the life of PBB was minimum 20 years and its collapse within 5 months indicated that either its design was defective or installation and operation and maintenance was not got carried out as per provision of the contract and specification. In both ways, it was a contractor's risk whereas, a review of the record indicated that the contractor insisted to transfer the risk to employer CAA which was unjustified. It is astonishing to point out that the bridge had collapsed in October 2018 whereas, its testing commissioning cost at 5% was released on 29.05.2019 in IPC-19.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility besides recovery.

(DP. 206)

4.5.25 Un-authentic payment of price escalation due to non-revision of Factor-C - Rs 124.530 million

According to particular condition 70.1 (e) of the contract the weighting (coefficients) to each of the factors of cost stated in the table of adjustment data shall only be adjusted if they have been rendered un-reasonable, unbalanced or inapplicable as a result of variation.

Audit noted that Civil Aviation Authority (CAA) awarded the work, Expansion and Renovation of Bacha Khan International Airport, Peshawar to M/s Qavi Engineers Pvt. Ltd at agreement cost of Rs 1,896 million on 28th December, 2015. The work was commenced on 11th March, 2016 and was to be completed within 18 months up to 10th September, 2017. Date of completion was extended up to 15th September, 2018 through five time extensions. The contractor has been paid Rs 2,715.002 million up to 18th IPC paid in July 2019. The scope of work was revised to Rs 2,929.638 million through five variation orders.

Audit observed that due to repeated variation orders, there was an addition of Rs 985.783 million due to increase in quantities of work whereas, several items were deleted from the BOQ. This drastic change in the agreed BOQ ultimately affected the weightages (Coefficients) of escalation (Factor-C) because the same were prepared keeping in view the items of work at the time of tendering. Despite the changes in scope of work, the Factor-C was not revised resulting into undue favour to the contractor. This resulted in an unauthentic payment of escalation Rs 124.530 million.

Audit pointed out irregularity during August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends for revision of Factor-C.

(DP. 88)

4.5.26 Loss of revenue to the Authority due to non-forfeiture of Security Deposit - Rs 110.00 million

Para 4.3 of National Aviation Policy-2015 provides that:

- Any airline applying for RPT license shall deposit 100 million rupees as security deposit. An amount equal to 3 billing cycles shall also be deposited before the commencement of operations (billing assurance). Fifty percent of security deposit may be in the form of a bank guarantee, payable to PCAA upon default.
- Subsequent to the successful issuance of the license to operate, an airline is bound to start its operation within 365 days otherwise its security deposit will be forfeited. In case of outstanding dues exceeding an amount equal to 90% of security deposit/bank guarantee, the operations of airline shall be suspended.

Para D-6.5 of ANO dated 30.05.2019 explain that if an operator (RPT/Non-RPT) fails to obtain AOC/AC within a maximum of two (02) years' time-frame from the date of issuance of respective license, then 10% of the total security deposit will be levied as non-conformance charge. Subsequently, a fresh license has to be applied while its remaining security deposit shall be refunded after adjustment of dues, if any. The fresh application would require along with all the pre-requisites including Security Deposit.

A. Audit noted that a Regular Public Transport (RPT) Airline license was issued to M/s Askari Air Pakistan (AAP) on 2nd January, 2018 effective w.e.f 7th December, 2017 to 6th December, 2018. Audit further noted that the airline also deposited requisite security deposit amounting to Rs 50.00 million in cash and Rs 50.00 million as bank guarantee.

Audit observed that the airline informed CAA on 27th November, 2018 that they postponed the establishment of airline in Pakistan. Therefore, they are not able to obtain Air Operating Certificate (AOC) within the prescribed time limit i.e till 6th December, 2018. They requested to refund of the security deposit. This shows that the airline could not obtain the requisite Air Operating Certificate (AOC) within the prescribed limit and before 10 days, applied for cancellation of RPT just to avail refund of security. Audit is of the view that there exist no provision for refund of security deposit in case of surrender/cancellation of RPT prior to prescribed period of 365 days. Non forfeiture of security deposit resulted in a loss to the revenue of Authority of Rs 100.00 million.

Audit pointed out the irregularity in October 2019. The Authority replied that matter was first of its kind, the Federal Government also decided to obtain comments from Ministry of Law and Justice. The amount of security deposit is still held with CAA till the decision taken by Competent Authority.

(DP. 178)

B. Audit noted that a Regular Public Transport (RPT) license was issued to M/s Air Sial Limited for a period of one year valid up to 4th September, 2018 with the instruction to obtain AOC with in a period of 365 days. Audit further noted that the RPT was further renewed for a period of one-year w.e.f 5th September, 2018 to 4th September, 2019 with one-time relaxation in policy for non-forfeiting the security deposit submitted by M/s Air Sial Ltd.

Audit observed that despite of the lapse of about two years from the issuance of RPT License M/s Air Sial Ltd could not obtain Air Operating Certificate and could not start operation. Hence, 10% of the total security deposit shall be levied as non-conformance charge under above quoted rule. Non implementation of the rule resulted in revenue loss to the Authority of Rs 10.00 million.

Audit pointed out the irregularity in October 2019. The Authority replied that since granting further extension/approval or cancellation of licence and levy of security deposit is the entire prerogative of Federal Government, the matter was submitted to DG CAA for decision. DG CAA directed that "put up factual position to the Federal Government and let them decide". Therefore, matter was sent to Aviation Division with the entire factual position, as directed by DG CAA.

The reply was not accepted as 10% of the security was required to be levied as non-conformance charge.

(DP. 182)

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for forfeiture of security deposit on default of the airline to obtain AOC.

4.5.27 Non-compliance of procedure regarding award of concessions after expiry of contract period - Rs 93.738 million

According to Para D.3.6.1 of Civil Aviation Authority Commercial Policy, commercial concessions shall be disposed of through open competitive tender usually as per Single Stage-Two Envelope Procedure i.e. Technical & Financial Proposal/offer as outlined in Para 36 (b) of Public Procurement Rules, 2004), Tender are to be invited/published three month prior to expiry of the existing concessions.

Audit noted that Airport Manager, Jinnah International Airport (Commercial Branch) CAA Karachi awarded 129 licenses in different categories of business for commercial concessions during the year 2018-19.

Audit observed that license agreements of 06 concessions were expired but no initiative for invitation of tenders for re-allotment of the concessions was made. This resulted in violation of CAA policy and recurring loss amounting to Rs 93.738 million as detailed below:

(Amount in Rs)

Concession Name	Per month due	Months of delay	Amount
Advertisement on 38 display Units	2,979,443	6	17,876,661
Collection of Cargo Through put charges(CTC)	6,764,142	10	67,641,420
To operate and run flight kitchen with customs bonded warehouse and other facilities	298,263	11	3,280,895
Concession No.01 "Branded Coffee Shop" alongwith Seating area Facility	215,808	7	1,510,658
Con No.02" Branded Coffee Shop alongwith Seating Area Facility	185,209	7	1,296,460
Souvenir and Antiques Shop	355,278	6	2,131,671
Total			**93,737,765**

Audit pointed out the irregularity in August 2019. The Authority replied that all the highlighted concessions were put to tenders in time.

The reply was not accepted because timely action was not taken up for award of concession.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends early disposal of the concessions alongwith action against the responsible(s) for delay.

(DP. 46)

4.5.28 Overpayment due to allowing price escalation in extended period - Rs 87.409 million

Time extension was granted by the competent authority vide letter dated 20th August 2018 with the condition that no prolongation charges, other cost and price variation would be admissible to the contractor for extended period.

Audit noted that Civil Aviation Authority (CAA) awarded the work, Expansion and Renovation of Bacha Khan International Airport, Peshawar to M/s Qavi Engineers Pvt. Ltd at agreement cost of Rs 1,896 million on 28th December, 2015. The work was commenced on 11th March, 2016 and was to be completed within 18 months up to 10th September, 2017. Date of completion was extended up to 15th September, 2018 through five time extensions.

Audit observed that the project management allowed price variation to the contractor for extended period amounting to Rs 87.409 million by setting aside the instruction conveyed by the competent authority. This resulted in overpayment of Rs 87.409 million.

Audit pointed out the overpayment during August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of undue payment of escalation for the extended period.

(DP. 89)

4.5.29 Non-adjustments of overheads for value of work done in excess of 15% of effective contract price - Rs 82.00 million

According to clause 52.3 of the contract agreement, if on the issue of the taking over certificate for the whole works, it is found that as a result of all varied work valued under sub clauses 52.1 and 52.2 and all adjustments upon measurement of the estimated quantities set out in BOQ, excluding Provisional sums, day works and adjustment of the price made under Clause 70, but not for any other cause, there have been additions to or deductions from the contract price which taken together are in excess of 15 % percent of the effective contract price then and in such event, after due consultation by the Engineer with the Employer and the Contractor, there shall be added to or deducted from the contract price such further sum as may be agreed between the Contractor and the Engineer with the Employer or, failing agreement, determined by the Engineer having regard to the contractors site and general overhead costs of the contract. The Engineer shall notify the Contractor of any any determination made under this sub clause, with a copy to the Employer; Such sum shall be based only on the amount by which such additions or deductions shall be in excess of 15 % of the effective contract price.

Audit noted that CAA awarded the work, Expansion and Renovation of Bacha Khan International Airport, Peshawar, to M/s Qavi Engineers Pvt. Ltd at agreement cost of Rs 1,896.00 million on 28th December, 2015.

Audit observed that the contractor was paid Rs 2,590.499 million on account of work done excluding price adjustment under clause 70 of the contract agreement which showed that the enhancement to the contract value was more than the 15%. Thus, the contractor overheads were required to be reduced from 25% to 20% for additional work executed involving Rs 82.00 million. This resulted in non-adjustment of overheads Rs 82.00 million.

Audit pointed out the non-adjustment during August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends adjustment of the overheads.

(DP. 90)

4.5.30 Irregular award of lease of land at New Islamabad International Airport - Rs 74.519 million

Oil and Gas Regulatory Authority (OGRA) restricted 13 oil marketing companies (OMCs) from expanding retail outlet network. In a public notice, the OGRA directed the Pakistan State Oil Company Limited (PSO), Shell Pakistan Limited and Total Parco Marketing Limited to stop expansion of retail outlet network across the country except Sindh.

Meanwhile, Attock Petroleum Limited, Hascol Petroleum Limited, Total Parco Pakistan Limited, Askar Oil Services (Pvt) Ltd, Byco Petroleum Pakistan Limited, Overseas Oil Trading Co Pvt Limited, Bakri Trading Company Pakistan (Pvt) Limited, Gas and Oil Pakistan (Pvt) Limited, Zoom Petroleum (Pvt) Limited and Admore Gas (Pvt) Limited were directed not to expand their retail outlet network in the whole country. (Business Recorder dated 13th January, 2017).

Letter from Deputy Commissioner Attock dated 31st May, 2017 denotes that ten (10) Oil Marketing Companies including Attock Petroleum were restricted from establishing new retail outlets in any part of the country.

Audit noted that Director Commercial and Estates, Civil Aviation Authority, allotted land on 14th April, 2017, to M/s Attock Petroleum

Limited measuring 2,000 sq.yards through open tendering for establishment of Petrol Pump with complete Serving Facility as per approved layout, at IIAP Islamabad. Audit further noted that another piece of land measuring 1,077 sq. yards allotted on 19th August, 2017 for establishment of Petrol Pump on Airside (Restricted Area) at New Islamabad International Airport (IIAP) to the same company.

Audit observed that Oil and Gas Regulatory Authority (OGRA) imposed restriction on M/s Attock Petroleum Limited for establishing new retail outlets in any part of the country as evident from press release dated 13th January, 2017. This was also proved by the facts that Manager Retail, Attock Petroleum Limited, applied for grant of NOC for the installation of Petrol Pump on Air Side (Restricted Area) at New Islamabad International Airport to Deputy Commissioner Attock, who also stated that Ten Oil Marketing Companies (OMC) including Attock Petroleum are restricted from establishing new retail outlets in any part of the country (Refer to above quoted letter). Further the DC was instructed not to issue the requisite NOCs to the aforesaid OMCs. This shows that M/s Attock Petroleum Limited was not eligible for the award of license at IIAP, whereas, Civil Aviation Authority awarded leases of land for establishment of Petrol Pump with complete Serving Facility in a violation of the instruction of OGRA. This resulted in irregular award of leases amounting to Rs 74.519 million.

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

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

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

(DP. 114)

4.5.31 Recurring loss to the Authority due to non-utilization of valuable land - Rs 69.663 million

Civil Aviation Authority Land lease policy 2012 para-B.1 denotes that the scope of this lease policy is in line with the CAA Ordinance (XXX of 1982) which encourages CAA to exploit its land resources to generate revenue. The policy elaborates the guidelines for leasing CAA land assets suitable for commercialization. Para D-10.1 the method of leasing shall be by Auction or Private Treaty.

Audit noted that valuable land measuring 1000 sq.yards behind M/s Shell Pakistan Ltd. (Airways-1) HQCAA Karachi was vacant since long.

Audit observed that the Authority obtained current market value of the land as Rs 65,000 per sq. yard from State Bank approved valuators and assessed by the price evaluation committee in accordance with the policy. Audit further observed that M/s Shell Pakistan Ltd. requested the authority for allotment of said land for a period of 15 years which was not approved by the Authority. Audit is of the view that due to non-utilization of valuable land, Authority has so-far suffered a loss of Rs 69.663 million.

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

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends for leasing out the land at the earliest to save the Authority from loss

(DP. 111)

4.5.32 Loss due to delay in revamping of shopping arcade - Rs 68.018 million

Civil Aviation Authority (CAA) owns and controls / operates all Airports of the country. These airports are comprised of and surrounded by a variety of lands & open spaces. In addition to the Terminal buildings, Airports area provided with Shops, Restaurants, Retail spaces, Advertisement spaces, Car parks etc. All these are potential sources of non-aeronautical revenue / income through commercial exploitation by granting "Licenses" for short periods (3-5 years), besides awarding leases for longer durations.

Audit noted that during 1992 CAA constructed the shopping arcade at international departure transit area of Jinnah Terminal. Shopkeepers operating at terminal–I and II shifted their business to shopping arcade at JIAP, Karachi. The shops of shopping arcade remained under the occupation of shopkeepers from 1992 to 2016. These shops were taken over by CAA in 2016 with the objectives to revamp the entire area at par with international standard. However, CAA failed to start the said revamping of the shopping arcade till to date. Authority lastly earned Rs 1.557 million per month from the shopkeepers.

Director General CAA principally approved revamping/re-designing proposal as under:

- Tendering of shopping arcade area for establishment of duty-free shop on BOT basis @ 14.81 USD per sq.ft as reserve price for the area measuring 12,143 sq.ft.
- Successful bidder shall also be responsible to develop allied facilities at his own cost at the said area as per plan approved by the CAA.
- Duration of license may be kept for ten years due to factor of heavy capital expenditure on development of the project.

Audit observed that since 2016 no concrete efforts were made by the Authority, to revamp / re-design the shopping arcade. Further the proposal approved by the then DGCAA was not considered by the Executive Committee during its meeting held on 19th to 21st June, 2019. Executive Committee instructed the Director Commercial & Estate and Director Engineering Services to rework on proposed Plan. This resulted in to loss of Rs 68.018 million.

Audit pointed out the loss in August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends for concrete efforts for revamping/re-designing the shopping arcade to save the recurring loss

(DP. 116)

4.5.33 Irregular hiring of transport by CAA for ASF without any recovery from ASF - Rs 65.646 million

Airport Security Force (ASF) is a Federal Government department working under the control of the Aviation Division having its own budget for its functions including transport for its employees.

Audit noted that Airport Manager, Islamabad International Airport awarded a contract to M/s United Transport Service on 28th April, 2018 without calling of tenders for the period from 28th April, 2018 to 27th August, 2018 which was further extended up to 30th April 2019 and a payment of Rs 65.646 million was made to the contractor.

Audit observed that provision of transport to the ASF was not the responsibility of CAA, therefore, award of transport contract and payment by CAA for provision of transport to ASF of Rs 65.616 million was unjustified/irregular.

Audit pointed out irregularity in September 2019. The Authority replied that at the time of operation of IIAP, Aviation Division requested CAA for provision of an amount Rs 66.990 million to meet the requirements of ASF on account of pick & drop of troops from BBIAP to IIAP for operational duties. Hence, transport for ASF was hired with the approval of DGCAA on the request of Cabinet Secretariat, Aviation Division being emergent in nature to provide security services at IIAP.

The reply was not accepted. ASF has its own budget allocation being a separate entity and they were responsible for arrangement of transport for its employees through their own sources.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved.

(DP. 160)

4.5.34 Wasteful expenditure causing loss to the Authority - Rs 58.841 million

Clause 39.1 of COC Part-I provides that the Engineer shall have authority to issue instructions from time to time (b) the substitution of proper and suitable materials or plant, (c) the removal and proper re-execution notwithstanding any previous test thereof in respect of (ii) design by the contractor or for which he is responsible, is not in the opinion of the engineer in accordance with the contract.

Audit noted that the work, Airfield Lighting System (Package-7A), was awarded to M/s Siemens with date of commencement of 10.09.2009 with original date of completion 09.04.2011 but the contractor failed to complete the work within time for completion.

Audit observed that as per BOQ 2,783 lights were to be installed at air side on main runway, taxiway, aprons and secondary runway. During execution of the work 1,640 lights specified for the taxiway were substituted from halogen lights to LED lights through variation order No. 2 approved on 15.06.2011 and the engineer determined new rates on the basis of ADB manufacturer's quotation with halogen and florescent.

Audit further observed that VO No. 6 was initiated in February 2016 for replacement of halogen lights provided in the BOQ with LED lights in the cover of up-gradation but at that time the contractor had installed 979 lights at site. A review of the VO indicated that these installed lights were got dismantled. Audit held that had the main runway lights would have been replaced prior to fixing at the time of VO No. 2 timely decision the cost of dismantling and payment made against the BOQ items for Rs 19.188 million could have been avoided.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility.

(DP. 201)

4.5.35 Loss to the Authority due to possession of premises by a licensee without permission - Rs 49.035 million

According to License agreement clause-9 a, b & d, on expiry of the license period, relation between the parties shall be determined and cease to exist and the License shall be deemed to be in un-authorized and illegal occupation of the premises. If the Licensee remains in occupation of the premises for any reason whatsoever, the Licensee shall be responsible and liable to make payment of the dues for the period he occupied/possessed the premises.

Audit noted that Director Commercial and Estates, Civil Aviation Authority, HQ. Karachi renewed license agreement for three years w.e.f 1st July, 2003 to 30th June, 2006 with M/s Aircraft Sales & Services for a space measuring 7,140 sq. ft and open space measuring 22,658.51 sq. ft in front of Hanger No-301 in General Aviation Area JIAP, Karachi on monthly license fee of Rs 113,811.

Audit observed that the license agreement pertaining to said space stands expired on 30th June, 2006 which was not renewed till date. Further Authority's dues since expiry of agreement on 30th June, 2006 were not recovered. However, the concession was under occupation of the licensee illegally without any permission. Audit further observed that embarkation charges were also not paid by the licensee. This resulted in recurring loss to the Authority since 30th June, 2007 to 30th June, 2019 amounting to Rs 49.035 million exclusive of allied utility charges.

Audit pointed out the loss in August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved.

(DP. 120)

4.5.36 Loss due to non-implementation of ERP project - Rs 45.048 million

Rule 2(L) of Public Procurement Rule 2004 explains that Value of Money means best returns for each rupee spent in terms of quality, timeliness, reliability after sales services, up-gradation ability, price, source and the combination of whole life cost and quality to meet the procuring agency's requirements.

Audit noted during audit of Human Resources Directorate, CAA Karachi that implementation of Enterprise Resource Planning (ERP) for HR function was contemplated for automation of HR functions in CAA. Agreement was executed with M/s Inbox Business Technologies (Pvt) Ltd with contract cost of Rs 49.551 million which includes Oracle Human

Capital Management (HCM) Cloud and subscription for Oracle Supports for a period of 03 years. Audit further noted that CAA accorded approval for renewal of subscription for Oracle HCM modules for further three years w.e.f 25th February, 2018 to 8th March, 2021 at cost of Rs 32.238 million including Sindh Sales Tax.

Audit observed that the as per contract, the project was required to be completed within three months from 6th February, 2015 to 7th May, 2015 but could not be completed although an amount of Rs 45.048 million was paid to the contractor. Audit further observed that the matter was also investigated by a Board of Inquiry during December 2018 to 22nd May, 2019 wherein the BOI found that the project was not implemented however, 92% of the total project cost was released. Payments for annual subscription till 2018 were also made. However, services remained unutilized due to non-implementation of the project. Therefore, total amount paid to the contractor on account of Oracle subscription and implementation considered as a financial loss to the PCAA. The Oracle-HCM has proved to be a futile exercise for PCAA as it is evident that after considerable lapse of about 4-5 years, the HR Directorate is operating on the old system i.e in House Built Software. This resulted in loss to Authority Rs 45.048 million.

Audit pointed out the loss in September 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends fixation of responsibility.

(DP. 146)

4.5.37 Unjustified award of additional work causing loss - Rs 43.016 million

Decision of the Inter-Departmental Committee of the Public Accounts Committee (PAC) dated July 17, 2001, provides that management is not empowered to award a new work as additional work to an existing contract without calling open tenders. It only allows minor adjustments in the already awarded work so as to complete it in all respect.

Audit observed that VO No. 6 for the work Airfield Lighting System (Package-7A) at IIAP Islamabad was initiated in February 2016 for replacement of halogen lights provided in the BOQ with LED lights in the cover of up-gradation but at that time the contractor had installed 979 lights at site wherein modification of light control system for controlling the LED airfield lights for Rs 83.331 million. After laying of the LED lights by up-grading the system VO No.7 was initiated for installation of new control systems by dismantling the earlier control systems and again this additional work valuing Rs 531.048 million was awarded to M/s Siemens without taking competitive rates.

Audit further observed that VO No.6 for replacement of halogen lights with LED lights was initiated in the year 2016 when the FC exchange rate was Rs 104.76 whereas VO No.7 for replacement of control system was approved in July 2018 when the US dollar rate was Rs 116. As per provision of VO, work was required to be completed within 180 days but the same was not got completed uptill October 2019. Due to differential cost loss occurred for Rs 43.016 million.

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

DAC meeting was not convened despite request by Audit on 17.01.2020.

Audit recommends fixing of responsibility and recovery of amount of loss.

(DP. 198)

4.5.38 Unjustified expenditure on appointments on retainer ship basis - Rs 42.851 million

According to Civil Aviation Authority Service Regulation 2014, the Authority can made appointment other than regular basis under following:

- Rule-18 AD-HOC and Temporary appointments
- Rule 19 Temporary or Short-Term, Posts
- Rule 20 Condition for appointments on temporary post

Audit noted that Civil Aviation Authority appointed various doctors, consultants and other staff on retainer ship basis.

Audit observed that there was no provision in CAA Service Rules 2014 to make appointment on retainership basis. This resulted in irregular/unjustified expenditure of Rs 42.851 million.

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

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends investigation in the matter and action against the responsible(s) for appointments beyond the Service Regulations.

(DP. 11, 15, 33, 35)

4.5.39 Unauthorized payment of utility charges of old airport - Rs 39.333 million

According to record, on inauguration of new Islamabad International Airport, the airport functions of BBIAP were shifted to the new Airport in May, 2018 and administration of lands and estates the property of the Civil Aviation Authority at the old Airport was taken over by the PAF.

Audit noted that after taking over of the BBIAP by PAF in May, 2018, payment for Rs 39.333 million was made on account of electricity and telephone charges of old building BBIAP during financial year 2018-19.

Audit observed that the manpower, equipment and furniture were shifted from the old airport (BBIAP) to new airport therefore, after that period, payment of utility charges was responsibility of the successor but payment of Rs 39.333 million on account of electricity and telephone charges was made by CAA without its utilization by CAA. This resulted in un-authorized payment of Rs 39.333 million.

Audit pointed out the un-authorized payment in September 2019. The Authority replied that the electricity charges for 08 connections being used by PAF at BBIAP was discontinued from August 2019. Moreover, CAA has also approached the Pakistan Air Force (PAF) for re-imbursement of already paid amount by CAA.

The Authority admitted the unauthorized payment.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 159)

4.5.40 Non-forfeiture of security deposit - Rs 30.736 million

Clause-23 & 30 of agreement provides that Particulars of employees & security clearance explains that the Licensee and its authorized representative (s) or employee (s) who are to work in the Terminal Building of the Airport or in other sensitive areas, shall be required to obtain at their own security clearance from the agencies concerned such as Intelligence Bureau, Special Branch of the Police. Further, the licensee within fifteen (15) days of signing of agreement shall obtain and maintain insurance coverage of sufficient value.

Appendix-A to clause 2 of the agreement explains that the income tax will be recovered under section 236-A of income tax Ordinance 2001 adjustable against the tax liability of the licensee for the tax year. However, no such income tax U/S 236-A will be recovered from the licensee provided the licensee produces exemption certificate from the commissioner income Tax, where his liability is assessable.

Audit noted that Airport Manager, Jinnah International Airport, CAA Karachi executed an agreement with M/s Shaheen Airport Services for grant of a license/permission to operate 13 spaces/premises at JIAP Karachi at monthly license fee of Rs 4.471 million for a period of 5 years with effect from 1st January, 2018 to 31st December, 2022 with cumulative annual enhancement @ rate of 10%.

Audit observed that licensee could not comply with the agreement clauses 23, 30 and special condition 02, as no evidence was available in the relevant file. Despite the facts the Airport Manger has not initiated action against the licensee under clause 34 of the agreement which provides forfeiture of the entire security deposit or cancellation of the license. This resulted in non-forfeiture of security deposit amounting to Rs 30.736 million.

Audit pointed out the non-forfeiture of security deposit in July-August 2018. The Authority replied that the subject clause is included in the license agreements, executed by CAA across the board, as a standard clause implemented in perspective of the security clearance of the employees only, further, Authority is making vigorous efforts to obtain Insurance Coverage from all the Licensees, including M/s SAPS, at the earliest. Clause-236-A of Income Tax Ordinance 2001 represents the Advance Tax at the Time of Sale by Auction / Tender.

The reply was not accepted because no action was initiated under the agreement clauses. The Authority should review the standard agreement clauses and necessary amendments be made in the light of the reply besides action against the licencee.

DAC meeting was not convened despite request by Audit on 12.10.2018 followed by reminders on 18.10.2018, 03.01.2019 and 01.03.2019.

Audit recommends for implementation of contract clauses in later and spirit.

(DP. 88/2018-19)

4.5.41 Overpayment due to payment of contractor overheads on GST - Rs 30.506 million

According to rates analysis approved by CAA management in respect of extra / substituted items of work, Expansion and Renovation of Bacha Khan International Airport, Peshawar, cost of material, labour, General Sales Tax (17 % GST) and 25% contractor profit & overheads etc was included. Contractor profit & overheads at the rate of 25% was not payable on GST.

Audit noted that CAA awarded the work, Expansion and Renovation of Bacha Khan International Airport, Peshawar to M/s Naqvi Engineers Pvt. Ltd at agreement cost of Rs 1,896.00 million. The work was commenced on 11th March, 2016 and was to be completed within 18 months upto 10th September, 2017. Date of completion was extended upto 15th September, 2018 through three extensions. The contractor was paid Rs 2,169.764 million upto 14th IPC paid in August 2018.

Audit observed that additional / substituted work of Rs 839.825 million was approved through three Variation Orders (VOs) as detailed below:

1. VO.1	Rs. 609.937 million
2. VO.2	Rs. 137.619 million
3. VO.3	Rs. 92.269 million
Total	Rs. 839.825 million

Audit further observed that according to rules, contractor profit & overheads at the rate of 25% was permissible on the net amount after deduction of GST, whereas contractor profit at the rate of 25% was also allowed on GST. This resulted in overpayment of Rs 30.506 million.

Audit pointed out the overpayment in October, 2018. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2018 followed by reminders on 03.01.2019 and 01.03.2019.

Audit recommends for early recovery of overpaid amount.

(DP. 144/2018-19)

4.5.42 Acceptance of inadmissible cost component resulted in overpayment - Rs 16.716 million

According to technical specifications DVOR/DME page 14 of 41 Section-B para 10.1 explains that during the tendering stage, the tenderers are encouraged to visit the installation sites, at their own expense, to determine and evaluate the scope of work to be carried out.

Audit noted that the Authority executed two agreements with M/s Selex Es, Inc USA for Provisioning, installation, testing and commissioning of Qty.11 (DVOR/DMEs) at contract cost of US$ 4,959,483 and Provisioning, installation, Testing and commissioning of Qty.06 ILS/TDMEs at contract cost of US$ 2,587,194.

Audit observed from the summary of payments of ILS/TDME contract that an amount of US$ 52,915.94 for eleven (11) sites and US$ 53,983 for six (06) sites was provided in the payment summary on account of site survey charges. Audit is of the view that as per above quoted tender condition, the expense on site survey was the responsibility of the bidder. Acceptance of inadmissible cost component resulted into overpayment of Rs 16.717 million (US $ 106,898.94 x Rs 156.38).

Audit pointed out the irregularity in October 2019. The Authority replied that as a post contract activity, mandatory site survey charges of successful bidder were mentioned at the summary payment. These surveys were the mandatory site surveys which successful Bidder was obliged to conduct for furnishing System Design Document and statement of work for each site as per scope.

The reply was not accepted because site survey was mandatory at the cost of bidder prior to submission of bids. Therefore, acceptance of inadmissible cost component resulted in overpayment to the contractor.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends recovery/adjustment of the amount involved.

(DP. 190)

4.5.43 Irregular execution of license agreement and non-enhancement of annual license fee - Rs 13.385 million

Para D8 Annual Enhancement in License Fee denotes that the monthly license fee of commercial concessions either awarded through Tenders or Local Quotation shall be enhance @ 10% annual on cumulative basis or at such higher rate as may be decided by the Competent Authority, depending upon nature and potential of any particular business/concession. Enhancement rate shall be incorporated in Tender Documents and License Agreement accordingly.

Audit noted that Director Commercial and Estates, Civil Aviation Authority, Karachi executed a license agreement with M/s DHL for the space measuring 28,325 Sq. ft at Rs 10.00 per sq ft for car parking purpose at JIAP Karachi for a period of five years w.e.f 01st July, 2009 to 30th June, 2014 (without annual enhancement) and without open tenders. Audit further noted that the license agreement was renewed for further period of five years w.e.f 01st July, 2014 to 30th June, 2019 with 10% annual enhancement on cumulative basis in the existing license fee.

Audit observed that the space was allotted initially without annual enhancement which was clear violation of CAA Policy and Procedure. This resulted into a loss to Authority amounting to Rs 13.385 million.

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

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends for action against the responsible(s) for the loss

(DP. 112)

4.5.44 Loss due to non-recovery of Authority's dues - Rs 11.655 million

License agreement clause-9 (a) explains that on expiry of the license period, relation between the parties shall be determined and cease to exist and the License shall be deemed to be in un-authorized and illegal occupation of the premises. If the Licensee remains in occupation of the premises for any reason whatsoever, the Licensee shall be responsible and liable to make payment of the dues for the period he occupied/possessed the premises.

Audit noted that Director Commercial and Estates, Civil Aviation Authority, HQ. Karachi executed license agreement with M/s Aviation Technical Services Training Institute to establish and run Aircraft Engineering Facilities, on space measuring 26,334 square feet in General Aviation Area at JIAP Karachi for a period of one-year w.e.f 12th October, 2006 to 11th October, 2007 at monthly license fee of Rs 70,101 which shall be enhanced by 10% on January 2007. Audit further noted that the Authority accorded approval for extension of the license w.e.f 12th October, 2007 to 11th October, 2008. However from 11th October, 2008 space allotted to the licensee reduced from 26,334 sq.ft to 14,660 sq.ft.

Audit observed that the license agreement was not renewed after expiry of extended period i.e 12th October, 2018, whereas, the premises were still under the occupation of lessee. Audit further observed that an abandoned Foker F-27 aircraft has been parked by the licensee on the space behind the hanger on exit way without any justification which is a serious hindrance in evacuation of CAA aircraft in case of any emergency. This resulted in loss to the Authority Rs 11.655 million.

Audit pointed out the loss in August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

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

(DP. 119)

4.5.45 Overpayment due to non-deduction of quoted rebate on non-scheduled items - Rs 8.918 million

Clause 52.1 of Contract Agreement (Vol-I), states that all variations referred to in Clause 51 and any additions to the Contract price which are required to be determined in accordance with clause 52 shall be valued at the rates and prices set out in the contract.

