



**AUDIT REPORT
ON
THE ACCOUNTS OF
MINISTRY OF WATER RESOURCES
AND ITS ENTITIES
AUDIT YEAR 2023-24**

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, Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of any authority or body established by the Federation. The Audit Report is based on the accounts of Ministry of Water Resources and its entities for the Financial Year 2022-23.

The Directorate General Audit, Water Resources conducted audit of Ministry of Water Resources, Water and Power Development Authority and Pakistan Council of Research in Water Resources during the year 2023-24 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of Audit Report includes systemic issues and significant audit findings. Relatively less significant findings have been listed in Annexure-I of this report as MFDAC. The audit observations listed in Annexure-I shall be pursued with Principal Accounting Officer (PAO) at the Departmental Accounts Committee (DAC) level and in all cases where the PAO does not initiate appropriate action, the audit observations shall be brought to the notice of Public Accounts Committee (PAC) through next year's Audit Report. Moreover, sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

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

Audit findings indicate the need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities. All the observations included in this report have been finalized in the light of replies submitted by the management. However, DAC meeting was not conducted despite several requests to the PAO as per laid down procedure.

There are certain audit paras which were also reported in last years' Audit Reports ranging from financial years 2016-17 to 2021-22. Recurrence of such irregularities is a matter of concern and needs to be addressed.

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

Islamabad
Dated: 21 FEB 2024

Sd/-
(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

| | |
|-----------------|--|
| AJK | Azad Jammu and Kashmir |
| BOQ | Bill of Quantities |
| CCD | Camouflage Combat Dress |
| CCI | Council of Common Interests |
| CDM | Clean Development Mechanism |
| CE | Chief Engineer |
| CEO | Chief Executive Officer |
| CGGC | China Gezhouba Group Co. Ltd. |
| CHPS | Chashma Hydel Power Station |
| CMEC | China Machinery Engineering Corporation |
| CO | Change Order |
| CO ₂ | Carbon Dioxide |
| CPPA-G | Central Power Purchasing Agency-Guarantee |
| CSA | Consultancy Services Agreement |
| CSC | Consultant's Services Contract |
| CV | Curriculum Vitae |
| DAC | Departmental Accounts Committee |
| DBDP | Diamer Basha Dam Project |
| DDO | Drawing & Disbursing Officer |
| DG | Director General |
| DHPP | Dasu Hydropower Project |
| DLC | Defects Liability Certificate |
| DNP | Defects Notification Period |
| DT | Diversion Tunnel |
| E&M | Electrical & Mechanical |
| ECNEC | Executive Committee of the National Economic Council |
| EL | Elevation Level |
| EPI | Environment Performance Index |
| FBR | Federal Board of Revenue |
| FC | Frontier Constabulary |
| FFC | Federal Flood Commission |
| FWO | Frontier Works Organization |
| FY | Financial Year |

| | |
|----------------|--|
| GCC | General Conditions of Contract |
| GGHP | Golen Gol Hydropower Project |
| GGHPS | Golen Gol Hydel Power Station |
| GLI | Group Life Insurance |
| GM | General Manager |
| GoP | Government of Pakistan |
| GoS | Government of Sindh |
| GWh | Gigawatt hours |
| GZDP | Gomal Zam Dam Project |
| IPC | Interim Payment Certificate |
| IPoEs | Independent Panel of Experts |
| IPPs | Independent Power Producers |
| IRSA | Indus River System Authority |
| IWASRI | International Waterlogging and Salinity Research Institute |
| IWT | Indus Waters Treaty |
| JV | Joint Venture |
| KCP | Kachhi Canal Project |
| KIBOR | Karachi Interbank Offered Rate |
| K-IV | Greater Karachi Bulk Water Supply Scheme |
| KKH | Karakoram Highway |
| KKHP | Keyal Khwar Hydropower Project |
| KM | Kilometer |
| KPST | Khyber Pakhtunkhwa Sales Tax |
| KTDP | Kurram Tangi Dam Project |
| KV | Kilovolt |
| LC | Letter of Credit |
| LDA | Lahore Development Authority |
| LLO | Low Level Outlets |
| LOA | Letter of Acceptance |
| m ² | Square Meter |
| m ³ | Cubic Meter |
| MAF | Million Acre Feet |
| MDHP | Mohmand Dam Hydropower Project |
| MFDAC | Memorandum for Departmental Accounts Committee |

| | |
|-------|---|
| MGD | Million Gallons per Day |
| MoW&P | Ministry of Water & Power |
| MoWR | Ministry of Water Resources |
| MRP | Mangla Refurbishment Project |
| MW | Megawatt |
| NBP | National Bank of Pakistan |
| NEPRA | National Electric Power Regulatory Authority |
| NGDP | Nai Gaj Dam Project |
| NJHPC | Neelum Jhelum Hydropower Company |
| NJHPP | Neelum Jhelum Hydropower Project |
| NOL | No Objection Letter |
| NTDC | National Transmission & Despatch Company |
| NWP | National Water Policy |
| O&M | Operation & Maintenance |
| PAC | Public Accounts Committee |
| PAO | Principal Accounting Officer |
| PCC | Particular Conditions of Contract |
| PC-I | Planning Commission Proforma-I |
| PC-II | Planning Commission Proforma-II |
| PCIW | Pakistan Commissioner for Indus Waters |
| PCRWR | Pakistan Council of Research in Water Resources |
| PD | Project Director |
| DP | Draft Para |
| PEC | Pakistan Engineering Council |
| PESCO | Peshawar Electric Supply Company |
| PLI | Postal Life Insurance |
| PPA | Power Purchase Agreement |
| PPRA | Public Procurement Regulatory Authority |
| PQ | Pre-qualification |
| PSDP | Public Sector Development Programme |
| RCC | Reinforced Cement Concrete |
| RD | Reduced Distance |
| RE | Resident Engineer |
| RFP | Request for Proposal |

| | |
|-------|--|
| SBP | State Bank of Pakistan |
| SCC | Special Conditions of Contract |
| SE | Superintending Engineer |
| SHPS | Small Hydel Power Stations |
| STC | Sheratalla Tunnel Canal |
| T4HPP | Tarbela 4 th Extension Hydropower Project |
| T5HPP | Tarbela 5 th Extension Hydropower Project |
| TOC | Taking-Over Certificate |
| TRT | Tailrace Tunnel |
| UBL | United Bank Limited |
| VO | Variation Order |
| WAPDA | Water and Power Development Authority |
| WEPS | WAPDA Equipment Protection Scheme |
| %cft | 100 Cubic Feet |

EXECUTIVE SUMMARY

The Directorate General Audit, Water Resources carries out audit of accounts of Ministry of Water Resources (MoWR) and its entities i.e. Water and Power Development Authority (WAPDA), Indus River System Authority (IRSA), Federal Flood Commission (FFC), Pakistan Commissioner for Indus Waters (PCIW) and Pakistan Council of Research in Water Resources (PCRWR) on behalf of the Auditor-General of Pakistan with the objective of promoting accountability, transparency and good governance in the management and use of public resources. The human resource available to Director General (DG) Audit, Water Resources for carrying out audit activities comprises upon 71 officers and staff having 17,344 man-days with a total annual financial outlay of Rs.144.594 million for the audit year 2023-24. With these resources, this office conducts compliance with authority audit, performance audit, impact audit, special audit/studies, thematic audit and financial attest audit of foreign aided projects falling under the MoWR.

Scope of Audit

The audit jurisdiction of DG Audit, Water Resources covers 116 formations of MoWR and its entities having a total expenditure of Rs.259.969 billion and receipts of Rs.91.064 billion for the Financial Year (FY) 2022-23.

Audit coverage for the current audit year comprises upon 55 formations of MoWR and its entities as per approved Annual Audit Plan 2023-24. This coverage includes expenditure of Rs.249.766 billion and receipts of Rs.83.559 billion for the FY 2022-23. In terms of percentage, the planned audit coverage for expenditure is 96.08% of auditable expenditure and planned audit coverage for receipts is 91.76% of auditable receipts.

This audit report includes audit observations resulting from the audit of expenditure of Rs.242.798 billion and receipts of Rs.82.055 billion for the FY 2022-23 pertaining to 42 formations of MoWR and its entities. This audit report also includes audit observations resulting from the audit of expenditure of Rs.8.289 billion and receipts of Rs.7.979 billion for the FY 2021-22 pertaining to 11 formations.

In addition to this compliance audit report, DG Audit, Water Resources conducted 26 financial attest audits and one impact audit, whereas, one

performance audit and one special study has also been planned for execution under Audit Plan 2023-24. Findings of impact audit have been included in this report as a separate chapter.

Recoveries at the instance of Audit

As a result of audit, recovery of Rs.12,858.102 million is pointed out in this report. Recovery effected and verified by Audit from January to December, 2023 was Rs.126.056 million.

Audit Methodology

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

Audit Impact

Major issues related to procurement, contract, financial and assets management were brought to the notice of the management for taking timely actions. Discrepancies in bid evaluation process, violation of Public Procurement Regulatory Authority (PPRA) Rules, 2004 and non-adherence to the contract clauses were reported. Non-adherence to austerity measures of Finance Division and misuse of vehicles were also highlighted. As a result of observations raised by Audit and discussion with the management, Policy for Recruitment of Advisors/Individual Consultants/Experts was formulated by WAPDA during 2019 and matter for revision of auxiliary consumption limits of powerhouses was also taken up with the National Electric Power Regulatory Authority (NEPRA). Further, following measures were also committed by the management during the meetings for the improvement of systems and controls.

- On instance of Audit, the management accepted to ensure recovery of Rs.679.465 million from the contractor.
- The management agreed to take steps for strengthening of internal controls and procedures.
- The management was emphasized to take corrective measures in line with

contract clauses besides addressing the irregularities pointed out by Audit as per requirement.

Comments on Internal Controls and Internal Audit Department

An effective internal control framework serves as a major tool for management to ensure effectiveness in operational and financial matters. Internal controls of the department were found weak and ineffective as various control lapses were identified during audit. There was lack of effective monitoring and appropriate measures for major Civil, Electrical & Mechanical (E&M) works. The report gives a significant insight into the ineffectiveness of internal control system due to increase in cases of violation of standard clauses of bidding documents, PPRA Rules, Pakistan Engineering Council's (PEC) instructions, excess/over payment to the contractors, non-obtaining/renewal of insurance policies, frequent changes in design/scope of work and abnormal delays in rectification of faults in powerhouses resulting into generation losses.

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

Key audit findings

- i. Irregularities in Procurement Management amounting to Rs.34,571.207 million were observed in 07 cases¹.
- ii. Irregularities in Contract Management amounting to Rs.57,390.800 million were observed in 31 cases².
- iii. Financial Management related issues amounting to Rs.212,451.322 million have been pointed out in 15 cases³.
- iv. Assets Management issues amounting to Rs.6,715.686 million have been pointed out in 06 cases⁴.

¹ **Paras-** 1.5.1, 1.5.2, 1.5.3, 1.5.4, 1.5.5, 1.5.6 & 1.5.7

² **Paras-** 1.5.8, 1.5.9, 1.5.10, 1.5.11, 1.5.12, 1.5.13, 1.5.14, 1.5.15, 1.5.16, 1.5.17, 1.5.18, 1.5.19, 1.5.20, 1.5.21, 1.5.22, 1.5.23, 1.5.24, 1.5.25, 1.5.26, 1.5.27, 1.5.28, 1.5.29, 1.5.30, 1.5.31, 1.5.32, 1.5.33, 1.5.34, 1.5.35, 1.5.36, 1.5.37 & 1.5.38

³ **Paras-** 1.5.39, 1.5.40, 1.5.41, 1.5.42, 1.5.43, 1.5.44, 1.5.45, 1.5.46, 1.5.47, 1.5.48, 1.5.49, 1.5.50, 1.5.51, 1.5.52 & 1.5.53

⁴ **Paras-** 1.5.54, 1.5.55, 1.5.56, 1.5.57, 1.5.58 & 1.5.59

- v. Management of accounts with commercial banks related issues amounting to Rs.13,681.643 million were observed in 04 cases⁵.
- vi. HR & employees related issues amounting to Rs.982.905 million were raised in 07 cases⁶.
- vii. Value for money and services delivery issues amounting to Rs.1,091.830 million were observed in one case⁷.
- viii. Other miscellaneous issues amounting to Rs.29,619.933 million were also reported in 07 cases⁸.

Recommendations

- i. The management needs to ensure that procurement of goods and services are made in a transparent and efficient manner in line with PPRA Rules and procurement guidelines.
- ii. The management needs to secure employer's rights while drafting contract documents with more diligence in order to avoid subsequent disputes.
- iii. The management needs to take necessary steps at planning stage to ensure realistic surveys, comprehensive feasibility studies, detailed designing and accuracy in preparation of estimates to overcome cost & time overrun issues of the projects.
- iv. The management needs to expedite efforts for recovery of huge outstanding amounts of sales revenue. Further, the management should ensure compliance to the instructions of Finance Division & Federal Board of Revenue (FBR) regarding opening of bank accounts and taxation matters respectively.
- v. The management needs to proactively resolve land acquisition issues, ensure proper utilization of vehicles and safeguard its assets.
- vi. The management needs to devise investment policies and ensure

⁵ Paras- 1.5.60, 1.5.61, 1.5.62 & 1.5.63

⁶ Paras- 1.5.64, 1.5.65, 1.5.66, 1.5.67, 1.5.68, 1.5.69 & 1.5.70

⁷ Paras 1.5.71

⁸ Paras- 1.5.72, 1.5.73, 1.5.74, 1.5.75, 1.5.76, 1.5.77 & 1.5.78

vigilance in investment of surplus funds and maintaining accounts in commercial banks.

- vii. The management needs to ensure transparency in recruitment process besides adhering to the instruction of Finance Division regarding grant of different allowances to the employees
- viii. The management needs to strengthen its operational controls to obtain fair value for money.
- ix. The management must expedite rectification of faults in the power houses in order to avoid generation losses.
- x. The PAO must devise a mechanism for effective monitoring of projects to address cost & time overrun factor and take necessary measures with regards to recurrence of repeated irregularities.

CHAPTER-1

Ministry of Water Resources

1. Ministry of Water Resources

1.1 Introduction

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

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

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

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

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

PCRWR is an apex organization of the MoWR established through Act No.I of 2007. It is mandated to conduct, organize, coordinate and promote research on all aspects of water resources. It has a network of seven research and demonstration centers in different agro-climatic zones of the country.

Table-1 Audit Profile of MoWR

(Rs. in million)

| Description | Total Nos. | Audited | Expenditure Audited FY 2022-23 | Revenue/ Receipts Audited FY 2022-23 |
|---|------------|---------|--------------------------------|--------------------------------------|
| Authorities/Autonomous Bodies etc. under the PAO: | 08 | 04 | 242,798.636 | 82,055.513 |
| a. Formations | 116 | 42 | 242,798.636 | 82,055.513 |
| b. Assignment Accounts | 44 | 27 | US\$ 115.070 & Rs.114,716.940 | - |
| c. Foreign Aided Projects | 26 | 26 | 34,020.141 | - |

1.2 Sectoral Analysis

Pakistan is highly vulnerable to the impacts of climate change, including water scarcity, extreme weather events and declining crop yields due to growing population and careless use of water. Pakistan is now one of the top ten nations impacted by global warming and may soon become one of the most water-stressed countries in the world as the shortages increase. Water scarcity has become a serious threat to the sustainable and economic growth of Pakistan. Pakistan’s groundwater resources, the last resort of water supply, are severely overdrawn, mainly due to supply of water for irrigation. If the situation remains unchanged, the whole country may face severe water scarcity by the year 2025. Over the last few decades, Pakistan has drastically changed from being a water abundant country to a water-stressed country. In overall context, Pakistan’s water crisis is mainly due to rapid population growth followed by climate change (floods and droughts), poor water management in agriculture sector, inefficient infrastructure leading towards wastage and water pollution. Pakistan has witnessed intermittent spells of floods and droughts in the previous years. Climate change may further decline aggregate water flows in the future. There is a need to fill the gaps between policies, reforms and their implementation by

devising a detailed implementation plan. According to experts⁹, we do not have a water crisis; we have a failure of governance regarding water issues. It is essentially important to get leverage from technology for efficient water utilization; however, it is also crucial to choose the right innovation, which can deliver the required solutions. The situation calls for rapid development and management of the country's water resources on a war footing. Only by devising and implementing appropriate adaptation measures, it will be possible to ensure water, food and energy security for the country as well as minimize the impact of natural disasters. There is a dire need to take timely cognizance of the emerging water crisis and issuance of guidelines for a comprehensive plan of action to address the same. Farmers can take advantage of precision watering through adoption of drip irrigation system rather than flooding their fields. Pakistan needs to put serious thought into how it will provide adequate water for agriculture, industry and human consumptions in the face of rapidly dwindling water reserves. Pakistan's approach to water management relies on large scale reservoirs, link canals and inter-basin transfers to support the agriculture sector which consumes 94% of total available surface and ground water resources.

The Council of Common Interests (CCI) formally approved the NWP on April 24, 2018. The policy, inter alia, aimed at developing a National Planning Database to support an integrated information system in order to enable planning and development of water and other related resources on a sustainable basis besides revitalizing and restructuring WAPDA. In addition, NWP required submission of periodical reviews to CCI on the implementation of NWP and achievement of its objectives. NWP was framed to achieve its objectives within a given timeframe but it was found that no structural mechanism is in place in MoWR to monitor the implementation of NWP. The implementation framework has not yet been finalized despite lapse of five years. Moreover, no periodical reviews were submitted to CCI which showed that no documented mechanism is available to gauge the achievement of policy objectives. MoWR was responsible to propose and implement the restructuring plan to upgrade WAPDA within a year after approval of the policy but no steps have been initiated since approval of the policy.

⁹ *Pakistan's water security issue (Institute of Strategic Studies, Islamabad)*

Large scale water reservoirs are also important for availability, accessibility and affordability of electricity for the people across the country as well as for the economic progress and social uplift of the citizens. Of all the sources of electric power generation in a power system, hydel power is the cheapest source in a generation mix. As such, ensuring availability and development of hydel power generation carries immense importance from the perspective of the energy security, sustainability and affordability of electricity.

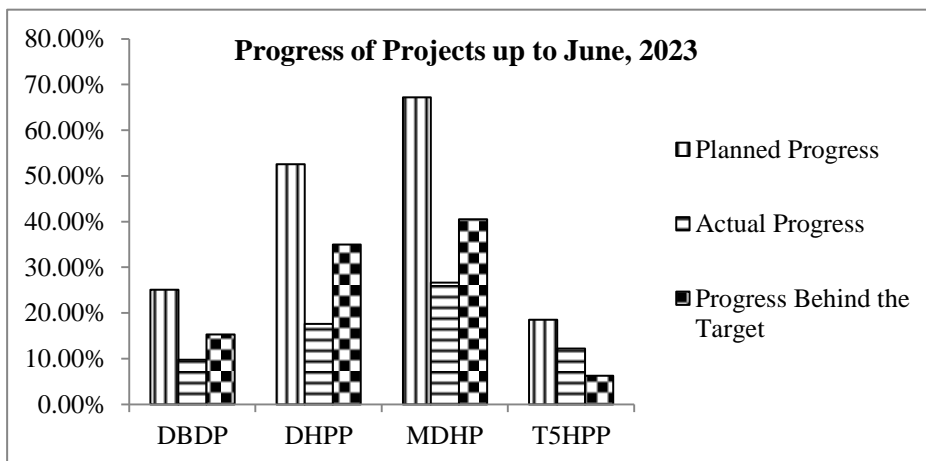
Presently, WAPDA is executing three large scale projects on Indus River and one on Swat River. Diamer Basha Dam Project (DBDP) having storage capacity of 8.1 Million Acre Feet (MAF) and power generation capacity of 4,800 MW is being constructed at 315 Kilometer (KM) upstream of Tarbela Dam. Dasu Hydropower Project (DHPP) with power generation capacity of 4,320 MW is being constructed at 74 KM downstream of DBDP and Tarbela 5th Extension Hydropower Project (T5HPP) having power generation capacity of 1,530 MW is being constructed at existing Tarbela Dam. Whereas, Mohmand Dam Hydropower Project (MDHP) having storage capacity of 0.676 MAF and power generation capacity of 800 MW is being constructed on Swat River at 5 KM upstream of Mohmand Tribal District.

Even though, keeping in view the importance of these water sector projects for the socio-economic uplift of the country, performance/progress of the projects remained very slow and far behind the targets set up to 30th June, 2023 as tabulated below:

Progress of Projects up to June, 2023

| Sr. No. | Name of Project | Planned Progress | Actual Progress | Progress Behind the Target |
|---------|-----------------|------------------|-----------------|----------------------------|
| 1 | DBDP | 25.11% | 09.80% | 15.31% |
| 2 | DHPP | 52.60% | 17.60% | 35.00% |
| 3 | MDHP | 67.22% | 26.68% | 40.54% |
| 4 | T5HPP | 18.52% | 12.23% | 06.29% |

(Source: Monthly progress reports of the projects-June, 2023)



Similarly, in order to overcome the shortage of water in Karachi city, the Greater Karachi Bulk Water Supply Scheme (K-IV) was planned for supply of water to Karachi city from Keenjhar Lake by the Government of Sindh (GoS). Later on, the Federal Government under arrangement with GoS has taken up implementation of the project as part of Prime Minister's Package for Karachi and directed WAPDA to take over the responsibilities for execution of the project since January, 2021. The construction under Phase-I is aimed at supply of 260 Million Gallons water per day (MGD) which has been divided into eight packages. The contracts for these packages were awarded during May, 2022 to September, 2022 with completion dates of upto February, 2024. However, the management failed to achieve physical progress of this project of vital importance according to plan as detailed below:

Progress of K-IV Project up to June, 2023

| Sr. No. | Contract Package No. | Planned Progress | Actual Progress | Progress Behind the Target |
|---------|---|------------------|-----------------|----------------------------|
| 1 | KIV-IW (for Intake Works) | 80.09 % | 20.20% | 59.89% |
| 2 | KIV-AW (for Allied Works) | 73.05% | 23.46% | 49.59% |
| 3 | KIV-PL1 (for Pipeline Works) | 53.55% | 37.20% | 16.35% |
| 4 | KIV-PL2 (for Pipeline Works) | 62.20% | 09.06% | 53.14% |
| 5 | KIV-FP1 (for Filtration Plant 1) | 27.75% | 05.31% | 22.44% |
| 6 | KIV-FP2 (for Filtration Plant 2) | 22.94% | 05.17% | 17.77% |
| 7 | KIV-FP3 (for Filtration Plant 3) | 28.10% | 05.36% | 22.74% |
| 8 | KIV-PS (EPC Contract for Pumping Station) | 56.52% | 08.68% | 47.84% |

(Source: Monthly progress report of K-IV project-June, 2023)

Due to delay in completion of K-IV Project, dense population of Karachi will have to face acute shortage of water during 2024-25 as existing approved quota of water for entire city of Karachi is highly insufficient.

