



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
PAKISTAN RAILWAYS  
AUDIT YEAR 2020-21**

**AUDITOR GENERAL OF PAKISTAN**

## **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 and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of receipts and expenditure of Pakistan Railways and its subsidiaries.

This report is based on audit of the accounts of Pakistan Railways for the financial year 2019-20. Further, this report also includes observations pertaining to previous years which were observed during audit. The Directorate General of Audit (Railways), Lahore conducted audit on test check basis during the year 2020-21 with a view to reporting significant findings to the stakeholders. The Sectoral analysis has been added in this report covering strategic review and overall perspective of Audit results. The main body of the Audit Report includes significant systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in Annexure-10 as Memorandum for Departmental Accounts Committee. These shall be pursued with the Principal Accounting Officer at the DAC level and in cases where the PAO does not initiate appropriate action, the audit observations shall be brought to the notice of Public Accounts Committee through next year's Audit Report.

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

Observations included in this report have been finalized in the light of departmental replies as well as discussions in the DAC meetings where convened by the PAO.

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].

Dated: .02.2021

(Javaid Jehangir)  
**Auditor General of Pakistan**

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## **ABBREVIATIONS & ACRONYMS**

AGP	Auditor General of Pakistan
AGM	Additional General Manager
ATP	Automatic Train Protection
CA	Certification Audit
CAO	Chief Accounts Officer
CBI	Computer Based Interlocking
CBU	Completely Built Unit
CCM	Chief Commercial Manager
CCP	Chief Controller of Purchase
CCS	Chief Controller of Stores
CDL	Central Diesel Locomotive
CEN	Chief Engineer
CEE	Chief Electrical Engineer
CEO	Chief Executive Officer
CME	Chief Mechanical Engineer
C&W	Carriage and Wagon
DAC	Departmental Accounts Committee
DAO	Divisional Accounts Officer
DC	District Controllers
DSC	Direct Credit System
DCO	Divisional Commercial Officer
DCP	District Controller of Purchase
DE Locomotive	Diesel Electric Locomotive
DEE	Divisional Electrical Engineer
DG	Director General
DME	Divisional Mechanical Engineer
DP	Draft Para
DS	Divisional Superintendent
DTO	Divisional Transportation Officer
FA&CAO	Financial Advisor and Chief Accounts Officer
FARECHS	Faisalabad Railway Employees Cooperative Housing Society
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FIR	First Information Report
GFR	General Financial Rules
GM	General Manager
GPF	General Provident Fund

IIMCT	Islamic International Medical College and Trust
IOW	Inspector of Works
KPI	Key Performance Indicators
KR	Kashmir Railway Private Limited
KP	Khyber Pakhtoonkhuwa
KUTC	Karachi Urban Transport Corporation
LC	Letter of Credit
LD	Liquidated Damages
LDC	Lower Divisional Clerk
LESCO	Lahore Electric Supply Company
LOCO	Locomotive
LFO	Lighting Foreman
MB	Measurement Book
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
MFBWM	Mobile Flash But Welding Machine
MGPR	Mughalpura
MoR	Ministry of Railways
MoA	Memorandum of Association
MR Note	Material Return Note
M&S	Manufacturing and Services
MTBF	Medium Term Budgetary Framework
NAB	National Accountability Bureau
NBP	National Bank of Pakistan
NESPAK	National Engineering Services Pakistan
NOC	No Objection Certificate
OEM	Original Equipment Manufacturer
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
P&L	Property and Land
PO	Principal Officer
PPRA	Public Procurement Regulatory Authority
PRFTC	Pakistan Railways Freight Transportation Company
PR	Pakistan Railways
PRECHS	Peshawar Railway Employees Cooperative Housing Society
PRACS	Pakistan Railway Advisory and Consultancy Services Limited
PEC	Pakistan Engineering Counsel

PSC	Pre-stressed Concrete Sleepers
PSO	Pakistan State Oil
PSDP	Public Sector Development Programme
RAILCOP	Railway Constructions Pakistan Limited
REDAMCO	Railway Estate Development and Marketing Company (Pvt.) Limited
Rs	Rupees
SECP	Securities and Exchange Commission of Pakistan
S&C	Survey and Construction
SOPs	Standard Operating Procedures
SqYd	Square Yard
TWS	Track Workshop
UIC	Union of International Carriers
W&SI	Welfare and Special Initiative
WAPDA	Water and Power Development Authority

## **EXECUTIVE SUMMARY**

The Director General Audit (Railways) has the mandate to conduct audit of receipts and expenditure of Pakistan Railways and its subsidiaries, viz. Pakistan Railway Advisory & Consultancy Services Limited (PRACS), Railway Constructions Pakistan Limited (RAILCOP), Pakistan Railway Freight Transportation Company (PRFTC) (Pvt.) Limited, Railway Estate Development & Marketing Company (Pvt.) Limited (REDAMCO), Kashmir Railway Private Limited (KR), and Karachi Urban Transport Corporation (KUTC). This office conducts regularity audit (financial and compliance with authority audit) and performance audit of the projects executed by the Ministry of Railways. Audit of receipts and expenditure was carried out on test check basis in accordance with audit methodology envisaged in Financial Audit Manual. Audit was carried out with human resource comprising 155 officers and staff, utilizing 39,370 man-days and with an annual budget amounting to Rs 188.30 million. Meetings of DAC were held to discuss audit observations for the finalization of this report.

### **Scope of Audit**

This office is mandated to conduct audit of 187 formations working under Ministry of Railways including Pakistan Railways and its ancillary companies. Total expenditure and receipt of these formations were Rs 110.557 billion and Rs 59.245 billion respectively for the Financial Year 2019-20.

Audit coverage relating to expenditure and revenue receipts for the current Audit year comprises 50 formations of Pakistan Railways having total expenditure of Rs 65.486 billion and revenue receipts of Rs 12.845 billion for the Financial Year 2019-20. In terms of percentage, the audit coverage for expenditure is 59% of auditable expenditure and for revenue receipts are 22% of auditable receipts. Out of total 50 formations planned for current audit year, 30 were audited from July to December 2020.

This Audit Report also includes audit observations resulting from the audit of expenditure of Rs 5.618 billion and receipt of Rs 4.644 billion for the Financial Year 2018-19 pertaining to 20 formations of Pakistan Railways.

In addition to this compliance audit report, Director General Audit (Railways) conducted one Financial Attest Audit, four Performance Audits, three Special Audit/Study and one Environmental Audit from

January to December 2020. Reports of these audits are being published separately.

### **Recoveries at the instance of Audit**

As a result of audit, a recovery of Rs 7.67 billion was pointed out during 2020. Recovery effected from January to December 2020 was Rs 3.32 billion which was verified by audit.

### **Audit Methodology**

The audit methodology included examination of relevant files/documents, review of financial data, site visits and discussions with the management. Detailed audit of selected samples was carried out keeping in view the risk and materiality factors.

### **Audit Impact**

After Audit pointed it out, the Railway management enforced New Standard Operating Procedures (SOPs) for prevention of theft of Railway material from yards, stores and rolling stocks. PR management also discontinued voluntary reduction of rates after opening of bids in the light of clarification issued by PPRA on continual raising of observations by Audit. Moreover, Railway management introduced Standard Operating Procedures for remittance of withholding advance tax to FBR.

### **Comments on Internal Controls**

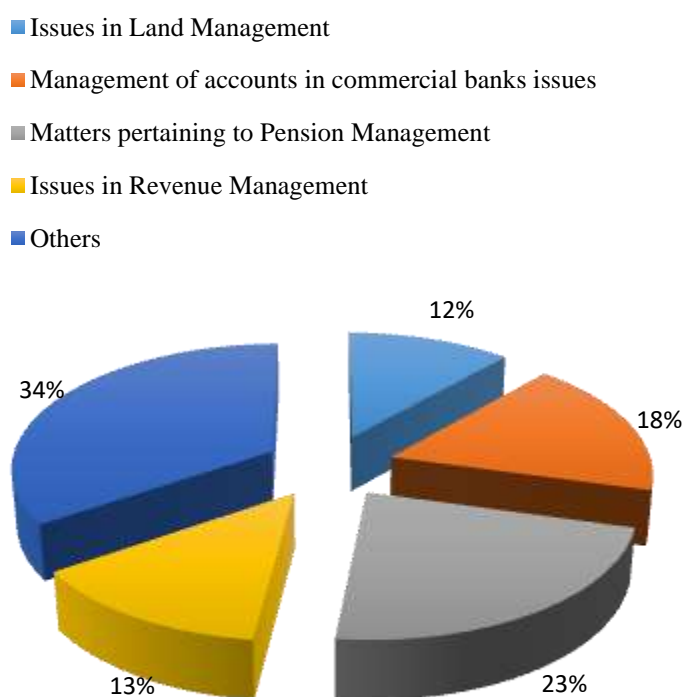
The Principal Accounting Officer, assisted by Internal Audit organization, is responsible for ensuring that a proper system of internal controls exists within the entity. Audit observed certain lapses in internal controls regarding security arrangements, inventory management, budgetary controls, receivables management, assets management and human resource management etc. A number of observations on weak internal controls are included in this Audit Report. In order to improve the control environment, the department of Internal Audit needs to be strengthened.

#### **a. The key audit findings of the report**

Audit findings categorized in four major areas are depicted in the following pie chart. Detail of the same is given in classified summary of audit observations in Table 2.3.



## Breakup of Railways Audit Report 2020-21



### The key audit findings of the report;

- i. Accumulation of Pension Liability amounting to Rs 5,937.57 million.<sup>1</sup>
- ii. Irregularities regarding management of accounts with commercial banks amounting to Rs 4,638.08 million.<sup>2</sup>
- iii. Non-recovery of Rs 3,060.81 million of Railway receivables.<sup>3</sup>
- iv. Non-remittance of liquidity proceeds of Kashmir Railway Company in Federal Consolidated Fund amounting to Rs 2,385.93 million.<sup>4</sup>

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<sup>1</sup>Para 2.5.15

<sup>2</sup>Para 2.5.14

<sup>3</sup>Para 2.5.18, 2.5.19 & 2.5.21

<sup>4</sup>Para 2.5.20

- v. Irregular award of contracts by extending favor to contractors - Rs 1,685.89 million.<sup>5</sup>
- vi. Encroachment of Railway land valuing Rs 1,601.90 million.<sup>6</sup>
- vii. Governance and administrative mismanagement in Pakistan Railways - Rs 1,245.63 million.<sup>7</sup>
- viii. Blockage of capital due to non-return of released material costing Rs 704.39 million.<sup>8</sup>
- ix. Operational mismanagement in Railway subsidiaries amounting to Rs 684.54 million.<sup>9</sup>
- x. Issues in track manufacturing amounting to Rs 561.75 million.<sup>10</sup>
- xi. Irregular issuance of HSD oil without installation of dispensing meters and non-observance of calibration chart valuing Rs 532.10 million.<sup>11</sup>
- xii. Irregular/unauthorized execution of civil works valuing Rs 491.63 million.<sup>12</sup>
- xiii. Doubtful adjustment of inventory without supporting record amounting to Rs 301.49 million.<sup>13</sup>

### **Recommendations**

- i. Strenuous efforts be made for clearance of Pension liability.
- ii. The practice of keeping private banks accounts be inquired and discontinued henceforth.
- iii. Recovery policy be reinforced for speedy realization of Railways' receipts such as lease and rental charges.
- iv. Liquidity proceeds of Kashmir Railway Company be deposited in Federal Consolidated Fund and action be taken against the responsible.

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<sup>5</sup>Para 2.5.5

<sup>6</sup>Para 2.5.1 & 2.5.3

<sup>7</sup>Para 2.5.11 to 2.5.13

<sup>8</sup>Para 2.5.8

<sup>9</sup>Para 2.5.22 & 2.5.23

<sup>10</sup>Para 2.5.17

<sup>11</sup>Para 2.5.9

<sup>12</sup>Para 2.5.16

<sup>13</sup>Para 2.5.10

- v. Public Procurement Rules be observed in letter and spirit while awarding contracts and making procurements.
  - vi. Efficient contract management needs to be ensured for safeguarding of Railways' interest.
  - vii. Land management be improved to augment Railway receipts. Management may retrieve all encroached land, besides taking necessary corrective action with regards to title of land.
  - viii. Governance issues in Development and PSDP works be addressed adequately and management be improved.
  - ix. Expedient disposal of piled up scrap be ensured.
  - x. Current purpose and utility of subsidiaries of PR be revisited.
  - xi. A practicable road map be developed under strategic planning in line with Pakistan Vision 2020-2025, for major up-gradation of Pakistan Railways system with emphasis on establishing linkage with other neighboring countries (apart from development of inland traffic) for doubling of track and installation of modern signaling system.
  - xii. HSD oil management be improved and dispensing meters be installed at fueling points.
  - xiii. Cases of shortage/theft and bogus adjustment of inventory be investigated appropriately for fixing responsibility and taking remedial measures.
  - xiv. Partial computerization be replaced with planned automation for up-keeping the record of all assets and businesses in order to ensure proper revenue collection and reduction of Railway deficit due to procedural and other loopholes.
  - xv. Management and financial controls be strengthened and recurrence be avoided.
  - xvi. Sub-standard/defective material be got replaced or recovery be effected from the defaulters immediately.
  - xvii. Inquiries either directed by DAC or otherwise be processed and finalized at the earliest.
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**SCOPE OF AUDIT**



**Revenue Expenditure:**  
Rs 71.10 billion (64%)  
**Revenue Receipt:**  
Rs 17.49 billion (29%)



**Formations Audited**

Out of 187 formations  
70 formations audited  
including formations  
relating to 2018-19

**Audit Coverage**



**Recoveries**

Recovery of Rs 7.67 billion was pointed out during 2020 and recovery effected was Rs 3.32 billion

**Cost Benefit Ratio 1:41**



**Quality of Financial Statements**

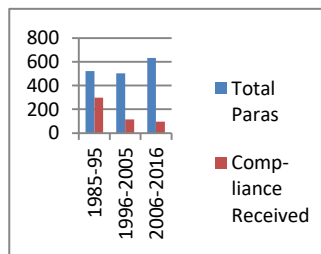
A “Qualified Opinion” was given on Appropriation Accounts for the FY: 2019-20

An “Adverse Opinion” was given on Commercial Accounts for the FY: 2019-20



Performance Audits = 4  
Special Audit/ Study= 3  
Financial Attest Audit= 1  
Environmental Audit = 1  
In addition to this compliance audit report, above performance and special audit was also performed during January to December 2020

**Compliance with PAC Directives**



The pace of compliance of PAC directives is very slow which needs to be improved



**Irregular Expenditure**

Audit observations amounting to Rs 26.22 million were raised in this report during the current audit of Pakistan Railways and its ancillary companies.

## FINANCIAL HEALTH

### RESOURCES AND SPENDING

1. PR total resources were Rs 101.38 billion. Railways own earnings were Rs 47.59 billion. Grant-in-Aid and investments by Govt. were Rs 53.79 billion.
2. Total Spending was Rs 106.9 billion. Working Expenditure was Rs 96.96 billion and **Net Loss was Rs 50.15 billion.**

Salaries and Pension payments **Rs 65.10 billion** (67% of total working expenditure)

DEFICIT	GOVERNMENT SUBSIDY	CURRENT LIABILITIES	OVERDRAFT
Rs 50 billion (2019-20) Rs 33 billion (2018-19)	Rs 45 billion (2019-20) Rs 37 billion (2018-19)	Rs 20.30 billion (2019-20) Rs 18.72 billion (2018-19)	Rs 39.34 billion (2019-20) Rs 37.26 billion (2018-19)

### VULNERABLE FINANCIAL POSITION

Irregular expenditure of **Rs 26 billion** was incurred by management in vulnerable financial position of PR

### STATUS OF INTERNAL CONTROLS

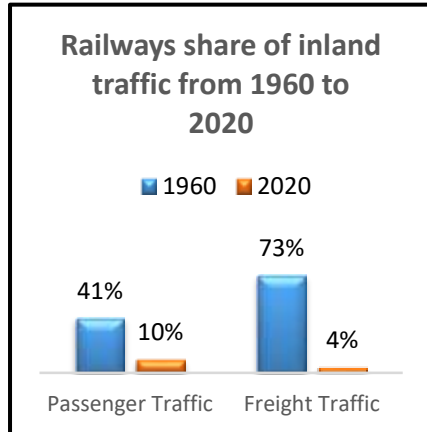
Inventory management (Suspense)	Assets management (Fixed Assets)	HR Management (Pay & Pension)	Budgetary Controls (Excess/Savings)
Rs 13.02 billion (2019-20) Rs 11.58 billion (2018-19)	Rs 171.39 billion (2019-20) Rs 165.13 billion (2018-19)	Rs 65.10 billion (2019-20) Rs 59.30 billion (2018-19)	Rev exp Rs 3.10 billion PSDP Rs (0.23) billion <b>(2019-20)</b> Rev exp Rs 0.09 billion PSDP Rs (1.66) billion <b>(2018-19)</b>

**Note:** Red arrow indicating negative trend

## Chapter - 1 Public Financial Management Issues

### SECTORAL ANALYSIS

Chart-A



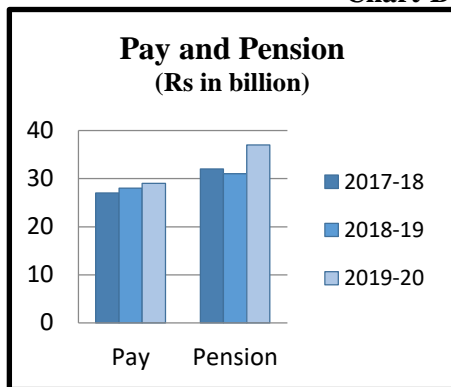
Pakistan Railways neither has a business plan for consistent revenue generation and resource mobilization nor has formulated its goals and roadmap for their achievement, which led to uncertain direction, continuous deficit and loss of public resources.

- i) In the world of transportation, Railways has a definite edge over roads for long haul and mass scale traffic movement both for passenger and freight, in addition to providing a safe, economical and environment friendly mode of transport. This is also the case for Pakistan Railways. However, over the years, the government's funding focused more on road sector in comparison to railways which greatly impacted railway's share in inland traffic. A comparison of this gradual decline is given in Chart-A.
- ii) In Pakistan, the transport system broadly consists of roads, railways, air transport and ports & shipping services. Pakistan Railways (PR) is a Federal Government department with the aim to provide a competitive, safe, reliable, market oriented, efficient and environment-friendly mode of transport.<sup>15</sup> To analyze the Railway sector in Pakistan, Principal Statistics from Year Book of Pakistan Railways, Green Book (performance-based budget) under the Medium Term Budgetary Framework (MTBF),

<sup>15</sup>Year Book of Pakistan Railways 2019

Pakistan Railway continues to depend on government grant and overdraft. Pay and pension took away a huge share almost 67% of total working expenditure in the year under consideration. The trend analysis of pay and pension expenditure is shown in Chart-B

**Chart-B**



- Economic Survey of Pakistan and accounts of Pakistan Railways were reviewed.
- iii) Pakistan Railways remained the primary mode of transportation in the country till late nineteen sixties. However, as the road sector flourished and emerged as an alternative, day-to-day transportation sector, the government provided greater attention on expansion of the road network.
  - iv) It is matter of concern that the financial health of Railways is hardly up to the mark. Instead of progressing as a viable commercial organization, Pakistan Railway continues to be dependent on government grant and overdraft. Pay and pension took away a huge share almost 67% of total working expenditure in the year under consideration. The trend analysis of pay and pension expenditure is shown in Chart-B
  - v) In order to strengthen the sector, Pakistan Railways was envisioned by the Government of Pakistan under Vision 2025 in May 2014 for major up-gradation of the Railways' system. It included increase in existing speed, doubling the track of mainline sections, installation of modern signaling system, establishing linkage to other neighboring countries and development of separate freight

The revenue of PR squeezed considerably as compared to last year earnings. Railway management is utilizing its resources more on generation of passenger services which is expensive and non-profit source of earning, whereas cost effective revenue generation services are not prioritized.

Non-achievement of set targets (Green Book performance analysis by outputs)

corridor on railway track. The achievement of these visionary objectives by Pakistan Railways was reliant on a practicable roadmap under the strategic planning. It was found that a Strategic Plan of Pakistan Railways was drafted in 2015 which remained un-finalized and un-approved even after lapse of five years.

vi) It is not just the expenditure side that needs serious reconsideration and strategic planning. In the absence of any logical and well-thought business plan, the revenue of PR squeezed considerably as compared to last year earnings. Railway management utilizing its resources more on generation of passenger services which is expensive and non-profit source of earning, whereas cost effective revenue generation services were not prioritized.

vii) Under the Green Book (performance analysis by outputs), Ministry of Railways (MoR) used ten (10) outputs having total twenty six (26) key performance indicators (KPIs). These KPIs were related to passengers, infrastructure, business development, public safety, train punctuality, rolling stock, freight business management, and governance. The status of achievement of targets against set KPIs is



manifested below:

<b><u>Achievement</u></b>	<b><u>No. of KPIs</u></b>
100%	04
50% or above	09
Below 50%	02
0%	11
<b>Total</b>	<b>26</b>

The KPIs are not based on modern-day performance indicators and are exposed to bias and subjectivity. Also, there is no scientific data-collection or cross-sectional methodology to assess the correlation between the KPIs and the actual output or outcome.

viii) It is interesting to note that the KPIs are not based on modern-day performance indicators and are subject to bias and subjectivity. Also, there is no scientific data-collection methodology to assess the correlation between the KPIs and the actual output or outcome. Even the KPIs identified have not been achieved successfully. Non-achievement of set targets over the years has increased the performance risk of the organization. In order to bridge the operational loss PR has been subsidized by the Government of Pakistan with an average amount of Rs 37 billion every year for the last many years. Pakistan Railways remained dependent on Government assistance and overdraft from SBP in order to bridge the operational deficit. The net loss of PR for the year 2019-20 stood at Rs 50 billion.<sup>16</sup>

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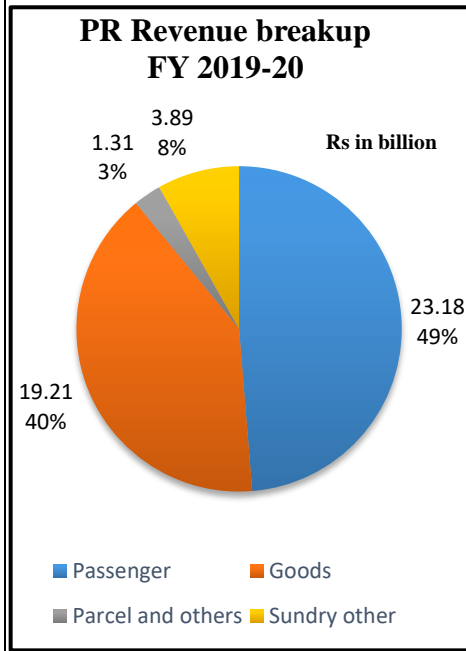
<sup>16</sup> Comments on Budget & Accounts (2.1(B)(ii))

ix) Moreover, Pakistan Railways generates its revenue through operational and non-operational services. The operational services includes passengers and goods, and non-operational services includes parcel and sundry other earnings. It is alarming to note that the Table A showed decreasing trend in revenue operations except goods earnings as compared to last year.