Audit noted that Civil Aviation Authority (CAA) awarded the work, Expansion and Renovation of Bacha Khan International Airport, Peshawar to M/s Qavi Engineers Pvt. Ltd at agreement cost of Rs 1,896.00 million on 28th December, 2015.

Audit observed that the Authority executed and paid some additional items for Rs 445.946 million but 2% rebate quoted by the contractor for Rs 8.918 million was not deducted. This resulted in overpayment to the contractor for Rs 8.918 million.

Audit pointed out the overpayment during August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the overpaid amount.

(DP. 94)

4.5.46 Non-recovery of maintenance cost incurred during Defect Liability Period - Rs 8.743 million

According to Status Report of the New Islamabad International Airport, the work, Airside Infrastructure (Civil Works), was completed on 13th May 2015, however, Taking Over Certificate (TOC) was not issued.

According to Taking Over Certificate (TOC), the work, Package-3; Passenger Terminal Building (PTB) of Islamabad International Airport, was completed in May, 2018 and TOC was issued on 3rd May, 2018.

A. Audit noted that Airport Manager, Islamabad International Airport, Islamabad (IIAP) awarded a contract for emergent patch repair of surface undulations on secondary runway at IIAP, Islamabad at an agreement cost of Rs 6.176 million on 24th June, 2019.

Audit observed that as per terms and conditions of the agreement, during Defect Liability Period (DLP), the contractors were bound to maintain the runway and equipment but the Authority repaired the same at its own cost involving Rs 6.176 million. This resulted in non-recovery of Rs 6.176 million.

Audit pointed out the non-recovery in September 2019. The Authority replied that Taking over Certificate *(TOC)* of the original work "Airside Infrastructure (Civil Works)" was issued on 14th May 2014 and the Defect Liability Period (DLP) expired on 13th May 2015.

The reply was not accepted. As per Taking Over Certificate (TOC) issued on 24th May, 2014, the work was shown substantially completed on 14th May, 2014 subject to undertaking by the Contractor for rectification of defective works in punch list as determined by the Engineer and satisfactory performance of Tests on completion. A specific undertaking was also to be given by the Contractor regarding that the cracks in runways shall be repaired by the Contractor as per approved methodology of Design Consultant to the satisfaction of Designer /PMC/PMU.

(DP. 154)

B. Audit noted that Airport Manager, Islamabad International Airport, Islamabad (IIAP) awarded a contract for water proofing of Passenger Terminal Building (PTB) Car park link bridge at IIAP, Islamabad at cost of Rs 2.567 million on 4th December, 2018.

Audit observed that as per terms and conditions of the agreement during Defect Liability Period (DLP), the Contractor was bound to maintain the building and equipment but the management awarded a contract for water proofing at cost of Rs 2.567 million. This resulted in non-recovery of Rs 2.567 million.

Audit pointed out the non-recovery in September 2019. The Authority replied that PTB-Car park link bridge was constructed under Contract Package '8 Landside Infrastructure' by M/s LTH JV. The construction of this bridge was completed in the year 2016 and subsequently, its Defect Liability Period was expired on 30th March, 2017. The Passengers Terminal Building was constructed under Package 3 (Civil Works) by M/s CSCEC FWO JV. The Islamabad International Airport was inaugurated on 3rd May, 2018. During moon soon rains of 2018, rain water leakages were observed through PTB-Car park link bridge, which caused inconvenience to the passengers. Since, Defect Liability Period of the Pedestrian Bridge in question was expired in March, 2017 therefore, it was not the liability of contractor to repair the bridge beyond expiry of DLP.

The reply was not accepted because the necessity of water proofing of Passenger Terminal Building arose due to leakage of rain water from some points of car park link bridge and excessive use of general washrooms at domestic departure satellite. The reasons do not prove that it was a fault of the Contractor of the car park link bridge as the bridge was completed in 2016 and DLP expired in 2017. Rather, it seems due to defects in the water/sewerage lines which were part of the JV of the Passenger Terminal Building.

(DP. 153)

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved.

4.5.47 Excess payment to consultant due to enhancement in scope of work - Rs 8.630 million

As per appendix-A of consultancy agreement, (Description of the Services), the consultant shall provide architectural as well as structural and E&M drawings to meet the requirements. The consultant shall also be responsible during execution of contract and revision of drawings necessitated during execution of work.

Audit noted that Project Director Faisalabad International Airport awarded a consultancy contract for designing of terminal building of Faisalabad International Airport costing Rs 10.00 million. Audit further noted that an Addendum to contract for consultancy services was signed which enhanced the scope of consultancy service by Rs 8.630 million.

Audit pointed out the matter in September 2019. The Authority replied that the consultancy services were hired at the fixed cost of Rs 10 million for the project in which consultant was responsible to provide design drawings within 60 days as per agreement clause 2.4 after award of work. The additional scope of work was awarded to consultant as per clause No 6.6 of the conditions of contract and the addendum was approved by the competent authority. All payments made to the consultant were within approved limit of 2nd Revised PC-I and after approval of addendum to the consultancy contract by the competent authority.

The reply was not accepted because the execution of work was conducted under the supervision of the same consultant and how it can be possible to start the work without "soil testing and investigation" and other works which was approved through addendum.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends investigation in the matter.

(DP. 164)

4.5.48 Issuance of No Demand Certificates without recovery from the retired employees - Rs 7.788 million

D7.2 explains that on vacation of CAA accommodation, the concerned officer/official of agency other than CAA will submit No Demand Certificate issued by Finance section of concerned location, in the office of Officer Incharge Residential Area HR BSS/OIC Estates of concerned Airport/Location before handing over possession.

Audit noted from the monthly department wise residential outstanding dues provided by Human Resource Directorate (BSS) Branch, Civil Aviation Authority (HQ) Karachi that an amount of Rs 7.788 million was lying outstanding against 134 retired employees of the Authority as on 30th June, 2019.

Audit observed that the employees were retired from service and vacated their accommodation without clearing outstanding dues. Audit further observed that No Demand Certificates were issued to the respective employees for processing of pension cases. Irregular issuance of NDC prior to clearance of dues resulted non recovery of Rs 7.788 million.

Audit pointed out the irregularity in September 2019. The Authority replied that the matter has been referred to revenue/billing JIAP for reconciliation and recovery.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for early reconciliation and recovery of outstanding dues from the CAA retired employees under intimation to audit.

(DP. 149)

4.5.49 Irregular payment of pay and allowances - Rs 5.774 million

Para 16(a) of Admin Order No. 06/2014 dated 31st October, 2014 explains that flying allowance for flight inspectors (Pilot)/Flight Engineers) & Calibration Pilots is admissible to entitled officers subject to the applicable orders for the time being in force.

Para 8.5.3-Criteria for Flying Allowance: (As per CAA Regulations -2014) of CAAO MNL-002XXFI provides as under:

i. Successful completion of OJT (Phase-I of the raining), satisfactory performance evaluation within 02 years of induction/posting in Flight Inspection Unit and certification by Head of Flight Inspection Unit- Additional 150% of running Basic Per month.
ii. Completion of 05 years' service, in Flight Inspection Unit, Successful completion of training (Phase-II), performance evaluation & Certification by Head of Flight Inspection Unit for conducting Flight Checks of all Conventional & Non-conventional Navigation & Visual Aids independently- Additional 225% of running Basic Per month.
iii. Completion of 10 years' service in Flight Inspection Unit, successful completion of training (Phase-III), performance

evaluation & Certification by Head of Flight Inspection Unit for conducting Flight Checks of all conventional, Non-conventional Navigation & Visual Aids and flight validation of RNAV (GNSS), SIDS/STARS, Instrument Approach Procedures independently- Additional 300% of running Basic Per month.

Audit noted that the Authority appointed an officer as Co-pilot Calibration Ex-Cadre "C" (PG-9) w.e.f 06th June, 2011. The officer was granted flying allowance @ basic pay plus 25% of basic pay per month. Audit further noted that the officer was deployed in HR (BSS) Branch of HR Directorate, CAA (HQ) Karachi on 25th January, 2019 for dealing of administrative affairs and coordination with Aviation Division and other outside agencies for expeditious disposal of the cases pertaining to HR Directorate.

Audit observed that several letters of advice and showcase notices were served to the officer due to absent from duty without leave and disconnection of working relationship with Flight Calibration Unit's Administration. Audit further observed that the officer was not flying Aircraft since 12th July, 2017. Performance of the officer was unsatisfactory as also certified by the Additional Flight Inspection/Chief Pilot on 28th May, 2017.

Audit was of the view that the officer was initially/directly appointed as co-pilot in PG-9 but did not fulfilled the requisite requirement of the Flying Calibration Unit therefore, the officer was required to be stuck off from the services instead of deploying his services to Human Resources Directorate. Hence, payment of Rs 5.774 million on account of pay & allowances during the year 2018-19 made to the officer stands irregular.

Audit pointed out the irregularity in September 2019. The Authority replied that the Chief Flight Inspector has certified that the formalities have been completed and thereafter Flying Allowance was sanctioned to the officer. The officer is on attachment to HR Directorate since 25th January, 2019 and he has neither been transferred nor re-mustered.

The reply was not accepted because the officer has not performing his mandatory duties as evident from the report submitted by the head of Flight Calibration Unit

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for inquiry in the matter.

(DP. 147)

4.5.50 Less recovery of income tax - Rs 1.75 million

Section 153(1)(b) of Income Tax Ordinance 2001 provides that every prescribed person making payment on the execution of a consultant (services) shall at the time of making payment, deduct tax from the gross amount payable at the at the rate of 8% as prescribed in Division III of Part III of the First Schedule.

Audit noted that Civil Aviation Authority (CAA) awarded the work Consultancy Services for Expansion and Renovation of Bacha Khan International Airport, Peshawar in 2008 and made payment for said project up to the Financial Year 2018 -19 for Rs 175.314 million.

Audit observed that while making payment to the consultant, the Authority deducted 7% income tax on the value of work done instead of 8%. This resulted in less deduction of income tax amounting to Rs 1.75 million.

Audit pointed out less deduction of income tax during August 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 17.10.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved.

(DP. 96)

4.5.51 Irregular flight permissions without fulfilling codal formalities resulted in accumulation of dues - Rs 75,431.827 million

Para D2.6 of ANO-003-ATNR-1.0 dated 30th September, 2016 explain that the Schedule Airline/GSAs applying for the first time or applying afresh after a gap, shall be required to deposit aeronautical charges of one month of schedule operation in advance in CAA collection Account as security deposit or a valid bank guarantee (covering schedule period) equal to the amount of three billing cycle for their overflying/landing flights and to clear the invoice raised by CAA billing branch on fortnightly basis.

Audit noted that the Authority issued flight permissions to M/s Pakistan International Airline Company Limited (PIACL) and M/s Shaheen Air International during 2018-19 and raised aeronautical bills of 13,578.669 million and Rs 187.876 million respectively.

Audit observed that at the time of issuance of flight permission to the airlines, provision of advance equal to the amount of three billing cycle for overflying/landing flights and to clear the invoice raised by CAA billing branch on fortnightly basis was not followed. This resulted in accumulation of outstanding dues amounting to Rs 75,431.827 million.

(Rs in million)

Airline	Amount receivable as on June 2018	Bill raised during the year 2018-19	Amount deposited during the year 2018-19	Amount receivable as on June 2019
PIAC	60,571. 154	13,578.669	50.000	74,099.824
Shaheen Air	1,395.223	187.876	251.096	1,332.003

Audit pointed out the irregularity in October 2019. The Authority replied that the said ANO was implemented with effect from 30th September, 2016 and was effective from the date of implementation. Any airline starting operations after implementation of this ANO was required to deposit one-month advance amount and does not applicable on the airlines already operating.

The reply was not accepted because there was no such provision in the ANO. The Authority may take effective action against the Airline for maintaining advance for three billing cycles by the Airline as per rule.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit of dues and maintenance of advance amount as per Air Navigation Order.

(DP. 172, 173)

4.5.52 Recruitments in CAA without verification/confirmation of Domicile certificates

Para D13.1 of CAAO-001-HRSS-2-0 verification of Documents explains that after final selection and approval of merit list, the educational documents, experience certificates and domicile will be forwarded to concerned quarters through HR (PM) branch to get the documents verified from concerned Board/University /HEC /District Commissioner.

Audit noted that Director Human Resources, Civil Aviation Authority (HQ) Karachi appointed 55 employees on regular basis during the year 2018-19.

Audit observed that out of 55 newly recruited employee’s domicile certificates of only 16 employees were got verified. Remaining 37 cases were under process for verification/conformation from the concerned District/provincial authorities during the year 2018-19.

Audit pointed out the irregularity in September 2019. The Authority replied that the delay in getting the record verified is mainly attributed with the concerned issuing authorities whereas one of the most prominent factors is manual handling of the processes which hinders the timely verification of record. Nevertheless, all out efforts are being made for ensuring the timely verification of record and a mechanism for strengthening the internal control system is being devised.

The reply was not accepted without furnishing the detail of all the employees, whose domiciles were got verified, under process of verification and not verified till June 2019.

DAC meeting was not convened despite request by Audit on 29.11.2019 followed by reminder on 19.12.2019.

Audit recommends for early verification of degrees/domiciles.

(DP. 151)

4.5.53 Recurring loss due to non-billing for excessive areas under possession of concessionaires/leases

Civil Aviation Authority (CAA) owns and controls / operates all Airports of the country. These airports are comprised of and surrounded by a variety of lands & open spaces. In addition to the Terminal buildings, Airports area provided with Shops, Restaurants, Retail spaces, Advertisement spaces, Car parks etc. All these are potential sources of non-aeronautical revenue / income through commercial exploitation by granting "Licenses" for short periods (3-5 years), besides awarding leases for longer durations.

During audit of the accounts record of Civil Aviation Authority, Airport Manager (Estate Branch) JIAP Karachi it was noted that physical verification of spaces allotted to concessioners/leases was carried out on 5th July, 2017 by a team constituted by Internal Audit Branch CAA, HQ Karachi.

Audit further noted from physical verification of spaces allotted to concessioners/leases conducted by Internal Audit Branch team of CAA, the following was found:

- Difference in measurement of 324 concessions
- 187 concessions mentioned in the list provided by Commercial Branch were not found in the physical verification sheets.
- 177 concessions were physically measured but could not be found in the list provided by Commercial Branch.
- Differences in measurement of 18 leases was identified.
- 4 leases mentioned in the list provided by Estate Branch could not be found in physical verification sheets.
- 11 leases were physically measured but not found in the list provided by estate branch.

Audit observed that a board of officers was also constituted to work out modalities of implementation and billing for excess areas to concessioners and leases at JIAP Karachi who submitted their recommendations for deployment of surveyors to calculate exact areas and billing for excess areas. No concrete steps were taken by the management of JIAP to charge billing for excess areas under occupation of concessionaries and leases at JIAP Karachi. This resulted into recurring loss of millions of rupees to the authority.

Audit pointed out the irregularity in August 2019. The Authority replied that a Committee of Civil, Commercial & Estates Sections of JIAP will be constituted for authentication and re-measurement of spaces.

The reply was not accepted because the areas were already highlighted but the Authority had not issued bills to the concessionaire for excess areas.

DAC meeting was not convened despite request by Audit on 13.09.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved.

(DP. 62)

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

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	58	19	6,610.827	23.39

5.2 Comments on Budget and Accounts (Variance Analysis)

(A) Pakistan Public Works Department

Grant No. 51-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 three years is summarized below:

(Amount in Rs)

	2018-19	2017-18	2016-17
Final Grant	3,808,000,000	3,796,310,000	3,595,428,000
Actual Expenditure	4,609,447,527	4,181,075,207	3,619,582,030

	2018-19	2017-18	2016-17
Excess (+)/ Saving(-)	(+) 801,447,527	(+) 384,765,207	(+) 24,154,030
Percentage	21.05 %	10.14%	0.67%

Supplementary Grant amounting to Rs 1,152,596,000 sanctioned after 15.05.2019 has not been accounted for in the printed Appropriation Accounts. A sum of Rs 61,472,000 was surrendered after taking into account the said amount, the Final Grant worked out to Rs 4,899,124,000 and the excess converted into saving of Rs 289,676,473 which is 5.91 % of the Final Grant.

Grant No. 53 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 three years under this Grant are given below:

(Amount in Rs)

	2018-19	2017-18	2016-17
Final Grant	100,005,000	92,020,000	82,537,000
Actual Expenditure	98,030,764	99,719,040	89,299,298
Excess (+) Saving(-)	(-) 1,974,236	(+) 7,699,040	(+) 6,762,298
Percentage	1.97 %	8.37%	8.19%

Supplementary Grant amounting to Rs 2,000 after 15.05.2019 has not been accounted for in the printed Appropriation Accounts. A sum of Rs 285,000 was surrendered and Rs 7,000 was withheld during the year. After taking into account the said amount, the Final Grant worked out to Rs 99,715,000 hence saving of Rs 1,684,236 which is 1.69% of the Final Grant.

Grant No. 148 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 817 Schemes pertaining to 03 Sectors were executed by the Department. Position of allotment and expenditure of this Grant for the last three years is as follows:

(Amount in Rs)

	2018-19	2017-18	2016-17
Final Grant	6,086,351,000	19,145,594,000	13,360,091,000
Actual Expenditure	3,098,448,790	12,293,921,071	11,386,729,100
Excess (+) Saving(-)	(-) 2,987,902,210	(-) 6,851,672,929	(-) 1,973,361,900
Percentage	49.09 %	35.79%	14.77%

A sum of Rs 2,062,716,000 was surrendered and release of Rs 284,300,000 was also deposited into Government account as well as an amount of Rs 589,189,000 was with-held during the year. After taking into account the said amount, the Final Grant comes to Rs 3,150,146,000 and the saving reduced to Rs 51,697,210 which is 1.64 % of the Final Grant.

Federal Lodges Receipts

In the Appropriation Accounts of Pak. PWD, Rs 77,458,191 was shown as realized on account of Federal Lodges against the estimated receipt of Rs 123,000,000. This resulted in less realization of Rs 45,541,809.

(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.

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)	%
143.00	144.843	144.347	(0.496)	(0.34%)

Final Grant was Rs 144.843 million, against which an expenditure of Rs 144.347 million was incurred resulting in saving of Rs 0.496 million which was 0.34% of Final Grant.

Receipts

(Rs in million)

Head & Description	Estimated Receipt	Actual Receipt	Excess/ (Shortfall)	%
C 02701 – Works Building Rent	560.00	1,007.513	447.513	79.91

The buildings rent recovery of Rs 560.0 million was estimated against which an amount of Rs 1,007.513 million was collected by the Estate Offices, which was 79.91% beyond the estimated receipt.

5.3 Classified summary of Audit observations

Audit observations amounting to Rs 3,809.364 million were raised in this audit report. This amount also includes recoverable of Rs 1,195.141 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*	*106.877*
B	*Execution of works, contract agreement*	*3,228.156*
2	Value for money and service delivery issues	342.434
3	Others	131.897

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

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
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	16	29	35.53
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
2015-16	39	39	04	35	10.25
2016-17	146	146	03	143	02
2017-18	58	06	0	06	0

Note: Audit Reports for 2010-11 (02 PAR), 2011-12, 2012-13, 2014-15 and 2018-19 have not been discussed by PAC till the finalization of this Audit Report.

5.5 AUDIT PARAS

5.5.1 Extra expenditure due to non-preparation of detailed design - Rs 8,819.473 million

Para 6.09 of Pakistan Public Works Department Code (Revised-1982) states that a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. This sanction was known as the Technical Sanction to the estimate and must be obtained before the construction of work was commenced. As its name indicates, it amount to no more than a guarantee that the proposal are structurally sound, and that the estimates are accurately calculated and based on adequate data.

Audit noted that Chief Engineer (North) Pak. PWD, Islamabad awarded two contracts for Dualization of Mandra-Chakwal Road (63.25 Km) and Dualization and improvement of Sohawa to Chakwal Road (66.405 km) to M/s NLC at an agreement cost of Rs 4,199.642 million and Rs 4,293.36 million respectively.

Audit observed that the works were started in July, 2014 and 2015 respectively, but since their commencement, BOQ quantities were increased and contract cost was revised by inclusion of enhanced quantities of earth work, road work, surfacing, sub-structure, culverts etc and agreement cost was revised to Rs 17,312.475 million. This shows that comprehensive design was not prepared on the basis of value engineering. Non-preparation of detailed comprehensive economical design caused huge extra expenditure of Rs 8,819.473 million

Audit pointed out the irregularity in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

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

(DP. 146)

5.5.2 Non-obtaining/revalidation of performance bonds/bank guarantees - Rs 1,153.274 million

As per clause 10.1 (Performance Security) of the contract of the work and Special Stipulations (Appendix-A to Bid), the Contractor shall provide Performance Security to the Employer in the prescribed form. The said Security shall be furnished or caused to be furnished by the Contractor within 28 days after the receipt of the Letter of Acceptance. The Performance Security shall be of an amount equal to 10% of the contract Price stated in the Letter of Acceptance or 20% of bid cost as Insurance Bond. Such Security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any Scheduled Bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan or an insurance company having at least AA rating from PACRA/JCR.

Audit noted that the Pakistan Public Works Department awarded various infrastructure works relating to construction of buildings and roads to different contractors with the condition to obtain and provide Performance Security/Bank Guarantee.

Audit observed that in eighteen (18) cases, Pak PWD failed to obtain/revalidate the performance bonds/performance security/bank guarantees from the contractors. Audit further observed that in (04) four cases out of eighteen (18), performance bond from insurance companies were accepted instead of bank guarantees. This resulted in non-obtaining/revalidation of performance bonds/bank guarantees and irregular acceptance of insurance guarantees Rs 1,153.274 million **(Annexure-L)**.

Audit pointed out the irregularity in July-October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends obtaining/revalidation of performance bands/bank guarantees and action against the responsible(s) for violation of contractual provisions.

5.5.3 Payment of excessive and substituted quantities without approval - Rs 1,111.976 million

Para 6.09 of Pakistan Public Works Department Code (Revised-1982) states that a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. This sanction was known as the Technical Sanction to the estimate and must be obtained before the construction of work was commenced. As its name indicates, it amount to no more than a guarantee that the proposal are structurally sound, and that the estimates are accurately calculated and based on adequate data.

Chief Engineer (North) letter No.CEN/W-1/5268(NA-21) dated 01.11.2016, following conditions were provided for strict adherence:

i. No excess over the quantities given in the BOQ should be permitted in respect of all items of work.
ii. The work should be executed strictly in accordance with the specifications/standards stipulated in the agreement and architectural drawings/line plans structural drawings prepared and vetted by the competent authority but it should be restricted within original scope of work.
iii. No extra/substitute items should be allowed to execute at site without prior approval of the competent authority.

Audit noted that various divisions of Pak PWD awarded and executed infrastructure projects/works relating to construction of buildings and roads during the year 2018-19.

Audit observed that Pak PWD formations allowed excessive quantities of certain items of works against the approved BOQ in nineteen (19) works for Rs 869.579 million without approval of the competent authority.

Audit further observed that in addition to excessive quantities, the department also allowed execution of extra/substituted items for Rs 242.397 million in nine (09) works without approval of the competent authority.

This resulted in irregular payment of Rs 1,111.976 million. **(Annexure-M)**

Audit pointed out the irregular payment during July - October 2019. The department replied that quantities of items were enhanced as per site requirements.

The reply was not accepted because execution of excessive quantities and extra/substituted items beyond provision of T.S Estimates/ BOQs were got executed without approval of the competent authority.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for early regularization of the excess/extra/substituted items from the competent forum.

5.5.4 Payments without approval of contract agreements - Rs 719.077 million

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.

Audit noted that the Pakistan Public Works Department awarded twenty five works of construction of buildings and roads to different contractors.

Audit observed that the contractors were paid Rs 719.077 million on account of work done without approval/signing of contract agreements by the competent authority. This resulted in irregular payment of Rs 719.077 million.

(Rs in million)

DP No	Division	No. of works	Amount
12	Central E/M-I Pak PWD Karachi	12	79.963
99	CCD, Pak PWD, DG Khan	03	39.300
128	PCD-IV, Pak PWD Islamabad	02	286.132
163	PCD-II, Pak PWD Islamabad	01	247.249
169	CCD-VII, Pak PWD Islamabad	07	66.433
	Total	**25**	**719.077**

Audit pointed out the irregularity in July, September and October 2019. The department replied in two cases that the contract agreements were approved by the competent authority. In other cases the department did not reply.

The reply was not accepted because no documentary evidence was produced to authenticate the factual position.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends early signing of agreements to regularize the payments.

5.5.5 Non-recovery of mobilization advance - Rs 251.454 million

As per clause 60.11 (b) regarding recovery of mobilization advance provides that this Advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of Advance and the last installment two months before the date of completion of the Works.

Audit noted that Executive Engineers of various Pak PWD Divisions awarded five (05) works to the contractors and paid mobilization advance.

Audit observed that an amount of Rs 251.454 million was outstanding against the five (05) works since long time due to stoppage of works at sites. Further, the guarantees provided by the contractors against mobilization advance were also expired. This resulted in non-recovery of mobilization advance Rs 251.454 million as detailed below:

(Rs in million)

DP No	Division	Name of work	Mobilization Advance
71	CCD-I, Lahore	Construction of 1st floor, Academic Block at Civil Service Academy, Lahore	3.191
75	CCD Faisalabad	Construction of Bridge over river Ravi at Mal Fatyana District Toba Tek Singh (NA-94)	91.323
130	CCD-VIII Islamabad	Construction of Model Prison at H-16, Islamabad SH: Construction of Male Barracks & SH: Construction of Sentry Posts (24 posts)	3.764
131	PCD-IV Islamabad	Construction of Model Prison at H-16, Islamabad SH: Construction of Road &Walkways	122.501
158	PCD-IV Islamabad	Chakwal Northern By-pass (14.5 km) (SH Package-2 RD 05+000 to 10+000)	30.675
		Total	**251.454**

Audit pointed out the non-recovery in August - October 2019. The department replied in one case that the scheme remained unfunded during last 06 years, therefore, the work was abandoned and the balance mobilization advance was outstanding.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery mobilization advance.

5.5.6 Non-imposition of liquidated damages for delay in completion of works - Rs 186.533 million

Clause-47, Conditions of Contract of agreement provides that if the contractor fails to complete the work within Time for Completion, the contractor's only liability to the Employer for such failure shall be to pay the amount 0.1% of contract price for each day of delay in completion of the works subject to a maximum of 10% of the contract price. If the Contractor's progress is not as per approved programme of works, the contractor shall be liable for liquidated damages.

Audit noted that the Pakistan Public Works Department awarded various infrastructure works relating to construction of buildings and roads to different contractors at bid cost of Rs 1,865.381 million.

Audit observed that the contractors failed to complete the works in stipulated completion periods and even in the extended period. Thus the contractors rendered themselves to pay liquidated damages as per contract provisions which were not imposed and recovered by the department. This resulted in non-imposition and recovery of liquidated damages of Rs 186.533 million **(Annexure-N)**.

Audit pointed out the non-imposition of penalty in July - October 2019. The department replied in two cases that works were delayed due to non-release of funds and did not reply in remaining cases.

The reply was not accepted because the contractors failed to complete the works even in extended period, therefore liquated damages were required to be imposed and recovered.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for early recovery of liquidated damages, due to delay in completion of works.

5.5.7 Improper planning and irregular award of work - Rs 135.874 million

Chapter-3 of Guidelines for Project Management issued/published by Project Wing, Planning Communication, Government of Pakistan in August 2008, contains project management life cycle.

A project usually brings change resulting in benefits to target group. Projects involve a group of inter-related activities that are planned and then executed in a certain sequence to create/provide a unique service or output within a specific time frame. The Project Management Life Cycle has five distinct phases: (1) Identification & Formulation; (2) Appraisal & Approval; (3) Implementation; (4) Completion/Closure; and (5) Ex-post Evaluation.

Audit noted that Executive Engineer, Central Civil Division, Pak PWD Faisalabad awarded a work for construction of Drainage (Waste Water Channel) on Saim Nallah at Mamokanjan, Tehsil Tandliwala District Faisalabad to a contractor on 14th June, 2018 at an agreement amount of Rs 135.874 million.

Audit observed the project was started without Feasibility Study and Environment Impact Assessment Report. Audit further observed that the work comprised of two portions i.e. diversion channel to provide dry conditions in the main channel and RCC lining of the main channel, whereas, Chairman Municipal Committee Mamukanjan denied to issue NOC to execute diversion channel over the metalled road. Audit is of the view that as the NOC was not issued how the work was awarded without clearance of site/NOC.

This resulted in improper planning and irregular award of work involving Rs 135.874 million.

Audit pointed out the irregularity in August 2019. The department replied that work was awarded to the lowest contractor after fulfilling the codal formalities. As per approved PC-I, there was a provision of Rs 10.00 million to execute diversion on the Railway land, but Railway department enhanced their estimate for issuance of NOC from Rs 10.00 million to Rs 25.00 million. Pak PWD approached the Punjab Irrigation Department (Drainage Division Faisalabad) to ascertain the NOC for execution of the work on available right of way. The detail design/drawing etc. were also demanded by Irrigation Department. The consultant was also hired for the designs/drawings. Moreover, the N.O.C. from Local Administration also involved. The Deputy Commissioner Faisalabad was requested on 26th February, 2019 to clear the encroachment from the site. However, Chairman Municipal Committee Mamokanjan has denied to issue NOC for Construction of Diversion Channel over the Metalled Road.

The reply was not accepted because when the site was not clear work was not to be awarded.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 74)

5.5.8 Less recovery of security deposits/retention money - Rs 66.035 million

As per clause 60.2 of contract agreement read with Appendix-A to bid, Retention Money @ 10% of amount of interim payment certificate was to be deducted. Limit of retention money was to be 5% of contract price stated in the Letter of Acceptance and the same was required to be released after expiry of 365 days of defect liability period from the effective date of taking over certificate.

Audit noted that the Executive Engineer, Central Civil Division, Pak PWD D.G Khan awarded the work Construction of Musa Khail Taunsa Road (35 KM) stretch to be constructed and linked with Zhob (remaining work) (Package-I) to a contractor on 13th February, 2013 at the contract cost of Rs 296.009 million. The scope of work was enhanced and total agreement amount including varied work, was Rs 1,471.465 million.

Audit observed that payment of Rs 1,204.082 million was made to the contractor up to 28th Running bill paid in June 2019. The amount of security deposit was required to be deducted for Rs 120.408 million (10% of payment made Rs 1,204.082 million). Audit further observed that total amount of security deposit Rs 54.373 million was deducted and available with the department up to 28th Running bill. Less deduction of security deposit was against the provisions of contract and undue financial aid to the contractor. This resulted into less deduction of security deposit of Rs 66.035 million.

Audit pointed out the less recovery in September 2019. The department replied that the maximum limit of retention money was 5% of contract price stated in the letter of acceptance. Accordingly, the due security to be deducted works out to the tune of Rs 73.573 million (Rs 1,471.465 million @ 5%). This limit of deduction was attained up to 23rd running bill paid on 22nd March, 2018. Later on premature security deposit amounting to Rs 58.800 million was released to the contractor with special permission of Chief Engineer (W), Pak. PWD. Out of which an amount of Rs 39.600 million had already been recouped leaving a balance of

Rs 19.200 million which was absolutely equal to the withheld amount of the contractor retained due to paucity of funds. So, total retained amount of the contractor works was Rs 73.573 million.

The reply was not accepted because premature release of security deposit before completion of work was against the provisions of contract agreement and undue financial aid to the contractor. Released amount of security deposit of Rs 58.800 million has not been recouped in full even lapse of more than one-year despite of the directions of Chief Engineer (West) Pak PWD Quetta.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 104)

5.5.9 Irregular execution of work - Rs 62.599 million

As per Acceptance letter dated 09.02.2009, the work should be executed strictly in accordance with the specifications/standards stipulated in the agreement & architectural drawing/line plans structural drawing prepared and vetted by the competent authority but it should be restricted within original scope of work.

Audit noted that the Executive Engineer Central Civil Division No.VI Pak PWD Karachi paid Rs 62.599 million to the contractor for the work, Extension of Federal Lodge-01 (Qasr-e-Naz) Karachi (SH: Construction of 32 VIP Suits (Phase-1 24 VIP Suits) up to 28th Running bill of the contract.

Audit observed following irregularities:

1. The estimate of the work was technically sanctioned for Rs 45.407 million whereas, expenditure of Rs 62.599 million

was made without approval of revised technical sanction and revised PC-1.

2. Extra items involving Rs 22.961 million were executed and paid to the contractor over and above the TS estimate.

This resulted in irregular execution of work for Rs 62.599 million.

Audit pointed out the irregularity in September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends revision of estimates and action against the responsible(s).