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

Eventually, mismanagement of the projects results in giving rise to disputes, termination of contracts and litigations causing time and cost overruns. Significant risk areas related to procurement management, contract management, financial management, assets management and HR related issues, etc. which were planned to be looked into in the Audit Plan 2023-24. Accordingly, these areas have been examined during audit execution and reported to the PAO. In order to ensure that public funds are used efficiently, the PAO is required to take corrective measures, accordingly.

1.3 Classified Summary of Audit Observations

Audit observations amounting to Rs.356,505.326 million were raised in this report during the current audit of MoWR and its entities. This amount also includes recoveries of Rs.12,858.102 million pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table-2 Overview of Audit Observations

| | | (Rs.in million) |
|-----|--------------------------------------|-----------------|
| Sr. | Classification of Audit Observations | Amount |
| A | Procurement Management | 34,571.207 |
| B | Contract Management | 57,390.800 |
| C | Financial Management | 212,451.322 |

| | | |
|---|--|------------|
| D | Assets Management | 6,715.686 |
| E | Management of Accounts with Commercial Banks | 13,681.643 |
| F | HR & Employees Related Issues | 982.905 |
| G | Value for Money and Service Delivery | 1,091.830 |
| H | Others | 29,619.933 |

Note: The increase of total amount taken in audit observations over expenditure/receipt audited is due to the reason that in some cases, amount of progressive expenditure and receipts have been objected depending upon the nature of observations/issue.

1.4 Comments on the status of compliance with PAC directives

| Sr. No. | Audit Year | No. of Directives | Compliance received | Compliance Outstanding | %age of compliance |
|---------|------------|-------------------|---------------------|------------------------|--------------------|
| 1. | 1985-86 | 4 | 0 | 4 | 0 |
| 2. | 1986-87 | 1 | 0 | 1 | 0 |
| 3. | 1987-88 | 7 | 0 | 7 | 0 |
| 4. | 1988-89 | 6 | 0 | 6 | 0 |
| 5. | 1989-90 | 7 | 0 | 7 | 0 |
| 6. | 1990-91 | 5 | 0 | 5 | 0 |
| 7. | 1991-92 | 6 | 0 | 6 | 0 |
| 8. | 1992-93 | 2 | 0 | 2 | 0 |
| 9. | 1993-94 | 4 | 0 | 4 | 0 |
| 10. | 1994-95 | 3 | 0 | 3 | 0 |
| 11. | 1995-96 | 3 | 0 | 3 | 0 |
| 12. | 1996-97 | 1 | 0 | 1 | 0 |
| 13. | 1997-98 | 1 | 0 | 1 | 0 |
| 14. | 1998-99 | 2 | 0 | 2 | 0 |
| 15. | 1999-2000 | 2 | 0 | 2 | 0 |
| 16. | 2000-01 | 4 | 0 | 4 | 0 |
| 17. | 2001-02 | 3 | 0 | 3 | 0 |
| 18. | 2002-03 | 2 | 0 | 2 | 0 |
| 19. | 2003-04 | 5 | 0 | 5 | 0 |
| 20. | 2005-06 | 2 | 0 | 2 | 0 |
| 21. | 2006-07 | 6 | 0 | 6 | 0 |
| 22. | 2007-08 | 8 | 1 | 7 | 13 |
| 23. | 2008-09 | 3 | 1 | 2 | 33 |
| 24. | 2009-10 | 10 | 0 | 10 | 0 |

| | | | | | |
|-----|---------|----|---|----|----|
| 25. | 2010-11 | 5 | 0 | 5 | 0 |
| 26. | 2011-12 | 14 | 6 | 8 | 43 |
| 27. | 2012-13 | 6 | 1 | 5 | 17 |
| 28. | 2013-14 | 20 | 6 | 14 | 30 |
| 29. | 2014-15 | 2 | 0 | 2 | 0 |
| 30. | 2015-16 | 13 | 3 | 10 | 23 |
| 31. | 2016-17 | 17 | 0 | 17 | 0 |
| 32. | 2017-18 | 5 | 0 | 5 | 0 |
| 33. | 2018-19 | 9 | 0 | 9 | 0 |
| 34. | 2019-20 | 15 | 0 | 15 | 0 |

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

1.5 Audit Paras

A. Procurement Management

1.5.1 Unjustified increase in contract cost by changing scope of work through variation order in violation of PPRA rules and ignoring PC-I provisions - Rs.29,413.545 million

According to Rule-20 of PPRA Rules, 2004, “save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works”. As per Rule-4 of the same, “procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical”. As per Para-6.11 of the Manual for Development Projects, “the physical and financial scope of a project, as determined and defined in the project document (PC-I), is appraised and scrutinized by the agencies concerned before submitting it for approval of the Central Development Working Party or Executive Committee of the National Economic Council (ECNEC). Once approved, the executing agency is required to implement the project in accordance with the PC-I provisions. It has no authority to change and modify any approved parameter of the project on its own...”.

During audit of accounts of the Project Director (PD), DHPP for the period from July, 2022 to June, 2023, it was observed that PC-I of the project was approved by the ECNEC on March 28, 2014 at a cost of Rs.486,093 million. Later on, a contract for relocation of Karakoram Highway (KKH)-01 was awarded to M/s China Civil Engineering Construction Corporation on March 16, 2015 at a contract price of Rs.14,538.852 million against PC-I provision of Rs.13,496.900 million with completion period of 564 days i.e. up to February 20, 2017. However, the construction of KKH-01, which was to be used as a bypass for diverted traffic of original KKH to avoid interference in the construction activities of the main works, couldn't be completed till date. Meanwhile, the contract for civil works was awarded to M/s China Gezhouba Group Co. Ltd. (CGGC) at a contract price of Rs.115,003.461 million on March 08, 2017 with planned completion date of January 22, 2023. In order to avoid interference of open excavation work of KKH-01 with construction activities of the main work, avoid damages of main contractor's camp and divert public traffic of the old

KKH, a VO was issued for re-alignment of the relocated KKH-01 by including seven tunnels and three bridges costing Rs.29,413.545 million (equal to 202% of contract price). It is pertinent to mention that no tunnel was included in the scope of original contract for construction of road, therefore, 77% work (tunnels) of the VO was not based on original BOQ, hence, their rates were non-competitive. Audit held that as the amount of VO was more than the original contract price and scope of work was also changed from open-cut to tunnels & bridges, therefore, issuance of VO of huge amount without obtaining competitive rates as required under PPRA rules and ignoring provisions of PC-I was not justified.

Non-adherence to the PPRA Rules and instructions of Planning Commission resulted in unjustified increase in contract cost by changing scope of work through VO amounting to Rs.29,413.545 million up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in December, 2023. The management replied that the VO was issued as per site requirements with the approval of the Authority and after obtaining No Objection Letter (NOL) from World Bank.

The reply was not acceptable because the scope of work was changed through a VO in its entirety as compared to scope of original contract due to poor planning and the rates of VO remained outside the ambit of competitive process on which the original contract was awarded.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter at a higher level for fixing of responsibility for award of an entirely redesigned work through a VO and that too at uncompetitive rates.

(Draft Para No.422/2023-24)

1.5.2 Loss due to delay in finalization of bid proposal for award of contract - Rs.3,176 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982 (amended to date), "all losses, whether of public money or of stores, shall be

subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

During audit of accounts of the PD, Mangla Refurbishment Project (MRP) for the period from July, 2022 to June, 2023, it was observed that a contract for manufacturing, supply, installation and commissioning of units No.9 & 10 was awarded to M/s GE Hydro France on January 10, 2023 at a contract price of Rs.11,922.908 million through direct contracting mode with the aim of timely utilization of USAID grant. Further probe into the matter revealed that initially, the contractor submitted the bid/financial proposal of US\$ 49.690 million (equivalent to Rs.8,746 million) on February 03, 2022 with validity of 90 days. The bid was forwarded to the consultants who submitted draft evaluation report to General Manager (GM) Hydel (Operation) on April 26, 2022. However, WAPDA could not finalize the proposal well in time and requested the contractor on April 28, 2022 to extend the bid validity. The contractor, through a letter dated April 29, 2022 extended the validity of offer till May 15, 2022 but on May 13, 2022 submitted a revised proposal with an increased cost of US\$ 57.160 million which was reduced to US\$ 51.890 million (equivalent to Rs.11,922 million) by the contractor with extended bid validity of up to October 01, 2022. Audit held that bid for award of contract through direct contracting was required to be finalized within initial bid validity period which was not done. Due to delay in bid evaluation process, the contract was awarded at a higher cost of Rs.3,176 million which was loss to the Authority for which responsibility needed to be fixed.

Non-adherence to aforementioned guidelines resulted in a loss of Rs.3,176 million due to delay in finalization of bid proposal for award of contract during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management replied that a detailed analysis was required to ensure the financial reasonability as well as technical conformity related to the requisite specifications. Moreover, such evaluation required involvement of multiple stakeholders to carry out this job at various levels and the contract was awarded at the head office level with the approval of WAPDA Authority.

The reply was not acceptable because the contract was awarded at

enhanced price due to delay in finalization of bid, which caused loss to the Authority.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify need for direct contracting and delay in finalization of proposal/bid besides inquiring the matter for fixing responsibility upon the person(s) causing this loss.

(Draft Para No.368/2023-24)

1.5.3 Excess expenditure on restoration of Tailrace Tunnel due to increase in quoted rates of BOQ items after negotiations with the contractor - Rs.1,176.082 million

According to Rule-42 d (iii) of PPRA Rules, 2004, “a procuring agency may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when, for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the procuring agency. Provided that any procuring agency desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record”. As per Rule-4, “procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical”.

During audit of accounts of the Chief Executive Officer (CEO), Neelum Jhelum Hydropower Company (NJHPC) for the period from July, 2021 to June, 2023, it was observed that a portion of Tailrace Tunnel (TRT) of the project was collapsed in July, 2022. The work for restoration of TRT was awarded to M/s CGGC (previous contractor) through negotiations. Scrutiny of the record revealed that the contractor submitted 1st quotation for remedial works on July

27, 2022 and after negotiations, rates of 47 items as compared to 1st quotation were increased before finalization of the contract. Due to subsequent increase in the rates of BOQ items, the company had to bear extra expenditure of Rs.1,176.082 million up to Interim Payment Certificate (IPC) No.10.

Non-adherence to the PPRA Rules resulted in excess expenditure of Rs.1,176.082 million on restoration of TRT due to increase in quoted rates of different BOQ items up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify incurrence of excess expenditure due to increase in BOQ rates after negotiations besides fixing responsibility.

(Draft Para No.105/2023-24)

1.5.4 Undue favour to the contractor by amending the clauses of PEC's Standard Form of Bidding Documents - Rs.274.729 million

Clause-10.1 of Particular Conditions of Contract (PCC) of PEC's Standard Form of Bidding Documents (Civil Works) requires the contractor to provide performance security equal to 10% of the contract price stated in the Letter of Acceptance (LOA). Further, Clause-60.2 of Special Stipulations (Appendix-A to bid) states that the limit of retention money should be 5% of the contract price stated in LOA. The retention money shall be deducted @ 10% of amount of each IPC. Furthermore, this document states that "Mandatory provisions not to be amended/substituted except as instructed by PEC".

During audit of accounts of the CEO, NJHPC for the period from July, 2021 to June, 2023, it was observed that a contract for restoration works of TRT was awarded to M/s CGGC at a contract price of Rs.1,624.966 million and US\$ 4.172 million. As per PEC's Standard Form of Bidding Documents, the

performance security @ 10% of contract price amounting to Rs.162.500 million & US\$ 0.417 million was required to be obtained from the contractor but performance security amounting to Rs.48.750 million and US\$ 0.125 million was obtained by reducing its rate from 10% to 3% in violation of PEC's instructions. Due to reduction of rate, performance security amounting to Rs.179.961 million (Rs.113.748 million + US\$ 0.292 million) was less obtained. Similarly, the limit of retention money was required to be 5% of the contract price excluding provisional sum i.e. Rs.120.156 million & US\$ 306,029. However, the management reduced the limit of retention money from 5% to 2.5% in violation of instructions of PEC. Further, the rate of deduction of retention money was also reduced from 10% to 2.5% of amount of each IPC. Due to amendment in standard clauses, an amount of Rs.94.768 million on account of retention money was less deducted. Audit held that the conditions contained in PEC's Standard Form of Bidding Documents were mandatory in nature and could not be amended. Due to reduction in rates of performance security and retention money by amending the standard clauses, an amount of Rs.275.050 million (Rs.180.282 million + 94.768 million) was less obtained/deducted which was not only an undue favour to the contractor but also increased the risk of the Employer.

Non-adherence to the PEC's instructions resulted in undue favour of Rs.274.729 million to the contractor by amending the clauses of PEC's Standard Form of Bidding Documents up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify reduction in rates of performance security and retention money in violation of instructions of PEC besides fixing responsibility.

(Draft Para No.114 & 115/2023-24)

1.5.5 Irregular expenditure on purchase of vehicles as BOQ items through construction contractors - Rs.234.403 million

According to austerity measures circulated by the Finance Division (Expenditure Wing) vide office memorandums No.F.7(1)Exp.IV/2016-440 and even No.2016-340 dated July 15, 2021 and July 07, 2022 respectively, there shall be complete ban on purchase of all types of vehicles from current and development budget except utility vehicles such as ambulances, buses for educational institutions and solid waste vehicles etc.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that 24 vehicles of different makes worth Rs.234.403 million were purchased through different contractors as BOQ items. Audit held that provisions for purchase of vehicles through the construction contractors were made in the contracts just to avoid the austerity measures of the Government which was unjustified. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | No. of Vehicles | Amount |
|----------------|--------------------------|---------------|------------------------|----------------|
| 1 | PD, DHPP | 333/2023-24 | 06 | 32.471 |
| 2 | PD, DBDP | 356/2023-24 | 18 | 201.932 |
| TOTAL | | | 24 | 234.403 |

Non-adherence to instructions of Finance Division resulted in irregular expenditure of Rs.234.403 million on purchase of vehicles during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that transportation for the Employer and consultants was included in the contracts and procurement of vehicles was carried out by the contractors accordingly.

The reply was not acceptable because vehicles were purchased by the Employer through the contractors as BOQ items in violation of instructions of Finance Division regarding austerity measures.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the procurement of vehicles

through construction contractors in violation of instructions regarding austerity measures as it was not a specialized job besides fixing responsibility.

1.5.6 Compromise on the quality of dam due to procurement of refurbished Shear and Beam Testing Equipment for specialized tests – Rs.208.368 million

According to Clause-7.7 of the Manual for Development Projects, “the PD, who is supposed to have studied and grasped the provisions of PC-I and the contract agreements, keeps a vigilant eye on availability of standardized machinery, material and qualified staff as well as progress of work on the part of contractor. He may have to review and revise the Critical Path Method when necessary”. As per Clause-7.8, “it is vitally important to watch that the progress is not pushed at the cost of the quality and it is equally important that the works are not delayed/suspended or slowed down due to impediments in timely supply of materials, acquisition of site, and/or want of requisite funds at appropriate stages. All these strategic points must be sorted out in advance by the foresight of the PD in coordination with the concerned quarters so as to avoid time and cost over-run to the extent possible. Timely signals must go out to concerned quarters if the project is in trouble”. As per Clause-7.9, “a system has also to be evolved to ensure that quality material is made available in requisite quantity and utilized well in time on execution of the project. This will also include protection of materials, installation of field laboratories adequately equipped with standardized machinery and qualified staff for day to day testing of materials and samples. In case of major projects, this should also form a part of the duty of the supervisory consultants”. As per Clause-30.3.4 of the Special Provisions of Contract, “payment will be made for the specialized tests to be carried out in specialized laboratories as per requirement of the works”.

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, it was observed that equipment for Reinforced Cement Concrete (RCC) Specialized Test was to be procured by the contractor. It was further observed that in December, 2022, the Engineer approved the cost estimate of US\$ 630,397 (equivalent to Rs.189 million) for procurement of said equipment for RCC Specialized Tests and expiry date of validity of the quotation was April 30, 2023. Meanwhile, the contractor claimed that due to non-payment of foreign exchange portion by the Employer, it would not be possible to place an order to

the vendor of the machine. The consultants vide letter No.MW1–PFJV-003-1227 dated April 20, 2023 directed the contractor to place an order immediately before expiry of the validity of quotation as the Employer had released foreign exchange of US\$ 20 million to the contractor, however, the contractor failed to place the order within price validity and bid of the supplier expired. Due to failure of the contractor to place an order for the subject equipment, a revised quotation was obtained by the contractor from the supplier with increased price of US\$ 713,288 (Rs.213 million). The Engineer granted consent for the revised quotation and directed the contractor to expedite the procurement process without any further delay and any losses incurred in terms of time & cost due to contractor's delay would be borne by the contractor. Due to delay in placing purchase order for the subject equipment, the supplier informed that estimated delivery of the machine would be made by October, 2024. As the RCC placement was planned in January, 2025, therefore, specialized testing equipment was required to reach at site six months before the RCC placement i.e. June, 2024 and delayed delivery of October, 2024 would cause delay of four months in placement of RCC. Later on, the supplier gave an alternate proposal to procure refurbished equipment costing Rs.208.368 million (US\$ 694,560) at 2.62% discount (with saving of US\$ 18,728) for specialized tests instead of new one with expected delivery up to March 31, 2024. In response, the consultants after accepting the proposal of the contractor wrote a letter No.MW1-DBDC-003-1330 dated July 06, 2023 to the CEO and GM DBDP for seeking their approval of proposal, but approval was accorded by the GM on July 07, 2023 without submitting the matter for decision of the CEO. The CEO, however, wrote a letter No.DBDC/W-136/3473-77 dated July 20, 2023 to the consultants regarding exploring the market to obtain offers from other vendors along with their rate of discount. In response, the consultants vide letter No.MW1-DBDC-003-1368 dated July 25, 2023 informed that approval regarding procurement of subject equipment had already been granted by the GM on July 07, 2023. Audit held that procurement of old refurbished equipment cannot be a substitute for new equipment as it was being procured for conducting specialized tests of sensitive nature. Further, quality of RCC work is critically dependent on tests performed as outcome of the results is of utmost importance for the integrity and quality of the project. Furthermore, employing a refurbished testing equipment may lead to inaccurate results, hence, procurement of refurbished equipment for specialized tests was not justified.

Non-adherence to the provisions of Manual for Development Projects may compromise on the quality of dam due to procurement of refurbished Shear and Beam Testing Equipment required for specialized tests costing Rs.208.368 million.

The matter was taken up with the management in September, 2023. The management stated that detailed reply would be submitted after scrutiny of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter regarding purchase of refurbished testing equipment with reference to the provisions of contract and its impact on quality of the project besides justifying grant of approval for purchase of refurbished equipment with a nominal discount by the GM at his own level.

(Draft Para No.437/2023-24)

1.5.7 Undue favor to the contractor due to unjustified provision of mobilization/demobilization cost despite payment of mobilization advance - Rs.88.080 million

According to Clause-60.12 (Financial Assistance to Contractor) of PEC's Standard Form of Bidding Documents, "Financial assistance shall be made available to the contractor by the Employer by adopting any one of the following three Alternatives:

- Alternative One: An interest-free Mobilization Advance up to 15 % of the Contract Price
- Alternative Two: Mobilization/ Demobilization Cost
- Alternative Three: Materials Supplied by Employer".

As per instructions to users of these documents, "the General Conditions of Contract (GCC) and PCC prepared by the PEC should be retained as such. Any further amendment in the PCC can be made by the users only as indicated

by the PEC in Para-E hereinafter or within the PCC". As per Para-E (7), "the Employer should indicate as to which of the three alternatives is adopted, by deleting the other two alternatives".

During audit of accounts of the CEO, NJHPC for the period from July, 2021 to June, 2023, it was observed that a contract for restoration works of TRT of Neelum Jhelum Hydropower Project (NJHPP) was awarded to M/s CGGC at a contract price of Rs.2,499.994 million and an amount of Rs.600 million was paid to the contractor as mobilization advance. Further probe into the matter revealed that a provision of Rs.88.080 million on account of "mobilization and demobilization of equipment & demobilization of personnel" for project construction was also kept. Out of which, an amount of Rs.6.316 million had been paid to the contractor up to IPC No.10. Audit held that as per instructions contained in PEC's Standard Form Bidding Documents, only one option could be provided to the contractor, therefore, undue favour was extended to the contractor by allowing both the mobilization advance and mobilization/demobilization cost, which was unjustified.

Non-adherence to the instructions of PEC resulted in undue favour to the contractor due to unjustified provision of mobilization/demobilization cost amounting to Rs.88.080 million despite payment of mobilization advance up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify provision of mobilization/demobilization cost despite payment of mobilization advance in violation of PEC's Standard Form of Bidding Documents besides fixing responsibility.

(Draft Para No.109/2023-24)

B. Contract Management

1.5.8 Improper planning leading to increase in contract cost due to issuance of variation orders - Rs.23,799.602 million

According to Para-4.5 of Manual for Development Projects, “within six months of project approval, detailed design and costing should be finalized and submitted to the competent authority. Implementation of such project components, which require detailed designing should be started only when these have been finalized”. As per Rule-4 of PPRA Rules, “procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical”. As per Clause-3.1.1 of GCC of Consultancy Services Agreement (CSA), “the consultants shall perform the services and carry out their obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods”.

During audit of accounts of the PD, DHPP for the period from July, 2022 to June, 2023, it was observed that a contract No.MW-01 for construction of main hydraulic structure, spillway, low level outlets, river diversions and hydraulic steel structure was awarded to M/s CGGC at a contract price of Rs.115,003.461 million. The contract was awarded on March 08, 2017 and notice to commence the work was issued on June 20, 2017. It was further observed that soon after award of contract, the consultants revised design of tunnels and out of total executed work of Rs.27,839.833 million, an amount of Rs.23,799.602 million was paid against nine VOs mainly relating to diversion works and provision of power supply whereas remaining amount of Rs.4,040.231 million was paid under different items of original contract. It was further observed that VOs had to be issued mainly due to slow physical progress at KKH-01 and the consultants were well aware of the same before award of contract for MW-01. As per guidelines issued by the planning commission stated above, the detailed design and costing should have been finalized within six months after approval of project, which was not done and major changes in design after award of contract not only affected construction schedules but also resulted in huge cost

increase. Audit held that execution of most of the works through VOs showed poor performance of the consultants in preparation of original design & bidding documents and was also against the spirit of PPRA Rules regarding economical procurements as major chunk of works remained out of healthy competition.