**Table-A**

Descripti on	2018-19 Rs in billion	2019-20 Rs in billion
Passenger	29.19	23.18
Goods	18.85	19.21
Parcel and others	1.99	1.31
Sundry Others	4.47	3.89
<b>Total</b>	<b>54.50</b>	<b>47.59</b>

**Chart-C**



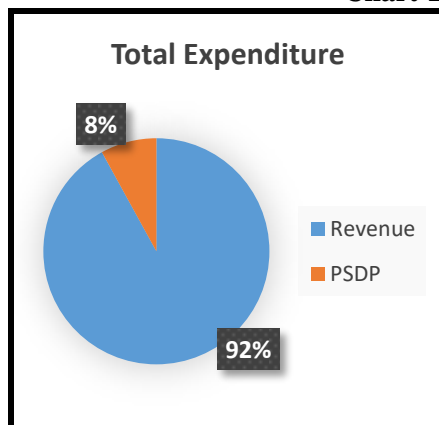
x) As stated earlier Pakistan Railways has not been able to emerge as a consistently profit-making organization. Chart-C, showing the percentage of earnings, points towards PR management's priorities for revenue generation. The major contributor in Railway revenue is earning from passengers, whereas earnings from goods is placed second. Railway management continues to mobilize its larger chunk of resources on passenger

services, which is cost-inefficient, rather than other revenue generation services. The comparatively cost effective revenue services i.e. goods, land and others sundry earnings are not prioritized by Railway management. Resultantly the gap between increase in revenue and expenses is widening every year, which is alarming for survival and profitability of PR.

- xi) The total expenditure of PR was Rs 106.9 billion including PSDP Expenditure of Rs 8.79 billion. In contrast the PR's own earning stood at Rs 47.59 billion which was 44.84% of total expenditure. The expenditure of pay and pension is increasing gradually which has reached a staggering Rs 65.10 billion. The revenue of PR was not sufficient even to cater to obligatory payments of pay and pension. Higher administrative costs have also contributed to this financial ailment.
- xii) In addition to the above, an analysis on the appropriation accounts and commercial accounts of PR for the financial year 2019-20 of PR showing total expenditure for Revenue and PSDP of PR is depicted in Table-B.

**Table-B**

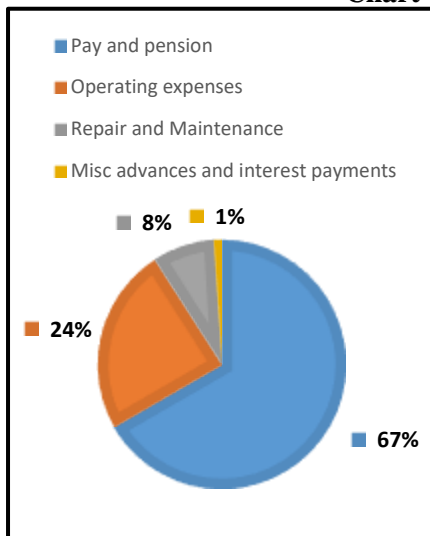
Description	Expenditure (Rs in billion)	%age
Revenue Expenditure	98.11	92
PSDP Expenditure	8.79	8
<b>Total</b>	<b>106.9</b>	100

**Total Expenditure breakup  
Chart-D**

a) The spending pattern of PR in Revenue and PSDP as shown in Chart-D signify that Revenue Expenditures covered 92% of total spending and PSDP covered only 8%. Pakistan Railways has not been prioritized by the government owing to which less allocation of resources has been made under the PSDP as compared to road sector. This does not auger well for the socio-economic development of the PR both in short and long-term. A more demand-based, data centric and scientific approach is required to not only meet the financial requirement but also to translate the financial targets. Moreover, the component wise breakup of Revenue Expenditure is given below in Table-C.

**Table-C**

Description	Expenditure (Rs in billion)	% age
Pay and pension	65.10	67
Operating expenses	23.53	24
Grants subsidies and transfers	0.19	0
Loans & advances and physical assets	0.34	0
Repair and Maintenance	8.10	8
Misc advances and interest payments	0.85	1
<b>Total</b>	<b>98.11</b>	

**Revenue Expenditure breakup****Chart-E**

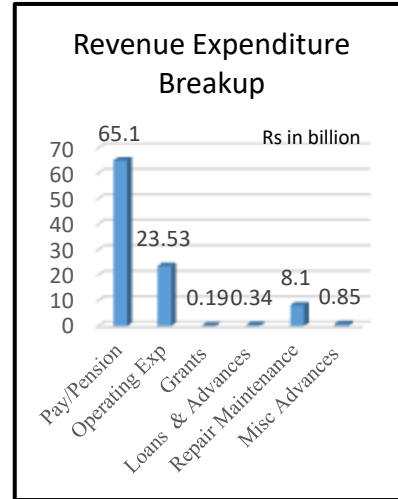
The pay, pension and operating expenses covered 90% of total Revenue Expenditure which is an alarming situation for Pakistan

- b) In continuation to the above, Chart-E shows the spending percentage of different components of Revenue Expenditure. The expenditure on Pay and allowances holds 67% of total Revenue Expenditure which is substantially more than Railways own earnings of Rs 47 billion. The gap between pay & pension and Railways earnings is widening gradually and PR has to rely more on government assistance to meet the shortfall. The second major unit of Revenue Expenditure that covered 24% is operating expenses which also show increasing trend despite reduction in Revenue whereas remaining portion constitutes 10% of the total expenditure.

Railways' profitability and growth.

The component wise breakup of Revenue Expenditure is also shown in Bar Chart-E.

**Component wise breakup of Revenue Expenditure Bar Chart-E1**



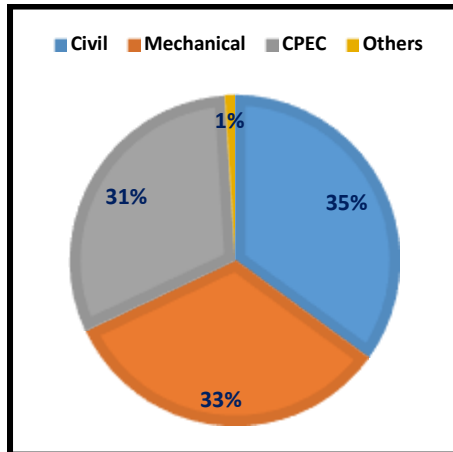
The priority assigned to various areas can be gauged from the spending pattern of PSDP funds in different departments.

c) Government of Pakistan allocates funds through Public Sector Development Programme in order to rehabilitate and improve Railway infrastructure, rolling stock, equipment, and operational systems. During the financial year 2019-20 an expenditure of Rs 8.79 billion was incurred on the execution of 31 projects. The department wise breakup of PSDP Expenditure is given below in Table-D

**Table-D**  
**Component wise breakup of PSDP Expenditure**

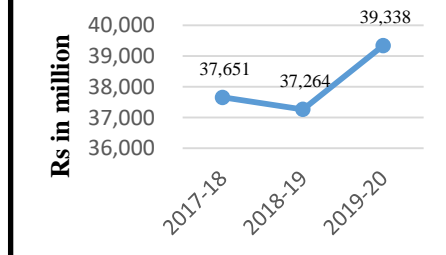
Description	Expenditure (Rs in billion)	% age
Civil	3.07	35
Mechanical	2.92	33
CPEC	2.69	31
Others	0.11	1
<b>Total</b>	<b>8.79</b>	

**PSDP Expenditure Breakup Chart-F**



xiii) The Chart-F shows the coverage of PSDP Expenditure by different departments. The priority can be assessed from the budgetary allocation and expenditure patterns in the different departments. A 69% of total PSDP Expenditure incurred on two departments of PR whereas 31% was consumed by the CPEC project and only 1% was incurred on other departments.

**Trend Analysis of Overdraft**



xiv) Also, to introduce greater financial discipline, The State Bank of Pakistan capped the overdraft limit up to Rs 40 billion. However, the balance of overdraft with SBP as on 30.06.2020 stood at Rs 39.34 billion and PR paid Rs 775 million as interest on overdraft for the year 2019-20. PR had a liability of Foreign Loans/Credits worth Rs 29.35 billion as on 30.06.2020. It was also a matter of concern that the foreign loans had neither been revaluated in the light of current

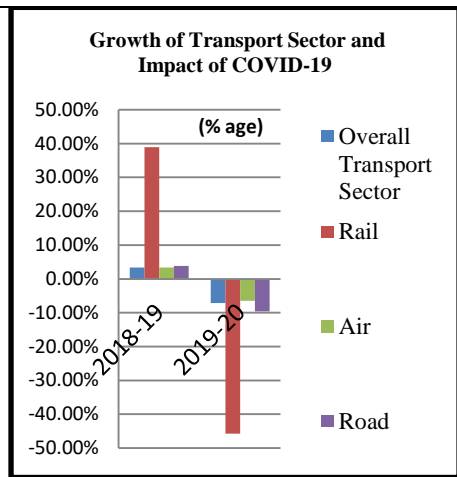
exchange rates nor segregated loan-wise in the financial statements of Pakistan Railways.

- xv) Even in the area of human resource management, the case is unfortunately miserable. Pakistan Railways had 72,078 employees and 123,492 pensioners as on 30.06.2020. The employees reduced during the year by 0.33% and pensioners increased by 2.06%. The decrease was due to retirements, in service death of employees, non-recruitment against vacant posts and increase in pensioners was due to retirements. The expenditure on pay and pension was Rs 28.21 billion and Rs 36.89 billion for the year 2019-20 respectively which comes to 67% of the total working expenses. The rising cost on account of pay and pension also contributed to the persistent deficit of Pakistan Railways. Owing to mismanagement of human resource in PR, the fixed labor cost in Railway workshops was not in consonance with the production outputs due to idle times and suspension of operations at certain locations.

There was a decrease in growth earning of PR for the FY: 2019-20

- xvi) According to Economic Survey of Pakistan for the year 2019-20 (July 2019 to February 2020), the Transport, Storage & Communication sector witnessed a significant impact of lockdown





due to COVID-19 pandemic and registered a decline of 7.13%. This decline was negatively contributed mainly by Railways, which was 45.74% and, 6.49% by Air transport whereas Road Transport declined by 9.58%. This was consistent with decrease in gross earnings of PR for the financial year 2019-20 as evident from comments on Profit and Loss Account of Pakistan Railways.<sup>17</sup>

xvii) A comparative analysis of principal statistics under some significant areas of Pakistan Railways including infrastructure, human resources, passengers, freight, operation fuel, inventory, land and train safety are discussed below:

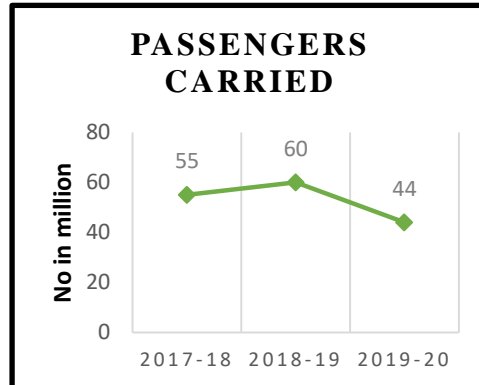
a) The total track length of PR was recorded as 11,881 Kilometers with 7,791 route kilometers along with 471 Railway stations whereas rolling stock consisted of 473 locomotives, 1,645 Coaching Vehicles and 14,448 Freight Wagons as on 30.06.2020. Over the years the infrastructure of Pakistan Railways had become obsolete and being rehabilitated whereas rolling stock showed decreasing trend over the three years.

Decrease in Passenger Carried and Trains Run

b) The passengers carried by PR decreased by 26% from 60.39 million to 44.3 million, as a result

<sup>17</sup> Comments on Budget & Accounts (2.1(B)(ii))

of decrease in passenger trains from 46,697 to 36,889 during the year 2019-20 due to spread of Covid-19 in Pakistan as well as in the world.

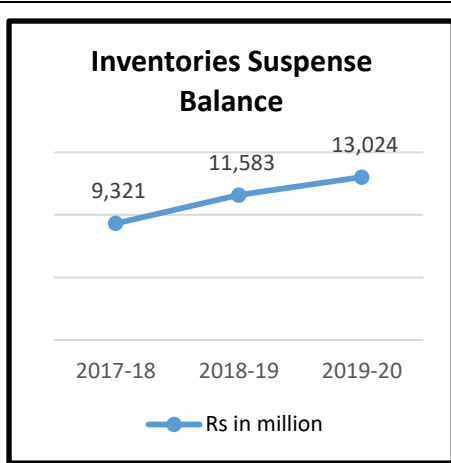


Decline in Freight Transportation

c) Historically, freight transportation had been a major source of earning for PR. Over the years, the share of freight earnings had reduced considerably. With the advent of modern rolling stock related to coal transportation the freight earnings witnessed an upward trend. However, during 2019-20 the freight earnings of PR increased by Rs 355 million and stood at Rs 19 billion. This was quite interesting as there has been a reduction in freight trains by 18%. The decrease in freight earnings and freight trains-run is suggestive of inadequate freight business management.

Outdated and heavy buildup of inventory balances under suspense account

d) In Pakistan Railways inventory mismanagement is a chronic issue which is being managed through outdated manual system. Inventory in Pakistan Railways is



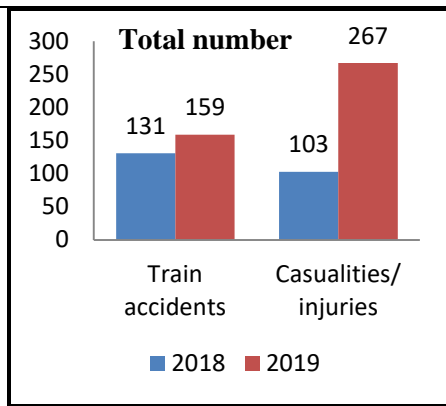
Insufficient earning from non-core business and land mismanagement

Compromising safety standards and occurrence of frequent accidents causing hazard to the life of passengers and their cargo

regulated through suspense account which is increasing day by day. On 30.06.2020 the suspense against inventory of stores stood at Rs 13.02 billion. This implied that some of the stores were purchased without actual requirement which resulted in blockage of capital.

e) In addition to earning from its core functions i.e. passenger and freight business, PR's earnings include leasing of surplus railway land for commercial and agricultural purposes. Pakistan Railways has 167690 acres of land for operational and leasing purpose. The leasing of surplus railway land has been vulnerable to mismanagement for several reasons which include encroachments, non-compliance of lease agreements and defective leasing policies. A glaring example of land mismanagement was Royal Palm Golf & Country Club whereby Pakistan Railways was deprived of approximated revenue of more than Rs 6.11 billion due to defective contract management.

f) It is also alarming to note that during the year 2019-20, total major and minor accidents increased by 21% and casualties/injuries to the passengers were increased by 159% which shook the trust of the general public with regard to safety of train operation. Moreover, loss



National Transport Policy does not give due priority to Pakistan Railways resulting in less allocation PSDP funds.

The PSDP projects have been mismanaged as every project suffers time overrun, cost overrun and other financial/performance irregularities.

Rs401.61 million on account of these train accidents was not given adequate disclosure in the financial statement of Pakistan Railways.

xviii) Pakistan Railways has no competitor in the country for its railroad services but has not been able to leverage its monopoly. Road transportation is often opted by the general public due to non-availability of desired coaching, faulty freight facilities, oft-delayed trains and security concerns. Moreover, the National Transport Policy of Pakistan does not complement rail and road transport. It has been observed that Pakistan Railways has not been prioritized by the government owing to which less allocation of resources have been made under the PSDP as compared to the road sector.

xix) Government of Pakistan allocates funds through Public Sector Development Programme in order to rehabilitate and improve Railway infrastructure, rolling stock, equipment, and operational systems. During the financial year 2019-20 an expenditure of Rs 8.79 billion was incurred on the execution of 31 projects. Poor planning and project mismanagement resulted in cost overrun and time overrun in all projects. The classic example of this is defective procurement of obsolete

During the year 2014-15 total pensioners of Pakistan Railways were 111,662 which were increased to 123,492 and percentage increase from 2014-15 to 2019-20 was 10.59%.

Computer Based Interlocking (CBI) and Automatic Train Protection (ATP) systems.

xx) Historically, monthly pension payment to the Railway pensioners was made through Divisional Pay Masters/Station Masters for the entire Railway system. During the period August, 2006 to March, 2015 pension was disbursed through National Bank of Pakistan (NBP). However, for the convenience and facilitation of pensioners a new system of pension payment i.e. Direct Credit System (DCS) was introduced w.e.f. 1<sup>st</sup> November, 2011. Pakistan Railways started implementation of the DCS in January, 2014 and by the end of September, 2020 almost all the pensioners have been shifted in DCS. The expenditure of pension was increased from Rs 15,319.16 billion during the year 2014-15 to Rs 34.047 billion in the year 2019-20. The increase in pension from 2014-15 to 2019-20 was 122.25%. During the year 2014-15 total pensioners of Pakistan Railways were 111,662 which were increased to 123,492 and percentage increase from 2014-15 to 2019-20 was 10.59%.

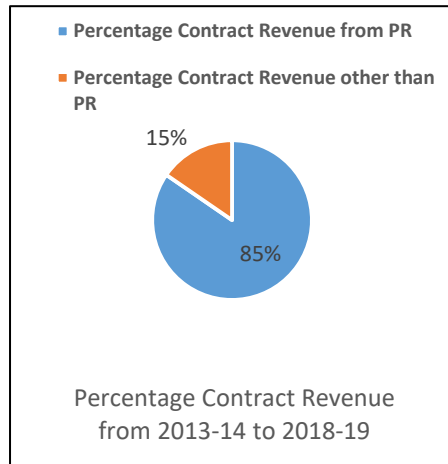
xxi) On another account, PR management failed to formulate Internal Controls regarding control over excessive and

Chronic issues hindering prosperity of Railways have not been properly addressed

unauthorized payment of pensions. Banks also failed to implement SOP circulated by the Finance Division in the year 2016. Many instances of transfer of pension in the accounts of deceased pensioners up to 68 months after their death were noticed. Moreover, an amount of Rs 5,937.57 million stands as payable on account of pension, gratuity, commutation, arrears etc. as on November, 2020.

xxii) In addition to aforementioned external factors, there are some chronic internal issues which hampered the growth of the organization over the years. These include legacy accounting & financial reporting system; non-rationalization of personnel; violation of Public Procurement Rules; questionable capacity in contract mismanagement; extravagant utility expenses; theft of Railway material due to inefficiency of Police; archaic management practices and mode of business by PR's ancillary corporations. Audit for the fiscal year 2020 revealed that PR was not moving on a sustainable financial path. Based on audit findings, it can safely be inferred that unless strategic initiatives are planned and executed, sustainability of future operations of PR, as going concern, will require continuous financial support from Federal

Subsidiary companies of Pakistan Railways mainly relying on Pakistan Railways.



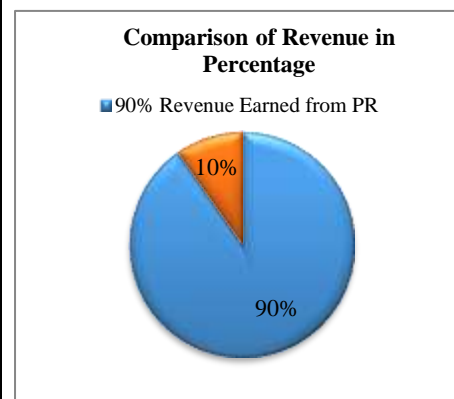
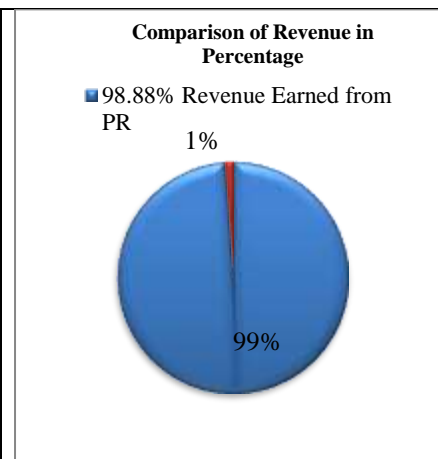
Government.

**RAILCOP**

xxiii) The company has a narrow-base business model relying primarily on Pakistan railways- more than 85% of RAILCOP’s business arises out of Pakistan Railways. During the Financial Years 2013-14 to 2019-20, RAILCOP generated Rs 7,827 million as revenue from the PR associated projects whereas only Rs 1,426 million were earned from other sources in the engineering services industry. Moreover, RAILCOP earned almost all, a staggering 98% of its profit from Pakistan Railways during the period. Pie chart reflects the share of Pakistan Railways in the overall revenue of RAILCOP. The company has mostly been struggling and has underperformed in utilization of resources, institutional capacity building, business development and client diversification, proper costing of projects and prudent decision making.