(DP. 92)

5.5.10 Unauthentic quality of executed works - Rs 61.314 million

According to condition-5 of the letter of acceptance dated 08.06.2018, the work may be executed strictly in accordance with the approved drawings and specifications and the necessary tests where ever applicable, may be carried out before release of payments of the contractor.

A. Audit noted that Executive Engineer Central Civil Division Pak. PWD, D.G.Khan awarded two works for Construction of Inland Revenue office at Muzaffargarh and Layyah with bid cost of Rs 22.621 million and Rs 20.406 million, respectively.

Audit observed the following:

- In case of Muzaffargarh, the test reports were issued with the gap of one day, four days and on the same day and even before execution of tests dates, whereas, as per specification the crushing strength of 3000 lbs per sq. inch at 28 and 14 days in columns footing, columns slabs and beams etc. of concrete was required. This state of affairs indicated that the lab test reports of the material were doubtful. This resulted into unauthentic payment to contractor on the basis of doubtful lab test reports Rs 2.036 million.

- In case of Layyah, the test reports of concrete were of 7 days and 14 days instead of 28 days. Further, the lab tests were conducted by the department through NHA material testing base laboratory but there was no address and phone number printed on the reports. The reports were also without any reference, dispatch number and issuance dates. This resulted in unauthentic payment of Rs 1.937 million.

Audit pointed out the unauthentic payment in September 2019. The department replied that all tests were carried out properly by timely providing cubes to the concerned laboratory, however while issuing reports incorrect dispatch dates were written therein. The concerned authorities are being pursued for issuing missing reports by correcting dates.

The reply was not accepted because the payment was made on the basis of unauthentic test reports.

(DP. 111)

B. Audit noted that work for establishment of center for Excellence for Gynecology and Obstetrics Rawalpindi (Main hospital building-balance work), was awarded to M/s CM Developers (Pvt) Ltd for bid cost of Rs 588.273 million.

Audit observed that an amount of Rs 57.341 million was paid on account of 24"x24"x3/4" thick Lasbela Marble (China Verona) on floor up to 4th running bill to the contractor without test reports. The consultant M/s NESPAK analyzed rate of marble item on the basis of market price which was requested but no document was provided to ascertain the authenticity of market rate. This resulted into unauthentic payment of Rs 57.371 million.

Audit pointed out the irregularity in September 2019. The department replied that the PCSIR had been requested to conduct Marble test. On receipt of result, the same will be shared to audit.

The reply was not accepted because test was prerequisite to be conducted before execution of work and payment.

(DP. 120)

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

5.5.11 Release of withheld amounts without recording reasons of withholding and fulfillment of codal rules - Rs 49.776 million

Para 4.29 (iii) of Departmental Code Pak. PWD provides that it shall be the responsibility of the Divisional Officer to ensure that the payments are made for actual quantity of work done according to specifications and no payment is made by the Divisional Accounts Officer for works expenditure without the technical scrutiny and approval of the Divisional Officer.

Audit observed during audit of CCD Pak. PWD Khuzdar that a sum of Rs 44.522 million withheld previously for various works, was released to the contractors, as shown in cashbook of PLA-IV, without getting certificates from the end users and work completion certificate to authenticate the actual execution. Further, Project Civil Division-II PPWD Islamabad withheld payment of certified work done of Rs 5.254 million without recording reasons.

Audit pointed out the irregularity in August 2019. The department did not reply

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation into the matter and action against the responsible(s). Proper reasoning of withholding the amount and condition of release be also recorded in all cases.

(DP. 54, 165)

5.5.12 Irregular award of additional works without tendering - Rs 36.930 million

Rule 20 of PPRA Rules provides that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works. Further, 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 the other in Urdu.

A. Audit noted that the Executive Engineering Store & Workshop Division, Pak PWD Islamabad awarded a work, Supply, Installation, Testing and Commissioning of remaining HVAC works (SH: II Equipment) at New Secretariat Block, Constitution Avenue, Islamabad to M/s JV Prime Engineering method and Riaz & Sons at a contract cost of Rs 186.784 million.

Additional works of servicing and overhauling of already installed four chillers and replacement of damaged accessories, motors, cables, electric parts, etc. were executed through extra items from the same contractor without open tendering. This resulted into irregular award/execution of additional work of Rs 29.232 million.

Audit pointed out the irregularity in October 2019. The department did not reply.

(DP. 139)

B. Audit noted that Executive Engineer, Central Civil Division-II Pak. PWD Lahore awarded the work, Rehabilitation Improvement of Wafaqi Colony Dhana Singh wala Lahore (Sub Head Road & Soling) to the contractor.

Audit observed that the department prolonged the contract and allowed to execute the work beyond agreement/estimate up to 34% i.e. Rs 30.178 million against the agreement cost of Rs 22.480 million. The department prepared another estimate and awarded the remaining work for Rs 5.986 million against the estimated cost of Rs 6.366 million on 15.05.2019 after tendering process. Whereas the department was required to award the additional work after tender/competition which was done/executed by the contractor 34% beyond the original agreement for Rs 7.698 million. Further, deviation from original agreement cost was also not approved from competent authority. This resulted in irregular award of work in violation of rules involving Rs 7.698 million.

Audit pointed out the irregularity in August 2019. The department did not reply.

(DP. 30)

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

5.5.13 Undue financial benefit to the contractor - Rs 23.760 million

Item 108.4.2(b) of NHA General Specification provides that the quantity to be paid for shall be the number of cubic meter placed in embankment and measured as provided above for material from structural excavation and such payment will be deemed to include cost of excavation, hauling, dumping, spreading, watering, rolling, labour, equipment, tools and incidental necessary to complete this item.

Audit observed that in the work, Dualization of Mandra-Chakwal Road (63.25 Km), an item of work, 108d-Formation of Embankment from Structural Excavation in Common was measured for a quantity of 79,199.91 Cu.m up to IPC No. 15 and paid @ Rs 300 per Cu.m for Rs 23.760 million. A review of the measurement sheets indicated that the item of structural excavation was neither measured in any sub-bills i.e. sub-structure, culverts, underpasses and drainage works etc., nor deduction of the same, was made. This resulted in undue financial benefit of Rs 23.760 million to the contractor.

Audit pointed out irregularity in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends early adjustment/recovery on account of earth obtained on account of structural excavation.

(DP. 149)

5.5.14 Un-authentic expenditure without checking of material - Rs 23.168 million

Central Public Works Account Code Para-145 denotes that, all articles received should be examined and counted when delivery is taken, and the transaction should be posted in the Account of Receipts of Tools and Plant, Form 13. Such acknowledgment as may have to be given to the person, from whom the articles are received, can be signed only by the Divisional or Sub-Divisional Officers.

Para-146 denotes that, all transactions of issues should be posted in the Account of Issues of Tools and Plant, Form 14. Except in the case of cash sales, unstamped but dated acknowledgment must be obtained in support of all issues.

Audit noted that Executive Engineer CCD-VI Pak PWD Karachi paid Rs 23.168 million to the contractor on account of Supply of Furniture, Blanket, Bed Sheets, Curtains, Carpets and Crockery etc. for the work, Construction of VIP Blocks No.05 (32 Suits) at Federal Lodge-1, Qasr-e-Naz Karachi as on 30th June 2019.

Audit observed that Form 13, at the time of delivery taken, was not maintained to show that the material was examined, counted and posted in the Account of Receipts. Further, the articles were not issued and posted in Form 14 and the acknowledgement in support of all issues was also not obtained from the Comptroller/concerned official of Federal Lodge. This resulted in unauthentic expenditure without checking of material of Rs 23.168 million.

Audit pointed out the irregularity in September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 90)

5.5.15 Unauthorized transfer of funds from lapsable account to non-lapsable account - Rs 21.066 million

The Finance Division (Budget Wing), Government of Pakistan vide letter No. F-3(20) BR/II/94-B-Vol-I/313 dated 15th April 1997 allowed operation of four (4) Personal Ledger Accounts (PLA) in Pak. PWD with zero balances operative from 1st July, 1997 as detailed below:

PLA No.	Description	Nature
PLA-I	Annual Development Programme	Lapsable
PLA-II	Maintenance only	Lapsable
PLA-III	Deposit Works	Non-lapsable

PLA No.	Description	Nature
PLA-IV	Other Deposits such as Contractor's Securities, GP Fund receipts, etc.	Non-lapsable

Audit noted that Project Civil Division-II, Pak. PWD, Islamabad, while making payments in June 2019, added lump sum work done in the contractor's bill and work done amounts were transferred to contractor's Security Accounts.

Audit observed that security deposits were placed in PLA-IV which was not lapsable account and security deposits can be released at any time through hand receipts. This resulted into unauthorized transfer of funds of Rs 21.666 million from lapsable grant PLA-I&II to PLA-IV.

Audit pointed out the irregularity in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends investigation into the matter for fixing responsibility against the person(s) at fault, besides corrective action.

(DP. 166)

5.5.16 Unjustified release of Security Deposit - Rs 19.670 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. Moreover, according to the approval of the schemes as per respective PC-Is, the completed schemes of PWP-I and PWP-II should be handed over to the client department (local government/TMA) at once in order to achieve objectives and further maintenance thereof.

As per clause 60.2 of contract agreement retention money @ 10% of amount of interim payment certificate was to be deducted and required to be released after expiry of 365 days of defect liability period from the effected date of taking over date of taking over certificate. The limit of retention money 5% of contract price stated in the letter of acceptance.

Audit noted that Executive Engineer Central Civil Division-I Pak. PWD, Lahore released security deposits to different contractors of PWP-I and PWP-II works/schemes during 2018-19 for Rs 19.670 million.

Audit observed that the works/schemes awarded under PWP-I and PWP-II were not finalized. The management released amount of security deposits held against the works/schemes without handing/taking over and in absence of completion certificates of awarded works. This resulted into irregular/unjustified release of security deposit of PWP-I and PWP-II works/schemes Rs 19.671 million.

Audit pointed out the irregularity in August/September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 57)

5.5.17 Unjustified withholding payment and creating liability - Rs 19.200 million

Para 105 of GFR (Vol-1) states that it is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid, and that money paid should under no circumstances be kept out of accounts a day longer that is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments and it is very important to ascertain, provide for in the budget estimates, liquidate and record the payment of all actual obligations at the earliest possible date.

Audit noted that the Executive Engineer, Central Civil Division, Pak PWD D.G Khan (old CCD Muzaffargarh), awarded a work, Construction of Musa Khail Taunsa Road (Package-I), to a contractor on 13th February, 2013 at the contract cost of Rs 296.009 million.

Audit observed that the amount of Rs 45.793 million and Rs 31.624 million payable to the contractor were withheld in 25th & 27th Running bills and the same was released in subsequent bills. Audit further observed that an amount of Rs 19.200 million was withheld in the 28th Running bill. This resulted in unjustified withholding the payment of Rs 19.200 million.

Audit pointed out the matter in September 2019. The department replied that amounts were withheld due to shortage of funds.

The reply was not accepted because execution of work without availability of funds was against the instructions of Department Code of Pak PWD.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 109)

5.5.18 Non-obtaining insurance coverage and non-recovery of premium @ 1% of contract cost - Rs 18.378 million

Clause 21.1.25 of the agreement provides to insure the works together with materials and plant by the contractor. He was also required to get third party insurance (including Employer's property) against liabilities for death of or injuries to any person or loss or damages to the property arising out of the performance of the contract and provide such evidence to the Employer prior to start of work. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance. In case of failure of the contractor to keep enforced any of the insurances required, the Employer was to effect and keep enforced the insurances by paying premium and recovery from the payments due to the Contractor.

Audit noted that Pakistan Public Works Department awarded various project/works to different contractors involving agreement cost of Rs 1,837.931 million.

Audit observed that the department did not obtain the required insurance policies from the contractors. Insurances were not invoked which not only tantamount to undue benefit to the contractor but also put the entire works, equipment, property and labour at risk. This resulted into non-obtaining of insurance coverage for the works valuing Rs 1,837.931 and non-recovery of inbuilt cost of premium of Rs 18.378 million **(Annexure-O)**.

Audit pointed out the non-recovery in July - October 2019. The department replied in one case that the contractors are being pursued for early submission of insurance Policy.

The reply was not accepted because the agreements bound the contractors to maintain insurance coverage and provide evidences to the department. Non-maintenance of insurance coverage was a violation of contractual obligations.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount of insurance premium involved under intimation to Audit.

5.5.19 Irregular execution of work - Rs 17.160 million

As per conditions of Letter of Acceptance dated 13th January, 2017, following documents/conditions were required to be fulfilled:

- Attested copy of valid Registration Certificate issued by Pakistan Engineering Council
- Performance Security of 10% of the tendered amount i.e. Rs 16.461 million duly issued by the Insurance Company having AA rating of PACRA
- Insurance of work issued by Insurance Company having AA rating of PACRA

Audit observed that the Executive Engineer Central Civil Division No.VI Pak PWD Karachi paid an amount of Rs 17.160 million up to 8th Running bill for the work, Extension of Federal Lodge-01 (Qasr-e-Naz) Karachi (SH: Construction of 32 VIP Suits (Phase-1 08 Suits), to the contractor without fulfillment of the above noted conditions. This resulted in irregular execution of work and payment of Rs 17.160 million.

Audit pointed out the irregularity in September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation and action against the responsible(s) besides obtaining performance security and work insurance.

(DP. 94)

5.5.20 Unauthentic measurement of work and creation of liability without provision of funds - Rs 15.078 million

Para 4.10 (x) provides that it shall be the duty of the Executive Engineer to administer the grant made for public works in his division, and to keep a close watch over the progress of expenditure against it with a view to seeing that no excess is permitted to occur. He shall accordingly keep himself informed of such circumstances as may affect the progress of expenditure in order to take timely steps for obtaining extra funds or surrendering probable savings as may be necessary

Audit noted that CCD Pak. PWD Khuzdar measured and certified the work done of construction of S.S.P line & beat office for NH & MP at Gwadar in MB No 09.

Audit observed that abstract of 4th running bill comprising three sub heads was initiated and certified for Rs 15.078 million. While making payment the said certified work done at page-14 was not included in the payment made on 28.05.2019 without recording reason for non-payment of work done. This resulted into unauthentic measurement of items as work done and creation of financial liability without provision of funds of Rs 15.078 million.

Audit pointed out the unauthentic measurement in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 51)

5.5.21 Payment on the basis of tempered dates of measurements - Rs 11.031 million

Instruction 06 on Fly leaf of Measurement Book provides that measurements should be recorded only by the Executive Engineer, Assistant Executive Engineer or by executive sub-ordinate of the work to whom Measurement Books have been supplied for the purpose. For all works, the Sub-Divisional Officer himself should record the measurements of all important items. Such measurements those recorded by Subordinates should however be test checked to the extant at least 50% (judged by their money value by the SDO himself and he will be responsible for the general correctness of the bill as a while).

Audit observed that Executive Engineer, CCD-VII, Pak.PWD, Islamabad allowed and made payment on the basis of un-authentic measurements recorded in Measurement Books. Record entries of items of work were not test checked by the Assistant Executive Engineer as well as Executive Engineer. The dates of measurements, as well as nomenclature and specification of the items that have already been measured were changed through tempering and overwriting. This resulted into un-authentic/irregular payments on the basis of the tempered measurements without test checks of Rs 11.031 million.

Audit pointed out the irregularity in October 2019. The department replied that the measurement of 1st and 2nd bill were recorded by the Assistant Executive Engineer himself, therefore no test check of Assistant Executive Engineer was required. Instruction of fly leaf of MB allows the cutting whether in measurement or any other content, therefore the date on which the measurement actually recorded were inserted. The cuttings in measurements do not make any payment unauthorized since the same were endorsed by the Executive Engineer for payment.

The reply was not accepted. As per instruction No. 04 on Fly leaf of Measurement Book, each set of measurements should commence with stating date of measurement and reference to previous measurements if any.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

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

(DP. 168)

5.5.22 Award of consultancy services beyond PC-I/Administrative Approval - Rs 9.946 million

According to rule 10 (i) of GFR (Vol-I), every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, as per para 11, each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

A. Audit noted that the Executive Engineer, Central Civil Division Pak.PWD Faisalabad awarded a consultancy contract (Designing & Supervision) for a work, Construction of Drainage (Waste Water Channel) on Saim Nallah at Mamokanjan, District Faisalabad (NA-78), to a consultant on 14th June, 2018 at an agreement amount of Rs 4.741 million.

Audit observed that there was no provision for consultancy charges in the authorization of the project as well as in the Administrative Approval issued by the Ministry of Housing and Works on 30th November, 2017. This resulted in award of consultancy services without provision in PC-I and Admin approval for Rs 4.741 million.

Audit pointed out the irregularity in August 2019. The department replied that the project is related to irrigation works and Pak PWD has no expertise for the project, therefore, consultant was hired for designing and supervision of the project.

The reply was not accepted because award of consultancy services contract without provision in PC-I/Administrative Approval was unjustified.

(DP. 78)

B. Audit observed that in the PC-I of the work, Bridge over River Ravi at Mal Fatyana District Toba Tek Singh, there was a provision of

Rs 49.251 million for consultancy Services, whereas, the department paid an amount of Rs 54.456 million to the consultant. This resulted in overpayment of Rs 5.205 million.

Audit pointed out the overpayment in August 2019. The department replied that consultant was engaged only for 27 months, but due to meager release of funds, project could not be completed even after 04 years. Due to this consultancy cost was increased. The payment will be regularized upon the approval of 2nd revise PC-I.

(DP. 79)

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

5.5.23 Excess payment due to enhancement beyond the revised PC-I - Rs 9.385 million

PC-I of the project, Dualization and Improvement of Sohawa-Chakwal Road (66.405 Km), contains a provision of Rs 60.100 million for the whole project on account of Bill No.07 (General Items).

Planning & Development Division letter No. 21(40)/PIA/PC/200 dated 26.05.2007 stipulates that the executing agency should start preparing the revised scheme immediately when it is known that the cost of the scheme is going to rise beyond permissible limit of 15%. It is further added that the 15% permissible limit is allowed only in respect of original approved cost and not revised cost of the scheme.

Audit observed that Executive Engineer Central Civil Division No. V Pak. PWD, Islamabad made payment of Rs 69.485 million on account of Bill No. 07 (General Items) in excess than the provision of Rs 60.100 million of 2nd revised PC-I. This resulted into excess payment of Rs 9.385 million.

Audit pointed out irregularity in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

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

(DP. 155)

5.5.24 Overpayment to consultant without preparation of design - Rs 7.358 million

As per clause 6.3 of consultancy agreement, the price payable in Pak Rupees for design @ 2% of the estimated cost of the project and for construction supervision @ 1.75% of actual cost of construction payable to contractor. Further, clause C-4 of Annexure-D, provides percentage (%) mode of payment regarding submission of Master Plan, Design, Drawing, PC-I, Engineer Estimate, Bid Evaluation & approval of Design by CDA.

Audit noted that consultancy agreement for Construction of Model Prison at H-16, Islamabad was signed with M/s Sikandar Ajam Associate for Design Phase @ 2% of PC-I cost of Rs 79.73 million & Supervision Charges @ 1.75% of the work done.

Audit observed that an amount of Rs 50.630 million was paid to the consultant for design services @ 2% up till 30th June, 2019. The consultant was paid for services like submission of tender documents, Engineer estimate, bid evaluation, award of contract, architecture and structural drawings. Works costing Rs 1,535.355 million were awarded out of PC-I cost of Rs 3,375.438 million because design submitted to CDA was not approved till that time. This resulted into overpayment Rs 7.358 million to the consultant on account of Design Cost for services which have yet be provided.

Audit pointed out the overpayment in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount paid for design.

(DP. 123)

5.5.25 Non-recovery/non-adjustment of cost of serviceable material - Rs 7.283 million

As per clause 4.6 of specification of work, demolished material suitable for re-use may be stock piled as directed by the Engineer. Clause-6 provides that all material designated as re-usable prior to start of demolition work shall be property of the employer and contractor shall stock pile these in an approved manner at a place within the site area.

Audit noted that Chief Engineer (North) Pak. PWD, Islamabad awarded two contracts for Dualization of Mandra–Chakwal Road (63.25 Km) and Dualization and improvement of Sohawa to Chakwal Road (66.405 km), to M/s NLC at an agreement cost of Rs 4,199.642 million and Rs 4,293.36 million respectively.

Audit observed a quantity of 52,062.24 Cu.m (24,035.44 Cu.m and 28,026.8 Cu.m) earth was available from roadway excavation but the contractor utilized the borrow excavation item having rate higher than the Roadway Excavation despite of having available earth. This resulted in overpayment due to non-utilization of available earth Rs 7.283 million.

Audit pointed out overpayment in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 147)

5.5.26 Overpayment due to cartage of earth in deviation of approved estimate - Rs 6.721 million

As per approved TS estimate of the work, the BOQ item No. 01 was provided as Excavation raft foundation, underground tank and septic tank (rectangular or square) in all kinds of soil (except granular and murum etc) and backfilling the excavated material all around the trenches i/c breaking clods, watering , consolidation by ramming in layers not exceeding 9” (229mm) in depth to full compaction, dressing and disposal of surplus earth/excavated staff as directed load up to one chain (30.5 running meter)and lift up to 5 feet (1.52m)

Audit noted Executive Engineer Project Civil Division-II, Pak.PWD, Islamabad, measured and filled quantity of 358,583.73 cft. of earth duly watered, compacted and dressed in layers. The excavated quantity of earth was backfilled around trenches in layers of 9” duly compacted, consolidated. Another item, cartage of earth of exact same quantity paid in excavation under item No. 01 was also allowed and paid for 358,583.73 cft.

Audit observed that excavated earth was filled in embankment around trenches, placed in 9” layers were compacted, thus excavated quantity was disposed-off/filled in embankment. Separate payment of cartage of excavated quantity of earth was not admissible. This resulted into overpayment of Rs 6.721 million.

Audit pointed out the overpayment in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 162)

5.5.27 Overpayment due to separate measurement of inbuilt component - Rs 6.138 million

BOQ Item No.06-Pavers for Drive Way was provided as providing and Laying Envicrete Pavers 4" x 8" x 60 mm thick or approved equivalent including compacted sand cushion 3" thick, complete in all respect, having quantity of 31,840 sft. @ Rs 145 per sft.

Audit noted that Executive Engineer Central Civil Division-IV Pak. PWD, Islamabad awarded a contract for Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad to M/s Habib Rafiq (Pvt.) Ltd. at an agreement cost of Rs 2,474.049 million.

Audit observed that an item of work, Additional Item No.9 Sand Filling, was measured to the extent of 111,592 cft. up to IPC No.32 and paid @ Rs 55 per cft. whereas, the said item was included in BOQ Item No.6-Pavers for Drive Way which was also measured and paid to the contractor. Hence, separate measurement and payment of the sand filling was not separately measureable and payable. This resulted into overpayment Rs 6.138 million.

Audit pointed out the overpayment in October 2019. The department replied that both are separate items. Sand filling item was carried out under boundary wall foundations to avoid its settlement due to fill soil condition in the plot area, nor under paver.

The reply was not accepted as the item of sand filling was got executed separately under the pavers for public vehicles entry ramp vide IPC No.28 as shown in the measurement sheet.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 134)

5.5.28 Irregular award of work without administrative approval - Rs 5.986 million

As per para 6.07 of PWD Code for every work (excluding petty works & repairs) it is necessary to obtain in the first instance, the concurrence of the competent authority of the administrative department requiring the work.

Audit noted that Executive Engineer, Central Civil Division-II Pak. PWD Lahore awarded the work, Rehabilitation Improvement of Wafaqi Colony Dhana Singh wala Lahore (Sub Head Road & Soling). The work was administratively approved by the DDWP on 24th June, 2009 of Rs 39.90 million.

Audit observed that the after execution of some work, the contractor refused to continue further execution of work on 20.11.2018. Audit further observed that the department prepared fresh estimate for remaining works and awarded the work with the agreement cost of Rs 5.986 million without administrative approval. Audit is of the view that the department was required to obtain fresh administrative approval from the competent forum to execute the said work. This resulted in irregular award of work without administrative approval for Rs 5.986 million.

Audit pointed out the matter in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends to obtain revised admin approval as per rules.

(DP. 39)

5.5.29 Undue benefit to the contractor due to inadmissible payment - Rs 5.740 million

Specification–Technical Provisions of Contract Agreement of Dualization of Mandra–Chakwal Road (63.25 Km), provides that existing metaled portion i.e. Carriageway portion will not be dismantled but will be scarified only, Water Bound Macadam along with Asphaltic Concrete Base and Wearing Course with thickness as per design be laid.

Audit observed that an item of work, 510-Dismantling of existing Structures under Bill No. 4B Structures (Culverts and Side Drains), was measured on existing road to the extent of 3,527.84 Cu.m and paid @ Rs 1,627 per Cu.m for Rs 5.740 million which was not payable to the contractor as per afore-quoted provisions of contract agreement. This resulted into undue benefit to the contractor for Rs 5.740 million.

Audit pointed out irregularity in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery.

(DP. 151)

5.5.30 Overpayment due to higher rate - Rs 4.663 million

In accordance with Rate Analysis of respective hot-mix bituminous concrete substituted item (Item No. 78, Code-127) of Pak. PWD Schedule of Rates 2012, 5.39 % bitumen was to be used in 100 tons mix material and item was to be paid @ Rs 7,544.05 per ton plus 0.20 % approved premium.

Audit noted that the Executive Engineer CCD, Pak PWD, Sialkot awarded a work for widening/improvement of road from Noor Kot bridge to Kot Naina Tehsil Shakergarh District Narowal to M/s Sohail Manzoor & Co on 06.06.2017 at contract cost of Rs 65.706 million.

Audit observed that the item i.e. Providing and laying hot-mix bituminous concrete runway pavement, up to 2-1/2" (64 mm) thickness, was executed and paid to the contractor by using 4.3% bitumen as evident from the respective job mix formula. Audit further observed that 1.09 % bitumen (5.39% - 4.3%) was less used but the item was paid at full rate of Rs 7,559.13 per ton instead of at reduced rate of Rs 6,567.43 per ton. Due to non-adjustment of the cost the contractor was overpaid for Rs 4.663 million.

Audit pointed out the overpayment in August 2019. The department replied that 5.39% bitumen in 100 ton mix material was approved by the competent authority in substitution item, whereas 4.30% was used in job mix formula for carpet. It is clarified that over Base course layer, carpet cannot be laid instantly, there is an item of prime coat which is mandatory for binding carpet with the base course (consisting of aggregates only) and no separate payment was made for prime coat. Further its % age comes out as 0.83% (10kg/108- sft.) Page No.400 of Pak PWD Schedule of Rates, 2012. In addition to that there was an item of tack coat between two layers of carpet for which %age of bitumen is 0.61% (6.8Kg/100 sft.) Page No.405 of Pak PWD Schedule of Rates, 2012, so total %age of bitumen used in the road was (4.30% + 0.83% +0.61% =5.74%).

The reply was not accepted because the said item was a composite/complete item and as per Pak PWD Schedule of rates 2012, 5.39% bitumen was to be used in 100 tons mix material and it was not mentioned anywhere in the rate analysis regarding inclusion of the element of prime coat and tack coat. Hence, stance of the department regarding prime coat and tack coat was not acceptable.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 42)

5.5.31 Irregular booking of expenditure and placing of funds in PLA-IV - Rs 4.549 million

Para 208 of Central Public Works Account Code provides that payments for all work done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB). The MB should, therefore, be considered very important account record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

Audit noted that the Executive Engineer, Central Civil Division, Pak. PWD, Khuzdar, awarded the work, Acquisition of Land and construction of ANF Police station at Pasni, to M/s Haji Lalon Meryani & Brothers, Govt. Contractor.

Audit observed that gross work done up to 1st Running bill was Rs 10.589 million which was certified by the site Engineer, but the Executive Engineer, withheld an amount of Rs 4.549 million without recording any reason. Withholding of Rs 4.549 million indicated that the work was not actually executed and unduly measured but amount was withheld to book the expenditure of development funds. This resulted into suspicious booking of work done of Rs 10.589 million and unjustified withholding of Rs 4.549 million.

Audit pointed out the irregularity in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 56)

5.5.32 Non-deduction/recovery of income tax from the payment made to contractor - Rs 4.094 million

According to Section 153 (1) of Income Tax Ordinance, income tax @ 7.5% was required to be deducted from the gross amount payable to the contractors.

Audit noted that the Executive Engineering Store & Workshop Division, Pak PWD Islamabad awarded a work, Supply, Installation, testing and Commissioning of remaining HVAC works (SH;II Equipment) at New Secretariat Block, Constitution Avenue, Islamabad to M/s Prime Engineering Method and Riaz & Sons JV at a contract cost of Rs 186.784 million.

Audit observed that the contractor was paid 7th running bill for Rs 203.297 million (Gross) without deduction of income tax involving Rs 4.094 million as detailed below.

Gross payment up to 7th running bill	203,297,155
Tax @ 7.5%	15,247,287
Tax already deducted up to 6th R/bill at MB-1407/P-45 (Rs 148,709,373 x 7.5%)	11,153,203
Tax not deducted (Rs 15,247,287 – Rs 11,153,203)	4,094,084

Audit pointed out the overpayment in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 142)

5.5.33 Irregular payment of advances from PLA-IV - Rs 4.004 million

Finance Division (Budget Wing), Government of Pakistan vide letter No. F-3(20) BR/II/94-B-Vol-II dated 7th July, 1997 allowed operation of Personal Ledger Accounts (PLA) in Pak PWD with zero balances operative from 1st July, 1997. The PLA-IV shall deal with other deposits such as contractor's securities, G.P Funds and receipts. It would be ensured that no funds will be transferred from this account to other PLAs.

Further, Director Budget and Accounts Pak PWD vide circular No.DBA/WAD/Misc/Circular/2012-2013 dated 01.11.2012 directed to all Executive Engineers that PLA-IV must not be used to clear liabilities of any agency/firm/contractor except payment of the security deposits. PLA-IV is meant only for maintenance of securities deducted from bills.

Audit observed that the Executive Engineer CCD-I Pak PWD Lahore made payment of Rs 4.004 million to different employees on account of advances from PLA IV. Audit is of the view that PLA II deals with the employees related expenditure, while the department utilized the PLA IV for payment of advances. This resulted in irregular payment of Rs 4.004 million.

Audit pointed out the matter in August/September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for regularization/recovery besides action against the responsible(s).

(DP. 70)

5.5.34 Wasteful expenditure due to non-execution of agreed scope of work - Rs 3.621 million

Clause 39.2 of contract provides that in case of default on the part of contractor in carrying out such instruction within the time specified therein or, of none, within a reasonable time, the employer shall be entitled to employ and pay other persons to carry out the same and all costs consequent thereon or incidental thereto shall, after due consultation with the employer and the contractor, be determined by the Engineer and shall be recoverable form the contractor by the employer, and may be deducted by the Employer from any monies due or to become due to the contractor and the Engineer shall notify the contractor accordingly, with a copy to the employer

Audit observed that the work, Construction of road from Bara Manga to Noor Kot (Fateh Pur) Tehsil Shakargarh District Narowal was awarded on 26.07.2017 with the completion period of one (01) year i.e. up to 25.07.2018. Audit further observed that road items i.e. making earthen embankment, compaction of earthen embankment, sub-base course, base course, road edging and supply/staking and spreading murum were executed by the contractor in two spans 15.02.2018 to 02.03.2018 and 06.05.2019 to 16.05.2019. The cost of said items was only Rs 3,621,636 against the agreement amount of Rs 39.818 million (9.09% of the agreement amount).

Audit is of the view that the contractor failed to execute/complete the work even after lapse of two years. No action was initiated/taken by the department against the contractor for this lapse. Further, road items (already executed) will be wasted without execution of topper item of bituminous concrete. This leads to wasteful expenditure of Rs 3.622 million.

Audit pointed out the matter in August 2019. The department replied that after award of work the site was visited by the Assistant Executive Engineer and contractor concerned stacked material as well as Machinery & Equipment. But it was pointed out that the location of site had already been taken up for construction of road under the administrative control of Punjab Highway Department and the work was physically started. The project was immediately started by the Punjab Highway Department under the special instructions of the then Chief Minister during the visit of Village Bara Manga. The remaining two stretches measuring 1.2 Km from Bara Manga village to Dera Guddy Khan as well as 0.8 Km from Sakrangian to Fateh Pur Afghana respectively were required to be completed. The contractor started the work on identified portion of road (3536 Rft) and completed the road pending payment of bituminous item. The said payment has been stopped for want of approval of substituted item by the competent authority.