Non-adherence to aforementioned rules and guidelines resulted in improper planning leading to increase in contract cost amounting to Rs.23,799.602 million due to issuance of nine VOs up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in December, 2023. The management replied that the scope of work of MW-01 was changed due to delay in completion of KKH-01 owing to different reasons. Further, the said VOs were approved by WAPDA Authority after seeking NOL from the World Bank.

The reply was not acceptable because the reasons stated in the management reply i.e. issue of land acquisition and disruption of work at KKH-01 was in the knowledge of both the consultants and the Employer at the time of award of contract for MW-01.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility regarding award of contract on existing design of MW-01 without taking into account physical progress of KKH-01 which resulted in issuance of VOs contrary to the guidelines of the planning commission and PPRA Rules.

(Draft Para No.423/2023-24)

1.5.9 Unjustified reduction of amount of performance securities in violation of contract - Rs.10,953.945 million

According to Clause-10.1 of Conditions of Particular Application (Part-IIA) of the contract, the performance security shall be of an amount not less than 10% of contract price stated in LOA. As per Clause-10.2, “the performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract”.

During audit of accounts of the CEO, NJHPC for the period from July, 2021 to June, 2023, Audit observed that a contract for construction of NJHPP was awarded to the consortium of M/s CGGC-China Machinery Engineering Corporation (CMEC). The contractors provided performance securities equal to 10% of the contract price in local & foreign currencies as per their respective amounts. Later on, Board of Directors of NJHPC, in its meeting held on December 19, 2022, accorded approval for amendment in standard clause of performance security by reducing its amount from 10% to 5% and accordingly both the contractors provided amended performance securities for Rs.10,953.945 million (Rs.2,220 million and US\$ 38.524 million). As per contract, the performance securities should not have been less than 10% of contract price and were required to be valid until the completion of works and remedial of all defects therein by the contractors. It is pertinent to mention here that Defects Liability Certificate (DLC) had not yet been issued to the contractors and performance securities were required to safeguard the Employer's risk against contractors' default in discharging pending contractual obligations. Audit held that reduction of amount of performance securities in violation of provisions of contract showed that undue favour was extended to the contractors, which was not justified.

Non-adherence to the provisions of contract resulted in undue benefit to the contractors by reducing the amount of performance securities of Rs.10,953.945 million up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed reply would be submitted after reviewing the case.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify reduction in amount of performance securities in violation of provisions of contract besides fixing responsibility.

(Draft Para No.108/2023-24)

1.5.10 Undue benefit to the contractor on account of additional financial assistance in violation of contract - Rs.6,265.919 million

According to Clause-60.11 of the PCC of contract No.MW-01, “an interest free advance payment up to an amount equivalent to ten percent (10%) of the contract price stated in LOA excluding provisional sums, in proportions of foreign and local currencies of the contract price, shall be paid by the Employer to the contractor in two equal parts”. Further, there was no separate provision in the contract for any additional financial assistance to the contractor.

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, Audit observed that an amount of Rs.6,265.919 million was paid to the contractor M/s Power China-Frontier Works Organization (FWO) Joint Venture (JV) on account of additional financial assistance. This amount was paid in addition to already paid mobilization advance of Rs.36,185.354 million. Audit held that as the additional financial assistance to the contractor was not covered under the contract, therefore, undue benefit was granted to the contractor which was not justified.

Non-adherence to the provisions of contract resulted in undue benefit of Rs.6,265.919 million to the contractor on account of additional financial assistance during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify grant of additional financial assistance to the contractor without any provision in contract besides fixing responsibility for such decision.

(Draft Para No.293/2023-24)

1.5.11 Irregular payment to the contractor for installation of new trash racks damaged during defects notification period - Rs.2,734.106 million

According to Clause-4.1 of the GCC, “the contractor shall design, execute and complete the works in accordance with the contract and with the Engineer's instructions, and shall remedy any defects in the works. If the contract specifies that the contractor shall design any part of the permanent works, then unless otherwise stated in the PCC, the contractor shall be responsible for this part and it shall, when the works are completed, be fit for such purposes for which the part is intended as are specified in the contract”. As per Clause-11.1 of the GCC, “in order that the works and contractor's documents, and each section, shall be in the condition required by the contract by the expiry date of the relevant Defects Notification Period (DNP) or as soon as practicable thereafter, the contractor shall (a) complete any work which is outstanding on the date stated in a Taking-Over Certificate (TOC), within such reasonable time as is instructed by the Engineer, and (b) execute all work required to remedy defects or damage, as may be notified by (or on behalf of) the Employer on or before the expiry date of the DNP for the works or section (as the case may be). If a defect appears or damage occurs, the contractor shall be notified accordingly, by or on behalf of the Employer”. As per Clause-3.4 of CSA, “except in case of gross negligence or willful misconduct on the part of the consultants or on the part of any person or firm acting on behalf of the consultants in carrying out the services, the consultants, with respect to damage caused by the consultants to the client's property, shall not be liable to the client: (i) for any indirect or consequential loss or damage; and (ii) for any direct loss or damage that exceeds two times the total value of the contract”.

During audit of accounts of the PD, Tarbela 4th Extension Hydropower Project (T4HPP) for the period from July, 2022 to June, 2023, it was observed that a contract for modification of the Tunnel No.3&4 of intakes, design, supply, installation and testing of penstock and construction of power house was awarded to M/s Sinohydro Group Ltd, China on September 09, 2013 at a contract price of Rs.15,756 million plus US\$ 104.623 million. As per Technical Specifications, the contractor was required to install intake screen (trash racks) designed to stop debris entering into the new intakes. The contractor substantially completed the

work on June 12, 2021 and an amount of Rs.799.801 million (approx.) was paid to him against this item. As per consultants' assessment report, the trash racks were designed by the contractor to operate at flow rate of 1,700m³/sec instead of 2,100m³/sec and during a joint inspection carried out on February 24, 2022, some damages/cracks were observed at two bottom sets of trash racks on both raised intakes tunnels showing damage of 40 Nos. segments. Initially, the cracks were repaired by the contractor at the cost of the Employer but the repair was not sustainable and resultantly, a new VO No.51 amounting to Rs.2,734.106 million (Rs.287.363 million & US\$ 8.637 million) was issued to the contractor for procurement, manufacturing and installation of new trash racks. It is pertinent to mention here that entire amount of VO No.51 was paid by the management to the contractor in advance without any provision in contract. Audit held that as the previously installed trash racks costing Rs.799.801 million were damaged during DNP due to design failure, therefore, the contractor was responsible for their repair/replacement at its own cost. Further, the consultants were also responsible for approving the defective design but no responsibility was fixed upon the contractor/consultants. Hence, payment of Rs.2,734.106 million on re-installation/replacement of trash racks was irregular and undue favour to the contractor.

Non-adherence to the provisions of contract resulted in irregular payment of Rs.2,734.106 million to the contractor for installation of new trash racks damaged under DNP during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management replied that notice of Employer's claim from the contractor had been issued and the same had also been notified by the consultants. As regards, fixing of responsibility upon the consultants, the matter is being investigated.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify installation of new trash racks, damaged during DNP, through a VO by making .100% advance payment

besides ensuring recovery of its cost from the contractor and taking action against the consultants for approving the defective design of trash racks.

(Draft Para No.344/2023-24)

1.5.12 Unjustified expenditure on remedial works despite non-issuance of defects liability certificate - Rs.2,499.994 million

According to Clause-61.1 of the GCC, “only the DLC, referred to in Clause-62, shall be deemed to constitute approval of the works”. As per Clause-62.1 of the Conditions of Particular Application, “the contract shall not be considered as completed and contractor’s obligation to complete the works and remedy defects shall not be considered as discharged until a DLC shall have been signed by the Engineer and delivered to the Employer with a copy to the contractor, stating the date on which the contractor shall have completed his obligations to execute and complete the works and remedy any defects therein to the Engineer’s satisfaction”.

During audit of accounts of the CEO, NJHPC for the period from July, 2021 to June, 2023, it was observed that a contract for construction of civil engineering works along with design, supply and installation of hydraulic steel, mechanical and electrical works was awarded to M/s CGGC-CMEC on December 19, 2007. The powerhouse was commissioned on July 04, 2018 and was under operation when TRT experienced damages and blockage that forced shut down of the power house on July 6, 2022. It is worth mentioning here that DLC was not issued to the contractor till date. Despite the fact that the original contract was not closed, a new contract for restoration works of TRT was awarded to the same contractor on August 25, 2022 at a contract price of Rs.2,499.994 million. It was further observed that the Independent Panel of Experts (IPoEs) in their report pointed out that the collapse of the TRT and other damages were generated by a combination of root causes including ‘absence of concrete lining having high probability’ which caused the occurrence of collapse event. Furthermore, IPoEs in their report also noted some defaults of grouting of the dowels and rock bolts used for the support work. Audit held that as the DLC was not issued to the contractor till the occurrence of event, therefore, instead of awarding new contract for restoration of TRT, the remedial works should have been got executed through M/s CGGC as they were responsible to remedy defects until issuance of DLC. Hence, award of a new contract for restoration

works of TRT was not justified.

Non-adherence to the provisions of contract resulted in unjustified expenditure of Rs.2,499.994 million on remedial works up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends that the management needs to inquire the matter to ascertain the causes of damages & fixing responsibility besides justifying award of new contract for restoration of TRT despite the fact that DLC was not issued to the contractor.

(Draft Para No.113/2023-24)

1.5.13 Non-indemnification of loss sustained due to collapse of portion of diversion tunnel during flood - Rs.1,767.439 million

According to MDHP Construction and Erection All Risks and Third Party Insurance Policy, “the cover provided by this policy will indemnify the insured against constructions and erection all risks of loss and/or damage to property of all kinds and description and third party liability within the territorial limits during the policy period”. As per Clause-28(e) of Special Provisions (Section-I), in case where the loss and/or damage is not repaired, the actual value of the lost and/or damaged item of property insured immediately before the occurrence of the loss and/or damage will be the basis of settlement.

During audit of accounts of the PD, MDHP for the period from July, 2022 to June, 2023, it was observed that a heavy flood in the Swat River hit the project site on August 25/26, 2022 and caused damages to different under-construction works. Due to flood and inflow of water into Diversion Tunnel (DT), inlet portal slope of DT-1 collapsed which blocked the tunnel. Later on, it was decided to construct a new tunnel (DT-3) having length of 368m (approx.) to be linked with

the existing DT-1 bypassing the collapsed portion instead of repairing the collapsed portion of DT-1 by the contractor. It is pertinent to mention here that the entire work was insured and the contractor being loss payee, had also lodged an insurance claim with the insurance company for the said loss. As per information provided by the consultants, an amount of Rs.1,767.439 million (approx.) was incurred on construction of collapsed portion of DT-1 before flood. Audit held that as the collapsed portion of the tunnel was not got repaired from the contractor due to subsequent change in design and execution of work through VO, therefore, cost incurred on its construction had gone waste and was direct loss to the project, which was required to be recovered from the contractor but needful was not done.

Non-adherence to the provisions of insurance policy resulted in non-indemnification of loss amounting to Rs.1,767.439 million sustained due to collapse of portion of DT during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management replied that the claim for insurance cover had already been taken up by the contractor with the insurance company and progress achieved in the matter would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter with the contractor for early indemnification of loss and recover the proportionate amount pertaining to expenditure incurred on DT-1 without further loss of time.

(Draft Para No.136/2023-24)

1.5.14 Non-obtaining of insurance policies of works - Rs.1,626.684 million

According to Clause-24.1 of Special Conditions of Contract (SCC), “the supplier should insure the supplies as per BOQ for 110% expected contract amount up to the destination and during the period of installation, testing and

commissioning”. As per Clause-25.5 of PCC, “the contractor shall be obliged to place all insurances to the contract with National Insurance Corporation of Pakistan or any insurance company having at least “A” rating from PACRA/JCR and also approved by the Employer”.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that a work for construction of Sheratalla Tunnel Canal (STC) at Kurram Tangi Dam Project (KTDP) was awarded to M/s FWO-DESCON JV through VO amounting to Rs.1,385.800 million which was being executed through a sub-contractor (M/s MHCE-SEWAG - JV). Audit held that as the cost of said work was in addition to the original contract price, therefore, insurance coverage of said work for Rs.1,593.691 million was required to mitigate the risk of loss. Similarly, a contract for supply, installation and Operation & Maintenance (O&M) of solar power system was awarded at Warsak 2nd Rehabilitation Project to M/s Akhunzada Associates on January 5, 2023 at a contract price of Rs.29.994 million. As per SCC, the contractor was required to obtain and provide insurance policy with coverage of 110% of contract price i.e. equal to Rs.32.993 million. However, despite lapse of considerable period of time, insurance policies with coverage of Rs.1,626.684 million had not been provided by the contractors, thus, putting the works at risk. The detail is as under:

| (Rs. in million) | | | |
|-------------------------|---|---------------|------------------|
| Sr. No. | Name of Formation | DP No. | Amount |
| 1 | PD, Warsak 2 nd Rehabilitation Project | 163/2023-24 | 32.993 |
| 2 | PD, KTDP | 180/2023-24 | 1,593.691 |
| TOTAL | | | 1,626.684 |

Non-adherence to the provisions of contracts resulted in non-obtaining of insurance policies of works with coverage of Rs.1,626.684 million up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that the matter had already been taken up with the contractors and progress would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure obtaining of insurance coverage of works from the concerned contractors without further loss of time.

1.5.15 Undue benefit to the contractor by less deduction of mobilization advance in violation of contract - Rs.1,483.489 million

According to Clause-60.11(b) of PCC of the contract No.MW-01, “the mobilization advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of advance and the last installment two months before the date of completion of the works”.

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, it was observed that a contract No.MW-01 for construction of Dam Part (Civil Works) and Tangir Hydropower Works was awarded to M/s Power China-FWO JV on May 13, 2020. An amount of Rs.36,185.353 million was paid to the contractor as mobilization advance. As per contract, mobilization advance was required to be recovered in equal monthly installments which was determined as Rs.397.641 million (after relaxation by the management to start the recovery from 3rd IPC instead of from 3rd month after the date of payment of first advance). Later on, WAPDA Authority in its meeting held on February 16, 2023 further relaxed the criteria for recovery of mobilization advance by substituting equal installments with variable installment plan. Due to amendment in recovery schedule /mechanism, an amount of Rs.504.717 million instead of Rs.1,988.206 million was recovered from the contractor through IPC No.17 to 21, causing less recovery of Rs.1,483.489 million. Audit held that change in recovery schedule of mobilization advance was undue favour to the contractor and was not justified.

Non-adherence to the conditions of the contract resulted in undue benefit to the contractor by less deduction of mobilization advance amounting to Rs.1,483.489 million during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management stated that detailed

reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify change in recovery mechanism of mobilization advance in violation of contract besides ensuring recovery of less deducted amount of advance from IPCs of the contractor and fixing responsibility for such decision.

(Draft Para No.294/2023-24)

1.5.16 Unjustified obtaining of insurance coverage for works - Rs.1,335.990 million

According to Clause-18.1 of PCC, “the contractor is allowed to arrange all insurance policies relating to the contract from private sector insurance market of Pakistan as well as National Insurance Company Limited till such time as the completed projects are handed over to WAPDA/Government. However, the selection of insurance companies will be based on credibility of minimum rating ‘A’ and financial health comparable with the size of the project backed by proper re-insurance of international insurance companies as applicable. The relevant insurance policies shall be provided within 42 days of commencement of work by the contractor”.

During audit of accounts of the PD, MDHP for the period from July, 2022 to June, 2023, it was observed that the contractor provided construction & erection all risks and third party liability insurance policy from M/s International General Insurance for a period of 68 months at a premium of Rs.1,335.990 million (Rs.698.350 million and US\$ 3.960 million). As per provisions of contract, the contractor was allowed to arrange insurance policies from private sector insurance market of Pakistan, however, the contractor first selected re-insurer companies M/s PINGAN & PICC JV from international market on their own and then obtained quotations from local insurance market only to comply with contractual requirement. It is pertinent to mention here that the contractor was required to submit the requisite insurance policy till November 01, 2019 but

the same was submitted in March, 2021, thus, putting the project at risk during intermediary period. Further, only an amount of Rs.500 million was provided in the contract as 'Provisional Sum' for arrangement of insurance policies for contractor's personnel, works, equipment, against injury to persons and damage to property. It was further observed that an amount of Rs.1,147.125 million had been paid to the contractor so far as insurance premium (in three installments) against overall provision of Rs.500 million kept for different types of insurance policies. Audit held that the procedure adopted by the contractor for obtaining of insurance policy was not in line with the provisions of contract and cost of insurance policy was also more than provisional sum of Rs.500 million, therefore, obtaining of insurance policy was not justified.

Non-adherence to the provisions of contract resulted in unjustified obtaining of insurance policy for Rs.1,335.990 million up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management replied that the payment had been made as per actual, however, detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify reason for keeping insurance component under provisional sum, delay in obtaining of insurance policy, non-compliance of contractual procedure for arranging insurance policy and accepting higher cost than amount provided in the contract.

(Draft Para No.166/2023-24)

1.5.17 Excess payment to the contractor due to non-deduction of discount on varied works despite decision of Dispute Board - Rs.1,063.754 million

According to letter of discount dated July 10, 2016, the contractor offered a 17% discount on tender price which shall not be applicable to the day-work and specific provisional sum items in the priced BOQ. As per decision of Dispute

Board, the 17% discount applies evenly on all BOQ rates (excluding day-work and specified provisional sums item). Unless otherwise agreed by the parties, the 17% discount applies on any item of work to be executed pursuant to a variation to the extent that a rate of price for such item of work is specified in the original BOQ or a new rate is derived from an existing rate in the BOQ with reasonable adjustments.

During audit of accounts of the PD, DHPP for the period from July, 2022 to June, 2023, it was observed that two VOs No.3A & 4A for changes in original scope of river DTs and partial work of flushing tunnel for construction of traffic diversion were issued to the contractor on November 23, 2021 and January 16, 2022 at a contract price of Rs.19,804.974 million and Rs.1,010.201 million respectively. The rates of items of the VOs were either directly derived from BOQ of the original contract or from prices of the similar BOQ items. As per provisions of contract, 17% discount was to be deducted on all BOQ items except day work and provisional sum. Moreover, as per decision of Dispute Board, 17% discount was also applicable on varied works, thus, an amount of Rs.676.947 million was required to be deducted as discount which was not done. Further, an amount of Rs.386.807 million was also paid as escalation on this excess paid amount. Due to non-deduction of discount as per provisions of contract and decision of Dispute Board, an amount of Rs.1,063.754 million was excess paid to the contractor.

Non-adherence to conditions of the contract and decision of the Dispute Board resulted in excess payment of Rs.1,063.754 million to the contractor due to non-deduction of discount on varied works up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in December, 2023. The management replied that the Engineer was thoroughly acquainted with the decision of Dispute Board and confirmed that the decision had been applied and would continue to be applied in its entirety.

The reply was not acceptable because no documentary evidence to determine the rates of VOs and deduction of discount thereon were provided.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two

reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify determination of rates of VO's, implementation of decision of Dispute Board regarding deduction of discount on varied works and effect recovery from the contractor.

(Draft Para No.393/2023-24)

1.5.18 Non-recovery of secured advance given to the contractor against material - Rs.844.974 million

According to Clause-14.5 of the GCC of contracts No.MW-01 & MW-02, "if this sub-clause applies, IPC shall include, under sub-paragraph (e) of sub clause-14.3, (i) an amount for plant and materials which have been sent to the site for incorporation in the permanent works and (ii) a reduction when the contract value of such plant and materials is included as part of the permanent works under sub para-(a) of sub clause 14.3".

During audit of accounts of the PD, DHPP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.1,876.983 million was paid to the contractor M/s CGGC as advance payment against supply of material (reinforcing steel and cement) for contract No.MW-01 & MW-02 up to IPC No.38. Out of total advance payment, an amount of Rs.1,032.010 million was adjusted against material used in different permanent works leaving outstanding balance of Rs.844.974 million. However, due to difference in physical stock balance of material and book balance of advance, further advance payment was suspended until establishment of appropriate recovery mechanism. Audit held that the balance amount of advance payment was required to be recovered to bring the book balance at par with the physical balance of material which was not done.

Non-adherence to the contract clauses resulted in non-recovery of Rs.844.974 million on account of secured advance paid to the contractor against material up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in December, 2023. The management replied that the material was lying at site on various locations. However, the contractor had not been able to provide record of stock delivery, its usage and subsequent material

reconciliation. The Engineer had issued a final notice to the contractor in October, 2023 and in case of failure of the contractor to establish and maintain a reasonable stock reconciliation system, the Engineer would proceed to recover the amount from upcoming IPCs.

No further progress towards recovery of advance payment was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of advance paid to the contractor against material without further loss of time.

(Draft Para No.396/2023-24)

1.5.19 Recoverable amount of cost incurred on inspection and repair of trash racks during defects notification period from the contractor - Rs.692.451 million

According to Clause-4.1 of the GCC, “the contractor shall design, execute and complete the works in accordance with the contract and with the Engineer’s instructions, and shall remedy any defects in the works”. As per Clause-11.1, “in order that the works and contractor’s documents, and each section, shall be in the condition required by the contract by the expiry date of the relevant DNP or as soon as practicable thereafter, the contractor shall (a) complete any work which is outstanding on the date stated in a TOC, within such reasonable time as is instructed by the Engineer, and (b) execute all work required to remedy defects or damage, as may be notified by (or on behalf of) the Employer on or before the expiry date of the DNP for the works or section (as the case may be). If a defect appears or damage occurs, the contractor shall be notified accordingly, by (or on behalf of) the Employer”. As per Point No.24 of the LOA of the contract for T4HPP dated August 17, 2013, “M/s Sinohydro considered that the bid rates were sufficient to provide high quality diving inspection as required”.

