AUDIT REPORT
ON
THE ACCOUNTS OF
MINISTRY OF WATER RESOURCES
AND ITS ENTITIES
AUDIT YEAR 2025-26

Assistant Audit Officer (IT)
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AUDITOR-GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND GOOD GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES FOR THE CITIZENS OF PAKISTAN

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PREFACE

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

The Audit Report is based on the accounts of Ministry of Water Resources and its entities for the financial year 2024-25. It also contains audit observations of previous financial years. The Directorate General Audit, Water Resources conducted audit during the year 2025-26 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of Audit Report includes systemic issues and significant audit findings. Relatively less significant findings have been listed in Annexure-I of this report as Memorandum for Departmental Accounts Committee (MFDAC). The audit observations listed in Annexure-I shall be pursued with Principal Accounting Officer (PAO) at the Departmental Accounts Committee (DAC) level and in all cases where the PAO does not initiate appropriate action, the audit observations shall be brought to the notice of Public Accounts Committee (PAC) through next year's Audit Report. Moreover, sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

Impact Audit has also been adopted as a new approach in auditing by evaluating final outcomes of specific interventions and made part of this report as a separate chapter.

Audit findings indicate the need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities. Most of the observations included in this report have been finalized in the light of replies submitted by the management. DAC meeting could only be conducted for some paras despite several requests to the PAO as per laid down procedure.

There are certain audit paras which were also reported in last years' Audit Reports ranging from financial years 2019-20 to 2024-25. Recurrence of such irregularities is a matter of concern and needs to be addressed.

The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora [Parliament].

Sd/-

Islamabad
Dated: 24 FEB 2026

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

BOQ	Bill of Quantities
CCI	Council of Common Interest
CE	Chief Engineer
CGGC	China Gezhouba Group Co. Ltd.
CO	Change Order
CPPA-G	Central Power Purchasing Agency-Guarantee Limited
CSA	Consultancy Services Agreement
CSC	Consultant's Services Contract
CSR	Consultancy Services Regulations
DAC	Departmental Accounts Committee
DBDP	Diamer Basha Dam Project
DDO	Drawing & Disbursing Officer
DG	Director General
DHPP	Dasu Hydropower Project
DLC	Defects Liability Certificate
E&M	Electrical & Mechanical
ECNEC	Executive Committee of the National Economic Council
EOT	Extension of Time
FFC	Federal Flood Commission
FY	Financial Year
GCC	General Conditions of Contract
GFR	General Financial Rules
GM	General Manager
GoGB	Government of Gilgit-Baltistan
GoP	Government of Pakistan
GoS	Government of Sindh
GWh	Gigawatt hours
HPS	Hydel Power Station
HR	Human Resource
IDA	International Development Association
IPC	Interim Payment Certificate
IRSA	Indus River System Authority
JV	Joint Venture

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KCP	Kachhi Canal Project
K-IV	Greater Karachi Bulk Water Supply Scheme
KM	Kilometer
KPK	Khyber Pakhtunkhwa
KTDP	Kurram Tangi Dam Project
KV	Kilovolt
kWh	Kilowatt hour
LC	Letter of Credit
LD	Liquidated Damages
LOA	Letter of Acceptance
m^2	Square Meter
MAF	Million Acre Feet
MDHP	Mohmand Dam Hydropower Project
MDRP	Mangla Dam Raising Project
MFDAC	Memorandum for Departmental Accounts Committee
MMP	MM Pakistan
MoWR	Ministry of Water Resources
MRP	Mangla Refurbishment Project
MW	Megawatt
NEC	National Economic Council
NEPRA	National Electric Power Regulatory Authority
NGDP	Nai Gaj Dam Project
NTDC	National Transmission & Despatch Company
NWP	National Water Policy
O&M	Operation & Maintenance
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Particular Conditions of Contract
PCCCL	Power Construction Corporation of China Limited
PC-I	Planning Commission Proforma-I
PCIW	Pakistan Commissioner for Indus Waters
PCRWR	Pakistan Council of Research in Water Resources
PD	Project Director
PEC	Pakistan Engineering Council

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PPA	Power Purchase Agreement
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Programme
PWP	Public Welfare Projects
RBOD	Right Bank Outfall Drainage
RE	Resident Engineer
T4HPP	Tarbela 4th Extension Hydropower Project
T5HPP	Tarbela 5th Extension Hydropower Project
TDP	Tarbela Dam Project
TOC	Taking-Over Certificate
TORs	Terms of References
USD	United States Dollar
VO	Variation Order
WAPDA	Water and Power Development Authority

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EXECUTIVE SUMMARY

The Directorate General Audit, Water Resources carries out audit of accounts of Ministry of Water Resources (MoWR) and its entities i.e. Water and Power Development Authority (WAPDA), Indus River System Authority (IRSA), Federal Flood Commission (FFC), Pakistan Commissioner for Indus Waters (PCIW) and Pakistan Council of Research in Water Resources (PCRWR) on behalf of the Auditor-General of Pakistan with the objective of promoting accountability, transparency and good governance in the management and use of public resources. The Human Resource (HR) available to Director General (DG) Audit, Water Resources for carrying out audit activities comprises 69 officers and staff having 17,319 man-days with a total annual financial outlay of Rs.183.618 million for the audit year 2025-26. With these resources, this office conducts compliance with authority audit, project audit, performance audit, impact audit, special audit/studies, thematic audit and financial attest audit of foreign aided projects falling under the MoWR.

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Scope of Audit

The audit jurisdiction of DG Audit, Water Resources covers 112 formations of MoWR and its entities having a total expenditure of Rs.359.601 billion and receipts of Rs.194.278 billion for the Financial Year (FY) 2024-25.

Audit coverage for the current audit year comprises 69 formations of MoWR and its entities as per approved Annual Audit Plan 2025-26 which covers an expenditure of Rs.343.212 billion and receipts of Rs.187.107 billion for the FY 2024-25. In terms of percentage, the planned audit coverage is 95.44% of auditable expenditure and 96.31% of auditable receipts.

This audit report includes audit observations resulting from the audit of expenditure of Rs.318.158 billion and receipts of Rs.181.819 billion for the FY 2024-25 pertaining to 40 formations of MoWR and its entities. This audit report also includes audit observations resulting from the audit of expenditure of Rs.16.117 billion and receipts of Rs.9.004 billion for the FY 2023-24 pertaining to 12 formations.

In addition to this compliance audit report, DG Audit, Water Resources conducted 28 financial attest audits and one impact audit, whereas, two special studies have also been planned for execution under Audit Plan 2025-26. Findings of impact audit have been included in this report as a separate chapter.

Recoveries at the instance of Audit

As a result of audit, recovery of Rs.7,019.731 million has been pointed out in this report. Recovery effected and verified by Audit from January to December, 2025 was Rs.2.821 million.

Audit Methodology

Audit activity started with detailed planning and development of audit programmes keeping in view available resources and time. Desk review of permanent files was done to understand the systems, procedures and environment. Field activity included scrutiny of record, site visits and discussion with management. High value and high-risk items were selected on professional judgment basis for detailed audit.

Audit Impact

Major issues related to procurement, contract, financial, assets management, HR, project planning and operations were brought to the notice of the management for taking timely action. Non-adherence to the provision of contracts, violation of procurement rules & regulations, non-adherence to instructions of Finance Division and provision of PC-Is were reported. Further, following actions were also committed by the management during the meetings for the improvement of systems and controls.

- On instance of Audit, the DAC directed the management to ensure recovery/adjustment of Rs.1,339.606 million from the contractors.
- The management agreed to take steps for strengthening of internal controls and procedures.
- The management assured to take corrective measures in line with contract clauses besides addressing the irregularities pointed out by Audit.

Comments on Internal Controls and Internal Audit Department

An effective internal control framework serves as a major tool for management to ensure effectiveness in operational and financial matters. Internal controls of the department were found weak and ineffective as various control lapses were identified during audit. There was lack of effective monitoring and appropriate measures for major Civil and Electrical & Mechanical (E&M) works. The report gives a significant insight into the ineffectiveness of internal control system due to increase in cases of violation of standard clauses of bidding

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documents, Public Procurement Regulatory Authority (PPRA) Rules, excess/over payment to the contractors, frequent changes in design/scope of work, abnormal delays in construction of powerhouse resulting into generation losses and non-recovery of receivables.

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

Key audit findings

i. Irregularities in Contract Management were observed in 18 cases[1].

ii. Irregularities in Procurement Management were observed in 04 cases[2].

iii. Financial Management related issues have been pointed out in 24 cases[3].

iv. Assets Management issues have been pointed out in 04 cases[4].

v. HR/Employees related issues were raised in 05 cases[5].

vi. Project Planning related issues were raised in 04 cases[6].

vii. Operation Management related issues were observed in 03 cases[7].

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[1] **Paras-**1.5.1, 1.5.2, 1.5.3, 1.5.4, 1.5.5, 1.5.6, 1.5.7, 1.5.8, 1.5.9, 1.5.10, 1.5.11, 2.5.12, 1.5.13, 1.5.14, 1.5.15, 1.5.16, 1.5.17, 1.5.18
[2] **Paras-**1.5.19, 1.5.20, 1.5.21 & 1.5.22
[3] **Paras-**1.5.23, 1.5.24, 1.5.25, 1.5.26, 1.5.27, 1.5.28, 1.5.29, 1.5.30, 1.5.31, 1.5.32,1.5.33, 1.5.34, 1.5.35, 1.5.36, 1.5.37, 1.5.38, 1.5.39, 1.5.40, 1.5.41, 1.5.42, 1.5.43, 1.5.44, 1.5.45 & 1.5.46
[4] **Paras-** 1.5.47, 1.5.48, 1.5.49 & 1.5.50,
[5] **Paras-**1.5.51, 1.5.52, 1.5.53, 1.5.54 & 1.5.55
[6] **Paras-** 1.5.56, 1.5.57, 1.5.58 & 1.5.59
[7] **Para-** 1.5.60, 1.5.61 & 1.5.62

Recommendations

i. The management needs to take necessary steps at planning stage to ensure realistic surveys, comprehensive feasibility studies, detailed designing and accuracy in preparation of estimates to avoid unnecessary issuance of VOs and time delays.

ii. The management needs to ensure that procurement of goods and services are made in a transparent and efficient manner compliant to PPRA Rules, PEC's procurement guidelines and instructions contained in the Manual for Development Projects.

iii. The management needs to expedite efforts for recovery of huge receivables to improve its financial health and take leverage of the same for borrowing/raising funds for mega projects.

iv. The management needs to ensure compliance to the instructions of government regarding opening of dedicated bank accounts for keeping retention money.

v. The management needs to ensure compliance to the instructions of Federal Board of Revenue and Provincial Revenue Authorities on taxation matters.

vi. The management needs to proactively resolve land & building issues and safeguard its assets.

vii. The management needs to ensure transparency in recruitment process besides adhering to the instructions of the government regarding grant of different allowances to the employees.

viii. The PAO must devise a mechanism for effective monitoring of projects to address cost & time overrun factor and take necessary measures with regards to recurrence of repeated irregularities.

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CHAPTER-1

Ministry of Water Resources

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1. Ministry of Water Resources

1.1 Introduction

MoWR is mandated for development of country's water and hydropower resources to meet current and future challenges of water shortage, provision of affordable, environment friendly renewable energy and act as a catalyst in the implementation of the National Water Policy (NWP), 2018 by taking all the stakeholders on board through creativity, initiative, innovation and technology. WAPDA, IRSA, FFC, PCIW and PCRWR are working under the umbrella of MoWR and are required to manage and holistically address the water sector issues of Pakistan at federal level.

WAPDA was established through an Act of Parliament in 1958 as an autonomous and statutory body under the administrative control of the Federal Government. The charter of duties of WAPDA is to investigate, plan and execute projects for hydropower generation, irrigation, water supply and drainage, prevention of water logging, reclamation of waterlogged saline lands and flood management. To discharge its duties, WAPDA is administratively structured in three wings namely; Water Wing, Power Wing and Co-ordination Wing.

IRSA was established vide Act No. XXII of 1992 passed by the Parliament and approved by the President of Pakistan on December 6, 1992 for regulating and monitoring the distribution of water resources of Indus River System in accordance with the Water Apportionment Accord, 1991 amongst the provinces and to provide matters related therewith and ancillary thereto.

FFC was established in January, 1977 for the purpose of integrated flood management at national level. FFC is mainly responsible for the preparation of 'National Flood Protection Plans' and their implementation through concerned provincial and federal departments in the country.

PCIW is part of the 'Permanent Indus Commission' which is a bilateral commission consisting of officials from India and Pakistan established to implement and manage the goals and objectives of the Indus Waters Treaty, 1960. The commission maintains and exchanges data and co-operates between the two countries under the provisions of the treaty.

PCRWR is an apex organization of the MoWR established through Act

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No.I of 2007. Its mandate is to conduct, organize, coordinate and promote research on all aspects of water resources. It has a network of seven research and demonstration centers in different agro-climatic zones of the country.

Table-1 Audit Profile of MoWR

(Rs. in million)

Description	Total Nos.	Audited	Expenditure Audited (FY 2024-25)	Revenue/ Receipts Audited (FY 2024-25)
Authorities/Autonomous Bodies, etc. under the PAO	9	3	318,158.701	181,818.718
a. Formations	112	40	318,158.701	181,818.718
b. Assignment Accounts	38	26	101,521.340	-
c. Foreign Aided Projects	28	28	114,996.430	-

1.2 Sectoral Analysis

Water, a basic right for human beings is getting precious day by day as water scarcity has become a major challenge to sustainable development. According to United Nations Habitat, one of four cities in the world is located in a region where the water demand surpasses the supply. Population at large has been impacted by water shortages due to increasing demand for water, reduction of water resources, climate change and increasing pollution of water driven by the continued growth in mega cities. Pakistan with its annual water availability estimated at 819 m^3 per person[8] is also included in such regions of the world and is rapidly moving from a water "stressed" to water "scarce" status. Pakistan faces not only water crisis but also serious concerns regarding its future food security. Moreover, climate change is bringing critical challenges with increasing temperatures, glacier melt, flash flooding and changing water precipitation patterns. Water, an indispensable resource for food security, energy and sustaining life itself is encountering unprecedented challenges on a global scale. The integrity and availability of water sources are facing immense pressures and posing significant threats to worldwide sustainability. Addressing these challenges is of utmost urgency, especially in Pakistan, which ranked 15th most climate affected

[8] National Assembly Secretariat, Questions for Oral Answers and Their Replies, Jan 21, 2026

country from 1994-2023 and 47th most climate affected country in 2024 according to the Global Climate Risk Index 2026[9] report. Pakistan was ranked as the most climate-affected country in 2022 and is labelled as "critically water insecure" by the United Nations University[10]. Other than water scarcity and drought due to frequent extreme temperatures, the frequency of flash floods has increased in Pakistan. The most recent major flash flooding occurred from June to September, 2025 which affected different provinces with 1,037 reported deaths[11]; entire districts were declared 'calamity hit' with absolute loss of standing crops, particularly in Khyber Pakhtunkhwa (KPK) and Punjab Provinces. Approximately, three million people were rescued or evacuated from high-risk areas during the 2025 floods. The recurrent drought and flood situation, groundwater depletion, inefficient water supply systems and less crop yield per unit of water also result in low productivity of agricultural land particularly due to increased cost of input and low output prices. This situation turns the water resource management into a challenge ultimately affecting the ability of government to achieve sustainable development.

According to Institute of Strategic Studies (Issue Brief 2023[12]); we do not have a water crisis, we have a failure of governance regarding water issues. It is essentially important to get leverage from technology for efficient water utilization, however, it is also crucial to choose the right innovation which can deliver the required solutions. The situation calls for rapid development and management of the country's water resources on a war footing basis. Only by devising and implementing appropriate adaptation measures, it will be possible to ensure water, food and energy security for the country as well as minimize the impact of natural disasters. There is a dire need to take timely cognizance of the emerging water crisis and to issue guidelines for a comprehensive plan of action to address the same. Farmers can take advantage of precision watering through adoption of drip irrigation system rather than flooding their fields. Pakistan needs to put serious thought into how it will provide adequate water for agriculture, industry and human consumptions in the face of rapidly dwindling water reserves. Current approach of water management and security relies on large scale

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[9] Germanwatch, Climate Risk Index Report, 2026
[10] United Nations University, Global Water Security 2023 Assessment
[11] NDMA, Post Monsoon Report, 2025
[12] Institute of Strategic Studies Islamabad, Issue Brief, April 13, 2023

reservoirs, link canals and inter-basin transfers to support the agriculture sector which consume 94% of total available surface and ground water resources.

In order to mitigate impending water crises in Pakistan, Council of Common Interests (CCI) formally approved the NWP on April 24, 2018. The policy, inter alia, aimed at developing a National Planning Database to support an integrated information system in order to enable planning & development of water and other related resources on a sustainable basis besides revitalizing and restructuring WAPDA. In addition, NWP required submission of periodical reviews to CCI on the implementation of NWP and achievement of its objectives. Moreover, NWP was required to achieve its objectives within a given timeframe but neither any implementation framework could be finalized despite lapse of almost seven years nor any structural mechanism could be placed in MoWR till date to monitor its implementation. Furthermore, no periodical reviews were submitted to CCI which showed that no documented mechanism was available to gauge the achievement of policy objectives. MoWR was also responsible to propose and implement the restructuring plan to upgrade WAPDA within a year after approval of the policy but no steps have been initiated in this respect**.**

However, presently, WAPDA is executing three large scale projects on Indus River and one each on Swat, Kurram & Gaj rivers respectively. Diamer Basha Dam Project (DBDP) having gross storage capacity of 8.10 Million Acre Feet (MAF) and power generation capacity of 4,500 Megawatt (MW) is being constructed at 315 Kilometers (KMs) upstream of Tarbela Dam. Dasu Hydropower Project (DHPP) with power generation capacity of 4,320 MW is being constructed at 74 KMs downstream of DBDP. Tarbela 5th Extension Hydropower Project (T5HPP) having power generation capacity of 1,530 MW is being constructed at existing Tarbela Dam. Mohmand Dam Hydropower Project (MDHP) having gross storage capacity of 1.24 MAF and power generation capacity of 800 MW is being constructed on Swat River at 5 KMs upstream of Mohmand District. Kurram Tangi Dam Project (KTDP) having feeder tunnel discharge capacity of 633.40 cusecs and power generation capacity of 18.40 MW is being constructed on Kurram River at 32 KMs north of Bannu District, whereas, Nai Gaj Dam Project (NGDP) having gross storage capacity of 0.30 MAF is being constructed at 65 KMs upstream of north-west of Dadu city in Sindh Province.

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Similarly, in order to overcome the shortage of water in Karachi city, the Greater Karachi Bulk Water Supply Scheme (K-IV) was planned for supply of water from Keenjhar Lake by the Government of Sindh (GoS). Later on, the Federal Government under arrangement with GoS has taken up implementation of the project as part of Prime Minister's Package for Karachi and directed WAPDA to take over the responsibilities for execution of the project since January, 2021. The construction under Phase-I was aimed at supply of 260 million gallons water per day which was divided into eight packages. The contracts for these packages were awarded during May, 2022 to September, 2022 with contractual completion dates up to February, 2024. However, due to non-achievement of contractual timelines, implementation period of the project has been revised by MoWR to June 30, 2026. Due to delay in completion of K-IV Project, dense population of Karachi is facing acute shortage of water as existing water sources are highly insufficient for entire city of Karachi.

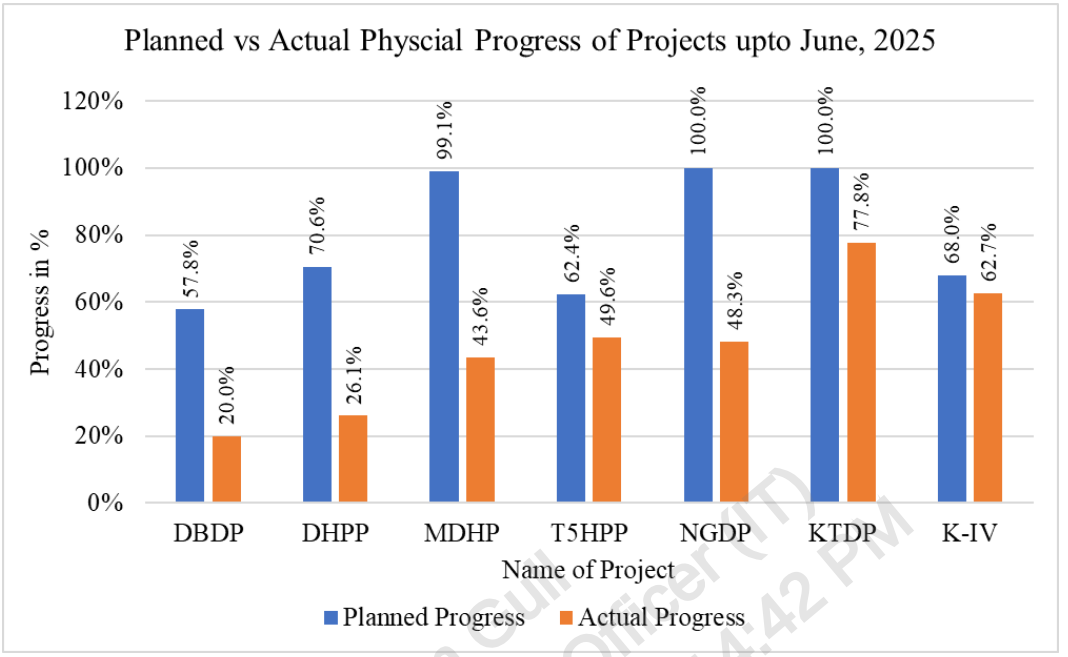
Notwithstanding the importance of these projects for the socio-economic uplift of the country, performance/progress of the projects remained very slow and far behind the targets set up to June 30, 2025 as tabulated below:

Physical Progress of Projects up to June, 2025

Sr. No.	Name of Project	Planned Progress	Actual Progress	Progress Behind the Target
1	DBDP	57.78%	19.95%	37.83%
2	DHPP	70.60%	26.08%	44.52%
3	MDHP	99.05%	43.58%	55.47%
4	T5HPP	62.37%	49.56%	12.81%
5	NGDP	100.00%	48.30%	51.70%
6	KTDP	100.00%	77.80%	22.20%
7	K-IV Project	67.95%	62.73%	5.22%

(Source: Data obtained from the management)

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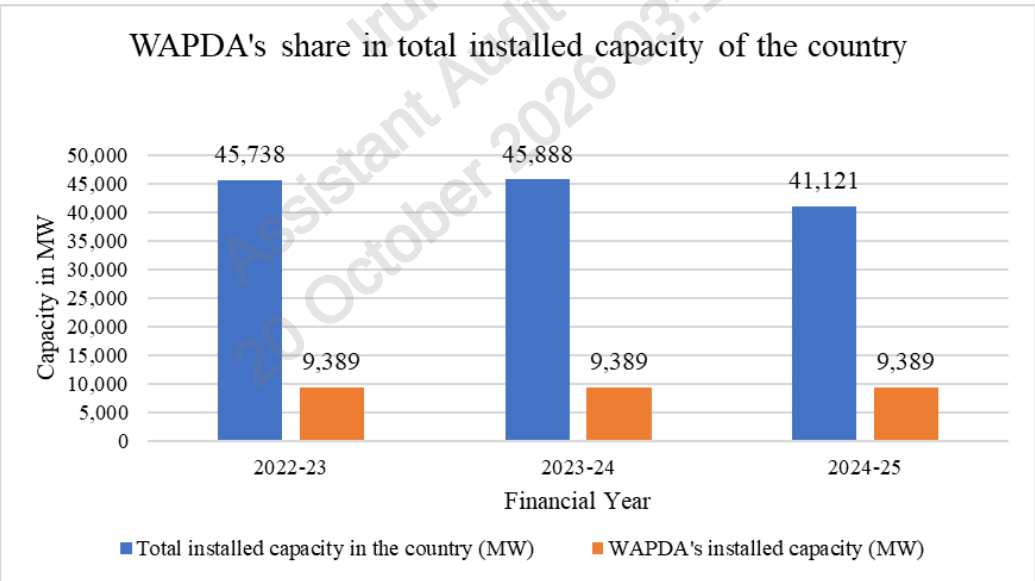
Large scale water reservoirs are also important for availability, accessibility and affordability of electricity for the people across the country as well as for the economic progress and social uplift of the citizens. Of all the sources of electric power generation in a power system, hydel power is the cheapest in a generation mix. As such, ensuring availability of hydel power generation carries immense importance from the perspective of energy security, sustainability and affordability of electricity. As per National Electric Power Regulatory Authority's (NEPRA) State of Industry Reports 2024 and 2025, installed capacity of WAPDA's hydel generation remained the same i.e. 9,389 MW as compared to last two FYs which showed that no new power plant was commissioned during the aforesaid period. Whereas, WAPDA's total hydel generation was decreased by 1,514 Gigawatt hours (GWh) (from 35,033 GWh to 33,519 GWh in 2024-25) which was 4.32% less than the last year. Moreover, percentage of WAPDA's hydel generation in the energy mix also decreased from 25.56% to 24.81% from the previous year.

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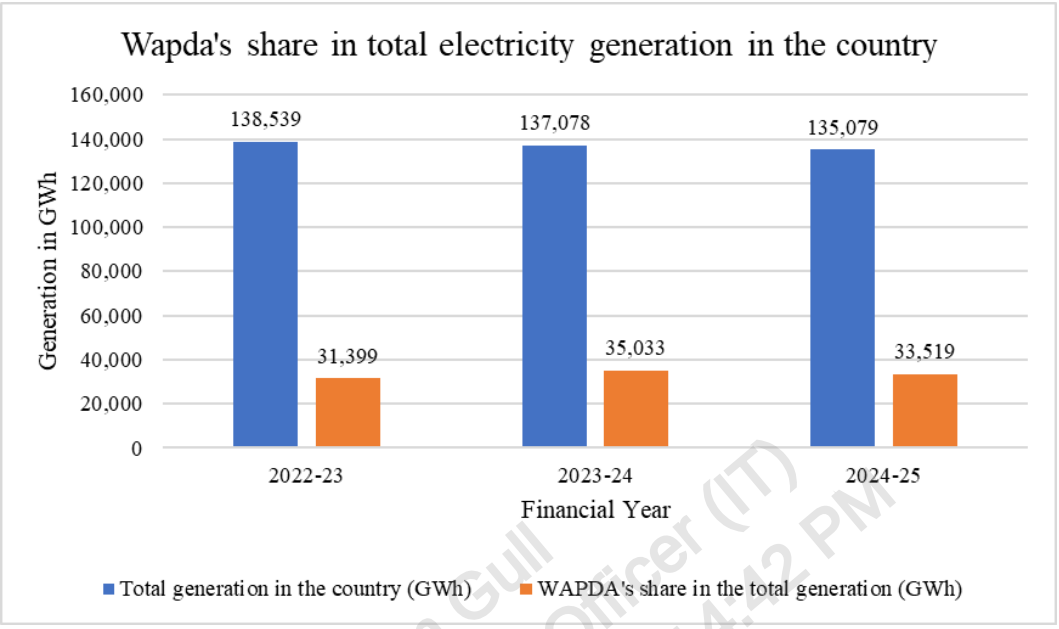
Statistics of installed capacity and electricity generation in the country

Description	2022-23	2023-24	2024-25
Total installed capacity in the country (MW)	45,738	45,888	41,121
WAPDA's installed capacity (MW)	9,389	9,389	9,389
WAPDA's Share in installed capacity (%)	20.53%	20.46%	22.83%
Total generation in the country (GWh)	138,539	137,078	135,079
WAPDA's share in the total generation (GWh)	31,399	35,033	33,519
WAPDA's Share in total generation (%)	22.66%	25.56%	24.81%

***(Source:** NEPRA's State of Industry Reports 2024 & 2025)*



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In WAPDA, significant issues were observed in project execution and contract management. Projects have been initiated without proper feasibility studies, planning and detailed designing. Most of the projects are stalled during the initial phase due to land acquisition issues. The impact of defective designing becomes evident in the wake of excessive increase in Bill of Quantities (BOQ) and Variation Orders (VOs), surpassing even the original contract price on occasions. As such, a major portion of expenditure remains excluded from the competitive process. This also highlights questionable performance of the consultants right from the preparation of feasibility studies to designing and project monitoring.

Eventually, mismanagement of the projects results in giving rise to disputes, termination of contracts and cases of litigation causing time and cost overruns. Significant risk areas related to procurement management, contract management, financial management, assets management and HR related issues, etc. were planned to be looked into in the Audit Plan 2025-26. Consequently, these areas have been examined during audit execution and reported to the PAO. In order to ensure that public funds are used efficiently, the PAO is required to take corrective measures, accordingly.

1.3 Classified Summary of Audit Observations

Audit observations under different heads were raised in this report during the current audit of MoWR and its entities. This amount also includes recoveries of Rs.7,019.731 million pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table-2 Overview of Audit Observations

Sr.	Classification of Audit Observations	No. of cases
A	Contract Management	18
B	Procurement Management	04
C	Financial Management	24
D	Assets Management	04
E	HR/Employees Related Issues	05
F	Project Planning	04
G	Operational Issues	03

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1.4 Comments on the status of compliance with PAC directives

Sr. No.	Audit Year	No. of Directives	Compliance received	Compliance Outstanding	%age of compliance
1	1985-86	4	0	4	0
2	1986-87	1	0	1	0
3	1987-88	7	0	7	0
4	1988-89	6	0	6	0
5	1989-90	7	0	7	0
6	1990-91	5	0	5	0
7	1991-92	6	0	6	0
8	1992-93	2	0	2	0
9	1993-94	4	0	4	0
10	1994-95	3	0	3	0
11	1995-96	3	0	3	0
12	1996-97	1	0	1	0

13	1997-98	1	0	1	0
14	1998-99	2	0	2	0
15	1999-2000	2	0	2	0
16	2000-01	4	0	4	0
17	2001-02	4	0	4	0
18	2002-03	2	0	2	0
19	2003-04	8	1	7	13
20	2004-05	1	1	0	100
21	2005-06	2	0	2	0
22	2006-07	7	1	6	14
23	2007-08	8	2	6	25
24	2008-09	4	0	4	0
25	2009-10	13	3	10	23
26	2010-11	11	5	6	45
27	2011-12	26	14	12	54
28	2012-13	10	2	8	20
29	2013-14	29	7	22	24
30	2014-15	17	9	8	53
31	2015-16	54	43	11	80
32	2016-17	32	16	16	50
33	2017-18	21	9	12	43
34	2018-19	11	2	9	18
35	2019-20	15	0	15	0
36	2023-24	16	0	16	0

Note: *Position of compliance with PAC directives is not satisfactory.*

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1.5 Audit Paras

A. Contract Management

1.5.1 Unjustified payment to the contractor due to abnormal increase in the BOQ quantities

According to Para 4.5 of Planning Commission's Manual for Development Projects, 2010, National Economic Council (NEC) decided on July 4, 1988 that "within six months of project approval, detailed design and costing should be finalized and submitted to the competent authority. Implementation of such project components, which require detailed designing, should be started only when these have been finalized".