The reply was not accepted because estimate was always prepared after proper survey of the site of work and based on the adequate data. In this case, matter needs investigation for fixing responsibility and taking appropriate action against the person(s) at fault who did not keep in view the status of the road either belonging to the Federal Government or Provincial Government at the time of survey of the road, preparation of PC-I, Technical Sanction estimate and award of work to the contractor.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 47)

5.5.35 Non-utilization of funds - Rs 3.566 million

As per Deputy Budget & Finance Officer letter No.725/657-B/2018-19/Surrender/PSDP dated 2nd May 2019, the cut-off date for surrender of funds during the current financial year 2018-19 was 15th May, 2019.

Funds of Rs 17,345,042 were released for the work, Construction of Govt. Offices & residential accommodation for Federal Govt. employee at site of Carlton Hotel Cantt., Karachi.

Audit noted that the Executive Engineer Central Civil Division No. IX Pak PWD Karachi booked expenditure of Rs 13.779 million on 30th June 2019 against the said work.

Audit observed that an amount of Rs 3.566 million was not utilized and the funds were lapsed at the end of financial year 2018-19. This resulted in non-utilization of funds Rs 3.566 million.

Audit pointed out the non-utilization of funds in September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 85)

5.5.36 Unjustified execution of work - Rs 3.477 million

Para 5(d) of System of Financial Control and Budgeting 2006 provides that the Principal Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that all payments are correctly classified under the appropriate head of account and that departmental accounts are regularly reconciled every month with the figure communicated by the Controller General of Accounts (CGA), Accountant General of Pakistan Revenue (AGPR). He shall, in addition keep himself well informed not only of the actual expenditure but also of the liabilities, which have been incurred and must ultimately be met.

Audit observed the following irregularities in the work Rehabilitation/Renovation of Block No.42 & 43 for Provincial Election Commissioner, Sindh at Pakistan Secretariat A.M. Area, Karachi (SH: Electrification):

1. An amount of Rs 8.622 million was released between the financial year 2012-2013 to 2018-19 for the work, whereas, payment of Rs 3.477 million was made to the contractor against the releases up to June 2019. This shows that an amount of Rs 5.145 million was not utilized.
2. Revised Admin approval and approved revised PC-1 were not available on record.
3. Monthly progress report since 2012-13 to 30th June 2019 were not prepared and submitted to the quarter concerned.
4. PC-IV (Completion report) was not furnished.

Audit pointed out the irregularity in July 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 17)

5.5.37 Non-accountal of receipt in the accounts of divisional office - Rs 3.031 million

As per Ministry of Housing and Works letter No.14(18)/91-EIV dated 13.11.2014, service charges @10% in addition to Rooms/Family Suites rent from every guest needs to be received to provide services at Federal Touring Lodges located at Karachi, Lahore, Peshawar, Quetta, Nawabshah and Larkana. The record/account of such amount will be opened in National Bank of Pakistan for this purpose and will be maintained by the controlling officer for up keep services at these Federal

Touring Lodges. Further, as per Chief Administrative Officer Pak PWD's letter No.AII-717/703(252) dated 14.11.2014, separate Cash Book of the account will be maintained for service charges. The concerned Superintending Engineer will be the Controlling Officer of the said account and expenditure of the said account will be made with his approval. The rate of service charges were increased from 10% to 25% vide Pak PWD letter No.AII-717/703 (252) dated 12.1.2015.

Audit observed that the Executive Engineer, CCD-I Pak PWD, Lahore collected an amount of Rs 3.031 million from the guests, on account of room service charges of Federal Government Lodge, Chamba House Lahore, but no accountal of the collection of service charges in the accounts of the Divisional Office was available. This resulted in non-accountal of receipts of service charges of Rs 3.031 million.

Audit pointed out the matter in August/September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for accountal of collected amount in the books of accounts.

(DP. 60)

5.5.38 Less recovery of Provincial Sales Tax - Rs 3.022 million

According to Govt. of Punjab, Finance Department, Notification SO (TAX) 5-24-2016 dated 05th October 2016, the competent authority has approved the tax on services specified for civil works which shall be charged under Punjab Sales Tax on Services Act 2012 to the extent of 1% whenever payable as per notification. Further Punjab Government increased Punjab Sales Tax to 5%.

Audit noted that the Executive Engineer Central Civil Division-I Pak PWD Lahore awarded a work to the contractor on 16.05.2018 at agreement cost of Rs 133.999 million.

Audit observed that the payment was made to the contractor on account of value of work done for Rs 64.563 million up to 4th running bill but the PST was deducted only from 1st & 2nd running bill @1% as Rs 205,670 instead of 5% from all bills. This resulted in less recovery of Provincial Sales Tax for Rs 3.022 million.

Audit pointed out the matter in August/September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 66)

5.5.39 Irregular release of premature security deposit - Rs 2.618 million

According to para 284 chapter 14 of GFR Vol I&II, the percentage deductions from bills held as security in connection with contracts to execute works should not be refunded till the final bill has been prepared and passed.

A. Audit observed that the department prolonged the contract of Rehabilitation Improvement of Wafaqi Colony Dhana Singh wala Lahore (Sub Head Road & Soling) and the contractor was allowed to execute the work beyond agreement/estimate up to 34% as an amount of Rs 30.178 million was paid against the agreement cost of Rs 22.480 million. After that the contractor has refused to continue the execution of work on 20.11.2018 but the department neither closed the contract nor final bill was submitted, whereas, 100% security deposit was released to the contractor. This resulted in irregular release of premature security deposit of Rs 1.218 million.

Audit pointed out the matter in August 2019. The department did not reply.

(DP. 33)

B. Audit noted that the Executive Engineer Central Civil Division-I Pak PWD Lahore awarded the work to the contractor on 07.04.2017 at the agreement cost of Rs 19.524 million.

Audit observed that the department deducted security deposit of Rs 1.841 million @ 10% on work done Rs 18.413 million and 20% extra Rs 500,000 was also deducted from the contractor in the shape of security deposit in the month of June 2019.

Audit is of the view that the department deducted excess amount of security deposit for the sake of withheld purpose and transferred the amount in PLA III to avoid the laps of fund. Furthermore the work is in progress, therefore release of security before the final bill was premature. This resulted in premature release of security deposit.

Audit pointed out the matter in August/September 2019. The department did not reply.

(DP. 62)

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

5.5.40 Loss due to servicing and overhauling of new chillers prior to their testing & commissioning - Rs 2.117 million

Rule 10(i) & (ii) of GFR provides 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.

Audit noted that the Executive Engineering Store & Workshop Division, Pak PWD Islamabad awarded a work, Supply, Installation, testing and Commissioning of remaining HVAC works (SH: II Equipment) at New Secretariat Block, Constitution Avenue, Islamabad to M/s Prime Engineering Method and Riaz & Sons JV at a contract cost of Rs 186.784 million.

Audit observed that four chillers were got serviced and overhauled through extra item from the same contractor @ Rs 561,687 per job. The extra item with the description of "servicing and overhauling the already installed chillers complete in all respect as per instruction of the engineer incharge" was got executed for four jobs but the record produced to audit showed nothing about the installation, testing commissioning of these four chillers. Thus the servicing and overhauling of the new chillers were got executed prior to their installation. This resulted into loss of Rs 2.247 million.

Audit pointed out the loss in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

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

(DP. 143)

5.5.41 Overpayment due to extra lead of earth - Rs 2.022 million

Para 6.09 of Pakistan Public Works Department Code 1982 provide with regards to Technical Sanction. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data. Such sanction shall be accorded by the officer of the Pakistan Public Works Department authorized to do so. Due care should be taken to incorporate the detailed requirements so that at the execution stage no major changes which are considered essential might be allowed by the Competent Authority.

Audit observed that Executive Engineer PCD-II Pak PWD Islamabad made payment of lead of 10 miles on account of supply of 358,583.73 cft. earth from an outside source against 04 miles as provided in the contract agreement. This resulted in an overpayment of Rs 2.022 million.

Audit pointed out the overpayment in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 164)

5.5.42 Overpayment due to allowing loose quantity in deviation of specification - Rs 1.679 million

Schedule of Rate 2012 Pak. PWD for Building & Roads, Sub Head 127(a) at page 396 with respect to sub base course at sub-clause (vi), provides that loose thickness of material should be such that the compacted depth is not less than 3 inches/75mm and not more than 6 inches/150mm, sub clause (vii) further provides that actual loose depth of material will perhaps be 20% to 25% more than the compacted depth

Audit noted that Project Civil Division-II, Pak. PWD, Islamabad measured an extra item without compacting and deducting voids.

Audit observed that material was neither laid in layers of 6" thickness as provided in specification nor voids were deducted from the loose quantity. Record entry of loose material lump sum was made and allowed for payment without deduction of 25% on account of loose material. This resulted into overpayment Rs 1.679 million.

Audit pointed out the overpayment in October 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 167)

5.5.43 Irregular expenditure made through PLA-I on operating expenditures - Rs 1.676 million

As per para 2b(ii) of minutes of the meeting held on 08.08.1997 of Finance Division (Budget Wing) PLA-I shall deal with budgetary grants of Pak. PWD which are passed through Directorate of Budget & Accounts and PLA-II should deal with funds relating to all maintenance works to be executed on behalf of Federal Government and departments which are funded through budgetary grants.

Audit observed that Executive Engineer CCD-I Pak. PWD Lahore incurred expenditure on POL of vehicles, repair & maintenance of vehicles, advertisements and photocopies involving Rs 1.676 million from

PLA-I instead of PLA-II. This resulted in irregular expenditure of Rs 1.676 million.

Audit pointed out the matter in August/September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends for regularization besides action against the responsible(s).

(DP. 64)

5.5.44 Substitution of low rate item with the higher rate item - Rs 21.859 million and overpayment - Rs 1.670 million

As per BOQ (Sub-head Building portion), item for "providing and fixing 50mm thick roof sandwich panels with 26 gauge ,,,,," was provided @ Rs 413.82 per sft. Another item "providing and fixing M.S tees, angles and flats including welding…" was provided @ Rs 6,596.17 per % weigh.

Audit observed that the Executive Engineer, CCD-VII, Pak. PWD, Islamabad while executing the work Establishment of F.G College Home Economics and Management Science and Specialized Discipline (SH. Auditorium and Gymnasium) allowed the costly substituted items of Rs 21.859 million instead of executing the economical items as provided in the approved BOQ. This resulted into undue financial benefits to the contractor by substituting items with higher rate items involving overpayment of Rs 1.670 million.

Audit pointed out the matter in October 2019. The department replied that the item was changed as per structural drawing issued by the structure section.

The reply was not tenable. As the extra/substitute item was executed at belated stage and the rate of substitute item was higher as provided in the BOQ. The post bid change in the items may affect the sanctity of the estimation.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

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

(DP. 170, 172)

5.5.45 Overpayment to the contractor due to non-deduction of rebate - Rs 1.658 million

As provided in the Acceptance Letter vide No. EE/CCD-VII/AB/1321 dated 26.06.2018 that the work, Establishment of FG College of Home Economics, Management Sciences and Specialized Disciplines at F-11/1, Islamabad, was accepted @17.86% above on Schedule Rate Items and 08% below on Market Rate Items.

Audit observed that the Executive Engineer, CCD-VIII Pak PWD Islamabad made payment to the contractor for the Market items amounting to Rs 22.392 million without deduction of rebate. This resulted in overpayment of Rs 1.658 million.

Audit pointed out the overpayment in October 2019. The department replied that items were substituted in April 2019 after a gap of ten months. The market rapidly fluctuated after June 2018 due to increase dollar rate. The substitute items were approved by the competent authority on current market rates.

The reply was not accepted. As per acceptance letter work was awarded on 8% below rates on market items, while making payment to the contractor rebate was not deducted.

DAC meeting was not convened despite request by Audit on 06.12.2019 followed by reminder on 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 171)

5.5.46 Overpayment due to inadmissible item - Rs 1.503 million

Rule 10 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.

Audit noted that Executive Engineer, Central Civil Division-I Pak. PWD Lahore awarded the work to the contractor on 16.05.2018 with agreed cost of Rs 133.999 million against the estimated cost of Rs 145.974 million.

Audit observed that an item "Cartage of sand bajri,,," under the sub-head of "building" was incorporated in BOQ while the same item was an integral part of other building items included in BOQ. Further, the Executive Engineer CCD-I Pak. PWD Lahore, measured and paid the said item for Rs 1.503 million, whereas the execution/cartage of the said item was the responsibility of the contractor without any further claim. The payment of said item indicates duplicity involving Rs 1.503 million.

Audit pointed out the matter in August/September 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 19.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 61)

5.5.47 Loss due to encroachment of land and non-maintenance of proper fixed assets registers

As per para 13.4.1.1 of Accounting Policy and Procedure Manual all departments/entities will maintain a "Fixed Assets Register"(form 13A) for the categories of assets, for which they are responsible. The categories of assets shall be, land & building, civil works, plant and machinery vehicles, furniture & fitting, office equipment and computer equipment

As per para 20 (1) of GFR Vol-I, any loss of public money, departmental revenue or receipts, stamps, opium, stores or other property held by or on behalf of Government, caused by defalcation or otherwise, which is discovered in a treasury or other office or department, should be immediately reported by the officer concerned to his immediate official superior as well as to the Accountant General, even when such loss; has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss; they must not be delayed while detailed enquiries are made. When the matter has been fully investigated a further and complete report should be submitted of the nature and extent of the loss, showing the errors or neglect of rules by which such loss was rendered possible, and the prospects of effecting a recovery.

Audit noted that the Executive Engineer Central Civil Division II Pak PWD Lahore have 1,036 kanal 03 marla land in Wafaqi Colony Dhana Sing Wala Lahore since establishment of this Colony.

Audit observed that the land measuring 132 kanal and 04 marla was transferred to Board of Revenue out of 1,036 kanal. Out of these, 116 kanal 14 marla was encroached by the land grabbers since long, which indicates huge loss to Govt. Furthermore the department did not maintain any fixed assets register for Land & building to ascertain the actual position regarding fixed assets. This resulted in loss due to encroachment and non-maintenance of proper fixed assets register.

Audit pointed out the matter in August 2019. The department did not reply.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

(DP. 32)

5.5.48 Non-recovery of dues from the allottees of houses and shops - Rs 870.911 million

According to Para 26 GFR (Vol-I) subject to any special arrangement that may be authorized by the competent authority with respect to any particular class of receipts, it is the duty of the department controlling officers to see that all sum due to government are regularly and promptly assessed realized and duly credited in the public account.

According to Rule-17 of Accommodation Allocation Rules-2002 (1) No FGS shall keep more than one accommodation at the same time in his possession. (2) If a FGS is found in possession of more than one accommodation at the same time, the allotments of all the houses or flats in his possession shall be cancelled. (3) He shall be charged rent at the rate of one rental ceiling per month of his entitlement for possessing any additional accommodation over and above his entitlement. (4) He shall be liable to disciplinary action for misconduct under the relevant rules or laws. (5) A FGS who is found guilty under sub-rule (4) shall be disqualified for any allotment in future, for ten years.

Audit noted that the Estate Offices all over Pakistan allotted various houses/flats, shops and petrol pumps to different allottees subject to payment of house rent/lease rent etc.

Audit observed that the Estate Office could not realize the outstanding dues from the allottees of houses, shopkeeper and lessees involving Rs 870.911 million. This resulted in non-realization of revenue of Rs 870.911 million **(Annexure-P)**.

Audit pointed out the non-recovery in September - October 2018 and August-October 2019. The department admitted the recovery and promised to recover the same at the earliest. In most of the cases the department did not reply.

DAC meeting was not convened despite request by Audit on 31.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

5.5.49 Loss due to non-evicting of Government Office Building from the unauthorized occupant – Rs 120.00 million approximate

Section 5(1)(2) of Federal Government Land & Building (Recovery of Possession) Ordinance, 1965 regarding Eviction of unauthorized occupants provides that if the Federal Government is satisfied after making such enquiry as it thinks fit that a person is an unauthorized occupant of any land or building, it may, after giving such person an opportunity of being heard, by order in writing, direct such person to vacate the land or building within the period specified in the order. If any person refuses or fails to vacate any land or building as directed by an order under sub-section (1), any officer authorized in this behalf by the Federal Government may, notwithstanding anything contained in any other law for the time being in force, enter upon such land or building and recover possession of the same by evicting such person.

Section 6 of ibid Ordinance states that for the purpose of recovering possession of any land or building, an officer authorized by the Federal Government in this behalf may use or cause to be used such force as may be necessary.

Audit noted during scrutiny of record of Estate Office, Islamabad that as per Ministry of Housing & Works, Islamabad letter dated 20.09.2017, the Prime Ministers Inspection Commission (PMIC) Building was allotted to two Government offices i.e. Ground Floor to Estate Office, Islamabad on subject to vacation basis and 1st & 2nd Floor of Main Building and Executive Block to MS Wing, presently housed in Shaheed-e-Millat Secretariat Building.

Audit observed that previously there was National Accountability Bureau Office in that building which was shifted to their own building in Sector G-5, Islamabad. The Estate Office issued various notices to the NAB Office for vacating the PMIC Building and handing over its possession to the allottees through Pak. PWD Inquiry Office, Islamabad. Due to non-making strenuous efforts by the Estate Office, Islamabad a loss of about Rs 120.00 million was sustained by the department.

Audit pointed out the loss in October 2019. The Authority did not reply.

DAC meeting was not convened despite request by Audit on 28.11.2019 followed by reminder on 19.12.2019.

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

(DP. 31)

5.5.50 Violation of PPRA rules in allotment of shops/leases - Rs 40.793 million

Rule-4 of Public Procurement Rules, 2004 (General Provisions) 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.

Rule 2 of Public Procurement Rules, 2004 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.

According to condition No. iii of Ministry of Housing and Works Islamabad letter No. F.No.4(24)/97-EIII(Pt) dated 27th March, 2017(Shops rental auction policy 2017) available shops will be allotted/rented out through auction by advertisement and open tendering in lines with the PPRA rules.

A. Audit noted that Additional Estate Officer, Estate Office Karachi signed a lease agreement on 30th June, 2010 with M/s Mecca Medina Autos regarding installation of Petrol Pump/CNG station on plot measuring 1,000 sq yards situated on Garden Road Karachi for a period of 20 years commencing from the date of occupation @ Rs 80,000 per month.

Audit observed the following discrepancies:

- The technical evaluation was carried out against the criteria published in the newspaper.
- The detail of partnership provided by the firm on 23rd June, 2010 was changed on April 2011, with change in location of the Business which was violation of agreed terms and condition- 08 of lease agreement which states that the lessee shall not enter into partnership with any other party without prior approval of the lessor.
- First part of the agreement was expired on 30th June, 2015 but the lease agreement was not renewed for further period of 05 years at enhance rate of Rs 100,000 which is also a violation of the condition- 02 which states that the lease shall remain in force for period of 20 years @ Rs 80,000 per month subject to enhancement of rent @ 25 % (Compound) on expiry of every five years and thereafter may be renewed for a further term as the lessor approves.
- The allottee deposited rent on monthly basis instead of annual basis in advance which is a violation of condition-05 which states that the lessee shall deposit Rs 0.960 million per year in advance regularly within ten days of the commencement of the preceding year.

Audit is of the view that the petrol pump was not auctioned properly under PPRA rules to achieve more competitive rates in fair and transparent manners which indicate the favoritism and violation of PPRA Rules. This resulted into irregular execution of lease agreement of Rs 27.675 million.

Audit pointed out the irregularity in November 2018. The department did not reply.

(DP. 06)

B. Audit noted that the Additional Estate Officer, Estate Office, Lahore rented out thirty (30) Govt. owned shops situated at wafaqi colony, CGE Colony and Pak PWD, Colony Lahore.

Audit observed that the shops were rented out at lesser rates than the market prevailing rates. The Government property was not properly evaluated and interest of the Government was set aside. If the shops were properly evaluated and rented out through advertisement according to PPRA rules then reasonable revenue would have been collected on account of rent and security deposit. This resulted in non-auction of 30 shops through advertisement involving Rs 5.400 million.

Audit further observed that allottees of six (06) shops could not deposit the monthly rent from 01.07.2018 to date. A period of more than 15 months has elapsed but department neither made efforts towards recovery of rent nor cancelled the allotment of shops. This resulted in non-cancellation of the allotment of shops.

Audit pointed out the irregularity in October 2019. The department replied that as and when Shops Allotment Committee meeting is held this office follow the orders for open auction. Further replied that the allotment of six shops was cancelled who did not pay the rent.

The reply was not accepted because 30 shops were rented out at lesser rates without proper evaluation of shops and without advertisement in newspapers as per criteria fixed by Ministry of Housing and Works. Moreover, no evidence was provided for cancelation of allotment of six shops.

(DP. 18, 21)

C. Audit noted that Joint Estate Officer, Peshawar allotted shops located at Federal Government Colony, Hassan Ghari, Peshawar at monthly rent of Rs 3,125 per month revised with effect from 01.01.2015. The shops were allotted on lease for a period of three years. The lease periods of the shops were expired. The shops were to be allotted through open auction after expiry of the lease. The allotments of the shops have not been cancelled after expiry of lease period.

Audit observed that a shop No-20 located in the same place/locality at Federal Government Colony, Hassan Ghari, Peshawar was leased out through open auction held on 06.03.2017 to the highest bidder at monthly rent of Rs 18,170 per month whereas the allotment of other 19 No. shops were neither cancelled nor allotted through open auctions required under the Public Procurement Rules, after expiry of lease period. Non-allotment of shops after expiry of lease period through open auction resulted into a loss of Rs 7.718 million.

Audit pointed out loss in August 2019. The department replied that the case is subjudice.

(DP. 11)

DAC meeting was not convened despite request by Audit on 31.10.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

5.5.51 Non-vacation of quarters occupied by Punjab Police and non-recovery of double ceiling rent - Rs 21.680 million

Rule 25 (02) of Accommodation Allocation Rules, (AAR) 2002 provides that the ejectment of trespassers from the Government or hired accommodation shall be carried out by the concerned Estate Office, immediately without serving any notice to the trespassers and First Information Report shall be lodged against the trespasser by the Estate Office.

Rule 25 (04) (b) provides that, in case of trespassing or unauthorized occupation, rent equivalent to two rental ceilings of the category of his entitlement or the category of the house occupied, whichever is more, shall be charged for each month for the entire period of unauthorized occupation.

Audit noted that Ministry of Housing and Works Islamabad constructed 1,665 quarters/houses for residential accommodation of Federal Government employees. On completion, 10 FG type quarters were illegally occupied by the Punjab Police through trespassing in 1990.

Audit observed that a long period has elapsed but quarters are still under the illegal occupation of the police authorities without payment of any rent. Audit further observed that department could not take concrete steps for vacation of the quarters from Punjab Police and outstanding amount on account of double ceiling rent of houses was also not recovered till to date. This resulted in non-vacation of quarters and non-recovery of rent of Rs 21.680 million.

Audit pointed out the matter in October 2019. The department replied that 10 quarters were not handed over to Estate Office, Lahore. The matter relates to Pak PWD, Lahore.

The reply was not accepted because it was the authority of the Estate Officer to allot quarters to employees of different departments on its pool. Pak. PWD has no such authority for allotment of quarters.

DAC meeting was not convened despite request by Audit on 28.11.2019 followed by reminder on 19.12.2019.

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

(DP. 19)

5.5.52 Illegal allotment of government accommodation without clearance of government dues - Rs 2.039 million

Rule-21 of Government Accommodation Allocation Rules 2002 provides that where an allottee is in arrears of rent for four consecutive months, the allotment of accommodation shall be liable to cancellation and the allottee shall be evicted thereafter provided that such allottee shall be given one month's notice before eviction provided further that the cancellation order and notice may be withdrawn if the allottee produces documentary evidence within the notice period to the effect that he had been paying rent regularly or had not paid the same for reasons beyond his control and that he has paid his outstanding dues.

As per Allotment letter, issued vide No. letter No.8393 dated 26.04.2019, Flat No. 369-Type-E Street No. 58, G-6/4, Islamabad was allotted to Ghulam Rasool, Comptroller (BPS-17) of Ministry of Kashmir Affairs and Gilgit Baltistan, Islamabad under rule 12 subject to vacation of House No.16/7, Cat-III, G-10/3, Islamabad.

Audit observed during scrutiny of account record of Estate office Islamabad that House No.16/7, Cat-III, G-10/3, Islamabad, was allotted to Mr. Ghulam Rasool, an employee of Revenue & Information Department Gilgit, Gilgit Baltistan (Non-entitled Department). However the employee did not deposit rent Rs 2,038,686 against the same accommodation.

Audit further observed that another government accommodation Flat 369-Type-E Street No. 58, G-6/4, Islamabad was also allotted to the said officer under Rule 12 of AAR-2002 with the approval of the Ministry of Housing and Works without effecting recovery of previous house.

Thus, allotment of the new accommodation in absence of the recovery was un-authorized/illegal.

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

DAC meeting was not convened despite request by Audit on 28.11.2019 followed by reminder on 19.12.2019.

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

(DP. 28)

5.5.53 Non-vacation of the Govt. owned residential house on dismissal from service and non-recovery - Rs 1.246 million

Rule 17 (1) of Accommodation Allocation Rules, (AAR) 2002 provides that, if at any stage it is found that a FGS has provided wrong information, which may be concerning his seniority, pay scale of his entitlement etc, including the information provided in the census form, his accommodation will be cancelled and he shall be liable to disqualification for a period of five years and shall also be liable to disciplinary action for misconduct under the relevant rules or laws.

Audit noted that Additional Estate Officer, Lahore allotted a house No. 15/2-C in Wafaqi Colony Lahore to Mr. Nazar Muhammad Admin Officer Centre for Applied Molecular Biology (CAMB), Lahore on 27.12.2011 on normal rent basis.

Audit observed that allotment was irregular on the following grounds:

i) Allotment order was issued on 27.12.2011 on the basis of normal rent which was converted in to ceiling rent through corrigendum issued on 29.02.2012.
ii) The application of the Officer for allotment of house was

received directly instead of through proper channel because officer was already availing the hiring facility from his office and did not intimate to Estate Office.

iii) The Officer gave undertaking in his allotment application and affidavit that he has no govt. owned house or hired house while as per CAMB letter dated 23.07.2013 he had also acquired the house No. 470 block P Muhammad Ali Johar Town Lahore.

iv) The Officer was dismissed from service w.e.f 12.06.2013 after proceeding against him under E & D Rules due to illegal availing of two facilities i.e rental ceiling from Ministry of Housing and Works and house requisition from CAMB simultaneously.

v) The Joint Estate Officer Lahore cancelled the allotment of said Officer w.e.f 12.08.2013 but could not vacate the house till to date.

As per rent card register an amount of Rs 1.246 million on account of rental ceiling was outstanding but no action was taken by the Estate Office for recovery. This resulted in irregular allotment and non-vacation of the house due to dismissal of officer from service and non-recovery of outstanding ceiling rent.

Audit pointed out irregularity in October 2019. The department replied that according to audit observation letter has been written to concerned allottee. As and when recovery and documents received in this office it would be shown to Audit for verification.

The department has admitted the irregular allotment and recovery but no further progress towards recovery was reported to audit.

DAC meeting was not convened despite request by Audit on 28.11.2019 followed by reminder on 19.12.2019.

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

(DP. 16)

5.5.54 Irregular allotment of houses in violation of rules

Rule - 3(1) of AAR 2002 provides that all the married Federal Government Servants in the Ministries or Divisions and their Attached Departments except those maintaining their own pool of accommodation or funds for hiring of houses shall be eligible for accommodation from the Estate Office.

Rule-4(3) provides that the Ministry of Housing & Works will provide designated houses for specified posts which shall be allotted to the designated officers on an undertaking that they will vacate the house within three months of their transfer from the post and hand over the possession of the house through concerned inquiry office irrespective of the fact that alternate accommodation has been allotted to them or otherwise.

Rule-7 provides that the allotment of Government owned accommodation shall be made to the most senior FGS on GWL of a particular class or category of accommodation.

Rule-12 states that change from one accommodation to the other or exchange of accommodation between two allottees for same category of accommodation may be permitted by the Ministry of Housing and Works subject to production of a certificate from their employers to the effect that they are not expected to be retired or transferred during the next one year and other required documents as prescribed by Ministry of Housing and Works from time to time.

In the orders of the Honorable Supreme Court of Pakistan dated 18.08.2016 in CA 1428 to 1436 of 2016; Federal Government was defined as the collective entity described as the Cabinet consisting of Prime Minister and Federal Ministers.

The Honorable Supreme Court of Pakistan in CRP No. 174 of 2012 in CP No. 849 of 2012, date of hearing 07.03.2013, directed that in future all the allotments will be made strictly on merit on the basis of General Waiting List.

A. Audit noted that Joint Estate Officer, Peshawar allotted House/Quarter No. D-22, Hassan Ghari Colony, Peshawar to Superintendent BPS-16 Collectorate of Customs Peshawar on 20.03.2009 and House/Quarter No. D-41, FG Colony, Hassan Ghari Peshawar to a teacher of FG School on 06.05.2019.

Audit observed that Ministry of Housing & Works letter dated 04.10.2007 and dated 3rd January, 2017 clarified that allotments to the Collectorate of Customs, Central Excise and Sales Tax and Directorate of Central Intelligence and Investigation (Customs & Excise) and Regional Offices were ceased/closed down and educational institutions like colleges and schools etc. were also not entitled for residential accommodation from Estate Office pool. This resulted in unauthorized and irregular allotment of government owned accommodation to employees of non-entitled departments.

Audit pointed out irregularity in August 2019. The department replied that the quarters were allotted when they were entitled. They were only allowed change of quarter in same category.

The reply was not accepted. These quarters were allotted to the employees of non-entitled department which was irregular and unauthorized.

(DP. 13)

B. Audit noted that Estate Officer, Islamabad allotted 102 government houses of various categories to the officers as designated houses with the approval of Ministry of Housing & Works. Audit further noted that out of the said houses about 50% houses were allotted to the Judicial Department.

Audit observed that neither the officers nor the allotted houses fall in the pool of designated houses as there were only three designated posts of Chief Election Commissioner, Auditor General of Pakistan and Chief Commissioner ICT. This resulted in irregular allotment of government accommodation.

Audit pointed out the irregularity in October 2019. The department did not reply.

(DP. 25)

C. Audit noted that there was no provision in AAR 2002 for attachment of quarters to any department for utilization as residence of employees.

Audit observed during scrutiny of record of Estate Office, Islamabad that houses were allotted under rule 28 of AAR 2002 with the approval of Ministry of Housing & Works, Islamabad. Whereas, according to the decision of the Honorable Supreme Court on 18.08.2016, the Federal Government meant the Cabinet consisting of Prime Minister. Moreover, as per Supreme Court decision dated 07.03.2013, the allotments were to be made strictly in accordance with the General Waiting List. Thus, allotment of the houses without approval of the Cabinet (Federal Government) and in violation of the seniority list was irregular.

Audit pointed out the irregularity in October 2019. The department did not reply.

(DP. 30)

D. Audit noted that Estate office Karachi allotted different classes of Government Accommodations to various Government servants during the financial year 2018-19.

Audit observed that the department allotted Government Accommodation to various Government servants by ignoring most senior eligible Government servants registered in General Waiting List. This resulted in irregular allotments of Government Accommodation during the financial year 2018-19.

Audit pointed out the irregularity in October 2019. The department did not reply.

(DP. 09)

E. Audit observed during scrutiny of account record of Estate office Islamabad that various officers get allotted the government accommodation in Islamabad while adopting the shortcut methods as narrated below:

1. At first stage seniority was got restored through amendment in R&I record and subsequently changed in General Waiting List (GWL).
2. At second stage, they got transferred from Islamabad to Karachi/Quetta.
3. At third stage, they got the allotment from Karachi/Quetta Station and transferred back to Islamabad without serving considerable time in Karachi/Quetta .
4. At fourth stage, they got changed the previous accommodations, allotted to them at Karachi/Quetta Station, under Rule-12 of the Accommodation/Allocation Rules, 2002.

Audit further observed that the Estate Office could not substantiate the matter with reference to the documentary evidences necessary for allotment. The state of affairs visualized that the officers got transferred from Islamabad to Karachi/Quetta only with the aim to get allotted the government accommodation. This is a clear violation of the Rule-7 of the Accommodation Allocation Rules, 2002. Due to this not only government accommodations were provided to the officers beyond their entitlement as per General Waiting List but the entitled officers were also deprived from their turn in accordance with the GWL.

Audit pointed out the irregularity in October 2019. The department did not reply.

(DP. 27)

F. Audit noted that the Estate Office Islamabad was in practice of restoring the seniority of the Govt. employees as per General Waiting List since long and large number of seniority cases were restored out of which 48 cases pertained to the financial year 2018-19.