During audit of accounts of the PD, T4HPP for the period from July, 2022 to June, 2023, it was observed that operation of Tunnel No.3&4 raised intakes for power generation was started on June 10, 2021 and June 12, 2021

respectively with rock barrier at Elevation Level (EL).432m. The remaining rock barrier was removed from EL.432m to EL.426m against required EL.415m during dry season of 2021-22. During a joint inspection of Tunnel No.3&4 raised intakes along with trash racks carried out on February 24, 2022, some damages/cracks were observed at bottom two sets of trash racks on both raised intakes showing damage of 40 Nos. segments. Since, the trash racks were under DNP up to June 12, 2022, therefore, the contractor was asked to repair the damages and the same were repaired by the contractor. Later, in order to check the effectiveness of repair work, the DNP was extended up to June 12, 2023 and operation of Tunnel No.3&4 raised intakes for power generation was started on July 03, 2022. Upon advice of the Employer, the contractor performed under water inspection of trash racks to check their condition after repair and an amount of Rs.95.364 million was paid to the contractor through VO No49 despite the fact that the work was carried out under DNP and a separate item for diving inspection was also available in the original contract. During underwater inspection in December, 2022, new cracks were also observed in trash racks. Therefore, the contractor was asked to repair these trash racks but the contractor insisted to issue a VO prior to start of repair work. Furthermore, the contractor pleaded that damage to the trash racks occurred due to change in operating conditions and not due to his design fault. A meeting chaired by Chairman WAPDA was held on February 10, 2023 at Islamabad wherein the Engineer was advised to issue a VO which would be subject to resolution of any dispute by Dispute Board. Thus, VO No.50 was issued for lifting & lowering of all 100 trash racks for repair works and an amount of Rs.597.087 million was paid to the contractor accordingly. Audit held that as the damages to trash racks occurred during DNP, therefore, it was the responsibility of the contractor to inspect and rectify these damages at his own cost, hence, payment of Rs.692.451 million to the contractor was not justified.

Non-adherence to provisions of contract resulted in recoverable amount of Rs.692.451 million from the contractor on account of cost incurred on inspection and repair of trash racks within DNP during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in December, 2023. The management replied that notice

of Employer's claim from the contractor had been issued and the same had also been notified by the consultants.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter regarding damages to trash racks during DNP besides ensuring recovery of inspection and repair charges from the contractor.

(Draft Para No.268 & 426/2023-24)

1.5.20 Overpayment to contractor due to excess certification of amount by the consultants than actual work done - Rs.679.465 million

According to Clause-12.2 of GCC, "measurement shall be made of the net actual quantity of each item of the permanent works and the method of measurement shall be in accordance with the BOQ or other applicable schedules".

During audit of accounts of the PD, DHPP for the period from July, 2022 to June, 2023, it was observed that executed quantities of various items of VO No.03 and their respective rates did not reconcile with the amount certified/paid to the contractor up to IPC No.38. As such, an amount of Rs.433.304 million was excess paid to the contractor against actual work done. Further scrutiny of record revealed that an amount of Rs.246.160 million (approx.) was also paid to the contractor on account of escalation on overpaid amount of Rs.433.304 million. It was evident that total amount of Rs.679.465 million (Rs.433.304 million + Rs.246.160 million) was overpaid to the contractor. The overpaid amount was required to be recovered from the contractor but needful was not done.

Non-adherence to the provisions of contract resulted in over payment of Rs.679.465 million to the contractor due to excess certification of amount by the consultants than actual amount of work done during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in December, 2023. The management replied that the

Engineer had reviewed the para and identified an arithmetic error due to which excess payment was made. However, the amount would be recovered/adjusted from the upcoming IPCs.

No further progress towards recovery of excess paid amount was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of excess paid amount from the contractor without further delay besides fixing responsibility for over payment.

(Draft Para No.421/2023-24)

1.5.21 Undue favour to the contractors due to non-obtaining of additional performance securities on variation orders - Rs.312.292 million

According to Clause-10.1 of PCC of KTDP, the contractor shall provide performance security to the Employer with a copy to the Engineer in the prescribed form. The performance security shall be of an amount equal to 10% of the contract price stated in the LOA. As per minutes of meeting held on June 08, 2023 regarding issues of E & M works contract of T5HPP, the consultants responded the contractor to provide additional performance guarantee for Change Order (CO) No.2.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that a VO for construction of civil works of STC at KTDP for Rs.1,385.800 million was issued to the contractor but 10% performance security amounting to Rs.138.580 million, as directed by the consultants vide letter dated May 05, 2023, was not obtained from the contractor. Similarly, at T5HPP, CO No.02 for interconnection of switchyard at a cost of Rs.1,737.120 million was signed on June 27, 2023 but additional performance security equivalent to Rs.173.712 million (Rs.13.04 million + US\$ 0.535 million), as clarified by the consultants to the contractor on June 08, 2023, was also not obtained so far. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|--------------------------|---------------|----------------|
| 1 | PD, KTDP | 173/2023-24 | 138.580 |
| 2 | PD, T5HPP | 234/2023-24 | 173.712 |
| TOTAL | | | 312.292 |

Non-adherence to the provisions of contracts/clarifications resulted in non-obtaining of additional performance securities amounting to Rs.312.292 million on VOs from the contractors during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management of KTDP replied that the matter had already been taken up with the contractor and progress achieved would be intimated to Audit accordingly. The management of T5HPP stated that the reply would be submitted in due course of time.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure obtaining of additional performance securities on VOs from the contractors without further loss of time besides provision of justification for this undue benefit to the contractors.

1.5.22 Undue favour to the contractors on account of insurance premium due to non-renewal of insurance policies - Rs.277.279 million

According to Clause-25.3 (Remedy on Contractor's Failure to Insure) of the GCC of contract No.MW-01 of DBDP, "if the contractor fails to effect and keep in force any of the insurances required under the contract, or fails to provide the policies to the Employer within the period required by sub-clause-25.1, then and in any such case, the Employer may effect and keep in force any such insurances and pay any premium as may be necessary for that purpose and from time to time deduct the amount so paid from any monies due or to become due to the contractor, or recover the same as a debt due from the contractor". As per Clause-18.2 of the contract for T4HPP, the insuring party shall maintain this insurance to provide cover until the date of issue of the Performance Certificate,

for loss or damage for which the contractor is liable arising from a cause occurring prior to the issue of the TOC.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that a contract No.MW-01 of DBDP was awarded to M/s Power China-FWO JV on May 13, 2020. The contractor obtained Contractor's All Risks insurance policy and paid the first installment of the premium amounting to Rs.48.562 million on June 28, 2021. However, the contractor had not paid due amount of Rs.259.002 million relating to 2nd, 3rd and 4th installments of insurance premium up to June 30, 2023. Further, insurance coverage for Tangir powerhouse at DBDP and T4HPP were expired on March 06, 2023 and June 30, 2021 respectively but the contractors had not extended the insurance policies by paying premium of Rs.18.277 million. It showed that undue favour was extended to the contractors by putting the works at risk. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|--------------------------|-------------------|----------------|
| 1 | PD, T4HPP | 288/2023-24 | 15.544 |
| 2 | PD, DBDP | 296 & 297/2023-24 | 261.735 |
| TOTAL | | | 277.279 |

Non-adherence to the conditions of contracts resulted in undue favour to the contractors on account of insurance premium amounting to Rs.277.279 million up to the FY 2022-23.

The matter was taken up with the management in September & October, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-payment of insurance premium and non-renewal of insurance policies besides taking action as per

provisions of the contracts and recover the due amount of premium from the concerned contractors.

1.5.23 Undue favour to the contractor by payment of incentive for early completion of punch list item - Rs.230 million

According to Clause-11.1 of the GCC, “in order that the works and contractor’s documents, and each section, shall be in the condition required by the contract (fair wear and tear excepted) by the expiry date of the relevant DNP or as soon as practicable thereafter, the contractor shall complete any work which is outstanding on the date stated in a TOC within such reasonable time as is instructed by the Engineer”.

During audit of accounts of the PD, T4HPP for the period from July, 2022 to June, 2023, it was observed that TOC No.05 was issued on July 09, 2021 whereby the Engineer certified completion of overall works of Tunnel No.3&4 intakes including permanent concrete plugging of Tunnel No.3&4 lower intakes and rock excavation up to EL.426m. Further, punch list No.T4HP-PCCCL-PL-06-01 was issued to the contractor to complete outstanding works as soon as practicable but before expiry of DNP of 365 days. As per issued punch list, an item for excavation of remaining rock barrier down to the EL.426m was to be completed before June 30, 2022 which was actually completed on April 17, 2022 but the management accorded approval for payment of incentive amounting to Rs.230 million to the contractor for early completion of this punch list item. Audit held that as per contract, the contractor was required to complete all the punch list items without any additional cost to the Employer, therefore, payment of incentive for early completion of punch list item was not justified and an undue favour to the contractor.

Non-adherence to provisions of contract resulted in undue favour to the contractor by payment of incentive amounting to Rs.230 million for early completion of punch list item during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consulting the record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of incentive to the contractor for early completion of punch list items in violation of provisions of contract.

(Draft Para No.269/2023-24)

1.5.24 Non-encashment of performance guarantees of the defaulted contractors - Rs.147.850 million

According to Clause-7.10 of WAPDA Procurement and Contract Manual, “remedies are the means by which a contractual right is enforced or by which breach of contractual right is prevented or compensated when the contract is not being performed properly, or contractor’s performance is otherwise unacceptable. The Employer after certification/recommendation by the Engineer may apply such remedies as delay damages, encashment of performance security and termination of contract etc.” As per Clause-49.4 of the GCC, “in case of default on the part of the contractor in carrying out such instruction within a reasonable time, the Employer shall be entitled to employ and pay other persons to carry out the same and if such work is work which, in the opinion of the Engineer, the contractor was liable to do at his own cost under the contract, then all costs consequent thereon or incidental thereto shall, after due consultation with the Employer and the contractor, be determined by the Engineer and shall be recoverable from the contractor by the Employer, and may be deducted by the Employer from any monies due or to become due to the contractor and the Engineer shall notify the contractor accordingly, with a copy to the Employer”.

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, it was observed that a contract No.CMV-II-02 for construction of water supply and sewerage system in Composite Model Village, Harpan Das was awarded to M/s Shoukat Khan & Co. on December 31, 2014. The work was substantially completed in March, 2017 but its TOC was not issued to the contractor so far. It was further observed that at the time of testing on August 26, 2020, the structure of water tank could not withstand the water load. The contractor was repeatedly asked to repair the tank to sustain the intact water

storage as per design capacity, but no efforts were made by the contractor to rectify the defects. Similarly, another contract No.CMV-II-01 for construction of roads and road structures in Composite Model Village-II, Harpan Das was awarded to M/s Haroon & Sons on October 04, 2011. The work was substantially completed on March 15, 2017 but its TOC was also not issued to the contractor so far because the quality of work of construction of roads & road structures was not satisfactory. The matter was probed through an inquiry committee in October, 2021 which concluded that if the project office was not satisfied regarding the quality of works, then action should have been taken as per provisions of contract. Despite lapse of a considerable period of time, the contractors failed to complete their contractual obligations but the management had not taken any action against the contractors. Audit held that performance guarantees of the defaulted contractors amounting to Rs.147.850 million should have been forfeited due to their unsatisfactory performance but needful was not done.

Non-adherence to aforementioned clauses resulted in non-encashment of performance guarantees of the defaulted contractors amounting to Rs.147.850 million up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that the matter would be pursued as per provisions of contracts.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to forfeit the performance guarantees and complete the remaining works at the risk & cost of the defaulted contractors without any further delay besides providing justification for not taking any action so far.

(Draft Para No.309 & 352/2023-24)

1.5.25 Unjustified release of retention money to the contractor - Rs.143.331 million

According to Clause-14.9 of the contract, when the TOC has been issued for the works and the first half of the retention money has been certified for payment by the Engineer, the contractor shall be entitled to substitute a guarantee, in the form annexed to the PCC or in another form approved by the Employer and issued by a reputable bank or financial institution selected by the contractor, for the second half of the retention money. The contractor shall ensure that the guarantee is in the amounts and currencies of the second half of the retention money and is valid and enforceable until the contractor has executed and completed the works and remedied any defects, as specified for the performance security in sub-clause-4.2. The Employer shall return the guarantee to the contractor within 21 days after receiving a copy of the performance certificate.

During audit of accounts of the PD, T4HPP for the period from July, 2022 to June, 2023, it was observed that both the first and second halves of the retention money amounting to Rs.143.331 million (Rs.77.277 million and US\$ 0.230 million) were released to the contractor for the work of Low Level Outlets (LLO) against TOC-06. Further probe into the matter revealed that test of LLO was not completed as no TOC was issued to the contractor and a notice of the Employer's claim on account of damages to transmission line during partial wet testing was also issued to the contractor by the management on July 12, 2023. Audit held that release of the retention money to the contractor before completion of requisite test of LLO and issuance of TOC was contradictory to the terms of the contract.

Non-adherence to provisions of contract resulted in unjustified release of retention money amounting to Rs.143.331 million to the contractor during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in December, 2023. The management replied that retention money was released due to closure of loan on June 30, 2023 with the approval of WAPDA Authority after wet testing of LLO on June 25, 2023.

The reply was not acceptable because retention money was released

without completion of requisite tests and issuance of TOC.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility regarding release of retention money to the contractor before successful completion of test of LLO and without issuance of TOC in violation of contract provisions.

(Draft Para No.400/2023-24)

1.5.26 Non-recovery from the contractor due to non-handing over of equipment and material to the Employer - Rs.138.298 million

According to Clause-7.7 of GCC, “except as otherwise provided in the contract, each item of plant and materials shall, to the extent consistent with the laws of the country, become the property of the Employer at whichever is the earlier of the following times, free from liens and other encumbrances: (a) when it is incorporated in the works: (b) when the contractor is paid the corresponding value of the plant and materials”. As per Clause-13(e) of VO No.43, “equipment, tools and unconsumed/non-perishable/nonexpendable materials particularly procured/purchased, under this VO, being property of the Employer, shall be handed over by the contractor to the Employer after completion of the works at the status as it is under this VO and shifted to the Employer's designated areas. However, major equipment including diving, gantry cranes, electric hoist crane system & mobile lifting/carriage system shall be handed over by the contractor to the employer in good working condition”.

During audit of accounts of the PD, T4HPP for the period from July, 2022 to June, 2023, it was observed that as per contract, remaining equipment & material was the property of the Employer but the contractor did not handover the remaining items pertaining to VO-43 and VO-11 to the Employer. The consultants evaluated an amount of Rs.138.298 million (Rs.129.699 million & Rs.8.599 million) to be recovered from the contractor on account of non-handing over of these items to the Employer. This amount was required to be recovered from the contractor but needful was not done.

Non-adherence to provisions of contract resulted in non-recovery of Rs.138.298 million from the contractor due to non-handing over of equipment and material to the Employer during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management replied that amount of equipment and material related to VO No.43 would be recovered from the contractor, whereas, the contractor has offered WAPDA to take over equipment and material related to VO No.11.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure receipt of equipment and material or recover the amount thereof from the contractor without further loss of time.

(Draft Para No.286/2023-24)

1.5.27 Non-recovery of cost of unsupplied spare parts from the contractors - Rs.77.856 million

According to Clause-49.4 of the contract No.CMV-II-06, “in case of default on the part of the contractor in carrying out such instruction within a reasonable time, the Employer shall be entitled to employ and pay other persons to carry out the same and if such work is work which, in the opinion of the Engineer, the contractor was liable to do at his own cost under the contract, then all costs consequent thereon or incidental thereto shall, after due consultation with the Employer and the contractor, be determined by the Engineer and shall be recoverable from the contractor by the Employer, and may be deducted by the Employer from any monies due or to become due to the contractor and the Engineer shall notify the contractor accordingly, with a copy to the Employer”. As per Clause-11 of Special Provision of E&M Contract Agreement, the contractor shall provide the special spare parts as specified by the Employer in the Schedule of Prices. In addition to the special spare parts, the specified general spare parts shall also be supplied by the contractor.

During audit of accounts of two formations of WAPDA for the period from July, 2018 to June, 2023, it was observed that a contract No.CMV-II-06 for construction of 03 MW hydropower project on Thak Nullah was completed in November, 2021 but the contractor had not yet supplied the remaining spare parts worth Rs.66.490 million (US\$ 234,192). Similarly, E&M contractor of Golen Gol Hydel Power Station (GGHPS) had also not provided remaining spare parts worth Rs.11.366 million despite commissioning of the project in January, 2018. Audit held that due to failure in supply of requisite spare parts by the contractors, amount of unsupplied spare parts was required to be recovered from them, which was not done. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|-------------------------------|---------------|---------------|
| 1 | PD, DBDP | 308/2023-24 | 66.490 |
| 2 | Resident Engineer (RE), GGHPS | 362/2023-24 | 11.366 |
| TOTAL | | | 77.856 |

Non-adherence to the provisions of contracts resulted in non-recovery of cost of unsupplied spare parts amounting to Rs.77.856 million from the contractors up to the FY 2022-23.

The matter was taken up with the management in September & October, 2023 and reported to the Ministry in November, 2023. The management of DBDP replied that the amount would be kept withheld till provision of missing spare parts. The management of GGHPS stated that detailed reply would be submitted after checking the record.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter with the contractors and ensure either receipt of remaining spare parts or recovery of cost of the same from concerned contractors at the earliest.

1.5.28 Unjustified payment on account of barge to the contractor for installation of screens (trash racks) at upper intakes of T4HPP - Rs.67.751 million

According to Clause-14.2.2 of Technical Specifications (Part-B), the stoplogs and screens will be moved using a mobile crane and installed/removed using a barge equipped with a hoist, and a team of divers, all of which shall be provided by the contractor. However, a mobile crane shall also be provided for moving the stop logs and screens on land. As per BOQ Item Nos. H14.6 & 14.7, there was a provision of barge for installation of screens and stoplogs and mobile crane for moving intake screens and stoplogs.

During audit of accounts of the PD, T4HPP for the period from July, 2022 to June, 2023, it was observed that a contract for modification of the Tunnel No.3&4 of intakes, design, supply, installation and testing of penstock and construction of power house was awarded to M/s Sinohydro Group Ltd, China on September 09, 2013 at a contract price of Rs.15,756 million and US\$ 104.623 million. Later on, a VO No.49 for underwater inspection of trash racks of raised intakes at Tunnel No.3&4 amounting to Rs.77.075 million and US\$ 140,391 was issued to the contractor which included cost of removal of anchors from site of T5HPP & shifting of barge to site of T4HPP, fixing the anchors & positioning the barge at T4HPP and removal of anchors from site of T4HPP and shifting of barge to site of T5HPP. It was further observed that an amount of Rs.67.751 million was also paid under BOQ item Nos.H14.6 & 14.7 despite the fact that payment for similar work was also made under VO No.49 in the IPC of same period. Audit held that simultaneous payment for same nature of work under VO No.49 and BOQ items of original contract was not justified.

Non-adherence to the provisions of contract resulted in unjustified payment of Rs.67.751 million to the contractor on account of shifting / de-shifting of barge for installation of screens (trash racks) at upper intakes of T4HPP during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consulting the record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to provide justification for payment on account of shifting/de-shifting of barge for installation of trash racks under BOQ items despite its payment under VO No.49 and ensure its recovery from the contractor.

(Draft Para No.287/2023-24)

1.5.29 Unjustified expenditure on renovation of Engineer's houses through variation order - Rs.48.912 million

According to Clause-3.7 of Appendix-A to the Consultant's Services Contract (CSC), "unfurnished bachelor accommodation will be provided as per required standards in Tarbela Dam Colonies for local and foreign consultants at standard rates applicable to WAPDA staff". Moreover, there was no provision in CSC for providing family accommodations to the staff of the consultants.

During audit of accounts of the PD, T5HPP for the period from July, 2022 to June, 2023, it was noted that an amount of Rs.48.912 million was spent on renovating family residential accommodations for the consultants through VO No.1 without preparation/approval of an estimate and without any provision in CSC. Out of total amount, an amount of Rs.46.288 million was incurred on renovation of two houses occupied by the Project Manager (House # S-24) and Chief Resident Engineer-Civil (House # S-33). It is pertinent to mention here that as per VO No.1, 13 air-conditioners were provided at house No.S-24 and 08 air-conditioners were provided at house No.S-33. It was further observed that an amount of Rs.1.724 million (excluding profit & overhead) pertaining to expenditure incurred on House No.S-02, S-54 and F-418 was claimed by three employees of the consultants themselves from the main contractor in their personal bank accounts which was subsequently certified against contractors' claim of Rs.2.299 million under the VO. It revealed that the renovation works of these houses were not performed by the contractor. Audit held that renovation of houses for consultants' family accommodations without any provision in the CSC and incurring & claiming of expenditure by the employees of consultants from the main contractor was unjustified.

Non-adherence to the provisions of CSC resulted in unjustified expenditure of Rs.48.912 million on renovation of Engineer's houses through VO No.1 up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management stated that reply would be submitted in due course of time.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify incurring of expenditure on renovation of family accommodations of consultants without any provision in the CSC. Further, the matter regarding incurring & claiming of expenditure by the consultants' staff in their personal bank accounts from the contractor needs to be .inquired for fixing responsibility.

(Draft Para No.232/2023-24)

1.5.30 Excess payment to the contractor due to less deduction of retention money - Rs.38.854 million

According to Special Stipulations (Appendix-A to Bid) of contract agreement, percentage of retention is 10% of the amount of IPC. As per Clause-5.2 of PCC regarding priority of contract documents, Special Stipulations (Appendix A to Bid) are at Sr. No.4 and GCC (Part-1) are at Sr. No.6.

During audit of accounts of the PD, Nai Gaj Dam Project (NGDP) for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.1,348.132 million was paid to the contractor on account of work done under various IPCs. As per special stipulation, retention money amounting to Rs.134.813 million @ 10% of amount of IPCs was required to be deducted but only an amount of Rs.95.959 million was deducted after excluding amount of escalation in violation of provisions of contract. Due to exclusion of amount of escalation from total amount of IPCs, retention money amounting to Rs.38.854 million was less deducted which resulted in excess payment to the contractor.

Non-adherence to provisions of contract resulted in excess payment of Rs.38.854 million to the contractor due to less deduction of retention money during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that retention money was being deducted as per provisions of contract, however, comprehensive reply would be furnished after consulting the record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify less deduction of retention money in violation of provisions of contract besides ensuring its recovery from the contractor.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide Para No.1.5.12 having financial impact of Rs.326.196 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.201/2023-24)

1.5.31 Unjustified excess use of granular material in canal bed under remedial works - Rs.33.793 million

According to Clause-3.1.1 of the CSA, “the consultants shall perform the services and carry out their obligations with all due diligence, efficiency and economy in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate advanced technology and safe methods. The consultants shall always act, in respect of any matter relating to this contract or to the services, as faithful advisers to the client and shall at all times support and safeguard the client's legitimate interests in any dealings with sub-consultants or third parties”.