During audit of accounts of the GM/PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that a contract for construction of civil, electrical & mechanical works was awarded to M/s CGGC-DESCON JV on March 07, 2019 at a contract price of Rs.183,523.483 million. It was further observed that BOQ amount of the different items of works was Rs.4,582.720 million whereas an amount of Rs.14,585.942 million was paid to the contractor against these items up to Interim Payment Certificate (IPC) No.48. Thus, quantities of different items amounting to Rs.10,003.221 million were executed beyond the provision of BOQ which was unjustified. Moreover, quantities of works pertaining to excavation and un-tensioned rock bolts were increased abnormally ranging from more than 72% to 59,087% which showed that the work was commenced without finalization of detailed designing/drawings in violation of decision of NEC which was not justified.

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Non-adherence to the National Economic Council's Decision resulted in unjustified payment of Rs.10,003.221 million to the contractor due to abnormal increase in BOQ quantities up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in January, 2026. The management replied that increase in quantities during execution, as compared to the BOQ tabulated quantities, was directly attributable to the highly variable geological and subsurface conditions encountered at site, which materially differed from those assumed at bid stage. Instrumentation data confirmed slope movements, requiring extended and

enhanced stabilization measures. Consequently, adjustments to design details and construction methodology were unavoidable and were duly incorporated in the Issued-for-Construction drawings and implemented under the Engineer's instructions. The resultant increase in executed quantities was, therefore, essential to achieve the required factor of safety and to control deformations within acceptable limits, and was fully justified on sound technical grounds and in accordance with the Contract.

The reply was not acceptable because increase in BOQ quantities reflected that the contract was awarded without finalization of detailed design and the consultants engaged for preparation of design had not performed their duties with due diligence.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify abnormal increase in quantities beyond the provision of BOQ and commencement of work without detailed designing besides fixing responsibility for deficient design.

(Draft Para No.428/2025-26)

1.5.2 Unjustified payment to the contractor without supply of material in violation of contract provision

According to Clause-14.7 of PCC, "in respect of Plant and Equipment supplied from abroad, the Employer shall pay to the Contractor, upon the shipment, eighty (80) percent of the total or pro rata CIP amount upon Incoterm "CIP", upon delivery to the carrier within fifty-six (56) days against at sight bill of exchange drawn under the Letter of Credit (LC) by the Contractor".

During audit of accounts of the GM/PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that a contract for construction of dam/powerhouse was awarded to M/s CGGC-DESCON JV on March 07, 2019 at a contract price of Rs.183,523.483 million including an amount of Rs.27,801.033 million for E&M works. Further scrutiny of record revealed that an amount of Rs.2,780.103 million (10% advance payment) was already paid to the contractor against E&M Works. As per contract, 80% amount was required to be paid upon delivery to the carrier within 56 days after receipt of invoice and documents.

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However, an amendment to the contract was made by WAPDA for releasing 20% payment of the total CIP amount after receipt of invoice without delivery of material and an amount of Rs.4,630.400 million was paid to the contractor accordingly. Audit held that as there was no provision in contract for making amendments in terms of payment, therefore, the said payment was not justified and an undue favour to the contractor.

Non-adherence to the provision of contract resulted in unjustified payment of Rs.4,630.400 million to the contractor without supply of material during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in October, 2025. The management replied that the amendment was affected in the light of the agreement with donors. Accordingly, NOLs from the donors were obtained and the amendment was approved by the WAPDA Authority.

The reply was not acceptable because as per contract, there was no provision for making an amendment to the contract and authorizing 20% payment without delivery of material.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify amendment made in the provision of contract resulting in payment to the contractor without delivery of material besides fixing responsibility.

(Draft Para No.115/2025-26)

1.5.3 Unjustified excess payment to the contractor on account of production of letter of credit for import of steel coils and escalation thereon

According to Clause-A(i) of Schedule of Payment for pressurized water transmission MS Pipeline, 30% payment shall be made on production of LC in the name of approved Hot Rolled Steel Coil Manufacturer for procurement of Hot Rolled Coil Grade X-42 for fabrication of MS Pipes as per requirement.

During audit of accounts of the PD, Greater Karachi Bulk Water Supply Scheme (K-IV) for the period from July, 2024 to June, 2025, it was noticed that an

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amount of Rs.5,857.996 million (@47% of contract rate) was paid to the contractor M/s CHEC-AFI JV against opening of LC for import of Hot Rolled Coil. As per provision of contract, upon production of LC for import of material, an amount of Rs.3,739.146 million (@30% of contract rate) was required to be paid to the contractor but the needful was not done. Due to application of higher rate, excess payment of Rs.2,118.850 million was made to the contractor. Further, an amount of Rs.296.639 million on account of escalation on this overpaid amount was also paid to the contractor. Audit held that payment of excess amount to the contractor in violation of provision of contract was not justified.

Non-adherence to the provision of contract resulted in unjustified excess payment of Rs.2,415.489 million to the contractor on account of production of LC for import of material and escalation thereon up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that the contractor requested the Engineer to revise milestone payment from 30% to 50%. The Engineer thoroughly reviewed the contractor's request and determined the payment of milestones as 47% in line with Sub-Clause 14.4 of the contract which stated that if these installment were not defined by reference to the actual progress achieved in executing the works and if actual progress was found to be less or more than that on which this schedule of payments was based, then the Engineer might proceed in accordance with Sub-Clasue-3.5 (determinations) to agree or determine revised installments, which would take account of the extent to which progress was less or more than that on which the installments were previously based.

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The reply was not acceptable because as per PCC, 30% payment was to be made upon production of LC, therefore, increase in milestone payment from 30% to 47% was not justified. Further, comparison of planned and actual progress of work was also not mentioned/taken in to account.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify excess payment to the contractor in violation of provision of contract besides ensuring its recovery.

(Draft Para No.395/2025-26)

1.5.4 Non-recovery of liquidated damages from E&M contractor

According to Clause-26 of PCC, "If the contractor fails to deliver the works, or any part thereof, within the time stated in Sub-Clause PC 8.2, or fails to complete the whole of the works, or if applicable, any Section within the relevant time prescribed by Sub-Clause PC 8.2, then the Contractor shall pay to the Employer 0.05% of the contract price, not as a penalty, but as liquidated damages (LD) for such default (which sum shall be the only moneys due from the Contractor for such default) for every day which shall elapse between the relevant time for delivery or time for completion and the actual date of delivery at site or the date stated in taking-over certification of the whole of the work or the relevant section, as the case may be, subject to the maximum LD applicable limit of 10% of the contract price".

During audit of accounts of the PD, Warsak 2nd Rehabilitation Project for the period from July, 2024 to June, 2025, it was noticed that a contract No. GMHD/EM-02 for design, supply, dismantling & installation, testing & commissioning of hydro-electromechanical equipment and balance of plant was awarded to M/s GE-Sinohydro JV on November 05, 2021 for USD 23.706 million, Euro 51.564 million and Rs.2,059.666 million. The commencement date of works was December 27, 2021. As per contract, Units No.5 & 6 were required to be completed in 832 days each whereas Gas Insolated Sub-Station switch gear was to be completed in 743 days. However, despite lapse of a period of more than one year, none of these works were completed by the contractor and physical progress of the contract was only 49.48% up to June, 2025. Audit held that due to delay in completion of works, LD amounting to Rs.1,479.180 million were required to be recovered from the contractor but the needful was not done.

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Non-adherence to provision of contract resulted in non-recovery of LD amounting to Rs.1,479.180 million from E&M contractor during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management stated that detailed reply would be submitted after consulting the record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were

also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of the LD from the concerned contractor as per provision of contract.

(Draft Para No.350/2025-26)

1.5.5 Wasteful expenditure due to change in design and extra cost incurred on remedial measures after execution of work of spillways

According to Clause-6.20 (Drawings issued for construction) of Special Provisions of the Contract, "after award of contract, the bids drawings will be replaced by drawings issued for construction including supplementary specifications, if necessary. Such drawings and specifications shall be deemed to be included in the expression instructions of the Engineer under sub-clause-6.1 and 6.2 of the General Conditions. The drawings issued for construction will include bid drawings re-issued, bid drawings as may be modified and additional drawings as required to develop the work in greater detail, and will make modifications as necessary to further detail the construction required. The drawings issued for construction that show changes from the bid drawings and specifications will be reviewed by Engineer for his determination of variation (if any) of contract price in accordance with sub-clauses-52.1 and 52.2 of conditions of contract". Further, as per Clause-3.6 (a) of Consultancy Services Agreement (CSA), during construction, the consultants shall also obtain specific approval of the Client before issuing VOs in respect of (A) increase in quantities of various items of BOQ as determined to be necessary for the completion of the project work under works contract (B) any new item of the work not envisaged in the contract and which is determined to be necessary for the completion of project works".

During audit of accounts of the PD, NGDP for the period from July, 2024 to June, 2025, it was noticed that a contract for constructions of dam was awarded to M/s NEIE-SMADB-LILLY-RMS JV on April 12, 2011 at a contract price of Rs.38,792.138 million. The commencement order was issued to the contractor on April 25, 2012 and the contractor started the work for construction of gated spillway as per original design. However, the CSA was signed with M/s Techno Consult International on September 11, 2012. The consultants proposed change in design of spillway (from gated to ungated) which remained under discussion with the employer. As per consultants' letter dated July 22, 2013, despite their strong

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reservations on basic concept of gated spillway, the work on spillway was not stopped. Subsequently, a meeting of consultants, contractor and WAPDA was held on September 10, 2013 wherein, design changes proposed by the consultants were principally approved by the competent authority (employer) for implementation. As per this proposal, main spillway in original design was to be bifurcated into two spillways i.e. ungated 856 meters wide main (service) spillway and (b) ungated 241 meters wide auxiliary spillway at specific locations. As per contract, the consultants were required to prepare revised drawings and submit VO for proper approval of the Employer before issuing instructions to the contractor for execution of work. However, the consultants vide letter dated November 07, 2013 issued four construction drawings of service spillway to the contractor with the directions to go ahead and the contractor executed excavation work on this design without formal approval of VO. Subsequently, after execution of excavation work at main spillway up to width of 856 meters, locations of both the spillways were changed and width of main spillway was reduced to 241 meters and width of auxiliary spillway was increased to 548 meters through VO No.2 approved by WAPDA Authority on January 05, 2018. As per IPC No.92, the amount paid for excavation work had been increased by Rs.1,027.326 million as compared to quantities of the VO mainly due to issuance of instructions by the consultants in November, 2013 without approval of the employer and delays in approval of changes in design. Due to changes in design and locations, excess excavation at location of Dyke-4 was also done which created a gap between Dyke-5 and auxiliary spillway. In order to fill this gap, Dyke-5 was extended up to the auxiliary spillway which caused an extra expenditure of Rs.106.394 million. Audit held that expenditure of Rs.1,133.720 million incurred on excess excavation work and filling of gap due to change in design after execution of work had gone waste for which responsibility needed to be fixed.

Non-adherence to the provisions of contract and CSA resulted in wasteful expenditure of Rs.1,133.720 million due to change in design and extra cost incurred on remedial measures after execution of work of spillways up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that in original design prepared by M/s NESPAK, there was only one spillway (Orifice-gated)

located adjacent to Main Dam. After award of the contract, M/s TCI (Construction Supervision and Design Review Consultants) reviewed the design of spillway in accordance with the consultancy agreement and serious reservations regarding the adequacy and suitability of the original spillway design were raised by them. The consultants determined that the proposed gated orifice spillway was not the most appropriate for the project given that the gated spillway constituted the sole flood discharge facility of the Nai Gaj Dam, a non-overflow embankment structure. Any malfunction or delay in gate operation would pose a serious risk to the dam's structural safety and it was also found from the rating curve that spillway configuration was under design.

During discussion in DAC meeting, it was observed by the committee that design was not approved by WAPDA Authority, however, the contractor was allowed to execute the work after meeting of September, 2013. Later on, final design/VO was approved by WAPDA Authority in 2018.

The para was discussed in DAC meeting held on January 23, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to inquire the matter for fixing responsibility of wasteful expenditure on earthwork besides making the loss good.

(Draft Para No.201 & 202/2025-26)

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1.5.6 Undue favour to the contractor on account of payment of secured advance against plant and materials

According to Clause-14.5 of GCC, "if no plant and/or materials are listed in the contract data for payment when shipped and/or payment when delivered, this sub-clause (payment on account of plant and material) shall not apply." As per contract data, payment on account of plant and materials was written as 'not applicable'. Further, there was no provision for amendment to be made in contract data in the conditions of contract.

During audit of accounts of the GM/PD, T5HPP for the period from July, 2024 to June, 2025, it was noticed that a contract for civil works was signed with M/s Power Construction Corporation of China Limited (PCCCL) on May 03, 2021 at a contract price of Rs.34,044.505 million and CNY 958.218 million. Further scrutiny of the record revealed that an amendment in sub-clause-14.5 of 'PCC'

was made and signed by the employer and the contractor on September 22, 2023. Subsequently, an amount of Rs.798.148 million was paid to the contractor on account of secured advance against plant and materials. Audit held that as there was no provision for such secured advance in original contract, therefore, its payment by amending the contract clause was unjustified and an undue favour to the contractor.

Non-adherence to provisions of contract resulted in unjustified payment of Rs.798.148 million on account of secured advance against plant and materials to the contractor during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management stated that detailed reply would be submitted after scrutiny of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter of amendment in contract clause for fixing of responsibility besides ensuring recovery of unjustified paid amount from the contractor.

(Draft Para No.117/2025-26)

1.5.7 Non-execution of outstanding/remaining works at the risk & cost of the defaulted contractor

According to Clause 49.4 (Contractor's Failure to Carry Out Instructions) of contract agreement, in case of default on the part of the contractor in carrying out such instruction within a reasonable time, the Employer shall be entitled to employ and pay other persons to carry out the same and if such work is work which, in the opinion of the Engineer, the contractor was liable to do at his own cost under the contract, then 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 from 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

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the Employer. If the contractor fails to carry out the instructions of the Engineer to remedy defects which are to be at the cost of the contractor, the Employer is entitled to arrange for them to be carried out at the contractor's cost.

During audit of accounts of the PD, Mangla Dam Raising Project (MDRP) for the period from July, 2019 to June, 2025, it was noticed that three contracts for execution of different works were awarded to M/s Habib Rafiq (Pvt) Ltd for Rs.2,738.154 million. These works were required to be completed during July, 2007 to March, 2009. After substantial completion of the works of contract Nos. MDR-24 & 25, Taking-Over Certificates (TOCs) were issued to the contractor on January, 27 and December 31, 2012, respectively. However, the contractor failed to complete the punch list items and default of contractor was declared vide letters dated July 11, 2019. As regard contract No.MDR-34, the contractor could not complete the work within scheduled as well as extended period and stopped the construction works at site since July, 2013. Due to suspension of work, the Engineer vide letter dated Mach 22, 2019 also certified the default of the contractor. Later on, the Engineer determined the cost/value of remaining works as Rs.677.916 million. As per provisions of contracts, the remaining works were required to be executed at the risk & cost of the defaulted contractor but the needful was not done despite lapse of considerable period of time. The detail is as under:

(Rs. in million)

Sr. No.	Name of Contract	Commencement Dates	Scheduled Completion Dates	Contract Price	Cost of remaining works
1	MDR-24	23-04-2005	21-07-2007	1,026.503	207.831
2	MDR-25	02-11-2006	30-04-2008	1,369.620	347.259
3	MDR-34	11-09-2007	11-03-2009	342.0309	122.826
Total				**2,738.1539**	**677.916**

Non-adherence to the provisions of the contracts resulted in non-execution of outstanding/remaining works amounting to Rs.677.916 million at the risk & cost of the defaulted contractor up to the FY 2024-25.

The matter was taken up with the management in July, 2025. The management replied that since 2013, releases of Public Sector Development Programme (PSDP) funds for the project remained insufficient, making it difficult to complete the works under the subject contracts through engagement of other contractors. Consequently, the management persistently pursued the existing

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contractor to complete the outstanding works, however, the contractor remained reluctant due to issues related to the availability of funds with the Employer. Subsequently, after completion of the due contractual process, the contractor was declared in default by the Employer in 2019. However, re-execution of the works at the risk & cost of the defaulted contractor could not be initiated because the project lacked an adequate PSDP allocations/releases and approved revised cost. The revised PC-I has been approved by the Executive Committee of the National Economic Council (ECNEC) on July 09, 2024 wherein it was decided that remaining works under seven contracts (including subject contracts) would be carried out and completed by the GoAJK for which Rs.1 billion would be transferred to GoAJK.

The reply was not acceptable because the contracts were awarded by WAPDA and as per provision of contracts, remaining works of these contracts were required to be executed at the risk & cost of the defaulted contractor but the needful was not done.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify non-execution of remaining works at the risk & cost of the defaulted contractor despite lapse of more than 13 years besides fixing responsibility and ensuring completion of remaining works.

(Draft Para No.264 & 289/2025-26)

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1.5.8 Unjustified expenditure due to increase in quantity of rock excavation despite change of design

According to sub-clause-3.1.1 of CSA, the consultants shall perform the services and carry out their obligations with all due diligence, efficiency and economy in accordance with generally accepted professional techniques and practices and shall observe sound management practices and employ appropriate advanced technology.

During audit of accounts of the PD/Chief Engineer (CE), KTDP for the period from July, 2024 to June, 2025, it was noticed that a contract for construction of civil works along with design, supply, installation, testing and commissioning of hydraulic steel, mechanical & electrical works was awarded to M/s FWO-

DESCON JV on June 07, 2016 for Rs.13,206.931 million. As per original design, total length of upper Sheratalla open canal was 23,028 ft. However, upon recommendation of the consultants, 9,365 ft portion of the open cut canal was converted into tunnel through VO No.4 approved by the WAPDA Authority on February 25, 2022 at an additional cost of Rs.1,385.800 million. Further scrutiny of record revealed that despite reduction in length of open canal, quantity for rock excavation (provided in original design) was not reduced and an amount of Rs.338.381 million against Bill of Quantities provision of Rs.93.773 million was paid to the contractor up to IPC-64. Thus, an amount of Rs.244.608 million was paid to the contractor in excess of original amount. Audit held that despite reduction in length of the open canal, increase in quantity of rock excavation of open canal was not justified and showed that the consultants were not performing their duties with due diligence.

Non-adherence to the provision of CSA resulted in unjustified expenditure of Rs.244.608 million due to increase in quantity of rock excavation despite change of design up to the FY 2024-25.

The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management replied that original BOQ quantities were tentative prepared at the planning and design stage based on available information. After detailed site surveys, geotechnical investigations and actual execution of work, the rock excavation quantities were increased. Further, all the quantities were duly verified, measured and certified by the consultant after site inspections and technical assessments demonstrating due diligence and compliance with contractual obligations. During DAC meeting, the management apprised that an inquiry had already been conducted on design issues of the project.

The reply was not tenable because it was the responsibility of the consultants/employer to ensure adequacy of design at planning/design stage.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify increase in quantity of rock excavation despite reduction in length of open-cut canal besides fixing responsibility for inadequate design at planning/design stage.

(Draft Para No.392/2025-26)

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1.5.9 Undue favour to the contractor on account of advance payment through amendment in supplementary agreement

As per Clause-11 (Payment) of the Supplementary Agreement, 90% payment will be made through LC subject to production of bill of lading & other relevant freight documents, etc. and balance 10% payment will be made on production of Goods Receipt Note. There was no clause/provision for advance payment to the contractor in supplementary agreement.

During audit of accounts of the GM (Finance) Coordination for the period from July, 2023 to June, 2024, it was noticed that a supplementary agreement for procurement of generator rotor poles, exciter stator & spare of Unit No.2 of Chashma Hydel Power Station (HPS) for Euro 3.073 million was signed with M/s Voith Hydro GmbH & Co. on June 21, 2022. The stipulated delivery period was 18 months from the date of establishment of letter of credit. Later, the contract price was increased to Euro 3.530 million through an amendment in supplementary agreement on December 12, 2023 due to delay in opening of letter of credit. As per said amendment, an amount of Rs.142.659 million (Euro 457,830) was paid to the contractor as an advance payment. This amount was paid in addition to the amount of supplementary agreement. Audit held that as per supplementary agreement, there was no provision for enhancement in contract price and making advance payment, therefore, amendment in contract clause for provision of additional amount and that too in advance was irregular and undue favour to the contractor.

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Non-adherence to the provision of supplementary agreement resulted in undue favour to the contractor on account of advance payment amounting to Rs.142.659 million during the FY 2023-24.

The matter was taken up with the management in June, 2025 and reported to MoWR in July, 2025. The management replied that the contractor requested for increase in the contract price and additional amount of Euro 457,830 was to be paid in equivalent Rs.142.659 million. In order to incorporate this, an amendment to the supplementary agreement was approved by WAPDA Authority with modified payment terms that enabled advance payment to the contractor in equivalent PKR against Bank Guarantee.

The reply was not tenable because there was no provision for amendment

in clauses of agreement after award of contract, therefore, payment of additional amount as advance payment through amendment in agreement was irregular and undue favour to the contractor.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 4, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter of increase in price and advance payment to the contractor through amendment in contract clauses after award of contract besides fixing responsibility.

(Draft Para No.88/2025-26)

1.5.10 Non-encashment of performance guarantees of the contractor

According to Clause-10.2 of GCC, the performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the Contract. No claim shall be made against such security after the issue of the Defects Liability Certificate (DLC) in accordance with Sub-Clause-62.1 and such security shall be returned to the contractor within 14 days of the issue of the said DLC.

During audit of accounts of the PD, MDRP for the period from July, 2019 to June, 2025, it was noticed that three contracts (MDR-24,25&34) for construction of primary and secondary roads, water supply & sewerage works and construction of sewerage trunks were awarded to M/s Habib Rafique (Pvt) Limited. The contractor provided performance guarantees amounting to Rs.136.921 million which were valid up to March 14, 2015 and June 30, 2015, respectively. As per provision of contracts, the performance guarantees were required to remain valid till issuance of the DLC, however, the performance securities were not extended by the contractor. As the works were not completed and DLCs were not issued to the contractor, therefore, the management vide letters dated Mach 13, 2015 and June 30, 2015 requested the bank for encashment of these performance guarantees. A period of more than ten years had been lapsed but the performance guarantees were neither encashed form the bank nor their validity extended by the contractor.

Non-adherence to the provision of the contracts resulted in non-encashment of performance guarantees of the contractor amounting to Rs.136.921 million up to the FY 2024-25.

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The matter was taken up with the management in July, 2025 and reported to MoWR in December, 2025. The management replied that the subject matter was already under active pursuance with concerned bank. In this connection, the management has recently requested to Trust Investment Bank (TIB) Lahore for encashment of performance bank guarantee vide letter dated December 10, 2025. The case would be pursued actively with concerned bank as recommended by Audit and its outcome would be shared accordingly.

The reply was not tenable because no action was initiated against the bank for non-encashment of performance guarantees of the defaulted contractor despite lapse of considerable period of time.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to pursue the matter at appropriate level for ensuring encashment of performance guarantees besides taking action against the responsible(s) and bank.

(Draft Para No.283/2025-26)

1.5.11 Undue favour to the contractor due to less obtaining of performance security

According to Clause-5 of Letter of Acceptance (LOA), the bidder was required to furnish performance security of ten percent (10%) of the accepted contract amount in accordance with sub-clause 4.2 of PCC (Contract Data) in the form of a bank guarantee acceptable to the Employer.

During audit of accounts of the GM, Hydel (Operation and Development) WAPDA for the period from July, 2024 to June, 2025, it was noticed that a contract for design, supply and installation of mechanical & electrical works along with rehabilitation/construction of civil works of 22 MW Dargai Hydroelectric Power Station was awarded to M/s Zhejiang Jinhua Shuntai Water Conservancy and Electric Power Construction Co. Ltd and Al-Fajr International JV at contract price of Rs.10,601.790 million. As per LOA, performance security amounting to Rs.1,060.179 million (Rs.10,601.790 million x 10%) was required to be obtained from the contractor, however, performance security of Rs.926.766 million was

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obtained which resulted in less obtaining of performance security of Rs.133.413 million. It reflected that undue favour was extended to the contractor.

Non-adherence to the provision of LOA resulted in undue favour to the contractor due to less obtaining of performance security amounting to Rs.133.413 million up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that for calculation of the amount of performance security, Provisional Sums and Value Added Taxes (VATs) were excluded. These amounts were excluded while calculation of the performance security due to following standard procurement practices. After exclusion of these amounts, the accepted contract cost was equivalent to Rs.9,267.65 million and the submitted performance security of Rs.926.766 million was exactly 10% of the accepted contract value which was correct as per contract.

The reply was not acceptable because as per LOA and Clause-4.2 of PCC, amount of performance security was 10% of the accepted contract amount.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify less obtaining of performance security from the contractor besides ensuring receipt of performance security as per provision of LOA.

(Draft Para No.318/2025-26)

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1.5.12 Unjustified expenditure on construction of overhead water tanks and sewerage system through variation orders despite existing provisions under BOQ items

As per Table-24.20 of Section-24 (Technical Specifications for Civil Works) of contract agreement of MDHP, the scope of work under item No.24.26 includes supply, installation of utility lines including construction of water tanks, filters, bridges over nullahs etc., from raw water source to project colony up to further house/building connections. Testing/ commissioning complete in all respect in accordance with relevant drawings and specification or as directed by Engineer. Further, the scope of work under item No.24.27 includes supply, laying

and joining cement concrete sewerage pipes network, manhole, construction of Septic tanks, sedimentation tank up to final disposal. Testing/commissioning complete in all respect in accordance with relevant drawings and specification or as directed by Engineer. As per Item-6 of Preamble (Bill of Quantities and Price Schedules), "general directions and description of work and material are neither necessarily repeated nor summarized in the Bill of Quantities. References to the relevant sections of bidding documents shall be made before entering prices against each item in the priced bill of quantities".

During audit of accounts of the GM/PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that VO No. Lot-1/VO-11 amounting to Rs.115.771 million for construction of overhead water tanks at project colony was issued to the contractor (M/s CGGC-DESCON) and an amount of Rs.89.163 million was paid to the contractor under said VO to up to IPC No. 48. Similarly, VO No. Lot-1/VO-02 amounting to Rs.5.883 million for varied works in sewerage system of the project colony was also issued to the contractor and whole amount was paid to the contractor. It was further observed that as per contract, works for water supply and sewerage systems were to be executed by the contractor as 'lumpsum items' for fixed amount quoted in BOQ. Audit held that as these works were 'lumpsum' BOQ items, therefore, expenditure of Rs.95.046 million for execution of these works through VOs was not justified.

Non-adherence to the provisions of contract resulted in unjustified expenditure of Rs.95.046 million on account of construction of water tanks and sewerage system through VOs despite existing provision under BOQ items up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that construction of pressure distribution system was originally designed by the Engineer. However, to avoid Operation & Maintenance (O&M) cost of pumping system in pressure distribution system, a gravity distribution system was designed by the Engineer which necessitated constructions of overhead water tanks. Further, storm water drainage system was in addition to sewerage system, therefore, a VO was issued. However, detailed reply would be furnished after obtaining response from the Engineer.

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The reply was not acceptable because these works were executed under lumpsum/fixed price BOQ items, therefore, issuance of VOs was not justified.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify incurring of expenditure on account of construction of overhead water tanks and sewerage system through VOs despite existing provision under BOQ items.

(Draft Para No.234 & 237/2025-26)

1.5.13 Unjustified payment of differential cost claims of bitumen to the contractor

According to Clause-3.1.1 of Standard Form of Contract for Engineering Consultancy Services, issued by PEC, "the Consultants shall perform the services and carry out their obligations with all due diligence, efficiency, and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate advanced technology and safe methods." Further, as per para-9.7(vii) of Manual for Development Projects, "the PD would be made accountable for any lapses under the jurisdiction of his administrative, functional and financial powers".