Audit observed that the restoration of seniority was not based on facts but carried out with the approval of Ministry of Housing & Works only to accommodate the employees concerned while depriving the other employees. The restoration of seniority was considered illegal /doubtful due to following reasons:

i) As per R & I Dairy Register, name of applicant was different whereas, seniority was restored there against of any other officer.

ii) Application was received in R & I Section at later stage whereas seniority was restored from earlier date.

iii) Restoration was made without receipt of application in the R & I Section, Estate Office.

iv) Employee was serving in Sheikhupura on the same date when he applied in Estate Office, Islamabad.

v) Restoration process involved about 19 years. It meant that government employee concerned remained unable to get contacted the Estate Office, Islamabad to ascertain his seniority as per GWL.

vi) After burning of record in 2007 as a result of Lal Masjid Operation, the Estate Office given call up notice in the newspaper to get rectified their seniority by the Government employees at the earliest if they had any objection/ reservation. In light of such notice there was no need to restore the seniority after passage of a long time.

vii) Restoration of seniority was not covered under Accommodation Rules 2002.

Audit pointed out the irregularity in October 2019. The department did not reply.

(DP. 23)

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

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

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

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue/ Receipts audited FY 2018-19
1	Formations	1	1	4,365.222	2,679.321

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 2017-18:

(Rs in million)

Nature	Original Budget	Expenditure	Excess/ (Saving)	%age
Non-Development (Operational)	338.321	249.709	(88.612)	26.19
Development	10,947.798	4,115.513	(6,832.285)	62.41
Grand Total	**11,286.119**	**4,365.222**	(6,920.897)	61.32

Revenue

(Rs in million)

Estimated Receipt	Actual	Surplus/ (Deficit)	% age
9,833.518	2,679.321	(7,154.197)	72.75

6.2.2 Against approved development budget of Rs 10,947.798 million, Pakistan Housing Authority Foundation incurred expenditure of Rs 4,115.513 million. The funds were less utilized by Rs 6,832.285 million which showed that development targets were not achieved.

6.2.3 Revenue target was estimated Rs 9,833.518 million for the financial year 2017-18. Actual receipts of Rs 2,679.321 million could be realized resulting in deficit of Rs 7,154.197 million i.e 72.75%.

6.3 Classified summary of Audit observations

Audit observations amounting to Rs 1,731.731 million were raised in this audit report. This amount also includes recoverable of Rs 1,730.726 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*	*17.151*
2	Value for money and service delivery issues	4.570
3	Others	1,710.010

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
2009-10	04	04	-	04	0
2010-11	02	02	01	01	50

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
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 and 2018-19 are yet to be discussed by PAC.

6.5 AUDIT PARAS

6.5.1 Non-recovery of outstanding dues - Rs 1,710.01 million

As per terms and conditions of application form 4(c) & (g), cancellation notices will be issued after the default of three quarterly installments and after the issuance of third notice allotment will be cancelled if the allottee fails to deposit the requisite amount within the given date of the third and final notice. In case of cancellation due to non-payment of installments the deposited amount shall be refunded after deduction of 10% deposited amount and the amount will only be refunded when the cancelled apartment or house is auctioned in open market.

Audit noted that the PHA Foundation, Islamabad allotted 2,828 various category houses/apartments and flats to the Government Servants and General Public as follows:

S No	Scheme	Category & Nos.	Category & Nos.	Category & Nos.
1	I-12 Scheme Islamabad	1,444 D-type flats	192 E type flats	
2	Housing Society at Kurri Road Islamabad	117 Cat-I houses	178 Cat-II houses	293 Cat-III houses
3	I-16/3 Scheme Islamabad	239 B&E type flats		
4	G-10/2 Scheme Islamabad	268 D-type flats for Govt. servants	100 D-type flats for Gen public	

Audit observed that an amount of Rs 1,710.006 million was outstanding against the said allotments. Audit further observed that the management did not invoke the terms and conditions of application form for cancellation of allotted flats due to non-payment of installments. Audit is of the view that payment of installments on time was necessary for smooth cash flow and timely completion of projects and avoiding loans from any third party. This resulted into non-recovery of outstanding dues from allottees of Rs 1,710.006 million.

Audit pointed out the non-recovery in November 2018. The Foundation replied that the construction work of I-12/1 project was started late due to the land issues and its booking was at slow pace, now the booking of I-16/3 project has almost exhausted and the whole concentration of PHA-F, was diverted towards I-12/1 project. As nearly half of the apartments are still vacant and needs booking in I-12/1 project, that's why PHA-F, has adopted lenient policy towards the existing default allottees.

The Foundation admitted the non-recovery. However, no progress towards recovery or imposition of penalty was intimated till finalization of the Report.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 13)

6.5.2 Loss due to encroachment on land - Rs 800.00 million

As per agenda of meeting between CDA and PHA Foundation held on 14th September, 2010, the CDA will hand over possession (free from encumbrances) of Kurri Road Zone-IV Project vide letter No.1016 dated 9th September, 2010.

Audit noted that PHA Foundation got allotment of 90.82 acres land (439,568.80 square yards) @ 1,125 per Square Yard at Kuri Road Zone IV out of 101 acres for Prime Minister Housing Scheme for Federal Government Employees. The PHAF has paid Rs 344.994 million out of Rs 494.514 million which was approximately 70% at the time of allotment.

Audit observed that 80 kanal land was still with land encroachers. This resulted into loss to the Foundation due to encroached land of Rs 800.000 million (80 kanal or 1,600 marlas @ Rs 500,000 per marla approximately).

Audit pointed out loss in November 2018. The Foundation replied that at the time of possession, there was no encroachment on the land, the locals made the encroachment after execution of work at site in 2012. Further High Court on 12th April, 2018 also directed the Inspector General of Police, Islamabad to arrest the encroachers.

The reply was not accepted because the land was encroached due to mismanagement/negligence of the Authority.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends investigation and active pursuance towards clearance of the land from encroachers.

(DP. 04)

6.5.3 Overpayment due to non-deduction of sales tax - Rs 16.146 million

As per the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 amended up to date services provided by technical, scientific and engineering consultants are subject to deduction of Sales Tax @ 16% w.e.f 1st July, 2015.

Further as per special clause 1.7 of contract agreements with consultants' taxes will be levied as per government of Pakistan policies invoked.

Audit noted that PHA Foundation, Islamabad awarded various consultancy contracts for the housing scheme in Islamabad and Lahore.

Audit observed that the Foundation did not deduct sales tax from the bills of the consultants involving Rs 16.146 million. This resulted in overpayment of Rs 16.146 million.

Audit pointed out the overpayment in November 2018. The Foundation replied that necessary amendments in consultancy agreement would be made and impact of additional sales tax would be shifted to allottees.

The reply was not accepted because as per consultancy agreement clause 17, recovery of all taxes was to be made from the consultants.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 01)

6.5.4 Undue favour to the contractors resulted in loss to Foundation - Rs 4.57 million

As per rule 19.1 of General Financial Rules, the terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein. Further, Para 10(i) of GFR states that every public servant is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Audit noted that PHA Foundation, Islamabad awarded four contracts for construction of B Type Multi-storey Apartment Buildings in Sector I-16/3 Islamabad to various contractors.

Audit observed that in the contract agreements of the said four works lump sum amount was provided for furnishing/furniture for Office and Residential Accommodation of the Engineer's Representative in each of the agreement. Audit further observed that a clause was provided in the agreements through Special Provisions as "the furniture, furnishing items and other equipment provided by the contractor at the residential accommodation shall become the property of the contractor after completion of work".

The furniture/furnishing items were purchased at the expense of the Foundation, therefore, were to be the property of the Foundation instead of Contractor. This resulted in undue favour to the contractor and loss to Foundation Rs 4.570 million.

Audit pointed out loss in November 2018. The Foundation replied that the necessary amendments would be made in the contract documents in light of audit observation.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends that amendments be made in the agreements in respect of ownership of the items under intimation to Audit.

(DP. 05)

6.5.5 Overpayment on account of skilled labour - Rs 1.005 million

As per Para 6.1 of PEC Standard Procedure and Formula for Price Adjustment 2009, skilled labour is not subject to price adjustment.

Audit noted that PHA Foundation, Islamabad awarded six (06) works of the project, Construction of Multi-storey Apartments Buildings in Sector I-16/3 Islamabad to various contractors for construction of different Category apartments.

Audit observed that the Foundation also included the element of Skilled Labour for price escalation in all the packages of the project, whereas, as per PEC standard procedure and formula for price adjustment

2009, escalation was applicable only on unskilled labour. This resulted in overpayment of Rs 1.005 million.

Audit pointed out overpayment in November 2018. The Foundation replied that the price escalation was paid as per provisions of contract.

The reply was not accepted because as per Pakistan Engineering Council formula for price adjustment, skilled labour was not to be included under variable factor for price adjustment.

DAC meeting was not convened despite request by Audit on 30.09.2019 followed by reminders on 27.11.2019 and 19.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 06)

CHAPTER 7
HIGHER EDUCATION COMMISSION
(INFRASTRUCTURE DEVELOPMENT EXPENDITURE OF FEDERALLY CHARTERED UNIVERSITIES)

7.1 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 20th March, 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.

7.1.1 Audit Scope and Coverage

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue/ Receipts audited FY 2018-19
1	Formations	15	3	623.685	-

7.2 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 2018-19:

(Rs in million)

Type of Funds	Budget Allocation	Funds Released	Actual Expenditure	(Excess)/ Saving	(Excess)/ Saving in %age
Federal PSDP (HEC)	30,961.475	18,818.719	20,429.774	(4,535.192)	(24.099%)

Audit evaluated overall performance of HEC with reference to utilization of development budget. Audit observed as follows:

A sum of Rs 30,961.475 million was allocated for Higher Education Commission in Federal Public Sector Development Programme (PSDP), against 136 development schemes. Funds of Rs 18,818.719 million were released meaning thereby less releases of

Rs 12,142.756 million (which was 39.218% of total allocation). An expenditure of Rs 20,429.774 million was incurred. This reflected that funds amounting to Rs 4,535.192 million were utilized from previous year's savings/retained amounts. HEC was maintaining Assignment Account in National Bank of Pakistan and according to terms and conditions of assignment account, expected savings/unspent balances must be surrendered to the government well before closing of the financial year.

Overall position of budget allocation/releases and incurrence of expenditure under PSDP of HEC is narrated as under:

i. Allocation of funds worth Rs 4,442 million was reduced through re-appropriation in respect of 32 Universities/ projects from the Ministry of Planning, Development & Reforms vide letter No. 4(50-12) PIP/PD/2018-19 dated 08.03.2019. The reduction of funds might affect the project implementation reflected in the cash/work plans resulting in potential overruns.

ii. In 57 cases, funds of Rs 7,300.505 million were released during the year 2017-18 against which an expenditure of Rs 12,325.901 million was incurred. It resulted in excess expenditure of Rs 5,025.396 million. The situation transpired that the universities retained unspent funds during previous year and utilized in the subsequent year. Unspent funds of Assignment Accounts were required to be surrendered 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.

iii. In 27 projects, overall budget allocation was enhanced from Rs 2,992.669 million to Rs 6,594.714 million through re-appropriation process and an amount of Rs 3,602.045 million was released. In 02 projects/universities, original allocation was nil and after re-appropriation, Rs 187.599 million were allocated during 2017-18. However, the management could not spend even a single rupee during the year 2017-18 against the same projects. This showed that internal controls were not exercised efficiently to assess the actual requirement of funds. Due to which, not only the government was prevented to utilize the same on other needy projects but the public was also deprived of achieving the benefits from these projects due to delaying the completion of projects.

iv. Under 36 universities/projects, an expenditure worth Rs 5,111.667 million was incurred against the released amount of Rs 8,995.978 million resulting in less utilization of funds amounting to Rs 3,884.311 million which constitute 43.17%. Out of 36 universities/projects, nineteen (19) projects incurred expenditure of Rs 270.151 million against the release of Rs 2,136.910 million resulting in less utilization of Rs 1,866.759 million which is 87%. 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 management could not utilize available resources which led to non-achievement of planned objective due to ineffective financial/monitoring controls.

v. In 69 projects/universities, funds of Rs 9,170.00 million were allocated for new schemes, against which Rs 10.00 million were released against one project "Establishment of Women Sub-Campus of Swat University in Mingora". No expenditure against the release of Rs 10.00 million was incurred.

vi. 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 concerned quarters 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.

7.3 Classified summary of Audit observations

Audit observations amounting to Rs 332.202 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	*Procurement related irregularities*	*14.058*
B	*Execution of works, contract agreement*	*318.144*

7.4 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
2015-16	09	09	01	08	11.11
2016-17	12	03	0	03	0

Note: Audit Report for 2016-17 was partially discussed while Audit Reports for the year 2012-13, 2014-15, 2017-18 and 2018-19 are yet to be discussed by PAC.

7.5 AUDIT PARAS

7.5.1 Irregular execution of work without Technical Sanction of Estimate - Rs 318.144 million

As per Para 56 of CPWD Code, for each individual work proposed to be carried out, a proper detailed estimate must be prepared for the sanction of the competent authority; this sanction is known as the technical sanction to the estimate and must be obtained before the construction of the work is commenced. The papers to be submitted with the project for a work would, in general, consist of a report, plans, specifications and a detailed statement of measurements, quantities and rates, with an abstract showing the total estimated cost of each item.

Audit noted that management of National Textile University Faisalabad awarded a work, Construction of Academic, Research, Admin Blocks and Multipurpose Hall, under the project, Strengthening of National Textile University Faisalabad to M/s Mectech International on 29th June, 2017 at agreement cost of Rs 318.144 million with completion period of eighteen (18) months. The PC-I of the work was approved by CDWP in its meeting held on 21st December, 2015.

Audit observed that management of National Textile University awarded and got executed above project without preparation and approval of Technical Sanction of Estimate according to Pak PWD Code. Audit further observed that in the absence of technical sanction of the estimate, structural soundness of the project cannot be adjudged. This resulted in irregular execution of work valuing Rs 318.144 million.

Audit pointed out the irregularity in August 2019. The project management replied that estimate was prepared by the consultant and technical sanction and administrative approval was accorded by the Rector.

The reply was not accepted because the Rector being non-engineer was not competent to accord Technical Sanction of the project. Detail estimate was required to be prepared and technically sanctioned before the calling of tenders. Execution of work without technical sanction of estimate was irregular.

The matter was discussed in the DAC meeting held on 6th February 2020, wherein, the DAC directed the management to provide technical sanction estimates and delegation of power to Audit for verification.

Audit recommends compliance of the DAC directives.

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

(DP. 15)

7.5.2 Loss due to award of consultancy contract to the second lowest bidder instead of first lowest - Rs 11.52 million

Rule 36(b) (viii & ix) of Public Procurement Rules, 2004 provides that after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. Rule-38 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 contract, within the original or extended period of bid validity.

Audit noted that the contract of consultancy services for Planning, Architectural, Designing, and Construction Supervision of the Project, Expansion and Up-gradation of International Islamic University Islamabad was awarded to M/s Global Engineering Services, M/s Naqvi & Siddique, Architects Engineering and M/s Reckon Consulting Engineering (JV) for Rs 36.269 million.

Audit observed that the Project Management awarded the said consultancy services contract to the 2nd lowest bidder instead of to the 1st lowest bidder i.e. M/s G3 Engineering Consultant (Pvt) Ltd. (JV G3+Synercon) who quoted his bid of Rs 24.749 million. The 1st lowest bid was rejected on the grounds that his performance was not up to mark against the other ongoing works. Audit was of the view that M/s G3 Engineering Consultant fulfilled all technical requirements at the time of HEC prequalification and second time met with the technical qualification criteria, therefore, the work was required to be awarded to them. This resulted in loss of Rs 11.52 million due to award of contract to 2nd lowest bidder.

Audit pointed out the loss in September 2019. The Project Management replied that in Technical Evaluation, the ranking of M/s G-3 Engineering Consultant (Pvt) Ltd was at 4th position. However, M/s G-3 Consultants gave extremely low financial bid. The committee of the procuring agency as per PPRA regulations negotiated with the highest ranked bidder regarding methodology, work plan, staffing and special conditions of the contract. The 1st ranking bidder, M/s G-3 Engineering Consultants was approached in writing to provide a copy of Certificate of registration/Architects License issued by the Capital Development Authority, Islamabad but they failed. The CDA bylaws specify that the drawings shall be prepared by CDA Licensed architect and structural engineer.

Negative feedback was received by the HEC and IIUI from other universities regarding performance of G-3 Engineering Consultant. The issue was placed before the Development Committee of the IIUI which was the authority to take decision in this regard. The Committee resolved that the work may be awarded to 2nd lowest bidder at an initial cost of Rs 36.269 million in the best interest and judicious utilization of public funds.

The reply was not acceptable because M/s G3 Engineering Consultant (Pvt) Ltd. (JV G3+Synercon) was prequalified by the HEC and technically qualified by the high level Technical Bid Evaluation

Committee of the University. After negative feed back, the firm was required to be got blacklisted.

The matter was discussed in the DAC meeting held on 6th February 2020, wherein, the DAC directed that record regarding award of consultancy service to 2nd lowest may be verified from Audit. Compliance of DAC directive was not made.

Audit recommends compliance of the DAC directives.

(DP. 16)

7.5.3 Irregular payment due to acceptance of equipment other than approved - Rs 2.538 million

As per supply order for purchase of IT Equipment for KIU sub campus issued to M/s Mir Trade International Gilgit, vide No.KIU-DD-1(1)/2015/1144 dated 31st July, 2018, the Vendor was required to supply Desktop Computers HP Elite 800 G3 @ Rs 72,512.00 each.

Audit noted that the Project Director (Works) KIU Gilgit made part payment of Rs 1.482 million to the vendor vide cheque No.0849321 dated 09.11.2018.

Audit observed that the vendor supplied desktop computers Lenovo brand instead of HP. The inspection note of inspection committee disclosed that computers of Lenovo brand were accepted on the request of supplier due to non-availability of HP brand computers. This resulted in irregular payment of Rs 2.538 million.

Audit pointed out the irregularity in July 2019. The project management replied that tender opening committee discussed the offer of supplier in the light of need of the desktop and recommended Lenovo Model on the same rate and specification.

The reply was not accepted because the supply order was for HP Elite 800 G3 desktop and after tender opening the specification was changed which was not admissible.

The matter was discussed in the DAC meeting held on 6th February 2020, wherein, the management explained that both models of computer were of same specification and both brands were recommended in the technical evaluation. However, due to non-availability of HP, the supplier was allowed to supply Lenovo model on the quoted price of HP.

The DAC directed that technical specification of both computers, record in support of stance and whole process may be verified from Audit.

Audit recommends compliance of the DAC directives.

(DP. 07)

CHAPTER 8
MINISTRY OF PLANNING, DEVELOPMENT AND SPECIAL INITIATIVES (SPECIAL PROJECT CELL) PRIME MINISTER'S PROGRAMME FOR RECONSTRUCTION & REHABILITATION OF AFGHANISTAN

8.1 Introduction

Prime Minister's Programme for Reconstruction & Rehabilitation of Afghanistan was launched during the financial year 2001-02. Initially the Programme was started with a donation of US$ 100 million which was subsequently increased to US$ 300 million. The Programme is being implemented through Ministry of Planning, Development and Special Initiatives (Special Project Cell-Afghan Projects).

A Committee for Reconstruction and Rehabilitation of Afghanistan (CRRA) was constituted to provide for institutional base in Government of Pakistan to coordinate its efforts for Reconstruction and Rehabilitation of Afghanistan by Planning and Development Division on 4th December, 2001. The Terms of Reference of the CRRA as envisaged in Chief Executive Secretariat U.O. No. 1(32)/DS(D-3)/2001 dated 29th November, 2001 are as under:

i) Identification of Sectors and Public/Private sector companies which can participate.
ii) Sector-wise need assessment with the help of data available on Afghanistan and preparation of a strategy.
iii) Assessment of shortcomings of the companies especially, in their capacity to compete in international bidding and rectification thereof.
iv) Revival of bilateral and multilateral projects where MOU/agreement has already been signed with Afghanistan.

The Projects were being executed through National Logistic Cell, Frontier Works Organization, National Highway Authority, Ministry of

National Health Services Regulations and Coordination (NHSR&C), NESPAK and Ministry of Foreign Affairs. As per procedure, payments for work done, supplies made or services rendered are processed on submission of bills by the contractors to Planning, Development & Special Initiative Division (Special Project Cell - Afghan Projects). After scrutiny, Planning Development and Special Initiatives Division forwards the claims to Ministry of Finance which issues surrender order. Planning, Development & Special Initiatives Division releases claims as per surrender order against which AGPR issues cheques after pre-audit.

Directorate General Audit Works (Federal), Islamabad conducted audit of the Programme as per direction of Auditor General of Pakistan in pursuance of the request of Planning & Development Division vide their letter No. 11(52)Afg/PC/2013 dated 3rd July, 2013. Eleven (11) projects under the Prime Minister's Programme were subject to the audit. Nine projects relate to infrastructure development while two relate to trainings of Afghan officials and scholarships for Afghan students.

8.1.1 Audit Scope and Coverage

(Rs in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2017-18	Revenue/ Receipts audited FY 2017-18
1	Formations	1	1	1,355.573	-

8.2 Comments on Budget and Accounts (Variance Analysis)

Audit was conducted during 2018-19 (Phase-II) covering accounts for the financial year 2017-18. During the financial year 2017-18 budget and expenditure figures were as under:

(Rs in million)

Financial year	Budget	Expenditure
2017-18	3,000.00	1,355.573

i. 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 concerned quarters effectively. It requires improving the project supervision/monitoring/evaluation mechanism in order to execute project as per given targets of PC-I/cash plans and work plans.

8.3 Classified summary of Audit observations

Audit observations amounting to Rs 151.702 million were raised in this audit report. This amount also includes recoverable of Rs 141.189 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*	*10.513*
B	*Execution of works, contract agreement*	*141.189*

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

Compliance position of PAC's directives on Audit Reports relating to Prime Minister's Programme for Reconstruction & Rehabilitation of Afghanistan is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2013-14	20	20	12	08	60

Note: Audit Reports for the year 2016-17 and 2018-19 are yet to be discussed in PAC.

8.5 AUDIT PARAS

8.5.1 Overpayment on account of escalation - Rs 92.64 million

As per 3rd Extension of Time (EOT) vide letter No.P&D Division U.O No.11/(37-Ext)Afg/PC/2010 dated 22nd April, 2013 The Deputy Chairman, Planning Commission approved the EOT with the condition that no price escalation will be paid to contractor beyond 30th November, 2013 and the contractor will complete this project by 30th November, 2013.

Audit noted that Special Project Cell - Prime Minister Program for Construction and Rehabilitation of Afghanistan awarded the work "Construction of 200 beds Jinnah Hospital at Kabul" at contract cost of Rs 1,242.906 million on 27th January, 2007. Audit further noted that EPC 58 to EPC 64 based on IPC No 61 to 67 were paid for Rs 92.640 million for the work done for the period after 30th November, 2013.

Audit observed that the contractor was not entitled for escalation of Rs 92.640 million as per condition of EOT beyond the period of November 2013.

Audit pointed out inadmissible payment in February 2019. The Ministry replied that EPCs 58 to 64 amounting to Rs 92.640 million were already covered/prepared in the light of last extension up to 30th April, 2017 granted by P&D Division (Client) vide letter NO.11(37-Ext)/Afg/PC/10 dated 11th January, 2017 along with NESPAK (Consultant) letter No.2924/NESPAK/MZA/dated 29th September, 2016 in which it was clearly mentioned vide sub-para (v) that payment for all variations, escalation/de-escalation shall be made as per provision in the contract.

The reply was not accepted because as per third extension it was clearly mentioned that no price escalation will be paid beyond 30th November, 2013.

The matter was discussed in DAC meeting held on 14th January, 2020. The DAC directed the department to get the record verified from Audit. Compliance of DAC meeting was not made till finalization of this report.

Audit recommends recovery of the amount.

(DP. 04)

8.5.2 Overpayment due to non-deduction of sales tax - Rs 48.549 million

As per the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 amended up to date, services provided by persons authorized to transact business on behalf of others and services for erection, commissioning and installation are subject to deduction of Sales Tax @ 16% w.e.f 1st July, 2015.

Further as per M/o Finance, Economic Affairs, Statistics and Revenue notification S.R.O 660(I)/2007 para 2, the Sales Tax shall apply to all taxable goods and services as are supplied by the supplier to the Government departments, autonomous bodies and public sector organizations.

Audit noted that the Ministry of NHSR&C awarded works to the suppliers for supply, installation and maintenance of medical equipment in three hospitals constructed in Afghanistan. Audit further noted that the employer deducted income tax @ 4.5% from invoices of these suppliers, but the Ministry did not deduct sales tax from invoices of the suppliers. This resulted into overpayment of Rs 48.549 million due to non-deduction of sale tax.

(Rs in million)

S. No.	Consultancy service for the work	Total up to date payment	16% Sales Tax
1	200 bed Jinnah Hospital at Kabul (all suppliers)	33.582	5.373
2	Nishtar Kidney Center (all suppliers)	152.727	24.436
3	Naeb Aaminullah Khan Logari hospital (all suppliers)	73.022	11.684

S. No.	Consultancy service for the work	Total up to date payment	16% Sales Tax
4	Payment to NESPAK being consultant of the project up to June, 2018	44.101	7.056
Total overpayment			**48.549**

Audit pointed out overpayment in February 2019. The Ministry replied that medical equipment supplies were being made as a donation to the people of Afghanistan. As per bidding documents, all the equipment are exempted from all taxes.

The reply was not accepted because the records, showing that the suppliers did not include taxes including sales tax in their rates and estimated cost was also without inclusion of taxes, were not produced to Audit for verification.

DAC meeting was not convened despite request by Audit on 31.10.2019 followed by reminder on 20.12.2019.

Audit recommends recovery of the amount involved under intimation to Audit.

(DP. 05)

8.5.3 Non-insurance of works and non-recovery of insurance premium - Rs 22.096 million

According to Clause-23, General Condition of Contract, the goods supplied under the contract shall be fully insured, in a freely convertible currency from an eligible country, against loss or damage incidental to manufacture or acquisition, transportation, storage, and delivery, in accordance with the applicable Incoterms or in the manner specified in the SCC. If foreign exchange costs are financed, the transport insurance shall be taken out in a freely convertible currency, and it must be provided that any payments by the insurer are to be made payable to Employer for account of the Employer so far as the risk has already passed to the Employer.

As per instruction to bidders (ITB) clause 9, Prices shall be quoted in foreign currency (cost insurance freight (CIF) only).

Audit noted that Ministry of NHSR&C awarded different supply works for medical equipment and machinery for 03 hospitals in Afghanistan on lot basis at an agreed cost of Rs 1,104.838 million.

Audit observed that the management did not get insurance covers for the works as per provisions of agreement. In this way the contractors saved about 2 % of contract cost Rs 22.10 million. This resulted in non-insurance of works and non-recovery of premium of Rs 22.10 million.

Audit pointed out the non-recovery in February 2019. The Ministry replied that 45 lots out of total 62 had already been delivered and equipment installed at sites which was not possible without insurance cover.

The reply was not accepted because evidence of insurance cover, along with insurance premium payment receipts by the suppliers, was not produced to Audit for verification.

DAC meeting was not convened despite request by Audit on 31.10.2019 followed by reminder on 20.12.2019.

Audit recommends production of required record to Audit or recovery of premium as pointed out under intimation to Audit.

(DP. 07)

8.5.4 Loss due to non-acceptance of lowest bids - Rs 10.513 million

PPRA Rule-4 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.

Rule-36(b) describes the procedure of Single Stage Two Envelope bidding process as;

i) the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements;

Audit noted that the Ministry of NHSR&C invited bids for supply of medical equipment in Naib Amminullah Khan Logari Hospital Logar Afghanistan on 26th April, 2018 and bids were opened on 8th June, 2018 for Lot A to W.

Audit observed that the management did not accept the financial bids against six (06) lots due to single bid (despite the fact that technically the firms were qualified) and re-tendered the same on 25th July, 2018. Audit further observed that during re-tendering the firms/suppliers quoted higher rates than the previous rates. This resulted in loss of Rs 10.513 million due to non-acceptance of previous bid.

Audit pointed out the loss in February 2019. The Ministry replied that retendering was done to get lowest price as per decision of the procurement committee.

The reply was not accepted because the decision of retendering caused extra cost of Rs 10.513 million.

DAC meeting was not convened despite request by Audit on 31.10.2019 followed by reminder on 20.12.2019.

Audit recommends fixing of responsibility besides recovery of loss from those held responsible under intimation to Audit.

(DP. 10)

Annexure-1: MFDAC

Six hundred and ten (610) Proposed Draft Paras of under-mentioned departments/organizations 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	288
2.	Capital Development Authority/Metropolitan Corporation Islamabad	118
3.	Civil Aviation Authority	96
4.	Pakistan Public Works Department	46
5.	Estate Office	4
6.	Pakistan Housing Authority Foundation	11
7.	Higher Education Commission	13
8.	Planning Development and Special Initiatives	7
9.	Gwadar Development Authority (CPEC)	27
	Total	**610**

List of MFDAC paras

NATIONAL HIGHWAY AUTHORITY

S No	PDP No	Subject
1.	3	Non recovery of long term advances (HBA/Motorcar advance) due to non-pursuance pursuance by the Establishment Account Section - Rs 15.982 million
2.	7	Overpayment due to excessive measurement than approved typical cross section - Rs 11.645 million
3.	10	Irregular/unauthorized approval of Variation Order/Re-appropriation in violation of NHA Executive Board decisions/orders - Rs 11.585 million
4.	13	Inadmissible award of multiple routine maintenance contracts to one firm and grant of undue benefit to the contactors at the cost of conservation of the road network - Rs 248.519 million
5.	14	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
6.	15	Overpayment due to non-deduction of inbuilt component included in analysis of rate - Rs 1.964 million and non-adjustment - Rs 43.777 million
7.	16	Overpayment due to non-deduction of inbuilt component included in analysis of rate - Rs 6.101 million
8.	17	Irregular award of multiple Periodic Maintenance Contracts to a one bidder in violation of the Rules caused mis-procurement of contracts - Rs 772.476 million
9.	19	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 447.278 million
10.	26	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 204.941 million
11.	29	Overpayment due to non-deduction of inbuilt component included in analysis of rate - Rs 1.964 million and non-adjustment of - Rs 41.357 million
12.	32	Non-accounting of 80 km existing road length caused mis-appropriation of immoveable asset of NHA
13.	34	Expected huge loss millions of rupees to the government due to inclusion of price adjustment clause in the bidding/contract documents of ADB funded works valuing – Rs 6,206.104 million
14.	36	Unjustified procurement of consultancy due to non-awarding civil work - Rs 107.917 million
15.	37	Undue replacement of major key personnel of design and supervision consultant owing to non-assurance of physical availability of the personnel at the time of bid evaluation/negotiation – Rs 68.621 million

S No	PDP No	Subject
16.	40	Award of work beyond the approved limit of revised PC-I and in violation of Cabinet Divisions Instructions - Rs 1,684.00 million
17.	42	Mis-procurement of the services of Senior Procurement & Contract Specialist – Rs 20.024 million
18.	44	Irregular award of work to the contractor due to non-fulfillment of eligibility criteria – Rs 1,728. 965 million
19.	45	Excessive measurement of item of work caused inadmissible/unjustified payment - Rs 701.513 million
20.	48	Irregular expenditure incurred on feasibility study without approval of the competent forum - Rs. 206.103 million
21.	49	Irregular charging of establishment expenditure to development funds worth Rs 39.371 million
22.	51	Un-justified expenditure for feasibility study and detail designing - Rs 894.032 million
23.	61	Execution of works without open competition - Rs. 150.901 million
24.	63	Increase in scope of work after award of work of Rs. 36.583 million without receipt of funds and non-adjustment of Rs. 2.751 million
25.	64	Un-authentic payment due to non-inspection and monitoring of works – Rs. 27.803 million
26.	66	Non-extension / encashment of Performance Bond of the defaulting contractor - Rs 5.472 million
27.	70	Unjustified acquisition of 35 Kanal 01 Marla land outside RoW - Rs 14.497 million
28.	71	Non-recovery of hire charges of snow cleaner machines from the contractor – Rs 12.00 million
29.	72	Extra expenditure due to ill planning – Rs 133.893 million
30.	73	Irregular award of additional work without calling tenders - Rs 348.621 million
31.	74	Non-finalization of accounts and non-preparation of PC-IV and PC-V of the Tunnel Project
32.	75	Inadmissible payment of repair of vehicles - Rs 7.306 million
33.	77	Non-deployment of foreign key staff by the contractor
34.	78	Non-recovery of value of removed trees - Rs 2.310 million
35.	79	Excess expenditure due to execution of excessive quantities without approval of the competent authority Rs 22.296 million
36.	80	Non-maintenance of Assets Registers
37.	82	Irregular replacement of key technical staff of the consultants - Rs 18.618 million
38.	83	Overpayment due to excessive measurement than approved typical cross section - Rs 13.624 million
39.	86	Unjustified execution of item of work beyond construction requirement - Rs 9.738 million
40.	87	Irregular payment of Rs 11.833 million and non-recovery/imposition of Liquidated Damages for delay in completion of work - Rs 14.04 million

S No	PDP No	Subject
41.	89	Unjustified execution of excess thickness of Asphalt Base Course – Rs 12.561 million
42.	90	Excessive measurement of item of work caused inadmissible/unjustified payment - Rs 8.867 million
43.	91	Unjustified execution of item of work beyond construction requirement - Rs 1.365 million
44.	93	Overpayment of due to incorrect/higher rates- Rs 3.623 million
45.	96	Non recovery of inbuilt component cost- Rs 2.058 million
46.	97	Non recovery of inbuilt component cost- Rs 1.620 million
47.	99	Unjustified/Doubtful submission/payment of IPCs for Rs 143.230 Million
48.	100	Irregular award of work without approval of Engineer's Estimate Rs 270.515 million
49.	102	Overpayment due to inclusion cost of an item in other item Rs 5.535
50.	103	Unjustified/irregular payment due to execution of excessive quantities without approval in TS Estimate Rs 28.231 million
51.	105	Unjustified payment to contractor due to without record measurement in measurement book - Rs. 49.521 million
52.	111	Award of work without detail estimates Rs 196.714 million
53.	112	Loss to NHA due to non-completion of works Rs 131.708 million
54.	113	Irregular award of work without competition-Rs 19.302 million
55.	115	Overpayment to contractor due to over measurement beyond estimate Rs 5.044 million
56.	116	Non recovery of new Suzuki Swift 1.3 (Auto) latest model for Rs 1,600,000 and non-assessment of work zone safety measures for Rs 800,000
57.	117	Overpayment due to extra measurement/ consumption of structural steel for Rs 2.522 million
58.	118	Unjustified measurement of DST on carriageway Rs 2.642 million
59.	119	Non-Recovery of Trainee Engineer's cost of Rs 1.3 million and Non-Assessment/Recovery of Work Zone Safety measures for Rs 3.200 million
60.	122	Overpayment of Rs.259.127 Million.
61.	124	Non-Revision in agreement cost due to change in design from 4 lanes to 3 lanes (either side) Rs. 240.947 million.
62.	125	Overpayment of Rs 61.175 million.
63.	127	Irregular Payment of Rs. 663.888 Million due to non-recording of measurement of work done in Measurement Books.
64.	128	Un-justified payment of mobilization advance to contractor Rs, 31.00 million.
65.	129	Non-recovery of mobilization advance –Rs 219.445 million
66.	130	Overpayment of Rs.12.113 million.
67.	131	Unjustified Expenditure of Rs.5.445 Million.