During audit of accounts of the PD, Kachhi Canal Project (KCP) for the period from July, 2022 to June, 2023, it was observed that a contract No. KC-04(R) for execution of outstanding and remedial works of main canal &

distribution system (from RD 1193+000 to RD 1252+000) was awarded to M/s Ramzan & Sons on April 13, 2021 at a contract price of Rs.2,534.440 million. As per estimate and BOQ of remedial works, there was a provision of 3,531 (%cft) quantity for providing and laying 1.5ft thick free drainage granular material in canal bed for restoration of damaged works (canal and structures) of already constructed canal lining. However, 6,758.58 (%cft) quantity amounting to Rs.33.793 million was paid in excess of BOQ quantity in IPC No.8 & 9. Further probe into the matter revealed that 2ft granular material was already placed and paid at almost all the RDs under a previous contract. Audit held that as the present work was being executed as remedial work on already constructed canal and estimate was prepared by the sitting consultants who were directly involved in designing and supervision of the previous contract, therefore, payment of excess quantity of granular material was not justified.

Non-adherence to the provisions of contract resulted in unjustified excess use of granular material amounting to Rs.33.793 million in canal bed under remedial works up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that a new contract No.KC-04 (R) had been executed at the risk & cost of the previous contractor. During execution, it was revealed that a lot of remedial works in canal bed were required which had been executed by the newly employed contractor at different locations and all the cost incurred in this regard would be charged to the previous contractor.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter regarding abnormal increase in quantities of granular material on remedial works besides ensuring its recovery from the previous contractor.

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

2022-23 vide Para No.1.5.21 having financial impact of Rs.57.540 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.253/2023-24)

1.5.32 Non-installation of new material against stolen material by the contractor at Composite Model Village, Harpan Das - Rs.24.165 million

According to Clause-20.1 of GCC, “the contractor shall take full responsibility for the care of the works and materials and plant for incorporation therein from the commencement date until the date of issue of the TOC for whole of the works, when the responsibility for the said care shall pass to the Employer”. In accordance with GCC-20.2, “if any loss or damage happens to the works, or any part thereof, or materials or plant for incorporation therein, during the period for which the contractor is responsible for the care thereof, from any cause whatsoever, other than the risks defined in sub-clause-20.4, the contractor shall, at his own cost, rectify such loss or damage so that the permanent works conform in every respect with the provisions of the contract to the satisfaction of the Engineer”.

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, it was observed that a contract No.CMV-II-02 for construction of water supply and sewerage system in Composite Model Village-II, Harpan Das was awarded to M/s Shoukat Khan & Co. on December 31, 2014. The work was substantially completed in March, 2017 but TOC of the same was not issued so far and services of watchman were also terminated by the contractor. It was further observed from the correspondence that an incident of theft was reported wherein 90% gate valves (small and large), steel and RCC manhole covers worth Rs.24.165 million (approx.) were stolen, however, complete detail of loss due to theft and damages was not worked out by the department. Neither FIR was lodged with the concerned Police Station nor departmental inquiry was conducted to probe the causes of theft and making good the loss. Audit held that as TOC of the subject work had not yet been issued, therefore, the matter was also required to be taken up with the contractor to make good the loss as per provisions of contract but needful was not done.

Non-adherence to provisions of contract resulted in non-installation of new material against stolen material worth Rs.24.165 million by the contractor at

Composite Model Village, Harpan Das up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends that the management needs to inquire the matter at appropriate level besides ensuring execution of remedial works through the concerned contractor as the TOC of said work was not issued so far.

(Draft Para No.307/2023-24)

1.5.33 Non-recovery of cost incurred on re-construction of damaged work and removal of dumped material from the concerned contractors - Rs.18.843 million

According to Clause-1.6.3 (Technical Specifications) of contract for construction of Right Bank Periphery Road-01, if the excavated material is unsuitable, it shall be disposed-off at the designated location in the manner as directed by the Engineer. As per Clause-22.1 of GCC, the contractor shall indemnify the Employer against all losses and claims in respect of loss of damage to any property which may arise out of or in consequence of the works and remedying of any defects therein, and against all claims, proceeding, damages, costs, charges and expenses whatsoever in respect thereof or in relation thereto. As per Clause-31.3 of PEC's Standard Form of Bidding Documents (Civil Works), 2007, "during execution of the works, the contractor shall co-operate fully with other contractors working for the Employer at and in the vicinity of the site and also shall provide adequate precautionary facilities not to make himself a nuisance to local residents and other contractors".

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, it was observed that 94 slope monitoring survey monuments adjacent to the main dam structure were installed during Tender Design Stage for monitoring of potential slope movements. It was further observed that due to

dumping of excavated material of KKH on the slope adjacent to the road, these monuments were damaged and reconstructed through VO No.02 amounting to Rs.10.333 million issued to M/s Power China-FWO JV (contractor of MW-01) instead at the cost of concerned contractor of KKH. Similarly, M/s Sadaat Enterprises and M/s Hakas working on other contracts dumped their excavated material at Right Bank Permanent Road and site approved for construction of Concrete Batching Plant of contract No.MW-01 respectively. The illegally dumped material was required to be removed by the concerned contractors but on the contrary the same was removed by M/s Power China-FWO JV and an amount of Rs.8.510 million was paid to them. Audit held that the cost incurred on reconstruction of monuments and removal of dumped material was required to be recovered from the concerned contractors but needful was not done.

Non-adherence to the provisions of the contracts resulted in non-recovery of cost of Rs.18.843 million incurred on re-construction of damaged work and removal of dumped material from the concerned contractors during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to take up the matter with the concerned contractors for recovery of cost incurred on re-construction of slope monitoring survey monuments and removal of dumped material due to their faults.

(Draft Para No.301, 302 & 303/2023-24)

1.5.34 Unjustified payment of remuneration to the consultants' site staff - Rs.18.809 million

According to Clause-6.2 (b) of GCC of CSA, remuneration for the personnel shall be determined on the basis of time actually spent by such personnel in the performance of the services. As per Clause-4.4 of SCC, "the

consultants' staff at site will follow the same working days in a week as observed by the client/contractor unless otherwise authorized by the client".

During audit of accounts of the PD, NGDP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.18.809 million was paid to the consultants on account of remunerations of site staff for the months of August to December, 2022. Further probe into matter revealed that the work at site was stopped by the contractor due to flood during said period. As per CSA, remuneration was to be determined on the basis of time actually spent at site and the consultants' site staff was required to follow the same working days in a week as observed by the contractor but needful was not done. Audit held that as there was no physical work at the site and no services were performed by consultant's site staff, therefore, remuneration paid to the site staff was not justified.

Non-adherence to the provisions of CSA resulted in unjustified payment of Rs.18.809 million on account of remuneration to the consultants' site staff during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that the work was temporarily suspended due to heavy flood in Gaj River and submerging of link road to site. However, the staff of consultants remained deployed at site for monitoring flood flows and supervising temporary arrangements/works carried out by the contractor for safeguarding the permanent structures.

The reply was not acceptable because the work remained suspended and no activities were performed by the consultants at sites during that period, therefore, payment of remuneration of site staff was not justified.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of remunerations to the site staff of consultants without performing any services at site in violation of CSA besides ensuring its recovery from the consultants.

(Draft Para No.205/2023-24)

1.5.35 Unjustified payment to the contractor on account of separate item for dewatering of remedial work - Rs.18.802 million

According to Clause-2.2 (d), the work to be done under care and handling of water including dewatering includes removal and care of surface water and dewatering the sub-soil water for foundations such as to maintain all foundations, excavations and surfaces dry and free of water as required for proper construction of the works. As per Clause-2.6, prior to begin any work pertaining to care and handling of water including dewatering covered under BOQ, the contractor shall submit a payment schedule in such form as to allocate the total lump sum amount tendered in BOQ to the major divisions of work to be performed under that item. For each major division of work to be performed, the payment schedule shall show the proportionate part of the total lump sum amount allocated thereto. No quantity measurement will be made of the work for care and handling of water including dewatering, and the payment, therefore, will be based on the payment schedule.

During audit of accounts of the PD, KCP for the period from July, 2022 to June, 2023, it was observed that a contract No.KC-04(R) for execution of outstanding and remedial works of main canal and distribution system (from RD 1193+000 to RD 1252+000) was awarded to M/s Ramzan & Sons on April 13, 2021 at a contract price of Rs.2,534.440 million. An amount of Rs.109.63 million was paid to the contractor against lump sum provision of Rs.150 million for care and handling of water including dewatering in respect of outstanding works. Further probe into the matter revealed that an amount of Rs.18.802 million was also paid to the contractor against lump sum provision of Rs.20 million kept for pumping arrangements/dewatering and safe disposal of water during the construction of lining and installation under drainage pipe lines for remedial works. Audit held that as a lump sum provision of Rs.150 million was already provided in the contract for care and handling of water including dewatering, therefore, separate payment of Rs.18.802 million for pumping arrangements/dewatering and safe disposal of water was not justified.

Non-adherence to provisions of contract resulted in unjustified payment of Rs.18.802 million to the contractor on account of separate item for dewatering up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that the contract was being executed at the risk & cost of previous contractor and outstanding work of underground water crossings as well as temporary/vertical post water crossings were required to be extended and buried in the canal bed. Further, a number of defective/damaged underground pipe crossings were also required to be repaired. For these specific underground water course works, a separate item of pumping/dewatering was provided to work in canal bed at different locations.

The reply was not acceptable because a lump sum provision was already provided in the contract for care and handling of water including dewatering, therefore, separate payment for pumping arrangements/dewatering and safe disposal of water was not justified.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the payment for pumping arrangements/dewatering as separate item besides ensuring its recovery from the contractor.

(Draft Para No.254/2023-24)

1.5.36 Excess payment to the contractor due to non-deduction of rebate from gross amount of contractor's bills - Rs.17.345 million

According to Note (abstract of costs for Package-I) of contract No. LOT-4, "during the currency of the contract and release of payments to M/s NETRACON-NEIE/Holley Consortium, 2.5% discount reflected in the abstract of cost shall also apply to individual payments except provisional sum".

During audit of accounts of the PD, Golen Gol Hydropower Project (GGHP) for the period from July, 2022 to June, 2023, it was observed that a contract for construction of 132KV transmission line was awarded to M/s NETRACON-NEIE/Holley Consortium on February 11, 2017. The bidder offered 2.5% discount on his overall bid cost except provisional sum. As per provisions of contract, discount was required to be deducted on gross amount of

contractor's claims but the management deducted discount on net amount after excluding the amount of retention money, recovery of mobilization advance & taxes. Due to non-deduction of discount on gross amount of contractor's bill, an amount of Rs.17.345 million was less deducted which resulted in excess payment to the contractor.

Non-adherence to provisions of the contract resulted in excess payment of Rs.17.345 million to the contractor due to non-deduction of rebate from gross amount of contractor's bills up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that pending IPCs of the contractor would be processed after issuance of DLC and recovery would be effected at the time of making payment to the contractor.

No further progress towards recovery was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of less deducted amount of rebate from the contractor without further loss of time besides fixation of responsibility for the same.

(Draft Para No.322/2023-24)

1.5.37 Excess payment to the contractor due to non-deduction of rebate on BOQ items for varied works - Rs.15.499 million

According to Clause-52.1 of GCC, "all variations referred to in Clause-51 and any additions to the contract price which are required to be determined in accordance with Clause-52 (for purposes of this clauses referred to as 'varied work'), shall be valued at the rates and prices set out in the contract if, in the opinion of the Engineer, the same shall be applicable. If the contract does not contain any rates or prices applicable to the varied work, the rates and prices in the contract shall be used as the basis for valuation so far as may be reasonable, failing which, after due consultation by the Engineer with the Employer and the contractor, suitable rates or prices shall be agreed upon between the Engineer and

the contractor”.

During audit of accounts of the PD, NGDP for the period from July, 2022 to June, 2023, it was observed that a VO for construction of auxiliary spillway for Rs.3,232.174 million was approved by the Authority in its meeting held on January 05, 2018. All the BOQ items of VO were taken from the BOQ of main spillway for calculation of amount of VO but at the time of preparation of VO, rebate @ 20.4635% on BOQ items was not applied. Thus, an amount of Rs.11.032 million was not deducted from IPC No.72 & 73. Moreover, an amount of Rs.4.467 million was also paid to the contractor on account of escalation on this amount due to increase in rates of specified material. Audit held that as the rates of all BOQ items of VO were taken from the BOQ of the original contract, therefore, same rate of rebate should have been applied for preparation of VO but needful was not done, which led to excess payment of Rs.15.499 million to the contractor.

Non-adherence to provisions of contract resulted in excess payment of Rs.15.499 million to the contractor due to non-deduction of rebate on BOQ items for varied works during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management replied that in compliance of earlier DAC directives on the issue, the matter had been taken up with the PEC through MoWR and response of PEC is still awaited.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-deduction of rebate on BOQ items of varied works in violation of provisions of contract besides ensuring its recovery from the contractor.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide Para No.1.5.13 having financial impact of Rs.248.767 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.200/2023-24)

1.5.38 Wasteful expenditure on construction and subsequent dismantling of work - Rs.13.309 million

According to Clause-9 (d) of Appendix-A to the CSA, the consultants shall review/update the detail/tender design (if required) and prepare and issue construction drawings to the contractor. As per Clause-3.1.1, “the consultants shall perform the services and carry out their obligations with all due diligence, efficiency, and economy in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate advanced technology and safe methods”. As per Clause-3.4, “the consultants are liable for the consequence of errors and omissions on their part or on the part of their employees insofar as the design of the project is concerned to the extent and with the limitations. If the client suffers any losses or damages as a result of proven faults, errors or omissions in the design of a project, the consultants shall make good such losses or damages”.

During audit of accounts of the PD, MDHP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.11.663 million was paid to the contractor M/s CGGC-DESCON for placement of blinding concrete at spillway right training wall. It was further observed that initially the said work was executed by the contractor at EL.507:00 and EL.508:000 under supervision of the consultants’ site staff in accordance with the approved construction drawings issued by the consultants. After execution of work, the consultants issued afresh site instruction to dismantle the said executed work on day work basis and an amount of Rs.1.646 million was also paid to the contractor for dismantling the said work. As per CSA, the consultants were required to carry out their duties with due diligence and were also responsible for consequences of errors and omissions on their part. Audit held that as the original work was executed by the contractor after approval of construction drawings by the consultants, therefore, the consultants were responsible for wasteful expenditure of Rs.13.309 million incurred on construction and subsequent dismantling of said work due to revision of drawings.

Non-adherence to the CSA resulted in wasteful expenditure of Rs.13.309 million on construction and subsequent dismantling of work during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management stated that the matter would be taken up with the consultants and detailed reply would be submitted accordingly.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of cost incurred on execution and subsequent dismantling of work from the consultants.

(Draft Para No.140/2023-24)

C. Financial Management

1.5.39 Non-recovery of invoiced amount of sale of energy from Central Power Purchasing Agency - Rs.106,133.366 million

According to Power Purchase Agreement (PPA), “the invoice shall state the due date for payment of invoice by the National Transmission & Despatch Company (NTDC) to be on or before 25th following the delivery of invoice. In case, the 25th day is not business day, the following business day shall be deemed to be the due date”.

During audit of accounts of the GM (Finance) Power for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.106,133.366 million was recoverable from Central Power Purchasing Agency-Guarantee (CPPA-G) against verified invoices of the sale of energy. As per PPA, the amount of invoices was required to be recovered on or before 25th day following the delivery of invoices but no amount pertaining to these invoices was received by WAPDA during the year.

Non-adherence to PPA resulted in non-recovery of Rs.106,133.366 million from CPPA-G against sale of energy during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management replied that the matter of recovery had already been taken-up with CPPA-G and progress achieved in this regard would be intimated to Audit.

No further progress towards recovery was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends that the management needs to pursue the recovery of outstanding dues amounting to Rs.106,133.366 million from CPPA-G at appropriate level.

(Draft Para No.73/2023-24)

1.5.40 Loss due to placement of funds of Green Euro Bonds in Pak Rupees account instead of foreign currency account - Rs.64,800 million

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

During audit of accounts of the GM (Finance) Power for the period from July, 2022 to June, 2023, it was observed that Green Euro Bonds amounting to US\$ 500 million were issued to arrange funds for making payments of foreign currency components of DBDP and MDHP. However, the funds raised through issuance of the said bonds were deposited in local currency account (PKR) instead of US\$ account @ Rs.158.30/US\$ as on June 30, 2021. Later on, due to currency exchange rates fluctuations, the exchange rate of US\$ to PKR had been increased to Rs.287.90/US\$ from Rs.158.30/US\$ as on June 30, 2023. Audit held that as these funds were raised specifically for making payments of foreign currency component, therefore, the amounts should have been kept in foreign currency account but needful was not done which caused foreign exchange loss of Rs.64,800 million.

Poor financial management resulted in loss of Rs.64,800 million due to placement of funds of Green Euro Bonds in Pak Rupees account instead of foreign currency account up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management replied that utmost efforts were made for opening and maintaining of foreign currency account. However, State Bank of Pakistan (SBP) was reluctant and had not allowed WAPDA to retain funds in foreign currency account.

The reply was not acceptable because funds raised from Credit Suisse loan for DHPP were kept in foreign currency account, whereas, funds raised through issuance of Green Euro Bonds were kept in PKR account which caused huge foreign exchange loss.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two

reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify placement of funds in local currency account instead of foreign currency account besides fixing responsibility.

(Draft Para No.65/2023-24)

1.5.41 Non-charging/non-recovery of interest on delayed payments from Central Power Purchasing Agency - Rs.15,526.026 million

According to PPA, “any payment other than fixed charge payment and variable charge payment due to WAPDA from NTDC shall be treated as supplementary payment which shall be invoiced by WAPDA on a monthly basis. Late payments shall bear interest at a rate per annum equal to the Base Rate plus two percent (2%) per annum compounded semi-annually and shall be computed for the actual number of days on the basis of a three hundred sixty-five (365) day year”. As per Interim Tripartite PPA between CPPA-G, NJHPC and WAPDA, “Delayed payment rate is Karachi Interbank Offered Rate (KIBOR) plus two percent (2%) per annum on any amounts payable in rupees and calculated for the actual number of days which the relevant amount remains unpaid on the basis of a three hundred sixty-five (365) day year”.

During audit of accounts of two formations of WAPDA for the period from July, 2021 to June, 2023, it was observed that General Sales Tax and Hydel Levies invoices amounting to Rs.33,622.990 million were billed by WAPDA to CPPA-G for the FY 2022-23. The amount was required to be recovered from CPPA-G but no amount was recovered during the year, therefore, interest amounting to Rs.4,911.554 million was required to be charged to CPPA-G which was not done. Similarly, an amount of Rs.10,614.472 million on account of interest on delayed payments pertaining to the invoices of NJHPC from July, 2019 to April, 2021 was recoverable from CPPA-G but no recovery was made so far. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|--------------------------|---------------|-------------------|
| 1 | GM (Finance) Power | 64/2023-24 | 4,911.554 |
| 2 | CEO NJHPC | 111/2023-24 | 10,614.472 |
| TOTAL | | | 15,526.026 |

Non-adherence to the PPA resulted in non-charging/non-recovery of interest on delayed payments amounting to Rs.15,526.026 million from CPPA-G up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management replied that late payment invoices in respect of WAPDA were under process of issuance whereas recovery of amount of NJHPC was pending due to pendency of original invoices.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter at appropriate level and ensure charging and recovery of interest on delayed payments from CPPA-G without further loss of time.

1.5.42 Non-finalization of disallowed invoices on account of sale of energy - Rs.10,312.230 million

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

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.10,312.230 million, out of invoices raised for sale of energy, was disallowed by CPPA-G. As per PPA, the disallowed invoices were required to be finalized through coordination committee within 45 days but neither the fate of disallowed amount was decided nor the matter was referred to an expert for determination. The detail is as under:

| (Rs. in million) | | | |
|-------------------------|--------------------------|---------------|-------------------|
| Sr. No. | Name of Formation | DP No. | Amount |
| 1 | GM (Finance) Power | 72/2023-24 | 9,488.350 |
| 2 | GM (Hydel) Operation | 271/2023-24 | 823.880 |
| TOTAL | | | 10,312.230 |

Non-adherence to the PPA resulted in non-finalization of disallowed invoices of Rs.10,312.230 million during the FY 2022-23.

The matter was taken up with the management in August & October, 2023 and reported to the Ministry in October & November, 2023. The management replied that major portion of disallowed invoices pertained to hydel levies which were not approved due to pending decision of CCI on the matter. Further, the matter had already been taken up with the CPPA-G and progress achieved would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter with CPPA-G for early finalization and recovery of amount of disallowed invoices.

1.5.43 Non-opening of dedicated bank accounts for depositing of retention money - Rs.6,690.404 million

According to Assan Assignment Account Procedure (Local Currency), 2020, “security deposit/retention money may be deposited in a designated bank account in case of perpetual organizations like the National Highway Authority but in case of projects/programmes or operational units or corporations, in a dedicated bank account opened with the approval of Finance Division or in Public Account. The account shall be used for deposit of retention money only and no utilization shall be made out of the account, except payment of retention money/security deposit. Such account shall immediately be closed on expiry of the contract or completion of project under intimation to Finance Division. In case retention money is forfeited or not claimed within a stipulated period, the same may be deposited along with interest, if any, in the Federal/provincial government Account as the case may be”.

During audit of accounts of six formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.6,690.404 million on account of retention money was deducted from various IPCs of the

contractors. As per aforementioned instructions, the said amount of retention money should have been withdrawn and kept in separate dedicated bank accounts to be opened with the approval of the Finance Division but needful was not done. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|--------------|-------------------|-------------|------------------|
| 1 | PD, K-IV Project | 86/2023-24 | 2,191.155 |
| 2 | PD, MDHP | 134/2023-24 | 1,741.108 |
| 3 | PD, KTDP | 168/2023-24 | 807.966 |
| 4 | PD, NGDP | 203/2023-24 | 95.959 |
| 5 | PD, KCP | 252/2023-24 | 111.043 |
| 6 | PD, DBDP | 295/2023-24 | 1,743.173 |
| TOTAL | | | 6,690.404 |

Non-adherence to the Procedure for Operation of Assignment Account resulted in non-opening of dedicated bank accounts for depositing of retention money amounting to Rs.6,690.404 million up to the FY 2022-23.

The matter was taken up with the management in August & September, 2023 and reported to the Ministry in October & November, 2023. The management replied that the case for opening of designated bank accounts for depositing of retention money was under process for approval. The concerned project offices were pursuing the matter vigorously and progress would be intimated to Audit accordingly.

No further progress towards opening of dedicated bank accounts for keeping retention money was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-opening of dedicated bank accounts for depositing retention money besides ensuring compliance of the instructions of Finance Division without further delay.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2020-21, 2021-22 & 2022-23 vide Paras No.1.5.51, 1.5.56 & 1.5.45

having financial impact of Rs.4,219.355 million. Recurrence of same irregularity is a matter of serious concern.