**PRACS**

xxiv) The company was more than 99% dependent upon Pakistan Railways to run its operations as it generated revenue Rs 4,824.05 million from the PR associated projects whereas only a meager amount of Rs 54.67 million was earned



from open market during the period under review. The management of the company has not been working towards achievement of its objectives as per its Memorandum & Articles of Association. It has mostly been negligent in utilization of human resource, institutional capacity building, business development and client diversification, proper costing of projects and prudence in decision making.

**PRFTC**

xxv) The company was more than 90% dependent upon Pakistan Railways to run its operations as it generated revenue Rs 329.870 million from the PR associated projects whereas only a meager amount of Rs 35.559 million was earned from open market during the period under review. The overall performance of the PRFTC has missed the mark as it has failed to provide guaranteed freight traffic to PR, let alone expand its services in planning, designing and managing the operations of freight transportation. Moreover, the company could not bring private investment in PR to acquire locomotives and freight wagons in line with its MoA. For transportation of coal PR has made huge investment during 2016-18 on procurement of rolling stock, out of which 64%



Tenacity of purpose, professional commitment and the drive to make Pakistan Railways a viable profit-making organization would be the key to success.

capacity remained unutilized for the FY 2018-19 and FY 2019-20.

Pakistan Railways needs to get back on track through the following measures:

- i) Formulation of annual business and procurement plans
- ii) Revamping the governance and human resource structure
- iii) Revisiting the pay and pension structure, as per government rules
- iv) Introducing a culture of performance based outputs and remunerations
- v) Revisiting the subsidiaries and companies to decide their current purposes and utility
- vi) Marketing and promotion of PR through better service delivery and client satisfaction
- vii) Reassessment of its freight potential to enhance business.

It is believed that there are no quick-fixes to the ailments that plague Pakistan Railways. However, tenacity of purpose, professional commitment and the drive to make Pakistan Railways a viable profit-making organization would be the key to success. The above Sectoral Analysis was issued to management on 08.01.2020 and strenuous efforts were made to get reply. However no response was received till finalization of this report.

### Pakistan Railways – A Financial Glimpse\*

The following Table provides details of resources and spending as well as the overall fiscal position of Pakistan Railways for the financial year 2019-20.

**Table**

Composition of Resources		Composition of Spending			
		Rs in billion	% age		
		Rs in billion	% age	Rs in billion	% age
Investment by Federal Government		8.79	9	Pay and pension	65.10 61
Grant in Aid		45	44	Operating expenses	23.53 22
Railways' own earnings		47.59	47	Grants subsidies and transfers	0.19 0
Passenger earnings	23.18			Loans & advances and physical assets	0.34 0
Goods Earning	19.21			Repair and Maintenance	8.10 8
Parcel & other coaching earnings	1.31			Misc advances and interest payments	0.85 1
Sundry other earnings	3.89			PSDP Expenditure	8.79 8
		<b>101.38</b>			<b>106.9</b>
*Appropriation Accounts and Financial Statements FY 2019-20					

<p style="text-align: center;"><b>Composition of Resources</b></p> <table border="1"> <caption>Composition of Resources Data</caption> <thead> <tr> <th>Category</th> <th>Value</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Investment by Federal Government</td> <td>8.78</td> <td>9%</td> </tr> <tr> <td>Grant in Aid</td> <td>45</td> <td>44%</td> </tr> <tr> <td>Railways' own earnings</td> <td>47.58</td> <td>47%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> Investment by Federal Government</li> <li><span style="color: orange;">■</span> Grant in Aid</li> <li><span style="color: gray;">■</span> Railways' own earnings</li> </ul>	Category	Value	Percentage	Investment by Federal Government	8.78	9%	Grant in Aid	45	44%	Railways' own earnings	47.58	47%	<p style="text-align: center;"><b>Composition of Spending</b></p> <table border="1"> <caption>Composition of Spending Data</caption> <thead> <tr> <th>Category</th> <th>Value</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Pay and pension</td> <td>65.1</td> <td>61%</td> </tr> <tr> <td>Operating expenses</td> <td>23.53</td> <td>22%</td> </tr> <tr> <td>Grants subsidies and transfers</td> <td>8.1</td> <td>8%</td> </tr> <tr> <td>Loans &amp; advances and physical assets</td> <td>0.19</td> <td>0%</td> </tr> <tr> <td>Repair and Maintenance</td> <td>0.85</td> <td>1%</td> </tr> <tr> <td>Misc advances and interest payments</td> <td>0.34</td> <td>0%</td> </tr> <tr> <td>PSDP Expenditure</td> <td>8.87</td> <td>8%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><span style="color: blue;">■</span> Pay and pension</li> <li><span style="color: orange;">■</span> Operating expenses</li> <li><span style="color: gray;">■</span> Grants subsidies and transfers</li> <li><span style="color: yellow;">■</span> Loans &amp; advances and physical assets</li> <li><span style="color: blue;">■</span> Repair and Maintenance</li> <li><span style="color: green;">■</span> Misc advances and interest payments</li> <li><span style="color: blue;">■</span> PSDP Expenditure</li> </ul>	Category	Value	Percentage	Pay and pension	65.1	61%	Operating expenses	23.53	22%	Grants subsidies and transfers	8.1	8%	Loans & advances and physical assets	0.19	0%	Repair and Maintenance	0.85	1%	Misc advances and interest payments	0.34	0%	PSDP Expenditure	8.87	8%
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<b>Positive Indicators</b>	<b>Parameters requiring close watch</b>																																				
<p>Goods earnings were increased by 1.88% as compared to last year</p>	<p>Internal controls, appropriate financial management and accounting should be attended and implemented .</p> <p>Strategic initiatives be planned and executed for sustainability of future operations of PR.</p>																																				

## Public Financial Management Issues

### Financial Advisor & Chief Accounts Officer, Pakistan Railways

The significant paras emerging from the Management Letter as a result of Certification Audit were taken as Financial Management issues. These have been issued to Secretary/Chairperson MoR, Islamabad and Financial Advisor & Chief Accounts Officer, Pakistan Railways, Lahore.

#### 1.1 Audit Paras

##### 1.1.1 Excess expenditure over and above budget allotment under Revenue Grant- Rs 3,102.18 million

Para 1048 of Pakistan Government Railway Code for the Engineering Department provides that expenditure in excess of a sanctioned estimate should not ordinarily be left over for regularization by post-facto sanctions. The orders of the competent authority should be obtained on the probable excesses at the earliest possible stage before the additional expenditure is incurred.

During the course of certification audit, abnormal excess over and above budget allotment was found amounting to Rs 3,102.18 million (3.26%) under Revenue grant. This occurred due to weak financial controls over budget. This is beyond permissible limit of Rs 5,000.

*(Rs in million)*

Budget allotment for the FY 2019-20	Actual Expenditure for the FY 2019-20	Excess Expenditure	% age
95,000.00	98,102.18	3,102.18	3.26

The matter was taken up with the management in Nov, 2020 and was also discussed in DAC meeting held on 26.11.2020. The observation stands valid and DAC directed that the expenditure is beyond permissible limit and the reasons for excess expenditure be communicated to audit.

Audit therefore recommends strengthening the financial and budgetary controls.

## **Chapter 2                      Pakistan Railways**

### **2.1    A) INTRODUCTION**

Pakistan Railways is a state enterprise with a mission “to provide a competitive, safe, reliable, market oriented, efficient and environment friendly mode of transport”. It is managed by the Railway Board. The Secretary, Ministry of Railways is the Principal Accounting Officer and also ex-officio Chairperson of the Railway Board. The affairs of Pakistan Railways are administered by the following authorities:

- i.        CEO/Senior General Manager
- ii.       GM/Manufacturing
- iii.      GM/Welfare and Special Initiatives

The core functions of Railway operations is administered by the Chief Executive Officer/Senior General Manager, who is assisted by three Additional General Managers in Infrastructure, Mechanical and Traffic units besides the Principal Officers of respective departments. There are seven operational divisions viz Peshawar, Rawalpindi, Lahore, Multan, Sukkur, Karachi, Quetta and one Workshop Division at Mughalpura Lahore. Each division is administered by a Divisional Superintendent (DS). The Divisional Superintendent is assisted by Divisional Officers in their respective fields. The fields include Civil, Mechanical, Electrical, Signal, Telecom Engineering, Traffic, Commercial and Personnel. Likewise, manufacturing unit is headed by the General Manager/ M&S who is assisted by MD/Locomotive Factory Risalpur, MD/Carriage Factory Islamabad and MD/Concrete Sleeper Factory Lahore.

The welfare activities of Pakistan Railways are administered by the GM/Welfare and Special Initiatives (W & SI), who is assisted by Director General/Pakistan Railway Academy Walton, Director Education and Chief Health & Medical Officer.

The administrative head of the Railway Accounts Department is Member Finance in the Railway Board who is assisted by three Financial Advisors & Chief Accounts Officers. Moreover, there is a Chief Internal Auditor who heads the Internal Audit Wing and reports directly to the Principal Accounting Officer.

Pakistan Railways Advisory & Consultancy Services (PRACS), Railway Constructions Pakistan Limited (RAILCOP), Pakistan Railway

Freight Transport Company (PRFTC) are subsidiaries of PR. Each company is headed by a Managing Director. PRACS was established in 1976 as a public limited company. Its main objectives are to prepare the feasibility reports for new Railway lines and render technical assistance in connection with the designing, modernization and maintenance of Railway installations, workshops, bridges and rolling stock. Presently, its main activities are sale of Railway tickets and managing certain trains on joint venture basis. RAILCOP was established in 1980 as a public limited company. Its main objective is to develop and upgrade Railway infrastructure.

PRFTC (Pakistan Railway Freight Transport Company) was established on 8<sup>th</sup> January, 2015 with the objective to explore avenues of public private partnership and to enter into joint venture with private entities, domestic as well as international, for procurement of rolling stock (locomotives & hoppers wagons) or to bring in any other private investment in Railway system as and when required.

## B) Comments on Budget & Accounts

Pakistan Railways prepares Appropriation Accounts and Commercial Accounts. In Appropriation Accounts the revenue and capital grants are presented while in commercial accounts the Financial Statements are presented. The comments on appropriation and commercial accounts are given hereunder:-

### 2.1.1 Comparison of Allocated Budget with Actual Expenditure - Financial Year 2019-20

*(Rs in millions)*

Items	Original Allocation	Supplementary Allocation (Surrender)	Final Allocation	Actual Expenditure	Variation	
					Excess/ (Saving)	% age
<b>Grant No. 095 Revenue Expenditure</b>						
Voted	96,000.00	2,000.00	94,000.00	97,326.74	3,326.74	3.54
Charged	1,100.00	100	1,000.00	775.44	-224.56	-22.46
<b>Total</b>	<b>97,100.00</b>	<b>2,100.00</b>	<b>95,000.00</b>	<b>98,102.18</b>	<b>3,102.18</b>	<b>3.27</b>
<b>Grant No.155 Capital Outlay on Pakistan Railways</b>						
Voted (Capital)	16,000.00	8,983.87	9,016.13	8,787.24	-228.89	-2.54
Charged	0	0	0	0	0	
<b>Total</b>	<b>16,000.00</b>	<b>8,983.87</b>	<b>9,016.13</b>	<b>8,787.24</b>	<b>-228.89</b>	<b>-2.54</b>
<b>G. Total</b>	<b>113,100.00</b>	<b>11,083.87</b>	<b>104,016.13</b>	<b>106,889.42</b>	<b>2,873.29</b>	<b>2.76</b>

The comparison between allocated budget and actual expenditure clearly showed that the actual expenditure incurred under “voted” portion of Revenue Grant was more than the final allocation and there was excess of Rs 3,326.74 million (3.54%). The expenditure incurred under “Charged” portion amounting to Rs 775.44 million and there was saving of Rs 224.56 million (22.46%) even though liability on account of interest on overdraft and foreign loans was outstanding. The overall excess under both heads of Revenue Grant was 3.27%.

The actual expenditure of Capital outlay on Pakistan Railways under Capital head was less than the final allocation which resulted in saving of Rs 228.89 million i.e. 2.54%.

This state of affairs indicates failure on the part of management for not incurring the expenditure according to the allocated budget.

### 2.1.2 Comparative Analysis of Accounts of Financial Year 2018-19

Para 4.3.3.1 of the Accounting Code for Self - Accounting Entities stipulates that all revenue receipts will be accounted for on cash received basis whereas Pakistan Railways recognizes its earning on accrual basis, and all expenses on cash basis.

#### Profit & Loss Account:

*(Rs in million)*

Particulars	2019-20	2018-19	2017-18	Variation	%age
				Increase (Decrease)	
1	2	3	4	5 (2-3)	6
Gross Earnings	47,583.69	54,507.93	49,569.68	-6,924.24	-12.70
Total Working Expenses	96,964.96	86,486.77	85,514.38	10,478.19	12.12
<b>Operating Surplus/ Loss</b>	-49,381.27	-31,978.84	-35,944.70	-17,402.43	54.42
Interest on Debt	-775.44	-796.43	-683.34	-20.99	-2.64
Miscellaneous Receipts	4.30	5.99	5.99	-1.69	-28.21
<b>Net Profit / (Loss)</b>	<b>-50,152.41</b>	<b>-32,769.28</b>	<b>-36,622.05</b>	<b>-17,383.13</b>	<b>-53.05</b>

The profit & loss account indicated that:

- i) Total operational working expenses amounting to Rs 96,964.96 million were much higher than the gross earnings of Rs 47,583.69 million. The difference between working expenses and gross earnings was quite high which

resulted in operational loss of Rs 49,381.27 million. This indicated that Railway administration could not achieve the target of zero operating deficits.

- ii) Interest on overdraft was paid by the management of Pakistan Railways amounting to Rs 775.44 million which represents an increase of 2.64% over the previous year.
- iii) Pakistan Railways suffered a net loss of Rs 50,152.41 million. To cover the loss, Federal Government provided Grant-in-Aid amounting to Rs 45,000.00 million.
- iv) There was an increase of 53.05% in net loss of Pakistan Railway as compare to the previous Financial Year which is very alarming.



## Balance Sheet:

(Rs in million)

Particulars	2019-20	2018-19	2017-18	Variation	
				Increase/ (Decrease)	%age
1		2	3	5 (2-3)	6
<b>Liabilities</b>					
Capital & Net Worth	230,110.48	221,094.35	198,720.98	9,016.13	4.08
Revenue Reserves	59,100.42	64,127.56	59,260.56	-5,027.14	-7.84
Long Term Liabilities	75,792.35	73,538.23	73,630.19	2,254.12	3.07
Current Liabilities	20,301.24	18,724.05	16,506.37	1,577.19	8.42
<b>Total Liabilities &amp; Capital</b>	<b>385,304.49</b>	<b>377,484.19</b>	<b>348,118.10</b>	7,820.30	2.07
<b>Assets</b>					
Fixed Assets	171,391.45	165,130.47	150,518.84	6,260.98	3.79
Deferred Assets	138,654.65	135,996.79	128,891.15	2,657.86	1.95
Current Assets	75,258.39	76,356.93	68,708.12	-1,098.54	-1.44
<b>Total Assets</b>	<b>385,304.49</b>	<b>377,484.19</b>	<b>348,118.11</b>		7.78

The figures in balance sheet were reflective of the following:

- i) Capital & Net Worth increased by Rs 9,016.13 million (4.08%) over the preceding year. The increase was due to booking of investment amount made by the Federal Government through cash release for development programs which was provided in addition to Grant-in-Aid.
- ii) Revenue Reserves decreased by Rs 5,027.14 million (7.84%) over the preceding year. The decrease was due to booking of excess amount of Grant-in-Aid by Federal Government to meet operational shortfall and increase in net loss.
- iii) Fixed Assets increased by Rs 6,260.98 million (3.79%) over the preceding year. The increase was due to booking of Federal

Government Investment on Capital Account.

- iv) Deferred Assets increased by Rs 2,657.86 million (1.95%) over the preceding year. The increase was due to wrong booking of Federal Government Investment on Replacement Account under depreciation reserve fund and under head, “Deferred Assets”.

### **2.1.3 Comments on the Financial Statement of PRACS, RAILCOP and PRFTC.**

The Annual Accounts/Financial Statements of Pakistan Railways Advisory & Consultancy Services (PRACS), Railway Constructions Pakistan Limited (RAILCOP), Pakistan Railway Freight Transport Company (PRFTC) for the year of 2019-20 were not provided to audit. Therefore, no comments could be offered.

## 2.2 Audit Profile of “Pakistan Railways”

*(Rs in million)*

Sr. #	Description	Total Nos.	Audited	Expenditure audited FY 2019-20	Revenue/ Receipts audited FY 2019-20
1	Formations	50	*30	65,486	12,845
2	Assignment Accounts SDAs Etc. (excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc under the PAO	-	-	-	-
4	Foreign Aided Projects (FAP)	-	-	-	-

\* Audit of remaining 20 formations would be conducted from January to June, 2021

## 2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs 26,221.47 million were raised in this report during the current audit of Pakistan Railways and its ancillary companies. This amount also includes recoveries of Rs 7,670 million pointed out during 2020. Summary of the audit observations classified by nature is as under:-

*(Rs in million)*

<b>Sr #</b>	<b>Classification</b>	<b>Amount</b>
1.	Issues in Land Management	3,035.77
2.	Procurement Management Issues	2,641.81
3.	Issues in Inventory and Store Management	1,537.98
4.	Governance and Administrative Mismanagement	1,245.63
5.	Management of Accounts in Commercial Banks Issues	4,638.08
6.	Matters pertaining to Pension Management	5,937.57
7.	Governance Issues in PSDP Development and Development of Infrastructure	491.63
8.	Issues in Railway Tracks Manufacturing	561.75
9.	Financial Mismanagement	1,902.00
10.	Issues in Revenue Management	3,544.71
11.	Railway Subsidiary/Companies Issues	684.54
<b>Total</b>		<b>26,221.47</b>

## 2.4 Brief Comments on the Status of Compliance with PAC directives

S. #	Audit Year	Total Paras	Total No. of Actionable Points	Compliance received	Compliance not received	%age of Compliance
1	1985-86	34	34	23	11	68
2	1986-87	29	29	25	04	86
3	1987-88	31	31	19	12	61
4	1988-89	19	19	10	09	53
5	1989-90	41	41	28	13	68
6	1990-91	42	42	38	04	90
7	1991-92	36	36	24	12	67
8	1992-93	99	13	04	09	31
9	1993-94	67	67	49	18	73
10	1994-95	123	123	79	44	64
11	1995-96	153	21	13	08	62
12	1996-97	65	05	0	5	0
13	1997-98	56	07	07	0	100
14	1998-99	50	28	03	25	11
15	1999-2000	58	56	33	23	59
16	2000-01	48	48	29	19	60
17	2001-02	28	28	11	17	39
18	2003-04	24	11	03	08	27
19	2004-05	22	22	16	06	73
20	2005-06(A)	46	46	30	16	65
21	2006-07	34	34	16	18	47
22	2007-08	68	29	07	22	24
23	2008-09	101	101	43	58	43
24	2009-10	151	08	01	07	13
25	2010-11	88	08	0	08	0
26	2013-14	59	02	0	02	0
27	2015-16*	84	17	0	17	0

The pace of compliance of PAC directives is very slow which needs to be improved.

# **AUDIT PARAS**

## **2.5 AUDIT PARAS**

### **Issues in Land Management – Rs 3,035.77 million**

#### **2.5.1 Encroachment of Railway Land at Karachi – Rs 1,022.11 million**

Rule 803 of Railway Engineering Code states that it is the duty of Railway Administration to preserve un-impaired the title to all land in its occupation and to keep it free from encroachment.

During audit of Property & Land Department, P.R, Karachi in February/March 2020, it was observed that in 2013 a local firm namely KK Builders illegally constructed residential apartments on Railway land measuring 14196 SqYds at Johar Town Karachi. The Deputy Director Property & Land, P.R, Karachi requested the Commissioner Karachi for assistance to stop the illegal construction. Surprisingly, KK Builders filed a Civil Suit No.1364 against Pakistan Railways and claimed ownership of the land on the basis of fake mutations. Pakistan Railways approached the Sindh High Court and succeeded to get injunction against illegal construction but failed to either stop the illegal construction or get the railway land vacated. Negligence of the Railway management resulted into loss of Rs 1,022.11 million.

The matter was taken up with the management in March 2020 and also discussed in DAC meeting held on 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observation and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that matter be probed to fix responsibility for failure of management to preserve the Railway land from encroachment and not adopting prompt & proper legal course of action. Compliance of DAC directives be made in letter and spirit under intimation to Audit.

DP No 10192

#### **2.5.2 Non-mutation of procured land measuring 165 acres at Gwadar – Rs 977.19 million**

Para-803 of Pakistan Railway Code for engineering department provides that “it is duty of Railway administration to preserve unimpaired



the title to all land in its occupation and keep it free from encroachment”. Furthermore, Para-1801 of Pakistan Railway General Code provides that “Means should be devised to ensure that every railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence”.

During audit of Property & Land department Quetta in Feb-2020, it was noticed that Pakistan Railways (PR) acquired 165-acre land in Gwadar from Government of Balochistan (GoB) for construction of container yard and operational activities. The GoB was paid cost of land amounting to Rs 977,198,125 in December 2019 without the process of proper mutation in the name of Pakistan Railways.

The matter was taken up with the management in March 2020 and also discussed in DAC meeting held on 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observation and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that matter be probed to fix responsibility for failure of management to get the mutation of land done in favour of PR and not adopting prompt & proper legal course of action. Compliance of DAC directives be made in letter and spirit under intimation to Audit.

DP No 10429

### **2.5.3 Encroachment of Railway land by private parties – Rs 579.79 million**

Para 803 of Pakistan Railways Code for the Engineering Department provides that it is the duty of Railway administration to preserve unimpaired the title to all land in its occupation and to keep it free from encroachment.

During audit of different formations, it was observed that 8.43 acres Railways land valuing about Rs 579.79 million was encroached by private parties for commercial and residential purposes as detailed in **Annexure-1**. Thus a Railway land was under encroachment due to negligence of management and Pakistan Railways was being deprived of potential earnings.

The matters were taken up with the management in December 2020. The replies of management and DAC directives have been

incorporated in **Annexure-1**. Compliance of DAC directives was still awaited.