During audit of accounts of the GM (Finance) Co-ordination for the period from July, 2023 to June. 2024, it was noticed that a committee was constituted by Member (Water) WAPDA vide office order dated January 27, 2023 to review the contractor's claims No. 2 to 9 for payment of differential cost of bitumen pertaining to Contract No. MDR-24 & MDR-25 respectively of MDRP and approval of revised variation order MDR-25/07 pertaining to Contract No. MDR-25. Scrutiny of the review committee's report revealed that two contracts (MDR-24 & MDR-25) were awarded to M/s Habib Rafiq (Pvt) Ltd. As per contract's provision, price adjustment was not allowed on bitumen. However, the Employer agreed to compensate the contractor for differential cost of bitumen on account of unprecedented inflation. Further scrutiny of record revealed that the contractor did not complete the works of contracts MDR-24 & MDR-25 within stipulated completion period and non-compensable EOTs No. 4 from January 30, 2011 to

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January 27, 2012 and July 28, 2011 to December 31, 2012 respectively were granted by the Authority. The contractor further submitted cost claims on account of escalation on bitumen during the extended periods which were certified by the Engineer on the analogy of already paid cost claims without obtaining prior approval of the Employer and same was subsequently paid to the contractor. The review committee in its finding and conclusion stated that the contractor was entitled for payment of differential cost of bitumen up to completion dates as per EOT-3 and payment made on this account beyond that period was not justified in light of Authority's instructions. Moreover, the documentary evidence provided by the project office for substantiation of contractor's claims was not verified by the Engineer / project office. Furthermore, claim No. 2 of Contract No. MDR-25 contained duplicate supporting documents which were already used for substantiating claims Nos. 6, 7 and 8 of Contract No. MDR-24. The committee held the Engineer and project management responsible for not performing their duties with due diligence. Later, another review committee was constituted by Member (Water) on April 25, 2024 to review the already submitted review report regarding the same contractual issues. The second review committee also concluded that the payment of cost claims to the contractor was unjustified in the light of Authority's decisions and the Engineer and project management were responsible for not performing their duties with due diligence. Audit held that as per findings and conclusions of both the review committees' reports, payment of claims on account of escalation cost of bitumen amounting to Rs.54.892 million to the contractor was unjustified and needs to be recovered.

Lack of due diligence in performance of duties by the Employer and the Engineer resulted in unjustified payment of differential cost claims of bitumen amounting Rs.54.892 million to the contractor up to the FY 2023-24.

The matter was taken up with the management in June, 2025 and reported to MoWR in July, 2025. The management replied that payments against the differential cost of bitumen were released to the contractors in the light of WAPDA Authority's decision dated August 25, 2010.

The reply was not acceptable because as per original contracts, there were no provisions for making payments of escalation on bitumen.

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The PAO was requested to schedule a DAC meeting vide this office letters issued during August to December, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to take up matter with concerned project to justify payment on account of escalation on bitumen in violation of contract provisions besides ensuring its recovery from the contractor and fixing responsibility.

(Draft Para No.90/2025-26)

1.5.14 Unjustified payment made to contractor due to provision of second-hand vehicles instead of new vehicles

According to Clause-6.7.4.3 of contract agreement of T5HPP, all motor vehicles furnished for the exclusive use of the Employer and the Engineer shall be right hand drive, and when provided to the Employer and the Engineer shall be new, properly serviced and ready for use. As per Clause-6.7.4.2, the vehicles shall be of the latest models. Prior to ordering the vehicles, the contractor shall furnish to the Engineer for approval detailed specification, name of manufacture and model number of each vehicle purpose to be furnished.

During audit of accounts of the GM/PD, T5HPP for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.44.371 million was paid to the contractor M/s PCCCL on account of 'furnishing and maintaining transportation for the Employer and Engineer'. As per contract agreement, the vehicles were required to be new/of latest models but the contractor provided second hand vehicles having models from 2013 to 2018. It is pertinent to mention that DAC in its earlier decision dated December 09, 2022 also directed the management to replace these vehicles with new ones and submit evidence in this regard but despite lapse of three years, old vehicles were not got replaced by the management. Audit held that as the vehicles were not provided by the contractor according to provisions of contract, therefore, payment of Rs.44.371 million to the contractor was not justified.

Non-adherence to the provisions of contract resulted in unjustified payment of Rs.44.371 million to the contractor due to provision of second-hand vehicles instead of new vehicles during the FY 2024-25.

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The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that the contractor initially deployed second-hand vehicles with model years ranging from 2013 to 2018, which did not strictly conform to the contract's provisions. Further, as per determination of the Engineer, deduction of 30% was made from contractor's payments on account of provision of vehicles of old models.

The reply was not tenable because there was no provision of accepting old vehicles in the contract. Further, DAC in its earlier decision dated December 09, 2022 directed the management to submit evidence regarding replacement of these vehicles but despite lapse of three years, old vehicles were not got replaced by the management.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify payment to the contractor for provision of second-hand vehicles instead of new vehicles in violation of contract provisions besides ensure their replacement with new ones.

(Draft Para No.176/2025-26)

1.5.15 Loss due to non-encashment of performance guarantee of the defaulted contractor

According to Clause-10.2 of GCC, the performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the Contract. No claim shall be made against such security after the issue of the DLC in accordance with Sub-Clause-62.1 and such security shall be returned to the contractor within 14 days of the issue of the said DLC. As per Section-III of WAPDA Guidelines for Enforcing the Responsibility for Losses Sustained by the Authority Through Fraud or Negligence of Individuals, 1982, all losses, whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved.

During audit of accounts of the PD, MDRP for the period from July, 2019 to June, 2025, it was noticed that a contract (MDR-32) for construction of water supply intake works, transmission main and distribution mains for new city was

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awarded to M/s Friends Engineering Co. Lahore at a contract price of Rs.408.855 million. The scheduled completion date of the work was August 10, 2007. The contractor provided performance guarantee of Rs.40.885 million with extended expiry date of October 03, 2013. The work was not completed by the contractor and the Engineer advised the contractor to extend the validity of the bank guarantee for a further period of one year. The contractor did not extend the performance guarantee beyond October 03, 2013 and the contract was terminated by the contractor. The management approached the Bank of Punjab for encashment of performance guarantee and the bank vide letter dated October 07, 2013 replied that claim for encashment of performance guarantee was received on October 04, 2013 after the expiry of the validity date i.e. October 03, 2013, therefore, the same could not be encashed. Audit held that the management was required to submit claim for encashment of performance guarantee before its expiry but needful was not done which was loss to the Authority. However, no responsibility for this negligence was fixed.

Non-adherence to the aforementioned provision/instructions resulted in loss of Rs.40.885 million due to non-encashment of performance guarantee of the defaulted contractor up to the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in December, 2025. The management replied that the contractor declined to withdraw the termination notice and maintained his stance that he had exercised his contractual rights due to non-payment of the certified amount under IPC-23 by the Employer. Consequently, the project management, as a precautionary measure, requested the Bank to encash the performance guarantee and subsequently pursued all available legal remedies, however, the matter was ultimately decided against the Employer by the court of law. Therefore, the issue does not involve negligence or failure on the part of project management.

The reply was not tenable because termination notice submitted by the contractor was not substantiated/notified by the consultants. Further, as per comments of Bank of Punjab, claim for encashment of performance guarantee was received from WAPDA after its expiry/validity.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to inquire the matter regarding non-encashment of performance guarantee due to slackness of management besides fixing the responsibility upon the person(s) at fault.

(Draft Para No.262/2025-26)

1.5.16 Undue favour to the E&M contractor by unjustified increase in rate of advance payment for change order

According to Appendix-1 (Terms and Procedures of Payment) to the contract, ten percent (10%) of the total CIP amount was to be paid to the contractor as an advance payment.

During audit of accounts of the GM /PD, T5HPP for the period from July, 2024 to June, 2025, it was noticed that a contract for electromechanical works was signed with M/s HEI-HEC JV on June 25, 2021. Further scrutiny of record revealed that a Change Order (CO) No. CO-S-002 regarding interconnection of T5HPP to Tarbela 4th Extension Hydropower Project (T4HPP) 500kV switchyard was approved by the management on June 27, 2023. As per original contract, rate of advance payment was 10% of CIP amount which was increased to 20% for said CO. As per Certificate of Payment No.10, balance advance payment of Rs.68.735 million (@20%) instead of Rs.34.367 million (@10%) was paid to the contractor. Thus, an amount of Rs.34.367 million was excess paid to the contractor in violation of provision of contract, which was not justified and reflected that an undue favour was extended to the contractor.

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Non-adherence to provision of contract resulted in undue favour of Rs.34.367 million to the E&M contractor by increasing the rate of advance payment for change order during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management stated that reply would be furnished after scrutiny of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify excess payment of advance

to the contractor in violation of provision of contract besides fixing responsibility.

(Draft Para No.149/2025-26)

1.5.17 Unjustified expenditure on renovation of house of CE (Civil), Tarbela Dam Project (TDP) through unapproved variation order

According to Clause-1.2 of Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and International Development Association (IDA) Credits & Grants by World Bank Borrowers, "the Bank, for its part, is required by its Articles of Agreement to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations. As per Para-11.4 (b) of Hand Book for Drawing and Disbursing Officer, "funds allotted to a Ministry/Division, it's attached or subordinate offices are spent for the purpose for which they are allocated".

During audit of accounts of the GM/PD, T5HPP for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.27.779 million was paid to the contractor (M/s PCCCL) for renovation of house No. S-18 possessed by CE (Civil), Tarbela (a separate formation) through unapproved VO No. 01. As per World Bank Procurement Guidelines, loan was to be used only for the purposes for which the loan was granted. Hence, expenditure incurred for renovation of said house possessed by the officer of other formation, having separate budget, was not justified.

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Non-adherence to the aforementioned instructions/rules resulted in unjustified expenditure of Rs.27.779 million for renovation of house of CE (Civil), TDP through unapproved VO during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that all residences at Tarbela Dam belong to TDP and T5HPP is a part of it. The officers / officials of T5HPP were being facilitated as per requirement for which bachelor / family accommodations were placed at the disposal of T5HPP. The renovation works for House No. S-18 of the CE (Civil), T5HPP was undertaken strictly to ensure that the residence remained functional, safe and in proper condition. These works were executed under the scope of VO No. 01, which had been previously established for renovation of Employer's residences. These works were executed

solely to maintain the Employer's property in a habitable and operational condition and were not for personal gain of any party.

The reply was not acceptable because T5HPP and TDP were two different formations having different budget, therefore, incurring of such expenditure at the cost of project was not justified. Further, no administrative approval for renovation work was obtained from competent authority.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify expenditure incurred on renovation of other formation house through unapproved VO besides fixing responsibility.

(Draft Para No.177/2025-26)

1.5.18 Undue favour to M/s MMP consultants due to non-black listing despite non-completion of contractual obligations

According to Clause-11 of the Procurement of Consultancy Services Regulations, 2010, the consultants selected and awarded a contract shall be liable for consequence of errors or omissions on its part. The consultants shall be held liable for all losses or damages suffered by the procuring agency on account of any misconduct and unsatisfactory performance by the consultants in performing the consulting services. As per Rule-19 of PPRA Rules, the procuring agency shall devise a comprehensive mechanism for blacklisting and debarment of bidders for a specified time in accordance with regulations made by the Authority, and the bidders shall be declared as blacklisted and henceforth cross debarred for participation in respective category of public procurement or disposal proceedings for a period of not more than three years. As per Clause-19.1.1 of contract for consultant's services, the Client may terminate this contract in case of the occurrence of any of the events specified in paragraphs (a) through (f) of this Clause. In such an occurrence, the Client shall give at least thirty (30) calendar days' written notice of termination to the Consultant in case of the events referred to in (a) through (d); at least sixty (60) calendar days' written notice in case of the event referred to in (e); and at least five (5) calendar days' written notice in case of the event referred to in (f): (a) If the Consultant fails to remedy a failure in the

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performance of its obligations hereunder, as specified in notice of suspension pursuant to Clause GCC 18.

During audit of accounts of the Project Director, Warsak 2nd Rehabilitation Project for the period from July, 2024 to June, 2025, it was noticed that a CSA regarding Assistance for Community Development Accompanying Measures was awarded to M/s MMP on July 16, 2020 at contract price of Rs. 59.582 million under AFD grant with completion period of 24 months. The consultants commenced their services in August, 2020 and completion date was August 04, 2022. Further scrutiny of record revealed that the consultants submitted requests for EOT with cost compensation amounting to Rs.35 million on June 28 and August 30, 2022, respectively. However, the management did not accord approval for EOT and the consultants informed on August 11, 2023 that as the EOT was not materialized despite various requests, therefore, they were unable to continue services on the project. Eventually, the consultant demobilized their staff from site on October 13, 2023 without fulfilling their contractual obligations. Later, the matter was discussed in a meeting held on February 13, 2024 under the Chairmanship of Member (Power) wherein it was decided that 'all rights and obligations of both the parties under the subject contract would cease upon mutual termination/closing. No claim whatsoever under the subject contract would be raised/launched by either party from now onwards. It is pertinent to mention that at the time of closing of contract, supervision work of four out of six packages was remaining and 6th milestone of deliverable regarding final report on commissioning of the project was also not prepared by the concerned consultants. Furthermore, no formal termination notice was issued by either party for termination of contract. Audit held that the management was required to take action against the consultants for non-completion of assignments as per contract but the management decided to close the contract without taking any action against them which reflected that undue favour was extended to the consultants.

Non-adherence to the aforementioned rules/regulations resulted in undue favour to M/s MMP consultants due to non-black listing despite non-completion of contractual obligations up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management stated that detailed reply would be submitted after consulting the record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter at apex level for fixing responsibility of closing of contract instead of taking action against the consultants for non-performance of assigned tasks.

(Draft Para No.363/2025-26)

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B. Procurement Management

1.5.19 Irregular award of consultancy services contract through direct selection method

According to Para-D (i) of Consultancy Services Regulations (CSR), 2010, "Single source or direct selection method will be used only in exceptional cases, where it provides clear advantage over competition in following cases (only):

i. for tasks which are natural continuation of previous assignment and where continuity of technical services is unavoidable;

ii. repeat orders as provided under Sub-Clause (iv) of Clause (c) of Rule-42 of PPRA Rules, 2004;

iii. In cases of emergency as provided under Sub-Clause (iv) of Clause-(c) of Rule-42 of PPRA Rules, 2004; and

iv. where only one consultant is qualified or has experience of exceptional worth with reference to Clause (c) or (d) of Rule 42 of PPRA Rules, 2004.

Further, as per Para-3.9 of World Bank Guidelines, 2011 for selection and employment of consultants, "Single-source selection may be appropriate in the following cases, and only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm; (b) in exceptional cases, such as, but not limited to, in response to natural disasters and for emergency situations both declared by the Borrower and recognized by the Bank; (c) for very small assignments; or (d) when only one firm is qualified or has experience of exceptional worth for the assignment." As per Clause-21 of consultancy agreement, "the Consultant shall hold the Client's interests paramount, without any consideration for future work, and strictly avoid conflict with other assignment or their own corporate interests".

During audit of accounts of the GM/PD, T5HPP for the period from July, 2024 to June, 2025, it was noticed that a Consultant's Services Contract (CSC) was awarded to M/s MML, U.K with M/s AF Consultant, M/s MM Pakistan (MMP), M/s Technical Resources Services (Pvt) Ltd as sub-Consultants on April 13, 2019 for a period of 77 months. The said contract was terminated by M/s MML by serving notice of termination on May 17, 2024 with effective termination date of June 16, 2024. The Project Office requested one of the sub-consultants,

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M/s MMP vide letter dated May 18, 2024 to retain its staff on site and continue work until finalization of a permanent solution. Further scrutiny of record revealed that a new CSC for Rs.3,269.700 million was signed on September 09, 2024 with the same sub-consultant i.e. M/s MMP as the lead firm in JV with M/s China Water Resources Beifang Investigation, Design and Research Co. Ltd. (BIDR) through direct selection for a further period of 48 months. Audit held that award of CSC through direct selection of M/s MMP-BIDR JV was irregular on the following grounds:

i. Emergency was neither declared by the project authorities nor recognized by the World Bank after the termination of CSC by M/s MML.

ii. M/s MPP was working as sub-consultant under M/s MML (defaulted firm), therefore, their retention after termination of contract was illegal.

iii. The direct selection was done without evaluating technical capabilities of M/s MMP. The criteria for key positions such as Project Manager/Construction Manager, Chief Resident Engineers (Civil) and (E&M) were lowered, specifically the requirement of experience for work at 1,000 MW hydropower project was reduced to 500 MW. Further, required experience of key experts was also reduced from 7 to 3 years.

iv. Mr. Waseem Nazir, Chairman, PEC is co-owner of M/s MMP. This dual role reflected a conflict of interest, as he was expected to remain impartial in regulatory and advisory functions.

v. Mr. Fidencio Mendez served as Project Manager/Construction Manager of M/s MML under T4HPP and was also nominated by M/s MML to serve as Project Manager/Construction Manager in T5HPP under the original CSC. He was again appointed for the same role under the new CSC as a key expert of M/s MMP.

Non-adherence to the provision of CSR, 2010 and World Bank Guidelines resulted in irregular award of consultancy services contract of Rs.3,269.700 million through direct selection during the FY 2024-25.

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The matter was taken up with the management in August, 2025 and reported to MoWR in October, 2025. The management replied that the Key Experts were included in the CSC keeping in view the requirement of the supervision and the bank accorded NOL to ensure continuity of the required consultancy services for the project. The award of CSC through direct selection was made as per provisions of the World Bank Procurement Rules with prior NOL from the Bank under an emergency situation to provide the project due cover of the consultants and to ensure proper sailing of the works under Civil and E&M Contracts and critical juncture of implementation.

The reply was not tenable because retention of M/s MMP (a sub-consultant of M/s MML who terminated the contract) initially for an interim period and subsequent award of contract to M/s MMP through direct selection was not justified. Further, the firm did not possess the required expertise, therefore, the criteria was tailored to suit specific consultants.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify award of contract to M/s MMP (a sub-consultant of defaulted firm M/s MML) through direct selection without having expertise in the relevant field besides adhering to open competitive bidding process for re-hiring of consultants without further loss of time.

(Draft Para No.116/2025-26)

1.5.20 Non-blacklisting/debarment of bidder due to submission of fake bid security

According to Clause-4.8.1 of WAPDA Procurement and Contracts Manual-2022, black listing is a serious matter and has many consequences. The contractors/suppliers shall be blacklisted and debarred from participating in procurement proceedings, who either consistently fail to provide satisfactory performances or fail to perform his contractual obligations during the execution of contract or breaches the contract due to his capacity and capability to perform or otherwise or are found to be indulging in corrupt and fraudulent practices or fails to abide by bid security declaration, submission of false/fabricated/forged documents for consideration of tender.

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During audit of accounts of the GM (Finance) Co-ordination WAPDA, Lahore for the period from July, 2024 to June, 2025, it was noticed from minutes of Authority's meeting dated April 30, 2025 that four bidders submitted their bids for contract Package-ICB-01 of Chashma Right Bank Canal (lift-cum gravity) project on April 11, 2025. After opening of bids, bid securities submitted by all the bidders were sent to the concerned banks for verification. Further scrutiny of record revealed that bid security of M/s Saad Ullah Khan Brothers-Kundi Development Corporation (M/s SKB-KDC JV) amounting to Rs.250 million was not verified by the NBP, Corporate Branch, Lahore and it was found to be fake. It was further observed that WAPDA Authority in its meeting held on April 30, 2025 decided to initiate legal proceedings against the contractor for submission of fake bid security but no action was finalized yet. Audit held that as per WAPDA Procurement and Contracts Manual, the said bidder was required to be blacklisted due to provision of fake bid security but the needful was not done.

Non-adherence to the provision of WAPDA Procurement and Contracts Manual resulted in non-blacklisting/debarment of bidder due to submission of fake bid security amounting to Rs.250 million during the FY 2024-25.

The matter was taken up with the management in November, 2025 and reported to MoWR in January, 2026. The management replied that during verification process, it was revealed that one of the bid security submitted by M/s SKB-KDC JV was fake. The matter of provision of fake bid security (bank guarantee) was apprised to WAPDA Authority in a meeting dated April 30, 2025 wherein the Authority declared the bid of M/s SKB-KDC JV as non-responsive and rejected due to submission of fake bid security pursuant to ITB 3.1, 19.4 & 29.4 and as per recommendations of the Consultants. Meanwhile, the bidder approached the Court of Law by filling a Civil Suit and Civil Judge 1st Class, Lahore has suspended WAPDA's letter dated May 26, 2025 and granted status quo. At present, the matter is sub-judice in the court of law and next date of hearing is fixed for February 17, 2026. As per instructions of the Honorable Court and as per advice of WAPDA LAW Division, WAPDA has stopped further proceedings of blacklisting against the bidder till the final decision in the matter by the Honorable Court.

No further progress was intimated till finalization of this Audit Report.

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The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to ensure blacklisting of concerned bidder for provision of fake bid security.

(Draft Para No.451/2025-26)

1.5.21 Unjustified expenditure due to irregular hiring of M/s Frontier Constabulary Security Services (Pvt.) Ltd. without open competition

According to Rule-42 (c) of Public Procurement Rules, 2004 "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: Provided that the same are not available from alternative sources;

ii. only one manufacturer or supplier exists for the required procurement

iii. where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance

iv. repeat orders not exceeding fifteen per cent of the original procurement

v. in case of an emergency, provided that the procuring agencies shall specify appropriate fora vested with necessary authority to declare an emergency".

During audit of accounts of the Resident Engineer (RE), HPS Warsak for the period from July, 2022 to June, 2025, it was noticed that services of a private security firm M/s Frontier Constabulary Security Services (Pvt.) Ltd. (FCSS) were hired on April 17, 2022 for the safety of WAPDA installations at Warsak power station as well as foreigners/consultants of 2nd Rehabilitation Project. The contract was made initially for a period of one year which was extended up to April 16, 2025 and an amount of Rs.66.254 million on account of cost of security services was paid to the firm. Further, proportionate expenditure was not charged to the

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Warsak 2nd Rehabilitation Project. Audit held that as M/s FCSS was a private company and their staff was not active servicemen from Army/Frontier Constabulary, therefore, hiring of the same without open competition in violation of PPRA rules was irregular. Hence, expenditure incurred on account of provision of security services amounting to Rs. 66.254 million was not justified.

Non-adherence to the PPRA Rules resulted in unjustified expenditure of Rs.66.254 million due to irregular hiring of M/s FCSS without open competition up to the FY 2024-25.

The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management stated that detailed reply would be provided after scrutiny of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify award of contract for security services through direct contracting instead of open competitive bidding in violation of PPRA rules.

(Draft Para No.324/2025-26)

1.5.22 Loss due to award of contracts at higher rates through retendering

According to Rsule-38 of PPRA Rules, 2004, the bidder with the most advantageous bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity. As per Rule-4, procuring agencies, while engaging in procurement a) shall treat economic operators equally and without discrimination and shall act in a transparent and proportionate manner b) will ensure value for money c) will use procurement processes that are relevant, efficient and economical.

During audit of accounts of the CE, HPS Tarbela for the period from July, 2024 to June, 2025, it was noticed that a purchase order for procurement of two submersible pumps along with a set of accessories was awarded to

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M/s Combination Engineering, Lahore through re-tendering process for Rs.51 million on August 22, 2024. Further scrutiny of record revealed that initially, the tender for said procurement was opened on July 07, 2022 and four firms submitted their bids. The evaluation committee recommended to award the contract to M/s Sana International for Rs.26.887 million but the same was cancelled due to insufficient budget & revision required in scope of work and the case was recommended for retendering. Due to award of purchase order at higher rates after retendering, extra expenditure of Rs.24.113 million was incurred. Similarly, a purchase order for procurement of two Nos. LV Bushing for power transformer (Units 1-4) was awarded to M/s Taantu General Trading LLC, UAE for Rs.18.334 million (Euro 59,710) through re-tendering process. Scrutiny of record revealed that previously Tender No. OP/ITR-706 for said procurement was opened on February 10, 2022 and Tender Evaluation Committee on February 16, 2022 recommended to award the purchase order to the lowest bidder M/s ODYSSEY General Trading (FZC), Sharjah for Rs.10.842 million (Euro 54,000). The CE, HPS, Tarbela also accorded approval to accept the said bid on June 24, 2022, however, the management failed to issue purchase order to the successful bidder up to October 27, 2022. The management vide email dated October 27, 2022 requested the said bidder to extend bid validity period up to February 05, 2023. In response, M/s ODYSSEY vide letter dated October 31, 2022 refused to extend the bid validity due to increased and unstable prices of copper and aluminum. As a result of retendering, extra expenditure of Rs.7.492 million was incurred mainly due to delay on the part of the management in finalization of initial procurement process. Audit held that responsibility for this extra cost of Rs.31.605 million (Rs.24.113 million + Rs.7.492 million) in both the cases needed to be fixed.

Non-adherence to the PPRA Rules resulted in loss of Rs.31.605 million due to award of contracts at higher rates through retendering during the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in December, 2025. In one case, the management stated that detailed reply would be submitted after scrutiny of record while in other case, the management replied that the purchase order could not be awarded to M/s ODYSSEY due to non-release of foreign exchange and non-extension of bid validity period. Therefore, the work was awarded through re-tendering after

approval of competent authority, release of cash foreign exchange and completion of all codal formalities.

The reply was not tenable because the purchase order could not be issued due to delay on the part of the management in finalization of bidding process.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the loss due to purchase of material at high rates through retendering besides fixing responsibility.

(Draft Para No.294 & 360/2025-26)

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C. Financial Management

1.5.23 Non-recovery of amount of sale of energy from Central Power Purchasing Agency-Guarantee Limited (CPPA-G)

According to Clause-9.4 of Power Purchase Agreement (PPA), fixed charges shall be paid monthly in arrears by National Transmission & Despatch Company (NTDC), now (CPPA-G) to WAPDA against the invoice raised. Variable charges payment shall be paid monthly in arrears by NTDC (now CPPA-G) to WAPDA against the invoice raised. Further, the invoice shall state the due date for payment of invoice on or before 25th day following the delivery of invoice. In case, the 25th day is not business day, the following day shall be deemed to be the due date.

During audit of accounts of the GM (Finance) Power for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.150,603.242 million was recoverable from CPPA-G against verified invoices of the sale of energy. As per PPA, the amount of invoices was required to be recovered on or before the 25th day following the delivery of invoices but no amount pertaining to these invoices was received during the year.

Non-adherence to PPA resulted in non-recovery of Rs.150,603.242 million from CPPA-G against sale of energy during the FY 2024-25.

The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management replied that an amount of Rs.72,651.763 million has been recovered from CPPA-G till November, 2025 and further progress towards recovery would be shared with Audit accordingly.

Neither record of recovered amount was produced nor further progress towards remaining recovery intimated to Audit till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to produce record of recovered amount for verification and pursue the recovery of remaining amount from

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CPPA-G at appropriate level.

(Draft Para No.353/2025-26)

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2021-22, 2022-23, 2023-24 and 2024-25 vide Paras No.1.5.38, 1.5.38, 1.5.39 & 1.5.69 having financial impact of Rs.297,544.960 million. Recurrence of same irregularity is a matter of serious concern.

1.5.24 Irregular withdrawal and transfer of amount of retention money from assignment account to head office

According to Para-l (xv) of the Asaan Assignment Account Procedure (local currency) circulated by the Controller General of Accounts on October 26, 2020, cash withdrawal or transfer of funds to any bank account is not allowed except employees related deductions like pension contribution, provident fund and GP Fund, etc. Payment shall be made only through crossed cheque to contractors, vendors, suppliers, employees, etc. Further, according to Para-1(xvii), "security deposit/retention money may be deposited in a dedicated bank account opened with the approval of Finance Division or in a Public Account".

During audit of accounts of the GM (Finance) Water for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.5,559.592 million on account of retention money was deducted from the IPCs of various contractors by the management of K-IV Project. As per Assan Assignment Account Procedure, retention money was required to be withdrawn and deposited in a dedicated bank account to be opened with the approval of Finance Division. However, no dedicated bank account was opened yet and these funds were withdrawn and transferred to the office of GM (Finance) Water. Audit held that as per rules, withdrawal and transfer of funds from assignment account to other than approved bank account was not allowed, therefore, transfer of amount of retention money to the bank account of head office was irregular.

Non-adherence to the Asaan Assignment Account Procedure resulted in irregular withdrawal and transfer of Rs.5,559.592 million on account of retention money to the head office during the FY 2024-25.

The matter was taken up with the management in October, 2025 and reported to MoWR in December, 2025. The management replied that WAPDA had submitted the case to MoWR for opening of non-lapsable Assignment Account for

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retention money of K-IV vide letter dated February 06, 2024 followed by reminders. The response from MoWR is still awaited. As and when the non-lapsable Assignment Account for retention money of K-IV is opened, Audit would be intimated accordingly.

Audit contended that withdrawl of amount from Assignment Account of K-IV project for onward transfer to the bank account of GM (Finance) Water was violation of Assan Assignment Account Procedure.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify transfer of funds from Assignment Account to the account of GM (Finance) Water in violation of rules besides ensuring its recovery along with interest and fixing responsibility.

(Draft Para No.426/2025-26)

1.5.25 Unjustified transfer of funds for acquisition of land and compensation packages into bank accounts of DCs/LACs instead of Treasury Accounts

According to Para-649 (Vol-I) of Treasury Rules, "payments made to the Government by District Boards, Municipalities and other Local Bodies for the cost of land taken up on their behalf under the Land Acquisition Act, shall be received at the treasury in accordance with the procedure laid down in Paragraph-21 of Appendix-6". According to Paragraph-21 (Appendix-6), "in any case in which land is acquired for a municipality or other body financially independent of the Government, the Head of the local administration may direct that the payments instead of being made and audited in the same manner as the ordinary payments of such body, shall be made and audited as if the land were being acquired for the Government. If the Head of the Local Administration issues such an order, the Collector or other officer who makes payments on account of the land acquired, shall draw funds from the treasury and make payments in the manner laid down in these rules using the forms prescribed and shall render his accounts to the Accountant General. The municipality or other body will pay the estimated cost of the compensation to the credit of the Government in advance64 on such dates and in such installments as the Head of the Local Administration may direct further payment to the Government being required as soon as the Accountant General

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reports that the payments made exceed the amount received in advance. The Accountant General will deal with the accounts and payment as prescribed in these rules, debiting the payments against the advances received from the municipality or other body".