S No	PDP No	Subject
68.	132	Over payment due to payment of quantities beyond the permissible limit of BOQ/VO.2 Rs 31.280 million
69.	133	Irregular payment due to non-recording of detailed measurements of work done in the Measurement Books Rs. 53.085 million
70.	134	Overpayment on account of price escalation beyond the permissible limit of PC-I Rs 282.548 million
71.	135	Overpayment of Rs 1.026 million.
72.	136	Excess payment due to execution of quantities more than contract agreement Rs. 12.165 million
73.	138	Overpayment of Rs.2.045 million.
74.	139	Unjustified Payment of Rs. 2.643 million.
75.	141	Overpayment of Rs.7.163 million.
76.	142	Over payment on account of relocation of utilities beyond the provision of PC-I Rs 302.689 million.
77.	143	Over payment due to higher rates Rs 12.192 Million
78.	144	Excess expenditure due to execution of excessive quantities without approval of the competent authority Rs 50.596 million
79.	145	Un-authorized obtaining of Insurance Policy and performance bond from under rating insurance company – Rs 24.89 million
80.	146	Award of work without removal of utilities and availability of land – Rs. 39.746 million
81.	147	Excessive expenditure due to execution of expensive item Rs. 17.337 million
82.	148	Overpayment due to excessive measurement Rs 2.932 million
83.	151	Overpayment due to incorrect item Rs 12.677 million
84.	154	Acceptance of insurance coverage from other than NICL for the work valuing Rs 4,366.247 million
85.	155	Overpayment due to execution of items on excess area than specified width of carriageway Rs 9.834 million
86.	157	Overpayment due to non-deduction of inbuilt component included in analysis of rate - Rs 5.885 million
87.	158	Overpayment due to allowing higher rate –Rs 2.409 Million
88.	160	Excess expenditure due to decrease in length of road without reducing the cost Rs 36.814 million
89.	162	Non-obtaining of insurance policy for the work – Rs 601.980 million and non-recovery of insurance premium 6.01 million
90.	163	Irregular award of multiple Periodic Maintenance Contracts to a one bidder in violation of the Rules caused mis-procurement of contracts - Rs 542.989 million
91.	164	Non-obtaining of additional performance security – Rs 84.157 million
92.	165	Non-obtaining of insurance policy for the work – Rs 55.273 million and non-recovery of insurance premium 0.552 million

S No	PDP No	Subject
93.	166	Irregular/un-authorized acceptance of bids comprised on imbalance rates in violation of Public Procurement Rules – Rs.29.278 million
94.	167	Non-revalidation/renewal of Performance Bond - Rs 19.487 million
95.	168	Loss due to award of work at higher - Rs 10.79 million
96.	169	Loss due to execution of Periodic works and routine maintenance work at same location – Rs 8.894 million
97.	170	Unjustified execution of item of work beyond construction requirement - Rs 4.098 million
98.	171	Less recovery of income tax – Rs 2.377 million
99.	172	Overpayment due to non-recovery of old dismantled material – Rs 2.083 million
100.	173	Overpayment due to allowing higher rate - Rs 1.880 million
101.	175	Non-submission of the operations bond by the Concessionaire to NHA – Rs. 168.80 million
102.	179	Non transfer of profit by MCB to NHA Main Account as earned against ESCROW Account-57.958 million
103.	181	Loss to the government due to burning out 1273 trees at certain locations/interchanges of Motorway M.2- Rs.5.092 million (approximate)
104.	182	Overpayment due to measurement of outer lane width as 3.70 meter instead of 3.65 meter - Rs.3.415 million
105.	183	Irregular procurement of plantation work at M-4 without open competition in violation of the Public Procurement Rules-7.970 million
106.	184	Loss to the Government due to award of various plantation contracts at higher rates-Rs.14.157 million
107.	185	Non-obtaining of Performance Bonds and Insurance Policies against the works in accordance with the contractual provision
108.	186	Unjustified Payment due to counting/paying un-planted/died species/plantation beyond agreed criteria/plantation without fulfillment of contractual formalities- Rs 23.437 million
109.	187	Irregular award of works without detailed estimation /provision of quantities in BOQ- Rs. 144.007 million
110.	188	Non-recovery/adjustment of damaged/cut fence from the plantation contractors Rs.2.757 million
111.	189	Doubtful/unjustified payment due to duplication of items of work under Routine Maintenance and Periodic Maintenance for same reaches/Kms - Rs.50.076 million
112.	190	Inadmissible payment due to duplication and wrong measurements Rs.7.353 million
113.	191	Overpayment due to wrong measurements Rs.5.036 million in violation/deviation of codal instructions
114.	193	Un-authentic/doubtful payment of final bill on the basis of Re-measurement Rs.10.410 million
115.	194	Less recovery of income tax – Rs.7.845 million

S No	PDP No	Subject
116.	195	Irregular award of works without detailed quantities in BOQ Rs.766.009 million
117.	197	Irregular payment of Rs 61.753 million and non-recovery/imposition of Liquidated Damages for delay in completion of work - Rs 8.249 million
118.	198	Non-revalidation/renewal of Performance Bond - Rs 15.113 million
119.	199	Extra expenditure due to execution of costly item-Rs. 11.258 million
120.	200	Non-revalidation/renewal of Performance Bond - Rs 8.249 million
121.	201	Unjustified / unauthentic payment due to excessive measurement of item of work - Rs 4.944 million
122.	203	Excessive measurement of item of work caused overpayment - Rs 1.042 million
123.	204	Less recovery of income tax – Rs 1.175 million
124.	205	Unjustified payment due to non-accountal of dismantled material - Rs 27.520 million
125.	206	Overpayment due to non-deduction of volume of riprap – Rs 2.083 million
126.	207	Irregular procurement of Vehicles in banned period – Rs 12.00 million
127.	208	Unrealistic computation of slope ratio resulted in overpayment of-Rs.4.994 million
128.	209	Superfluous execution of item of work against the provision of PC-I-Rs 1.150 million
129.	211	Non deduction of trimming charges from the formation of embankment – Rs 7.875 million
130.	212	Non revalidation of mobilization advance guarantee - Rs 365.335 million and non-recovery of mobilization advance – Rs 283.238 million
131.	213	Non deduction of trimming charges from the formation of embankment – Rs 12.584 million
132.	214	Non revalidation of mobilization advance guarantee - Rs 370.878 million and non-recovery of mobilization advance – Rs 231.46 million
133.	215	Overpayment due to paying excavation of surplus soft material at higher rates – Rs.15.427 million
134.	218	Non-imposition/recovery of Delay Damages due to non-completion of work timely – 1,375.30 million
135.	219	Non-recovery/adjustment of premium cost against uninsured period-Rs.2.502 million
136.	220	Non-recovery/adjustment of cost difference of aggregate material being used under item No.203-b and 305-b -Rs.15.391 million
137.	221	Overpayment due to incorporation of excessive quantity of steel in the rate analysis of item No. SP-416a beyond the Construction requirement at site – Rs. 6.680 million

S No	PDP No	Subject
138.	222	Undue Payment due to deployment of excessive Consultancy Supervision Staff beyond the actual requirement of site – Rs. 92.620 million & JPY 97.153 million
139.	224	Irregular replacement of the Foreign/Local Engineers without fulfillment of Experience Criteria and without approval of the Employer
140.	225	Payment of Pre-fabricated Modular steel equipment bridge without supporting documents-Rs.573.00 million
141.	226	Irregular award of work without open competition Rs. 342.00 million.
142.	227	Extra expenditure due to unjustified increase in rate for Routine Maintenance Rs. 139.536 million
143.	228	Non-recording of detailed measurement of item of work valuing Rs.82.889 million
144.	229	Non-obtaining of Performance Guarantee from the contractor-Rs 72.967 million and recovery of in-built premium – Rs 1.459 million
145.	232	Overpayment due to execution of item beyond specification - Rs 4.334 million.
146.	233	Acceptance of unrealistic bids involving Rs 37.646 million and unjustified expenditure - Rs 34.536 million
147.	235	Acceptance of insurance coverage from other than NICL – Rs 2,736.323 million
148.	236	Non adherence to the SOP resulted in irregular expenditure – Rs 513.957 million
149.	238	Unjustified expenditure due to execution of item of work without observing specification-Rs 8.843 million
150.	239	Inadmissible expenditure –Rs 6.154 million
151.	240	Loss to Authority due to non-auction of vehicles –Rs 5.850 million
152.	241	Non-recovery of outstanding amount of advances form contractor Rs. 421.886 million
153.	242	Undue Financial Aid and Irregular/inadmissible payment of mobilization Advance Rs. 408.702 million
154.	243	Non-provision of source of bitumen in the contract Agreement and un-authentic release of payment of Asphaltic works without obtaining invoices of bitumen Rs. 574.253 million
155.	244	Non-carrying out Riding Quality Test for Asphalt road items, allowed and paid at full rates without Tests Rs. 489.262 million
156.	245	Non completion of work in agreed time due to lack of proper Planning and resource Mobilization by the contractor at site, non-obtaining of performance security @ 10% of Contract cost Rs 272.686 million
157.	246	Undue claim of work done and unjustified withheld of measured and certified work without recorded reasons - Rs. 60.576 million
158.	250	Overpayment due to execution of excessive quantities in agreements against PC-I provision Rs 4.015 million

S No	PDP No	Subject
159.	251	Overpayment due to fictitious measurements of the BOQ items of Rs 11.169 million
160.	252	Irregular approval of variation order - Rs 652.912 million
161.	254	Unauthentic recovery from retention money of the contractor - Rs 28.671 million and non-recovery from foreign component – U$$ 56,774
162.	257	Overpayment due to non-deduction of quantity of WBM from Hard Rock Rs. 160.521 million
163.	258	Un-authentic / un-justified execution of item of work against the provision of PC-I caused superfluous expenditure - Rs 53.314 million
164.	259	Overpayment due to incorrect measurement of water bound macadam-Rs.1.342 million
165.	261	Overpayment due to non deduction of trimming charges from the formation of embankment – Rs 13.324 million
166.	262	Overpayment of excess quantities due to execution without approval - Rs. 17.238 million
167.	263	Non-deduction of structural excavation caused overpayment to the contractor – Rs 9.623 million
168.	264	Unjustified payment due to non-accountal of dismantled material - Rs 10.058 million
169.	265	Overpayment due to non deduction of volume of riprap – Rs 2.011 million
170.	266	Non recovery of the cost of the insurance premium of Vehicles – Rs 1.350 million
171.	267	Overpayment due to execution of item beyond the construction requirement-Rs 7.693 million
172.	268	Overpayment due to non-deduction of structural work caused to the contractor – Rs 8.634 million
173.	269	Non-deduction of structural excavation caused overpayment to the contractor – Rs 8.891 million
174.	270	Unjustified payment due to non-accountal of dismantled material - Rs 8.470 million
175.	271	Overpayment due to non- disposal of surplus/unsuitable excavated material – Rs.35.331 million and non-recovery of cost of disposal component-Rs.1.766 million
176.	272	Non deduction of volume of riprap/inbuilt cost component resulted in undue favor to contractor–Rs 1.556 million
177.	273	Overpayment due to non deduction of trimming charges from the formation of embankment – Rs 19.265 million
178.	275	Non-imposition of liquidated damages for delay in completion of work – Rs 175.537 million
179.	276	Non-imposition of liquidated damages for delay in completion of work – Rs 212.096 million
180.	278	Irregular insurance of work of less amount of Rs 1,073.543 million, without evidence of paid premium and without re-insurance documents

S No	PDP No	Subject
181.	279	Non-commencement of work of Rs 1,834.318 million resulting in anticipated cost overruns due to price escalations
182.	280	Slow-utilization of loan leading to accumulation of extra commitment charges – US $ 62,009
183.	281	Mis-management in procurement process - Rs 4,666.872 million
184.	282	Non-obtaining of additional performance security from the contractor – Rs 183.432 million
185.	284	Non-imposition of liquidated damages for delay in completion of works -Rs 870.559 million
186.	285	Overpayment due to higher rates- Rs 65.932 million
187.	286	Non-maintenance of Assets Registers/Stock Register - Rs 81.340 million
188.	287	Irregularities in insurance of works - Rs 10,238.897 million
189.	288	Defective and below specification work – Rs 236.525 million
190.	289	Non-implementation of consultancy contract provisions by the consultants
191.	290	Non-recovery/adjustment of advances – Rs 23.529 million
192.	291	Payments against defective work – Rs 133.693 million
193.	292	Non-recovery from the Contractor due to poor workmanship - Rs. 5.299 million
194.	293	Excess expenditure due to execution of excessive quantities than approved Variation Order (VO) Rs. 14.918 million
195.	294	Non-recovery of premium due to non-insurance vehicles procured under bill No.7 against employer/engineer's facilities-Rs. 6.861 million
196.	297	Loss of revenue due to short receipt of toll collection than traffic count data Rs 959.175 million
197.	298	Non receipt of revenue from the defaulting contractors – Rs 14,127.524 million
198.	300	Loss of Revenue due to non-implementation of prescribed timelines for depositing the installment of guaranteed toll revenue – Rs 107.520 million
199.	301	Loss of revenue due to grant of extension and non-completion of procurement process of Rs 88.612 million
200.	302	Loss of revenue of Rs 182.91 million and short receipt of Rs 140.073 million
201.	304	Loss of revenue due to non-procurement of OM&M contract for toll collection in approved timelines – Rs 93.421 million
202.	316	Irregular award of toll collection contracts to the defaulters – Rs 12,246.412 million
203.	321	Unjustified expenditure on account of O&M charges overburdened the authority's revenue Rs 85.339 million
204.	323	Unjustified payment to operator on account of operational charges without any fine collection - Rs 11.037 million

S No	PDP No	Subject
205.	325	Irregular/unauthorized issuance of private approach NOCs in violation of Lease Policy
206.	327	Loss of revenue to authority due to non-auction of non-operational/vacant leases - Rs 499.200 million
207.	335	Inefficient project management caused non achievement of objectives despite incurring an expenditure of Rs 10,042.439 million
208.	337	Non-recovery on account of penalty due to non-submission of work programme Rs 8.980 million
209.	338	Unjustified payment to the affectees without taking possession of land which is ultimate loss to the authority – Rs 907.68 million
210.	339	Non-obtaining of performance bond guarantee for Rs 1,305.966 million
211.	341	Non recovery of mobilization advance of Rs 3,703.905 million alongwith interest of Rs 492.072 million for retention of public money
212.	342	Deployment of consultant without execution of work at site caused undue charge Rs 52.702 million recoverable from the contractor
213.	343	Irregular/unauthorized sub-contracting of the work – Rs 13,059.67 million
214.	344	Unjustified payment of remuneration on regular monthly basis and appointment of "The Engineer" without execution of work at site which overburdened the development funds for Rs 18.399 million
215.	345	Deficient insurance coverage of the mega contracts valuing Rs 31,501.122 million
216.	347	Unauthentic acceptance of bank guarantee from a non-scheduled bank - Rs 3,366.218 million
217.	348	Deployment of consultant without execution of work at site caused undue charge Rs 4.398 million recoverable from the contractor
218.	354	Non-recovery of departmental charges against deposit work Rs 181.155 million
219.	355	Irregular payment for land acquisition of development project through RMA funds Rs 122.265 million
220.	356	Irregular award of work through extension without tendering Rs 6.329 million
221.	357	Non-adjustment of payment through vouched account for Rs 5.764 million and unjustified payment from RMA account to Pakistan Railways
222.	361	Overpayment due to non-revision of rate 8.556 million
223.	364	Loss due to non-completion of work on time 125.972 million
224.	366	Loss/unjustified payment due to payment of imprest to NHA employees for toll plaza/weigh station already running by private contractors Rs 74.426 million
225.	368	Non-observing the ratio of 2:1 for Plum Cyclopean/Rubble Concrete resulted in non-recovery of Rs 1.422 million

S No	PDP No	Subject
226.	369	Award of work for protection walls on bridge without tendering to sitting contractor through variation order Rs 4.025 million
227.	370	Unjustified/excess expenditure on superfluous item Rs 62.974 million
228.	373	Overpayment due to excess quantity of subsequent item after cold milling Rs 6.912 million
229.	374	Overpayment due to excessive thickness of Asphalt Base Course Rs 0.879 million
230.	375	Overpayment due to execution of items on excess area than specified width of carriageway Rs 10.155 million
231.	377	Overpayment due to incorrect measurement for wearing course Rs 0.810 million
		CPEC GOP Funded
232.	32	Non recovery of cost of vehicles Rs. 7.40 million.
233.	33	Non furnishing of Professional indemnity Bond for design fee Rs. 4459.632 million.
234.	34	Non Provision of Motorway Advisory Radio costing Rs.204.759 million.
235.	35	Non-crediting of cost of saving in quantity of sub-structures Bridges –Rs178.385 million
236.	37	Overpayment due to non-adjustment of area of toll plazas from total length of Road-Rs. 120.000 million.
237.	38	Non- adjustment/ recovery cost of excavated material used in other items of work about Rs.569.282 million
238.	39	Non- accountal/ disposal of trees Rs.155.250 million
239.	40	Non-recovery of cost of un-executed component of work Rs. 9.200 million.
240.	41	Non-crediting of cost of saving in quantity of earth work costing Rs.375.289 million
241.	42	Non-taking over survey equipment valuing Rs 151.591 million
242.	44	Irregular Execution of Project without SIA and EIA
243.	45	Irregular Payment for work executed without approval of design-Rs.1,032.300 Million.
244.	46	Non- adjustment/ recovery cost of excavated material used in other items of work about Rs. 1,389,180,424
245.	48	Non obtaining of professional Liabilities Insurance from consultants for Rs444.819 million and recovery of inbuilt charges of Rs.8.896 million
246.	49	Non obtaining of performance security for Rs.3.100 billion and recovery of inbuilt charges of Rs.31.000 million
247.	50	Payment of Mobilization advance without obtaining Bank Guarantee Rs.4,650.00 million and non-recovery of inbuilt charges-Rs.465.000 Million.
248.	51	Over Payment due applying incorrect Rate /cost-Rs.997.559 Million.

S No	PDP No	Subject
249.	52	Non obtaining of insurance of work Rs. 31.000 billion & non-recovery of premium Rs. 356.5 million.
250.	80	Overpayment to contractor due to execution of costly item Rs. 3.319 million
251.	81	Undue benefit to the contractor in the shape of inadmissible payment – Rs. 195.091 million
252.	82	Overpayment due to non-deduction of inbuilt component of an item – Rs. 7.256 million
253.	83	Irregular/unauthorized payment and transfer of funds for electricity payment of Motorway (M-1) Rs. 2.146 million
254.	84	Non-authentication of quality of work due to non-conformation of source of bitumen used in the work- Rs. 1,096.774 million
255.	87	Loss to Authority due to unauthorized payment on account of closure of Consultancy Services for Package-1 and II – Rs. 1.400 million
256.	88	unjustified/ unauthorized payment due to non-obtaining of comprehensive training program Rs 1.176 million
257.	89	Overpayment due to separate measurement of inbuilt component – Rs 57.167 million
258.	90	Non-recovery of insurance premium from the contractor against un-insured period -Rs. 46.573 million
259.	91	Loss due to slow progress of work of Rs. 2,075.836 million and non-imposition and recovery of liquidated damages for delay in completion of work - Rs 10,098.846 million
260.	93	Overpayment due to non-adjustment of rate of cutback and emulsified asphalt – Rs. 11.430 million
261.	94	Loss due to non-retrieval of removed trees – Rs. 99.418 million
262.	95	Measurement of items of work without rectification of defects - Rs. 201.494 million.
263.	96	Insurance of works beyond the financial capacity/limit of the insurance companies - Rs 21,386.221 million
264.	97	Non-revalidation of insurance of work costing of -Rs 21,386.221 million
265.	98	Non-recovery of mobilization advance - Rs 424.253 million
266.	99	Overpayment on account of price escalation – Rs. 2.389 million
267.	100	Non-revalidation of insurance of works - Rs 6,425.766 million and non-recovery of premium cost - Rs 128.512 million

CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC) – NHA AND GDA

S No	PDP No	Subject
1.	1	**National Highway Authority** Non-preparation of comprehensive employer's requirements and adoption of Chinese standard instead of prevailing Pakistani and AASHTO standards caused extra cost on earth and protection works – Rs 26,745.85 million

S No	PDP No	Subject
2.	2	Overpayment due to separate payment of an inbuilt component in violation of technical specification - Rs 1,495.964 million
3.	3	Non effective utilization of available stone in the interest of Employer by non-recovery of cost of stone charged by the contractor in stone consuming items – Rs 939.688 million
4.	5	Usage of material from unapproved quarries for Rs 715.345 million
5.	6	Non implementation of EMP caused non protection of environment of project vicinity & non utilization of provision of PC-I – Rs 598.27 million
6.	7	Non construction of Office/residential building for Employer's Representatives and non-provision of furniture and equipment - Rs 374.53 million
7.	10	Non-inclusion of the security arrangement cost in the PC-I and incurring heavy expenditure by charging to development funds – Rs 1,023.676 million
8.	13	Less deduction of income tax from the payments to the contractor – Rs 302.335 million
9.	14	Undue burden on GoP/PSDP funds due to conflict of clauses provided in construction contract and loan agreement for Rs 933.745 million
10.	15	Unjustified extra expenditure of Rs 332.74 million and unjustified charging of establishment expense of Rs 22.329 million to bill No.7
11.	16	Unjustified delayed payment on account of design submission for Rs 2,255.348 million
12.	20	Overpayment against un-executed work of flyover bridges Rs 337.479 million
13.	21	Overpayment due to less deduction of cost of deleted items Rs 459.00 million
14.	22	Loss due to award of work on higher rates as compare to other motorway Rs 40,993.149 million
15.	24	Non-charging of Delay Damages due to slow progress of the contractor Rs. 73.588 million per day
16.	25	Non-recovery of cost on account of un-insured period involving Rs 22.677 million
17.	26	Non-recovery on account of first floor at service areas Rs 518.434 million
18.	27	Non-recovery on account of item not required on the project but cost was included in the bid Rs 106.031 million
19.	28	Non-recovery on account of Motorway Advisory Radio not required in Intelligent Transport System Rs 168.323 million
20.	29	Non-recovery on account Flower Beds Rs 161.757 million
21.	30	Non-recovery on account of non-establishment of two Weigh in Motion on main carriageway Rs 150.0 million

S No	PDP No	Subject
22.	53	**Gwadar Development Authority** Irregular award of contract without forming of joint venture by Chinese Company with Pakistani Company involving Rs 15,088 million
23.	54	Non-recovery of income tax at source (withholding tax) as per prevailing income tax law of Pakistan- Rs 422.465 million
24.	55	Excess Payment of Rs 1,301.630 million
25.	56	Unjustified expenditure of Rs2.675 million
26.	57	Non-obtaining/recovery of insurance cover against injury to Persons and Damage to Property involving One Hundred Thousand US Dollars equal to Rs 16.134 million
27.	58	Unjustified procurement of 21 vehicles involving Rs 73.749 million
28.	59	Unauthentic expenditure of Rs 3.680 million
29.	60	Non-reconciliation with donor, China Development Bank Corporation and National Bank of Pakistan involving Rs 6,035.216 million
30.	61	Non-preparation and submission for approval of feasibility studies before start of the project involving Rs. 15,088.155 million.
31.	62	Non- arrangement and finalization for training of Engineers
32.	63	Unjustified acceptance of bids of items of work based on market rates involving Rs. 10,827.984 million.
33.	64	Unauthentic payment without verifying detailed measurement of each item of work done in Measurement Book of Rs 1,961.460 million
34.	65	Irregular Procurement of - Rs. 15,088.155 million.
35.	66	Unauthentic expenditure of Rs. 20.708 million.
36.	67	Non-obtaining revised approval of PC-1 since September 2017 - Rs 17,351.379 million
37.	68	Loss to Government due to non-inclusion of Sales Tax on service in contract agreement of Rs 2,263.223 million.
38.	69	Non-recovery due to non-compliance to Contract provisions- Rs 52.089 million
39.	70	Non-recovery due to non-compliance to Contract provisions- Rs 80.705 million
40.	71	Non-recovery of land lease prices for establishment of contractor’s permanent camp at the land of Gwadar port Authority
41.	72	Cost overrun from Rs 6,274.670 million to Rs 19,633.302 million and time over run since 2011 to 11-10-2020 due to non-appointment of full time Project Director
42.	73	Non-compliance of conditions of Environmental Impact Assessment (EIA) approval for Gwadar Port Eastbay
43.	74	Non-conducting Internal Audit of the Project
44.	75	Lapse of unspent balance of - Rs 1.953 million
45.	76	Irregular/Unauthentic Procurement of - Rs 51.643 million

S No	PDP No	Subject
46.	77	Lapse of unspent balance of - Rs 37.460 million
47.	78	Overpayment of Income tax Rs – 0.831 million
48.	79	Payments without recording detail measurements and lab test reports - Rs5.957 million

CAPITAL DEVELOPMENT AUTHORITY/MCI

S No	PDP No	Subject
1.	1	Non-remittance of Government receipt in Federal Treasury - Rs 55.615 million and Non-Recovery of Income Tax Rs. 2.781 million
2.	3	Unauthorized creation of liabilities without availability of funds - Rs 230.891 million
3.	4	Irregular enhancement of contract cost - Rs 7.810 million
4.	5	Irregular award of work without tender in violation of PPRA Rules - Rs. 3.637 million
5.	6	Loss due to award of work at higher rates – Rs 2.290 million
6.	7	Lapse of federal government grant due to non-payment for deduction on account of GP Fund, Security Deposit of Contractors, Water Charges, Electric Charges and Fines creating liabilities Rs. 8.800 million
7.	8	Non-encashment of Performance Security for Rs. 77.919 million and Non re-validation of workmen compensation Insurance of Rs. 0.779 million
8.	9	Irregular enhancement of contract cost - Rs. 2.700 million
9.	10	Non acceptance of work within bid validity period Rs. 2.600 million
10.	11	Loss to government due to award of work to ineligible bidder at higher rate – Rs 1.965 million
11.	14	Irregular award of works by splitting – Rs 4.243 million
12.	15	Unauthorized creation of liabilities without availability of funds - Rs 72.652 million
13.	16	Irregular award of works through quotations without open competition – Rs 4.861 million
14.	17	Irregular procurement of contracts in un-fair and non-transparent manner – Rs 33.284 million
15.	18	Unauthorized/ unjustified payment of Rs 8.585 million without approved PC-I
16.	19	Irregular enhancement of work beyond the permissible limit Rs 3.229 million
17.	21	Doubtful/unauthentic expenditure due to non-availability of relevant accounts and works record – Rs 1.204 million
18.	22	Unjustified payment to the CDA employees on account of medical allowance during the year 2017-18 – Rs 258.226 million

S No	PDP No	Subject
19.	23	Irregular /unjustified payment on account of cost of food for patients – Rs 13.544 million
20.	24	Loss to the government due to procurement of Cochlear Implant Device without open tendering – Rs 2.450 million
21.	26	Less recovery of electricity charges due to non-revision of Air conditioner rates – Rs 5.991 million
22.	27	Non-adjustment of medical expenses against MCI employees – Rs 733.962 million
23.	32	Irregular allotment of residential plots to Affectees of Built up Property without their ownership of the land beneath the built up property – Rs 50.000 million
24.	40	Non establishing and non-producing Agro/Poultry farms and production facility in the local markets in violation of terms and conditions of allotments / lease agreement
25.	42	Non identification of locations/ site for sewerage treatment plants and land fill site to dispose the garbage and treat polluted water by the Planning Wing CDA
26.	54	Non-accountal of revenue due to non-deposit of cheques - Rs.165.151 million
27.	57	Improper Competitive Bidding Process of Auction - Rs 2,850.324 million
28.	58	Non-accountal of tokens money – Rs.1,932.00 million
29.	59	Less deduction of advance tax – Rs.18.37 millions
30.	69	Less realization of receipt than target fixed for the financial year 2017-18 – Rs 10,097.09 million
31.	70	Non-imposition of liquidated damages for delay in completion of work – Rs 218.683 million
32.	72	Non-revalidation of performance security - Rs218.683 million
33.	73	Overpayment due to excessive measurements – Rs 2.769 million
34.	74	Overpayment due to incorrect measurements – Rs 1.124 million
35.	75	Unauthentic payment without x-sections for earth work - Rs 37.951 million
36.	76	Non-obtaining insurance coverage for the works valuing Rs 223.725 million and non-recovery of cost of premium Rs 2.236 million
37.	77	Irregular award of work without open tender / competition –Rs 7.3 million
38.	78	Unauthentic payment without detailed measurement in measurement book – Rs 7.3 million
39.	79	Unauthorized creation of liabilities without availability of funds - Rs 59.392 million
40.	80	Excess expenditure over & above the approved budget allocation-Rs 31.620 million

S No	PDP No	Subject
41.	83	Non-remittance of Government receipt of Rs 22.934 million in Federal Treasury and non-collection of Income Tax of Rs. 2.655 million
42.	85	Non-procurement of contracts in fair and transparent manner – Rs 3.881 million
43.	86	Irregular/unjustified expenditure on running Maintenance of Two Rest Houses without maintaining occupancy detail
44.	88	Non-recovery on account of project vehicles running and maintained by the Admn Directorate CDA – Rs 6.300 million
45.	89	Non-reporting of security lapses in misuse of MPO store, CDA transport and un-authorized execution on CDA land
46.	90	Non-Insurance of works for Rs.99.729 million and recovery of inbuilt cost of premium – Rs. 0.997 million
47.	91	Irregular change of material specification involving Rs.79.402 million and excess expenditure of Rs. 4.87 million
48.	92	Un-authorized provision of transport vehicles to Consultants – Rs. 2.686 million
49.	93	Payment of steel reinforcement without obtaining proof of manufacture - Rs. 110.781 million
50.	94	Overpayment due to paying cost of excavation twice time once under item No. 106di and secondly under masonry work item – Rs. 1.984 million
51.	95	Non-utilization/surrendering of utilized development funds timely due to mismanagement – Rs.106.55 million
52.	96	Loss to the Authority due to award of work at higher rates-Rs.16.765 million
53.	97	Acceptance of non-compliant LED lights in violation of required specification Rs 122.781 million
54.	98	Overpayment due to excessive installation than dismantling Rs 11.644 million
55.	99	Irregular payment due to non-submission of required documents at the time of payment Rs 18.964 million
56.	100	Excess expenditure due to extra work to utilize savings Rs 15.964 million
57.	101	Installation of LED lights in violation of approved locations Rs 12.497 million
58.	102	Overpayment due to award of work on higher rates Rs 1.110 million
59.	103	Provision of unjustified item in the contract resulted in excess expenditure of Rs 2.922 million
60.	104	Irregular award of work in piecemeal by splitting in small works in violation of PPRA rules Rs 24.144 million
61.	112	Non-generation of revenue due to non-inclusion of housing societies in property tax network
62.	118	Unjustified distribution of bill for property tax and water& allied charges