Audit recommends that action be taken for early retrieval of sites and responsibility be fixed against those found negligent. Compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

#### **2.5.4 Irregular/ unauthorized conversion of residential plots into commercial plots – Rs 456.68 million**

Para 2 xxi (i/c) of agreement executed between Pakistan Railways and Rawalpindi Railway Employees Co-operative Housing Society Limited, Rawalpindi provides that not to make any alterations in the plan or elevation of the buildings to be erected thereon without such consent as hereafter mentioned and not to use the same or permit the same to be used for any purpose other than that as provided in the scheme.

During audit of Railways Employees Cooperative Housing Society Rawalpindi, in May 2020, it was observed that RIRECHS allotted plots measuring 8760 sq. Yard valuing Rs 456.68 million to its bonafide members for residential purposes but the same were converted into commercial areas by the occupants by violating the above mentioned clause of agreement. The Railway management failed to take punitive action against the Society as well as the allottees in wake of serious violation of agreement.

The matter was taken up with the management in June 2020 but no reply was received. The matter was discussed in DAC meeting held on 15-01-2021 and DAC took a serious view on non-responsiveness of management to audit observation and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that matter be probed to fix responsibility for not taking action against unauthorized conversion of residential plots into commercial plots. Action be taken against the allottees of the said plots besides recovery of penalty as per lease agreements. Compliance of the DAC directives be ensured in letter and spirit under intimation to Audit.

DP No 10170

## **Procurement Management Issues – Rs 2,641.81million**

### **2.5.5 Irregular award of contracts by extending favor to contractors – Rs 1,685.89 million**

As per clause 35 and 43 of instructions to bidders of standard bidding documents of civil works and procurement respectively, the Bidder shall sign and stamp the Integrity Pact provided at Appendix to bid in the bidding documents for all Federal Government procurement contracts exceeding Rupees ten million. Failure to provide such Integrity Pact shall make the bidder nonresponsive. Further, as per Executive Committee of Railway Board decision dated 03.06.2009 regarding rental policy; the annual escalation rate of rental should be 8%. Further Section 236-A sub-clause (vi) of clause (b) of sub-section (2) of section 80 of income tax ordinance 2010, provides that a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Inland Revenue or any other authority, shall collect advance tax, @ 05% on the basis of sale price of such property from the person to whom such property or goods are being sold. Moreover, Rule 16, 23 (2) and 39 of Public Procurement Rules 2004 were not followed.

During audit of different formations, it was observed that certain contracts regarding procurement of different types of material, leasing of land and provision of electricity etc. were awarded to different contractors by extending favor in violation of PPRA Rules, clauses of bidding documents and Railways policies. This resulted in irregular award of contracts amounting to Rs 1,685.89 million as detailed in **Annexure-2**.

These matters were taken up with the management in April 2019 to September 2020. The management replies and DAC directives have been incorporated against each item in **Annexure-2**. Compliance of DAC directives was still awaited.

Audit recommends that directives of DAC be complied with in letter and spirit. Action be taken against those held responsible as per findings/ recommendations of inquiries under intimation to Audit.

### **2.5.6 Irregular expenditure due to splitting of purchases/ works – Rs 507.03 million**

Rule 9 of Public Procurement Rules - 2004 provides that a procuring agency shall announce in an appropriate manner all proposed

procurements for each financial year and shall proceed accordingly without any splitting or re-grouping of the procurements so planned.

During audit of different formations, instances of splitting of purchases/works having similar nature worth Rs 507.03 million were pointed out. It was also unearthed that splitting of purchases/ works was done to avoid the approval and concurrence of higher authorities.

These matters were taken up with the management. Management replies and DAC directives have been incorporated against each item in **Annexure-3**. Compliance of DAC directives was still awaited.

Audit recommends that the compliance of the directives of DAC be complied with in letter and spirit. Action be taken against those held responsible as per findings/ recommendations of inquiries besides recovery of the amount involved under intimation to Audit. Remedial measures be adopted to avoid such recurrence.

#### **2.5.7 Loss due to non-replacement of defective material – Rs 448.89 million**

Clause 32 (c) of Purchase Order (PO) No.03/0047/03-0/1-2016 dated 10.08.2017 executed with M/s ZM Enterprises, Lahore regarding the seller obligation under the warranties provides that seller is bound for free of cost replacement of stores under normal use & maintenance proved defective in material or workmanship or failed to comply with required performance in the normal course of service. Furthermore, Para 761 of Pakistan Railways Code for the Stores Department stipulates that stores should be checked with the standard specifications or drawings on which the order is based. In rare cases where orders have been made to a sample, a standard sealed sample shall be held by the inspecting officer, and stores be accepted only if they are up to the standard sample. Moreover, Para-19 of Public Procurement Rules 2004 describes that the procuring agency shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances.

During audit of following formations, four cases of defective supply of material valuing Rs 448.89 million were observed. Instead of seeking replacement of defective material, the management accepted the claims without replacement resulting in loss of Rs 448.89 million.

*(Rs in million)*

<b>Sr. #</b>	<b>DP #</b>	<b>Formation</b>	<b>Description</b>	<b>Amount</b>
1.	10026	Chief Controller of Stores, PR HQs office, Lahore	Primary Vertical Dampers	0.34
2.	10268	MD CSF	Supply of defective concrete sleepers	441.47
3.	10322	MD CSF	01 Hydraulic machine was not replaced despite warranty period	1.66
4.	10391	DS, PR, Peshawar	Various items rejected due to defects	5.42
<b>Total</b>				<b>448.89</b>

The matter was taken up with the management from November 2019 and September 2020. Matters at Sr. No. 2 and 3 were discussed in DAC meeting dated 09.01.2021. Against Sr. no. 2 DAC directed to actively pursue arbitration and get it concluded in a month. Latest status be shared with Audit. DAC kept the Para pending being sub-judice in court of law. Against Sr. 3 PO informed the DAC that defective Hydraulic Jack had been replaced by the firm. DAC directed the PO to get the stated facts verified from Audit within a week. No reply was received against matters at Sr. No. 1 and 4. DAC in its meeting dated 15-01-2021 took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that the directives of DAC be complied with in letter and spirit. Internal controls regarding inventory management system be strengthened.

## Issues in Inventory and Store Management – Rs 1,537.98 million

### 2.5.8 Blockage of capital due to non-return of released material – Rs 704.39 million

Para 1736 of engineering code provides that the authority in charge of a work should be responsible for holding in safe custody, for controlling the consumption, for the correct account of material at site of such work, also for the return to stores, transfer or disposal otherwise to the best advantageous use to the Railway of any materials at site which will not be consumed on work.

During audit of following formations in September, 2019 it was noticed that a huge quantity of Permanent way stores valuing Rs 704.39 million was lying in the stores of AEN/MPS since long. The material was neither utilized nor returned to General Stores. This resulted in blockage of capital due to non-disposal of assets.

*(Rs in million)*

Sr #	DP #	Formation	Description	Amount
1	10297	Civil Engineering Department Karachi	P-way stores laying idle in the stores of AEN MPS	256.70
2	10298	Civil Engineering Department Karachi	P-way stores laying idle in the stores of AEN MPS	447.69
<b>Total</b>				<b>704.39</b>

These matters were taken up with the management in September 2019 and also discussed in DAC meeting held on 15.01.2021. Against Sr. No. 1 PO explained that material in question, is partly obsolete and semi serviceable. DAC directed that clearance of released material be expedited as per requirements under intimation to Audit. Against Sr. No. 2 PO informed the DAC that Scrap worth Rs 0.6 million has been returned to relevant stores. DAC directed the P.O. that quantity of returned material be got verified from Audit, and efforts be made for reconciliation, clearance, & consumption of balance quantity under intimation to Audit. Compliance of DAC directives was still awaited.

Audit recommends that the directives of DAC be complied with in letter and spirit under intimation to Audit.

### 2.5.9 Irregular issuance of HSD oil without installation of dispensing meters and non-observance of calibration chart – Rs 532.10 million

As per Para 03 of instructions circulated vide Chief Operating Superintendent vide letter No.Dy.COPS/MISC-7 dated 27.01.2011

Dispensing meters were required to be installed at all sheds at fueling points. Furthermore, Para 1801 of Pakistan Railway General Code provides that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of following formations, it was unearthed that dispensing meters in Loco Sheds, Quetta and Sibi were not installed in violation of DAC directives dated 27-01-2011 despite the lapse of nine years. Audit further observed that two HSD fuel storage tanks were fabricated and installed at Lahore shed in 2018. But calibration chart was not observed and the fuel was measured on approximate basis. This resulted in irregular issuance of HSD oil without dispensing meters as such possibility of misappropriation of fuel amounting to Rs 532.10 million could not be ruled out.

*(Rs in million)*

Sr. #	DP #	Formation	Period of audit	Description	Amount
1	10383	Mechanical Department, P.R, Quetta	August, 2020	Issuance of HSD oil without installation of dispensing meters.	529.35
2	10124	Mechanical Department, P.R, Lahore	Sep, 2019	Shortage of HSD fuel in storage tanks.	2.75
<b>Total</b>					<b>532.10</b>

The matters were taken up with the management in September 2019 and August 2020 but no reply was received. However, the matter was discussed in DAC meeting held on 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that matter be probed to fix responsibility for non-installation of dispensing meters despite the directives of DAC and non-observance of calibration chart. Compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

#### **2.5.10 Doubtful adjustment of inventory without supporting record – Rs 301.49 million**

As per IAS 1, the financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of

transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. [IAS 1.15]

During audit of RAILCOP, it was observed that RAILCOP management made an adjustment in inventory for Rs 301.49 million in financial year 2018-19. The adjustment was made without any supporting record which could validate the authenticity of adjustment. The commercial auditors also qualified the accounts for the year 2018-19 on account of this adjustment. The detail of inventory items provided to them at the time of physical count as on 30.06.2019 did not match with inventory valuation sheets. The RAILCOP management failed to satisfy to the existence, completeness, valuation and allocation of inventories held on 30.06.2019 and consumption of inventory was charged to the previous financial years. Audit was of the view that this was a doubtful adjustment of Rs 301.49 million.

The matter was taken up with the management in September 2020 and also discussed in DAC meeting dated 21.12.2020. DAC was informed that BoDs constituted a Committee of two Members, i.e. Member Finance and General Manager/M&S to submit a report. Audit informed the DAC that it was a doubtful adjustment as the adjustment was also made in respect of completely built items that RAILCOP purchased from market and no material was used by RAILCOP to manufacture such items. Audit further informed the DAC that at every year end the stock taking was done and if there was any shortage of physical inventory the same could have been pointed out by commercial Auditors. DAC directed the MD/RAILCOP to provide the report of above said committee to Audit and pended the Para. Compliance of DAC directives was still awaited.

Audit recommends that DAC directives be complied with in letter and spirit. Responsibility be fixed for bogus adjustment under intimation to Audit.

DP No 10486



## **Governance and Administrative Mismanagement – Rs 1,245.63 million**

### **2.5.11 Loss due to negligence of management and connivance with third parties – Rs 735.88 million**

Para-1801 of Pakistan Railway General Code provides that “means should be devised to ensure that every Railway Servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part”.

During audit of different formations of Pakistan Railways, it was observed that Pakistan Railways suffered a loss of Rs 735.88 million due to negligence of management and connivance of Railway officials with third party on account of electricity, demurrage charges, illegal exchange of plots, late auction of lost property and non-inclusion of escalation clause in agreement etc. as detailed in **Annexure-4**.

The matters were taken up with the management from November 2018 to August 2020. The management failed to respond on 12 items out of 19 as detailed in **Annexure-4**. The replies of the management on 07 items were discussed in DAC meetings held earlier. However, the non-responded items were discussed in DAC meeting dated 15.01.2021. Management replies and DAC directives have been incorporated against each item in **Annexure-4**. Compliance of DAC directives was still awaited.

Audit recommends that directives of DAC be complied with in letter and spirit. Action be taken against those held responsible as per findings/recommendations of inquiries besides recovery of the amount involved under intimation to Audit.

### **2.5.12 Expenditure beyond the scope of PC-I – Rs 505.37 million**

PC-I for the Track Rehabilitation on Khanpur-Lodhran Section indicates that there was no provision for mobile Flash Butt welding machine (MFBWM) and partial dismantling & reconstruction of the face wall of platform according to new alignment of up loop line and providing concrete bases for signal rods on north and south ends of Bhawalpur station yard in connection with remodeling of Bhawalpur station yard. Furthermore, as per PC-1, the Project of “Rehabilitation and Extension of Concrete Sleeper factories Khanewal and Sukkur” there was a

provision/sanction of Rs 40.06 million for the extension of stacking area in CSF/Sukkur

During audit of following formations, it was observed that management incurred an expenditure of Rs 486.60 million for procurement of Mobile Flash Butt Welding Machine without provision in PC-I of the project whereas, there was provision of extension of stacking area in CSF Sukkur but MD/CSF incurred expenditure of Rs 18.77 million for the extension of stacking area at CSF Khanewal irregularly. This resulted in irregular expenditure of Rs 505.37 million due to execution of works/procurement without provision in respective PC-I.

*(Rs in Million)*

Sr. #	DP #	Formation	Description	Period of Audit	Amount
1	10334	PD T&R Khanpur-Lodhran Section	Non-provision of work in PC-I	Sep-19	486.60
2	10413	MD, CSF, PR HQ, Lahore	Non-provision of work in PC-I	Aug-20	18.77
<b>Total</b>					<b>505.37</b>

The matters were taken up with the Project management. The matters were discussed in DAC meeting held on 15.01.2021. Against Sr. No. 2 DAC was informed that revised PC-I has been submitted to MoR for approval of competent forum. DAC directed the P.O. that approval to revised PC-I be got verified from Audit. Against Sr. No. 1 no reply was received. However, the matter was discussed by the DAC. DAC took a serious view on non-responsiveness of management to Audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that Compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

#### **2.5.13 Loss due to appointments and award of advance increments on fake educational certificates- Rs 4.38 million**

Para-1808 of State Railway General Code Vol-I provides that if the loss occurred through fraud, every endeavor should be made to recover the whole amount lost from the guilty persons, and if laxity of supervision has facilitated the fraud, the supervising officer at fault may properly be penalized either directly by requiring him to make good in money a sufficient proportion of the loss, or indirectly by reduction or stoppage of his increments of pay. Moreover, Para-1804 further provides that it is of

the greatest importance to avoid delay in the investigation of any loss due to fraud, negligence, financial irregularity etc.

During audit of the Divisional Superintendent, Workshop Division, MGPR, Lahore in July - September 2020, it was observed that following employees were appointed/granted advance increments on presentation of fake educational certificates without verification which resulted in loss of Rs 4.38 million as tabulated below. This showed sheer slackness on the part of authorities concerned.

Sr #	Name of employee	Designation	Description	Amount involved
1	Abdul Mobeen	LDC	Got job on fake matric certificate	2,241,903
2	Zulfiqar Ali	Assist.Driver	Fraudulently drawn advance increment on fake matric certificate	63,040
3	Sultan Khan	Sk.Fitter	Reverted to scale-3 from scale -06 due to punishment	70,000
4	Ehsan Bashir	Constable	Got job on fake matric certificate	2,006,722
<b>Total</b>				<b>4,381,665</b>
<b>Total (Rs in million)</b>				<b>4.38</b>

The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.1.2021. DAC was informed that 01 person was demoted, 2<sup>nd</sup> the recovery was started and 3<sup>rd</sup> was dismissed as a result of recommendation of inquiry committee. DAC directed the P.O that recovery process and criminal proceeding be initiated against employees appointed on fake documents under intimation to Audit. DAC further directed to take strict action against selection panel, appointing and interviewing authorities in case of such lapses in future.

Audit recommends that the directives of DAC be complied with in letter and spirit. Action be taken against those held responsible under the recommendations of inquiries besides recovery of the amount involved under intimation to Audit.

DP No 10400

## **Management of Accounts in Commercial Banks – Rs 4,638.08 million**

### **2.5.14 Irregular deposit of working balance beyond prescribed limit and deposit of Railway earnings in private bank account – Rs 4,638.08 million**

Clause 3(c) of Finance Division (Budget wing) letter No. F.4 (1) 2002-BR-II dated 02.07.2003 stipulates that where total working balance exceeds Rs 10 million, not more than 50% of such balance shall be kept within one bank.

During audit of PRFTC and Property and Land Department, Quetta Division in February 2020, following irregularities were observed in maintenance of bank accounts.

(i) Out of total working balance of Rs 4,637.21 million, an amount of Rs 274.210 million was kept in Allied Bank Limited (ABL) account No. 10032675070014 and an amount of Rs 4,363 million was kept in Standard Chartered Bank (SCB) account No. 8711488301 during the period from September, 2015 to November, 2016. This indicated that 94% of total working balance was kept in SCB which was beyond the ceiling fixed by the Finance Division.

(ii) Revenue of Rs 867,991 generated/earned from leasing of D.S office Canteen Quetta was irregularly deposited in a private Bank Account No. 5071001438-2, UBL, Masjid Road Branch, Quetta which was against the laid down codal provisions/procedures.

This resulted in irregular deposit of working balance beyond prescribed limit and deposit of Railway earnings in private bank account amounting to Rs 4,638.08 million

The matter was taken up with the management in September 2020 and February 2020 and also discussed in DAC meeting dated 20<sup>th</sup> November, 2020 and 15.01.2021 respectively. In respect of Sr. No. (i) DAC was informed that the company was maintaining its major account in Bank Alfalah having interest on daily product basis, whereas the company met day to day expenditure from its account in Allied Bank. In Standard Chartered Bank account, a very minor amount was kept, just to maintain the account to meet with future demand. The DAC directed the CEO/PRFTC to refer the case to Finance Division through Ministry of Railways for clarification under intimation to Audit, but no compliance of

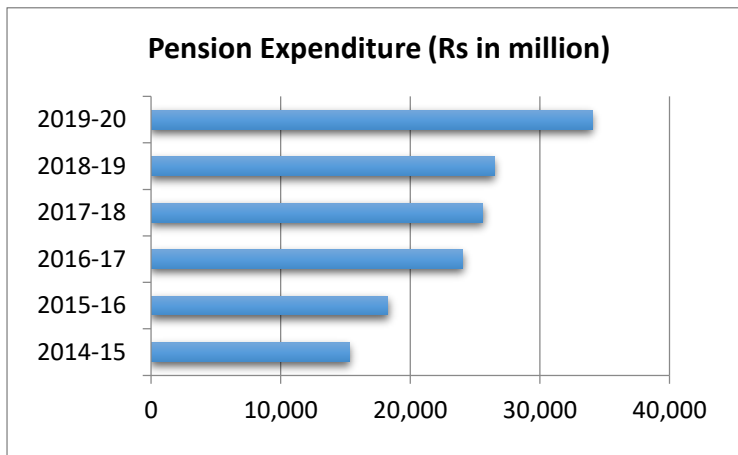
DAC directives has been received so far. In respect of Sr. No. (ii) DAC took a serious view on non-responsiveness of management to audit observation and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that DAC directives be complied with, in letter and spirit, on urgent basis. Moreover internal controls be strengthened in the light of clarification from Finance Division to avoid such recurrence.

DP No 10477, 10367

## Matters pertaining to Pension Management – Rs 5,937.57 million

The Director General Audit (Railways) has the mandate to conduct audit of receipts and expenditure of Pakistan Railways. Special Audit of Pension Payments of Pakistan Railways was assigned by the Auditor General of Pakistan. Pakistan Railways booked an expenditure of Rs 34.047 billion during the year 2019-20 on account of pension payments of 123,492 pensioners. The expenditure of pension was increased from Rs 15.319 billion during the year 2014-15 to Rs 34.047 billion in the year 2019-20. The increase in pension from 2014-15 to 2019-20 was 122.25%. During the year 2014-15 total pensioners of Pakistan Railways were 111,662 which were increased to 123,492 and percentage increase from 2014-15 to 2019-20 was 10.59%.



### 2.5.15 Pension Liability – Rs 5,937.57 million

International Accounting Standard 1.15 provides that financial statements must “present fairly” the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with definition and recognition criteria for assets, liability, income and expenses set out in the framework.

During audit of Pension Payments of Pakistan Railways in November 2020, it was unearthed that an amount of Rs 5,937.57 million stands as payable on account of pension, gratuity, commutation, arrears etc. to ex-employees of Pakistan Railways, whereas this liability has not been accounted for in the financial statements of Pakistan Railways

**(details in Annexure-5).** The above state of affairs indicates that financial statements of Pakistan Railways have not been presenting true & fair picture to its stake holders.

The matter was taken up with the management in December 2020 but no reply was received. However, the matter was discussed in DAC meeting held on 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that efforts be made for clearance of pension liability and in future pension liability be incorporated in the accounts of Pakistan Railways. Compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

DP No 10491

## **Governance Issues in PSDP and Development of Infrastructure – Rs 491.63 million**

### **2.5.16 Irregular/unauthorized execution of civil works and non-construction of staff quarters – Rs 491.63 million**

Para 935 of Pakistan Government Railway Code for the Engineering Department provides that “no work asked for by another government department should be commenced till a detailed estimate for the same has been accepted by the department concerned and sanctioned by the competent Railway authority. No work asked for by local bodies, private individuals etc. should be commenced till a detailed estimate for the same has been sanctioned by the competent Railway authority and the estimated cost thereof deposited with the Railway. Furthermore, Para 2 (III) of the instructions circulated by Additional General Manager Headquarter Office Lahore vide letter No. AGM/I(MISC) 2010 dated 15.07.2010 stipulates that any extension beyond six months be issued with the approval of General Manager Operation/CEO. Furthermore, as per estimate of spur line cost there was a provision of Rs 122.5 million for staff quarters and rest house for staff at Yusafwala station.

During audit of following formations in November 2019, and September 2020 it was unearthed that Railway management executed a deposit work on receipt of partial payment of Rs 10 million out of Rs 27 million. In two cases valuing Rs 289.95 million, the management allowed the contractor to execute the remaining work after expiry of completion period without approval of competent authority. Moreover, an expenditure of Rs 160 million has been reported to Punjab Government on account of consultancy/construction of staff quarters. During physical verification conducted in August 2020, it was disclosed that the staff quarters have not been constructed for staff whereas the staff was occupying the running rooms and rest house for residential purpose without making any payment. This resulted in irregular/ unauthorized execution of works and non-construction of staff quarters valuing Rs 491.63 million.