1.5.44 Unjustified expenditure on account of security cost in violation of PC-I provisions - Rs.4,849.682 million

According to Para-7.4.10 of the PC-I of MDHP, “in previous submission of PC-I, security cost was taken as 1% of the cost of preparatory and main works and estimated as Rs.1,768.840 million, presently security cost is removed on advice of Planning Commission from final cost of PC-I”. As per directions of PAC conveyed by the Cabinet Division vide memorandum dated March 26, 2011, “there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies”.

During audit of accounts of the PD, MDHP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.4,849.682 million was spent on account of security cost. As per approved PC-I, amount of security cost was not included on the direction of the Planning Commission of Pakistan. Moreover, as per instructions of PAC, there should be no deviation from the approved PC-I of the project. Audit held that incurring of expenditure without any provision in PC-I in violation of instructions of Planning Commission and directions of PAC was irregular.

Non-adherence to the provisions of PC-I and directions of PAC resulted in unjustified expenditure of Rs.4,849.682 million on account of security component up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management replied that security cost was incurred with the approval of Authority for providing security to expatriate staff and this amount was used out of provision kept for ‘Physical Contingencies’ in PC-I. Moreover, the revised PC-I is under preparation and this expenditure would be regularized upon its approval.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two

reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify incurring of expenditure on security in violation of provisions of PC-I as this component was categorically disallowed by the Planning Commission.

(Draft Para No.132/2023-24)

1.5.45 Non-realization of WEPS contribution premium from different formations & power sector companies - Rs.1,262.790 million

According to Para-8(3) of Procedure of WAPDA Equipment Protection Scheme (WEPS), the funds will be receivable from the projects/formations through Manager Finance in the month of July every year.

During audit of accounts of the Deputy GM (Insurance) WAPDA for the period from July, 2018 to June, 2022, it was observed that a huge amount of Rs.1,262.790 million on account of WEPS contribution premium was receivable from different WAPDA formations and power sector companies. The aging of the receivable showed that the amount was outstanding for the period from 2006-07 to 2021-22. Audit held that the WEPS contribution premium should have been regularly collected in July each year but the same was not done, which caused accumulation of a substantial outstanding amount.

Non-adherence to the provisions of WEPS resulted in non-realization of premium of Rs.1,262.790 million from different formations and power sector companies up to the FY 2021-22.

The matter was taken up with the management in March, 2023 and reported to the Ministry in October, 2023. The management replied that out of total amount of Rs.1,262.790 million, an amount of Rs.187.387 million had been recovered whereas strenuous efforts were being made to recover the remaining amount and progress achieved in the matter would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024,

however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the recovery of remaining amount of premium from the concerned formations/companies and the MoWR to devise a mechanism for monitoring and compliance of such matters.

(Draft Para No.51/2023-24)

1.5.46 Undue favour to the contractor due to non-deduction of income tax - Rs.1,096.898 million

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

During audit of accounts of the PD, MDHP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.15,669.971 million was paid to the contractor through IPC No.24 to 31. As per Income Tax Ordinance, income tax was required to be deducted and deposited into government treasury because no tax exemption was granted by the tax authorities to the contractor. However, at the time of making payments to the contractor, income tax amounting to Rs.1,096.898 million was not deducted by the management. Audit held that undue favour was extended to the contractor by non-deducting income tax which caused loss to the national exchequer.

Non-adherence to the aforementioned rules & contract clause resulted in undue favour to the contractor due to non-deduction of income tax amounting to Rs.1,096.898 million during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management replied that the

subject matter was sub-judice in the court of law, however, detailed reply would be furnished after consultation of record.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

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

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2021-22 & 2022-23 vide Paras No.1.5.39 & 1.5.44 having financial impact of Rs.2,356.158 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.135/2023-24)

1.5.47 Less recovery of capacity charges due to non-conducting of capacity rating tests required under the Power Purchase Agreement - Rs.830.031 million

According to Clause-10.1 of PPA, “NTDC (now CPPA-G) shall have the right to demand capacity tests of any WAPDA Power Station not more than once in every five years one by one of any of its individual units during such time when the required head, discharge and system conditions are available in order to determine their rated capacities. However, any shortfall in installed capacities of individual units shall not entail any reduction in fixed charge payment by NTDC as long as the total installed capacity of WAPDA Power Stations does not fall below 6,444 MW on the agreement date or the revised installed capacity in case new WAPDA Power Stations are commissioned subsequent to the agreement date. Such tests shall be carried out to determine the rated capacity of the units and a notice of 15 days shall be given by NTDC to WAPDA to make managements for such tests”.

During audit of accounts of the RE, GGHPS for the period from July, 2018 to June, 2023, it was observed that CPPA-G had allowed capacity charges for 36 MW instead of installed capacity of 108 MW w.e.f August, 2022 because

capacity rating tests of the plant were not carried out. These tests could not be conducted due to non-installation of water measurement meters/telemetry system at the intake & discharge level and delay in clearance of debris & boulders from the intake area. Audit held that the management was required to take necessary measures for conducting these tests in order to receive full amount of capacity charges but needful was not done which resulted in less recovery of capacity charges amounting to Rs.830.031 million.

Non-adherence to the conditions of the PPA resulted in less recovery of Rs.830.031 million on account of capacity charges due to non-conducting of capacity rating tests up to the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consulting the record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify delay in conducting capacity rated tests besides conducting these tests to ensure full recovery of capacity payment charges from the CPPA-G.

(Draft Para No.347/2023-24)

1.5.48 Undue favour to the contractor due to non-deduction of provincial sales tax on construction services - Rs.313.399 million

According to Clause-13.8 (x) of the Accounting and Financial Reporting Manual of WAPDA, “withholding tax shall be deducted from the gross amount of the contractor’s bills at the prevailing tax rates, unless contractor provides Tax Exemption Certificate issued by the relevant tax authority for the related period”. As per Clause-14.1 b(iii) of PCC, the contractor is required to be fiscally registered and resident of project site area, and meet other conditions to remain eligible for tax concessions. According to Provincial Finance Act-2021, Khyber Pakhtunkhwa Sales Tax (KPST) on construction of hydropower project was applicable @ 2% w.e.f. July, 2021.

During audit of accounts of the PD, MDHP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.15,669.971 million was paid to the contractor M/s CGGC-DESCON JV through IPC No.24 to 31. At the time of making payments to the contractor, KPST amounting to Rs.313.399 million was not deducted by the management. As per rules, KPST was required to be deducted and deposited into government treasury as no tax exemption was granted by the Khyber Pakhtunkhwa Revenue Authority to the contractor but needful was not done. Audit held that undue favour was extended to the contractor by non-deducting KPST which caused loss to the Provincial exchequer.

Non-adherence to the aforementioned rules & contract clause resulted in undue favour to the contractor due to non-deduction of KPST on construction services amounting to Rs.313.399 million up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management stated that para would be replied after consultation of record. The subject matter of taxation is also sub-judice in the court of law.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to recover entire amount of KPST form the contractor as there is no direction from the court against such action

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2021-22 vide Para No.1.5.43 having financial impact of Rs.206.090 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.138/2023-24)

1.5.49 Non-transfer of profit earned on PSDP funds to the Federal Government - Rs.308.519 million

According to Para-2(V) of Ministry of Water & Power's (MoW&P) letter No.DW-1(13)/2013 dated September 26, 2016, "profit earned by WAPDA so for

by parking the Public Sector Development Programme (PSDP) funds in scheduled banks may be deposited into Government Treasury”.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.308.519 million was earned as profit by the Land Acquisition Collectors/ Deputy Commissioners (Mohmand & Kohistan) on amount transferred by WAPDA for payment of land and other compensations. Audit held that as the said amount was transferred out of Federal PSDP funds, therefore, amount of profit earned thereon should have been transferred to the Federal Government which was not done. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|--------------------------|---------------|----------------|
| 1 | PD, MDHP | 137/2023-24 | 98.238 |
| 2 | PD, DHPP | 336/2023-24 | 210.281 |
| TOTAL | | | 308.519 |

Non-adherence to the aforementioned instructions resulted in non-transfer of profit of Rs.308.519 million earned on PSDP funds to the Federal Government up to the FY 2022-23.

The matter was taken up with the management in August & September, 2023 and reported to the Ministry in November, 2023. The management replied that the matter regarding reimbursement of profit had already been taken with the concerned Deputy Commissioners and progress achieved would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to take up the matter with the concerned Deputy Commissioners for transfer of profit earned on PSDP funds to the Federal Government at the earliest.

1.5.50 Unjustified charging of expenditures of other formations to the projects - Rs.187.511 million

According to approved PC-Is of K-IV and NGDP, there were no provisions for charging of expenditure of other formations of WAPDA to the projects. As per Para-11.4 (b) (Chapter XI) of the Hand Book for Drawing & Disbursing Officer (DDO), “funds allotted to a Ministry/Division, it’s attached or subordinate offices are spent for the purpose for which they are allocated”.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.187.511 million on account of expenditure of other formations of WAPDA was charged to the projects. This amount was charged/paid in addition to payment of Authority Overhead charges. Audit held that as there was no provision in PC-Is for charging of expenditure of other formations of WAPDA, therefore, charging of Rs.187.511 million to the projects was not justified. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|--------------------------|------------------------|----------------|
| 1 | PD, K-IV Project | 103/2023-24 | 34.891 |
| 2 | PD, NGDP | 204, 208 & 210/2023-24 | 152.620 |
| TOTAL | | | 187.511 |

Non-adherence to the provisions of PC-I and DDO Hand Book resulted in unjustified charging of expenditures of other formations amounting to Rs.187.511 million to the projects up to the FY 2022-23.

The matter was taken up with the management in August & September, 2023 and reported to the Ministry in October & November, 2023. The management replied that these payments were made on the directions of head office.

The reply was not acceptable because these expenses were charged in violation of provisions of PC-Is.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify charging of expenditure of other formations to the projects and ensure recovery/adjustment of said amount from the concerned quarter without further loss of time.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2021-22 & 2022-23 vide Paras No.1.5.48 & 1.5.56 having financial impact of Rs.149.594 million. Recurrence of same irregularity is a matter of serious concern.

1.5.51 Unjustified payment to the consultants on account of construction supervision charges under Phase-II without any physical activities on site - Rs.87.233 million

According to Clause-1.3 of the CSA, “the employment of the consultant has the objective to prepare the detailed (tender) design for the Keyal Khwar Hydropower Project (KKHP), to prepare the tender documents and to assist WAPDA during the tender procedure, the evaluation of bids, contract negotiations and assignment of the contracts in a first phase, this will include as well as the preparation of Pre-qualification (PQ) documents for the various lots and the assistance to WAPDA during the PQ procedure and the respective PQ evaluation (Phase-I). Further, to assist WAPDA in the management of the project during the subsequent construction and implementation process, and as an option, to prepare the construction drawings for the civil works of project (Phase-II)”.

During audit of accounts of the PD, KKHP for the period from July, 2022 to June, 2023, it was observed that a CSA was signed with Keyal Hydropower Consultants JV on May 12, 2010. The CSA consisted of two parts i.e. Phase-I & Phase-II and cost provision for Phase-I was Euro 1.575 million & Rs.110.812 million whereas for Phase-II, Euro 5.036 million & Rs.414.395 million. The contract for main civil works was awarded in September 2014 and upon award of contract, supervisory activities of the consultants started under Phase-II. However, the said contract was terminated on December 08, 2017 with only 1.5% progress and an amount of Euro 1.138 million & Rs.88.729 million on account of supervision charges was paid to the consultants. Upon termination of the civil works contract, supervisory activities of the consultants were supposed to be stopped automatically. It was further observed from consultants’ invoices that a payment of Euro 0.334 million (Equivalent to Rs.61.482 million) and

Rs.25.751 was also made after termination of the contract (from December, 2017 to June, 2023). Audit held that payment of Rs.87.233 million on account of supervisory charges under Phase-II after termination of the main contract was not justified.

Non-adherence to the provisions of CSA resulted in unjustified payment of Rs.87.233 million to consultants on account of construction supervision charges under Phase-II without any physical activities on site up to the FY 2022-23.

The matter was taken-up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that some amount for the period from December, 2017 to June, 2018 was paid to the consultants during formal closure of the contract after termination, whereas, justification for payment of remaining amount would be given after consultation with the consultants.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of consultancy charges related to construction supervision after termination of main contract.

(Draft Para No.383/2023-24)

1.5.52 Non-recovery of amount of pending Group Life Insurance claims from Postal Life Insurance - Rs.29.827 million

According to Clause-4(iv) of the contract between WAPDA and Postal Life Insurance (PLI), “payments of the claims submitted to Postal Life complete in all respect should be made within fifteen (15) working days”.

During audit of accounts of the Deputy GM (Insurance) WAPDA for the period from July, 2018 to June, 2022, it was observed that an amount of Rs.29.827 million on account of 54 Group Life Insurance (GLI) claims was recoverable from PLI. As per record, the agreement between WAPDA and PLI had also been expired on June 30, 2021. These claims were pertained to the FY

2011-12 to 2020-21 and as per contract, these claims should have been finalized within 15 working days but no strenuous efforts were made to recover the said amount.

Non-adherence to aforementioned agreement resulted in non-recovery of pending GLI claims amounting to Rs.29.827 million from PLI up to the FY 2021-22.

The matter was taken up with the management in March, 2023 and reported to the Ministry in October, 2023. The management replied that the matter would be taken up at higher level of PLI and outcome would be communicated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of pending GLI claims from the PLI without further loss of time.

(Draft Para No.55/2023-24)

1.5.53 Irregular payment of pensionary charges out of PSDP funds - Rs.23.406 million

According to Para-xii of MoW&P (now MoWR) letter No.DW-1(13)/2013 dated September 26, 2016, “centralized share/expenses (training, medical, pensionary) should not be charged by WAPDA to different PSDP funded projects”. As per approved PC-II, there was no provision for payment of pensionary charges to WAPDA except 2.25% for Authority Overheads.

During audit of accounts of the DG, International Waterlogging and Salinity Research Institute (IWASRI) for the period from July, 2020 to June, 2022, it was observed that an amount of Rs.23.406 million on account of pensionary charges was paid to the Pension Directorate WAPDA out of PSDP funds allocated for the project. As per instructions of Ministry, payment of pensionary charges out of PSDP funds was not allowed, therefore, its payment was irregular.

Non-adherence to the aforementioned instructions resulted in irregular payment of pensionary charges amounting to Rs.23.406 million out of PSDP funds up to the FY 2021-22.

The matter was taken up with the management in March, 2023 and reported to the Ministry in October, 2023. The management replied that there was only a single source of funds i.e. PSDP and pensionary charges were part and parcel of pay & allowances to be paid to the employees upon superannuation.

The reply was not acceptable because the pensionary charges were paid in violation of instructions of the Ministry.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of pensionary charges out of PSDP funds in violation of instructions of Ministry besides recovery of amount in question from the concerned quarter.

(Draft Para No.37/2023-24)

D. Assets Management

1.5.54 Non-mutation of acquired land in the name of WAPDA - Rs.4,849.063 million

According to Section-42 of West Pakistan Land Revenue Act, 1967, “a person acquiring by inheritance, purchase, mortgage, gift, or otherwise, any right in an estate as a land-owner, or a tenant for a fixed term exceeding one year, shall, within three months from the date of such acquisition, report his acquisition of right to the Patwari of the estate for recording such report in the record”. As per Section-36 of the Khyber Pakhtunkhwa Land Acquisition Rules, 2020, “the District Collector shall ensure attestation of mutation or registered deed, as the case may be, in favour of Acquiring Department within one month after issuance of award. The acquired land shall be mutated in the name of provincial government or Federal Government, as the case may be, and the name of the Acquiring Department or company, as the case may be, shall be entered in the column of cultivation”.

During audit of accounts of six formations of WAPDA for the period from July, 2020 to June, 2023, it was observed that land measuring 27,179.68 acres was acquired for different projects during 1987 to 2021. As per rules, the acquired land was required to be got mutated in the name of WAPDA but needful was not done despite lapse of a considerable period of time. Moreover, Additional DG (Property Management Cell) WAPDA vide letter No.ADG (PMC)/F-203/3066-69 dated May 29, 2019 also directed that all land, which had not been mutated so far, be identified and got mutated in the name of WAPDA in the revenue record. The detail is as under:

| (Rs. in million) | | | |
|-------------------------|--|---------------|------------------|
| Sr. No. | Name of Formation | DP No. | Amount |
| 1 | DG, IWASRI | 30/2023-24 | 26.893 |
| 2 | PD, MDHP | 133/2023-24 | 3,186.402 |
| 3 | PD, KTDP | 170/2023-24 | 84.000 |
| 4 | SE, Small Hydel Power Stations (SHPS) | 187/2023-24 | 271.033 |
| 5 | RE, Chashma Hydel Power Station (CHPS) | 213/2023-24 | 1.345 |
| 6 | PD, KCP | 345/2023-24 | 1,279.390 |
| TOTAL | | | 4,849.063 |

Non-adherence to the aforementioned rules resulted in non-mutation of

land worth Rs.4,849.063 million in the name of WAPDA up to the FY 2022-23.

The matter was taken up with the management during March to September, 2023 and reported to the Ministry during August to November, 2023. The management of IWASRI replied that the matter was in court of law and after finalization of court case, the land would be mutated in name of WAPDA. The management of MDHP, KTDP, SHPS and CHPS replied that the matter for mutation of land was under process with the concerned Revenue Authorities. The management of KCP replied that the land was acquired by WAPDA and out of total land of 17,934 acres, mutation of 8,819 acres land was done in the name of Govt. of Balochistan. However, detailed reply would be submitted accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to pursue the matter with concerned Revenue Authorities for early mutation of land in the name of WAPDA without further loss of time. MoWR may also devise a mechanism to ensure mutation of land as per law.

1.5.55 Non-allotment of alternate land to WAPDA (IWASRI) by Lahore Development Authority - Rs.675.846 million

According to Prime Minister's Secretariat letter No.11(24)E&F.2II/93 dated May 20, 1993, alternate site for Lower Indus Water Management and Reclamation Research Project and IWASRI may be provided immediately as earlier directed by the Prime Minister.

During audit of accounts of the DG, IWASRI for the period from July, 2020 to June, 2022, it was observed that a piece of land measuring 22 Kanals and 10 Marlas was purchased from Irrigation Department (Government of Punjab) in 1987 for construction of IWASRI Headquarter. Later on, Lahore Development Authority (LDA) occupied the subject land on the orders of the then Prime Minister in 1993 and an alternate piece of land was agreed to be provided to WAPDA by LDA. However, despite lapse of a period of more than 30 years, the

matter was not taken up by the management at appropriate level for acquisition of alternate land worth Rs.675.846 million from LDA.

Non-compliance to the instructions of Prime Minister’s Secretariat led to the non-allotment of alternate land worth Rs.675.846 million to WAPDA by LDA up to the FY 2021-22.

The matter was taken up with the management in March, 2023 and reported to the Ministry in July, 2023. The management replied that despite a lot of meetings and correspondence by the project authorities, the issue had not been resolved yet.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to take up the matter at appropriate level for ensuring allotment of alternate land from LDA.

(Draft Para No.20/2023-24)

1.5.56 Non-disposal of off-road vehicles, unserviceable material and scrap - Rs.508.404 million

According to Para-1, Chapter-XI of revised WAPDA Transport Rules, “early disposal of unserviceable vehicles in accordance with the procedure laid down in WAPDA Disposal Procedure is essential to avoid depreciation due to deterioration, devaluation, due to loss/pilferage of spare parts, extra expenses on storage accommodation and pay of Chowkidars/guards etc.” As per Clause-1.4.2(a) of WAPDA Disposal Procedure, “Once declared unserviceable, beyond economical repairs or dead by the competent authority, the material should be disposed-off with minimum delay”.

During audit of accounts of various formations of WAPDA for the period from July, 2018 to June, 2023, it was observed that off-road vehicles, unserviceable material, wooden scrap etc. worth Rs.508.404 million (approx.) were not auctioned up to June, 2023. The aforementioned items were kept in the open space and exposed to the adverse environmental effect causing further deterioration and decrease in their value. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|--------------|---|-------------|----------------|
| 1 | RE, Warsak HPS | 01/2023-24 | 15.779 |
| 2 | PD, Surface Water Hydrology Project | 09/2023-24 | 1.012 |
| 3 | GM, (Hydro) Planning | 14/2023-24 | 5.062 |
| 4 | PD, Chashma Barrage & Chashma Jhelum Link Canal | 78/2023-24 | 1.216 |
| 5 | RE, Tarbela HPS | 96/2023-24 | 290.680 |
| 6 | CE (O&M), Hydel, Besham | 121/2023-24 | 1.317 |
| 7 | RE, Mangla HPS | 156/2023-24 | 146.661 |
| 8 | SE, SHPS | 190/2023-24 | 5.577 |
| 9 | CE (Civil), Ghazi Barotha Hydropower Project | 198/2023-24 | 2.718 |
| 10 | RE, CHPS | 215/2023-24 | 14.702 |
| 11 | CE, Ghazi Barotha Power Complex | 227/2023-24 | 1.178 |
| 12 | RE (Civil), Mangla | 250/2023-24 | 0.678 |
| 13 | PD, KCP | 259/2023-24 | 3.803 |
| 14 | GM, (Hydel) Operation & Development | 275/2023-24 | 0.585 |
| 15 | GM (Civil), Tarbela Dam Project | 282/2023-24 | 15.136 |
| 16 | PD, DHPP | 341/2023-24 | 1.700 |
| 17 | PD, Building Circle WAPDA | 432/2023-24 | 0.600 |
| TOTAL | | | 508.404 |

Non-adherence to WAPDA Disposal Procedure resulted in non-disposal of off-road vehicles, unserviceable material and scrap amounting to Rs.508.404 million up to the FY 2022-23.

The matter was taken up with the management during February to October, 2023 and reported to the Ministry during May to December, 2023. The management replied that some material had been auctioned, whereas, cases for disposal of remaining off-road vehicles & scrap material were under process and progress achieved in the matter would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to expedite the disposal process of off-road vehicles, unserviceable material and scrap without further delay.

1.5.57 Non-recovery of rent - Rs.463.715 million

According to clarification issued by the Director Finance (Regulations), WAPDA on January 10, 2007, where the accommodation is allotted by one organization to the employees of other organization, the standard rent is to be charged by the formation concerned from the formation whose employees have been allotted accommodation. As per Section-23 of WAPDA Book of Financial Power, “any sum due to the Authority shall be recoverable as arrears of land revenues”. As per Clause-9.1.3 of WAPDA Accounting and Financial Reporting Manual, the reconciliation of individual account balances to the control balance shall be performed periodically. A diligent effort shall be made to collect all outstanding accounts in general, invoices shall be collected as expeditiously as possible, but the cost of collection shall not be allowed to exceed the expected revenue. Regular recovery notices shall be sent to all account receivables.