During audit of accounts of two formations of WAPDA for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.5,030.333 million was transferred to the bank accounts of DCs/LACs, Mohmand and Skardu during, 2019 to 2025. This amount was transferred for acquisition of land and payment of compensation packages to the affectees. As per Treasury Rules of the Federal Government, these funds were required to be deposited into Government Treasury for making further disbursements to the land owners/affectees but the needful was not done. Audit held that transfer of funds into bank accounts of DCs/LACs instead of Government Treasury was not justified. The detail is as under:

(Rs. in million)

Sr. No.	Name of Formation	DP No.	Amount
1	PD, Harpo	254/2025-26	1,620.000
2	PD, MDHP	287/2025-26	3,410.333
Total			**5,030.333**

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Non-adherence to the Treasury Rules resulted in unjustified transfer of funds amounting to Rs.5,030.333 million for acquisition of land and compensation packages into bank accounts of DCs/LACs instead of Treasury Account up to the FY 2024-25.

The matter was taken up with the management in July & August, 2025 and reported to MoWR in December, 2025. The management of Harpo replied that the matter would be taken up with the quarter concerned and progress in this regard would be communicated to Audit. The management of MDHP replied that the funds were transferred by WAPDA from Federal PSDP allocations into official bank account of LAC which was notified for the MDHP for land acquisition and compensation purposes. Notwithstanding above, this office has taken up the matter with the office of DCs/LAC, Mohmand vide this office letter dated January 11, 2026 requesting to justify the observations raised by Audit.

The para (DP No.287) was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO

MoWR till finalization of this Audit Report.

Audit recommends the management to justify transfer of funds into bank account of DCs/LACs besides depositing remaining funds into Government Treasury at the earliest.

1.5.26 Non-finalization of disallowed invoices on account of sale of energy

According to Clause-15.1 of PPA, "in the event of any dispute arising out of the terms of this agreement, the parties shall make every effort through coordination committee if required to reach an amicable settlement within forty-five (45) days. If the dispute cannot be settled within such 45 days period, it shall be referred for determination to an expert agreed by both the parties".

During audit of accounts of the GM, Hydel (Operation and Development) for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.2,674.472 million was disallowed by CPPA-G against invoices of sale of energy. As per PPA, the disallowed invoices were required to be finalized through coordination committee within 45 days but the needful was not done. Due to non-finalization of disallowed invoices, the amount could not be recovered from the CPPA-G during the year.

Non-adherence to the PPA resulted in non-finalization of disallowed invoices amounting to Rs.2,674.472 million during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that the matter had already been taken up with CPPA-G and outcome would be intimated to Audit in due course of time.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter for finalization of disallowed invoices through coordination committee or expert as per PPA besides ensuring its recovery from CPPA-G.

(Draft Para No.389/2025-26)

Note: The issue was also reported earlier in the Audit Report for the Audit Year

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2022-23 and 2024-25 vide Para No.1.5.41 and 1.5.72 having financial impact of Rs.15,726.778 million. Recurrence of same irregularity is a matter of serious concern.

1.5.27 Blockage of funds due to non-recovery of amount of bridge financing from Kachhi Canal Project (KCP)

According to Clause-9.1.3 (vi & vii) of WAPDA Accounting and Financial Reporting Manual "a diligent effort shall be made to collect all outstanding accounts in general, invoices shall be collected as expeditiously as possible but the cost of collection shall not be allowed to exceed the expected revenue". Further, there was no SOP regarding grant of bridge financing to the projects.

During audit of accounts of the GM (Finance) Water for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.2,525.926 million on account of bridge financing for restoration of flood damages was paid to the KCP. Further scrutiny of record revealed that no SOP regarding limit/extent of bridge financing and its recovery mechanism was framed by the management. Audit held that the amount of bridge financing was required to be recovered from the concerned formation but no strenuous efforts were made to recover the due amount which caused blockage of funds to the stated extent.

Non-adherence to the WAPDA Accounting and Financial Reporting Manual resulted in blockage of funds amounting to Rs.2,525.926 million due to non-recovery of amount of bridge financing during the FY 2024-25.

The matter was taken up with the management in October, 2025 and reported to MoWR in December, 2025. The management replied that the same amount was also included in another para.

The reply was not tenable because this amount pertained to the bridge financing given to KCP during the FY 2024-25 and not included in any para.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of amount of bridge financing from the concerned formation at the earliest.

(Draft Para No.425/2025-26)

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1.5.28 Loss due to excess charging of electricity units to official connections and less billing to the individual users

According to Section-II (2) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended to date), "the cardinal principle governing the assessment of responsibility in such cases is that every employee should exercise the same vigilance in respect of the Authority's expenditure and funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money". As per Section-III (1), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of accounts of the RE (Civil) Mangla Dam, Mangla for the period from July, 2024 to June, 2025, it was noticed that electricity for residential colonies and offices was being obtained from IESCO through two bulk supply connections. The management charged monthly electricity units/consumption to different premises (residential buildings/office buildings/private shops, etc.) through individual meters. It was further observed that as per Meter Reading Register, cumulative reading of meters installed at Project Office, WAPDA Hospital and Resthouse up to the month of June, 2025 was 7.437 million units (kWh), whereas, as per billing record, cumulative energy units billed against two connections was 38.347 million units (kWh). Thus, 30.910 million units (kWh) amounting to Rs.1,634.811 million (approx.) were excess billed against these connections till June, 2025. Similarly, as per Meter Reading Register, cumulative reading of 195 domestic/commercial meters up to the month of June, 2025 was 6.983 million units (kWh), whereas, as per billing record, cumulative energy units billed to these connections was 4.642 million units (kWh). Thus, 2.341 million energy units (kWh) amounting to Rs.94.744 million (approx.) were less billed to the users till June, 2025. It reflected that excess units were charged against three official connections and less units were charged to individual connections thereby putting the Authority into loss of Rs.1,729.555 million for which no responsibility was fixed. The detail is as under:

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(Rs. in million)

Sr. No.	DP No.	Premises of Connection	Actual Reading as per Electricity Meters (kWh)	Reading Actually Charged (kWh)	Difference in kWh		Amount (Approx.)
					Excess Billed	Less Billed	
1.	140/2025-26	Project Office	6,886,840*	34,766,640*	27,879,800*	0	1,474.563
2.	169/2025-26	WAPDA Hospital and Resthouse	550,112	3,579,962	3,029,850	0	160.248
A-Subtotal			**7,436,952**	**38,346,602**	**30,909,650**	**0**	**1,634.811**
3.	170/2025-26	167 individual connections	5,771,646	4,016,541	0	1,755,105	70.204
4.	171/2025-26	28 connections declared dead	1,211,714	625,401	0	586,313	24.540
B-Subtotal			**6,983,360**	**4,641,942**		**2,341,418**	**94.744**
Total					**30,909,650**	**2,341,418**	**1,729.555**

**Multiplying factor of this energy meter is 20.*

Non-adherence to the Authority's instructions resulted in loss of Rs.1,729.555 million due to excess charging of electricity units to official connections and less billing to the individual users up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that the meters installed at the project office, hospital and resthouse were very old and the fluctuations in meter readings had been observed. Therefore, the units charged were calculated on the basis of the load factor. To resolve the issue, procurement of new meters was in process which would be completed during FY 2025-26. In other cases, it was noticed that average rates had been applied for billing instead of the actual tariff. However, a committee had been constituted to probe/see the matter. The committee's report would be shared with Audit within one month for perusal and action would be taken accordingly.

The reply was not tenable because there was huge difference in actual reading & units billed and monthly consumption as charged to the project office was abnormally high. Further, the report of the committee was not shared with Audit.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

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Audit recommends the management to inquire the matter regarding excess charging of electricity units to the official connections and less billing to the individual users besides making good the loss.

1.5.29 Loss to the national exchequer due to non-deduction of income tax from contractor's bills

According to Clause-13.8 (x) of the Accounting and Financial Reporting Manual of WAPDA, withholding tax shall be deducted from the gross amount of the contractor's bills at the prevailing tax rates, unless contractor provides Tax Exemption Certificate issued by the relevant tax authority for the related period. As per Section-153(1) of the Income Tax Ordinance 2001, "every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person on the execution of a contract shall, at the time of making the payment, deduct tax from the gross amount payable at the specified rates". As per PCC - 14.1b(iii) of contract agreement, "…the contractor is required to be fiscally registered and resident of project site area, and meet other conditions to remain eligible for tax concessions...".

During audit of accounts of GM/PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.20,851.725 million was paid to the contractor (M/s CGGC-DESCON JV) through IPC No.42 to 48 of civil works and IPC No.3 to IPC No.6 of E&M works. However, at the time of making payments to the contractor, income tax amounting to Rs.1,563.879 million was not deducted by the project management. As per rules, income tax was required to be levied and deposited into government treasury because no tax exemption was granted by the Tax Authorities to the contractor but the needful was not done. Due to non-deduction of income tax from contractor's IPCs, national exchequer sustained loss to the stated extent.

Non-adherence to the aforementioned rules & contract clause resulted in loss of Rs.1,563.879 million to the national exchequer due to non-deduction of income tax from the contractor's bills up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that the matter is pending before the Supreme Court of Pakistan. Further action would be taken in the light of court's decision.

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No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-deduction of income tax from payments made to the contractor besides pursuing the court case vigorously.

(Draft Para No.183/2025-26)

1.5.30 Non-recovery of rent, electricity charges and others receivables from different formations and consultants

According to Para-9.1.1 of WAPDA Accounting and Financial Reporting Manual, the GM Finance (Co-ordination)/DGF (Co-ordination) shall be responsible for: i) prescribing accounts receivable policies, procedures and guidelines. ii) providing technical assistance to WAPDA regarding the accounting for receivables and, iii) monitoring and analyzing the receivables of WAPDA. As per Clause-4.9 of Appendix-A (Housing and Office Facilities for the Consultants) of the CSC, "furnished bachelor accommodation will be provided as per required standards in Tarbela Dam colonies for local and foreign consultants at standard rates applicable to WAPDA staff. The unfurnished family accommodation (if available) will also be provided at rates applicable to WAPDA staff".

During audit of accounts of two formations of WAPDA for the period from July, 2023 to June, 2025, it was noticed that an amount of Rs.1,052.303 million on account of office rent, standard rent, electricity charges and others receivables was recoverable from various formations other than WAPDA and consultants. The amount was required to be recovered from the concerned formations and consultants timely but no strenuous efforts were made to recover the long outstanding dues.

(Rs. in million)

Sr. No.	Name of Formation	DP No.	Nature of recovery	Amount
1	PD, Building Circle	20/2025-26	Office rent, electricity charges and others receivables	1,045.125
2	PD, T5HPP	148/2025-26	Standard rent from consultants	7.178
Total				**1,052.303**

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Non-adherence to the WAPDA Accounting and Financial Reporting Manual and provision of CSC resulted in non-recovery of Rs.1,052.303 million on account of rent, electricity charges and other receivables from different formations and consultants up to the FY 2024-25.

The matter was taken up with the management in March & August, 2025 and reported to MoWR in May & November, 2025. The management replied that an amount of Rs.212.150 million has been recovered whereas efforts were being made for recovery of remaining amount and progress achieved would be intimated to Audit accordingly.

Neither record of recovered amount was produced nor further progress towards remaining recovery intimated to Audit till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters issued during August to December, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of remaining amount from the concerned besides provision of record of recovered amount for verification.

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1.5.31 Irregular excess charging of supervisory overheads charges to hydel power stations and project beyond the approved limit

According to Ministry of Water and Power letter No. 4(4)/2010-B&F dated August 15, 2011, the rate of supervisory overhead for Power Wing and Water Wing Projects are 0.5%. and 1.4% respectively.

During audit of accounts of two formations of WAPDA for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.797.303 million was charged to different hydel power stations and Keyal Khwar Hydropower project on account of supervisory overheads charges. As per instruction of Ministry, an amount of Rs.61.542 million instead of Rs.797.303 million was required to be charged to these offices. Thus, an amount of Rs.735.761 million on account of supervisory overhead charges was excess charged, which was irregular. The detail is as under:

(Rs. in million)

Sr. No.	Name of Formation	DP No.	Supervisory Overheads		
			Amount actually charged	Amount required to be charged	Amount excess charged
1	GM Hydel (Opr. & Dev.)	380/2025-26	784.730	55.237	729.493
2	PD, Keyal Khwar Hydropower Project	386/2025-26	12.573	6.305	6.268
Total			**797.303**	**61.542**	**735.761**

Non-adherence to the instructions of Ministry resulted in irregular excess charging of supervisory overheads charges amounting to Rs.735.761 million to the hydel power stations and project beyond the approved limit during the FY 2024-25.

The matter was taken up with the management in August & September, 2025 and reported to MoWR in December, 2025. The management replied that clarification would be sought from the office of GM (Finance) Co-ordination that whether supervisory charges would be booked as per Budget Manual or as per notification of Ministry and Audit would be informed accordingly.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify excess charging of supervisory overheads charges beyond the approved limit besides ensuring its recovery/adjustment.

1.5.32 Non-opening of designated bank account for depositing of retention money

According to Para-(xvi) of Assan Assignment Account Procedure (Local Currency), "security deposit/retention money may be deposited in a designated bank account in case of perpetual organizations like the National Highway Authority but in case of projects/programmes or operational units or corporations, in a dedicated bank account opened with the approval of Finance Division or in

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Public Account. The account shall be used for deposit of retention money only and no utilization shall be made out of the account, except payment of retention money/security deposit. Such account shall immediately be closed on expiry of the contract or completion of project under intimation to Finance Division. In case, retention money is forfeited or not claimed within a contractual period, the same may be deposited along with interest, if any, in the Federal/Provincial Government account as the case may be".

During audit of accounts of the GM/ PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that retention money amounting to Rs.655.967 million was deducted from different interim payment certificates of the contractor (M/s CGGC-DESCON JV). As per above mentioned instructions, the said amount of retention money should have been withdrawn from assignment account and was required to be kept in a separate designated bank account to be opened with the approval of the Finance Division. However, no separate designated bank account was opened to keep the said amount of retention money, which was irregular.

Non-adherence to the Assan Assignment Account Procedure resulted in non-depositing of retention money amounting to Rs.655.967 million in designated bank account during the FY 2024-25.

The matter was taken up with the management in August, 2024 and reported to MoWR in November, 2025. The management replied that the case for opening of separate bank account for depositing retention money is under process and Audit would be informed upon its opening in due course of time.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure compliance of Finance Division's instructions regarding keeping the retention money in separate bank account.

(Draft Para No.158/2025-26)

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2020-21, 2021-22, 2022-23, 2023-24 & 2024-25 vide Paras No.1.5.51, 1.5.56,

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1.5.45, 1.5.43 & 1.5.74 having financial impact of Rs.18,125.255 million. Recurrence of same irregularity is a matter of serious concern.

1.5.33 Unjustified expenditure on account of legal expenses due to duplication in hiring of legal experts for the same assignment

According to Rule-10(i) of General Financial Rule, "every officer, incurring or authorizing expenditure from public funds, should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid 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".

During audit of accounts of the PCIW, Islamabad for the period from July, 2023 to June, 2024, it was noticed that a four members London based External Legal Team (ELT) was hired vide Letter of Engagement (LoE) dated September 27, 2022. As per Para-8 of LoE, 'the work covered by the LoE included advice, research, preparation of documents, and representation, as required, on all matters pertaining to interpretation and application of the Indus Water Treaty ("the Treaty"), including presentation of Pakistan, in any meetings, legal proceedings or other engagements arising in respect of the Treaty'. It was further observed that after passing a period of three months, a five members panel of legal experts of another London based legal firm M/s FIETTA LLP International Law was hired vide LoE dated March 18, 2023 with almost similar Terms of References (TORs)/tasks. Legal charges amounting to Rs.710.971 million was paid to ELT and Rs.492.093 million was paid to M/s FIETTA LLP during the FY 2023-24. Audit held that in the absence of clear-cut segregation of TORs/duties of two legal teams, engagement of the second team was duplication of services, hence, payment made to M/s FIETTA LLP amounting to Rs.492.093 million was unjustified.

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Non-adherence to the GFR resulted in unjustified payment of Rs.492.093 million due to duplication in hiring of legal experts for the similar assignment during the FY 2023-24.

The matter was taken up with the management in February, 2025 and reported to MoWR in June, 2025. The management replied that in view of complexity and comprehensive work in international water law including extensive evidence of voluminous nature on highly technical matters of national

importance, the engagement of a specialist law firm was indispensable which could handle such a large volume of evidence & technical data and provide administrative support to the legal team.

The reply was not tenable because four members London based external legal team was already hired for the same tasks.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 4, 2025. Subsequently as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify engagement of another (second) firm on the same TORs without any segregation of tasks/assignments.

(Draft Para No.48/2025-26)

1.5.34 Non-recovery on account of sale of energy and O&M cost from Government of Gilgit-Baltistan (GoGB)

The ECNEC while approving the revised PC-1 of Satpara Dam Project in 2009 directed WAPDA to sell energy to GoGB at the rate of Rs.5.74/kWh. Further, as per Para-9.1.3 (vi) & (vii) of WAPDA Accounting and Financial Reporting Manual, "a diligent effort shall be made to collect all outstanding accounts. In general, invoices shall be collected as expeditiously as possible. Regular recovery notices shall be sent to all account receivables".

During audit of accounts of the GM (Finance) Co-ordination WAPDA, Lahore for the period from July, 2024 to June, 2025, it was noticed that as per original PC-1, WAPDA had to hand over the Satpara Dam Project to GoGB after its completion but it was not taken over by GoGB due to capacity issues. Later on, ECNEC while approving the revised PC-1 of the project directed WAPDA to sell energy to GoGB at the rate of Rs.5.74/kWh. As per decision of ECNEC, an amount of Rs.408 million on account of sale of energy was recoverable from GoGB. In addition, an amount of Rs.36 million on account of O&M cost of Satpara Dam Project was also recoverable from GoGB. Audit held that an amount of Rs.444 million was required to be recovered from the GoGB but no strenuous efforts were made to recover the outstanding amount.

Non-adherence to ECNEC's decision and WAPDA Accounting and Financial Reporting Manual resulted in non-recovery of Rs.444 million on account of sale of energy and O&M cost from GoGB up to the FY 2024-25.

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The matter was taken up with the management in November, 2025 and reported to MoWR in December, 2025 and January, 2026. The management replied that the issue regarding execution of tariff agreement and reimbursement of long outstanding generation revenue along with O&M cost was being pursued with GoGB vigorously but the same had not yet been resolved.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to pursue the matter at appropriate level for recovery of outstanding amount from GoGB.

(Draft Para No.414 & 434/2025-26)

1.5.35 Irregular payment to consultants in excess of approved/agreed provision in CSA

According to Clause-6.1 (a) of General Conditions of Consultancy Servies Agreement (CSA), an estimate of the cost of services payable in foreign and local currencies is set forth in Appendixes-D and E respectively. Except as may be otherwise agreed under Sub Clause-2.5 and subject to Sub Clause-6.1 (b), payment under this contract, shall not exceed the ceilings in foreign currency in Appendix-D and in local currency in Appendix-E. Further, as per Note to Appendix-E regarding reimbursable cost of the CSA, breakup of quantity and rate is changeable as per actual salaries to be paid to the technical support staff. However, the total man months and the total amount will remain same.

During audit of accounts of the PD, Greater Karachi Bulk Water Supply Scheme (K-IV) for the period from July, 2024 to June, 2025, it was observed that a CSA was signed with a JV of M/s Techno Consult International, M/s MM Pakistan and M/s ILF Consulting Engineers, Austria in July, 2021. As per CSA, total provision for reimbursable cost, escalation (provisional sums) and remuneration of technical and non-technical support staff was Rs.68.400 million and Rs.80 million respectively. The provision for reimbursable cost and escalation (provisional sums) was increased to Rs.182.608 million and Rs.301.016 million respectively under amendment No.1. However, scrutiny of paid invoice for the month of October, 2024 revealed that an amount of Rs.401.903 million was paid in excess of the ceiling approved in the amendment No.1. Audit held that payment

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beyond the provision in CSA without approval of competent authority was irregular.

Non-adherence to the provisions of the CSA resulted in irregular payment of Rs.401.903 to the consultants in excess of approved/agreed provisions up to FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that consultant's amendment was under process with the WAPDA Authority which would cover the extended period and revised financial provisions. Upon approval, all such payments would be duly regularized in accordance with the CSA provisions.

The reply was not acceptable because payment was made beyond the provision of CSA without approval of further amendment from the competent authority which was irregular.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment to the consultants beyond the provision of CSA without approval of WAPDA Authority besides getting it regularized.

(Draft Para No.420/2025-26)

1.5.36 Irregular payment to the consultants on account of remuneration and direct cost beyond approved period without approval of the Employer

According to Clause-6.1 (a) of General Provisions of CSA, an estimate of the cost of services payable in foreign and local currencies is set forth in Appendices-D and E respectively. Except as may be otherwise agreed under Clause-2.5 and subject to clause 6.1 (b), payment under this contract shall not exceed the ceiling in foreign currency in Appendix-D and in local currency in Appendix- E, excluding adjustments made under clause 6.2 (a) of the subclause.

During audit of accounts of PD /CE, KTDP for the period from July, 2024 to June, 2025, it was noticed that a contract agreement for consultancy services for construction supervision of the project was made between WAPDA and a JV of M/s MPP (as lead firm), M/s Mott MacDonald Ltd, M/s PES and M/s CEC on November 17, 2011. It was further observed that the period of consultancy services

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was extended up to June 30, 2023 through amendment No.5 in CSA and no further extension was granted to the consultants. However, despite expiry of extended time period, an amount of Rs.395.508 million was paid to the consultant beyond the approved period. Audit held that payment was required to be made after approval of the Employer (extension in services) but the needful was not done which was irregular.

Non-adherence to provisions of the CSA resulted in irregular payment of Rs.395.508 million to consultants beyond approved period without approval of the Employer up to the FY 2024-25.

The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management stated that detailed reply would be furnished after consultation of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment to the consultant beyond approved period without approval of the Employer.

(Draft Para No.381/2025-26)

1.5.37 Non-recovery of amount on account of land compensation of completed projects from the beneficiaries

According to Clause-9.1.3 (vi & vii) of WAPDA Accounting and Financial Reporting Manual "a diligent effort shall be made to collect all outstanding accounts in general, invoices shall be collected as expeditiously as possible but the cost of collection shall not be allowed to exceed the expected revenue".

During audit of accounts of the GM (Finance) Water for the period from July, 2024 to June, 2025, it was observed from letter of Deputy GM (Finance) Water dated June 11, 2024 that an amount of Rs.279.654 million on account of land compensation etc. of different completed projects under the administrative control of GM (Projects) North, Peshawar was paid from time to time. It was further observed that these projects were completed and handed over to the concerned beneficiaries of KPK government since long. Audit held that the said amount was required to be recovered from the concerned departments of KP

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because after completion of projects, these claims were the responsibility of the beneficiaries but no strenuous efforts were made to recover the paid amount.

Non-adherence to the WAPDA Accounting and Financial Reporting Manual resulted in non-recovery of Rs.279.654 million on account of land compensation of completed projects from the beneficiaries up to the FY 2024-25.

The matter was taken up with the management in October, 2025 and reported to MoWR in January, 2026. The management replied that the matter regarding recoveries against land compensation cases of completed projects was taken up with the Secretary, Irrigation KPK. In response, the Irrigation Department denied the request of WAPDA for payment against land compensation cases. Recently, WAPDA has constituted a committee under the convenorship of GM (Projects) North for recovery/settlement of receivables. The matter was being actively pursued and way out for recovery/adjustment of the land compensation claims were likely to be negotiated/settled with the stakeholders.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter at appropriate level for recovery of outstanding amount from the concerned departments.

(Draft Para No.433/2025-26)

1.5.38 Non-indemnification of insurance claims of damaged generator transformers

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

During audit of accounts of the CE, Ghazi Barotha Power Complex, Attock for the period from July, 2023 to June, 2025, it was noticed that two 107.5 MVA generator transformers were damaged on July 30, 2024 and February 01, 2025 respectively. Since, these transformers were insured under WAPDA Equipment Protection Scheme (WEPS), therefore, the management lodged insurance claims

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of Rs.226.346 million pertaining to damage of these transformers with Insurance Directorate WAPDA. However, despite lapse of considerable period of time, no claims were indemnified by the Insurance Directorate so far. It reflected that no strenuous efforts were made by the management towards realization of insurance claims.

Non-adherence to Authority's instructions resulted in non-indemnification of insurance claims of damaged generator transformers amounting to Rs.226.346 million up to the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in November, 2025. The management stated that detailed reply would be submitted after scrutiny of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the pending insurance claims with the Insurance Directorate WAPDA vigorously for making the loss good.

(Draft Para No.125/2025-26)

1.5.39 Non-recovery of unspent balance from Islamabad Electric Supply Company (IESCO)

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

During audit of accounts of the PD, MDRP for the period from July, 2019 to June, 2025, it was noticed that an amount of Rs.725.127 million was paid/transferred to IESCO for construction of Grid Stations at Mirpur and Islamgarh (AJK) on "Deposit Work" basis. Further probe into the matter revealed that an amount of Rs.191.895 million was lying with PD, Grid Station Construction (GSC), IESCO as unspent balance since 2020. As per rules, unspent

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balance was required to be recovered from IESCO after completion of works but the needful was not done.

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted in non-recovery of unspent balance of Rs.191.895 million from IESCO up to FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in December, 2025. The management replied that WAPDA through MoWR requested Secretary, Power Division, Islamabad to direct IESCO to remit the unspent amount and furnish the audit documents. Subsequently, Ministry of Power Division scheduled a meeting on January 15, 2025. In this regard, the management had also conducted multiple meetings with IESCO authorities and Audit would be intimated as and when unspent amount received.

No further progress was intimated till finalization of this Audit Report.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to pursue the matter at appropriate level to recover the unspent amount from IESCO without further delay.

(Draft Para No.261/2025-26)

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1.5.40 Non-recovery of unspent balance from Land Acquisition Collectors

According to Section-9.2.6 of WAPDA Accounting and Financial Reporting Manual, the advances may be requested to cover anticipated cash expenditures to be incurred on behalf of WAPDA for a sponsored event, prior to the event taking place. When the need for the advance is complete, the department shall return the unused cash, to the Accounts and Finance Department. As per Section-12.12.2 (2), "the Authority has to pay interest on the funds it receives from Government. It is, therefore, essential that a project should not keep in its bank accounts funds surplus to its immediate requirements".

During audit of accounts of the PD, MDRP for the period from July, 2019 to June, 2025, it was noticed that an amount of Rs.337.313 million was transferred to the Land Acquisition Collectors (LACs), Sohawa and Gujjar Khan for land and other compensation. Further probe into the matter revealed that the project was

being closed but unspent balance amounting to Rs.112.997 million was lying with the concerned LACs since long. Audit held that unspent amount was required to be recovered from the concerned formations but the needful was not done.

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted in non-recovery of unspent balance of Rs.112.997 million from LACs up to FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in December, 2025. The management replied that the matter was already under correspondence with the concerned LACs and progress achieved in the matter would be shared with Audit in due course of time.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of unspent balance amount from the concerned LACs without further loss of time.

(Draft Para No.285/2025-26)

1.5.41 Loss on account of non-recovery of professional liability costs due to delay in submission of insurance claim

According to Clause-55 of Construction and Erection All Risk (CEAR) Insurance Policy, this Policy covers all reasonable fees incurred by the Insured for any expert chosen by the Insured, including but not limited to architects, surveyors, legal, engineers and/or other professionals in order to assist in the determination of the cause of loss and/or damage, extent of loss and/or damage, and the method of repair, replacement or rectification of damage or in the reinstatement of the property insured consequent upon its insured loss and/or damage. The professional fee covered under this clause is separate from the professional fee incurred in the actual design of the project which are insured as part of and included in the limit in the property insured. As per Clause-16, "on the happening of any occurrence giving rise or likely to give rise to a claim under this policy coming to the knowledge of the Principal Insured, the Principal Insured shall give notice to the Insurer(s) within 28 days".

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During audit of accounts of GM/PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that a flood occurred in the Swat River from August, 25 to 27, 2022 which caused significant damage to the project being constructed by the M/s CGGC-DESCON JV. After giving timely notification of event, the contractor submitted first interim claim for indemnification of losses to the insurance company on December 11, 2022. However, the said claim did not include the professional liability costs incurred by the Employer for deputing International Panel of Experts and consultant's staff engaged in determination of these losses. The consultants vide letter dated July 08, 2024 advised the contractor to submit the claims of the employer and the engineer (consultants) to the loss adjuster. The loss adjuster, however, informed that as per insurance policy, both the contractor and the employer were principal insured parties and had equal standing, therefore, the contractor was not authorized to submit a claim on behalf of the employer. Further, the insured was required to notify the insurer within 28 days of the incident and provide relevant evidence but no formal notice, supporting documentation, or evidence of claim for professional fees was submitted by the employer or the consultant. Therefore, the employer as well as the consultant lost their right to claim for professional liability. Audit held that claim for professional liability cost was required to be submitted to the insurer timely but needful was not done, which resulted in loss of Rs.102.074 million.

Non-adherence to the provision of insurance policy resulted in loss of Rs.102.074 million due to delay in submission of the insurance claim up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that M/s IGI General Insurance Ltd vide letters dated December 02, 2025 and dated December 23, 2025 has been requested to re-examine the matter strictly in accordance with the contractual provisions of the CEAR Policy. The contractor was also apprised vide letter dated May 03, 2025 that in accordance with Sub-Clause 18.1 of the Conditions of Contract, any amounts not insured or recovered from the insurer were to be borne by the Contractor and/or the Employer, in accordance with their respective obligations, liabilities, or responsibilities.

The reply was not tenable because as per minutes of meeting dated March 19, 2025, the loss adjuster clarified that due to delayed notice by the employer, the

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claim for professional liability cost cannot be accommodated, therefore, responsibility needed to be fixed for this lapse.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify delay in submission of insurance claim for professional liability cost besides fixing responsibility and making the loss good.

(Draft Para No.182/2025-26)

1.5.42 Non-recovery of balance amount of cost of land from Mirpur Development Authority (Government of Azad Jammu and Kashmir)

According to Para-9.1.3 (vi) & (vii) of WAPDA Accounting and Financial Reporting Manual, "a diligent effort shall be made to collect all outstanding accounts. In general, invoices shall be collected as expeditiously as possible. Regular recovery notices shall be sent to all account receivables".