*(Rs in million)*

<b>Sr. #</b>	<b>DP #</b>	<b>Formation</b>	<b>Description</b>	<b>Amount</b>
1.	10339	Civil Engineering Department, MGPR Lahore	Execution of deposit work without receipt of full payment	41.68
2.	10319	PD, CLS (BQM-PQM)	Execution of work without approval of competent authority	92.65



3.	10320	PD, CLS (BQM-PQM)	Execution of work without approval of competent authority	197.30
4.	10478	PRFTC	Payment was made but staff quarters were not constructed.	160.00
<b>Total</b>				<b>491.63</b>

These matters at Sr. No. 2 and Sr. No.3 were taken up with the management in November 2019 and September 2020 but no reply was received. The matters were discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited. In respect of matter at Sr. No.1 the DAC in its meeting dated 9<sup>th</sup> January 2021 directed the P.O that LDA authorities be approached for deposit of balance amount expeditiously with intimation to Audit alongwith a copy of sanctioned estimate. DAC pended the Para. In respect of matter at Sr. No.4 the management replied and informed the DAC in its meeting dated 20<sup>th</sup> November, 2020 that initially provision of Class-III & IV staff quarters was made but PR did not allocate the land for staff quarters. The DAC directed CEO/ PRFTC to get the estimate revised from the competent forum under intimation to Audit. Moreover, due to non-provision of staff quarters the employees were irregularly occupying the rest house and running rooms without payment, be got vacated.

Audit recommends that the directives of DAC be complied with in letter and spirit. Responsibility be fixed for irregular/ unjustified execution of works without receipt of full amount of deposit work and approval of competent authority after expiry of completion period. The amount involved be recovered under intimation to Audit.

## **Issues in Railway Tracks Manufacturing – Rs 561.75 million**

### **2.5.17 Issues in track manufacturing – Rs 561.75 million**

Para 807 of Pakistan Railways General Code provides that every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of RAILCOP, it was observed that TWS management manufactured 3,319,250 units of different P. Way items in excess over the Depot Work Requisition (DWR). These P. Way items were manufactured without demand and are lying idle in TWS Raiwind. This resulted in blockage of capital due to unnecessary production of different items amounting to Rs 561.75 million.

The matter was taken up with the management in September 2020 and also discussed in DAC meeting dated 21.12.2020. DAC directed the MD/RAILCOP to provide the documentary evidence regarding non-manufacturing of excess items than depot work requisition to Audit for verification/examination. Compliance of DAC directives was still awaited.

Audit recommends that DAC directives be complied with in letter and spirit under intimation to Audit.

DP No 10484

## **Financial Mismanagement Issues – Rs 1,902.00 million**

### **2.5.18 Non-recovery from private parties – Rs 1,039.42 million**

Para 316 (a) of Pakistan Railways Code for the Accounts Department stipulates that the amounts due to Railways for services rendered, supplies made or for any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit of different formations of Pakistan Railways, it was observed that an amount of Rs 1,039.42 million was recoverable from various private parties on account of demurrage charges, penalty and rental charges etc. as detailed in **Annexure-6**. Railway management failed to realize the same and resultantly faced acute shortage of cash flow in managing financial transactions.

The matter was reported to the management in July, 2019 to September, 2020. The management failed to respond on 29 items out of 45 as detailed in **Annexure-6**. The replies of the management on 16 items were discussed in DAC meetings held earlier. However, the non-responded items were discussed in DAC meeting dated 15.01.2021. Management replies and DAC directives have been incorporated against each item in **Annexure-6**. Compliance of DAC directives was still awaited.

Audit recommends that directives of DAC be complied with in letter and spirit. Action be taken against those held responsible as per findings/ recommendations of inquiries besides recovery of the amount involved under intimation to Audit.

### **2.5.19 Loss due to non-recovery of Railway dues from Government Departments – Rs 862.58 million**

Para 316 (a) of Pakistan Railways Code for the Accounts Department stipulates that the amounts due to Railways for services rendered, supplies made or for any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit of different formations of Pakistan Railways, it was unearthed that an amount of Rs 862.58 million was recoverable from various Government Departments and Authorities such as Port Qasim Authority, Postal Department, Foods Department, Education Department, PSO, Military Department, Islamabad Dry Port etc. as detailed in

**Annexure-7** Railway management failed to realize the same resultantly faced acute shortage of cash flow in managing financial transactions.

The matter was taken up with the management from July 2019 to June 2020. The management failed to respond on 13 items out of 24 as detailed in **Annexure-7**. The replies of the management on 11 items were discussed in DAC meetings held earlier. However, then on-responded items were discussed in DAC meeting dated 15.01.2021. Management replies and DAC directives have been incorporated against each item in **Annexure-7**. Compliance of DAC directives was still awaited.

Audit recommends that directives of DAC be complied with in letter and spirit. Action be taken against those held responsible as per findings/ recommendations of inquiries besides recovery of the amount involved under intimation to Audit.

## **Issues in Revenue Management – Rs 3,544.71 million**

### **2.5.20 Non-remittance of liquidity proceeds of Kashmir Railway Company in Federal Consolidated Fund – Rs 2,385.93 million**

Section 40 of the Public Finance Management Act 2019 reveals that “Where the public entity established under any law or legal instrument stands dissolved or has been wound up, any monies or other resources standing to the credit of the public entity at the time of dissolution or winding up shall be paid into the Federal Consolidated Fund.” Moreover, the Secretary Finance Division vide D.O. No. 4(6)-CF-II/2014-801 dated 12<sup>th</sup> September, 2019 communicated to Secretary/Chairman Railways, the decision taken in the meeting held by Planning Commission dated 25.09.2018 that “the seed money given to KR Company amounting to Rs 2.00 billion with all interests accrued by that time should be transferred to Finance Division in Federal Consolidated Fund, Account No.1.”

During audit of Ministry of Railways in September 2020, it was observed that Kashmir Railway (Pvt.) Limited a company registered under Companies Ordinance 1984 to manage the affairs of proposed Islamabad-Murree-Muzaffarabad new rail link was dissolved and the liquidity proceeds amounting to Rs 2,385.93 million were transferred by the company to Pakistan Railways PSDP Account No. XVII on 09.04.2019. However, in terms of above mentioned provisions of PFM Act 2019 and Finance Division’s instructions, Pakistan Railways was not authorized to utilize the liquidity proceeds of Kashmir Railway and the amount was required to be deposited into the Federal Consolidated Fund (Account-I).

The matter was taken up with the management in November 2020 but no reply was received. However, the matter was discussed in DAC meeting held on 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observation and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that the amount in question be deposited in Federal Consolidated Fund (Account-I) under intimation to Finance Division. Compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

DP No 10420

### **2.5.21 Loss due to non-recovery of cost of land from Government of the Punjab – Rs 1,158.78 million**

Rule 287 (2) of General Financial Rules (GFR) regarding transfer of government land and buildings provides that in the case of transfers to and from the Railway Department, the full market value will be charged in each case.

During audit of Deputy Director, Property and Land, Multan in February 2020; it was observed that seven different Railway sites measuring 93.037 acres were encroached by private parties/ persons in the jurisdiction of Multan Division. The Railway management issued NOC to Directorate of Katchi Abadis and Urban Improvement, Government of Punjab for regularization of encroached area as Katchi Abadis in April 2001. Resultantly the Railway land measuring 42.80 acres was transferred to Punjab Government whereas the cost of land of these seven regularized Katchi Abadis amounting to Rs 1,158.78 million was not recovered from Punjab Government and resulted in loss of Rs 1,158.78 million on account of non-recovery of cost of land from Punjab Government.

The matter was taken up with the management in February/ March, 2020 but no reply was received. However, the matter was discussed in DAC meeting held on 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

Audit recommends that matter be probed to fix responsibility for non-recovery of cost of land as required under the aforesaid GFR-287(B)(2). Compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

DP No 10190

## **Railway Subsidiary/Companies Issues – Rs 684.54 million**

### **2.5.22 Financial loss to PR due to subpar performance of PRFTC – Rs 652.46 million**

PRFTC was established on 19<sup>th</sup> December, 2014 as private limited company with an authorized and paid-up capital of Rs 10 million with a sole objective e.g. “to fetch freight traffic for Pakistan Railways in order to make it a commercially viable self-sustaining organization”. Accordingly, the company was assigned the basic task to interact with the private sector for leveraging private capital for procurement of locomotives, rolling stock and enter into joint ventures with companies setting up coal power plants in the country, for transportation of coal.

During audit of PRFTC, it has been observed that in first 05 years of its operation, the company did not make tangible efforts to bring private investment in PR network. However, as a result of ICTA dated 7<sup>th</sup> July, 2015, the company has delivered 9.030 million tons coal from Port Qasim to the Qadirabad power plant from February, 2017 to June 2020 against the committed quantity of 15.033 million tons coal. Resultantly Pakistan Railways was deprived of committed revenue of Rs 652.46 million whereas, 64% of the coal related rolling stock remained idle due to the ineffective management of PRFTC.

The matter was pointed out to management in September 2020 and discussed in DAC meeting held on 20<sup>th</sup> November, 2020. DAC directed the CEO/PRFTC to refer the case to Railway Board to resolve whether investment of Rs 42.376 billion was made for the transportation of coal or otherwise and whether the said rolling stock was being utilized for the intended purpose or otherwise. It was further directed that the same be shared with Audit for verification, but no further outcome was reported till finalization of this report.

Audit recommends that compliance of DAC directives be ensured and shared with Audit besides fixing responsibility for financial loss of PR due to ineffective performance of the company and action be taken against the persons held responsible.

DP No 10490

### **2.5.23 Loss to Railway due to deviation of PRACS from core objectives – Rs 32.08 million**

The Memorandum of Association of Pakistan Railways Advisory & Consultancy Services Limited (PRACS) defines the objectives for which the company was established that the company will carry out the business of surveyors, consultants, advisers, designers, architects, builders, engineers and manufacturers of rolling stock, plant and machinery for maintenance, construction, development and improvement of railways, tramways, bridges, ferries, workshops and any branch of subsidiary business commonly carried on in connection therewith.

During audit of the Pakistan Railways Advisory & Consultancy Services Limited (PRACS) following irregularities regarding operating beyond the core objectives of the company were observed.

(i) It was observed that instead of exploring the business from open market to generate revenue, the PRACS remained dependent upon Pakistan Railways to run its operations. PRACS was neither supplier of goods nor had any expertise in the field of consultancy but the company used to participate in the tenders called by Pakistan Railways for procurement of goods & services. Audit observed that Pakistan Railways awarded contracts for works & supply of goods, which were further sub-contracted by PRACS at low rates and earned profit of Rs 22,303,428. The profit earned by PRACS was actually the loss to Railway. This depicts that Pakistan Railways awarded contracts to PRACS at higher rates only to benefit the company and subcontractors of PRACS did not participate in bidding process due to some collusion among bidders.

(ii) It was observed that the Heritage Cell Golra was handed over to PRACS in June 2018. It was unearthed that instead of generating revenue, the PRACS sustained loss of Rs 9.779 million from operations of Heritage Cell.

This resulted in loss of Rs 32.08 million to Pakistan Railways and PRACS due to operating beyond the core objectives of the company and having deficiencies in capacity.

The matters were taken up with the management in July and August 2020 and also discussed in DAC meeting held on 20.11.2020. In



respect of Sr. No. (i) DAC was informed that PRACS participated in the open tenders called by Pakistan Railways and won the projects through competitive bidding by quoting the lowest rates and successfully completed the projects. Audit stressed that pointed-out works were outsourced by the PRACS due to lack of requisite expertise. DAC directed that PRACS has serious capacity issues and pended the Para. In respect of Sr. No. (ii) DAC was informed that Heritage cell was transferred to PRACS as per Pakistan Railways Headquarters notification dated 19.05.2018 on the directives of Ministry of Railways to secure the immense history and legacy of Pakistan Railways. Nominal ticket charges are fixed for more public attraction towards the museum. DAC directed the PO that the matter be referred to Railway Board for guidance/ decision either to retain the heritage cell operation or be returned to Railways. The compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for operating beyond the core objectives of company. Audit further recommends that compliance of DAC directives be ensured in letter and spirit under intimation to Audit.

DP No 10474, 10472

# **ANNEXURES**

## Annexure-1 (Para#2.5.3)

### Detail of Encroached Land By Private Parties

(Rs in million)

Sr. #	DP #	Formation	Description	Area under encroachment (Acres)	Cost of area	Remarks
1.	10187	Property & Land, Multan	445 shops at Abdul Hakeem and Mohsinwal Railway stations since 2002	3.635	258.49	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
2.	10169	Property & Land, P.R Department Karachi	Licensee illegally constructed 232 shops on land leased for bachat bazar	1.033	184.77	The matter was discussed with Deputy Director Property & Land, P.R, Karachi and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
3.	10321	Property & Land department, P.R. Peshawar	Land occupied at Attock City Railway station	0.25	79.2	The matter was discussed with the management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

4.	9931	Commercial & Transportation department, Sukkur	Railway land encroached by private parties at Khanpur Station	0.299	50.45	The matter was taken up with the formation in February 2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
5.	10347	Divisional Superintendent, P.R. Peshawar Division	14 Railway quarters and 03 other buildings at Naurang Sarai Railway Station	0.278	6.88	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2020 DAC informed that Rs 840,000 had been recovered from the occupants. DAC directed to get the recovery verified from Audit and efforts be expedited for recovery of balance amount under intimation to Audit. Compliance of DAC directives was still awaited.
<b>Total</b>				<b>8.428</b>	<b>579.79</b>	

## Annexure-2 (Para#2.5.5)

### Irregular award of contracts by extending favor to contractors

(Rs in million)

Sr. #	DP #	Formation	Description	Amount	Remarks
1.	10222	Commercial & Transportation Department, Karachi	The contractor had not installed security equipment at Karachi station in violation of contract clauses.	70.67	The matters were taken up with the management in April 2019 and also discussed in DAC meeting dated 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
2.	10259	Commercial Department, Rawalpindi	Private advertising agency was given advertising contract by bypassing the Press Information Department.	4.48	The matters were taken up with the management June 2020 and discussed in DAC meeting dated 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
3.	10210	Civil Engineering Department Quetta	Contract of consulting services was awarded to unregistered firm with PEC and in violation of bidding documents clauses	5.88	The matter was taken up with the management in August 2019 and also discussed in DAC meeting dated 9.1.2021. DAC constituted an inquiry committee comprising Dy.CEN/South and Dy.D.S/Sukkar with the direction to probe the matter and submit report within 01 month. Compliance of DAC directives was still awaited.
4.	10390	Commercial Department, Peshawar	Private advertising agency was given advertising contract by bypassing the Press Information Department.	2.69	The matters were taken up with the management in May 2020 and also discussed in DAC meeting dated 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
5.	10262	Director, Track Rehabilitation on Khanpur-Lodhran Section	Contract was awarded without obtaining Performance security.	8.00	The matter was taken up with the management in September 2019 and also discussed in DAC meeting dated 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary

					evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
6.	10148	Chief Controller of Purchase, Lahore	Contract was awarded without obtaining Performance security.	3.65	The matter was taken up with the management in September 2019 and also discussed in DAC meeting held on 15.1.2021. PO explained that in case of cancellation of orders with forfeiture of securities, retendering process could have attracted higher rates, so to avoid this, the extensions in delivery period were granted. DAC directed the P.O. that proper SOPs be developed for granting extension in delivery period / timeline as to the numbers and period of extensions subject to provision of no loss certificate under intimation to Audit. Compliance of DAC directives was still awaited.
7.	9938	Managing Director, Concrete Sleeper Factories	Contract was awarded without obtaining Performance security.	1.08	The matter was taken up with the management in November 2019 and also discussed in DAC meeting held on 9.11.2020. DAC was informed that the requisite Performance Security is available with the administration, which will be deducted from the bill of the firm as and when the same is processed. DAC directed that instructions be issued from CEO to all Project Directors and procurement making agencies to adhere the procurement procedure/PPRA rules in letter & spirit. Further, the DAC directed the DS/ Sukkur to conduct fact finding inquiry and action be taken for non-forfeiture of Performance Securities of the defaulters. Compliance of DAC directives was still awaited.
8.	10461	Civil Engineering Department. Lahore	Contract was awarded without obtaining Performance security.	1.73	The matter was taken up with the management in September 2019 and also discussed in DAC meeting dated 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
9.	10362	Commercial Department, Multan	Contract was awarded without obtaining Performance security.	22.13	The matter was taken up with the management in May 2020 and also discussed in DAC meeting dated 15-01-2021. DAC took a serious view on non-responsiveness of management to audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to

					Audit within a fortnight. Compliance of DAC directives was still awaited.
10	10481	RAILCOP	Non obtaining of integrity pact	869.85	The matter was taken up with the management in September 2020 and also discussed in DAC meeting dated 26.12.2020. DAC kept the Para pending till reply from Pakistan Railways. Compliance of DAC directives was still awaited.
11	10270	P&L Rawalpindi	Non-inclusion of escalation clause and non-deduction of with-holding tax	616.81	The matter was taken up with the management in March, 2020 but no reply was received which strengthens the audit view point. DAC in its meeting held on 15-01-2021 took a serious view on non-responsiveness of management to Audit observations and directed that outstanding replies duly supported by documentary evidence approved by concerned AGM be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
12	10479	PRFTC	Award of tender to non-responsive firm	41.02	The matter was taken up with the management in September 2020 and discussed in DAC meeting dated 20 <sup>th</sup> November, 2020. DAC directed the CEO/PRFTC to furnish comprehensive reply with necessary supporting documents for verification by Audit, but DAC directives were not complied with till finalization of this report. Compliance of DAC directives was still awaited.
13	10143	CCP	Lack of transparency in procurement procedure in violation of PPRA rules.	37.90	<p>The matter was taken up with the management in September 2019 and also discussed in DAC Meeting held on 08.1.2021. DAC was informed that after completion of all legal formalities of tender were finalized. All material was accepted according to the specification by safeguarding the Pakistan Railways interest. The bullet-wise directions of DAC to the P.O were as under:-</p> <ul style="list-style-type: none"> <li>• Last date of bid submission and opening date be got verified from Audit. Back references were stated to be admissible without change in substances. DAC settled the issue subject to verification by Audit.</li> <li>• AGM should propose a technical committee for standardization of procurement/ tendering process for approval of MoR. Mechanism for verification of credentials of bidders, manufacturers, principals and local agents be evolved by a committee of GM (M&amp;S), AGM/Mechanical and</li> </ul>

					<p>CME/Loco within a month.</p> <ul style="list-style-type: none"> <li>• Use of catalogue number after approval was considered sufficient. DAC settled the para subject to verification/rechecking by Audit.</li> <li>• Management explained that technical evaluation reports are prepared as per PPRA rules. DAC directed the PO to get the issue verified from Audit. PO explained that agreements are always signed by the parties involved.</li> <li>• DAC directed that agreement forms be made part of bidding documents in future if not already done. DAC settled the issue subject to verification by Audit.</li> </ul> <p>Compliance of DAC directives was still awaited.</p>
	<b>Total</b>			<b>1,685.89</b>	



### Annexure-3 (Para#2.5.6)

#### Irregular expenditure due to splitting up of purchases/ works

(Rs in million)

Sr #	DP #	Formation	Purchases/ works Splitted	Amount	Remarks
1	10097	Track Supply Officer, PR Lahore	Deodar Wood Bridge Timber & Crossing Timbers were purchased in similar dates from same contractors by splitting	218.29	The matter was reported to the formation in September 2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
2	10483	RAILCOP	Cement, steel, sand, crush, bricks, tile, and stones etc. were purchased in similar dates from same contractors by splitting.	129.33	The DAC was informed that the prices of steel and cement increased/ decreased on daily basis in the market. Procurement of sand, crush, bricks tiles, stones etc. could not be made in an advance as there were staking limitation at projects sites and also blockage of capital was not desired. Hence procurement plan and tendering were not practicable. DAC directed the PO that the matter be referred to Project Committee for review and report. Compliance of DAC directives was still awaited.
3	10328	MD CFI, Islamabad	The items (PVC cable of different sizes) were purchased in same dates by splitting.	58.16	The matter was taken up with management in September 2020 and also discussed in DAC meeting on 08.01.2021. DAC was informed that all these items are different in sizes and nature of work. Therefore, it cannot be termed as identical and tender cases were advertised as per PPRA Rules by observing all items and conditions. DAC directed the PO to get the stated facts verified from Audit within a week time. Compliance of DAC directives was still awaited.
4	10338	DAO, WAC, MGPR	Repair of officer's bungalow, staff quarters, and service and residential buildings were separately awarded to different contractors during the same financial year	28.99	The matter was discussed with DEN/Workshops and also discussed in DAC meeting held on 09.01.202. DAC directed to conduct an inquiry by a committee comprising Dy.CEN/Middle and Senior Finance Officer/I, to probe the matter and submit report within 01 month. Compliance of DAC directives was still awaited.
5	10116	Railway Academy Walton	Grocery items were purchased in similar dates from different shopkeepers by splitting.	17.67	The matter was taken up with the management and discussed in DAC meeting held on 08.01.2021. DAC was informed that groceries items were purchased by the nominated shopping committee on day to day basis for running the mess. Hence the costs of individual items fell within the purchase powers of the

					shopping committee. On need basis due to limited funds, Cash Imprest was allocated for the said purpose. DAC directed the P.O that procurement plan be formulated and routed through Finance wing of Railway for approval from MoR. Compliance of DAC Directives was still awaited.
6	10346	Civil Engineering Department, P.R Quetta	Similar works of special repairs were split up and awarded to different contractors in similar dates.	15.41	The matter was taken up with the management and also discussed in DAC meeting held on 09.01.2021. DAC constituted an inquiry committee comprising Dy.CEN/South, Dy. D.S/Suk and DAO/QTA to probe the matter and submit report within 01 month. Compliance of DAC directives was still awaited.
7	10011	Civil Engineering Rawalpindi	Special Repair Works of similar nature in same period were splitted and awarded to different contractors.	9.06	The matter was taken up with the management on 23.08.2019 and discussed in DAC meeting held on 15.01.2021. DAC was informed that site of works were different, therefore, these works should not be considered as splitting. DAC directed the P.O. that rate variations in different contracts be worked out and shared with Audit for verification. Compliance of DAC directives was still awaited.
8	10009	MD, PAEMS, MGPR	Identical items in same period were procured from almost similar suppliers to avoid tendering.	7.05	The matter was reported to the formation in November 2019 and Discussed in DAC meeting held on 28-12-2020. DAC was informed that material was purchased on emergent basis during 2017-18 to complete the Pakistan Army deposit work and other deposit work in stipulated time. DAC directed the P.O to refer the matter to Finance Division/ PPRA for regularization and avoid such practice in future. DAC also referred the matter to CFO for coordinating between the P.O and the client for smooth supply of record to Audit. Compliance of DAC directives was still awaited.
9	10114	Railcop	Different Items of Raw Material in same period were splitted to avoid tendering.	5.17	The matter was taken up with the formation in August/September, 2019 and also discussed in DAC meeting held on 28.12.2020. DAC was informed that on receipt of annual demand of Track items from TSO at the start of financial year the raw material is calculated and procured through tendering process for the whole year. The remaining requirements arising from time to time are bought through local purchases. DAC directed that the matter be referred to Project Committee to probe the matter under rules/Policy that why this irregular practice was followed. Compliance of DAC directives was still awaited.
10	10288	Divisional Superintendent P.R. Peshawar (Civil Engineering Department)	splitting up repair works Blocks No. 33 & 34 (Class-III Staff Qtrs)	3.99	The matter was taken up with management in September 2020 and also discussed in DAC meeting held on 09.01.2021. DAC directed to conduct an inquiry by a committee comprising Dy.CEN/North and Dy.F.A to probe the matter and submit report within 01 month. Compliance of DAC directives was still awaited.
11	9998	Compliance Audit of	Identical items were procured in	3.08	The matter was taken up with management and also discussed in DAC meeting held on