During audit of accounts of seven formations of WAPDA for the period from July, 2018 to June, 2023, it was observed that an amount of Rs.463.715 million on account of rent was recoverable from different formations, organizations and consultants for the period from 1980-81 to 2022-23. The outstanding rent was required to be recovered by taking up the matter at appropriate level but needful was not done. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Nature of Recovery | Amount |
|----------------|--------------------------|-------------------|---|---------------|
| 1 | RE, Warsak HPS | 03/2023-24 | Rent of land from Pak Army | 338.170 |
| 2 | PD, Building Circle | 10 & 430/2023-24 | Standard/Market rent from employees living illegally | 21.041 |
| 3 | RE, Tarbela HPS | 100/2023-24 | Standard/Market rent from serving/retired WAPDA & PESCO employees | 16.584 |
| 4 | SE, SHPS | 184 & 263/2023-24 | Lease amount & Rent from Nandipur Power Project | 65.056 |

| | | | | |
|--------------|---------------------------------|-------------------|---|----------------|
| 5 | PD T5HPP | 237/2023-24 | Standard rent from consultants | 6.900 |
| 6 | RE (Civil), Mangla | 248/2023-24 | Rent from shopkeepers & banks | 1.872 |
| 7 | GM (Civil), Tarbela Dam Project | 279 & 283/2023-24 | Standard rent from employees and private occupant | 14.092 |
| TOTAL | | | | 463.715 |

Non-adherence to the aforementioned rules & instructions resulted in non-recovery of rent amounting to Rs.463.715 million from different formations and individuals up to the FY 2022-23.

The matter was taken up with the management during February to October, 2023 and reported to the Ministry during June to December, 2023. The management replied that the matter had already been taken up with the concerned formations/occupants and progress achieved in the matter would be intimated to Audit accordingly.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of rent of WAPDA's land and accommodations from the concerned formations and individuals.

1.5.58 Misuse of 58 vehicles due to attachment with unauthorized officers and irregular charging of O&M expenditure to the projects - Rs.153.233 million

According to Para-4 of Finance Division's Office Memorandum regarding System of Financial Control and Budgeting, the Principal Accounting Officer is responsible not only for the efficient and economical conduct of the Ministries/Divisions/Departments but also continues to be personally answerable before the PAC. The two main principles to be observed are economy (getting full value for money) and regularity (spending money for the purposes and in the

manner prescribed by law & rules). As per Para-3 of Section-I (Chapter-III) of WAPDA Transport Rules, “the responsibility for the proper utilization, management and maintenance of road transport is that of PDs and Heads of Division/Organizations in respect of vehicles allotted to them”. As per PC-Is of the projects, there were no provisions for use of vehicles other than projects’ purposes.

During audit of accounts of various formations of WAPDA for the period from July, 2021 to June, 2023, it was observed that 58 vehicles of different makes and models purchased for different projects/formations were attached with WAPDA officers, consultants and MoWR. Some of these vehicles were procured through contractors and their fixed monthly O&M cost was also paid to the contractors. Audit held that as these vehicles were purchased for the projects’ purposes, therefore, these should have been used for the projects at the sites. Hence, attachment of vehicles with unauthorized officers/offices was irregular and expenditure of Rs.153.233 million incurred on purchase and O&M of these vehicles was not justified. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | No. of Vehicles | Cost of Vehicles | O&M Expenditure | Total Amount |
|---------|------------------------------------|-------------------|-----------------|------------------|-----------------|--------------|
| 1 | PD, Dargai Rehabilitation Project | 57/2023-24 | 1 | 6.817 | 0 | 6.817 |
| 2 | PD, K-IV Project | 91/2023-24 | 5 | 24.000 | 0 | 24.000 |
| 3 | CE (O&M), Hydel Besham | 123/2023-24 | 3 | 4.470 | 0 | 4.470 |
| 4 | PD, MDHP | 139 & 153/2023-24 | 13 | 0 | 26.851 | 26.851 |
| 5 | Chairman, PCRWR | 148/2023-24 | 1 | 0 | 1.000 | 1.000 |
| 6 | PD, KTDP | 175/2023-24 | 1 | 0 | 1.713 | 1.713 |
| 7 | PD, NGDP | 206/2023-24 | 3 | 0 | 3.595 | 3.595 |
| 8 | CE, Ghazi Barotha Power Complex | 226/2023-24 | 1 | 4.424 | 0 | 4.424 |
| 9 | PD, T5HPP | 238/2023-24 | 1 | 0 | 6.876 | 6.876 |
| 10 | PD, KCP | 255/2023-24 | 9 | 22.447 | 0 | 22.447 |
| 11 | GM (Hydel) Operation & Development | 272/2023-24 | 2 | 6.203 | 0 | 6.203 |
| 12 | PD, MRP | 292/2023-24 | 1 | 3.409 | 0 | 3.409 |

| | | | | | | |
|--------------|----------|-------------|-----------|--------------|---------------|----------------|
| 13 | PD, DHPP | 330/2023-24 | 8 | 24.290 | 0 | 24.290 |
| 14 | PD, DBDP | 358/2023-24 | 9 | 0 | 17.138 | 17.138 |
| TOTAL | | | 58 | 96.06 | 57.173 | 153.233 |

Non-adherence to the aforementioned rules resulted in misuse of 58 vehicles due to attachment with unauthorized officers with financial implication of Rs.153.233 million up to the FY 2022-23.

The matter was taken up with the management during August to October, 2023 and reported to the Ministry during October & November, 2023. The management replied that these vehicles were attached with the approval of WAPDA Authority. The management of MDHP also replied that the vehicle was not dedicated to the CEO of consultants rather it was being used by other staff of the consultant from time to time. However, detailed reply would be furnished in due course time.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify attachment of project vehicles with other officers/offices/consultants and ensuring their return to respective projects and recovery of O&M cost from the concerned users without further delay besides fixing of responsibility on persons allowing this misuse.

1.5.59 Loss on account of missing distribution transformers from the Composite Model Village, Harpan Das - Rs.65.425 million

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

During audit of accounts of the PD, DBDP for the period from July, 2022 to June, 2023, it was observed that a contract for external electrification of Composite Model Village-II, Harpan Das was awarded to M/s Ali & Co. on

November 10, 2016 at a contract price of Rs.408.244 million. As per contract, an amount of Rs.65.425 million was paid to the contractor for installation of 62 distribution transformers of different capacities. However, during physical site visit, it was found that all the transformers of the model village were missing but neither FIR was lodged by the management nor departmental inquiry was conducted to probe into the matter and to fix responsibility for loss.

Non-adherence to the aforementioned guidelines resulted in loss of Rs.65.425 million on account of missing distribution transformers up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends that the management needs to inquire the matter at appropriate level for fixing of responsibility and making good the loss.

(Draft Para No.306/2023-24)

E. Management of Accounts with Commercial Banks

1.5.60 Undue favour to the bank due to investment of funds without fulfilling the evaluation criteria - Rs.10,000 million

According to special term of Request for Proposal (RFP) for placement of funds dated December 02, 2022, the banks were requested to quote the best possible profit rate with special term of 'premature encashment after six months without penalty'. As per evaluation criteria for bid, WAPDA will place funds for one-year tenure with the condition of pre-mature encashment after six months without penalty with bank who has quoted highest profit rate in its bid proposal.

During audit of accounts of the GM (Finance) Power for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.10,000 million was invested with Bank Alfalah at a profit rate of 17.11% per annum on December 19, 2022. Further scrutiny of record revealed that the said bank quoted profit rate without allowing premature encashment after six months without penalty. As per RFP & evaluation criteria of bid, the banks were required to quote profit rate with a special term of 'pre-mature encashment after six months without penalty' but bid of the said bank was accepted without this condition. Audit held that investment of funds with Bank Alfalah without fulfilling the evaluation criteria was irregular and undue favour to the bank.

Non-adherence to the special term of RFP & evaluation criteria resulted in undue favour to the bank due to investment of funds amounting to Rs.10,000 million without fulfilling the criteria during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in December, 2023. The management replied that rates were quoted by the banks as per their policy and Investment Board of WAPDA, after due deliberation, decided to accept the offer of the highest bidder.

The reply was not tenable because accepting of bid without fulfilling all the conditions was irregular.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify investment of funds with the bank without meeting the conditions of RFP and evaluation criteria besides fixing responsibility for such decision.

(Draft Para No.417/2023-24)

1.5.61 Unjustified payment of mark-up/rental payments - Rs.3,631.088 million

According to Para-5 (vi) of Essentials and Model Agreements for Islamic Modes of Financing (Musharakah) issued by SBP, “It is not allowed to fix a lump sum amount for any of the partners, or any rate of profit tied up with his capital”.

During audit of accounts of the GM (Finance) Power for the period from July, 2022 to June, 2023, it was observed that a financing agreement of Rs.144 billion was signed between WAPDA and a syndicate of different banks for DHPP. It was further observed that a part of this financing facility was through issuance of Sukuk bonds for Rs.52,800 million and an amount of Rs.3,631.088 million was paid on account of mark-up/rental payments on Sukuk bonds @ KIBOR plus 1.45%. As per guidelines issued by the SBP, tying up any rate of profit with the capital contributed by any of the partners was not allowed in a Musharakah agreement. Moreover, mechanism adopted for raising funds and their further distribution into Islamic as well as conventional modes was not available in the record. Audit held that payment of profit/mark-up at fixed rate was against the guidelines issued by the SBP and not justified.

Non-adherence to the guidelines issued by the SBP resulted in unjustified payment of mark-up/rental payments amounting to Rs.3,631.088 million during the FY 2022-23.

The matter was taken up with the management in August, 2023. The management replied that the purpose of Musharakah was to jointly own the Musharakah Assets for co-ownership under the diminishing Musharakah agreement dated March 29, 2017 (Clauses-1.1.1 & 1.1.2). However, earning model was based on rental income as per rental model issued by the SBP and rent had to be fixed which was connected with floating KIBOR rate. So, the rental payment was fixed as per payment agreement at the benchmark rate of KIBOR plus margin.

The reply was not acceptable as tying up any rate of interest (KIBOR in this case) was in violation of guidelines issued by SBP and basic essence of Islamic modes of financing. Moreover, use of rental income model was also unjustified as rental income model was used in Ijarah agreement, whereas, basic principle of a Musharakah agreement was sharing of profit or loss.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify mechanism adopted for raising funds and their further distribution into Islamic as well as conventional modes besides fixing responsibility for payment of profit/rental @ KIBOR plus 1.45%.

(Draft Para No.438/2023-24)

1.5.62 Loss of profit due to delay in transfer of funds and commencement of bidding process for opening of a new bank account - Rs.30.895 million

According to GM (Finance) Power's office letter No.GMF(P)/M(HQ)P/BnK/2070 dated May 6, 2021 regarding RFP for opening of Special Saving Accounts, there was no condition regarding withdrawal of offered rate by the banks with three months prior notice. As per Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982 (amended to date), "all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of accounts of the GM (Finance) Power for the period from July, 2022 to June, 2023, it was observed that a RFP for opening of Special Savings Account for depositing of Rs.70 billion (approx.) was issued to different banks on May 06, 2021. In response to RFP, United Bank Limited (UBL) offered profit rate of one month KIBOR – 0.15% on May 21, 2021. The management, after bid evaluation, conveyed approval for opening of bank account to UBL on May 27, 2021. On September 29, 2021, the bank offered a revised interest rate of one month KIBOR–0.85% w.e.f. October 01, 2021 and informed that if the new

rate was not acceptable to WAPDA, then the same be considered notice for withdrawal on agreed terms starting from September 29, 2021 to December 27, 2021. The management initiated the process for opening of a new bank account and RFP was issued to different banks on November 05, 2021. The bids were opened on November 19, 2021 and the bid evaluation committee recommended opening of a new bank account with National Bank of Pakistan (NBP) at offered rate of one month KIBOR+0.01%. The approval for opening of bank account was conveyed to NBP on November 22, 2021 i.e. 17 days after issuance of RFP. It was observed that initially the conditional offer of UBL was accepted by the management and subsequently process for opening of a new bank account was initiated in November, 2021 instead of October, 2021. Moreover, funds amounting to Rs.67 billion were transferred from UBL to NBP on December 23, 2021 with a delay of 31 days. Further, amount of profit of Rs.2.148 million for the month of March, 2022 was also kept in same bank up to March 15, 2023. Audit held that if the process for opening of a new bank account had been initiated on October 01, 2021, then new bank account would have been opened on October 18, 2021 (17 days after issuance of requests for proposal) and profit of Rs.11.395 million could have been earned due to differential interest rates of UBL & NBP. Moreover, due to delay in transfer of funds and profit thereon from UBL to NBP, profit of Rs.19.500 million was also less earned. No responsibility for the loss of Rs.30.895 million due to delay in opening of a new bank account and transfer of funds was fixed.

Non-adherence to the Authority's instructions resulted in loss of Rs.30.895 million due to less earning of profit owing to delay in opening of a new bank account and transfer of funds up to FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management replied that it was not a case of opportunity profit because offered rate of NBP was not available on November 01, 2021. Further, upon opening of bank account with NBP, major chunk of the Green Euro Bond was immediately transferred from UBL. However, due to pending foreign currency payments (tagged with UBL) for want of SBP's approval, the equivalent amount in PKR was kept with UBL for smooth execution of FEC payments.

The reply was not acceptable because there was a delay of more than one month in initiating new bidding process and even after opening of a new bank account, there was also a substantial delay in transfer of funds.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of loss due to delay in opening of a new bank account and transfer of funds upon the person (s) at fault.

(Draft Para No.161 & 434/2023-24)

1.5.63 Potential loss on account of interest income due to non-availing of special term for premature encashment after six months - Rs.19.660 million

According to RFP for placement of funds for one-year, there was a special term of 'premature encashment after six months without penalty'. As per Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982 (amended to date), "all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of accounts of the GM (Finance) Power for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.10,000 million was invested with Bank Alfalah at a rate of 16.41% per annum on June 29, 2022 with one-year maturity period and with condition of no penalty on pre-mature encashment after six months. Further probe into the matter revealed that SBP revised its policy rate on January 24, 2023 from 16 % to 17 % per annum. The management did not avail the special term regarding premature encashment after six months without penalty and reinvesting the same on higher prevailing interest rate. Audit held that after revision of interest rate by the SBP, these funds should have been en-cashed and reinvested at a higher rate but needful was not done which resulted in a loss of Rs.19.660 million (approx.) for which no responsibility was fixed.

Non-adherence to the Authority's instructions resulted in potential loss of Rs.19.660 million on account of interest income due to non-availing of special term for premature encashment after six months during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in December, 2023. The management replied that due to increase in policy rate by SBP, the rate was increased by bank from 16.41% to 21.40% on April 14, 2023 till maturity and handsome amount of profit was earned.

The reply was not acceptable because the management failed to take prudent investment decision timely.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-encashment of funds despite availability of special term of 'no penalty for premature encashment after six months' and reinvestment of funds at higher rates of profit.

(Draft Para No.418/2023-24)

F. HR/Employee related Issues

1.5.64 Unjustified expenditure due to irregular replacement of Project Manager and Deputy Project Manager of consultants - Rs.307.488 million

According to Clause-30.1 of CSC, “except as the client may otherwise agree in writing, no changes shall be made in the Key Expert”. As per Clause-30.2, “notwithstanding the above, the substitution of Key Experts during contract execution may be considered based on the consultants’ written request and due to circumstances outside the reasonable control of the consultants, including but not limited to death or medical incapacity. In such case, the consultants shall forthwith provide as a replacement, a person of equivalent or better qualifications and experience, and at the same rate of remuneration”. As per Clause-3(c)(iii) of the RFP, “a consultant (including its Experts and Sub-consultants) that has a close business or family relationship with a professional staff of the borrower (or of the client, or of implementing agency, or of a recipient of a part of the bank’s financing) who are directly or indirectly involved in any part of (i) the preparation of the terms of reference for the assignment, (ii) the selection process for the contract, or (iii) the supervision of the contract, may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the contract”.

During audit of accounts of the PD, T5HPP for the period from July, 2022 to June, 2023, it was observed that a CSC was awarded to M/s Mott MacDonald Limited on April 13, 2019. As per CSC, the consultants proposed Mr. Fidencio Mendez (existing Project Manager of T4HPP) as Project Manager. After award of contract, the consultants failed to place the nominated Project Manager and on April 19, 2021, the consultants requested replacement of Mr. Fidencio Mendez with Mr. Mark Gill on temporary basis for a period of 6-12 months. As per evaluation of curriculum vitae (CV) of Mr. Mark Gill, he did not meet the criteria required for the said post. However, contrary to the CSC, the management granted approval to appoint Mr. Mark Gill on temporary basis for a period of six months w.e.f. May 21, 2021 which was extended time to time on six months basis up to May 29, 2023 and the last extension was given without any time frame till the appointment of a permanent Project Manager. Similarly,

Mr. Anser Warraich (Ex- GM-Tarbela Dam Project) was appointed as Deputy Project Manager of the consultants with the approval of project authorities. The said officer was granted relaxation of rules regarding joining of consultancy firm before completion of two years' after retirement by the Member (Water) WAPDA. As per his CV, he neither possessed overall 15 years' construction management experience nor at least five years' experience as Project Manager/ Construction Manager on mega hydropower projects. Moreover, the said officer was also a Member of Evaluation Committee involved in hiring of the same consultants M/s Mott MacDonald for the project, therefore, conflict of interest could not be ruled out. Moreover, appointment of less experienced Project Manager and Deputy Project Manager may have serious implications for the project. Audit held that replacement/appointment of Project Manager and Deputy Project Manager in violation of provisions of CSC was irregular, hence, expenditure of Rs.307.488 million incurred on their remuneration was not justified.

Non-adherence to the provisions of CSC resulted in unjustified expenditure of Rs.307.488 million due to irregular replacement of Project Manager and Deputy Project Manager of the consultants up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that approval for replacement of Project Manager and Deputy Project Manager was granted on the basis of proposals of the consultants in the best interest of project.

The reply was not acceptable because proposals for replacement of these key personnel were accepted by the management contrary to the provisions of CSC.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify appointment of Project Manager and Deputy Project Manager in violation of provisions of CSC besides fixing responsibility.

(Draft Paras No.379 & 381/2023-24)

1.5.65 Irregular expenditure on engagement of staff on daily wages basis - Rs.288.667 million

According to Para-(a) of Officer Order regarding instructions on Recruitment/Appointment/Posting dated May 06, 2023, cases to initiate all modes of recruitment/appointment (including regular/contract/temporary/daily wages/contingent/adhoc/locum etc.) for all posts in BPS-1 to 20 be concurred by concerned Member before submitting for final approval of Chairman WAPDA through HR Division. After Chairman's approval, concerned formations shall complete the recruitment process by preparing the draft advertisement containing job specification/quota position and vacancy statement as per relevant service rules of the posts against direct induction and refer to Recruitment Cell for further processing. As per Revised Daily Wages/Contingent Based Appointment Policy of WAPDA circulated on December 15, 2017, the daily wages staff will not be engaged when the channel for regular recruitment is open. Moreover, concerned CEs/GMs will recommend cases for engagement of staff on daily wages basis with the detailed need analysis vis-à-vis available work force keeping in view the objectivity and fairness. Government of Pakistan (GoP) Guidelines for observing of regional/provincial quota will be generally applied for engagement of staff against regular sanctioned posts.

During audit of accounts of various formations of WAPDA for the period from July, 2020 to June, 2023, it was observed that officials of different categories were hired on daily wages/contingent basis against sanctioned and non-sanctioned posts for a period of 89 days which was continuously extended. These appointments were made on pick and choose basis without adopting any selection criteria/procedure despite the fact that there was no permanent ban on regular recruitments. Hence, an expenditure of Rs.288.667 million incurred on account of pay of daily wages staff was held irregular. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|---------|-------------------------------------|-------------|---------|
| 1 | PD, Surface Water Hydrology Project | 32/2023-24 | 144.951 |
| 2 | RE, Gomal Zam HPS | 35/2023-24 | 6.197 |
| 3 | Deputy GM, Insurance WAPDA | 54/2023-24 | 9.660 |
| 4 | GM, (Finance) Power | 68/2023-24 | 0.580 |
| 5 | GM, (Hydro) Planning | 82/2023-24 | 27.089 |
| 6 | CE, (O&M) Hydel, Besham | 124/2023-24 | 11.839 |

| | | | |
|--------------|--------------------------------------|-------------|----------------|
| 7 | PD, Harpo Hydropower Project | 129/2023-24 | 6.586 |
| 8 | SE, SHPS | 185/2023-24 | 38.670 |
| 9 | PD, Ghazi Barotha Hydropower Project | 196/2023-24 | 16.641 |
| 10 | CE, Ghazi Barotha Power Complex | 228/2023-24 | 15.855 |
| 11 | GM, (Hydel) Operation & Development | 276/2023-24 | 2.517 |
| 12 | PD, Building Circle | 431/2023-24 | 8.082 |
| TOTAL | | | 288.667 |

Non-adherence to the aforementioned recruitment policies of WAPDA resulted in an irregular expenditure amounting to Rs.288.667 million incurred on pay of daily wages staff up to the FY 2022-23.

The matter was taken up with the management during February to October, 2023 and reported to the Ministry during October to December, 2023. The management replied that daily wages/contingent based employees against sanctioned and non-sanctioned posts were appointed after obtaining approval from concerned Member on need basis.

The reply was not acceptable because daily wages staff was hired on pick & choose basis without following any recruitment method/mechanism to ensure fairness and opportunity for all.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify engagement of daily wages staff without advertisement and continuous extensions in their services in violation of recruitment policies besides formulation of a merit based transparent recruitment/appointment policies and rules thereon to ensure that equal employment opportunity is offered to all.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2017-18, 2018-19 & 2020-21 vide Paras No.1.3.19 & 2.4.51/2017-18, 2.4.61/2018-19 and 1.5.53 & 1.5.57/2020-21 having financial impact of Rs.201.140 million. Recurrence of same irregularity is a matter of serious concern.

1.5.66 Unjustified employment of WAPDA security personnel for DHPP having huge financial implications - Rs.232.680 million

According to Clause-17.1 (3) of WAPDA Budget Manual, “budget estimates are prepared on the basis of nominal roll, sanctioned strength and last three years’ actual expenditure. The expenditure budget includes pay & allowances of officer & staff, travelling allowance, honoraria/reward, employer charges (pension fund & GLI), medical charges (hospitalization, consultant’s fee, medicine drugs & dressing etc.)”.