During audit of accounts of the GM (Finance) Co-ordination WAPDA, Lahore for the period from July, 2024 to June, 2025, it was noticed that the Chairman, Mirpur Development Authority (MDA) requested WAPDA on February 09, 1989 to transfer 1,950 Kanal 04 Marla land for a housing scheme. WAPDA Authority in its 445th meeting held on August 26, 1989 accorded approval for transfer of said land to MDA @ Rs.50,000 per Kanal instead of Rs.16,000 per Kanal as proposed by MDA. Contrary to the decision of the Authority, MDA deposited only Rs.31.203 million (@ Rs.16,000 per Kanal) instead of Rs.97.510 million (@ Rs.50,000 per Kanal) which resulted in less recovery of Rs.66.307 million. Audit held that strenuous efforts were required to be made to recover the balance amount from MDA but the needful was not done.

Non-adherence to the WAPDA Accounting and Financial Reporting Manual resulted in resulted in non-recovery of balance amount of Rs.66.307 million on account of cost of land from MDA up to FY 2024-25.

The matter was taken up with the management in November, 2025 and reported to MoWR in January, 2026. The management replied that the matter is being sensitized by WAPDA at high levels and as soon as any outcome is received, the same would be communicated to the Audit accordingly.

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No further progress was intimated till finalization of this Audit Report.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to pursue the matter at appropriate level for ensuring recovery of balance amount from the concerned quarter.

(Draft Para No.446/2025-26)

1.5.43 Loss on account of payment of commitment/project evaluation fee due to non-withdrawal of funds as per Funding Schedules

As per financing agreement, commitment/project evaluation fee shall be charged @ 0.25% p.a. upon deviation from the disbursement schedule till the expiry of the availability period. The same to be payable on calendar semi-annual basis (when applicable). As per Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of accounts of the GM (Finance) Power for the period from July, 2024 to June, 2025, it was noticed that a financing agreement of Rs.144 billion was signed between WAPDA and a syndicate of banks for financing of Stage-I of DHPP. As per Schedules-7&8 (Government Backed Financing Funding Schedule) and (WAPDA Assets Backed Financing) respectively, an amount of Rs.144 billion was to be drawn during the period from April, 2017 to April, 2022. The said facility was further extended for two years up to May, 2024 but out of Rs.144 billion, only Rs.120 billion was withdrawn till May, 2024. Due to deviation from the Funding Schedules, an amount of Rs.64.397 million was paid on account of commitment/project evaluation fee on undrawn amount, which was loss to the Authority. However, no responsibility of loss was fixed.

Non-adherence to the financing agreement resulted in loss of Rs.64.397 million due to payment of commitment/project evaluation fee during the FY 2024-25.

The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management replied that project

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evaluation fee was paid as per Term Sheet of local financing facility duly approved by Finance Division. The funds were withdrawn as per project's requirements, which were attributed due to delay in land acquisition, Covid-19 and security related issues.

The reply was not tenable because these funds were arranged by the head office which could not be utilized due to inefficient project and financial management causing loss to the Authority for which no responsibility was fixed.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-utilization of amount as per agreement besides inquiring the matter for fixing responsibility of loss upon the person(s) at fault.

(Draft Para No.385/2025-26)

1.5.44 Irregular payment of pensionary charges out of project's funds

According to Para-xii of Ministry of Water & Power letter No. DW-1(13)/2013 dated September 26, 2016, "centralized share/expenses (training, medical, pensionary) should not be charged by WAPDA to different PSDP funded projects". As per approved PC-I of RBOD-III project, there was no provision for payment of pensionary charges to WAPDA except 2.25% for Authority Overhead. As per Para-11.4 (b) (Chapter XI) of the Hand Book for Drawing & Disbursing Officer (DDO), "funds allotted to a Ministry/Division, its attached or subordinate offices are spent for the purpose for which they are allocated".

During audit of accounts of the PD, RBOD-III Project, Sukkur for the period from July, 2020 to June, 2025, it was noticed that an amount of Rs.29.545 million on account of centralized pensionary charges was paid to the General Manager Finance (Water) out of project's funds. This amount was paid in addition to payment of Authority Overhead charges. As per instructions of Ministry, payment of pensionary charges out of PSDP funds was not allowed and there was no provision for charging of such expenditure in PC-I, therefore, payment of Rs.29.545 million on account of pensionary charges out of project's funds was irregular.

Non-adherence to the aforementioned provisions resulted in irregular

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payment of Rs.29.991 million on account of pensionary charges out of project's funds up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management stated that detailed reply would be furnished after consultation of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of pensionary charges out of project's funds besides ensuring its recovery.

(Draft Para No.291/2025-26)

1.5.45 Irregular payment for solarization of Mega Hydel Projects Complex, Islamabad out of funds of DBDP

According to Para-6.11 of Manual for Development Projects, "No expenditure may be undertaken beyond the approved scope and cost of the project, and if done, it would be considered as illegitimate expenditure." Further, as per directions of PAC conveyed by the Cabinet Division (GOP) vide memorandum dated March 26, 2011, there should be no deviation from the approved PC-l of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies.

During audit of accounts of the General Manager (Finance) Co-ordination for the period from July, 2023 to June, 2024, it was noticed that WAPDA Authority in its meeting held on November 01, 2023 approved budget of DG (Services), WAPDA for the FY 2023-24. As per Notification of Budget, deficit of Rs.65.170 million against solarization of Mega Hydel Project Complex, Islamabad and FFC, Islamabad was to be charged to DBDP and T5HPP. It was further observed that an amount of Rs.16.427 million was paid by DBDP on account of solarization of Mega Hydel Project Complex, Islamabad on August 12, 2024. Audit held that Authority's decision regarding charging of expenditure of other formation to DBDP was against the Manual for Development Projects and directions of PAC, therefore, payment made for solarization of Mega Hydel Projects Complex,

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Islamabad was irregular.

Non-adherence to the aforementioned instructions/directions resulted in irregular payment of Rs.16.427 million for solarization of Mega Hydel Project Complex, Islamabad out of funds of DBDP during the FY-2023-24.

The matter was taken up with the management in June, 2025 and reported to MoWR in July, 2025. The management replied that the payment of cost of solarization of mega Hydel Projects Complex, Islamabad out of funds of DBDP was made in line with approval of WAPDA Authority. It is pertinent to mention that many project offices like DBDP were also established in the same building. During meeting, the management also apprised that said building was constructed from funds of DBDP.

The reply was not tenable as payment made from funds of DBDP for solarization of Mega Hydel Project Complex, Islamabad was irregular as it was beyond the scope of the project.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify payment/expenditure for solarization of Mega Hydel Project Complex out of funds of DBDP in violation of rules besides ensuring its recovery.

(Draft Para No.85/2025-26)

1.5.46 Extra financial burden due to payment of delayed payment charges to the contractor

According to Clause-60.10 of the GCC, the amount due to the contractor under any IPC issued by the Engineer pursuant to this Clause, or to any other term of the Contract, shall subject to Clause 47, be paid by the Employer to the Contractor within 30 days after such IPC has been delivered to the Employer, or, in the case of the Final Payment Certificate referred to in Sub-Clause 60.8, within 56 days, after such Final Payment Certificate has been delivered to the Employer. In the event of the failure of the Employer to make payment within the times stated, the Employer shall pay to the Contractor compensation at the monthly rate of KIBOR plus 2% per annum upon all sums unpaid from the date by which the same should have been paid. As per Para-12 of GFR, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized

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appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

During audit of accounts of the Superintending Engineer/ PD, Chashma Right Bank Canal (CRBC) Project for the period from July, 2022 to June, 2025, it was noticed that an amount of Rs.449.492 million was transferred by the Provincial Governments (Punjab & KPK) during November, 2022 to June, 2023 for rehabilitation works of canal on deposit work basis. Out of total funds received, an amount of Rs.250 million was transferred by the management to the office of GM (Finance) Water on January 03, 2023. Further scrutiny of record revealed that two contracts (5A & 5B) for rehabilitation works were awarded to M/s Malik Muhammad Akbar on May 30, 2023 and June 21, 2023 respectively. Later on, an amount of Rs.13.037 million was paid to the contractor on account of delayed payment charges. This amount had to be paid due to delay of 188 days and 217 days in releasing payments of the contractor in both the contracts. Audit held that the management was required to use the funds provided by the respective provinces besides ensuring timely payment of contractor's claim to avoid extra payment but the needful was not done which caused extra financial burden to the stated extent.

Financial mis-management resulted in extra financial burden of Rs.13.037 million due to payment of delayed payment charges to the contractor during the FY 2024-25.

The matter was taken up with the management in October, 2025 and reported to MoWR in December, 2025. The management replied that the expenditure incurred against the subject financial claims was not met from WAPDA funds. The said claims pertained entirely to the cost-sharing obligations of the Provincial Governments. An amount of Rs. 325 million was forwarded to the General Manager (Finance) Water for safe custody, purely as a precautionary and protective measure against the courts. This action was taken in compliance with directions/orders of the competent authority to safeguard the amount until final resolution of the matter. Furthermore, a substantial amount of receivables is outstanding against the Provincial Governments of KPK and Punjab amounting to Rs.775.240 million and Rs.486.916 million respectively under the cost sharing agreement.

The reply was not acceptable because extra cost was incurred due to delay

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in payments to contractors due to non-receipt of al-ready transferred funds from head office.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify payment of delayed payment charges to the contractor besides fixing responsibility.

(Draft Para No.402/2025-26)

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D. Asset Management

1.5.47 Non-vacation of land & buildings from unauthorized occupants and non-recovery of rent and other charges

According to Clause-9.1.3 of WAPDA Accounting and Financial Reporting Manual, the reconciliation of individual account balances to the control balance shall be performed periodically. A diligent effort shall be made to collect all outstanding accounts in general, invoices shall be collected as expeditiously as possible, but the cost of collection shall not be allowed to exceed the expected revenue. Regular recovery notices shall be sent to all account receivables. As per clarification issued by the Director Finance (Regulations), WAPDA on January 10, 2007, where the accommodation is allotted by one organization to the employees of other organization, the standard rent is to be charged by the formation concerned from the formation whose employees have been allotted accommodation. According to Rule-21 of the Accommodation Allocation Rules, 2002, "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". As per Rule 15(2)(a) "an allottee, on his retirement or expiry of contract period shall be entitled to retain the accommodation under his occupation for a period not exceeding six months".

During audit of accounts of three formations of WAPDA for the period from July, 2018 to June, 2025, it was noticed that 241 acres of WAPDA's land at Warsak, WAPDA Building at Booni (Chitral) and residential colonies at Sukkur were occupied by Army, Pakhtunkhwa Energy Development Organization (PEDO) and employees (in-service & retired) of different organizations, respectively. Further scrutiny of record revealed that neither the land and accommodations were got vacated nor the rent recovered by the concerned management. Audit held that strenuous efforts were required to be made for recovery of rent amounting to Rs.152.260 million from the concerned formations/employees besides taking up the matter at appropriate level for vacation of said land and buildings but the needful was not done. The detail is as under:

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(Rs.in million)

Sr. No.	Name of Formation	DP No.	Occupant	Amount
1	RE, HPS Warsak	323/2025-26	Pak Army	135.520
2	RE, HPS Chitral	336/2025-26	PEDO	7.991
3	CE, Lower Indus Right Bank project (LIRBP), Sukkur	355/2025-26	Employees (in-service & retired) of different organizations	8.749
Total				**152.260**

Non-adherence to the aforementioned instructions & rules resulted in non-vacation of land & buildings from unauthorized occupants and non-recovery of Rs.152.260 million on account of rent and other charges up to the FY 2024-25.

The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management replied that an amount of Rs.3.657 million had been recovered whereas efforts were being made for vacation of land & buildings from occupants and recovery of remaining amount. Further progress achieved in this regard would be intimated to Audit accordingly.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to ensure recovery of rent and other charges from the concerned employees/organizations besides taking up the matter at appropriate level for vacation of land and buildings from the occupants.

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1.5.48 Loss due to theft of electrical material/equipment

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

During audit of accounts of two formations of WAPDA for the period from July, 2023 to June, 2025, it was noticed that electrical material/ equipment worth Rs.82.477 million (approx.) were stolen from different locations at Ghazi Barotha (Power) station and TDP. In both cases FIRs were lodged with concerned Police

Stations. Moreover, Inquiry committees were also constituted but no responsibility of loss was fixed. Audit held that incidents of theft of electrical material had occurred multiple times, which reflected that due diligence was not being observed by the staff in performance of official duties. Therefore, responsibility of loss needed to be fixed upon the person(s) at fault but the needful was not done. The detail is as under:

(Rs.in million)

Sr. No.	Name of Formation	DP No.	Amount
1	CE, Ghazi Barotha (Power)	132/2025-26	0.458
2	CE Tarbela HPS	292 & 293/2025-26	82.019
Total			**82.477**

Non-adherence to the WAPDA Guidelines resulted in loss of Rs.82.477 million due to theft of electrical material/equipment up to the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in November & December, 2025. The management of TDP replied that FIRs were immediately lodged and the case is currently under investigation by the law enforcement authorities. The management of Ghazi Barotha stated that detailed reply would be submitted after scrutiny of record.

No further progress was intimated till finalization of this Audit Report.

The para (DP No.292) was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to fix the responsibility of loss upon the person(s) at fault besides taking preventive measures to avoid such losses in the future.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2024-25 vide Para No.1.5.98 having financial impact of Rs.9.110 million. Recurrence of same irregularity is a matter of serious concern.

1.5.49 Encroachment of WAPDA land by the Mirpur Development Authority (Government of Azad Jammu & Kashmir)

According to Clause-7.1.11.4 of WAPDA accounting and financial reporting manual, “every DDO shall be directly responsible for the physical

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safekeeping of any fixed asset controlled or used by the respective DDO". As per Section-III(1) of WAPDA guidelines for enforcing responsibility for losses due to fraud, theft or negligence of individuals, 1982, "all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of accounts of the General Manager (Finance) Co-ordination WAPDA, Lahore for the period from July, 2024 to June, 2025, it was noticed that the Chairman, Mirpur Development Authority (MDA) requested WAPDA on February 09, 1989 to transfer 1,950 Kanal 04 Marla land for a housing scheme. WAPDA Authority in its 445th meeting held on August 26, 1989 accorded approval for transfer of said land to MDA @ Rs.50,000 per Kanal. It was further observed that besides this land, MDA encroached additional land of 1,417 Kanal 04 Marla worth Rs.70.860 million for extension of housing sectors. Audit held that it was the responsibility of the management to safeguard its assets because encroachment of WAPDA land caused loss to Authority for which no responsibility was fixed

Non-adherence to the aforementioned rules resulted in encroachment of WAPDA land worth Rs. 70.860 million by the MDA (Government of AJ&K) up to FY 2024-25.

The matter was taken up with the management in November, 2025 and reported to MoWR in January, 2026. The management stated that the matter would be taken up with the concerned project and detailed reply would be submitted accordingly.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to make strenuous efforts at appropriate level for evacuation of encroached land.

(Draft Para No.447/2025-26)

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1.5.50 Non-disposal of surplus land and non-rectification of difference of acquired land in land revenue and official record

According to S. R. O. No.615(I)/2024 of PPRA, in exercise of power conferred by Section-27 of PPRA, 2002 (No XXII of 2002), the PPRA issued regulations, namely "Disposal of Public Assets Regulations, 2024". According to Clause-4 of Disposal of Public Assets Regulations, all procuring agencies shall prepare an annual public assets disposal plan for the items declared as unserviceable, surplus or obsolete, obsolescence assets or equipment and publish the same on EPADS on the prescribed format in the beginning of each FY. As per Clause-9 of SOP issued with the approval of WAPDA Authority for management of WAPDA land assets and record, office possessing land assets will be responsible as per organizational structure to the respective General Manager. The office possessing the land will maintain record of land assets within the territorial jurisdiction of office concerned, safe custody of ownership documents of properties within jurisdiction, transfer of title in the name of WAPDA and physical verification by revenue record and demarcation of land.

During audit of accounts of the RE, HPS Chitral for the period from July, 2021 to June, 2025, it was noticed that land measuring 43.24 Kanal worth Rs.20 million was acquired during 1990 to 1996 for installation of diesel power stations at Booni, Garam Chashma, Warinjun, Shagram, Brep and Mastooj. This land was not in use of WAPDA because all the diesel power stations had been decommissioned since long, therefore, the said land was required to be disposed-off to avoid illegal occupation. It was further observed that as per reconciliation of land record, 28.68 Kanal land amounting to Rs.16.748 million was recorded in official record but the same was not appearing in the land revenue record. Similarly, 3.5 Kanal land amounting to Rs.2.333 million was appearing in land revenue record but the same was not appearing in the official record. Thus, total 32.18 Kanal land amounting to Rs.19.082 was not recorded in either land revenue or official record. Audit held that the management was required to make efforts for disposal of surplus land and rectification of record of acquired land but the needful was not done.

Non-adherence to the aforesaid rules & SOP resulted in non-disposal of surplus land and non-rectification of difference of acquired land amounting to Rs.39.082 million up to FY 2024-25.

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The matter was taken up with the management in September, 2025 and reported to MoWR in December, 2025. The management stated that reply would be submitted after consultation of record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure disposal of surplus land besides rectification of acquired land in the land revenue and official record without further loss of time to safeguard the WAPDA assets.

(Draft Para No.346 & 347/2025-26)

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E. Human Resource Management

1.5.51 Unjustified expenditure on grant of different allowances and appointment pay to the employees without clearance from Finance Division

According to Finance Division's office memorandum dated June 26, 1999 regarding revision of salaries, allowances and perquisites of the supervisory and executive staff of public sector corporations, autonomous/semi-autonomous bodies, "such revisions may be carried out by the respective Board of Directors (BOD)/Governors of these organizations and clearance from Finance Division would, however, be necessary to ensure a rational basis and a degree of uniformity in such revisions". Further, the Finance Division (GoP) has also clarified to WAPDA vide its letter F.No.14(2)R-3/2021-617 dated December 30, 2021 that the Disparity Reduction Allowance (DRA) was granted only in favour of civil employees from BPS 1-19 of the Federal Government. As per Office Memorandum No.F.4(3)R-4/2011-Revision dated January 23, 2024, various autonomous/semi-autonomous bodies and corporations are continuing to grant allowances and monetary benefits which have not approved by the Finance Division. Any allowance or monetary benefit granted to government employee by autonomous/semi-autonomous bodies and corporations which has not been concurred with by Finance Division and thereafter approved by competent authority be stopped forthwith.

During audit of accounts of various formations of WAPDA and IRSA up to June, 2025, it was noticed that an amount of Rs.2,773.198 million was paid to the employees on account of different allowances and appointment pay. As per Finance Division's clarifications dated December 30, 2021, DRA was allowed to civil servants only. Further, as per Finance Division's instructions dated June 26, 1999, clearance from Finance Division was necessary to ensure a rational basis and a degree of uniformity in such revisions but the same was not obtained. Audit held that expenditure on payment of these allowances and pay was not justified as the same were allowed/granted by the WAPDA and IRSA without obtaining clearance from the Finance Division (GoP) (The detail is at Annexure-2).

Non-adherence to Finance Division's instructions resulted in unjustified expenditure on grant of different allowances and pay amounting to Rs.2,773.198 million up to the FY 2024-25.

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The matter was taken up with the management during February to November, 2025 and reported to MoWR during May to December, 2025. The management replied that these allowances and pay were granted to the employees with the approval of WAPDA and IRSA.

The reply was not acceptable because these allowances and pay were granted by the management of WAPDA and IRSA without obtaining clearance from Finance Division (GOP), which was not justified.

The PAO was requested to schedule a DAC meeting vide this office letters issued during August to December, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify grant of these allowances and pay to the employees without obtaining clearance from Finance Division besides taking up the matter with Finance Division for clarification.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2020-21, 2022-23, 2023-24 & 2024-25 vide Paras No.1.5.52, 1.5.73, 1.5.67 & 1.5.104 having financial impact of Rs.2,751.284 million. Recurrence of same irregularity is a matter of serious concern.

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1.5.52 Unjustified expenditure on account of pay & allowances due to different irregularities

According to the Para-1.13 of WAPDA Authority's decision taken in meeting held on March 4, 2020, the Authority accorded approval for appointment of Specialist, GDMOs and Nursing Staff on 'Locum' basis as a stop gap arrangement for continuity of effective and efficient medical care to the patients. As per Para-1.14, "the Authority also directed that process of regular recruitment in Medical Services be started immediately & regularly followed". As per Para-1 (a) & (b) of appointment letters of officers, period of contracts shall be two years (extendable for another three years in case of satisfactory performance without any consideration for permanent employment in future). Moreover, there was no provision for increase in pay and payment of reward in the terms & conditions of appointment letters. As per minutes of Authority's meeting held on May 11, 2015, the services of these professionals will be hired on contract basis (without any consideration for permanent employment in future) for two years extendable by

another three years in case of satisfactory performance.

During audit of accounts of four formations of WAPDA for the period from July, 2018 to June, 2025, different irregularities regarding extension in contracts of employees beyond allowable period and increase in pay package & payment of reward were observed. Audit held that in view of following irregularities, expenditure of Rs. 116.109 million on pay & allowances of employees was not justified. The detail is as under:

(Rs.in million)

Sr. No.	Name of Formation	DP No.	Nature of irregularity	Amount
1	DG & MS WAPDA Hospital, Lahore	26/2025-26	Unjustified retention of 17 doctors & 11 staff nurses hired on locum basis for a period of six months during September, 2020 to January, 2023.	66.568
2	MS, WAPDA Hospital, Sukkur	315/2025-26	Unjustified continuous retention of 02 doctors hired on locum basis for a period of six months during February & March, 2021.	11.540
3	MS, WAPDA Hospital, Mangla	377/2025-26	Unjustified retention of 04 doctors & 03 staff nurses hired on locum basis for a period of six months during August, 2020 to August, 2022.	25.595
4	Additional DG (Public Relations) WAPDA	10/2025-26	Unjustified retention of two officers (Creative Specialist & Senior Manager) hired on December 08, 2015 & December 29, 2017, respectively on lumpsum pay package despite completion of original and extended allowable contract period of five (two + three) years.	7.003
5	Additional DG (Public Relations) WAPDA	11/2025-26	Unjustified grant of 5% increase in pay and reward to 12 officers hired during October 02, 2015 to November 22, 2021 on lumpsum pay package without such provision in their appointment letters.	5.403
Total				**116.109**

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Assistant Auditor General
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Non-adherence to aforementioned instructions/decisions/rules resulted in unjustified expenditure of Rs.116.109 million on account of pay & allowance of employees due to different irregularities up to the FY 2024-25.

The matter was taken up with the management during February to October, 2025 and reported to MoWR during May to December, 2025. The management replied that a large number of posts were still lying vacant, therefore, extension in contract of locum basis staff was granted. Further, these employees were appointed by the HR Department and a detailed reply would be furnished after obtaining clarification from the concerned quarter.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters issued during August to December, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the expenditure on pay & allowances of employees in the presence of different irregularities.

1.5.53 Unjustified expenditure on account of pay & allowances due to inactive licenses of doctors and staff nurses

According to Section-36(2) & 40(1) of Pakistan Medical and Dental Council (PMDC) Act, 2022, the valid registration certificate shall be the license to practice medicine in Pakistan. No person, other than a registered medical or dental practitioner, shall practice medicine or dentistry. As per Section-23(1) of Pakistan Nursing Council (PNC) Act,1973, no hospital, asylum, infirmary, dispensary or lying in hospital maintained or aided by the Federal Government or a Provincial Government or a local authority shall employ therein any person as nurse, midwife, health visitor or nursing auxiliary unless such person is registered in the register or is a trainee at an institution recognized for the purpose by the Council and is certified by the head of that institution to have already received sufficient training to be able to perform his duties safely and satisfactorily.

During audit of accounts of the DG, Medical Services & Medical Superintendent WAPDA Hospital, Lahore for the period from July, 2022 to June, 2024, it was noticed that PMDC and PNC registration of 12 doctors and 13 staff nurses were expired during November, 2019 to April, 2024. However, these

doctors and nurses were performing their services with inactive registrations/ licenses. Audit held that as per rules, these doctors and nurses were required to get renewed their registrations/ licenses for providing their services but the needful was not done. Hence, payment of pay & allowances amounting to Rs.62.656 million to doctors and nurses having inactive registration was unjustified.

Non-adherence to the aforementioned rules resulted in unjustified expenditure of Rs.62.656 million on account of pay & allowances due to inactive licenses of doctors and staff nurses up to the FY 2023-24.

The matter was taken up with the management in March, 2025 and reported to MoWR in May, 2025. The management replied that doctors and nurses were instructed to renew their registration/licenses within two weeks.

No further progress towards renewal of registration/licenses of doctors was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters issued during August to December, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the expenditure of pay & allowances of doctors and nurses having inactive registrations/licenses besides fixing responsibility.

(Draft Para No.25/2025-26)

1.5.54 Unjustified payment on account of non-surrendering of surplus security staff

According to Clause-12 of agreement with FC NWFP Security Services (Pvt) Ltd (the Company) for provision of security services, "the agreement may be terminated by either party giving the other party 30 days' notice in writing without assigning any reason. As per DG (Security), MDHPP office letters dated March 14, 2025 and April 25, 2025, 100 Nos. security staff were surrendered with effect from April 14, 2025 and further 100 Nos. w.e.f. May 24, 2025 respectively.

During audit of accounts of the GM/ PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.184.894 million was paid to the FC NWFP Security Services against provision of 873 security personnel for

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the period from April to June, 2025. Further scrutiny of record revealed that the DG (Security), MDHPP vide letters dated April 14, 2025 & May 24, 2025 requested GM, FC (Security Services) to reduce 100 personnel w.e.f April 14, 2025 and further 100 personnel w.e.f May 24, 2025 respectively due to induction of WAPDA's own Security staff, however, the needful was not done. Due to non-surrendering of surplus staff, an amount of Rs.20.915 million paid to FC (Security Services) against 200 personnel which was not justified and resulted in loss to the Authority.

Non-adherence to the aforementioned provisions resulted in unjustified payment of Rs.20.915 million due to non-surrendering of security staff up to the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management stated that detailed reply would be furnished after consultation of relevant record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment due to non-surrendering of surplus security staff besides ensuring its recovery from the concerned.

(Draft Para No.235/2025-26)

1.5.55 Recoverable amount of pay & allowances from the doctors due to dual jobs

According to Rule-14 (1) of WAPDA Employees (Conduct) Rules, 1978, "no WAPDA employee shall except with the previous sanction of the Authority, engage in any trade, or undertake any employment or work, other than his/her official duties". Moreover, as per WAPDA Employees (Efficiency and Discipline) rules, 1978" Misconduct" includes breach of service discipline or instructions issued by the Authority and Commission of theft, fraud, dishonesty or any other offence involving moral turpitude.

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During audit of accounts of the DG, Medical Services & Medical Superintendent WAPDA Hospital, Lahore for the period from July, 2022 to June, 2024, it was noticed that five doctors were hired by WAPDA on contract basis during March, 2017 to July, 2023. As per appointment letters, their whole time was at the disposal of Authority and they were not authorized for dual jobs. Further scrutiny of record revealed that these doctors were also performing their services in various Government hospitals as regular employees. By holding dual employment, these employees violated their contractual obligations and service rules. Audit held that as these doctors were doing dual jobs, therefore, action was required to be taken against them but the needful was not done. Hence, simultaneous receipt of pay & allowances amounting to Rs.8.459 million by these doctors from WAPDA Hospital was unjustified and needed to be recovered.

Non-adherence to the aforementioned rules resulted in recoverable amount of Rs.8.459 million from the doctors on account of unjustified payment of pay & allowances due to dual jobs up to the FY 2023-24.

The matter was taken up with the management in March, 2025 and reported to MoWR in May, 2025. The management replied that the matter has been taken by the appointing authority and enquired the matter about dual job. Letter of personal hearing have been issued to the doctors and were under trial by the competent authority. As soon as outcome of inquiry/trial is received, it would be communicated to Audit accordingly. The show cause/personal hearing letters have been issued.

The para was discussed in DAC meeting held on January 19, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify payment of pay & allowances to these doctors due to dual jobs besides ensuring recovery from the concerned doctors and taking actions against them as per rules.

(Draft Para No.24/2025-26)

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F. Project Planning

1.5.56 Irregular expenditure incurred beyond the approved cost of PC-I

As per PC-I of T5HPP approved by ECNEC in its meeting held on December 20, 2016, total cost of project was Rs.82,361.60 million. As per Para-6.11 of Manual for Development Projects, the physical and financial scope of a project, as determined and defined in the project document (PC-I), is appraised and scrutinised by the agencies concerned before submitting it for approval of the Central Development Working Party or ECNEC. Once approved, the executing agency is required to implement the project in accordance with the PC-I provisions. It has no authority to change and modify any approved parameter of the project on its own. If the sponsoring agency feels that the project could not be implemented in accordance with the approved parameters, a revised PC-I be submitted for approval of the competent forum immediately. No expenditure may be undertaken beyond the approved scope and cost of the project, and if done, it would be considered as illegitimate expenditure. As per Para-6.13 (direction of ECNEC), if the project cannot be completed with a 15 percent increase in the cost, the executing agency should immediately prepare the revised PC-I and submit for approval of the competent forum.

During audit of accounts of the General Manager (GM)/ PD, T5HPP for the period from July, 2024 to June, 2025, it was noticed that an expenditure of Rs.120,324.610 million was incurred against the approved PC-I provision of Rs.82,361.600 million which resulted in excess expenditure of Rs.37,963.010 million i.e. 46.09% above than PC-I provisions. Further scrutiny of record revealed that major increase in cost was in the heads of civil works and consultation & supervision which was 152% and 239.86% over and above than the approved provisions of PC-I respectively. It is pertinent to mention that the increase in cost of civil works was mainly due to issuance of 25 variation orders which reflected that the project was not properly planned. Audit held that incurrence of excess expenditure beyond approved PC-I provisions in violation of Manual for Development Project was irregular.