		Managing Director/CFI	same dates from different and from same suppliers to avoid tendering.		09.11.2020. DAC was informed that curtain cloth was to be procured through local purchase due to urgency. Moreover, financial year was going to be closed and retendering required 3-4 months process time. DAC directed the DS/RWP to conduct inquiry and ascertain facts as to splitting, if any in procurement of material. Compliance of DAC directives was still awaited.
12	10458	Mechanical Department, Rawalpindi	The works of Up-gradation of Class-III unmanned Level Crossings were splitted to avoid tendering,	2.74	The matter was taken up with the management in May-2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
13	10378	Mechanical Department, Karachi	Certain goods/ items required by different sub offices were splitted and procured to avoid open tendering	2.27	The matter was taken up with management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
14	10258	Certification Audit of Sukkur Division	Special repair of three bridges were splitted to avoid tender.	1.89	The matter was taken up with the formation in May 2019 and discussed in DAC meeting held on 15.01.2021. DAC was informed that works do not come under the purview of splitting due to their different locations. DAC directed the P.O. that rate variations in different contracts if any be shared with Audit for verification. Compliance of DAC directives was still awaited.
15	9971	PD/300-Traction Motors, Lahore	Material of similar nature was splitted and procured to avoid tender.	1.52	The matter was taken up with the management in November 2019 and discussed in DAC meeting held on 15.1.2021. DAC was informed that local purchase option was availed due to urgency of work, so it was in escapable in the interest of safety / operational system. DAC directed the P.O that to refer the matter to competent forum for regularization with intimation to Audit. Compliance of DAC directives was still awaited.
16	10217	Managing Director PLF Risalpur	Procurement in piecemeal to avoid tendering	1.44	The matter was taken up with the formation in September 2019 and also discussed in DAC meeting held on 08.01.2021. DAC was informed that procurement was made due to urgent requirement of different types/sizes of materials to avoid further damages/loss in DE Locos and proper approval of the competent authority was obtained. DAC directed the PO to get the record verified from Audit.
17	10327	Divisional Superintendent , P.R.	Similar items were split up and procured to	0.97	The matter was taken up with the management in September 2020 and also discussed in DAC meeting held on 09.01.2021. DAC directed the

		Peshawar Division	avoid tender.		P.O to furnish revised reply along with documentary evidence to Audit within a week. Compliance of DAC directives was still awaited.
<b>Total</b>				<b>507.03</b>	

**Annexure-4 (Para#2.5.11)**

**Loss due to slackness of management and connivance with third parties**

*(Rs in million)*

Sr. #	DP #	Formation	Description	Amount	Remarks
1.	9433	Electrical Department Workshop MGPR	Electricity loss occurred due to stepping down voltages twice i.e. 11 KV to 3.3 KV and 3.3 KV to 440 Volts	251.24	Matter was taken up with the management in November 2018. DAC in its meeting, on 28-12-2020, directed the P.O to make cost benefit analysis of power losses due to step down of voltage two times and refer the matter to Railway Board through CEO/Sr. General Manager by giving roadmap for up gradation of the system phase wise in consultation with the stakeholders.
2.	10330	Integrated Audit of Sukkur Division 2020	The CBI system of these stations was out of order due to which excess fuel was consumed	158.75	The matter was taken up with the formation in September, 2020 and discussed in DAC meeting held on 15.1.2021. PO informed the DAC that the matter is under inquiry / trial with NAB. DAC pended the Para.
3.	10171	Pakistan Railway Employees Cooperative Housing Society Faisalabad	42 plots of category A and B were illegally exchanged.	99.41	The matter was taken up with the management in June 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
4.	9945	WM, Steel Shops, MGPR, LHR	Loss due to wastage of molten metal in manufacturing process.	94.05	Matter was taken up with the management in Nov 2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
5.	10302	Integrated Audit of Sukkur Division	Wasteful expenditure due to non-functioning of luggage scanning machine installed at Rohri Railway Station	49.89	The matter was taken up with the formation in September, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
6.	10452	PD T&R KPR-LON	Loss due to increase in exchange rate and enhancement of quantity of turnouts.	22.47	The matter was taken up with the Project management in September, 2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in

					annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
7.	10350	Transportation and Commercial Department, Lahore Division	With the collaboration of contractors and connivance of PR management, the contract was awarded to the 2 <sup>nd</sup> highest bidder.	9.6	The matter was reported to the management in February 2019 and discussed in DAC meeting held on 15.01.2021. PO informed the DAC that contract to 2 <sup>nd</sup> highest bidder was awarded as per rules and regulations. DAC directed that the matter be referred to CEO for getting it probed through AGM Traffic within 15 days under intimation to Audit.
8.	9395	Electrical Department, Sukkur	Loss due to excess billing by SEPCO	9.26	Matter was taken up with the management in November 2018 and also discussed in DAC meeting held on 28.12.2020. DAC directed the P.O/DS (Sukkur) to furnish reply giving evidence regarding adjustment of electric bills and get it verified from Audit within a week.
9.	10406	Deputy Director, P&L, Rawalpindi Division	Clause for revision of rent was not included in agreement due to execution of defective agreement.	8.99	The matter was taken up with the management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
10	10314	DG/PRA Walton	Electricity was charged during lockdown period in Pakistan Railways Academy Walton for service buildings.	8.35	The matter was taken up with the management in August 2020 and also discussed in DAC meeting held on 08.01.2021. DAC was informed that LESCO authorities had issued demand Notice for separate Electricity connections directly from WAPDA supply and Dy. CE E/Incharge, P.R. Head Quarters Office, Lahore had been informed to provide segregation of meters for each service building separately. DAC directed to constitute an inquiry committee comprising one member from D,G/PRA-Walton and a member from Railway Finance headed by CP&PO to probe the matter and report be submitted to MoR within 01 month. However, DAC kept the Para pending subject to inquiry report.
11	10326	Integrated Audit of Sukkur Division 2020	Computer Based Interlocking (CBI) signal system were damaged by hitting of the hanging parts of the Locomotives, Coaches/Bogies of Passenger & Freight trains	7.06	The matter was reported to the management in September, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
12	10324	Divisional	Non-inclusion	5.18	The matter was taken up with the

		Commercial Officer, Multan	clause of 15% increase in the rates for 2 <sup>nd</sup> year of the contract.		formation in May 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
13	10468	DCO, Multan	Four contracts were consolidated as single contract and awarded at lower rate than the sum of four contracts earnings.	5.17	The matter was taken up with the formation in May-20 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
14	10276	Property & Land Department Quetta	Newly constructed 12 Nos. Shops were demolished by Commissioner Quetta	1.45	The matter was taken up with the Divisional Engineer-I, Quetta in Feb, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
15	10412	DS, PR, Peshawar	Less recovery from consumers of Electric charges.	1.31	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
16	10403	Mechanical Department , Workshops Division, MGPR, LHR	Loss due to poor overhauling of DE locomotives	1.20	The matter was discussed with WM, C&W and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
17	10307	Commercial department of Lahore division	Unnecessarily detained a considerable numbers of lost property and unclaimed booked consignments in Parcel Office, Lahore since long.	1.13	The matter was taken up with the management in May 2020 and discussed in DAC meeting held on 15.01.2021. DAC was informed that DAC directed the P.O that SOPs be formulated for item-wise classification and timely disposal and the same be got verified from Audit.
18	10252	Project Director,	Material detained without	0.85	The issue was pointed out to the Project management in September 2019 and

		Track Rehabilitation on Khanpur-Lodhran Section	establishment of LC and demurrage charges were imposed by KPT.		discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight.
19	10369	MD, CSF, H.Q, LHR	Loss due to levy of late payment surcharge on account of Utility bills.	0.52	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2021. PO explained that surcharge was levied due to late payment on account of delayed cash releases. DAC directed the P.O. that whole processing time from bill received, efforts made for arrangement of payment till bill paid be got verified from Audit. Moreover, MD CSF, and FA&CAO (M&S) were directed to ensure timely payments of utilities in order to avoid levy of surcharge.
<b>Total</b>				<b>735.88</b>	



**Annexure-5 (Para#2.5.15)****Details of pension liability of Pakistan Railways as on 30.09.2020***(Rs in million)*

<b>Sr. No.</b>	<b>Division</b>	<b>Gratuity</b>	<b>Encashment</b>	<b>Pension Arrears</b>	<b>Total</b>
1	Rawalpindi	445.37	53.99	217.32	716.68
2	Multan	507.39	119.29	9.35	636.03
3	Workshop	563.38	82.39	128.31	774.08
4	Carriage Factory	11.11	3.88	10.54	25.53
5	Lahore	580.74	154.69	302.86	1,038.29
6	Quetta	169.61	23.28	31.00	223.89
7	Locomotive Factory	4.72	2.69	-	7.41
8	Peshawar	153.49	38.21	50.92	242.62
9	Headquarter	394.42	55.12	14.75	464.29
10	Sukkur	427.98	92.91	72.10	592.99
11	Karachi	1,049.01	124.37	42.38	1,215.76
<b>Total</b>		<b>4,307.22</b>	<b>750.82</b>	<b>879.53</b>	<b>5,937.57</b>

**Annexure-6 (Para#2.5.18)**

**Detail of Non-Recovery from Private Parties**

*(Rs in million)*

Sr #	DP. #	Formation	Description	Amount	Remarks
1.	10070	Mechanical Department , Lahore Division	Penalty On Account Of Less Availability Of ZCU Locomotives	607.87	The matter was taken up with the formation in September 2019. DAC meeting was held on 28-12-2020. CME/ Loco explained that the issues of less availability of ZCU-LoCo were under arbitration process. The Payment of the contractor has been withheld and contract frozen. DAC pended the Para and directed the P.O to furnish comprehensive reply to Audit within a week. Compliance of DAC directives was still awaited.
2.	10352	Managing Director/CS F, H.Q, Lahore	M/s HIS Industries stopped production of sleepers. But penalty was not recovered.	77.5	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2021. DAC pended the Para being sub-judice in the court of law. Compliance of DAC directives was still awaited.
3.	10199	Property & Land, Multan	Rental Charges From Lessees	68.13	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
4.	10251	Deputy Director Property & Land, Rawalpindi	Outstanding amount against Oil Companies	63.99	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
5.	10091	Mechanical Department , Lahore Division	Penalty On Account Of Less Reliability Of ZCU Locomotives	53.17	The matter was taken up with the formation in September 2019 and discussed in DAC meeting held on 28.12.2021. CME/LoCo explained that the issues of less reliability of ZCU-LoCo were under arbitration process. The Payment of the

					contractor has been withheld and contract frozen. DAC pended the para and directed the P.O to furnish comprehensive reply to Audit within a week..
6.	9526	Commercial Department Lahore Division	Outstanding in the Station Balance Sheet was not recovered/ adjusted	27.97	The matter was reported to the management in February 2019 and also discussed in DAC meeting held on 09.11.2020. DAC was informed that the increase and decrease of station outstanding is a continuous process. However, efforts are being made for clearance of station outstanding. DAC directed that FA&CAO/PR should devise a special strategy for clearance of accounts receivable and anything which is due to Railways be assessed & recovered promptly. Compliance of DAC directives was still awaited.
7.	10277	Property & Land Department, Pakistan Railways, Quetta Division	Non-recovery of lease fee and rental charges from National Enterprises for 2500 Sq. Yards Railway Land at Joint Road Quetta	25.44	The matter was taken up with Management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
8.	10153	Station Manager, Karachi	Non-recovery of penalty from the Luggage/ Brake Van Contractors	12.74	The matter was taken up with the management in July 2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
9.	10233	Property & Land Department, Peshawar	Non-recovery of rental charges from Pakistan Tobacco Company Akora Khattak	7.91	The matter was taken up with the management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
10.	10357	P&L Department	Non-recovery and	6.47	The matter was taken up with Management and discussed in DAC

		. Quetta	unverified payment of rental charges		meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
11.	10053	Mechanical Department Pakistan Railways Workshops Division Mughalpur a Lahore	Non-recovery of cost of Repair of Traction Motors from supplier.	6.39	The matter was taken up with the formation in September 2019 but no reply was provided till finalization of Draft Para. DAC in its meeting held on 28-12-2020 directed the P.O to furnish reply to Audit within a week. Compliance of DAC directives was still awaited.
12.	10248	Deputy Director Property & Land, Rawalpindi	Rental charges of land leased out for agriculture purposes	6.38	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
13.	10364	Property & Land, Multan	Non-recovery of rental charges from Illegal construction of 84 No. commercial shops	6.31	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
14.	10005	Project Director Dry Ports Railway HQ, Lahore	Cost Of Site Office And Other Facilities was not recovered from contractors.	6.26	The matter was taken up with the management during exit conference meeting held on 05.09.2019. Para was discussed in DAC meeting held on 28.12.2020. DAC was informed that the contractors provided offices at Badami Bagh & Marshaling Yard Pipri, as such no recovery from Contractor was due on this account. However, amount has been recovered where contractors did not provide office buildings. DAC directed the P.O that stated facts along with the recovered amount be got verified from Audit. Compliance of DAC directives was still awaited.
15.	10360	P&L	90 No's	5.73	The matter was taken up with

		Department . Quetta	Railway quarters were illegally/un- authorized occupied by the outsiders		Management in March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC was informed that 20 Quarters had been rented out to outsiders, 33 quarters were allotted to Railway employees and 26 have been got vacated from outsiders. DAC directed the P.O to get the stated position verified from Audit and an inquiry be held by Divisional Superintendent/ Quetta fixing responsibility and submit report to Audit within 30 days. Compliance of DAC directives was still awaited.
16.	10290	Chief Marketing Manager, Lahore	outstanding on account of labour charges and deficiencies of equipment	4.76	The matter was taken up with the management in February, 2018 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
17.	10188	Property & Land, Multan	Lease Rental Charges From Commercial Lessees	4.7	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
18.	10246	Deputy Director Property & Land, Rawalpindi	Rental charges of shops	4.26	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
19.	10275	Property & Land Department , Pakistan Railways, Quetta Division	Possession of shop by lessees without agreement (06 shops)	4.19	The matter was taken up with Management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit

					within a fortnight. Compliance of DAC directives was still awaited.
20.	10345	Divisional Superintendent, P.R Peshawar	Non recovery of lease rental charges of stacking plots, agriculture land	3.99	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
21.	10287	Department, Pakistan Railways, Peshawar	Rental charges were outstanding against concerned lessees	3.85	The observation was discussed with the management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
22.	10351	Transportation and Commercial Department, Rawalpindi Division	Rental charges of stalls/rooms and space at Rawalpindi Railway Station were lying outstanding	3.30	The matter was taken up with the management in June/2020 and discussed in DAC meeting held on 15.01.2021. PO explained the DAC that Rs 528,575 has already been deposited by the different vending contractor. DAC directed the P.O that recovery be got verified from Audit and balance amount be recovered expeditiously. Compliance of DAC directives was still awaited.
23.	10274	Directorate of Procurement Islamabad	Bogies Accessories	3.14	The matter was discussed with management in Nov-2019 and discussed in DAC meeting held on 15.1.2021. PO explained that the needed parts of equivalent amount in lieu of unsupplied boggy accessories were received. DAC directed to constitute an inquiry committee comprising Additional Secretary / Railways and Chief Controller of Purchases to probe the matter and make suggestions to streamline the system under intimation to Audit. Compliance of DAC directives was still awaited.
24.	10310	Managing Director/CS F, H.Q, Lahore	As per agreement clauses ibid the lessee was bound to pay the rent of premises	2.55	The matter was taken up with the management in September 2020 and also discussed in DAC meeting held on 09.11.2021. DAC pended the para and directed the PO to pursue the case of arbitration and submit report within 01 month.

			on monthly basis		Compliance of DAC directives was still awaited.
25.	10430	P&L, Quetta Division	Non recovery of rental charges for additional space at Chaman	2.35	The matter was taken up with the DEN-I, Quetta in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
26.	10358	P&L Department, Quetta	Amount was outstanding on account of rental/lease charges of Stacking (coal) plots	2.38	The matter was taken up with Management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
27.	10194	Property & Land, Workshops Mughalpur a, Lahore	Rental Charges From The Lessees Of Market Shops And Nurseries	1.86	The matter was taken up with the management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
28.	10257	Managing Director, Carriage Factory, Islamabad	Various plots were leased out for agriculture purposes	1.60	The matter was taken up with the management in September 2020 and also discussed in DAC meeting held on 08.01.2021. DAC was informed that out of 07 occupants/lessees, two lessees have submitted the rent/lease charges and final notice to remaining lessees/occupants have been issued. The remaining amount will be recovered within one month. So far, an amount of Rs.172,200/- has been recovered from the lessees and action is also being taken against those who failed to collect the rent on time. DAC directed the PO to get the recovered amount verified from Audit as well as record of disciplinary action within a week time. Compliance of DAC directives was still awaited.
29.	10335	Chief	Detention of	1.69	The matter was taken up with the

		Traffic Manager, HQ	Inward Wagons at Lahore Dry Port (LDP) and un-booked dispatch of wagons from LDP to LRC		management in October/November 2019 and discussed in DAC meeting held on 15.1.2021. PO explained that wagons were detained due to want of space being an operational bottleneck. DAC appreciated Audit for raising the issue of perceived earnings / opportunity loss. However DAC directed the P.O. to either pursue the recovery, or get the loss waived off, if irrecoverable, under intimation to Audit. Compliance of DAC directives was still awaited.
30.	10368	P&L Deptt. Quetta	Non recovery from 04 No's lessees of Agricultural land	1.65	The matter was taken up with Management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
31.	10230	Property & Land Department, Pakistan Railways, Peshawar	Railway rest house at Mardan was leased out	1.16	The matter was taken up with the management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
32.	10399	Property & Land, Rawalpindi	Licensees failed to deposit the annual rent in advance.	1.15	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
33.	10193	Property & Land Department, P.R, Karachi	Rent From The Licensee Of Car Parking	1.09	The matter was taken up with the management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC



					directives was still awaited.
34.	10205	Station Manager, Karachi Cantt.	Penalty From Contractor For Over Loading And Extra Detention	0.9	The matter was taken up with the management in May 2019 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
35.	10355	P&L Department, Quetta	Railway administration failed to recover outstanding rental charges	0.87	The matter was taken up with Management and discussed in DAC meeting held on 15.01.2021 DAC directed the P.O that recovered amount of rental charges be got verified from Audit and serious efforts be made for recovery of remaining balance amount. Compliance of DAC directives was still awaited.
36.	10418	P&L, Peshawar Division	Non recovery of rental charges from N.F.M.L Risalpur	0.98	The matter was taken up with the management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
37.	9962	Directorate of Procurement Islamabad	Demurrage Charges From Contractor	0.85	The matter was discussed with management in November 2019 and discussed in DAC meeting held on 28.12.2020. DAC directed the P.O that amount recovered be got verified from Audit within a week.
38.	10393	Commercial Deptt. Peshawar	Non recovery from vending stalls	0.79	The matter was taken up with the management in June 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

39.	10172	Property & Land, Multan	Additional Brand Fee From KFC Multan	0.6	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
40.	10196	Deputy Director Property & Land, Lahore Division	Wrong Fixation Of Rental Charges	0.64	The matter was taken up with the management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
41.	10227	Property & Land Department, Pakistan Railways, Peshawar	Staking areas at different location	0.46	The matter was taken up with the management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
42.	10278	Commercial Department, Lahore	Non-recovery from the contractors of Restaurants located on Lahore Railway Station	0.38	The matter was taken up with the management in May 2020 and discussed in DAC meeting held on 15.01.2021. DAC was informed that the outstanding dues had already been recovered from the parties. DAC directed the P.O that stated facts be got verified from Audit. Compliance of DAC directives was still awaited.
43.	10388	Commercial department, Sukkur Division	Non recovery of rental charges of billboards	0.39	The matter was taken up with management in June 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.