S No	PDP No	Subject
63.	119	Loss due to excess expenditure incurred on Water Supply Cost than charges received Rs. 1,261.90 million
64.	1	Unjustified payment on account of Overtime Allowance Rs. 1.886 million
65.	3	Unauthorized payment on account of Hardship Allowance Rs. 5.235 million
66.	4	Un-authorized deployment of excess staff than sanctioned strength resulting in excess expenditure of Rs. 3.720 million
67.	5	Non-availability of revenue record of auction Rs. 7.347 million
68.	6	Loss due to delay in auction of harvested wood Rs 1.751 million
69.	7	Non-execution of horticulture work at Peshawar Morr despite availability of funds Rs. 55.690 million
70.	8	Non realization/Non-availability of revenue record of auction - Rs. 1.98 million
71.	9	Unauthentic expenditure on account of change of parts Rs. 7.260 million
72.	10	Unjustified payment on account of Overtime Allowance - Rs. 0.647 million
73.	11	Unauthorized payment on account of Hardship Allowance - Rs. 3.585 million
74.	14	Irregular award of advertisement concessions on negotiation basis - Rs 16.132 million
75.	15	Loss due to delay in handing over of concession areas to the concessionaire Rs 3.437 million
76.	18	Loss to the Authority due to less realization of revenue from trade license fees Rs 155.172 million
77.	21	Loss due to less issuance of street hawkers passes than actual - Rs 180.000 million
78.	22	Loss due to non-revision of rates of stalls in weekly bazaars - Rs 208.565 million
79.	26	Overpayment due to allowing excessive rates on account of same nature work – Rs 2.6.17 million
80.	27	Overpayment due to non-adjustment of fuel prices and PM subsidy from the electricity bills – Rs 5.627 million
81.	28	Non disposal /sale out of manure obtained from the treatment of sewage – Rs 2.880 million
82.	29	Loss due to non-achievement of targets of revenue as per provision of revised PC-I – Rs 34.874 million
83.	30	Malfunctioning of the sewerage treatment plant Phase-I, II, III and IV at I-9 Sector, Islamabad
84.	31	Irregular award of works through quotations without open competition – Rs 3.665 million
85.	32	Excessive expenditure against the provision of revised PC-I resulting in an undue burden on public exchequer – Rs 60.319 million
86.	33	Doubtful expenditure due to payment for the work at the close of financial year – Rs 2.296 million

S No	PDP No	Subject
87.	34	Non-recovery of repayment of loan from beneficiaries Rs 7,923.825 million
88.	36	Non-disposal of dismantled material – Rs 9.752 million
89.	37	Non-obtaining of vouched account of payments for Rs 18.106 million
90.	38	Unjustified Payment of Rs 2.948 million
91.	39	Unauthentic payment of Electricity charges to IESCO WAPDA, Islamabad beyond actual consumption / measurement of electricity - Rs 15.556 million
92.	40	Overpayment due to non-recovery of cost of dismantled copper wire - Rs 0.783 million
93.	41	Irregular payment of Hiring of Residential Accommodation to Employees residing in CDA Quarters
94.	42	Non-adoption of PEC Standard Bidding Document for award of contract valuing Rs32.500 million
95.	43	Award of work at higher rate for Rs 0.458 million
96.	44	Irregular expenditure on repair & maintenance of office for - Rs 0.719 million
97.	45	Less Imposition/Recovery of Penalty for delay in completion of Work - Rs 2.270 million
98.	46	Non-accountal expenditure on POL taken from Machinery Pool Organization
99.	47	Un-justified payment of Water Testing Fee for Rs 0.405 million
100.	48	Recurring loss in millions to CDA due to Non-accounting of discharged drinking water from pumping station
101.	49	Uneconomical expenditure Rs 1,074.039 million
102.	50	Unjustified charging of evaporation on petrol involving Rs 1.189 million
103.	52	Excessive consumption of diesel in Asphalt Mixing Plant Rs – 1.884 million
104.	53	Irregular expenditure due to execution of work without Technical Sanction – Rs.121.318 million
105.	56	Unjustified execution of repair work of CDA vehicles from private workshop instead of MPO own workshop – Rs 23.398 million
106.	60	Loss of revenue due to non-preparation of revenues estimates and non-achieving receipt targets - Rs.550.077 million
107.	63	Irregular/un-authentic handing over of CDA land on temporary license basis in Diplomatic Enclave without clear earmarking of Areas and Approved Sketches/Drawings
108.	64	Non-reconciliation of receipts & payments of DMA for the financial year 2018-19 Rs.449.923 million Rs.37.229 million respectively
109.	65	Non-closing of Cash Book for June, 2019 and non-preparation and submission of monthly accounts to the Accounts Office for receipts Rs.23.610 million and payment Rs.8.775 million
110.	68	Irregular award of work without open competition Rs.3.992 million

S No	PDP No	Subject
111.	82	Non-taking over of equipment on completion of contracts - Rs 7.957 million
112.	83	Loss due to non-auction of condemned vehicles – Rs. 13.900 million
113.	84	Un-authorized payment of ex-gratia – Rs. 3.189 million
114.	85	Irregular payment under Prime Minister Assistance Package – Rs. 18.00 million
115.	86	Non-accountal of 3% earnest money/ cash deposit receipts – Rs. 38.84 million
116.	87	Un-authentic expenditure due to irregular maintenance of Log Books of vehicles – Rs. 226.092 million
117.	88	Non-maintenance of complaint attendance record and poor performance of the private cleaning Contractors
118.	89	Improper maintenance of sewerage lines causing pollution despite incurring of expenditure of Rs. 23.385 million

CIVIL AVIATION AUTHORITY

S No	PDP No	Subject
1.	2	Non-recovery from Sindh Coal Authority for provision of ATC and operation facilities
2.	3	Non-recovery through auction/disposal of trees and wood at Thar Airport site
3.	4	Non-Insurance of Vital Project with NICL involving Rs 2,273.192 million
4.	5	Execution of agreements in violation of CAA Board's decision involving -Rs 303.413 million
5.	6	Non-obtaining of Insurance Guarantee from the contractor Rs 284.872 million and recovery of premium @ 1% of contract cost amounting to - Rs 2.849 million.
6.	8	Non submission of performance security by the service providers involving- Rs 68.906 million
7.	10	Unjustified execution of work involving –Rs 51.585 million
8.	13	Non-disposal of vehicles resulted in revenue loss Rs 11.414 million
9.	17	Irregular procurement to understate the project cost – Rs 9.757 million
10.	18	Unauthentic estimate due to non preparation of rate analysis - Rs 6.422 million
11.	19	Unjustified expenditure due to non adherence of the rules - Rs 3.215 million
12.	20	Unauthentic expenditure due to non obtaining of vouched account for – Rs 3.197 million
13.	22	Execution of irregular contract agreement involving - Rs 222.544 million

S No	PDP No	Subject
14.	23	Non-obtaining of Insurance Guarantee from the contractors - Rs 79.610 million and non recovery of premium @ 1% of contract cost amounting to - Rs 0.796 million.
15.	27	Irregular hiring of manpower against the directives of PAC- Rs 10.898 million.
16.	29	Irregular appointment of consultant involving expenditure of Rs 4.552 million.
17.	30	Unjustified hiring of instructors/course trainers at exorbitant remuneration-Rs 6.400 million.
18.	31	Irregular expenditure due to deployment of Officers on deputation – Rs 36.091 million
19.	32	Unjustified expenditure due to irregular deployment of Officers on Special Duty -Rs 43.158 million
20.	34	Inappropriate constitution of Executive Committee due to deployment of Authority's officer as Member Finance.
21.	36	Irregular appointments on contract basis and abnormal extension in contract period
22.	40	Unjustified expenditure due to hiring of consultants – Rs 100.973 million
23.	42	Adoption of less markup rate on advances resulted in less recovery – Rs. 11.207 million
24.	44	Non forfeiture of security deposit due to non submission of insurance coverage-Rs 176.633 million.
25.	53	Recurring loss due to non-compliance of DAC directives - Rs 4.386 million.
26.	57	Recurring loss due to non revision of annual ground rent –Rs 2.918 million.
27.	60	Non-Compliance of Contractual obligations resulted unjustified expenditure of -Rs 58.086 million.
28.	61	Loss to Authority due to mismanagement – Rs 30.788 million.
29.	63	Non implementation of Directives of Honorable Supreme Court Branch Registry Karachi regarding removal of encroachments and provision of Public Parks & Play Ground.
30.	64	Inadmissible expenditure on account of Sindh Sales Tax on salaries – Rs 9.072 million
31.	65	Extension in time without financial effect and abnormal delay in completion of Project valuing Rs.2580.00 million
32.	67	Overpayment due to allowing 25% premium/overhead profit on G.S.T Adjustable Rs.4.655 million
33.	68	Inadmissible payment of G.S.T without evidence of G.S.T involves Rs.18.621 million
34.	69	Payment without testing & commissioning of equipment in deviation of agreed specification Rs.784.681 million
35.	70	Non recovery of General Sales Tax (GST) Rs.5.201 million
36.	82	Non obtaining of insurance coverage amounting to Rs.72.664 million

S No	PDP No	Subject
37.	83	Unjustified post bid amendments in the license agreement of Rs. 199.987 million
38.	84	Irregular/unjustified payment of Special Allowance of Rs.129.592 million
39.	91	Non recovery of General Sales Tax (GST) Rs 29.117 million
40.	93	Non recovery of inbuilt charges for visit to witness Factory Acceptance Test (FAT) - Rs 3.50 million
41.	95	Undue benefit in shape of non-recovery of mobilization advance within specified period - Rs 120.024 million and interest thereof - Rs 9.00 million
42.	97	Irregular payment due to non-recording of measurements in Measurement Book-Rs.2715.002 million
43.	98	Non-maintenance of additional work insurance resulted undue financial favor to contractor-Rs 941.852 million and non-recovery of premium-Rs 9.418 million
44.	100	Non deduction of Income Tax Rs. 2.076 million.
45.	101	Overpayment of Rs. 46.978 million
46.	102	Overpayment of Rs. 32.435 million.
47.	103	Overpayment of Rs. 8.325 million.
48.	104	Overpayment of Rs. 14.175 million
49.	105	Wasteful Expenditure of Rs.7.379 million.
50.	106	Non-recovery of Income Tax - Rs.744,280
51.	107	Un-authorized running of business without signing of license agreement Rs. 18.899 million
52.	109	Loss due to delay in construction planning, designing of up gradation of main runway at Quetta International Airport Rs 21.110 million
53.	115	Approval and implementation of advertisement policy in violation of PPRA rules
54.	117	Noncompliance of PAC Directives and non execution of Lease Agreements Authority is suffering from recurring monthly loss in its Revenues
55.	118	Violation of lease agreement by subletting Authority's land measuring 986.667 Sq.Yds
56.	121	Recurring loss to Authority due to nonprofessional practices in tender proceedings to lease out prime land for commercial purposes at Rahimyar Khan
57.	122	Recurring loss to the revenue of Authority due to reduction in space rate.
58.	130	Undue financial benefit to the contractors due to obtaining performance security at lesser rate Rs. 4.788 million.
59.	131	Loss to Authority due to abnormal delay in award of work Rs. 10.369 million.
60.	135	Irregular Award of work Rs. 46.514 million.

S No	PDP No	Subject
61.	136	Irregular/unjustified expenditure without tendering Rs 12.454 million
62.	140	Non-Obtaining of insurance coverage of all parties risk
63.	141	Loss to civil aviation authority due to discount on non-aeronautical charges Rs 3.721 million
64.	143	Unjustified utilization of saving due to allowing higher rates - Rs 2.584 million
65.	144	Inadmissible payment on account of Sindh Sales Tax- Rs 4.605 million
66.	145	Acceptance of invalid performance bond against the agreed terms - Rs 4.003 million
67.	148	Irregular Appointments/ extension in Contract
68.	150	Irregular expenditure without approved policy -Rs 33.164 million
69.	152	Non – remittance of 1% provincial Sales Tax deducted at source into Government Treasury – Rs. 3.818 million
70.	157	Non-obtaining of insurance coverage from the licencees involving amount of Rs. 97.524 million and non-recovery of 1% premium – Rs. 0.974 million.
71.	161	Un-authentic measurement of fuel supplied to the aircrafts – Rs. 319.342 million
72.	162	Non-obtaining of insurance coverage from the licencees – US$ 1 billion and non-recovery of premium – US$ 10 million
73.	165	Irregular/unjustified payment on account of project allowance - Rs 2.083 million
74.	166	Overpayment due to execution of excess quantities than approved in 2nd revision PC-I Rs 1.315 million
75.	167	Irregular/excess payment to work charge staff beyond approval in PC-I/revised PC-I of Rs 8.587 million
76.	168	Unjustified award of consultancy for the project upgradation/rehabilitation of runway at Faisalabad International Airport- Rs 72.181 million
77.	169	Irregular/unjustified payment of un-necessary item Rs 2.00 million
78.	170	Undue financial aid to consultant due to without completion of assignment Rs. 4.595 million
79.	171	Irregular renewal of Regular Public Transport license of M/s PIACL besides non settlement of outstanding dues-Rs 95,796 million.
80.	176	Non maintenance of required level of advance by Authorized Flight Permission Agents (AFPA)-Rs 113.532 million
81.	180	Non maintenance of required level of advance deposit by schedule flight operators-Rs 72.445 million
82.	183	Non-implementation of National Aviation Policy regarding enhancement of Working Capital by Airlines
83.	184	Recurring losses to the revenue of Authority due to non-issuance of flight permissions

S No	PDP No	Subject
84.	188	Overpayment to the contractor due to inclusion of inadmissible cost component- Rs 16.730 million
85.	191	Noncompliance of tender condition resulted in irregular expenditure on account factory training -Rs 2.198 million
86.	192	Unjustified procurement beyond requirement amounting to -Rs 8.134 million
87.	195	Unauthentic procurements of imported stores -Rs 4.897 million
88.	196	Inadequate procurement of spares -Rs 2.641 million
89.	197	Non disposal of Aircraft Store Items (inactive) valuing millions of rupees
90.	200	Unjustified expenditure which is ultimate loss to the authority due to non-initiation of the variation in timely manner – Rs 240.54 million
91.	209	Non procurement of products directly from the manufacturer M/s Ultra Electronic and involving a contractor JV caused heavy cost on account of designing and installation, operation & maintenance for Rs 692.436 million
92.	210	Unjustified re-designing and construction of International CIP lounge and shops at higher cost resulted undue benefit by involving a contractor JV – Rs 156.27 million involving the overpayment of Rs 53.076 million on account of overhead and other charges
93.	212	Award of superfluous work beyond the original scope by grant of undue benefit to contractor by charging the higher cost of the items and 30% overheads thereon through variation order caused undue burden at the authority's exchequer for Rs 210.833 million involving overpayment of Rs 71.683 million on account of overhead and other charges
94.	213	Undue burden on authority's revenue and unjustified replacement of BOQ items through variation order at higher cost - Rs 33 million
95.	216	Unjustified issuance of variation orders by addition of items/substitution of BOQ items caused undue benefit in the shape of overpayment/higher cost - Rs 352.335 million
96.	217	Non maintenance of accounting of costly fixed assets valuing Rs 2,311.165 million

PAKISTAN PUBLIC WORKS DEPARTMENT

S No	PDP No	Subject
1.	2	Non-handing over of 146 GSDGs completed schemes valuing Rs. 488.480 million to the concerned Provincial Government alongwith 2% O&M Charges Rs. 9.770 million
2.	7	Non-recovery of Rs 0.553 million
3.	9	Non-adoption of PEC document for contracts valuing Rs 24.079 million

S No	PDP No	Subject
4.	10	Rush of expenditure particularly in the closing month of the financial year 2018-19 involving Rs 46.652 million
5.	11	Irregular/un-authentic expenditure without site inspection by the senior officers of Pak.PWD – Rs 78.757 million
6.	13	Award of work at higher rates without assessment of reasonability of rates – Rs 0.183 million
7.	14	Unauthentic expenditure of Rs 4.297 million
8.	16	Unjustified expenditure of Rs. 16.396 million.
9.	18	Irregular execution of work involving Rs.16.396 million
10.	19	Non-obtaining of schedule of works plan involving Rs 18.274 million
11.	20	Irregular execution of work without revised technical sanction involving Rs0.422 million
12.	21	Non-payment of outstanding dues amounting to Rs24.781 million
13.	22	Non-preparation of Memorandum Account
14.	29	Unjustified payment on account of pay and allowances due to deployment of idle establishment – Rs 1.389 million
15.	34	Irregular Payment to Contractor Due To Without Execution of Work – Rs 3.051 Million
16.	38	Irregular award of work without technical evaluation of contractor's Rs. 38.220 million
17.	41	Non revision of technical sanction estimate due to execution of work over and above beyond permissible limit Rs.18.221 million
18.	43	Non revision of technical sanction estimates due to execution of work beyond permissible limit Rs.232.550 million
19.	44	Un-authentic / Unjustified payment of price escalation in violation of PEC procedure - Rs 33.601 million
20.	46	Overpayment of price escalation due to applying incorrect price adjustment formula- Rs. 3.292 million
21.	49	Non transfer / lapse of 2% annual operating and maintenance cost of Pak. Millennium Development Goals (MDG's) of Rs. 4.591 million
22.	50	Loss to Government due to execution of costly item of work Rs.1.277 million
23.	52	Unjustified/doubtful payment of Mobilization Advance through hand receipt at belated stage- Rs 12.943 million
24.	55	Un-authorized retention of tax money deducted at source – Rs. 2.564 million
25.	58	Non-Recovery of Rs 6.4 million from WASA LDA Lahore due to non-execution of work
26.	59	Unjustified execution of unnecessary items beyond the estimate/PC-I Rs 493,868 and overpayment of Rs 111,892
27.	76	Irregular/Unjustified approval of estimate beyond permissible limit and award of work without revision of approved cost of work for Rs.26.148 million.

S No	PDP No	Subject
28.	80	Misuse of project vehicles costing Rs. 7.200 million
29.	82	Non transfer of 2% annual operating and maintenance cost of completed schemes of Peoples Works Programme (PWP-II) of Rs. 4.248 million.
30.	84	Unauthorized transfer of funds from Lapsable Account to Non-Lapsable Account - Rs 1.233 million
31.	106	Overpayment due to non-reduction/deduction of sorting and stacking cost – Rs. 12.057 million.
32.	107	Unjustified payment of price adjustment of Rs. 43.345 million and overpayment to contractor due to applying incorrect current rates of labor, steel, cement, bitumen and diesel in payment of price escalation – Rs. 481,139.
33.	110	Unjustified payment of - Rs 9.348 million.
34.	112	Unjustified payment to consultants Rs. 3.046 million.
35.	114	Less deduction of retention money resulted undue favor to contractor- Rs 5.287 million
36.	115	Loss to Government on account of dismantling – Rs 3.934 million
37.	119	Overpayment due to acceptance and payment of less density steel than specification Rs 0.823 million
38.	122	Non-recovery/non-adjustment of cost of serviceable material-Rs 12.757 million
39.	132	Irregular expenditure on construction of buildings without prior approval of Building Plan from Capital Development Authority (CDA) – Rs 1,140.345 million
40.	135	Undue benefit to the contractor due to execution of superfluous item beyond the genuine requirement – Rs 13.288 million
41.	141	Irregular extension/enhancement of work – Rs 2.749 million
42.	150	Overpayment due to non-deduction of inbuilt component of an item - Rs 21.081 million
43.	152	Overpayment due to non-deduction of inbuilt component included in the rate of an item - Rs 2.585 million
44.	153	Irregular/unjustified replacement of National Key Personnel/Experts in the consultancy contract
45.	160	Ineffective financial management due to utilization of maintenance grant in haste Rs22.202 million
46.	173	Overpayment due to allowing Cartage of executed material as separate extra item Rs. 467,835

ESTATE OFFICE

S No	PDP No	Subject
1	1	Non-recovery of rent for house retained during posting of the allottee abroad - Rs 5.200 million

S No	PDP No	Subject
2	4	Non-cancelation of allotment of house and non-recovery of rent - Rs 1.390 million
3	8	Non-demolition/ejectment of 5,868 Government quarters from encroachers
4	33	Non-cancellation of allotment of more than one accommodation and non-recovery of Govt. dues of Rs.1.979 million

PAKISTAN HOUSING AUTHORITY FOUNDATION

S No	PDP No	Subject
1	2	Unauthorized appointment on deputation basis resulting into extra burden on company through payment of deputation allowance – Rs. 1.389 million
2	3	Excess/Overpayment to consultants due to slow progress of works - Rs 40.364 million
3	7	Excess expenditure due to execution of excess quantity than BOQ on provisional rates Rs 277.172 million
4	8	Incorrect method for calculation of escalation on total work done instead of monthly work done Rs. 18.815 million
5	9	Poor planning/estimation due to errors in calculation of quantities resulted in excess expenditure of Rs. 12.522 million
6	10	Execution of mega projects on market rates basis instead of schedule of rates involving project cost of Rs. 2,844.583 million
7	11	Overpayment due to extra ordinary higher rate of market rate item for Rs. 5.065 million
8	12	Additional expenditure through variation orders due to change of design/defective estimation involving Rs. 89.084 million
9	14	Unauthentic/unjustified acceptance of insurance policies of works valuing Rs. 5,119.267 million due to non-payment of premium to insurance companies
10	15	Excess expenditure on procurement of vehicles – Rs. 4.875 million
11	16	Unjustified allotment of apartments/houses to Federal Government Employees of BPS 20-22 against the approved scheme by the Prime Minister – Rs. 2,646.000 million

HIGHER EDUCATION COMMISSION

S No	PDP No	Subject
1	1	Un-authentic / unjustified payment of price escalation in violation of PEC procedure - Rs 49.847 million
2	2	Non-utilization of development funds – Rs. 159.999 million
3	3	Non-insurance of work costing of Rs 20.307 million and recovery of premium of Rs 0.203 million

S No	PDP No	Subject
4	4	Irregular payment of mobilization advance due to acceptance of conditional bank guarantee –Rs 34.808 million
5	5	Undue blockade of funds Rs. 133.690 million
6	6	Non registration of purchased vehicle in the name of KIU from contractor caused risk of loss Rs. 3.00 million
7	8	Non-obtaining of insurance policies for the work worth Rs 265.469 million and recovery of premium Rs 2.655 million.
8	10	Overpayment of Rs.1.657 million.
9	11	Overpayment of Rs.1.166 million
10	12	Over payment due to higher rates Rs 1.797 million.
11	13	Over payment due to payment of excess quantities beyond the approved scope of work Rs. 7.633 million.
12	14	Non-Revalidation of Performance Guarantee Rs.15.908 million.
13	18	Non-surrendering of unutilized PSDP funds due to mismanagement – Rs.93.463 million

PD & SI

S No	PDP No	Subject
1	1	Loss due to mismanagement Rs 84.958 million
2	2	Undue financial aid to the contractor Rs 6.308 million and overpayment to the contractor due to charging higher current rates on steel in EPCs Rs 2,904 million
3	3	Loss due to extra ordinary higher rate of market rate item for Rs 2.583 million
4	6	Unauthorized expenditure over and above the PC-I – Rs 125.530 million
5	8	Non-imposition/recovery of liquidated damages due to non-completion of supply works within agreed time period – Rs 110.484 million
6	9	Non-deposit/accountal of cost of sale of tender documents – Rs 1.050 million
7	11	Non-renewal of performance guarantees – Rs 27.189 million

Annexure-2: 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, HEC and Ministry of Planning, Development & Special Initiatives (Special Project Cell) 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. Grant of additional Mobilization Advance to contractors through post-bid amendment

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 work, 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 the audit on a test check basis, cases of non-recovery on account of licence fee, commercialization charges, rent, penalty, taxes, risk and cost charges, mobilization advance, etc. were noticed which have been highlighted in this Audit Report.

Annexure-A

Ref to Para 2.5.1

List of works under National Highway Development Sector Project

(Rs in million)

S. No.	Section of the Project	Original Cost	Revised Cost
1	Hub-Uthal	1,765.60	3,950.59
2	Multan Muzaffargarh	3,648.60	6,086.22
3	Khanozai-Muslim Bagh	1,077.13	1,805.20
4	Muslim Bagh-Qila Saifullah	2,557.95	2,333.88
5	Qila Saifullah-Zhob	2,776.90	9,397.04
6	Zhob-Mughalkot	2,418.07	6,525.06
7	Sukkur-Jacobbabad	2,926.10	7,727.92
8	Tarnol-Fateh Jang-Jand	2,878.70	3,465.72
9	Qila Saifulah-Waighum Rud	3,308.30	6,569.00
-	Hassanabdal-Abbotabad-Mansehra	6,503.70	0
	Interest during construction	769.0	1,854.060
	Institutional strengthening	0	240.0
	Misc	612.0	0
	Total	**31,242.05**	**49,954.7**

Annexure-B

Ref to Para 2.5.6

Irregular payment of mobilization advance against conditional bank guarantee - Rs 1,502.339 million

(Rs in million)

Sr. No	Date	Contract Particulars	Name of Contractor	Amount
1	21.12.2017 &30.03.2018	(Lot-01) Fazilpur to Taunsa (N-55) Km 640 to 806+000(9.67 km) including 03 new Bridges	M/s NCC-IKAN-HRPL (JV)	47.169
2	26.12.2017 &30.03.2018	(Lot-02) Taunsa - Ramak (N-55) Km 806+000 to 862+000 (03 km) including 03 new Bridges	M/s NCC-IKAN-HRPL (JV)	32.366
3	21.12.2017	(Lot-03) Ramak – DI Khan (N-55) km 872+000 to 932+000 (13 km)	M/s NCC-IKAN-HRPL (JV)	50.933

Sr. No	Date	Contract Particulars	Name of Contractor	Amount
4	03.01.2018 & 05.06.2018	Rehabilitation of Rojhan-Chak Karya 540.5 Km to 547.5 Km (7 KM)	M/s Umar Jan & Co	26.428
5	27.12.2017	Behrain - Kalam Section N-95 Pkg-I, Lot-1	ZKB-TTC	212.335
6	27.12.2017	Chimgarh - Asrit Package-I, Lot-2	KAC-AMC	189.470
7	26.02.2018	Asrit - Pashmal Package-I, Lot-3	SACHAL Eng.	132.218
8	27.12.2017	Pashmal - Kalam Package-I, Lot-4	KAC-AMC	96.825
9		Construction of Additional Carriageway Petaro-Sehwan	M/s Xinjiang Bexin Road & Bridge Group Co. Ltd	714.595
			Total	**1,502.339**

Annexure-C

Ref to Para 2.5.24

Overpayment of price escalation

DP No.	Project	Amount (Rs in million)	Remarks
101	Afforestation contract AP-05 (Ubro-Sheikh Wahan at km 606 to 666) relocated to Lahore-Sahiwal Section on N-5 at Km-1100 to 1140	6.620	Escalation was paid on Afforestation contract.
126	Improvement & Widening of additional two lanes on either side from Thokar Niaz Baig to Hudyiara Drain Multan Road (N-5)	116.327	Escalation was paid without provision in PC-I.
223	Widening and Strengthening of Rakhi-Gajj-Bewata Section of N-	7.200	Escalation was paid without deduction of cost

DP No.	Project	Amount (Rs in million)	Remarks
	70 under East West Road Improvement Project Package I		of temporary works.
231	Shatial-Thor Nullah Bypass	3.278	Escalation was paid on the cost of varied works.
253	Up-gradation, Widening & Improvement of Zhob-Mughalkot (Lot-1) Zhob to Killi-Khudae-Nazar	4.696	Escalation was paid after completion period on higher rates.
256	Up-gradation, Widening & Improvement of Zhob-Mughalkot (Lot-1) Zhob to Killi-Khudae-Nazar	6.768	Escalation was paid without actual work done.
255	Up-gradation, Widening & Improvement of Zhob-Mughalkot (Lot-2) Killi Khudae Nazar to Mughalkot N-50	26.966	Escalation was paid on non-BOQ items.
296	Consultancy agreement for Construction supervision of four lane Motorway from Faisalabad to Khanewal Project (M-4)	96.935	Escalation on salary of staff was computed on the basis of Consumer Price Index of Statistics Bulletin instead of Salary Price Index
Total		**268.79**	

Annexure-D
Ref to Para 3.5.5

List of plots under non-conforming use

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
1	21	M/S Pictorial Printers Ltd	Printing Press	Warehouse of Shaheen
2	32	M/S Ch.ljaz & Brothers	Warehouse	Warehouse of suurv sun
3	33	M/S Paistan wire industries	Warehouse	Warehouse (water supply)
4	34	M/S Ghousi Builders	Wooden Furniture	Paint Factory
5	35	M/S Shalimar Soap Factory	Soap	Manufacturing of Air Coolers
6	36-38	M/S Kaghan Food Products Ltd.	Ice Cream	Mirella Ice cream
7	39-40	M/S General Refrigeration	Deep Freezer Plant	General Refrigeration
8	41-42	M/S Rizwan Roller Flor Mill	Flour Mill	Rizwan Flour Mill
9	43	M/S Imran Food Products	Food items	Marble Factory
10	44-45	M/S Al-Azam Salt Agency	Salt Grinding	-
11	46	M/S Rehin Enterprises	Marble Polishing	-
12	47	M/SRM Industries	Billet Steel	Alamgir Marble
13	48	M/S United Steel Industry	Foundry Works &	Steel furnace Workers
14	49	M/S Naeem & Co.	Furniture	MAHA Apparies (P) Ltd
15	50	M/S Mat Engineering Co.	Agricultural	Mat Engg:: Billet Making Polka Ice-cream storage
16	51-52	M/s Pakistan Industrial	cold Storage	acaltel manufacturing of
17	53-56	M/S Cardia Aluminum Ltd	Aluminum Factory	JR steel re rolling
18	57	M/S Babar Ali Azad	Steel Re-rolling	united marble
19	58	M/S United Marble	Marble Factory	-
20	59-A%B	M/S Abdul Rehman	Flour Mill	-
21	59-c	MIS Sufi Sultan Ahmad	Lock & Pad Locks	-

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
22	59-D	MIS Shirara Soap & Detergents	Mechanized Soap	-
23	59-E	M/s Altaf Leather Products	Artificial Leather	-
24	59-F	M/s Hussain & Sons	Ready Made	-
25	59-G	M/S B. S Industries	toilet Paper, Facial	-
26	60	M/S Wazir Muhammad	Auto Mobile	-
27	60-A	M/S Shahbir-ur-Rehman	Steel Engineering	-
28	60-B	M/S Ittehad Packages	Corrugate Outer	-
29	60-C	M/S Hygia Pharmaceutical	Pharmaceutical	-
30	60-D	M/S Hamdani Pipe	Pipe & Pipe Fitting	-
31	60-E	M/S Abdul Garments Factory	Ready Made	-
32	60-F	MIS Abdul Khaliq	Warehouse	-
33	60-G	M/S SNS Construction Co.	Warehouse	-
34	60-H	M/S Modern Enterprises	Plastic PVC, Articles	-
35	60-J	M/S Muneed Industries	Locks and Pad Locks	-
36	60-K	M/S Life Pharmaceutical Private	Pharmaceutical	-
37	6	M/S Hussain Packages	Corrugated Outer	packaging + Plastic
38	62	M/S GM Sheikh	Electrical Items	Zeshan Electronics
39	63	M/S Seher Industries	Tooth Powder	-
40	64-65	Pinstech	Automobile	Pinstech (Auto Workshop
41	66-67	M/S Mushtaq Ahmed	Kitchen Cabinet &	Express Movers Forwarding
42	68-69	M/S Wood Craft Industry	Kitchen Cabinet &	-
43	74-75	M/S ittehad Wood Industries	Flush Doors &	Timber Storage
44	76	M/S Baiga Engineering	Wood Aluminum	Ocean Air International
45	77	M/S Kamco	Warp Knitting	-
46	78	M/S Jawad Enterprises	Computerized	-
47	79	M/S Solagan Trading ana	Aluminum	-