Non-adherence to the aforementioned provisions resulted in irregular expenditure of Rs.37,963.010 million beyond the approved cost of PC-I up to the FY 2024-25.

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Assistant Audit Officer (D)
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The matter was taken up with the management in August, 2025 and reported to MoWR in November, 2025. The management replied that revised PC-I is under approval by MoWR/Planning commission, however, detailed reply would be submitted accordingly.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify excess expenditure beyond the approved cost of PC-I in violation of Manual for Development Projects besides fixing the responsibility and getting it regularized from the competent forum.

(Draft Para No.175/2025-26)

1.5.57 Unjustified expenditure under different heads beyond provisions of PC-Is

According to Clause-4.05 (vi) of the Manual for Development Projects, "if expenditure in one head is expected to exceed the allocated amount, the appropriation of funds should be approved by the PAO prior to incurring the excess expenditure". As per Clause-2.51, "once approved, the executing agency is required to implement the project in accordance with the PC-I provisions. It has no authority to change or modify any approved parameter of the project. If the project executing agency determines (based on detailed justification) that the project cannot be implemented under the approved parameters and it requires revision of scope, physical components or financial allocation, a revised PC-I must be submitted to the competent forum for approval. No expenditure may be incurred on additional scope, beyond the approved scope and cost of the project, and if it is done, it will be considered as an inadmissible and illegal expenditure". As per Para-7.2, for achievement of the stipulated targets and tangible returns, however, it is imperative to entrust the management and supervision of the project during the implementation stage to capable and competent hands of required qualifications, experience and caliber.

During audit of various formations of WAPDA for the period from July, 2024 to June, 2025, it was noticed that an amount of Rs.18,261.224 million on

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account of different heads was incurred in excess of provisions of PC-Is. As per Manual for Development Projects, executing agencies were required to implement the project in accordance with the PC-I provisions. Further, appropriation of funds was required to be got approved from the PAO prior to incurring excess expenditure under this head but the needful was not done. Audit held that due to poor performance of the consultants and weak monitoring of the management, expenditure under different heads was incurred in excess of provisions of PC-Is which was not justified. The detail is as under:

(Rs. in million)

Sr. No.	Name of Formation	DP No.	Cost Head	Provision as per PC-I	Actual Exp	Excess Exp.
1	PD, MDHP	156/2025-26	Consultancy cost	6,857.953	10,852.700	3,994.747
2	PD, MDHP	157/2025-26	Security cost	0	1,040.065	1,040.065
3	PD, Harpo Project	255/2025-26	Land Acquisition cost	70.137	1,620.000	1,549.863
4	PD, K-IV Project	384/2025-26	Procurement of vehicles (56 instead of 37)	303.052	913.226	610.174
5	PD, Warsak 2nd Reh. project	390/2025-26	Six different heads	11,999.330	14,530.020	2,530.690
6	PD, NGDP	391/2025-26	Three different heads	6,932.410	11,477.961	4,545.551
7	PD, MRP	417/2025-26	Engineering & Supervisory cost	1,384.000	5,374.134	3,990.134
Total				**27,546.882**	**45,808.106**	**18,261.224**

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Non-adherence to the Manual for Development Projects resulted in unjustified expenditure of Rs.18,261.224 million under different heads beyond provisions of PC-Is up to the FY 2024-25.

The matter was taken up with the management in during July to October, 2025 and reported to MoWR in November & December, 2025. The management replied that excess expenditures would be regularized upon approval of revised PC-Is.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 10 & 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify incurring of excess expenditures than the provisions of PC-Is without approval from competent authority besides getting it regularized from the concerned.

1.5.58 Irregular award of contracts over and above the approved cost in PC-I without approval from competent forum

According to Para-4.05 (ii) of Manual for Development Project, "If the cost of the project exceeds 15% of the approved budget at the time of contract is being awarded, PC-I will be revised immediately and should be submitted for approval of the competent forum". Moreover, as per Para-2.51. "Once approved, the executing agency is required to implement the project in accordance with PC-I provisions. It has no authority to change or modify any approved parameter of the project. If the project executing agency determines (based on detailed justification) that the project cannot be implemented under the approved parameters and it required revision of scope, physical components or financial allocation, a revised PC-I must be submitted to the competent forum for approval. No expenditure may be incurred on additional scope, beyond the approved scope and cost of the project, and if it is done, it will be considered as an inadmissible and illegal expenditure".

During audit of accounts of the PD, Dargai Rehabilitation Project for the period from July, 2024 to June, 2025, it was noticed that PC-I of the project was approved by ECNEC in its meeting held on November 14, 2018 at a cost of Rs.4,050.364 million with implementation period of 71 months. Further scrutiny of record revealed that a consultancy services agreement was awarded to M/S PES (Pvt) limited on December 16, 2020 for Rs.357.989 million against PC-I provision of Rs.102.820 million whereas contract for E&M and Civil works was awarded to M/s Jinlun, Shuntai & AFI JV on June 13, 2024 at a contract price of Rs.10,601.790 million against PC-I provision of 2,645.702 million. Both the contracts were awarded at 248.17% and 300.72% above the PC-I cost estimates. Audit held that awarding of contracts at substantially higher prices of Rs.8,211.257 million [(Rs.357.989 million + Rs.10,601.790 million – (Rs.120.820 million + Rs.2,645.702 million)] than the approved costs, without seeking prior approval of competent forum, was irregular. Moreover, the implementation period of 71 months had lapsed in October, 2024 which showed poor project management for which responsibility needed to be fixed.

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Non-adherence to the Manual for Development Projects and approved PC-I resulted in irregular award of contracts over and above the approved cost in PC-I by Rs.8,211.257 million without approval from competent forum up to the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to the MoWR in December, 2025. The management replied that the PC-I is under revision and excess cost of contracts beyond PC-I provision would be settled once the revised PC-I is approved. Progress achieved in the matter would be intimated to Audit accordingly.

No further progress was intimated till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to justify award of contracts at substantially higher prices than the provisions in approved PC-I without seeking approval of competent forum besides getting it regularized.

(Draft Para No.359/2025-26)

1.5.59 Irregular award of contract for widening of a public road beyond PC-I provision without approval from PAO

According to Para-3 of Planning Commission Notification No. 7(239) E&R/PD SI /21 dated July 05, 2024, "the updated Manual for Development Projects is notified for strict compliance." According to Clause-4.05(vi) of the said Manual, "if expenditure in one head is expected to exceed the allocated amount, the appropriation of funds should be approved by the PAO prior to incurring the excess expenditure".

During audit of accounts of the GM/PD, MDHP for the period from July, 2024 to June, 2025, it was noticed that an administrative approval for executing work of widening of a public road amounting to Rs.562.413 million was accorded by the GM/PD. This work was to be executed through Communication & Works Department (Government of KPK). The executing agency awarded a contract for execution of the said work at contract price of Rs. 524.299 million on October 08, 2024. Further scrutiny of record revealed that as per approved PC-I, there was a

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provision of Rs.160 million only under the head 'public welfare cost' against which the said work was awarded. Audit held that as per Manual for Development Projects-2024, re-appropriation of funds for award of work at higher cost than provision in PC-I was required to be got approved from the PAO but the needful was not done. Hence, award of contract beyond the PC-I provision amounting to Rs.364.299 million was irregular.

Non-adherence to the Manual for Development Projects resulted in irregular award of contract beyond PC-I provision by Rs.364.299 million during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that the honorable Prime Minister of Pakistan during his address at the ground breaking ceremony of project on May 02, 2019 pledged with the locals that an approximate amount of Rs.4,500 million would be utilized in the Public Welfare Projects (PWPs) of MDHP for socio-economic uplift of the area. Based on the anticipation of the re-appropriating, the contract for said scheme (as per implementation plan approved by the Chief Minister, KPK) was awarded and commenced in August, 2024 with the actual cost of Rs.524.299 million. The cost of this scheme was being charged from the already available provision in main head "Environmental & Resettlement Cost". Further, an amount of Rs.8,707 million (approx..) for the PWPs under the Head of Land Acquisition, Resettlement and Environment cost has been incorporated in revised PC-I being submitted to the concerned Ministry for approval.

The para was discussed in DAC meeting held on January 23-24, 2026, however, minutes of DAC meeting were not provided by the PAO MoWR till finalization of this Audit Report.

Audit recommends the management to justify award of the contract at higher cost than PC-I provision without approval from the PAO besides getting it regularized.

(Draft Para No.286/2025-26)

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G. Operational Issues

1.5.60 Generation loss due to delay in rehabilitation and commissioning of Unit 5 & 6 of powerhouse

According to Appendix-4 (Time Schedule) of the contract agreement, outage duration of Unit No.5 and Unit No.6 is 329 days and 320 days respectively. As per Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of accounts of the PD, Warsak 2nd Rehabilitation Project for the period from July, 2024 to June, 2025, it was observed that a contract No.GMHD/EM-02 for design, supply, dismantling & installation, testing & commissioning of hydro-electro mechanical equipment and balance of plant was awarded to M/s GE-Sinohydro JV on November 05, 2021 for USD 23.706 million, Euro 51.564 million and Rs.2,059.666 million. It was further observed that permits to work for Units No.5 and 6 were issued on February 14, 2024 and June 02, 2023 respectively. As per contract, the contractor was required to rehabilitate the Unit No.5 and 6 in 329 days and 320 days respectively but the contractor failed to complete the works within scheduled timelines. Due to delay in completion of works, the Authority sustained generation loss of Rs.28.681 million for which no responsibility was fixed.

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Non-adherence to the provisions of contract and Authority's Guidelines resulted in generation loss of Rs.28.681million due to delay in rehabilitation and commissioning of Unit No.5 & 6 during the FY 2024-25.

The matter was taken up with the management in August, 2025 and reported to MoWR in December, 2025. The management replied that detailed reply would be submitted after consulting the record.

No reply was furnished till finalization of this Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letter dated December 26, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of generation loss besides making the loss good.

(Draft Para No.345/2025-26)

1.5.61 Non-realization of revenue due to non-billing of energy units to CPPA

According to Clause-2.1 of the PPA, WAPDA shall make available to NTDC, and NTDC shall purchase from WAPDA for the consideration described in Article-9.1(a) the Net Electrical Output (NEO) of WAPDA Power Stations for which fixed charge payments and variable charge payments shall be made by NTDC pursuant to the procedure set forth in Article-9.1. As per Clause-8.3 of PPA, the metering system shall be read monthly on the last day of each month for the purpose of determining the NEO of the WAPDA Power Stations by WAPDA. NTDC shall have the right to have its representatives present during any such reading. As per Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended to date), all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved.

During audit of accounts of the CE, Ghazi Barotha Power Complex, Attock for the period from July, 2023 to June, 2025, it was noticed that export of 5.917 million energy units recorded on 11KV Colony Feeder was not taken into account by the CPPA for billing purpose. Due to non-accounting of these energy units for billing by CPPA, revenue of Rs.9.621 million could not be realized from CPPA, which caused loss to the stated extent. Audit held that the management was required to take up the matter with CPPA-G/NTDC for declaring this feeder as common distribution point but needful was not done despite lapse of a considerable period of time.

Non-adherence to the PPA and Authority's Guidelines resulted in non-realization of revenue of Rs.9.621 million due to non-billing of energy units to CPPA up to the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in November, 2025. The management stated that detailed reply would be submitted after scrutiny of record.

No reply was furnished till finalization of this Audit Report.

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The PAO was requested to schedule a DAC meeting vide this office letter dated December 10, 2025. Subsequently, as per procedure, two reminders were also issued on January 5 & 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to take up the matter with CPPA for recovery of revenue through billing of exported units.

(Draft Para No.131/2025-26)

1.5.62 Non-operationalization of Barakas Nullah due to encroachments of Mangla Cantt in the course of nullah

According to O&M Manual of Mangla Dam Project, the emergency spillway is on the right bank beyond the main spillway. Its purpose is to provide an outlet for flood water in the event of either a flood beyond the capacity of main spillway or partial or complete collision of the main spillway during the monsoon season. Further, development of the area downstream of the emergency spillway, (which is shown on Figure-35) as likely to flood, must be strictly controlled. As per Clause-7.1.15.7 of WAPDA Accounting and Financial Reporting Manual, it is the policy of WAPDA that a proper system of fixed assets control be introduced to validate the existence, location, and custodianship of fixed assets in order to investigate and take corrective action to resolve the discrepancy and avoid future problems. As per Clause-7.1.11.4 of WAPDA Accounting and Financial Reporting Manual, "every DDO shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the respective DDO".

During audit of accounts of the PD, MDRP for the period from July, 2019 to June, 2025, it was noticed that there are two spillways at Mangla Dam i.e. main spillway with maximum discharge capacity of 1,010,000 cfs and an emergency spillway with maximum discharge capacity of 230,000 cfs respectively. In past, emergency spillway could not be operated mainly due to buildings/installations of Mangla Garrison inside downstream channel (Barakas Nullah) and its non-channelization. Non-operation of Emergency spillway in 1992 flood resulted in large downstream damages. The issue of construction of new buildings and various installations falling within the command area of Barakas Nullah/emergency spillway remained in active correspondence between concerned stakeholders but no viable solution emerged. In present situation, operation of emergency spillway at its designed capacity of 230,000 cfs was difficult as considerable area of Mangla

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Cantt would be affected. It was further noticed that a meeting was held on July 29, 2020 at MoWR and it was decided that Ministry of Defense would be approached to direct Mangla Garrison to remove all hurdles in operation of emergency spillway. The issue of encroachments at Barakas Nullah along with other issues were discussed in CDWP meeting held on May 05, 2023 and it was also decided that MoWR would take up the matter with Ministry of Defense for removal of encroachment and rehabilitation of Barakas Nullah. Audit held that as per O&M of Mangla Dam, emergency spillway was required to be operationalized for discharge of flood water but the same was not done due to encroachment on said Nullah.

Non-adherence to the aforementioned manuals resulted in non-operationalization of Barakas Nullah due to encroachments of Mangla Cantt in the course of Nullah up to the FY 2024-25.

The matter was taken up with the management in July, 2025 and reported to MoWR in January, 2026. The management replied that the matter does not pertain to MDRP.

The PAO was requested to schedule a DAC meeting vide this office letter dated January 5, 2026. Subsequently, as per procedure, reminder was also issued on January 12, 2026, however, DAC meeting could not be scheduled.

Audit recommends the management to take up the matter at appropriate level for operationalization of emergency spillway for complete discharge of flood water as per its design.

(Draft Para No.450/2025-26)

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CHAPTER-2

Impact Audit of Balochistan Effluent Disposal into the Right Bank Outfall Drainage (RBOD-III PROJECT)

Audit Cell
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2. Impact Audit of the Balochistan Effluent Disposal into the Right Bank Outfall Drainage (RBOD-III) Project

2.1 Introduction

Impact audit is evidence based unique auditing approach employed to evaluate attributed outcomes of an initiative. Accordingly, impact audit of Balochistan Effluent Disposal into the Right Bank Outfall Drainage (RBOD-III) project was selected to determine its impact on cultivable area, agricultural productivity and environmental conditions in line with the objectives of the project as stated in PC-I.

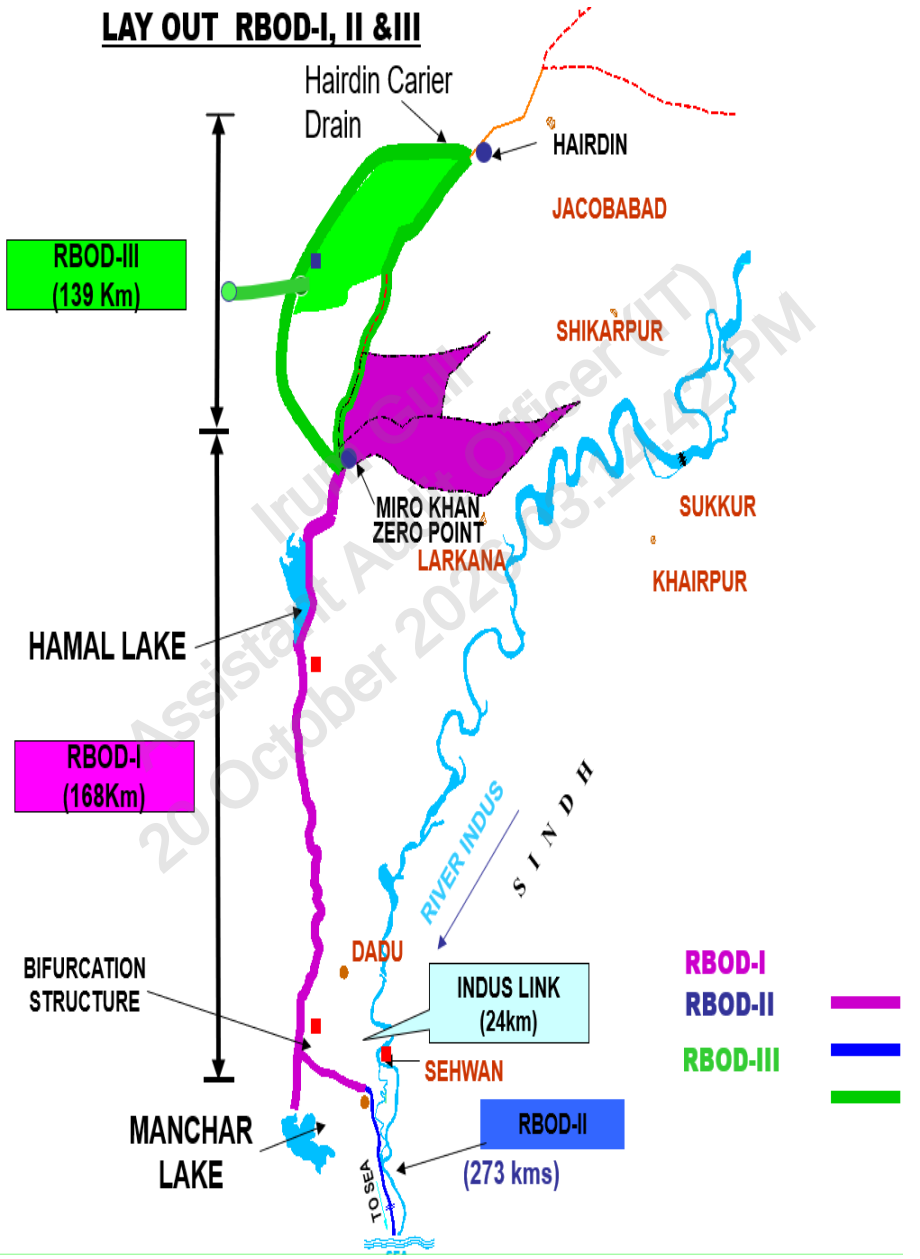
2.1.1 Background of the Project

The Balochistan Effluent Disposal into RBOD-III project is located on the right bank of the Indus River encompassing major parts of Nasirabad and Jaffarabad districts in Balochistan as well as Jacobabad and Kamber Shahdadkot districts in Sindh. The RBOD-III project is part of the Right Bank Master Plan prepared for integrated development of the right bank of river Indus in northern Sindh and southern Balochistan in February, 1992 by WAPDA through M/s Mott Macdonald International, UK in association with Hunting Technical Services, UK. Under this plan, the construction of the RBOD was proposed to manage effluent from existing and proposed drainage schemes along the right bank of River Indus. The RBOD system comprises of RBOD-I, RBOD-II and RBOD-III drainage canals. The main purpose of this system is to collect, transport and discharge saline, industrial and agricultural waste water from the right bank of the river Indus directly into the Arabian-sea. The system envisaged to manage waterlogging and salinity in Sindh and Balochistan, while protecting water bodies like Manchar Lake from environmental degradation. These drainage canals were designed to convey effluent of 4,500 cusecs from Hairdin, district Sohbatpur of Balochistan to the Arabian sea at Gharo Creek, or partially into Hamal Lake, depending on water quality condition.

The PC-I for RBOD-I Priority Works (Lower Indus Right Bank Irrigation & Drainage Project Stage-I) from Miro Khan to Sehwan costing Rs.4,395 million was approved in 1994 and was completed in June, 2020. The RBOD-II project i.e. “Extension of RBOD from Sehwan to the Sea” to be undertaken by Government of Sindh was approved in May, 2001 at a cost of Rs.14 billion to provide a

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permanent disposal route to the sea via Gharo Creek. However, this project remains incomplete with an overall progress of 80%. The diagram below shows the command areas for RBOD-I, II & III.



2.1.2 Role of the Project

The primary objective of the project was to provide disposal facilities for existing and proposed drainage on the right bank of Indus River.

The main objectives as per PC-I of the project are detailed below:

i. **Disposal of Saline Effluent:** To facilitate disposing of saline effluent of Pat Feeder/Kherther Canal Command area in Balochistan through existing and proposed drains.

ii. **Land Reclamation:** To reclaim the agriculture land converted into ponds of water due to lack of disposal of storm water and increase in hectares of cultivable land.

iii. **Agricultural Productivity:** To increase agriculture production of Wheat and Rice.

iv. **Environmental Rehabilitation:** To facilitate re-use of suitable water for irrigation and conservation of Hamal and Manchar Lakes and thereby improving their environmental condition.

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2.2 Overview

The RBOD-III project was approved by the Executive Committee of the National Economic Council (ECNEC) on January 7, 2004, at an original cost of Rs.4,485.200 million. The project cost was subsequently revised to Rs.10,804.540 million on July 7, 2017. The original completion date of June 2006 was extended to November 2019 under the 1st Revised PC-I, and the project was finally completed on June 30, 2021. The project included construction of RBOD from Miro Khan Zero Point to Hairdin pump Station. The project benefits a Gross Command Area (GCA) of approximately 0.709 million acres.

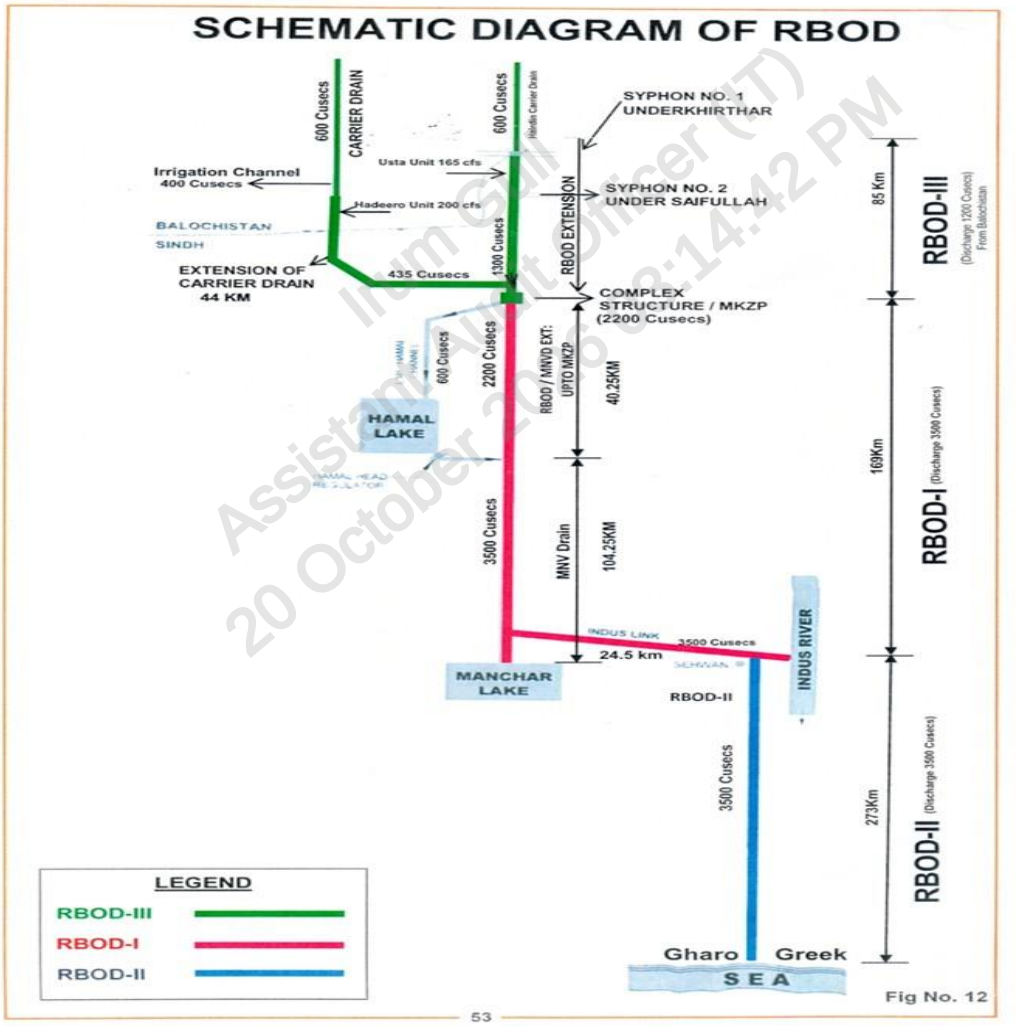


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2.3 Scope and Methodology

2.3.1 Audit Scope

The RBOD-III Project was initiated in July, 2004 and completed in June, 2021. The impact audit covered the period of 2020-21 to 2023-24, assessing project's impact of three years on post-completion by taking 2020-21 as base year.

The impact of the project on cultivable area, improvements in wheat and rice production in the target area of the project and environmental impact on Manchar Lake was evaluated for the period from 2021-22 to 2023-24.

2.3.2 Audit Methodology

The following methodological steps were undertaken to assess the impact of the RBOD-III Project by comparing "without-project" and "with-project" conditions:

i. Review of PC-I and PC-IV documents to determine the envisaged impact, project's scope, objectives, and performance framework.

ii. Collection of data from the official statistical websites of Balochistan and Sindh on crop production, cultivated area and fisheries.

iii. Analysis of the data to quantify achievements and measure variations and percentage changes post-intervention.

iv. Site visits in Balochistan and Sindh within the project's jurisdiction for on-ground verification and pictorial documentation to visually demonstrate project outcomes.

v. Study of environmental reports.

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2.4 Audit Findings

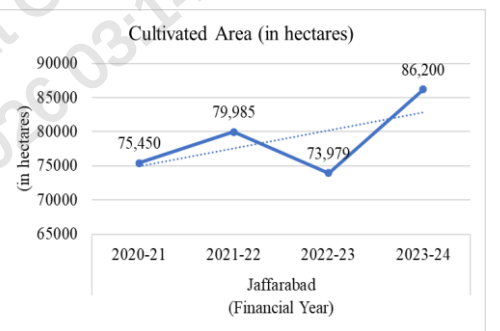
2.4.1 Impact of RBOD-III Project on cultivated area and wheat production in Balochistan

Impact of the RBOD-III project was assessed by analyzing changes in cultivated area and wheat production in the districts of Balochistan. The table below provides a year-wise comparison with the base year (FY 2020–21), highlighting the project's measurable contribution to land recovery and enhanced agricultural productivity in Jaffarabad and Nasirabad.

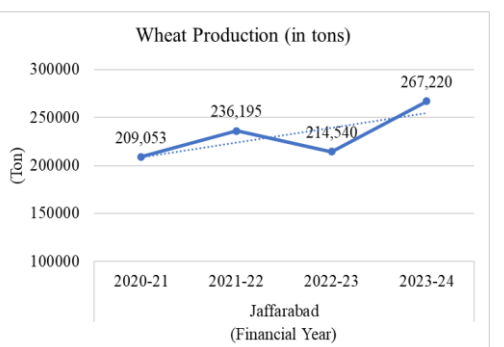
2.4.1.1 District Jaffarabad

In Jaffarabad, cultivated area increased by 14.25% (from 75,450 to 86,200 hectares) by FY 2023-24, while wheat production rose by a substantial 27.82% (from 209,053 to 267,220 tons). Although a temporary decline was observed in FY 2022–23 due to floods in the area. The overall upward trend by FY 2023–24 indicates improved land usability and agricultural recovery which was due to enhanced drainage under RBOD-III.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**75,450**	-	-
2021-22	79,985	4,535	6.01%
2022-23	73,979	-1471	-1.95%
2023-24	86,200	**10,750**	**14.25%**



Financial Year	Wheat Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**209,053**	-	-
2021-22	236,195	27,142	12.98%
2022-23	214,540	5,487	2.62%
2023-24	**267,220**	58,167	27.82%



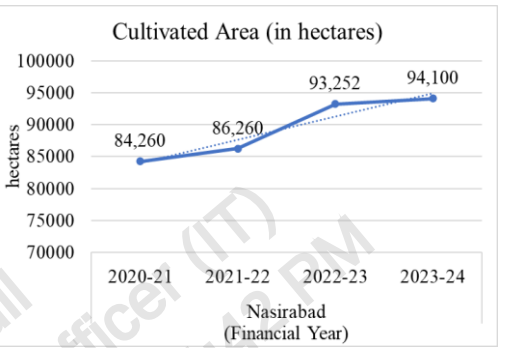
(Source: Agricultural Statistics of Balochistan, Directorate of Crop Reporting Services Agricultural Department Balochistan, Quetta)

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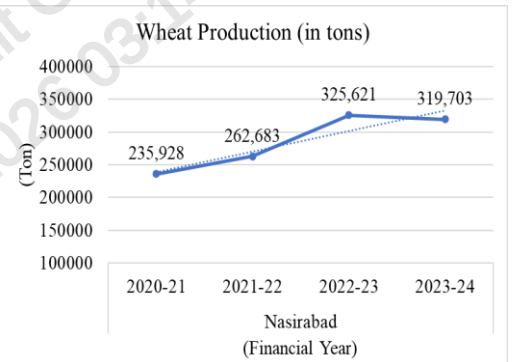
2.4.1.2 District Nasirabad

Similarly, Nasirabad demonstrated consistent growth in cultivated area, registering an increase of 11.68% by FY 2023–24, alongside a notable rise in wheat production of 35.51% compared to the base year of 2020-21. The sharp production gains in FY 2022–23 (38.02%) further highlight the project's role in restoring waterlogged lands and enabling improved farming activity.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**84,260**	-	-
2021-22	86,260	2,000	2.37%
2022-23	93,252	8992	10.67%
2023-24	94,100	9,840	11.68%



Financial Year	Wheat Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**235,928**	-	-
2021-22	262,683	26,755	11.34%
2022-23	**325,621**	89,693	38.02%
2023-24	319,703	83,775	35.51%



(Source: Agricultural Statistics of Balochistan, Directorate of Crop Reporting Services Agricultural Department Balochistan, Quetta)

Overall, the data evidences that RBOD-III has materially contributed to expanding cultivable land and boosting wheat output in both districts, underscoring its effectiveness in improving agricultural productivity and supporting food security in Balochistan.