44.	10394	P & L Peshawar	Non realization of rental charges	0.22	The matter was taken up with the management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
45.	9984	Civil Engineering department, P.R. Peshawar.	Rental Charges From Different Parties	0.41	The matter was taken up with management and it was replied that site-wise detailed reply will be furnished after getting report from AEN/Attock City and consulting the relevant record maintained in this office.. DAC in its meeting held on 28-12-2020 directed the P.O that recovered amount (if any) be got verified from Audit and concrete efforts be made for recovery of remaining outstanding amount. Compliance of DAC directives was still awaited.
<b>Total</b>				<b>1039.42</b>	

**Annexure-7 (Para#2.5.19)**

**Detail of Non-Recovery from Government Departments**

*(Rs in million)*

Sr. #	DP #	Formation	Description	Amount	Remarks
1.	10267	Chief Commercial Manager, (CCM), HQs Office, Lahore	Recovery from Military Department for claim of vouchers/ tickets	173.62	The matter was taken up with the management in June, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
2.	10133	Civil Engineering Department, Multan	Operational And Maintenance Charges	160.81	The matter was discussed with the management in August-2019 and also discussed DAC meeting held on 09.01.2021. PO apprised the DAC that Rs 130.789 million has been recovered. DAC directed the PO to get the recovered amount verified from Audit within a week time and remaining amount be got recovered expeditiously. Compliance of DAC directives was still awaited.
3.	10266	Commercial Departments P.R. Rawalpindi Division	Freight charges against PSO,ARL/C PI	144.39	The matter was taken up with the management in June/2020 and discussed in DAC meeting held on 15.1.2021. PO explained that some credit notes of PSO were unrealized and matter was under reconciliation with PSO. DAC pended the Para with the direction to resolve the issue expeditiously with intimation to Audit. Compliance of DAC directives was still awaited.
4.	10410	DS, PR, Peshawar	Non recovery of lease charges from PDA	121.37	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2021. DAC was informed that Secretary local government was approached to deposit the said amount and progress in this regard is awaited. DAC pended the Para till recovery under intimation to Audit. Compliance of DAC directives was still awaited.
5.	10183	Property & Land, Multan	Outstanding Lease Rental Charges From Different Departments	52.21	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
6.	10415	DS, PR, Peshawar	Non recovery of outstanding siding	51.57	The matter was taken up with the management in September 2020 and discussed in DAC meeting held on 15.01.2021. DAC directed the P.O. that

			charges and wages of gate keepers deployed on level crossings		recovered amount of Rs 15 million be got verified from Audit at the earliest and strenuous efforts be made for recovery of balance outstanding amount within 02 months. Compliance of DAC directives was still awaited.
7.	10095	Civil Engineering department, P.R. Peshawar.	Maintenance And Operational Charges Against Different Departments & Private Organizations	46.09	The matter was taken up with formation in August 2019 and it was replied that the matter was under constant pursuance and bills were being regularly issued to the sponsoring agencies. Out-come would be intimated to Audit in due course of time. No further response was received till finalization of the draft para. DAC in its meeting dated 28.12.2020 was informed that recovery of Rs 15,840,838 has been made and efforts are under way for recovery of remaining outstanding dues of Rs 29,690,851 from different sponsoring agencies. DAC directed the P.O that recovered amount be got verified from Audit within a week and concrete efforts be made for recovery of remaining outstanding amount. Compliance of DAC directives was still awaited.
8.	10249	Deputy Director Property & Land, Rawalpindi	Premium and ground rent of land leased out to Education Department	20.53	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
9.	10449	P&L Peshawar	Less deposit of rental charges by PSO	20.42	The matter was taken up with the management and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
10.	10356	Proper & Land, Quetta	Pakistan Railway (PR) has leased out various sites to Food department	16.57	The matter was taken up in March, 2020 with DEN-I, Quetta, and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
11.	9957	Civil Engineering Department, P.R, Quetta	operational and maintenance charges of Military Sidings and	13.75	The matter was taken up with the formation in August 2019. DAC meeting was held on 28-12-2020. DAC was informed that a meeting was held with Military Authorities on 29.09.2020 in Headquarters Office Lahore, for the reconciliation of Railway claims on

			Level Crossings		account of Operational & Maintenance charges of Sidings/Level Crossings for the period June 2012 to June 2018. An amount of Rs 43.950 million has been finalized/reconciled, including outstanding dues of Quetta Division amounting to Rs 9.386 million. DAC directed that GHQ's letter showing commitment to pay the outstanding dues shared with Audit and concrete efforts be made for recovery of operational and maintenance charges as agreed/ reconciled with military authorities. The amount after having been recovered be got verified from Audit. Compliance of DAC directives was still awaited.
12.	10084	Coal Loading Station (PQM-BQM), Karachi	Establishment Charges From Port Qasim Authority	13.75	The matter was taken up with the management in November 2019. DAC in its meeting held on 28-12-2020 directed the PO to furnish the updated reply within a week. Compliance of DAC directives was still awaited.
13.	10425	P&L Peshawar	Non recovery of outstanding charges from OGDC & SNGPL	5.38	The matter was taken up with the management and discussed in DAC meeting held on 15.01.2021. DAC was informed that the figures worked out by Audit were not correct the amount due had already been recovered. DAC directed the P.O that recovered amount of outstanding charges from OGDC & SNGPL be got verified from Audit and serious efforts be made for recovery of remaining balance amount. Compliance of DAC directives was still awaited.
14.	10247	Deputy Director Property & Land, Rawalpindi	Land leased charges were outstanding against Punjab Food Department	5.04	The matter was taken up with the management in February/March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
15.	10289	Civil Engineering Department Karachi, AEN/ Landhi	Non Levi of departmental charges	4.31	The issue was taken up with management in September 2019 and also discussed in DAC meeting held on 09.01.2021. PO explained that due amount of Rs 2.536 million had been recovered. DAC directed the P.O that the stated facts be got verified from Audit within a week. Compliance of DAC directives was still awaited.
16.	10431	P&L, Quetta	Non recovery of rental charges from M/S PSO, Chaman	2.88	The matter was taken up with DEN-I, Quetta in March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still

					awaited.
17.	10405	P&L, Sukkur	Non recovery of rent from Postal Deppt. Sukkur	2.40	The matter was taken up with management in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
18.	10363	Civil Engineering Karachi	departmental charges @ 12 ½% were not provided /levied on the total estimated cost in complete disregard of rules	2.27	The matter was taken up with management in September 2019 and also discussed in DAC meeting held on 09.01.2021. DAC directed the P.O that revised reply duly justification to waive off 12.5 % departmental charges along with documentary evidence be submitted to Audit for verification within a week time. Compliance of DAC directives was still awaited.
19.	10308	Property & Land Department, Rawalpindi	Rental charges of railway land leased out to Highway Division (M&R-Ii) Gujranwala are lying outstanding	1.15	The matter was taken up with the management in March, 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
20.	10176	Property & Land Department Lahore	Leasing 2620 sft Land at Wazirabad	1.01	The matter was taken up with the formation in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within a fortnight. Compliance of DAC directives was still awaited.
21.	10306	Commercial Department Rawalpindi Division	Amount was outstanding against Islamabad Dry Port	1.04	The matter was taken up with management in June 2020 and discussed in DAC meeting held on 15.01.2021. DAC took a serious view on non-responsiveness on Draft Paras and directed that outstanding replies in annotated form, duly supported by documents and approved by AGM concerned, be furnished to Audit within fortnight. Compliance of DAC directives was still awaited.
22.	10065	Civil Engineering Department, Rawalpindi	Rental Charges From Postal Department	0.95	The matter was reported to the formation in August, 2019 and also discussed in DAC meeting held on 28.12.2020. DAC directed the P.O to furnish reply duly supported by documents to Audit within a week. Compliance of DAC directives was still awaited.

23.	10432	P&L, Quetta	Non-recovery of rent from District Police and levies, at Mach	0.64	The matter was again taken up with Divisional Engineer-I, Quetta in March 2020 and discussed in DAC meeting held on 15.01.2021. DAC was informed that rent of Rs 0.067 million for the period from January 2012 to December 2014 was paid. However the agreement for these quarters was not renewed after December 2014. DAC directed the P.O that matter for recovery of rent from District Police and Levies at MACH be made through Ministry of Interior Affairs.
24.	10071	DG, PRA WALTON	Outstanding amount against the Economic Affairs Division	0.43	The matter was taken up with the formation in October, 2019 and also discussed in DAC meeting held on 28-12-2020. DAC directed the P.O to furnish reply to Audit within a week. Compliance of DAC directives was still awaited.
<b>Total</b>				<b>862.58</b>	



## Annexure – 8

### List of Paras included in MFDAC

Sr. #	DP #	Subject
1.	6943	Irregular/ un-uneconomical procurement of material valuing Rs 15.811 million without competition
2.	8042	Loss due to supply of substandard material- Rs 3.400 million
3.	8056	Unauthorized maintenance of private Bank Accounts- Rs 0.457
4.	8304	Unauthorized expenditure on purchase of machinery - Rs 75.643 million
5.	8645	Loss due to defective wireless system installed in the newly purchased locomotives - Rs 5.278 million
6.	8653	Loss due to installation of defective material in DE locos Rs 37.346 million
7.	8678	Misappropriation of material due to negligence of assistant executive engineer, malakwal worth Rs 35.145 million
8.	8714	Loss due to non-recovery of rent from illegal occupants of Railway accommodations Rs.17.815 million
9.	8781 (Revised)	Irregular drawl of TA/DA by one employee Rs 1.555 million
10.	8799	Loss due to unjustified payment of utilities bills of the officers club PLF Risalpur Rs 0.967 million
11.	9169	Loss due to delay in completion of special repair works and imposition of LD charges Rs 3.677 million
12.	9186	Loss due to unjustified procurement of CBU Hopper wagons and brake vans – Rs 81.123 million
13.	9380	Loss due to provision of electricity at lower rate - Rs 201.622 million
14.	9383	loss due to unjustified procurement of vehicles- Rs 10.852 million
15.	9388	Wasteful expenditure due to non-completion of works by the contractors - Rs 2.997 million
16.	9396	Loss on account of surcharge on late payment of electricity bills – Rs 15.349 million
17.	9403	Loss due to provision of Electricity at Lower rate- Rs 65.56 million
18.	9408	Loss of Potential Earning due to poor punctuality of Khushhal Khan Kattak Express Rs 342.91 million per annum
19.	9419	Loss due to Leasing of Railway Land at Cheap Rates – Rs 7.302 million
20.	9421	Loss due to provision of electricity at lower rate – Rs 1.222 million
21.	9430	Loss due to provision of electricity at lower rate – Rs 5.881 million
22.	9432	Wasteful expenditure due to poor and substandard work of snap dead ends- Rs 7.572 million
23.	9438	Loss due to non-completion of work- Rs 0.614 million
24.	9453	Execution of deposit work without obtaining technical sanction- Rs 550 million
25.	9481	Loss due to leasing of railway land for marriage lawn on agricultural rate instead of commercial rate - Rs 4.642 million
26.	9563	Loss on account of rental/lease charges due to re-auction of marriage lawn at Railway Rest House Larkana - Rs 2.365 million per annum
27.	9580	Excess-payment to M/s Master Consulting Engineers (Pvt.) Ltd. - Rs 9.645 million
28.	9619	Less recovery of retention money/security from the sub-contractors of Labor complex - Rs 4.599 million
29.	9652	Loss due to detention of trains Rs 2,171.06 million
30.	9712	Non -realization of Railway dues - Rs 0.959 million
31.	9717	Irregular payment to the contractor Rs 4.123 million

32.	9725	Un-due favour to the contractors due to unauthorized payment of mobilization advance – Rs 227.396 million
33.	9731	Excess expenditure on working Lunch and refreshment charges - Rs 0.486 million
34.	9742	Inordinate delay due to suspicious intervention of FIA resulting into loss of valuable land- Rs 297.140 million
35.	9752	Excess payment due to non-deduction of shrinkage charges on earth work – Rs 6.383 million
36.	9756	Non-disclosure of sale of scrap in financial statements - Rs 61.257 million
37.	9769	Fraudulent award of contract to the 2nd lowest bidder resulting in loss of Rs 3.762 million
38.	9776	Irregular/Un-authorized expenditure due to execution of items not included in the BOQ and estimate – Rs 31.783 million
39.	9787	Irregular payment to non-active sales tax suppliers- Rs 2.925 million
40.	9793	Irregular/unauthorized payment to contractors without maintenance of measurement books - Rs 1,395.980 million
41.	9794	Excess payment to the contractor due to enhancement of lucrative items Rs 3.034 million
42.	9812	Wasteful expenditure for construction of yard- Rs 714.708 million
43.	9819	Non-disclosure of stock of scrap in financial statements and non-maintenance of record - Rs 47.014 million
44.	9832	Loss of revenue - Rs 2.4 million per day (Rs 876 million per annum)
45.	9841	Non-maintenance of inventory on regular basis - Rs 407.501 million
46.	9853	Unauthorized adjustment of losses/Receivables against the un-appropriated profits of RAILCOP in head office accounts- Rs 55.903 million
47.	9856	Non-forfeiture of security and retention money of M/s AZ International due to non-completion of work- Rs 8.227 million
48.	9889	Irregular/ unauthorized booking of expenditure without budget allocation –Rs 144.939 million
49.	9919	Non-Supply of material by the suppliers- Rs 178.441 million
50.	9932	Irregular local purchase of material from un-registered suppliers- Rs 0.710 million
51.	9935	Loss due to excess issuance of material – Rs 3.544 million
52.	9936	Loss due to excess issuance of HTS Wire – Rs 3.716 million
53.	9939	Loss due to short supply of material - Rs 15.072 million
54.	9942	Non-recovery of 5% due to inappropriate stacking of material – Rs 4.689 million
55.	9946	Less recovery of electrical charges amounting to Rs 0.489
56.	9952	Un-authorized expenditure due to irregular grant/extension of current charge of the higher posts in violation of the federal government policy - Rs 8.928 million
57.	9953	Recurring loss due to irregular regularization of TLA over and above the sanctioned strength- Rs 79.120 million
58.	9954	Irregular expenditure due to appointment of staff on TLA- Rs 2.171 million
59.	9956	Loss due to award of civil works on higher rates - Rs 1.941 million
60.	9958	Non-recovery on account of material supplied to Iranian Railway - Rs 1.233 million
61.	9959	Non-recovery of shunting charges from Iranian Railway- Rs. 1.591million
62.	9960	Loss due to mis-Procurement of Coal- Rs 0.700 million
63.	9961	Irregular procurement of Light Weight Ballast Tamping Machines- Rs 79.132 million
64.	9963	Loss due to wrong supply of Diesel Generating sets- Rs 84.485 million
65.	9969	Non recovery of rental charges- Rs 0.525 million
66.	9970	Undue favor to the contractors by not obtaining performance security- Rs 1.30 million
67.	9972	Mis appropriation due to non-adjustment of local purchase advance- Rs 1.569 million
68.	9976	Irregular award of contract due to negotiation with the contractor- Rs 3.767 million
69.	9977	Irregular award of contract due to negotiation with contractor- Rs 4.678 million

70.	9979	Loss due to acceptance of material of wrong specification- Rs 23.323 million
71.	9980	Irregular award of contract due to negotiation with contractor- Rs 24.893 million
72.	9981	Mis-procurement- Rs 28.413 millions
73.	9982	Un-justified increase in face value of work- Rs 44.784 million
74.	9986	Irregular award of contract due to negotiation- Rs 0.926 million
75.	9988	Loss due to damaged sleepers- Rs 18.189 million
76.	9989	Irregular purchase of material- Rs 0.303 Million
77.	9990	Undue financial benefit to the contractor due to acceptance of unenforceable performance securities- Rs 1.25 million
78.	9993	Irregular award of contract due to negotiations- Rs 1.824 million
79.	9996	Irregular awards of contracts on schedule rates- Rs 1.998 million
80.	10001	Blockage of capital due to non-disposal of condemned rolling stock- Rs 5.040 million
81.	10002	Loss due to sale of scrap at lower rate- Rs 5.102 million
82.	10004	Irregular award of contract due to negotiation with the contractor- Rs.5.336 million
83.	10010	Irregular appointment of staff on TLA basis resulted in irregular expenditure- Rs 7.634 million
84.	10012	Undue favour to the contractors by not obtaining performance /security/guarantee- Rs 9.366 million
85.	10013	Loss on account detention of trains due to frequent failure of locomotives- Rs 14.728 million
86.	10014	Less receipt of performance guarantees- Rs 15.012 million
87.	10016	Non-renewal of expired bank guarantee- Rs 21.085 million
88.	10018	Unauthorized Procurement of Sub-Standard Material through Local Agent Instead of Manufacturer/OEM- Rs 27.851 million
89.	10021	Loss of potential earning due to non-repair of locomotive- Rs 152.00 million
90.	10023	Blockage of capital due to non-disposal of scrap material and dead trees- Rs 235.131 million
91.	10027	Loss due to non-imposition of liquidated damages charges for late delivery of D-29 remanufactured traction motors- Rs 13.022 million
92.	10031	Loss of earning due to non-auction of 178Khokha shops in Mughalpura Workshop division- Rs 103.649 million
93.	10041	Irregular provisional salary payments to contract officers of IT Department- Rs 9.171 million.
94.	10047	Avoidable expenditure on account of consultancy service and vetting of structural design- Rs 1.314 million
95.	10049	Loss on account of incurrence of wasteful expenditure due to wrong estimation of Deposit Work- Rs. 4.724 million
96.	10052	Irregular promotions from Junior Auditor to Senior Auditor resulting into excess payment- Rs 48.244 million
97.	10054	Recoverable amount on account of monetization allowance- Rs 0.863 million
98.	10050	Misappropriation due to payments of tempered supplementary bills/vouchers- Rs 0.737 million
99.	10062	Irregular award contract to M/s NESPAK without fair competition- Rs 200.37 million
100.	10063	Loss on account of monthly rent due to non- auction of 30 shops- Rs7.992 million
101.	10064	Wasteful expenditure due to dismissal of petitions court- Rs 0.921million
102.	10067	Unauthorized payment of bonus to the Managing Director in violation of Government policy- Rs.0.464 million
103.	10068	Loss due to excess consumption of HSD Oil on LOMS Services- Rs 3.715 million
104.	10069	Dubious issuance of fuel- Rs 6,046.296 million
105.	10074	Loss due to excess consumption of fuel- Rs 1.895 million

106.	10082	Loss due to non-recovery of LD Charges- Rs 1.740 million
107.	10083	Blockage of capital due to non-disposal of scrap- Rs 0.927 million
108.	10085	Irregular award of contract due to negotiation with contractor- Rs 152.519 million
109.	10086	Sub-Standard Procurement of Material from Unauthorized Principal Manufacturer- Rs 7.697 million
110.	10087	Procurement of Sub-Standard Material of Incorrect Specifications from Unauthorized Manufacturer- Rs 1.648 million
111.	10090	Recoverable amount of income tax from the salaries- Rs 1.766 million
112.	10092	Loss due to deficiency in coaching and goods stock- Rs 1.966 million
113.	10093	Loss to exchequer due to non-deduction of income tax from payment of rent of hired houses - Rs 384,844
114.	10094	Irregular expenditure on unauthorized appointment of loco drivers- Rs 33.675 million
115.	10096	Loss due to excess consumption of HSD oil- Rs 1.186 million
116.	10098	Loss due to charging of lower rates of PSC sleepers in the estimate- Rs 3.948 million
117.	10100	Irregular procurement of ballast due to non-execution of laboratory tests- Rs 9.816 million
118.	10101	Loss due to short recovery of lease money- Rs 545.61 million
119.	10102	Irregular award of contract due to negotiation with contractor- Rs 4.920million
120.	10103	Irregular increase in quantities of individual items beyond 15%- Rs 7.335 million
121.	10104	Loss due to shortage/deficiencies of items/ material in coaching stock - Rs 1.427 million
122.	10105	Unjustified payment of TA/DA- Rs 1.106 million
123.	10107	Undue favour to the contractor due to non-imposition of liquidated damages charges- Rs 1.21 million
124.	10108	Non-recovery of liquidated damages charges from M/s NLC- Rs 19.31 million
125.	10109	Blockage of capital due to non-disposal of surplus material- Rs 414.487 million
126.	10110	Non-renewal of performance guarantees- Rs 15.012 million
127.	10111	Loss due to varnishing of unsuitable Coils of Traction Motors at RM Shop PLF Risalpur- Rs 3.576 million
128.	10113	Wasteful expenditure due to excessive procurement of turnouts/spares over and above the actual requirement- Rs 129.113 million
129.	10115	Non-reporting of losses on account of accidents- Rs 12.942 million
130.	10117	Suspected misappropriation of eleven Nos. Condemned wagons- Rs 3.842 million
131.	10118	Non-Production of Record
132.	10119	Non-recovery of departmental, freight & incidental charges from M/s PRFTC on supply of P. Way Material- Rs 5.491 million
133.	10120	Irregular transfer of materials from D&RT project to deposit work of Coal loading station Karachi and vice versa- Rs 75.845 million
134.	10121	Loss due to utilization of material declared unsuitable- Rs 3.555 million
135.	10123	Loss due to renting out of marriage lawn on daily basis by misuse of authority- Rs 99.98 million.
136.	10126	Theft of material from Lahore Dry Port Mughalpura with the involvement of Railway Police officials- Rs 16.017 million
137.	10128	Loss due to payment of detection Bills (electricity) to WAPDA- Rs 22.198 million
138.	10129	Non reporting of loss of collision- Rs 250.00 million
139.	10130	Loss due to procurement of spare parts at higher rates- Rs 4.588 million
140.	10131	Loss due to non-imposition of liquidated Damages Charges- Rs 0.994 million
141.	10132	Non recovery of ground rent charges on the sale of condemned wagons- Rs 51.994 million
142.	10134	Loss due to unjustified utilization of Sui Gas at PLF Risalpur- Rs 4.702 million
143.	10135	Irregular/Unauthorized execution of work prior to approval of the competent authority- Rs 8.898 million

144.	10136	Irregular purchase without fair competition- Rs 0.595 million
145.	10137	Irregular expenditure without the approval from competent authority- Rs 5.699million
146.	10138	Irregular payment of pay & allowances due to mis-utilization of services of staff – Rs 2.984 million
147.	10139	Suspicious payment before completion of work after tempering the record- Rs 4.463 million
148.	10140	Irregular execution of civil works without tendering- Rs 0.780 million
149.	10141	Unjustified payment of piece work profit and overtime allowance to staff without any targets- Rs 4.168
150.	10142	Irregular engagement of TLA staff- Rs 2.059 million
151.	10144	Mis-procurement due to award of contract without fair competition- Rs 4.057 million
152.	10145	Loss due to non-repair of defective plants & machinery- Rs 357.120 million
153.	10146	Irregular payment on account of Motor Car Advance- Rs 13.450 million
154.	10147	Irregular procurement due to purchases from un registered firms and loss due to non-deduction of general sales tax- Rs 3.905 million
155.	10149	Irregular expenditure due to splitting of certain purchases- Rs 0.660 million
156.	10150	Irregular award of contract without availability of funds and non-imposition of penalty due to completion of work- Rs 33.629 million
157.	10151	Non-recovery on account of 12.5% departmental charges due to preparation of defective estimate- Rs 96.245 million
158.	10152	Loss due to unnecessary detention of trains- Rs 0.551 million
159.	10154	Loss due to consumption of fuel above fixed quota- Rs 1.054 million
160.	10150	Excess payment to suppliers and payment of suppliers' liability by Railway- Rs 0.60 million
161.	10156	Excess expenditure over and above budget allotment- Rs 25.751 million
162.	10157	Irregular/unjustified payment of TA/DA- Rs 0.848 million
163.	10158	Irregular payment of TA/DA without submitting Duty Passes- Rs 0.578 million
164.	10159	Loss due to irregular/unjustified expenditure on account of hiring of two vans for pick & drop of running staff of Rohri Shed- Rs 2.592 million
165.	10160	Unauthorized procurement due to establishment of LC on principal manufacturer without recommendation of the tender committee- Rs 11.508 million
166.	10161	Non imposition of Liquidated Damages- Rs 9.265 Million
167.	10162	Loss to public exchequer due to non-deduction of General Sales Tax (GST)- Rs 1.195 million
168.	10164	Unauthorized occupation of extra land by M/s Petrocoal resulting loss to Pakistan Railways- Rs 4.526 million
169.	10165	Loss due to wrong fixation of base rate against the policy of marriage lawn at Police Line resulted in loss- Rs 113.034 million
170.	10167	Loss due to renting out of railway land without auction to M/s Islam Coal Shahdara and fixation of wrong base rate against leasing policy- Rs 9.095 million
171.	10168	Unjustified encroachment of RIRCHS land by the allottees- Rs 89.175 million
172.	10173	Loss due to refund of forfeited bid security to defaulting bidder- Rs 0.50 million
173.	10174	Loss of potential revenue due to non-finalization of lease proposal of Rawalpindi Division by P&L Directorate , Lahore- Rs 26.981 million
174.	10177	Encroachment of Railway land by Peshawar Development Authority- Rs 11.111 million
175.	10178	Irregular lease of agricultural land against revised leasing policy- Rs 14.440 million
176.	10179	Loss due to non-collection of rental charges against two buildings under occupation of railway subsidiaries- Rs 107.079 million.