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
48	80	M/S Sawan Garments	Warehouse	Transpak packing and Freight
49	80-A	M/S Malik Wood Works Ltd.	Wooden Furniture	-
50	80-B	M/S National Vegetable Oil Mills	Oil Expelling	-
51	80-C	M/S Ch. Trading Corp.	Biscuit	-
52	80-D	M/S Persian Garments Ltd	Garments	-
53	80-E	M/S Pharmasales International	Pharmaceutical	-
54	81	M/S Applied Technologies	Electrical Switches	-
55	81-A	M/S Kaghan Food Industry	Fruit Processing and	-
56	81-B	M/S Gummon Industries	Ply Wood	-
57	81-C	M/S Islamabad Health Foods Ltd	Flour Mill	-
58	81-D	M/S Fahmina Enterprises	Leather Garments	-
59	81-E	M/S S M Corporation	Garments	-
60	81-F	MIS Sara Fashion Garments (PV)	Garments	-
61	81-G	M/S Gugo Cotton Industry	Pharma Cuticals	-
62	82-83	M/S Zelin Limited	cold Storage	-
63	88	M/S Shelakes	Readymade	Printing and Packing
64	89	M/S Abar Re-rolling Mills	Steel Re-rolling	-
65	90-91	M/S Electronic Systems	Integrated Circuits	-
66	82	M/S Paramount Engg. Sevice Ltd	Polyproplene	-
67	93	M/S Al-Syed Industries (Pvt) Ltd.	Biscuits	Alsyed Industries
68	119	M/S Tropical Plant Extractore	Fruit & Herb	-
69	119-A	M/S Madina Ice Factory	Ice factory/cold	-
70	119-B	M/S Global Enterprises	Knitted Hosiery	-
71	119-C	M/S National Vegetable	-	-
72	119-D	M/S Rehmat Ali Garments	Garments	-
73	119-E	M/S Impression Private Ltd	-	-

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
74	120	M/S Electromech International-	Electronics	Berger Robialac Paints
75	121	MIS Tolls & Gauges Industry	Tolls and Gauges	-
76	122	M/S Bacha Corporation	Metal Structures of	-
77	123	M/S Islamabad Bobbins Industry	Papers Cones	-
78	124-125	M/S Soofi Woolen Mills	Flour Mill	-
79	126-128	M/S Fazal Industries	Warehouse	-
80	133	M/S Decorta Furnishers	Decorative Items of	-
81	134	M/S Mishal Styles Ltd	Ready Made	-
82	135	M/S Inamer Rehim	Tin Fabrication of	-
83	136	M/S Shalimar Enterprises	Textile Weaving	-
84	137	M/S Orient Industries	Baby Cycle & Lawn	-
85	138	M/S Snoopy Food Industries	Dehyderated soup	-
86	139	M/S Rinsons Polyvinyl Enterprises	PVC pipes conduits	-
87	140	M/S High Protien Pea Nut Flour	High Quality Pea Nut	Asia Plastic Shopping Bags
88	141	MIS Esmail Trading Corp	Manufacturing	-
89	142	M/S Hassan Hosiery	Knitted hosiery	-
90	143-144	M/S S.S.M Biscuits	Hard and sort Biscuits	-
91	145	M/S Swiss Stone industries	Artificial Stone	-
92	146	M/S Khawaja Industries	wood craft	-
93	147-148	M/S Nadeem Steel Industries	Steel Furnace and	Jamal Steel Industries
94	149	M/S Hussain wood industries	Wooden Furniture	R.R Packages
95	150	M/S La-Protein	Mushroom	Maqstyle Automatic Gates
96	151-151	M/S Moin Sons Engg: Co.	wooden Engineering.	Moinsons
97	152	M/S Ideal Metal Industries	Bursh Making	ideal metal industries
98	153	M/S Moonlight Foam Industry	Steel Re-rolling	-

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
99	154	M/S Shams Woolen Mills Ltd	Blankets	-
100	155	M/S Utility Stores Corp.	Warehouse	Utility Stores Corp
101	156	M/S Bakht Amin & Co.	wire knitting	Utility Stores Corp
102	157	M/S Paper Converters	Printing & Paper	-
103	158	M/S Fine Scientific Glass Ltd	Scientific Glass	-
104	159	M/S Gulmurg	Silk Industry	-
105	160	M/S Rehman Import & Export	Ready Made	-
106	161	M/S Wilson Pharmaceutical	Pharmaceutical	-
107	162	M/S Margalla Re-rolling Mill	Steel Re-rolling	-
108	163	M/S Farid Marble	Potato Chips	M/s Fareed marble
109	164	M/S Eye Button Co. Ltd	Button	-
110	165	M/S Continental Chemicals	Mineral Grinding	M/s Schlumberger
111	166	M/S Topman Enterprises	Ring Travelers	Tel
112	167	M/S Maira Chemicals	Sodium Silicate	-
113	168	M/S Abbas Detergents	Detergents	Abbass Detergents, Nellum
114	169	M/S MAR Industries	Printing Press	-
115	174	M/S Salim Sons & Co.	Warehouse	BPB Oil Exploring Co
116	175	M/S Julian Enterprises	Spices Processing	Franks Oil Exploring Co
117	176-177	M/S Nector Pharmaceutical	Pharmaceutical	General Tyre
118	178	M/S Continental Chemical	Paints and varnishes	Schlumberger
119	179	M/S Pak Farm	Fabrication Moulded	Schlumberger
120	180-181	M/S Sohail Hosiery	Woolen Hosiery	-
121	182	M/S Farooq Enterprises	Barbed Wire	-
122	183	M/S Amar Pak	Drycleaning Laundry	Amarpak
123	184	M/S Chaudhry Styles	Ready Made	-
124	185-186	M/S Pakistan Computer Service	Computer Stationery	-

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
125	187-189	T&T Telephone Exchange &	-	Telephone exchange
126	189-A	M/S Mehran Shoes Industries	-	-
127	190	M/S Crescent Ceramic Table	Ceramic Table Ware	M/s Muhammad Hussain
128	191-192	M/S Muhammad Hussain & Sons	Steel furnace and Re-	M/s Rathore industries
129	193	M/S Rathore Industries	Sanitary Napkins	Geo Services Eastern
130	194	M/S Kashmir Industries	Plastic Grip	-
131	195	M/S National Fruit Juices	Fruit Juices in	-
132	196	M/S Muhammad Aslam Khan	wooden and steel	-
133	197	M/S Knite Rider	Toys for Educational	-
134	198	M/S Time Engg & Contractor	Steel Re-rolling	-
135	199-210	M/S Islamabad Steel Industries	Steel Re-rolling	Islamabad steel Main
136	200	M/S United Corporation	Plastic Industry Marble	-
137	201	M/S Rawal Co. Pvt. Ltd.	packaging cum	-
138	202-203	M/S Islamabad Engg. Complex	Engineering Unit.	Skyways transport services
139	204	M/S Royal Industries	Pharmaceutical finish	-
140	205	M/S Islamabad Pre-cast Products	Pre-case Building	-
141	206	M/S Multi Package Industry	Disposable Crockery	Warriach Industries
142	207	M/S Aluminum Tech. Industry	Aluminum Doors &	Telesea Industries
143	208-209	M/S Islamabad Steel Arch	Steel Re-rolling	Islamabad steel Main
144	211	M/S Golden Biscuits	Biscuits	-
145	212	M/S Pakistan Aluminum	Aluminum Profiles for	-
146	213	M/S Margalla Soap	Laundry Soap	-
147	214	M/S Azim Re-rolling Mills	Re-rolling Mills	White ways transport
148	215	M/S Almas Furniture	Warehouse	tecom foundation
149	216-217	M/S Alam Steel Industries	Pharmacy	-

S. No	Plot No	Title of Plot	Trade of Plot	Trade Changed
150	218	M/S Prince Leather Garments	Leather Garments	knit textile
151	219	M/S Star concrete works	Pipe Manufacturing	-
152	220	M/S Northern Engg Works	Foundry and	-
153	221	M/S Green Food Processes	Frouite Processing	Aziz trading Corp
154	222	M/S Sawn Desil Injectors	Desel Injector	-
155	223	M/S Soan Light Engineer works	Light Engineer	-
156	224	Razwan Enterprises	PRCC and RCC Pipe	Razwan Enterprises

Annexure-E

Ref to Para 3.5.6

Non-recovery of installments of Premium/Cost of plots and delayed payment charges - Rs 7,096.879 million

(Rs in million)

DP No	Description	Amount
53	Non-recovery of premium	4,595.069
52	Non-cancellation/non-recovery of premium/cost of plots	1,602.216
50	Non-recovery of installments	657.301
68	Non-recovery of installments of Premium/Cost of plots and delayed payment charges	152.343
48	Non-Recovery of premium and restoration charges	50.531
64	Non-recovery of corner charges - Park Enclave Housing Scheme	24.550
66	Non- recovery of charges on delayed payment	12.081
55	Non-recovery of Annual Ground Rent (AGR)	1.611
65	Non-recovery of extension charges and conservancy charges	1.177
	Total	**7,096.879**

Annexure-F

Ref to Para 3.5.7

Non-recovery of outstanding Property Tax and water & allied charges - Rs 2,506.603 million

(Rs in million)

DP No	Description	Amount
114	Non-recovery of outstanding Property tax	1,964.779
113	Non-recovery of property tax/water charges due to weak follow up of the defaulting cases	303.788
117	Non-recovery of Arrears/outstanding property tax from I-9 Industrial Areas and I-10 Industrial, Islamabad	116.817
115	Non-recovery of outstanding property tax from I-9 Markaz and I-10 Markaz, Islamabad	33.419
106	Non-recovery of Property Tax & Water/Allied Charges - Al-Safa Heights-II, F-11 Markaz	29.630
116	Less-recovery of Arrears/outstanding property tax and water & Allied Charges of Plot No. 400-403 (Sihala Flour Mills) Industrial Area	16.816
107	Non-recovery of outstanding property tax - Golden Heights and Millennium Heights	11.791
105	Non-recovery of Property Tax, Water & Allied Charges - Jaithal Shopping Complex F-11 Markaz	8.988
109	Less recovery of Property Tax Plot No. 19 - Institute of Policy Studies F-7 Markaz Islamabad	7.617
108	Less recovery of Property Tax & Water/Allied Charges - Plot No.05 Al-Safa Golden Mall F-7 Markaz	6.350
111	Non-recovery of Arrears/outstanding property tax and water & Allied Charges of Plot No. 25-A G-10 Markaz, Islamabad	4.650
110	Non-recovery of property tax and water charges due to dishonoring of local cheques	1.958
	Total	**2,506.603**

Annexure-G

Ref to Para 3.5.35

Non-recovery of outstanding dues in respect of License fee, utilities and conservancy - Rs 2,893.864 million

(Rs in million)

DP No	Description	Amount
17	Non-recovery from Telecom companies - Laying of OFC	21.766
19	Non-recovery of License fee from BTS towers	426.900
23	Non-recovery of License fee from flower/handicraft shops	7.299
24	Non-recovery of License fee from advertisement company	9.770
35	Non-recovery of Water treatment charges	1,228.818
58	Non-recovery of B.T.S Towers from cellular companies	349.036
61	Non-recovery of License Fee for Establishment of Temporary Site/Camp office for Construction Project at Diplomatic Enclave	156.725
51	Non-recovery of Hire Charges of machinery	131.68
66	Less recovery on account of License Fee for Mobile Housing Unit allowed to Canadian Embassy in Diplomatic Enclave	42.980
69	Non-recovery of license Fee for Bridge Panel Advertisement	21.020
70	Non-recovery of installments from Shuttle Bus Service	181.919
72	Non-recovery of advertisement fee	158.919
74	Non-recovery of advertisement fee from various advertisers	40.320
75	Less recovery on account of Covered guard Room and Car Parking Space from M/s Telenor Pakistan	13.551
76	Less recovery of conservancy charges of weekly bazars	4.645
77	Non-recovery of license fee from the defaulter contractor/licensee of G-9 Bus Stand/Flying Coach Stand	60.500
78	Non-recovery of monthly rent from the stalls of Melody Food Park	13.610

DP No	Description	Amount
79	Non-recovery of license fee from Restaurants/Shops Melody Food Park	24.406
	Total	**2,893.864**

Annexure-H

Ref to Para 4.5.2

Non-realization of revenue on account of aeronautical, non-aeronautical and utility charges - Rs 14,584.32 million

(Rs in million)

DP No	Location	Description	Amount
09	BBIAP Islamabad	Non-recovery from airlines and commercial parties	124.532
14	BBIAP Islamabad	Non-recovery of Premium and Ground Rent	9.278
24	Multan Airport	Non-recovery from airlines and commercial parties	31.709
38	Finance Directorate Karachi	Non-recovery of Aeronautical charges (PIA)	10,891.000
39	Finance Directorate Karachi	Non-recovery of Aeronautical charges (other than PIA)	1,173.830
45	JIAP Karachi	Non-recovery from commercial parties	86.322
47	JIAP Karachi	Non-recovery of advance tax	86.253
49	JIAP Karachi	Non-recovery non-aeronautical charges (PIA)	43.743
50	JIAP Karachi	Non-recovery from M/s Shaheen Airline	39.702
51	JIAP Karachi	Non-recovery of premium and non-utilization charges	37.683
52	JIAP Karachi	Non-recovery of license fee (M/s Outdoor One)	8.726

DP No	Location	Description	Amount
54	JIAP Karachi	Non-recovery of R/M and utility charges	3.695
55	JIAP Karachi	Non-recovery license fee (M/s Captain Management)	3.220
56	JIAP Karachi	Less recovery of cargo charges	2.986
58	JIAP Karachi	Non-recovery due to excessive area (M/s SAPS)	2.573
59	JIAP Karachi	Non-recovery of premium (M/s PSO)	63.678
72	AIIAP Lahore	Non-recovery of space charges	917.900
73	AIIAP Lahore	Non-recovery of advance tax (Jamil & Co.)	337.358
74	AIIAP Lahore	Non-recovery of license fee	167.662
77	AIIAP Lahore	Non-recovery of advance tax	52.327
81	AIIAP Lahore	Non-recovery of advance tax	9.378
108	QIAP Quetta	Non-recovery of electricity charges	13.690
113	CCMO HQ	Non-recovery of penalty (M/s Attock petroleum)	16.988
123	BKIAP Peshawar	Non-recovery of license fee (PIA)	8.912
124	BKIAP Peshawar	Non-recovery of license fee	1.137
127	BKIAP Peshawar	Non-recovery of license fee (M/s ARINC Inc.) (13,318 $ @ 120 PKR approx.)	1.586
139	APM Faisalabad	Non-recovery of license fee	9.048
142	APM Faisalabad	Non-recovery from Ground Handling Services (88,130 $ @ 120 PKR approx.)	11.518
156	BBIAP Islamabad	Non-recovery of license fee	215.612

DP No	Location	Description	Amount
177&179	AT&ER Karachi	Overflying charges	86.756
181	AT&ER Karachi	Non-recovery of parking charges	76.783
AIR-4 (Finance)	Finance Directorate	Non-recovery of Aeronautical Charges from Embassy / (MC)	39.206
AIR-8 (Finance)	Finance Directorate	Non-recovery of Aeronautical Charges from Foreign Airlines	7.198
AIR-11 (Finance)	Finance Directorate	Non-recovery of Aeronautical Charges from Domestic Airlines	2.331
Total			**14,584.32**

Annexure-I

Ref to Para 4.5.4

Violation of PPRA rules due to award of works without tenders and extensions in contracts - Rs 1,438.916 million

(Rs in million)

DP No. /AIR Para No.	Description	Amount
25	Outsourcing E/M systems, provision of janitorial services and miscellaneous services at Multan Airport	80.197
28	Hiring of 51 labours from outsource at CATI Hyderabad	8.820
48	Outsourcing of horticulture, janitorial and security services with three different contractors at JIAP Karachi	164.133
78	License to run/operation of installation of twenty-eight (28) Pillar Mount Digital Advertisement Screen in International and Domestic Lounges	16.253
85	Provision of 22 security guards at AIIAP Lahore	5.376

DP No. /AIR Para No.	Description	Amount
86	Expansion and Renovation of Bacha Khan International Airport, Peshawar	787.975
12, 26, 125, 128	Maintenance works of Peshawar, Multan, Islamabad Airport and Engineering Services Peshawar awarded on piecemeal in violation of PPRA.	18.399
132	Construction of 10 No. watch Towers on Airside at Skardu	3.849
133	Establishment of container office for ASF (AIRSIDE) at IIAP, Islamabad	4.410
134	Work for inaugural ceremony of FIAP project (without tender)	12.454
137	Operating of Automated Car Parking System on BOT basis at FIAP	0
155	Various license agreements at Islamabad Airport	103.034
163	Expansion of Faisalabad International Airport	81.375
187	Managed Services through nationwide connectivity of PCAA airports/locations	119.030
194	Procurement of two (02) mini buses (Youtong Master Mini Buses) awarded on quotation basis	19.240
AIR-7 (Finance)	legal consultancy process of Airport Services License M/s ABS & Co (awarded through additional work)	11.000
AIR-10 (Finance)	Contract for media services (extended the contract period)	3.371
	Total	**1,438.916**

Annexure-J

Ref to Para 4.5.10

Non-imposition of liquidated damages for delay in completion of work - Rs 556.213 million

(Rs in million)

DP No	Name of work	Date of Start/Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
87	Expansion and Renovation of Bacha Khan International Airport, Peshawar	11.03.2016	10.09.2017	1,896.00	189.600
21	Establishment of new extended VHF (EVHF) Station at Hunza Gilgit Baltistan	08.04.2017	08.12.2017	25.862	2.586
66	Expansion/Renovation of Quetta International Airport	01.01.2016	01.07.2017	1,718.545	171.854
92	Supply of furniture for Passenger Terminal Building at Peshawar	17.08.2017	30.12.2017	171.276	8.564
99	Relocation of DVOR/DME to new location inside perimeter fencing at AIIAP, Lahore	05.12.2018	05.06.2019	17.568	1.756
193	Procurement of VHF AM Transceivers along antenna and accessories EVHF system	27.06.2019	27.09.2019	38.421	3.842
	Procurement of VHF AM Transceivers for ATC Communication	30.07.2019	30.10.2019	5.813	0.581
203	Special System & Baggage Handling (Package-4)	15.04.2015	14.04.2016	4,503.957	177.430
			Total	**8,377.442**	**556.213**

Annexure-K
Ref to Para 4.5.23

Irregular expenditure beyond the scope as approved in revised PC-I - Rs 148.097 million

Item No	Description	Nature of Expenditure	Amount (Rs)
22	Planning & Design Consultant	Payment of Contract and Work Charged Staff Salary	79,990,909
		Vehicle	3,194,456
		Advertisement	1,035,334
		Purchase of Computer	2,524,366
		Purchase of Furniture & Electronics Equipment	3,426,517
		Purchase of Kitchen Crockery	94,189
		Sub Total-A	**90,265,771**
21	Contingencies (contingency design and consultant management fee etc.)	Income tax	850,381
		Bank charges	130,850
		Other expenses	12,100,283
		Withholding tax	73,474
		CPEC	13,928,838
		PC Hotel Gwadar	10,665,454
		PC Hotel Karachi	0
		Ramada Hotel	1,739,603
		Hiring of vehicle for Chinese security	7,640,000
		Hiring of vehicle for CAA security	8,494,750
		Misc electric items	2,000,000
		Chinese air ticket	208,181
		Sub Total-B	**57,831,814**
		Grand Total	**148,097,585**

Annexure-L

Ref to Para 5.5.2

Non-obtaining/revalidation of performance bonds/bank guarantees - Rs 1,153.274 million

(Rs in million)

DP No	Division	Name of work	Amount	Remarks
03	CCD, Abbottabad	Constriction of Police Station for Anti-Narcotics Force at Sust (SH Construction of Office and Compound Wall i/c Steel Gate)	4.947	Obtained 10% instead of 20%
37	CCD-II Lahore	Three different works	64.060	Obtained Insurance Guarantee instead of Bank Guarantee
53	CCD-Khuzdar	Acquisition of Land and Construction ANF Police Station at Passni	39.552	Obtained Performance Guarantee from insurance Co. instead of Bank Guarantee
04	CCD Abbottabad	Construction of RCC Pre-stressed Bridge at Jabba Khallian UC Parana, District Mansehra	8.274	Performance Bond not revalidated
15	CE/M-I Karachi	12 different schemes	8.598	Performance Security not obtained
28	CCD-III Peshawar	Construction of Residential Accommodation for NAB (F) Peshawar Cat-III, 10 No. Quarters	3.326	Performance Bond not revalidated
36	CCD-II Lahore	Construction of National Book Foundation Authors Club and Resource Centre at 45- Civic Centre Mustafa Town Lahore	1.506	Performance Bond not revalidated
69	CCD-I Lahore	Three different works	31.845	Performance Bond not revalidated and obtained insurance guarantee instead of bank guarantee

DP No	Division	Name of work	Amount	Remarks
77	CCD Faisalabad	Construction of Bridge over river Ravi at Mal Fatyana District Toba Tek Singh (NA-94)	118.915	Performance Security not obtained
87	CCD-IX Karachi	Construction of Govt. office and residential accommodation for FGE at site of Carlton hotel Karachi	2.086	Performance Security not obtained
98	CCD, DG Khan	Construction of Musa Khail Taunsa Road (35 KM) stretch to be constructed and linked with Zhob (remaining work) (Package-I)	147.146	Performance Bond not revalidated
108	CCD, DG Khan	i. Construction of Single Storey Barrack Accommodation along with OC residence for "ASF" personnel ii. Construction of Inland Revenue Office at Muzaffargarh	26.298	Performance Bond not revalidated
113	CCD, DG Khan	Construction of Inland Revenue office at Dera Ghazi Khan	2.062	Performance Security not obtained
127	CCD-IV Islamabad	awarded Construction of Model Prison at H-16, Islamabad Sub-Head Construction of Infrastructure Road, Walk Ways, Strom Water Sewerage and Water Supply	88.483	Performance Bond not revalidated
137	CCD-IV Islamabad	Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad	494.809	Performance Bond not revalidated
145	S&W Division Islamabad	Supply, Installation, testing and Commissioning of remaining HVAC works (SH: II Equipment) at New Secretariat Block, Constitution Avenue, Islamabad	18.678	Performance Bond not revalidated

DP No	Division	Name of work	Amount	Remarks
157	CCD-V, Islamabad	three packages of the works Chakwal Northern By-pass (14.5 km)	82.182	Obtained Performance Guarantee from insurance Co. instead of Bank Guarantee
161	CCD-II Islamabad	Construction of Conference Room and offices at Prime Minister House, Islamabad	10.507	Performance Bond not revalidated
		Total	**1,153.274**	

Annexure-M

Ref to Para 5.5.3

Payment of excessive and substituted quantities without approval - Rs 1,111.976 million

Excess quantities

(Rs in million)

DP No	Division	Name of Work	Description	Amount
25	CCD-III Peshawar	Construction of Audit Complex at Phase-V Hayatabad, Peshawar	P/L RCC using crush graded boulder ¾ and down gauge …	2.459
45	CCD Sialkot	Construction of Pre-stressed Girder Bridge from Maingri to Fatehpur Afghana on Nallah Bahein Tehsil Shakargarh District Narowal	Various items	36.507
65	CCD-I Lahore	Construction of first floor academic block at CSA Walton Lahore	Various items	2.186
72	CCD-I Lahore	Replacement of sewerage line and water supply PWD colony Lahore	Various items	1.826

DP No	Division	Name of Work	Description	Amount
86	CCD-IX Karachi	Construction of Govt. office and residential accommodation for FGE at site of Carlton hotel Karachi	Various items	3.671
91	CCD-VI Karachi	Extension of Federal Lodge-01 (Qasr-e-Naz) Karachi (SH: Construction of 32 VIP Suits (Phase-1 24 VIP Suits)	Various items	4.907
101	CCD, DG Khan	Construction of Musa Khail Taunsa Road (35 KM) stretch to be constructed and linked with Zhob (Package-I, II & III)	Various items	24.856
103	CCD, DG Khan	Construction of Musa Khail Taunsa Road (35 KM) stretch to be constructed and linked with Zhob (Package-I & II)	Excess for hard rock and soft rock excavation	45.268
118	CCD-VIII Islamabad	Construction of boundary wall and site development at PSEB's site for development of IT parks at Chak Shahzad Islamabad	Various items	3.877
121	CCD-VIII Islamabad	Establishment of O.P.D Block of Federal General Hospital at Chak Shahzad Islamabad	Various items	10.587

DP No	Division	Name of Work	Description	Amount
124	PCD-IV Islamabad	Construction of RCC Compound & Boundary Walls	Various items	113.364
125	PCD-IV Islamabad	Construction of model prison at H-16 Islamabad	Various items	3.775
136	CCD-IV Islamabad	Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad	Excess quantity for Solid Block Masonry and External Finish Plaster	10.034
140	S&W Division Islamabad	Supply, Installation, testing and Commissioning of remaining HVAC works (SH;II Equipment) at New Secretariat Block, Constitution Avenue, Islamabad	Various items	20.485
148	CCD-V Islamabad	Dualization of Mandra Chakwal Road (63.25 Km) and “Dualization and improvement of Sohawa to Chakwal Road (66.405 km)	Various items	569.008
159	CCD-II Islamabad	Energizing and Functionality of Const/Ext. of Audit House, Islamabad	Various items	16.769
Total				**869.579**

Extra/Substituted Items

(Rs in million)

DP No	Division	Name of Work	Description	Amount
06	CCD Abbotabad	Construction of RCC Pre-stressed Bridge at Jabba Khallian UC Parana, District Mansehra	Boring for Cast in place RCC Piles in Hard Rock (660-910mm	3.266
26	CCD-III Peshawar	i. NAB (Cat-I houses) ii. Const. of Audit Complx iii. Const. of office building PAL Peshawar iv. NAB (Cat-IV houses)	Various items	4.961
40	CCD Sialkot	Construction of widening/improvement of road from Noor Kot bridge to Kot Naina Tehsil Shakergarh District Narowal	Various items	53.398
63	CCD-I Lahore	Const. of office complex for Survey of Pakistan Lahore	Various items	2.239
97	CCD DG Khan	Construction of Musa Khail Taunsa Road (35 KM) stretch to be constructed and linked with Zhob (Package-II & III)	Various items	14.978
102	CCD, DG Khan	Construction of Musa Khail Taunsa Road (35 KM) stretch to be constructed and linked with Zhob (remaining work) (Package-I)	Various items	42.580
116	CCD-VIII Islamabad	Construction/Establishment of O.P.D Block of Federal General Hospital at Chak Shahzad Islamabad	Various items	21.318
133	CCD-IV Islamabad	Construction of Islamabad High Court Building G-5 Islamabad	Various items	86.900

DP No	Division	Name of Work	Description	Amount
144	S&W Division Islamabad	Construction of NAB Headquarters Building at G-5, Islamabad	Various items	12.757
Total				**242.397**

Annexure-N

Ref to Para 5.5.6

Non-imposition of liquidated damages for delay in completion of works - Rs 186.533 million

(Rs in million)

DP No	Name of work	Date of Start/ Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
05	Water Supply Scheme Soral Basi Khel Tehsil Judbah District Torghar	24.10.2016	23.10.2017	11.680	1.168
24	Extension of Federal Lodge-I (SH Electrification Work, Main, Sub-Main) Qasr-e-Naz Karachi	12.04.2017	11.05.2017	2.830	0.283
	(SH Electrification Work, Internal/External) Qasr-e-Naz Karachi	11.05.2017	10.11.2017	2.07	0.207
27	Acquisition of Land & Construction of Audit Complex at Hayatabad Peshawar	26.12.2017	30.06.2019	41.917	4.192
	Construction of Residential Accommodation of National Accountability Bureau (F) Peshawar (Sub-Head: CAT-I House)	20.12.2016	19.12.2017	8.079	0.808
35	Construction of National Book Foundation Authors Club and Resource Centre at 45- Civic Centre Mustafa Town Lahore	-	28.05.2019	15.060	1.506
67	Replacement of Sewerage line and Water Supply system, Pak PWD Colony Wahdat Road Lahore	22.12.2017	22.12.2018	7.203	0.720
	Upgradation of Chamba House Lahore (SH External Work Block-I)	22.06.2018	22.06.2019	8.377	0.837
73	Construction of Additional Examination Hall (1st Floor) at FPSC Provincial Office Lahore	07.04.2017	06.04.2018	19.524	1.952
117	Construction of boundary wall and site development at PSEB's site for development of IT parks at Chak Shahzad Islamabad	08.04.2016	07.01.2017	32.095	3.210
	Construction/Establishment of O.P.D Block of Federal General Hospital at Chak Shahzad Islamabad	08.02.2018	24.09.2018	33.439	3.340

DP No	Name of work	Date of Start/ Award	Date of completion (Planned)	Agreement cost	Liquidated Damages
126	Various works executed by PCD-IV Islamabad	March, April & September, 2017	September, October 2018 & March 2019	1,635.100	163.510
154	Const. of Accommodation Training Administration block at sector H-11/2 opposite police lines HQ H-11 Islamabad for the Establishment of repaid response force for ICT (SH: Administrative Block)	07.06.2016	06.12.2016	48.007	4.800
			Total	**1,865.381**	**186.533**

Annexure-O

Ref to Para 5.5.18

Non-obtaining insurance coverage and non-recovery of premium @ 1% of contract cost - Rs 18.378 million

(Rs in million)

DP No	Location	Description	Agreement Cost	1% premium cost
01	CCD Abbotabad	Various works	105.400	1.054
08	CE/M Karachi	Various works	85.979	0.859
88, 89	CCD-IX Karachi	Construction of Government Offices and Residential accommodation for Federal Government Employees at site of Carlton Hotel Cantt: Karachi	20.864	0.209
95	CCD-VI Karachi	Extension of Federal Lodge-01 (Qasr-e-Naz) Karachi (SH: Construction of 32 VIP Suits (Phase-1 24 VIP Suits)	61.708	0.617
96	CCD-VI Karachi	Extension of Federal Lodge-01 (Qasr-e-Naz) Karachi (SH: Supply of furniture) (Ground and First Floor)	7.249	0.072
105	CCD, DG Khan	Construction of Musa Khail Taunsa Road (35 KM)	527.638	5.276

DP No	Location	Description	Agreement Cost	1% premium cost
		stretch to be constructed and linked with Zhob (Package-II & III)		
129	PCD-IV Islamabad	Construction of Model Prison at H-16, Islamabad	742.793	7.428
156	CCD-V Islamabad	Chakwal Northern By-pass (14.5 km) (SH Package-2 RD 05+000 to 10+000)	286.300	2.863
		Total	**1,837.931**	**18.378**

Annexure-P

Ref to Para 5.5.48

Non-recovery of dues from the allottees of houses and shops Rs 870.911 million

(Rs in million)

DP No	Location	Description	Amount
02	Estate Office Islamabad	Less recovery of rent from various allottees posted abroad	22.500
03	Estate Office Islamabad	Non-recovery from Mr. Amjad Mehmood, House No. 12-F, Street No. 39, Sector F-7/1, Islamabad for accommodation retained during posting abroad	2.880
05	Estate Office Karachi	Non-recovery of rent from allottees of Govt. owned accommodation	235.501
07	Estate Office Karachi	Non-recovery of outstanding dues of houses, 217 shops and 8 petrol pumps	416.078
10	Estate Office Karachi	Non-recovery from 16 allottees	15.299
12	Estate Office Peshawar	Non-recovery of rent from 20 shops	0.863
14	Estate Office Lahore	Non-recovery of advance rent from 30 shops	1.131
15	Estate Office Lahore	Non-recovery from five (05) C-type houses	2.490
17	Estate Office	Non-recovery from allottee of House	1.534

DP No	Location	Description	Amount
	Lahore	No.11/1-C situated in Wafaqi Colony Lahore	
20	Estate Office Lahore	Non-recovery from Mrs. Naureen Ahmed Tarar - House No.5-A Wafaqi Colony Lahore	1.229
22	Estate Office Lahore	Non-recovery from two unauthorized occupants	1.510
24	Estate Office Islamabad	Non-recovery from 35 trespassers	51.586
26	Estate Office Islamabad	Non-recovery from illegal occupant of Flat No 12-Type-E Block No.9 St. No.51, F-6/4, Islamabad	1.867
29	Estate Office Islamabad	Non-recovery from 102 illegal occupants	66.089
32	Estate Office Islamabad	Non-recovery from various retired employees/unauthorized occupants	50.354
Total			**870.911**