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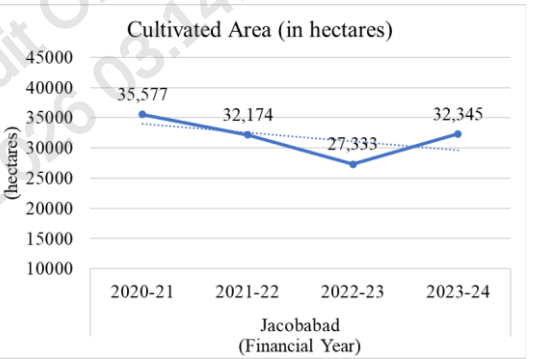
2.4.2 Impact of RBOD-III Project on cultivated land and wheat production in Sindh

Impact of the RBOD-III project was assessed by analyzing changes in cultivated area and wheat production in the beneficiary districts. The table below provides a year-wise comparison with the base year (FY 2020–21).

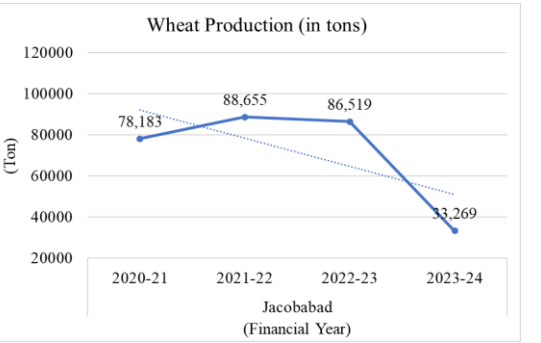
2.4.2.1 District Jacobabad

In Jacobabad, cultivated area consistently remained below the base year, registering a maximum decline of 23.17% in FY 2022–23 and remaining 9.08% lower by FY 2023–24. Despite initial gains in wheat production during FY 2021–22 and FY 2022–23 (13.39% and 10.66%, respectively), production sharply deteriorated in FY 2023–24, falling by 57.45% compared to the base year. This significant decline, despite partial recovery in cultivated area, suggests vulnerability to external factors such as flooding, climatic variability, or operational limitations in these areas.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**35,577**	-	-
2021-22	32,174	-3,403	-9.57%
2022-23	27,333	-8244	-23.17%
2023-24	32,345	-3,232	-9.08%



Financial Year	Wheat Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**78,183**	-	-
2021-22	**88,655**	10,472	13.39%
2022-23	86,519	8,336	10.66%
2023-24	33,269	-44,914	-57.45%



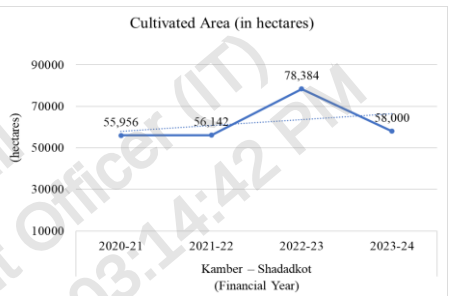
(Source: Sindh Statistics 2024, Bureau of Statistics Planning & Development Department, Government of Sindh. Statistics Division, Federal Bureau of Statistics (Economic Wing) Government of Pakistan, Additional Director, Agricultural Extension, Kamber Shahdadkot and Crop Reporting Service Centre Jacobabad).

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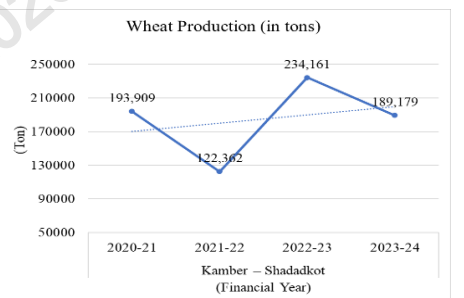
2.4.2.2 District Kamber – Shadadkot

In Kamber–Shadadkot, cultivated area showed improvement, peaking at a 40.08% increase in FY 2022–23, however, wheat production exhibited considerable volatility. While FY 2022–23 recorded a notable production increase of 20.76%, output declined substantially in FY 2021–22 (–36.90%) and marginally again in FY 2023–24 (–2.44%), despite cultivated area remaining above the base year. This difference between land availability and crop output indicates that expanded acreage alone did not consistently translate into sustained productivity gains.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**55,956**	-	-
2021-22	56,142	186	0.33%
2022-23	78,384	22428	40.08%
2023-24	58,000	2,044	3.65%



Financial Year	Wheat Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**193,909**	-	-
2021-22	122,362	-71,547	-36.90%
2022-23	**234,161**	40,252	20.76%
2023-24	189,179	-4,730	-2.44%



(Source: Sindh Statistics 2024, Bureau of Statistics Planning & Development Department, Government of Sindh. Statistics Division, Federal Bureau of Statistics (Economic Wing) Government of Pakistan, Additional Director, Agricultural Extension, Kamber Shahdadkot and Crop Reporting Service Centre Jacobabad).

Overall, unlike the clearer positive trends observed in Balochistan, the Sindh districts reflected inconsistent outcomes, highlighting that RBOD-III's impact on agricultural productivity in Sindh remains uneven and susceptible to climatic conditions.

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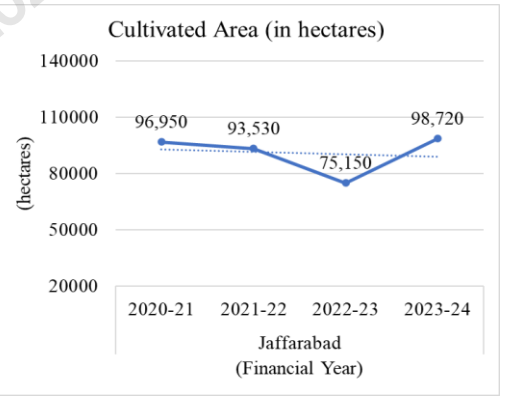
2.4.3 Impact of RBOD-III Project on cultivated land and rice production in Balochistan

The assessment of RBOD-III's impact on rice production in Balochistan reveals a trajectory defined by acute volatility and divergent recovery patterns. While the base year established a strong production threshold, the region experienced a drastic downturn in FY 2022–23, where output collapsed disproportionately compared to land usage. The subsequent recovery in FY 2023–24 has been mixed, distinguishing the resilient rebound in some zones from the lingering deficits in others. This underlines the complex challenges in restoring agricultural stability in the post-crisis period.

2.4.3.1 District Jaffarabad

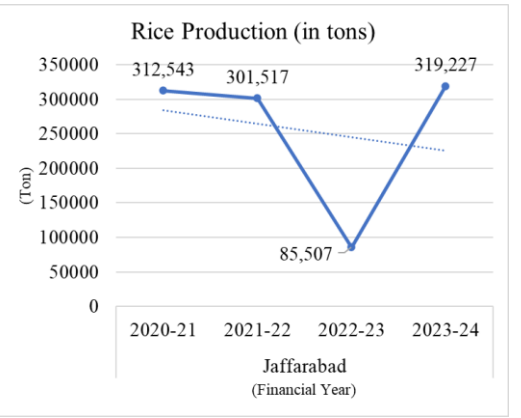
In Jaffarabad, cultivated area experienced a significant contraction of 22.49% in FY 2022–23, though it successfully rebounded to exceed the base year by 1.83% in FY 2023–24. Rice production followed a similar but more drastic pattern. After a massive decline of 72.64% in FY 2022–23, output recovered fully, with a 2.14% increase in FY 2023–24. This rapid return to positive growth implies strong potential in the district's agricultural system, suggesting that the area effectively overcame the disruptions encountered during the intermediate years.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**96,950**	-	-
2021-22	93,530	-3,420	-3.53%
2022-23	75,150	-21800	-22.49%
2023-24	98,720	1,770	1.83%



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Financial Year	Rice Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**312,543**	-	-
2021-22	301,517	-11,026	-3.53%
2022-23	85,507	-227,036	-72.64%
2023-24	**319,227**	6,684	2.14%



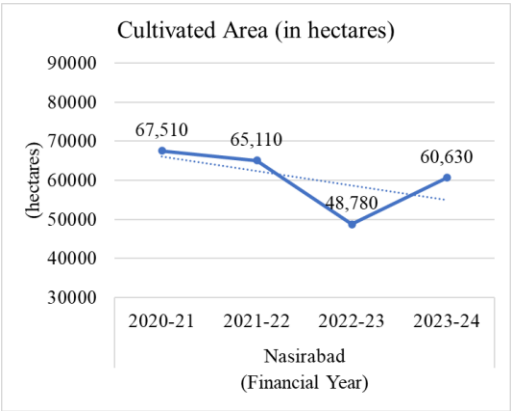
(Source: Agricultural Statistics Balochistan, Directorate of Crop Reporting Services Agricultural Department Balochistan, Quetta)

2.4.3.2 District Nasirabad

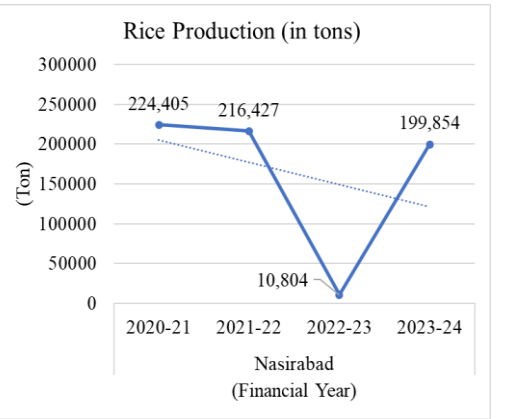
In Nasirabad, cultivated area consistently remained below the base year, recording its steepest decline of 27.74% in FY 2022–23 and remaining 10.19% lower by FY 2023–24. Production figures were even more alarming during the crisis period, with a staggering 95.19% collapse in FY 2022–23. While FY 2023–24 marked a significant improvement from that low, production remained 10.94% below the base year. This indicates that, unlike Jaffarabad, Nasirabad has yet to fully overcome the operational setback due to floods encountered during the reference period.

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Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**67,510**	-	-
2021-22	65,110	-2,400	-3.56%
2022-23	48,780	-18,730	-27.74%
2023-24	60,630	-6,880	-10.19%



Financial Year	Rice Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**224,405**	-	-
2021-22	216,427	-7,978	-3.56%
2022-23	10,804	-213,601	-95.19%
2023-24	199,854	-24,551	-10.94%



Overall, both districts experienced severe climatic shock in FY 2022–23 owing to heavy floods during the period. The same was characterized by disproportionately high production losses compared to area reductions in that year. The subsequent recovery was however, uneven. Jaffarabad surpassed its base year benchmarks, while Nasirabad continued to lag, highlighting localized variations in the resilience and effectiveness of agricultural rehabilitation in the RBOD-III project area of Balochistan.

2.4.4 Impact of RBOD-III Project on cultivated land and rice production in Sindh

The assessment of RBOD-III's impact on rice production in Sindh reveals contrasting trends across Jacobabad and Kamber-Shadadkot districts, highlighting the uneven impact of the RBOD-III project on agricultural outcomes in these regions as detailed below:

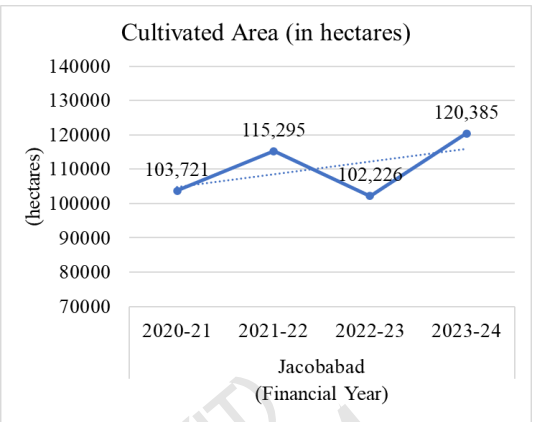
2.4.4.1 District Jacobabad

In Jacobabad, cultivated area and rice production initially increased after the base year 2020-21. The cultivated area expanded by 11.16% in 2021-22, reaching 115,295 hectares, with rice production rising by 20.74% to 428,107 tons. However, in 2022-23, both cultivated area and production declined, with area decreasing slightly by 1.44% and production dropping to 401,885 tons, a reduction of approximately 13.34%. The most significant change occurred in 2023-24, where cultivated area surged by 16.07% to 120,385 hectares, but rice production plummeted by 30.16%, down to 247,649 tons. This sharp decline in output despite increased cultivated area suggests potential issues such as water

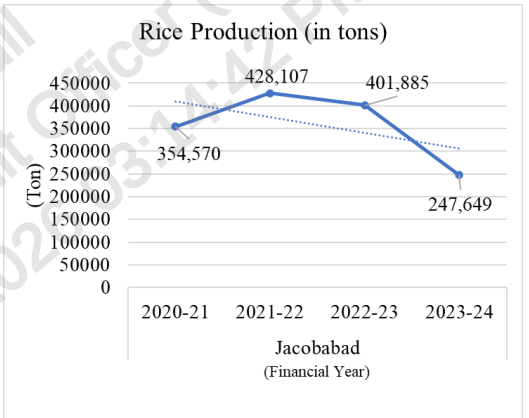
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stress, reduced yield efficiency and other environmental factors affecting productivity.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**103,721**	-	-
2021-22	115,295	11,574	11.16%
2022-23	102,226	-1495	-1.44%
2023-24	120,385	16,664	16.07%



Financial Year	Rice Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**354,570**		
2021-22	428,107	73,537	20.74%
2022-23	401,885	47,315	13.34%
2023-24	247,649	-106,921	-30.16%



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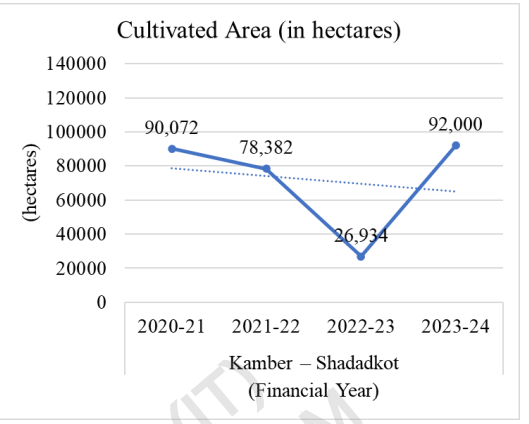
(Source: Sindh Statistics 2024, Bureau of Statistics Planning & Development Department, Government of Sindh. Statistics Division, Federal Bureau of Statistics (Economic Wing) Government of Pakistan, Additional Director, Agricultural Extension, Kamber Shahdadkot and Crop Reporting Service Centre Jacobabad).

2.4.4.2 District Kamber – Shadadkot

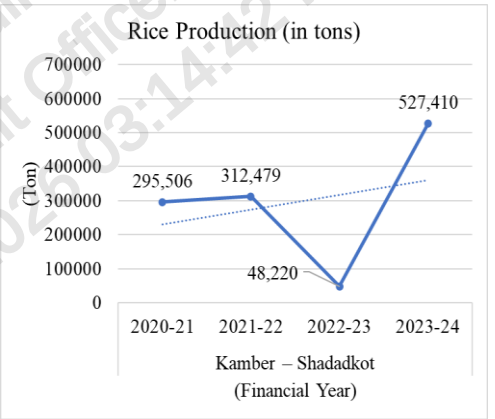
Conversely, Kamber-Shadadkot experienced substantial fluctuations. After a considerable decline in cultivated area during 2022-23, with a 70.10% decrease to 26,934 hectares, the district saw a remarkable recovery in 2023-24. Cultivated area increased by 2.14% to 92,000 hectares, nearing the base year figures. Most notably, rice production rebounded strongly by 78.48%, reaching 527,410 tons, an increase of 231,904 tons compared to the base year. This recovery indicates positive impact of the intervention which allowed the district

to regain and even surpass previous production levels, despite heavy floods in FY 2022-23.

Financial Year	Cultivated Area (in hectares)	Difference with Base Year	
		In hectares	In %age
2020-21 **Base Year**	**90,072**	-	-
2021-22	78,382	-11,690	-12.98%
2022-23	26,934	-63138	-70.10%
2023-24	92,000	1,928	2.14%



Financial Year	Rice Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	**295,506**	-	-
2021-22	312,479	16,973	5.74%
2022-23	48,220	-247,286	-83.68%
2023-24	527,410	231,904	78.48%



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(Source: Sindh Statistics 2024, Bureau of Statistics Planning & Development Department, Government of Sindh. Statistics Division, Federal Bureau of Statistics (Economic Wing) Government of Pakistan, Additional Director, Agricultural Extension, Kamber Shahdadkot and Crop Reporting Service Centre Jacobabad).

To conclude, the above-mentioned trends highlight the need for tailored strategies to address district-specific challenges to ensure sustainable rice production and maximum utility of the intervention i.e. RBOD-III project.

2.4.5 Environmental Impact of RBOD-III Project on Manchar Lake

The assessment of RBOD-III's impact on Manchar Lake reveals a concerning decline in fish production reflecting significant environmental degradation in the region. The fish production data for Dadu district has been examined in this regard as it reflects output solely from Manchar Lake with the

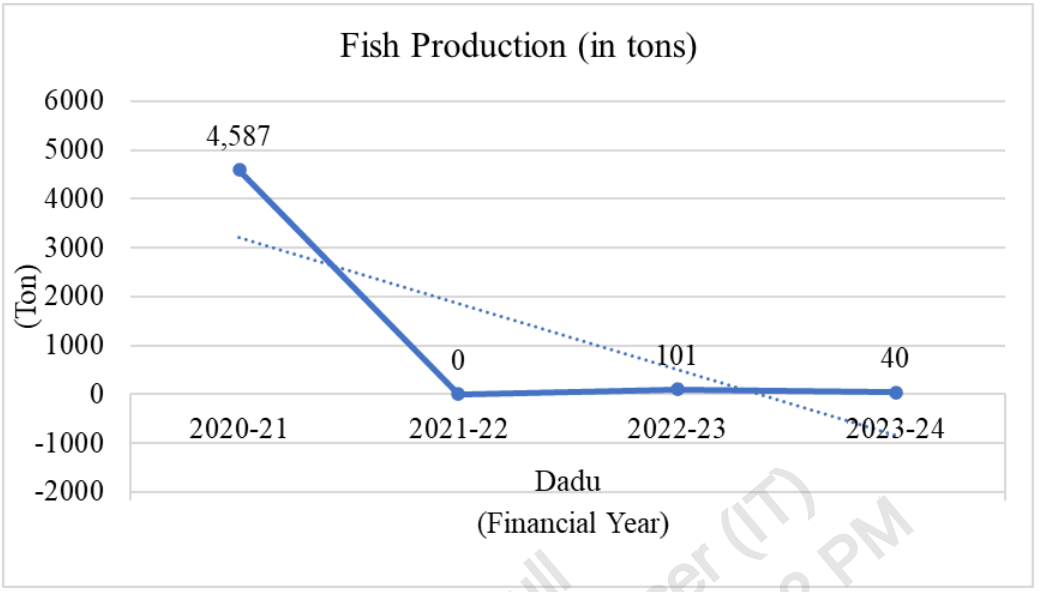
lake being the district's only significant source of fish production. The data shows a dramatic reduction in fish yields over the past few years indicating adverse effects on the lake's aquatic ecosystem.

Financial Year	Fish Production (in tons)	Difference with Base Year	
		In tons	In %age
2020-21 **Base Year**	4,587	-	-
2021-22	*	*	*
2022-23	101	-4,486	-97.80%
2023-24	40	-4,547	-99.13%

**** Data Not Compiled due to Flood in the area in 2021-22***
(Source: Sindh Statistics 2022 & 2024, Deputy Director Fisheries, District Dadu)

The data illustrates a significant decline in fish production in the Dadu district, which is directly associated with the RBOD-III project's impact on Manchar Lake. In the base year 2020-21, fish production was recorded at 4,587 tons, however, in the following years, there is a dramatic decline in fish yield. By 2022-23, fish production declined to just 101 tons, representing a staggering decrease of approximately 97.80% from the base year. This decline further worsened in 2023-24, with fish production dropping to only 40 tons, amounting to a 99.13% reduction compared to the baseline. This sharp decrease indicates severe environmental degradation of Manchar Lake caused by the RBOD-III Project's intervention due to waste disposal in the lake. The decline in fish populations not only affected local biodiversity but also threatens the livelihoods of communities dependent on fishing. The water quality of Manchar Lake was found unfit for drinking and irrigation due to high salt contents as per PCRWR report-2022.

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To conclude, the data strongly suggests that the RBOD-III Project had a profoundly negative impact on the aquatic ecosystem of Manchar Lake. This was mainly because of non-completion of RBOD-II (Sehwan to Sea) project which was to dispose off the effluents of the whole RBOD system in to the sea. Due to non-completion of the RBOD-II project, effluents are being disposed-off in the Manchar Lake which has resulted in environmental degradation of the lake.

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CONCLUSION

The comprehensive assessment of the RBOD-III project's impact across various sectors and regions revealed that in Balochistan, the project generally contributed positively to agricultural productivity in the target districts of Jaffarabad and Nasirabad, where cultivated land and wheat production showed consistent growth over the years. The upward trends in land utilization and crop yields in these areas indicate that RBOD-III played a significant role in land recovery, improvement of drainage and enabling of farmers to enhance their productivity which in turn helped to support regional food security.

In Sindh, however, the results were more varied and less encouraging. While districts like Kamber-Shadadkot showed resilience and notable recovery in cultivated area and rice production, Jacobabad experienced persistent declines, with sharp drops in both land area and crop output.

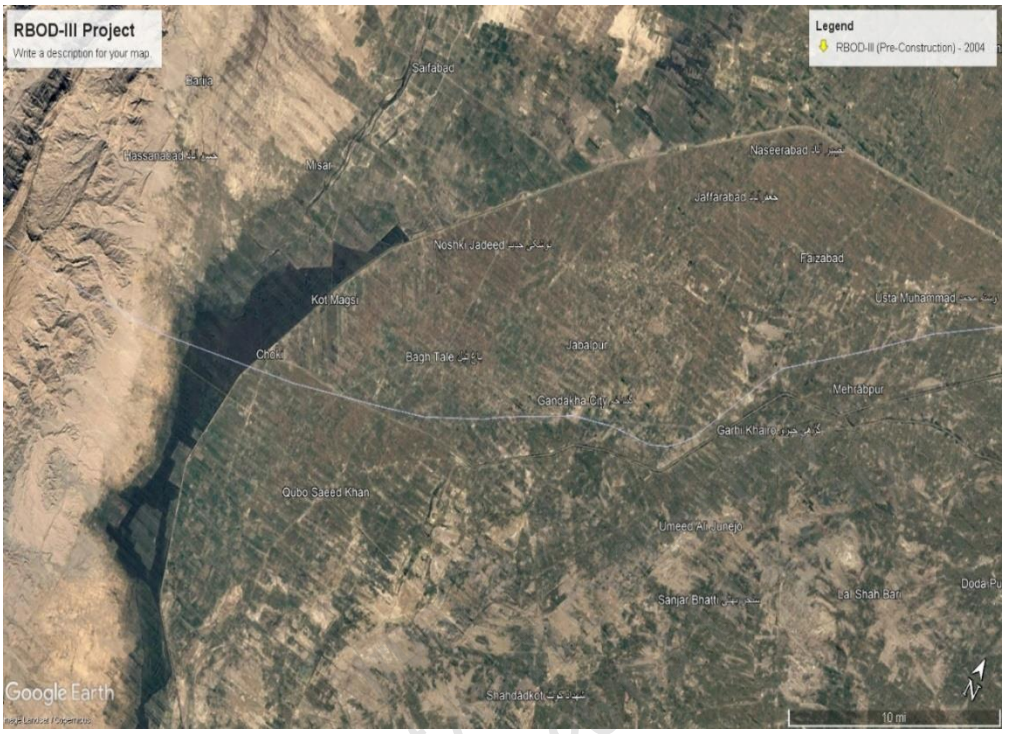
The environmental impact on Manchar Lake indicated a severe decline in fish population. There was almost a complete collapse in fish production which highlighted significant ecological degradation in the lake. This indicated that the intervention also had adverse effects on natural ecosystems, threatening biodiversity and local livelihoods.

Overall, while the RBOD-III project has been able to achieve its objectives of increase in cultivable land and crop productivity to a large extent in project areas of Balochistan and to some extent in Sindh, it also resulted in environmental degradation and uneven agricultural recovery in some areas. These findings emphasize the importance of integrated planning and management to ensure environmental sustainability alongside infrastructural development.

Given these findings, it is recommended that the RBOD-III Project be handed over to the Sindh Government for efficient operation and maintenance. Critically, to mitigate the adverse ecological impact and support affected communities, the RBOD-II (Sehwan to Sea) Project must be completed urgently to ensure safe effluent disposal into the sea. Additionally, restoration measures for Manchar Lake should include regular water quality monitoring and livelihood support programs for the fishing communities.