177.	10180	Loss due to non-observance of leasing policy at Jhall Bridge Faisalabad- Rs 45.570 million
178.	10181	Embezzlement of Government Money- Rs 0.42 million
179.	10182	Loss due to non-finalization of lease of Railway land for construction of road- Rs 59.156 million
180.	10184	Encroachment of Railway land measuring 52 acres at Chenab West Bank Railway station for Park- Rs 42.296 million
181.	10185	Loss due to non-extension of agreement/non-auction of expired leases- Rs 4.701 million
182.	10186	Irregular declaration of excess area of Railway land as Katchi Abadi by Punjab Government- Rs 641.300 million
183.	10189	Multiple allotments of plots in Railway Employees Cooperative Housing Society Faisalabad- - Rs 1.740 million
184.	10191	Unauthorized handing over the possession of marriage lawn at police line before deposit of due amount- Rs 2.775 million
185.	10195	Loss of potential revenue due to non-auction of land at Narowal Railway Station- Rs 1.303 million
186.	10197	Unauthorized retention of railway land without renewal of lease agreement by M/s PACKAGES resulting loss to PR- Rs 30.789 million
187.	10198	Loss of revenue due to non-handing over possession and refund of bid money- Rs 15.446 million
188.	10200	Loss due to unauthorized installation of structure on Railway land- Rs 26.961 million
189.	10201	Recurring loss of lease rent charges due to non-construction of premium shops- Rs 1.644 million
190.	10203	Non-recovery of lease charges from M/s Ring International- Rs 2.281 million
191.	10204	Recurring loss due to dismantling of bungalows No.104 A & B at Allama Iqbal Road, Lahore- Rs 2.153 million
192.	10206	Non acknowledgement of issue notes- Rs 1.713 million
193.	10208	Blockage of capital due to non-disposal of scrap- Rs 19.305 million
194.	10209	Blockage of capital due to non-disposal of scrap material- Rs 105.568 million
195.	10211	Loss due to unnecessary purchase of equipment & machinery - Rs 7.595 million
196.	10212	Loss due to Procurement of Deleted/Excess Items of Stores- Rs 4.284 million
197.	10213	Irregular execution of earth and other structural works- Rs 72.558 million
198.	10214	Irregular expenditure due to sanction of payments beyond competency- Rs 1.676 million
199.	10215	Suspected loss due to substandard repair of locomotives - Rs 44.861 million
200.	10216	Loss to public exchequer due to non-deposit of taxes to FBR- Rs 1.076 million
201.	10218	Loss due to unjustified payment on account of quarterly tariff adjustment in electricity bills of PLF Risalpur- Rs 0.778 million
202.	10219	Irregular splitting of procurements- Rs 0.493 million
203.	10220	Recurring loss due to illegal reinstatement into service of an employee of PLF- Rs 0.394 million
204.	10221	Loss due to procurement of material at exorbitant rates- Rs 1.975 million
205.	10223	Irregular payment of pay & allowances due to mis-utilization of services of staff- Rs 3.467 million
206.	10224	Loss due to excess over trip ration of H.S.D oil by the locomotives- Rs 3.006 million
207.	10225	Annual recurring loss due to payment of salaries to surplus staff- Rs 4.976 million
208.	10226	Non-deduction of income tax resulting in loss to public exchequer- Rs 0.113 million
209.	10228	Irregular retention of government money- Rs 0.527 million

210.	10229	Irregular/suspicious reimbursement of medical charges- Rs 1.019 million
211.	10231	Non-recovery of advance/sales tax- Rs 3.159 million
212.	10232	Non-surrendering of land to Railways by PRECHS and irregular allotment of plots during ban imposed by MoR- Rs 107.327 million
213.	10234	Loss due to non-finalization of shops and taxi stand lease at Vehari- Rs 10.70 million
214.	10235	Loss due to increase in foreign exchange rate of enhanced quantity UIC54KG rails- Rs 12.121 million
215.	10236	Irregular transfer of Railway land by Revenue department, KPK without NoC of Pakistan Railways- Rs 270.820 million
216.	10237	Irregular mutation of land with Peshawar Development Authority without any agreement- Rs 55.900 million in 2005
217.	10238	Loss due to non-implementation of FBR directives- Rs 4.072 million
218.	10239	Loss due to excess payment of custom duty- Rs 19.617 million
219.	10240	Irregular Award of Contract without Detailed Sanctioned Estimate- Rs 157.804 Million
220.	10241	Irregular expenditure due to appointment of Staff without provision in PC-I- Rs 2.192 million
221.	10242	Procurement of Substandard ballast- Rs 14.050 million
222.	10243	Loss of potential earnings due to non-finalization of land leased to M/s Solution Enterprises- Rs 1.468 million
223.	10244	Loss due to irregular Waiver of one year Rent- Rs 3.950 million
224.	10245	Loss due to excess payment to WAPDA on account of electricity bills- Rs 4.150 million
225.	10250	Loss of potential earnings due to non-achievement of targets- Rs 46.360 million
226.	10253	Irregular expenditure due to execution of excessive quantity as compared to the approved cross section- Rs 1.090 million
227.	10254	Loss due to procurement from unregistered suppliers as well as non-deduction of General Sale Tax- Rs 1.245 million
228.	10255	Loss due to short recovery and line losses of electricity charges- Rs 1.531 million.
229.	10256	Loss of potential revenue due to non-finalization of lease of land for erection/ installation of electric poles- Rs 1.577 million
230.	10260	Loss due to undercharging of electricity bills- Rs 4.528 million
231.	10261	Irregular expenditure due to appointment of staff on TLA- Rs 7.536 million
232.	10263	Loss due to production of defective sleepers- Rs 12.156 million
233.	10264	Loss due to award of parking stand contract below benchmark rate- Rs 50.348 million
234.	10265	Overpayment on account of overtime- Rs 50.414 million
235.	10269	Blockage of capital due to procurement of Mobile Flash Butt Welding Machine- Rs 484.184 million
236.	10271	Loss of potential earnings due to non-completion of PSDP Project- Rs 3,529.500 million
237.	10272	Loss due to award of civil works on higher rates- Rs 2.461 million
238.	10273	Loss due to payment of commission to local agent- Rs 2.080 million
239.	10279	Un- authorized expenditure on account of repair of various items- Rs 0.332 million
240.	10280	Irregular/Wasteful expenditure on re-employment after superannuation- Rs 0.334 million
241.	10281	Non-recovery from STEs due to missing of blank EFT books- Rs 0.904 million
242.	10282	Excess consumption of fuel due to unnecessary detention of trains resulting into avoidable loss- Rs.1.075 million
243.	10283	Loss due to shortage of 19,544 Cft stone ballast- Rs 1.142 million
244.	10284	Loss due to non-recovery of LD charges from contractor- Rs. 1.201 million
245.	10285	Irregular/ Mis-utilization of Cash Imprest- Rs 2.052 Million
246.	10286	Loss due to suspension of production- Rs 2.170 million

247.	10291	Irregular expenditure on account of regularization/promotion of TLA- Rs 5.400 million
248.	10292	Loss due to substandard periodical overhauling Rs 8.09 million
249.	10293	Loss of potential earning- Rs 9.616 million
250.	10294	Loss of potential earning due to closure/non-auction of parking stands- Rs 20.683 million per annum
251.	10295	Shortage of Sleeper - Rs 31.258 million.
252.	10296	Non-recovery of long outstanding amount from M/s PRACS- Rs 73.918 million
253.	10299	Irregular /unjustified payment to the contractor- Rs 1.705 million
254.	10300	Loss due to unauthorized occupation of land by PDA adjacent to Railways Employees Cooperative Society Peshawar- Rs 19.260 million
255.	10301	Substandard recoupment of stone ballast resulting in wasteful expenditure- Rs 3.780million
256.	10303	Wasteful expenditure due to un-necessary procurement of rail-cum-road crane- Rs 99.638 million
257.	10304	Unjustified expenditure due to abnormal rate of shop on-cost- Rs 132.154 million
258.	10305	Irregular expenditure due to provision of hired accommodation to contract employees- Rs.0.997 million
259.	10309	Handing over possession of building to REDAMCO without execution of agreement and non-recovery of rental charges- Rs 2.403 million
260.	10311	Irregular expenditure due to appointment of staff on TLA- Rs 2.742 million per annum
261.	10312	Un-authorized expenditure due to execution of work over and above the agreemental quantities- Rs 2.754 million
262.	10313	Loss due to non-execution of agreement on account of outsourcing of mess- Rs 4.570 million
263.	10315	Loss of potential revenue due to non-auction of Dining Car services- Rs.16.525 million
264.	10316	Loss due to non-depositing of Federal Excise Duty (FED) to FBR- Rs 17.498 million
265.	10317	Loss due to non-recovery of Fuel Price Adjustment from electricity consumers- Rs28.152 million
266.	10318	Non-acknowledgement of dispatched material by the recipient- Rs 72.495 million
267.	10323	Unjustified procurement of excavator without assessing requirement of operating division and procurement other than specifications- Rs 24.37 million
268.	10325	Blockage of Capital due to non-prestressing of Sleepers- Rs 663.326 million
269.	10329	Loss due to unauthorized/Illegal award of contract in violation of PPRA Rules- Rs 1.49 million
270.	10331	Blockage of capital on account of LF oil- Rs 1.363 million
271.	10332	Loss due to rejection of manufactured parts- Rs 6.436 million
272.	10333	Irregular Grant Of Overtime, Special Technical Allowances & Gazetted Holidays- Rs. 0.392 million
273.	10336	Non-Drawal Of Completion Reports After Completion Of Works- Rs 607.889 Million
274.	10337	Loss Due To Acceptance Of Rate Of Second Lowest Due To Un Judicious Clause - Rs 52.145 Million
275.	10340	Loss of earnings due to un-authorized running of Car Parking- Rs 9.518 million
276.	10341	Unjustified clause for allotment of plots under 5% discretionary quotas- Rs 98.00 million
277.	10342	Loss due to non-recovery of rental charges for utilization of excess land occupied by parking stand contractor- Rs 9.578 million
278.	10343	Unauthorized execution of agreements without vetting by the FA & CAO/DAO- Rs 13.890 million
279.	10344	Non-Recovery of outstanding dues against the Contractor-



		Rs. 1.016 million
280.	10348	Non-accountal of procurement of Furniture, Computers, and Fax machines in T&P register- Rs. 1.22 million
281.	10349	Loss Of Earnings Due To Late Auction Of Land And Non-recovery Of Rent For Extra Occupation Of Land- Rs 1.111 Million
282.	10353	Irregular / Doubt Full Issue of 205,000cft Stone Ballast- Rs 9.840 Million
283.	10354	Irregular/Unjustified Payment of Pay & Allowances- Rs 0.377 Million
284.	10359	Non-recovery of admitted debits of station outstanding- Rs 7.027 million
285.	10361	Shortage Of P Way Material- Rs 6.975 Million
286.	10365	Blockage of Capital due to Non disposal Of Two Nos. Old Condemned unserviceable vehicles- Rs 0.570 Million (Approx.)
287.	10366	Loss Of Rental Charges Due To Expiry Of Lease Agreements- Rs.1.738 Million
288.	10370	Fudge payment on account of overtime/ piece work profit- Rs 23.616 million
289.	10371	Recoverable on account of withholding tax from the lessees- Rs 18.075 million
290.	10372	Loss due to non-collection of withholding tax from parking stand contractor- Rs 10.262 million
291.	10373	Loss due to termination of contract agreement- Rs 0.821 million
292.	10374	Loss due to late communication of acceptance by the Railway and late start of Business by the Contractors- Rs 3.004 million
293.	10375	Over payment on account of compensation to the affectees of orange line metro- Rs 2.425 million
294.	10376	Non-disposal of scrap/released material- Rs 2.898 million
295.	10377	Blockage of huge quantity of released material- Rs 11.825 million
296.	10379	Loss in the shape of damages caused due to accidents/ derailments- Rs 4.880 million
297.	10380	Loss due to theft/deficiencies in coaching stock- Rs.1.710 million
298.	10381	Irregular awards of contracts on schedule rates- <b>Rs 2.153 million</b>
299.	10382	Non acknowledgment of p-way material dispatched to other subordinate incharges- Rs 0.766 million
300.	10384	Irregular payment to contractor without verification of ballast trains by the Accounts office- Rs 24.974 million
301.	10385	Irregular payment on defective work without sanctioned estimate- Rs 8.437million
302.	10386	Loss due to deficiency in Coaching & Goods Stock- Rs 4.379 million
303.	10387	Loss of potential revenue due to delay in restoration of Sibi Hurnai Section- Rs 47.663 million
304.	10389	Irregular procurement of Luxurious vehicles in the era of financial crises of PR and non-recording in Fixed Assets of PR- Rs 130.612 million
305.	10392	Annual recurring loss due to mis-utilization of services of staff- Rs 1.101 million
306.	10395	Loss per annum due to non-auction of Car Parking, Cycle Stands, Vending Stalls and Restaurants- Rs 9.561 Million
307.	10396	Irregular utilization of vehicles for VIP protocol duties- Rs 24.411 million
308.	10397	Loss of earnings due to non-auction of new shops- Rs 13.266 million
309.	10398	Loss due to negligence of Railway Administration Rs 2.916 million
310.	10401	Loss due to theft of permanent way material over Peshawar Division- Rs 1.657 million
311.	10402	Loss due to irregular utilization of Railway commercial land- Rs 10.206 million
312.	10404	Non-recovery of Railway dues due to dispute of ownership- Rs 9.650 million
313.	10407	Recoverable amount on account of commercial rent due to extra occupied land by Yadgar Centre- Rs 8.897 million
314.	10408	Irregular payment through DDO instead of vendors/suppliers in local purchases- Rs 1.878 million

315.	10409	Irregular expenditures due to splitting of electrical works in Khanpur Sub-Division- Rs 1.516 million
316.	10411	Non-cancellation of membership of International Union of Railway (UIC)- Rs 56.043 million
317.	10414	Loss on account of interest/opportunity cost due to non-recovery of outstanding railway dues from Food Department- Rs 19.417 million
318.	10416	Loss due to non-recovery of Fuel Adjustment Price- Rs 0.932 million
319.	10417	Non deposit of collected tax with FBR resulting loss to public exchequer - Rs 7.543 million
320.	10419	Loss of earnings due to defects in newly procured GEU-20 DE locomotives- Rs 18.914 million
321.	10421	Misappropriation of material- Rs 10.307 million
322.	10422	Loss due to award of coolie contract below benchmark rate- Rs 0.42 million
323.	10423	Irregular expenditure due to splitting of local purchase cases- Rs 2.623 million
324.	10424	Loss due to encroachment of Railway prime land for parking stand by ex-lessee- Rs 20.381 million
325.	10426	Loss due to defective execution of CTR work of shunting neck- Rs 1.603 million
326.	10427	Loss due to non-finalization of lease cases of Railway land- Rs 66.232 million
327.	10428	Irregular expenditure due to splitting of local purchases and civil works- Rs 18.534 million
328.	10433	Non-requisition / non-acknowledgment of permanent way material- Rs 7.209 million
329.	10434	Irregular utilization of FEC allocation as local content- Rs 91.276 million
330.	10435	Procurement of vehicle in violation of austerity measures worth- Rs 1.250 million
331.	10436	Irregular expenditure on account of pay & allowances- Rs 14.559 Million
332.	10437	Loss due to excess procurement of furniture- Rs 1.482 million
333.	10438	Loss on account of high production cost due to non- functioning of Cupola Furnace- Rs 35.048 million
334.	10439	Loss due to theft of material- Rs 0.103 million
335.	10440	Irregular utilization of funds on account of non-construction of canteen- Rs 1.056 million
336.	10441	Blockage of capital due to excess procurement of sleepers- Rs 1.654 million
337.	10442	Irregular expenditure by splitting of purchases- Rs 1.141 million
338.	10443	Irregular expenditure due to award of works without open competition- Rs 31.53 million
339.	10444	Wasteful expenditure due to bad planning- Rs 991.427 million
340.	10445	Irregular enhancement of quantity of through rate items- Rs 1.741million
341.	10446	Blockage of capital due to non-installation of Electric Arc Furnace- Rs 162.447 million
342.	10447	Loss due to non-functioning of diesel tank- Rs 5.631 million
343.	10448	Wasteful expenditure on special repair of sewerage pipelines- Rs 7.463 million
344.	10450	Loss due to short supply of material- Rs 3.296 million
345.	10451	Irregular payment of pay and allowance on mis-utilization of staff- Rs 0.741 million
346.	10453	Loss due to deficiencies of material in coaching stock- Rs 1.686 million
347.	10454	Unjustified payment to contractors without actual assessment of work- Rs 0.999 million
348.	10455	Unauthorized acceptance of material of incorrect specification on the request of contractor- Rs 0.469 million
349.	10456	Irregular award of contracts due to expiry of bid validity period- Rs 4.556 million
350.	10457	Loss due to theft of distributor valves- Rs 30.27 million

351.	10459	Time overrun resulted in extra cost- Rs 629.792 million
352.	10460	Loss due to award of contract at higher rates- Rs 0.676 million
353.	10462	Blockage of capital on account of 8 KVA power Diesel Generators- Rs 17.363 million
354.	10463	Negotiation with bidder on the sale of scrap material- Rs7.830 million
355.	10464	Non clearance of station outstanding- Rs 7.627 million
356.	10465	Irregular / unjustified payment of to the contractor for defective works- Rs 4.682 million
357.	10466	Recurring loss due to deployment of police personnel at Divisional Pay Master Sukkur without justification- Rs 18.003 million
358.	10467	Loss due to theft of distributor valves- Rs141.552 million
359.	10469	Loss due to non-letting out surplus Railway quarters- Rs 0.332 million
360.	10470	Mis-utilization of facility of staff cars by the officers/ officials resulting irregular/unjustified expenditure- Rs 9.839 million per annum
361.	10471	Excess payment on account of electricity bills - Rs 61.825 million
362.	10473	Wasteful expenditure on account of construction cost of shops /godowns- Rs 40.377 million
363.	10480	Excess payment due to charging of labour, FOH and 15% RAILCOP profit on items manufactured from outside- Rs 30.837 million
364.	10482	Pakistan Railways extended undue favour to RAILCOP by awarding of work without tenders- Rs 138.472 million
365.	10485	Manufacturing of defective material- Rs 371.86 million
366.	10487	Misappropriation of Misc. advances- Rs 24.5 million
367.	10488	Loss to government exchequer due to non-payment of sales tax- Rs 51.253 million
368.	10489	Loss to government exchequer due to non-payment of income tax- Rs 21.104 million
369.	10492	Non-Reconciliation of Pension Payments- Rs 143.765 million
370.	10493	Un-authorized Excess Payment of Pensioners beyond Death- Rs 13.82 million
371.	10494	Loss due to Un-authorized Excess Payment of Medical Allowance- Rs 4.424 million
372.	10495	Excess Pension Payment due to Irregular Current Charge- Rs 3.344 million
373.	10496	Un-authorized Payment to Un-Verified Pensioners of 90 years & above- Rs 1.689 million