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Assistant Audit Officer (IT)
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Position of Western Pond before RBOD-III intervention



Position of Western Pond after RBOD-III intervention



MNV Drain-Extension constructed



RBOD-EXTENSION DRAIN (KAMBER-SHAHDADKOT)-RICE CROP



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ANNEXURES

I. MFDAC Paras

II. Statement of Para No.1.5.51

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Annexure-I

MFDAC Paras

(Rs. in million)

Sr. No.	Entity	DP No. (/2025-26)	Subject
1	WAPDA	1	Non-recovery of market rent due to irregular retention of flat by an employee of LESCO - Rs.2.715 million
2	WAPDA	2	Unjustified expenditure due to irregular award of contract for provision of janitorial and maintenance services through quotation in violation of PPRA Rules - Rs.5.053 million
3	WAPDA	3	Non-disposal of unserviceable material - Rs.0.975 million
4	WAPDA	5	Loss of rent due to non-complying with the approval of Authority – Rs.1.348 million
5	WAPDA	6	Unjustified expenditure on account of pay & allowances of officers/officials attached with other formations - Rs.16.430 million
6	WAPDA	8	Irregular award of work for printing of WAPDA Khabarnama through quotations in violation of PPRA Rules - Rs.3.488 million
7	WAPDA	9	Unjustified payment on account of reward to employees in addition to overtime allowance - Rs.2.299 million
8	WAPDA	12	Irregular payment of temporary advances through open cheques - Rs.29.314 million
9	WAPDA	13	Irregular expenditure on engagement of official on daily wages basis - Rs.1.321 million
10	WAPDA	14	Less recovery of maintenance charges from the allottees of official accommodations - Rs.1.900 million
11	PCRWR	15	Irregular award of work orders for printing of books through quotations by splitting in violation of PPRA Rules - Rs.0.950 million
12	PCRWR	16	Unjustified expenditure on account of POL due to irregular attachment of vehicle with Minister's Office - Rs.0.209 million
13	WAPDA	17	Unjustified payment of Professional Allowance in addition to Health Allowance - Rs.0.440 million
14	WAPDA	18	Irregular award of framework contracts without preparation of engineer's estimate - Rs.118.530 million

Irrigation Office (D)
Assistant Audit Officer
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15	PCIW	22	Less deduction of income tax from payments made to the employees - Rs.0.833 million
16	WAPDA	27	Unjustified payment of Head Office Allowance to the employees of M.S WAPDA Hospital Lahore - Rs.47.239 million
17	WAPDA	29	Unjustified appointment of General Secretary WAPDA Sports Board as Vice President and Member of Management Committee of Pakistan Tennis Federation
18	WAPDA	30	Less deduction of maintenance charges from the allottees of WAPDA's accommodations - Rs.1.524 million
19	WAPDA	32	Unjustified payment on account of advance increment to the WAPDA's employees - Rs.2.665 million
20	WAPDA	33	Unjustified payment of reward to employees in addition to overtime allowance - Rs.1.671 million
21	WAPDA	34	Irregular deduction of withholding tax on profits by the bank - Rs.0.473 million
22	WAPDA	35	Irregular procurement of sports equipment through quotations by splitting in violation of PPRA Rules - Rs.7.425 million
23	WAPDA	36	Excess payment of cash reward to the athletes and coaches - Rs. 3.250 million
24	WAPDA	37	Unjustified expenditure due to enhancement in rates of extra diet without approval of WAPDA Sports Board - Rs. 2.157 million
25	WAPDA	38	Mis-procurement in selection of venues for Chairman WAPDA Golf Amateur Tournament - Rs. 6.816 million
26	WAPDA	39	Unjustified expenditure on purchase of gifts for 3rd Chairman WAPDA Golf Amateur tournament and non-adjustment of temporary advance - Rs. 1.378 million
27	PCRWR	40	Non-disposal of off-road vehicles - Rs.6.100 million
28	WAPDA	42	Unjustified expenditure on account of pay & allowances due to irregular revival of abolished post of General Manager (Sports) - Rs.10.949 million
29	WAPDA	43	Recoverable amount on account of lump-sum pay from cricket players - Rs. 0.277 million
30	WAPDA	44	Loss of interest income due to deposit of funds in non-interest bearing bank account - Rs.4.020 million
31	WAPDA	45	Unjustified grant of extension of time with additional cost to the consultants - Rs.71.853 million

Assistant Auditor General
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32	WAPDA	46	Non-recovery of agreed amount from the consultants pointed out in internal audit reports - Rs.13.782 million
33	PCIW	47	Irregular excess payment on account of technical consultancy services due to applying higher hourly rate – Rs.9.384 million
34	WAPDA	49	Irregular expenditure on account of pay of staff hired on daily wages basis – Rs.1.327 million
35	WAPDA	50	Irregular award of waste management contract in violation of regulatory requirement - Rs.1.260 million
36	WAPDA	51	Unjustified expenditure on account of pay of staff hired on daily wages for repair & maintenance of various models – Rs.31.447 million
37	WAPDA	52	Loss due to irregularities/misappropriation in drawing POL - Rs.1.337 million
38	WAPDA	53	Excess payment of cash reward to the athletes and coach without prior recommendations of the WAPDA Sports Board - Rs.12.525 million
39	WAPDA	54	Unjustified expenditure on account of pay & allowances due to irregular appointment of Senior Manager in violation of qualification criteria - Rs.10.623 million
40	PCRWR	55	Wasteful expenditure incurred on construction of wastewater treatment system - Rs.0.437 million
41	WAPDA	56	Irregular award of contract for establishment of PCR Lab on reagent rental basis and non-operation of lab as per conditions of contract - Rs.23.328 million
42	WAPDA	57	Non-disposal of off-road vehicles - Rs.10.050 million
43	WAPDA	58	Irregular award of contract for procurement of laboratory equipment/facilities on reagent rental basis without any provision in procurement rules and without carrying out pre-qualification - Rs.74.106 million
44	WAPDA	59	Non-recovery of standard rent from the employee of other formation– Rs.1.171 million
45	IRSA	61	Unjustified excess payment of house rent allowance to the employees and Members of IRSA - Rs.19.145 million
46	IRSA	62	Unjustified payment of honorarium to employees of Ministry - Rs.0.549 million
47	IRSA	63	Excess payment of mobile phone charges than entitlement - Rs.0.792 million

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48	IRSA	64	Unjustified payment of POL charges to IRSA Members in cash in violation of rules – Rs.4.287 million
49	IRSA	65	Unjustified expenditure on account of POL & repair charges due to irregular attachment of vehicles with Ministry - Rs.2.696 million
50	IRSA	66	Unjustified expenditure on account of pay & allowances of officials working at Ministry - Rs.1.085 million
51	WAPDA	67	Unjustified expenditure due to irregular procurement of medicines through local purchase slips under framework agreement without carrying out pre-qualification – Rs.112.759 million
52	MoWR	68	Unjustified expenditure on account of POL due to non-maintenance of record of vehicles and operation of pool vehicles without authorization by the Cabinet Division -Rs. 11.485 million
53	FFC	69	Unjustified expenditure on account of pay & allowances due to non-transparent recruitments on different posts - Rs.8.061 million
54	FFC	70	Less obtaining of performance guarantee from the contractor - Rs.1.145 million
55	WAPDA	71	Irregular award of contracts for procurement of medical supplies through framework agreements without carrying out pre-qualification – Rs.924.971 million
56	WAPDA	72	Unjustified expenditure on account of purchase/use of diesel for AC plant- Rs.143.012 million
57	MoWR	73	Irregular expenditure for procurement & installation of vanity type basin & marble through quotations by splitting in violation of PPRA Rules - Rs. 1.623 million
58	MoWR	74	Irregular execution of work for floor scrubber and polishing through quotations by splitting in violation of PPRA Rules - Rs.2.831 million
59	MoWR	75	Excess payment of daily allowance and accommodation charges to the officer in violation of approved rates - Rs.0.083 million
60	MoWR	76	Less deduction of house rent charges from the employees availing official accommodations - Rs. 0.323 million
61	MoWR	77	Irregular payment of honoraria to the officers - Rs. 0.315 million

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62	FFC	78	Blockage of funds due to irregular release of funds to the Punjab Irrigation Department – Rs.297.154 million
63	MoWR	79	Unjustified/infructuous expenditure incurred on electronic communication - Rs.1.295 million
64	WAPDA	80	Irregular award of contract through supplementary agreement - Rs.1,053.541million
65	WAPDA	82	Excess payment made due to wrong fixation of pay and grant of advance increments – Rs.5.037 million
66	WAPDA	83	Non-implementation of recommendations of fact-finding inquiry committee regarding irregularities/serious violations in the affairs of WAPDA Sports Board
67	WAPDA	84	Irregular engagement of law firm for drafting of WAPDA Security Force Act and charging of expenditure to the projects – Rs.7.500 million
68	WAPDA	86	Irregular appointment against the post of Audit Officer due to non-possession of required qualification by the candidate
69	FFC	87	Less deduction of withholding taxes from the suppliers and services providers due to non-active taxpayers – Rs.1.084 million
70	WAPDA	89	Unjustified award of contract to the blacklisted contractor in violation of PPRA Rules - Rs.219.718 million
71	WAPDA	91	Irregular approval for payment on account of Right of Way (RoW) compensation beyond the scope of the project – 10.600 million
72	WAPDA	92	Non-transparent recruitment of Specialist Doctors against various posts
73	WAPDA	93	Unjustified appointments made against the posts of GDMO and Dental Surgeon
74	WAPDA	94	Irregular recruitment on the post of Head Environment & Social Management Unit (ESMU) in Tarbela 5th Extension Hydropower Project without provision in approved PC-I
75	WAPDA	97	Unjustified payments made through cash withdrawals – Rs.12.387 million
76	FFC	98	Wasteful expenditure due to non-completion of institutional reforms assignment – Rs.7.849 million
77	WAPDA	99	Unjustified recruitment against the post of AXEN (Civil) due to shifting of candidates to other quotas
78	FFC	100	Loss on account of auction of surplus material due to revision of reserve price - Rs.0.696 million

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79	FFC	101	Irregular award of framework agreements – Rs.26.750 million
80	WAPDA	102	Unjustified award of contract over & above the Engineer's estimate and PC-I provisions - Rs.1,700.810 million
81	WAPDA	103	Irregular appointment of member in Panel of Expert having financial implication - Rs.119.560 million
82	WAPDA	104	Unjustified non-selection of candidates against the post of Stenographer Grade-II
83	WAPDA	105	Unjustified recruitment of Naib Qasids without observing Women and Minorities quota
84	WAPDA	106	Irregular up-gradation of posts to General Manager without any provision in approved PC-I of projects
85	WAPDA	107	Irregular recruitment on the post of Director (Security) due to non-observance of provincial quotas
86	WAPDA	108	Irregular recruitments made against upgraded posts of Jr. Clerk cum Computer Typist and Sr. Clerk
87	WAPDA	118	Unjustified award of contract for procurement of spare parts for CCTV system – Rs.3.282 million
88	WAPDA	119	Unjustified expenditure on engagement of staff on daily wages basis - Rs.3.155 million
89	WAPDA	120	Irregular payment of overtime claims to the employees at double rate - Rs.2.513 million
90	WAPDA	121	Loss of revenue due to excessive auxiliary consumption - Rs.160.249 million
91	WAPDA	122	Recoverable amount of liquidated damages from the contractors – Rs.1.030 million
92	WAPDA	123	Unjustified acceptance of unspecified tyres delivered by the supplier under framework agreement – Rs.0.982 million
93	WAPDA	124	Unjustified charging of expenditure of other formations - Rs.67.655 million
94	WAPDA	128	Unjustified award of contract for overhauling/repair of submersible drainage sump pumps – Rs.5.394 million
95	WAPDA	129	Non-replacement of power cable by the supplier damaged during warranty period - Rs.4.430 million
96	WAPDA	133	Non-levy of Balochistan Stamp Duty at the time of signing of contracts - Rs.1.930 million
97	WAPDA	134	Unjustified reimbursement of insurance cost by extending undue favour to the consultants – Rs.3.431 million

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98	WAPDA	135	Unjustified booking of expenditure on account of POL and repair & maintenance of vehicle pertaining to other formation to the project – Rs. 1.654 million
99	WAPDA	137	Non-provision of insurance coverage of Relevant Assets by the Investment Agent
100	WAPDA	143	Non-recovery of rent from shopkeepers and occupants of residential accommodations – Rs.6.351 million
101	WAPDA	144	Non-replacement of defective/dead energy meters of residential, non-residential and commercial connections
102	WAPDA	145	Unjustified award of contracts for different maintenance works - Rs.17.025 million
103	WAPDA	146	Unjustified procurement of equipment through quotations instead of tendering - Rs.1.443 million
104	WAPDA	147	Unjustified payment on account of temporary advances for TA/DA on foreign training of officers - Rs. 72.317 million
105	WAPDA	150	Loss due to non-handing over of project's related confidential data, models and laptops by the ex-consultants - Rs.4.869 million
106	WAPDA	151	Unjustified excess payment on account of work executed through variation order - Rs.11.847 million
107	WAPDA	152	Unjustified attachment of project's vehicles with other formations – Rs.9.198 million
108	WAPDA	154	Excess payment to the contractor due to non-deduction of amount to be paid upon issuance of operational acceptance certificate and expiry of defect notification period - Rs.574.730 million
109	WAPDA	155	Loss due to less credit of interest income by the bank - Rs.14.412 million
110	WAPDA	159	Non-adjustment of advances given to Deputy Commissioners/LACs and Frontier Corps – Rs.67.392 million
111	WAPDA	160	Irregular payment on account of expenditure of other formations of WAPDA in violation of PC-I provisions - Rs.177.184 million
112	WAPDA	161	Non-transfer of profit earned on PSDP funds to the Federal Government by the DC/LAC – Rs.4.380 million
113	WAPDA	166	Loss of potential income due to placement of funds by DC/LAC in non-interest bearing bank account – Rs.183.322 million

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114	WAPDA	167	Non-imposition of delay damages due to non-inclusion of relevant clause in the contract – Rs.5.483 million
115	WAPDA	168	Unjustified payment of insurance premium on account of insurance coverage of prior period – Rs.155.041 million
116	WAPDA	172	Loss due to charging of electricity units of bulk supply as line losses – Rs.17.672 million
117	WAPDA	173	Non-recovery of amount of electricity bills from the users - Rs.2.268 million
118	WAPDA	178	Unjustified payment on account of unapproved variation orders – Rs.2,100.511 million
119	WAPDA	181	Unjustified refund of amount of bridge finance and payment of commutation charges from the loan of Saudi Fund for Development - Rs.3,415.284 million
120	WAPDA	184	Unjustified expenditure due to irregular attachment of project's vehicles with other offices/officers – Rs.27.362 million
121	WAPDA	185	Irregular award of contract for procurement of helicopters through direct contracting in violation of PPRA Rules – Rs. 10,627 million
122	WAPDA	187	Non-deduction of Khyber Pakhtunkhwa Sales Tax from payment made to the contractor for provision of helicopter services – Rs.62.846 million
123	WAPDA	188	Non-imposition of liquidated damages upon the contractor for delay in completion of work - Rs. 625.341 million
124	WAPDA	192	Irregular payment to contractor without conducting mandatory tests of cement – Rs.117.772 million
125	WAPDA	203	Unjustified excess payment made to the contractor due to non-deduction of rebate on BoQ items for varied work (Auxiliary Spillway) - Rs.5.381 million
126	WAPDA	204	irregular payment on account of POL and repair & maintenance of vehicles in addition to those allowed under the security agreement – Rs. 1.551 million
127	WAPDA	205	Irregular expenditure on account of procurement of motor bikes without provision in PC-I - Rs.1.173 million
128	WAPDA	206	Unjustified excess payment of escalation after scheduled completion date - Rs.10.693 million
129	WAPDA	212	Unjustified payment of withheld amount to the contractor without supporting documents – Rs.39.686 million

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130	WAPDA	213	Unjustified expenditure due to irregular attachment of project's vehicles with other offices/officers – Rs.29.475 million
131	WAPDA	214	Unjustified reimbursement of amount of sales tax on rent of bullet proof vehicles to the contractor - Rs.19.584 million
132	WAPDA	217	Irregular payment of pensionary charges out of PSDP funds - Rs.51.585 million
133	WAPDA	218	Unjustified payment of daily allowance to the employees for visit of project's site – Rs.9.652 million
134	WAPDA	222	Unjustified expenditure on pay & allowances due to posting of General Manager (Land Acquisition & Resettlement) at Lahore instead of project site, Chilas – Rs.7.585 million
135	WAPDA	224	Irregular payment of monthly incentives to the Commissioner, District Attorney and legal advisors – Rs.5.069 million
136	WAPDA	225	Unjustified payment to the contractor on account of rent of vehicles hired for passage of locals across the damaged portion of road – Rs.4.493 million
137	WAPDA	226	Unjustified expenditure on pay & allowances due to posting of Director (Social & Resettlement) at Lahore instead of project site, Chilas – Rs.4.213 million
138	WAPDA	227	Irregular payment of hard area allowance and 55% project allowance to the employees posted at Lahore & Islamabad - Rs.2.488 million
139	WAPDA	228	Non-recovery of amount of crops compensation damaged by the contractor during execution of works – Rs.3.744 million
140	WAPDA	229	Irregular payment of house acquisition (hiring) besides availing official family accommodation at project's colony – Rs.3.118 million
141	WAPDA	230	Loss due to irregular payment of salary to the officer after transfer from the project – Rs.2.806 million
142	WAPDA	231	Irregular charging of pay of Advisor for safe/smart city projects in violation of PC-I provisions – Rs.2.118 million
143	WAPDA	232	Irregular payment of TA/DA to the Advisor to Authority on Geo-Tech Engineering from funds of DBDP – Rs.1.398 million
144	WAPDA	233	Unjustified expenditure due to irregular appointment of security expert in violation of PC-I provision – Rs.1.200 million

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145	WAPDA	236	Unjustified expenditure on account of pay due to irregular engagement of staff on contingent/ daily wages basis - Rs. 44.659 million
146	WAPDA	239	Undue benefit to the contractor by irregular refund of retention money – Rs. 7.712 million
147	WAPDA	240	Undue favour to the contractor by granting extension of time and non-imposition of liquidated damages – Rs. 2.732 million
148	WAPDA	242	Unauthorized payment to the consultant in excess than the approved cost - Rs.45.092 million
149	WAPDA	243	Non-recovery of leave salary as liquidated damages from the absconded employee due to non-joining of duty after study leave – Rs.1.953 million
150	WAPDA	244	Unjustified payment to the transport contractor against provision of vehicles for pick & drop facility of school going children - Rs.21.405 million
151	WAPDA	246	Unjustified expenditure on POL due to irregular use of vehicles by the unauthorized officers - Rs.1.655 million
152	WAPDA	247	Unjustified expenditure due to irregular use of project's vehicle at Chairman WAPDA's Camp Office, Islamabad - Rs.1.195 million
153	WAPDA	248	Unjustified expenditure due to irregular appointment of General Duty Medical Officer without advertisement – Rs.0.939 million
154	WAPDA	250	Unjustified expenditure on account of payment of Internal Security (IS) Allowance – Rs.20.634 million
155	WAPDA	251	Irregular expenditure due to continuation of services for the post of CEO beyond approved tenure – Rs.1.882 million
156	WAPDA	252	Irregular creation of post and appointment of Assistant Audit Officer – Rs.0.525 million
157	WAPDA	256	Non-mutation of acquired land in the name of WAPDA - Rs.935.009 million
158	WAPDA	257	Irregular expenditure on account of pay & allowances of staff hired on daily wages basis – Rs.7.724 million
159	WAPDA	265	Non-recovery of training fees from different formations - Rs.2.043 million
160	WAPDA	266	Irregular payment on account of Orderly Allowance to the officer of BOPS-19 – Rs.0.921 million
161	WAPDA	268	Irregular expenditure on engagement of officials on daily wages basis – Rs.9.053 million

IRMS Cell (Audit Officer (R))
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162	WAPDA	269	Irregular payment for execution of works on account of security arrangement without PC-I provision - Rs.12.565 million
163	WAPDA	270	Irregular payment for hiring of overaged ex-servicemen for security - Rs.4.021 million
164	WAPDA	274	Unjustified expenditure on account of pay & allowances of Advisor due to appointment in violation of relevant SOP - Rs.5.303 million
165	WAPDA	275	Non-recovery & transfer of receipts on account of disposal of un-serviceable vehicles – Rs.5.202 million
166	WAPDA	276	Non-indemnification of loss sustained due to collapse of portion of diversion tunnel during flood - Rs.997.968 million
167	WAPDA	277	Irregular appointment of Advisor/Consultant on Aviation and unjustified charging of expenditure on account of his pay to the project– Rs.3.362 million
168	WAPDA	278	Unjustified payment of TA/DA to the Deputy Manager (A&F) – Rs.0.860 million
169	WAPDA	279	Unjustified payment of TA/DA to the Director (HR & Admn.) due to various irregularities – Rs.0.457 million
170	WAPDA	284	Non-recovery of amount pointed out by Internal Audit WAPDA from the Consultants – Rs.349.693 million
171	WAPDA	288	Irregular expenditure on engagement of staff on daily wages basis - Rs.8.057 million
172	WAPDA	302	Non-imposition of liquidated damages upon the consultant due to delay in completion of Activity No.1b - Rs.6.013 million
173	WAPDA	306	Unjustified charging of expenditure of other formations to the project- Rs.29.991 million
174	WAPDA	308	Extra financial burden on WAPDA due to non-handing/taking over of the project - Rs.15.275 million
175	WAPDA	309	Unjustified payment due to non-execution of component of lump sum item - Rs.1.541 million
176	WAPDA	310	Inadmissible benefit of Reduction in Tax Liability and Deductible Allowance for Profit on Debt allowed to the Principals/Managers of AFTI – Rs.0.624 million
177	WAPDA	313	Non-recovery of medical share from SEPCO and GENCO-II- Rs.121.468 million
178	WAPDA	314	Usage of medicines without conducting test from drug testing laboratory – Rs.46.764 million

Irrigation Audit Office
Assistant Audit Officer
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179	WAPDA	316	Less recovery of maintenance charges from the allottees of official accommodations - Rs.0.436 million
180	WAPDA	317	Unjustified award of contracts for procurement of medicines – Rs.16.389 million
181	WAPDA	320	Non-disposal of off-road vehicles - Rs.1.700 million
182	WAPDA	322	Unjustified expenditure due to irregular engagement of staff on daily wages basis - Rs.3.220 million
183	WAPDA	325	Undue favour to contractor due to non-obtaining of insurance policies - Rs.24.476 million
184	WAPDA	327	Non-recovery of rental charges from the consultants - Rs.5.444 million
185	WAPDA	329	Non-disposal of outlived vehicle - Rs.0.969 million
186	WAPDA	330	Unjustified award of contract to 2nd lowest bidder - Rs. 2.094 million
187	WAPDA	331	Unjustified payment on account of reward to employees simultaneously with overtime allowance - Rs.11.043 million
188	WAPDA	332	Excess payment of overtime claims to the employees due to double rate - Rs.3.834 million
189	WAPDA	333	Non-recovery of standard rent from employees of other formations - Rs.6.628 million
190	WAPDA	334	Blockage of funds due to non-disposal of dismantled/unservicable material - Rs.151.464 million
191	WAPDA	335	Non-recovery of account receivables - Rs.5.422 million
192	WAPDA	338	Unjustified payment of Professional Allowance in addition to Health Allowance - Rs.5.320 million
193	WAPDA	339	Irregular execution of repair & maintenance works of TDP offices in violation of PPRA Rules - Rs.4.974 million
194	WAPDA	340	Irregular award of contract by tempering the bidding documents through collusive practice of bidders – Rs.1.660 million
195	WAPDA	341	Non-disposal of scrap/unserviceable material - Rs.54.910 million
196	WAPDA	342	Unjustified expenditure on account of POL and repair & maintenance due to irregular attachment of vehicle with the Ministry – Rs.1.557 million
197	WAPDA	343	Unjustified expenditure on account of repair of transformers from project's funds instead of PESCO - Rs.3.438 million

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Assistant Audit Officer
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198	WAPDA	344	Irregular award of work order to 2nd lowest bidder through alteration in bidding documents - Rs.1.654 million
199	WAPDA	349	Unknown whereabouts of vehicles - Rs.5.760 million
200	WAPDA	351	Irregular expenditure on account of lumpsum pay to additional security staff in violation of PC-I and austerity measures - Rs. 15.927 million
201	WAPDA	352	Loss to Government Exchequer on account of sales tax due to irregular revision of Letter of Acceptance terms - Rs.2.447 million
202	WAPDA	356	Non-recovery of standard rent from Pak Army – Rs.29.946 million
203	WAPDA	361	Non-imposition of liquidated damages upon the contractors – Rs.3.778 million
204	WAPDA	362	Unjustified expenditure on account of POL and repair & maintenance of vehicles - Rs.5.123 million
205	WAPDA	364	Unjustified excess payment of escalation after scheduled completion date - Rs.327.581 million
206	WAPDA	365	Unjustified expenditure due to irregular attachment of project's vehicle with Ministry – Rs.6.914 million
207	WAPDA	366	Irregular expenditure on account of pay of contingent staff in violation of austerity measures and WAPDA recruitment policy - Rs.87.105 million
208	WAPDA	367	Unjustified excess payment on account of escalation to the contractors after scheduled completion period – Rs.14.488 million
209	WAPDA	368	Irregular payment on account of share of supervisory offices in violation of PC-I provisions - Rs.24.812 million
210	WAPDA	371	Unjustified payment of house acquisition at ineligible cities - Rs.4.106 million
211	WAPDA	375	Unjustified payment on account of reward to employees in addition to overtime allowance - Rs.0.405 million
212	WAPDA	376	Irregular deduction of withholding tax on profits by the bank - Rs.3.580 million
213	WAPDA	378	Irregular expenditure on account of pay of staff hired on daily wages basis – Rs.5.054 million
214	WAPDA	382	Recoverable amount of liquidated damages from the supplier – Rs. 15.511 million
215	WAPDA	383	Irregular/excess payment of overtime claims to the employees at double rate - Rs.3.871 million

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Assistant Audit Officer (Tech)
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216	WAPDA	387	Loss due to award of purchase order of same work to the same supplier through retendering process at higher rates- Rs.19.869 million
217	WAPDA	393	Non-utilization of USAID funds and non-completion of agreed milestones within scheduled period due to poor implementation of the project – Rs.5,509.088 million
218	WAPDA	394	Unjustified expenditure on account of pay due to irregular recruitment of daily wages staff against non-sanctioned posts – Rs.11.213 million
219	WAPDA	396	Blockage of funds in shape of payment to the contractor upon production of LC due to slow progress of works- Rs.7,254.466 million
220	WAPDA	397	Unjustified payment to the contractor without opening of letter of credit in the name of approved manufacturer of Hot Rolled Steel Coil - Rs.40,018.008 million
221	WAPDA	398	Unjustified increase in consultancy cost due to engagement of foreign expert in addition to expert's team agreed/approved in consultancy services agreement - Rs.60.997 million
222	WAPDA	399	Unjustified expenditure due to irregular appointment and retention of services of Advisor – Rs.11.158 million
223	WAPDA	400	Non-disposal of off-road vehicles - Rs.1.500 million
224	WAPDA	401	Unjustified partial payment to the contractor on account of delivery of MS Pipes without completion of milestones - Rs.4,378.810 million
225	WAPDA	403	Unjustified expenditure due to irregular engagement of staff on daily wages basis - Rs.1.760 million
226	WAPDA	405	Loss of millions of rupees due to theft of water
227	WAPDA	406	Non-disposal of off-road vehicle and dismantled material - Rs.1.115 million
228	WAPDA	410	Irregular expenditure on engagement of officials on daily wages basis – Rs.64.594 million
229	WAPDA	411	Unjustified payment on account of reward to employees simultaneously with overtime allowance - Rs.5.456 million
230	WAPDA	416	Unjustified expenditure on account of pay & allowances due to irregular attachment of officer with Ministry - Rs.1.616 million
231	WAPDA	418	Unjustified award of contract for procurement of below specification material at higher rates - Rs.7.335 million

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232	WAPDA	419	Non-initiating contractual action against the suppliers due to non-supply of medicines – Rs.9.700 million
233	WAPDA	421	Non-deduction of income tax and provincial sales tax from contractor's bills – Rs.1.991 million
234	WAPDA	422	Irregular charging of expenditure on account of pay & allowances of vigilance staff without provision in PC-I - Rs.3.835 million
235	WAPDA	423	Non-recovery/deduction of liquidated damages from the contractors – Rs.0.969 million
236	WAPDA	424	Non-deduction of income tax from the payments made to the suppliers - Rs.0.838 million
237	WAPDA	427	Irregular transfer of funds from assignment account to private bank account – Rs.1,428.908 million
238	WAPDA	429	Non-initiating action against the supplier on account of short supply of equipment - Rs.26.092 million
239	WAPDA	430	Loss of revenue due to forced outage in excess of limit determined by NEPRA – Rs.0.536 million
240	WAPDA	431	Loss of revenue due to excessive auxiliary consumption - Rs.11.840 million
241	WAPDA	432	Loss of revenue due to forced outage in excess of limit determined by NEPRA – Rs.1.068 million
242	WAPDA	435	Unjustified expenditure due to irregular hiring of an internee - Rs.0.748 million
243	WAPDA	438	Unjustified expenditure on account of bullet proofing of the vehicles - Rs.24.806 million
244	WAPDA	440	Non-imposition of liquidated damages upon the contractor due to delay in completion of work - Rs.76.612 million
245	WAPDA	441	Unjustified expenditure on account of rent of bullet proof vehicle - Rs.16.043 million
246	WAPDA	442	Unjustified charging of expenditure of other formation - Rs.4.848 million
247	WAPDA	443	Undue favour to the contractor by issuing variation order without reasonability of rates - Rs.13.113 million
248	WAPDA	444	Non-depositing of amount of withheld tax with concerned Tax Authorities - Rs.46.939 million
249	WAPDA	445	Non-handing over of leased land to WAPDA by the Government of Azad Jammu & Kashmir
250	WAPDA	448	Excess payment to the PSO to Chairman WAPDA hired on lump sum pay package – Rs.7.173 million

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251	WAPDA	449	Non-imposition of liquidated damages upon the contractor for delay in completion of works - Rs.14,955.111 million
252	WAPDA	4.2.1 (HPTI)	Non-capitalization of expenditure incurred and interest due on loan in the books of accounts of HPTI Mangla – Rs.162.561 million
253	WAPDA	4.2.2 (HPTI)	Non-accountal of vehicles in the books of accounts of HPTI – Rs.13.720 million
254	WAPDA	4.2.6 (HPTI)	Non-remittance of profit to Authority's account – Rs.5.689 million

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Annexure-2

Statement of Para No.1.5.51

(Rs.in million)

Sr. No.	Formation	DP No. (/2025-26)	Amount
1	Director (Services & Estates)	4	10.091
2	Additional DG (Public Relation)	7	12.040
3	PD, Building Circle	19	32.976
4	PD, Building Circle	21	23.803
5	Director (Services & Estates)	23	14.013
6	GM, WAPDA Sports Board	28	0.874
7	GM, WAPDA Sports Board	31	10.184
8	GM, Hydro Planning	41	114.478
9	Chairman IRSA	60	94.363
10	GM (Finance) Coordination	81	2.592
11	GM (Finance) Coordination	95	1.877
12	GM (Finance) Coordination	96	253.567
13	CE, Ghazi Barotha Power Complex	126	249.153
14	CE, Ghazi Barotha Power Complex	127	120.591
15	PD, Naulong Dam Project	130	13.584
16	RE (Civil), Mangla Dam Organization	141	122.065
17	RE (Civil), Mangla Dam Organization	142	65.390
18	GM/PD, T5HPP	153	0.099
19	PD, MDHP	162	176.214
20	RE (Civil), Mangla Dam Organization	174	0.521
21	GM/PD, T5HPP	179	22.148

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22	GM/PD, T5HPP	180	10.781
23	PD, Dargai Rehab. Project	253	0.338
24	PD, Harpo Hydropower Project	258	6.083
25	PD, Harpo Hydropower Project	259	3.148
26	PD, MDRP	260	11.210
27	PD, MDRP	263	4.377
28	Principal, Account &Finance Training Institute	267	2.839
29	PD, RMMP, DG Khan	271	6.756
30	PD, RMMP, DG Khan	272	8.013
31	PE, Chital HPS Capacity Enhancement Project	273	1.439
32	PD, RBOD-III	290	14.225
33	MS, WAPDA Hospital, Sukkur	295	61.588
34	MS, WAPDA Hospital, Sukkur	296	6.577
35	PD, RBOD-I	300	2.419
36	PD, RBOD-I	301	1.463
37	RE, Mangla HPS	303	130.564
38	RE, Mangla HPS	304	48.187
39	RE, Chitral HPS	305	15.349
40	PD, Warsak 2nd Rehab. Project	311	8.188
41	PD, Warsak 2nd Rehab. Project	312	4.010
42	GM, Hydel (Operation & Development)	319	42.608
43	GM, Hydel (Operation & Development)	321	23.981
44	RE, Warsak HPS	326	181.357
45	RE, Warsak HPS	328	208.255

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46	MS, WAPDA Hospital Mangla	337	7.020
47	GM (Finance) Power	354	0.560
48	PD, Kyal Khwar Hydropower Project	357	13.000
49	PD,Kyal Khwar Hydropower Project	358	7.274
50	PD, RCP	369	1.908
51	PD, RCP	370	3.494
52	GM (C&M) Water	372	4.309
53	GM (C&M) Water	373	1.633
54	GM (C&M) Water	374	0.656
55	CE, Lower Indus Right Bank Project	379	15.596
56	CE, Chashma Right Bank Canal	404	49.683
57	RE, Jinnah HPS	407	89.680
58	RE, Jinnah HPS	408	75.442
59	GM (Finance) Coordination	409	101.441
60	GM (Finance) Water	412	58.116
61	GM (Finance) Coordination	413	181.948
62	GM (Finance) Coordination	415	1.948
63	PD, MRP	436	6.290
64	PD, MRP	437	8.226
65	PD, MRP	439	0.596
Total			**2,773.198**

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