During audit of accounts of the PD, DHPP for the period from July, 2022 to June, 2023, it was observed that sanctioned strength of WAPDA security staff was 160, including security inspector, security sergeants and security guards. In January, 2023, 106 newly recruited sergeant and security guards were posted against vacant sanctioned posts. It was further observed that 462 security personnel, newly recruited on lump sum basis, were also placed at the disposal of DHPP in the months of May, June and August, 2023. It is worth mentioning here that WAPDA security officials were deputed on gates of office buildings, hostels, etc. for which 135 personnel were already available. Moreover, for the purpose of security of project sites, security of contractors and consultants’ staff during travel, 946 personnel of Dir Scouts, Frontier Constabulary (FC) and Police had also been engaged. Audit held that hiring of additional 462 WAPDA security personnel, without any requisition/demand by the project and beyond sanctioned strength, having significant financial implication of Rs.232.680 million was not justified.

Non-adherence to the provisions of WAPDA Budget Manual resulted in unjustified employment of security personnel with annual financial impact of Rs.232.680 million during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in December, 2023. The management replied that Director Security WAPDA vide letter dated November 23, 2022 intimated that Chairman WAPDA had given principle approval for raising a Battalion size force of 655 persons to replace FC Platoons. The project office only initiated the case as per instructions received from Director Security and was not involved in recruitment and posting of security personnel.

The reply was not acceptable because security staff was hired and posted in excess of sanctioned strength.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify employment of additional security staff at the project without sanctioned posts and need analysis.

(Draft Para No.397/2023-24)

1.5.67 Unjustified grant of different allowances to the employees contrary to the directions of Finance Division - Rs.89.260 million

According to Finance Division's (Regulations Wing) office memorandum No.F.1(1)Imp/94 dated June 26, 1999 regarding revision of salaries, allowances and perquisites of the supervisory and executive staff of public sector corporations, autonomous/semi-autonomous bodies, "it has been decided that such revisions may be carried out by the respective Boards of Directors/Governors of these organizations. Such revision should invariably be tagged with the financial position of the respective organizations. Clearance from Finance Division would, however, be necessary to ensure a rational basis and a degree of uniformity in such revisions". As per Finance Division's (Regulation Wing) office memo No.F.4(3)R-4/2011-Revision dated August 04, 2017, "it is binding upon all the administrative Ministries/Divisions of semi-autonomous, autonomous bodies/corporations to ensure that any changes in pay, allowances and privileges of executive/supervisory staff of the semi-autonomous, autonomous bodies/corporations working under their administrative control are processed in accordance with the Finance Division's O.M No.F.1(1)Imp/94 dated June 26, 1999".

During audit of accounts of various formations of WAPDA for the period from July, 2020 to June, 2023, it was observed that an amount of Rs.89.260 million was paid to the officers/officials on account of different allowances approved by WAPDA Authority. Audit held that grant of these allowances was not justified as the same were allowed by WAPDA Authority contrary to the directions of the Finance Division. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|--------------|--|-------------|---------------|
| 1 | GM, (Hydro) Planning | 15/2023-24 | 20.269 |
| 2 | GM, (Finance) Coordination | 27/2023-24 | 1.754 |
| 3 | Director (Services & Estate) | 44/2023-24 | 4.721 |
| 4 | GM, (Finance) Power | 63/2023-24 | 0.530 |
| 5 | PD, K-IV Project | 102/2023-24 | 2.980 |
| 6 | CE, (O&M), Hydel Besham | 125/2023-24 | 7.217 |
| 7 | CE (Civil), Ghazi Barotha Hydropower Project | 199/2023-24 | 2.050 |
| 8 | PD, NGDP | 209/2023-24 | 22.927 |
| 9 | CE, Ghazi Barotha Power Complex | 230/2023-24 | 26.229 |
| 10 | RE (Civil), Mangla | 249/2023-24 | 0.583 |
| TOTAL | | | 89.260 |

Non-adherence to the instructions of Finance Division resulted in unjustified expenditure of Rs.89.260 million on grant of different allowances to the employees up to the FY 2022-23.

The matter was taken up with the management during March to September, 2023 and reported to the Ministry during July to November, 2023. The management replied that these allowances were granted to the employees after approval of WAPDA Authority.

The reply was not acceptable because as per instructions of Finance Division dated June 26, 1999, clearance from Finance Division (GoP) was necessary. Moreover, DAC in its earlier meetings held on December 08, 17-19 & 28-29, 2020, December 08, 09, 20 & 21, 2022, January 16-17 and February 9-10, 2023 directed the management to refer all such paras pertaining to pay & allowances to Finance Division through MoWR for obtaining clarification which was not done.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify grant of these allowances without clearance besides seeking approval/clarification from the Finance

Division as decided in earlier DAC meetings.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2020-21 & 2022-23 vide Paras No.1.5.52 & 1.5.73 having financial impact of Rs.627.300 million. Recurrence of same irregularity is a matter of serious concern.

1.5.68 Irregular/excess payment of overtime claims to the employees at double rate - Rs.37.357 million

According to Superintending Engineer (SE) office order No.4609-13/SE/SH/ G-8(N) dated November 18, 2014, the admissibility of the overtime may be recommended/sanctioned in condition that maintenance section crew should have worked more than 48 hours in a week. Certificate for performing duty more than 48 hours in a week by the concerned officer may also be given on every claim. As per Clause-47 of Pakistan Factories Act, 1934, where a worker in a non-seasonal factory works for more than nine hours in a day or for more than 48 hours in a week, he shall be entitled in respect of overtime worked to pay at the rate of twice his ordinary rate of pay.

During audit of accounts of the SE, SHPS, Mangla along with attached power stations for the period from July, 2018 to June, 2023, it was observed that an amount of Rs.37.357 million was paid to the employees of different power stations as overtime at double rate . As per Pakistan Factories Act, 1934, overtime at double rate would be admissible where a worker in a non-seasonal factory works for more than nine hours in a day or for more than 48 hours in a week whereas the duty of WAPDA employees was eight hours per day and 40 hours per week. Moreover, certificate for performing duty for more than 48 hours in a week by the concerned officer was also not attached with the claims. Hence, payment of overtime claims to the employees at double rate without fulfilling the conditions and in violation of rules was irregular.

Non-adherence to the aforementioned instructions resulted in irregular/excess payment of Rs.37.357 million on account of overtime claims at double rate up to the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that the matter would be resolved after taking up with the concerned authority.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the payment of overime claims at double rate in violation of rules besides ensuring its recovery from the concerend employees.

(Draft Para No.244/2023-24)

1.5.69 Non-recovery of penalty imposed upon WAPDA's ex-employee on account of breach of service contract - Rs.16.784 million

According to letter No.GM(C&M)/W/DAW/Inqr-235-B/2022/E-1/12493-98 dated October 27, 2022, Member (Water) WAPDA has decided to enhance the major penalty i.e. 'Removal from Service' to 'Dismissal from Service' under Pakistan WAPDA Employees Efficiency and Disciplinary (E&D) Rules, 1978 upon Mr. Wassay Gulraiz, the then Deputy Director, w.e.f. January 01, 2018 along with recovery of Rs.16.784 million as liquidated damages.

During audit of accounts of the GM (Finance) Coordination for the period from July, 2021 to June, 2022, it was observed that a major penalty of dismissal from service along with recovery of Rs.16.784 million for breach of service contract was imposed upon Mr. Wassay Gulraiz with the approval of Member (Water) WAPDA. The amount was required to be recovered either from the employee or from his sureties, which was not done.

Non-adherence to the Authority's instructions resulted in non-recovery of Rs.16.784 million on account of penalty imposed upon WAPDA's ex-employee due to breach of service contract during the FY 2021-22.

The matter was taken up with the management in March, 2023 and reported to the Ministry in August, 2023. The management replied that the deduction would be made from forthcoming invoice of the consultants

No further progress was communicated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two

reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to obtain comments from concerned department and ensure recovery of amount of penalty from the ex-officer without further loss of time.

(Draft Para No.29/2023-24)

1.5.70 Non-recovery from the consultants due to unjustified replacement of Project Manager/Team Leader - Rs.10.669 million

According to Clause-4.5 (a) of CSA, “except as the client may otherwise agree, no changes shall be made in the key personnel. If for any reason beyond the reasonable control of the consultants, it becomes necessary to replace any of the key personnel, the consultants shall provide as a replacement a person of equivalent or better qualifications”.

During audit of accounts of the PD, Harpo Hydropower Project, Skardu for the period from July, 2022 to June, 2023, it was observed that a contract for procurement of consulting services for detailed engineering design, preparation of tender documents and support of the owner for the construction supervision was awarded to M/s Harpo Consultants JV at a contract price of Rs.936.47 million. Further scrutiny of record revealed that one key personnel (Mr. Rainer Gotz) was replaced with Mr. Predrag Djajic as Project Manager/Team Leader. Due to less experience of new Project Manager, the consultants had also agreed for reduction in his monthly remuneration rate. However, an amount of Rs.10.669 million (Euro 31,548) on account of difference in remuneration rates was not recovered from the consultants. Moreover, appointment of less experienced Project Manager may have serious implications for the project.

Non-adherence to the provision of CSA resulted in non-recovery of Rs.10.669 million from the consultants due to unjustified replacement of Project Manager/Team Leader during the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed reply would be submitted after scrutiny of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to ensure recovery of amount in question from the consultants without further loss of time.

(Draft Para No.127/2023-24)

G. Value for Money and Services Delivery Issues

1.5.71 Wasteful expenditure on permanent plugging of the lower intake of the powerhouse - Rs.1,091.830 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982 (amended to date), “all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”. Moreover, the International Panels of Experts (IPoEs) during their meeting dated January, 2014 proposed that simultaneous use of two intakes was fraught with danger and should be re-evaluated.

During audit of accounts of the PD, T4HPP for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.1,091.830 million was paid to the contractor for permanent concrete plugging of Tunnel No.3&4 of lower intake through VO No.43. As per original design of the project, there was no provision for operation of lower intake but project authorities proceeded for operation of lower intake contrary to the recommendations of IPoEs which were also reaffirmed by Review Mission of World Bank (May 03, 2017 to May 26, 2017). Later on, the decision was changed and an amount of Rs.1,091.830 million was incurred on permanent plugging of the lower intake. Audit held that as there was no provision for operation of lower intake in the original contract, therefore, expenditure incurred on plugging of the same was wasteful for which no responsibility was fixed.

Contract mismanagement resulted in wasteful expenditure of Rs.1,091.830 million on permanent plugging of lower intake of the powerhouse up to the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consulting the record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two

reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends that the management needs to hold a high level inquiry in the matter to determine responsibility for this wasteful expenditure.

(Draft Para No.267/2023-24)

H. Others

1.5.72 Generation loss due to delay in completion of restoration works of Tailrace Tunnel - Rs.26,843 million

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

During audit of accounts of the CEO, NJHPC for the period from July, 2021 to June, 2023, it was observed that TRT of the project experienced damages and blockage that forced complete shutdown of the powerhouse on July 6, 2022. The contract for restoration works was awarded to M/s CGGC on August 25, 2022 with commencement date of August 27, 2022. As per contract, the stipulated completion period was 180 days (up to February 23, 2023) but the restoration work was much delayed. The delay in restoration of work was evident from all the linked correspondence, where both the management and consultants repeatedly expressed concerns about slow progress of work by the contractor. However, due to negligence/slow progress by the contractor, the restoration work could not be completed up till July 31, 2023 and the company sustained a generation loss of 2,944 million units (approx.) amounting to Rs.26,843 million for which no responsibility was fixed.

Non-adherence to the aforementioned guidelines resulted in a generation loss of Rs.26,843 million due to delay in completion of restoration works of TRT during the FY 2022-23

The matter was taken up with the management in August, 2023 and reported to the Ministry in October, 2023. The management stated that detailed response would be submitted after consultation of record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter at a higher level for fixing responsibility for delay in completion of work and generation loss.

(Draft Para No.106/2023-24)

1.5.73 Generation loss due to non-removal of operational constraints of Golen Gol Hydel Power Station on permanent basis - Rs.1,447.690 million

According to Clause-1.1 (b) of the PPA, “WAPDA Power Stations can withstand a full load rejection and remain in a safe operating condition and WAPDA Power Stations’ auxiliaries will be kept in operating conditions continuously. Further, WAPDA Power Stations can be re-synchronized within thirty (30) minutes provided that the reason for the load rejection has been removed and no differential protection or any other protections warranting thorough checking/investigation of the equipment have operated”.

During audit of accounts of the RE, GGHPS for the period from July, 2018 to June, 2023, it was observed that as per installed capacity of 108 MW, the power station was supposed to generate 3,624.515 million energy units but the actual generation during last five years was only 569.234 million units. Out of total 112,224 available hours during last five years, the generating units remained under operation only for 44,993 hours and were kept in standby position for 58,080 hours. As such 3,055.281 million energy units were less generated which resulted in a revenue loss of Rs.1,447.690 million. The main reasons for less generation were running of the power plant on partial load/isolation mode due to repeated faults in the 132KV transmission lines and accumulation of debris and boulders in weir & intake area of the power house. Further, after completion of work, 132KV transmission line was required to be handed over to Peshawar Electric Supply Company (PESCO) for further O&M but needful was not done.

Non-adherence to the conditions of the PPA resulted in generation loss of Rs.1,447.690 million due to non-removal of operational constraints on permanent basis during the FY 2022-23.

The matter was taken up with the management in October, 2023 and reported to the Ministry in November, 2023. The management stated that detailed reply would be submitted after consulting the record.

No further reply was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify non-removal of operational constraints of powerhouse on permanent basis besides fixing responsibility for generation loss.

(Draft Para No.346/2023-24)

1.5.74 Loss due to late award of contract for rectification works - Rs.639.075 million

According to PD, Gomal Zam Dam Project (GZDP) office letter No.DK/CE&PD/GZDP/811-13 dated March 04, 2016, the formal TOC of works was issued effective from June 15, 2013 with punch list. As per Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982 (amended to date), “all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

During audit of accounts of the PD, GZDP for the period from July, 2021 to June, 2023, it was observed that TOC of the project was issued to the contractor M/s FWO on March 04, 2016 effective from June 15, 2013. As per punch list, critical items of works/tests were required to be executed and performed within one month except station/local transformers which were to be replaced within six months after issuance of TOC, within extended DNP up to June 15, 2016 or till every item of the punch list was executed and performed by the contractor. Later, major faults occurred in the generating units of powerhouse in October, 2016 and the matter was brought to the notice of sub-contractor M/s Sinohydro Corporation who instead of giving attention to the removal of faults requested for a high level meeting for contract closure. Due to non-responsive behavior of the sub-contractor, main contractor M/s FWO notified on November 08, 2016 to execute/rectify the works on the risk & cost of sub-contractor with the condition that prior to execution, cost of work would be shared with them. WAPDA Authority accorded approval for repair of Unit No.1 (TG-1) on October 20, 2020 at estimated cost of Rs.481 million. The bid for repair of TG-1 was

opened on April 16, 2021 and the work was awarded to M/s AFI-ZOEC JV on March 29, 2022 but rectification work could not be started until June 30, 2023. It was further observed that after handing over of the irrigation component of the project to the provincial government during 2020, the project office could not be closed due to delay in rectification works of TG-1 and an expenditure of Rs.639.075 million was incurred on account of project management expenses during last three years. Audit held that the said expenditure could have been avoided in case faults occurred in 2016 had been rectified till 2020.

Poor contract management resulted in a loss of Rs.639.075 million on account of expense of project office due to late award of contract for rectification works of generating unit up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management replied that after award of contract, delay occurred due to restrictions on Letter of Credit (LC) in foreign currency.

The reply was not acceptable because the contract was awarded after delay of six years whereas restrictions on opening of LC were imposed in the year 2022. It was evident that no strenuous efforts were made for timely rectification of defective unit of powerhouse.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of delay in rectification of faults of powerhouse resulting in such a huge loss.

(Draft Para No.316/2023-24)

1.5.75 Generation loss due to inordinate delay in rectification of faults of Unit No-2 of CHPS - Rs.308.868 million

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

to fix the cause of the loss and the amount involved”.

During audit of accounts of the RE, CHPS for the period from July, 2022 to June, 2023, it was observed that some faults were observed in Unit No.2 of power house in November, 2016. The contract for repair work was awarded to M/s Voith Hydro, Germany on February 19, 2020 with a delay of more than three years. The contractor mobilized at site in March, 2021 but the generating unit could not be rectified so far. It was evident that work order for procurement of equipment and rectification of faults was not awarded timely due to inefficient role on the part of management which caused generation loss of 201.480 million energy units amounting to Rs.308.868 million (approx.), for which no responsibility was fixed.

Operational mismanagement resulted in generation loss of Rs.308.868 million due to inordinate delay in rectification of fault of Unit No.2 of powerhouse up to the FY 2022-23.

The matter was taken up with the management in August, 2023 and reported to the Ministry in November, 2023. The management replied that the importance of the issue was informed to the head office. Further, the matter would be taken up with WAPDA Authority.

No further progress was furnished till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter regarding delay in award of contract for rectification of generating unit besides fixing the responsibility for the generation loss.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2021-22 & 2022-23 vide Paras No.1.5.65 & 1.5.79 having financial impact of Rs.1,811.304 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.280/2023-24)

1.5.76 Generation loss due to delay in repair/rectification of generating unit of GZHPS - Rs.265.267 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to fraud, theft or negligence of Individuals, 1982 (amended to date), “all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved. Besides initiating disciplinary action against the employees held responsible for the loss, they should also be allowed to make good the loss”.

During audit of accounts of the RE and PD, GZDP for the period from July, 2021 to June, 2023, it was observed that generating Unit-1 of power house remained under forced shutdown due to major faults since October, 2016. The faults occurred during defects liability period and the contractor vide letter dated November 08, 2016 offered WAPDA to carry out its repair/rectification work at his risk & cost. The rectification work of generating unit could not be completed by WAPDA till June 30, 2023. Due to delay in repair/rectification of generation unit, a revenue of Rs.265.267 million (approx.) on account of power generation could not be earned during last two years, which was loss to the Authority, however, no responsibility was fixed for the loss.

Non-adherence to aforementioned guidelines resulted in generation loss of Rs.265.267 million due to delay in repair/rectification of generating unit up to the FY 2022-23.

The matter was taken up with the management in March & August, 2023 and reported to the Ministry in July & December, 2023. The management replied that contract for rectification work had been awarded at the risk & cost of M/s FWO and process for inland LC is under way. After opening of LC, the work would be started on war footing basis and would be completed within stipulated time.

No further progress was intimated till finalization of Audit Report.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify delay in rectification of faults of power house besides fixing responsibility of generation loss.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2020-21 & 2021-22 vide Paras No.1.5.9 & 1.5.70 having financial impact of Rs.1,320.570 million. Recurrence of same irregularity is a matter of serious concern.

(Draft Para No.16 & 419/2023-24)

1.5.77 Unjustified payment of incentive to the employees of provincial government - Rs.94.323 million

According to PC-Is of MDHP and DHPP, there are no provision for payment of monthly incentive package to the employees of District Government (KPK Government). As per directions of PAC conveyed by the Cabinet Division (GoP) vide office memorandum No.1/1/2011-A/Cs-III dated March 26, 2011, “there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies”.

During audit of accounts of two formations of WAPDA for the period from July, 2022 to June, 2023, it was observed that an amount of Rs.94.323 million was paid to different officers/officials of offices of the Commissioner Hazara Division, District Administration, District Police Office, Executive Engineer (Communication & Works), Agricultural Department, Forest Division, Law Department and District Accounts Office etc. on account of incentive package equal to one basic pay per month (12 basic pay per annum). As per approved PC-Is of MDHP and DHPP, there were neither any provisions nor any rule for making such payment of incentive package to the employees of provincial government by WAPDA. Audit held that payment of monthly incentive package to the employees of provincial government without provisions in PC-Is and contrary to the instructions of PAC was not justified. The detail is as under:

(Rs. in million)

| Sr. No. | Name of Formation | DP No. | Amount |
|----------------|--------------------------|---------------|---------------|
| 1 | PD, MDHP | 143/2023-24 | 4.878 |
| 2 | PD, DHPP | 338/2023-24 | 89.445 |
| TOTAL | | | 94.323 |

Non-adherence to the provisions of PC-Is and directions of PAC resulted in an unjustified payment of Rs.94.323 million on account of incentive to the employees of provincial government during the FY 2022-23.

The matter was taken up with the management in August & September, 2023 and reported to the Ministry in November, 2023. The management replied that incentive was paid to the concerned employees of provincial government in acknowledgement of their efforts in acquisition of land with the approval of WAPDA Authority and its provision would be included in revised PC-Is.

The reply was not acceptable because monthly incentive was paid to the employees of provincial government in violation of PC-Is and the directives of the PAC.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of incentive package to the employees of provincial government in the absence of any provisions in PC-Is and in violation of the directives of PAC besides ensuring its recovery from the concerned quarters.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide Para No.1.5.84 and MFDAC Report for the Audit Year 2021-22 vide Paras No.1.32 & 1.150 having financial impact of Rs.284.428 million. Recurrence of same irregularity is a matter of serious concern.

1.5.78 Wasteful expenditure due to unlawful purchase of Camouflage Combat Dress for WAPDA security staff - Rs.21.710 million

According to Rule-6(1)(a) of the Official Secrets Act, 1923, if any person for the purpose of gaining admission or of assisting any other to gain admission to a prohibited place or for other purpose prejudicial to the safety of the state uses or wears, without lawful authority, any naval, military, air force, police or other official uniform, or any uniform so nearly resembling the same as to be calculated to deceive, or falsely represents himself to be a person who is or has been entitled to use or wear any such uniform, he shall be guilty of an offence

under this section. As per Rule-6(3), a person guilty of an offence under this section shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

During audit of accounts of the PD, DHPP for the period from July, 2022 to June, 2023, it was observed that a purchase order for procurement of Camouflage Combat Dress (CCD) for WAPDA Security Force was issued by the GM (Security) WAPDA on June 01, 2023 at a contract price of Rs.21.710 million. It was further observed that an amount of Rs.20 million out of funds of DHPP was paid to the GM (Finance) Coordination WAPDA for the said procurement. However, while placing the purchase order, aforementioned provisions of the Official Secrets Act, 1923 were not kept in view and No Objection Certificate was also not obtained from Ministry of Interior (GoP). Later on, all the formations were directed by the Security Directorate WAPDA vide office letter dated August 23, 2023 to discontinue wearing of CCD uniforms forthwith. Audit held that purchase of CCD uniforms, in violation of Official Secrets Act was unlawful and restriction on subsequent wearing of this uniform caused wastage of resources for which no responsibility was fixed.

Non-adherence to provisions of the Official Secrets Act, 1923 resulted in wasteful expenditure of Rs.21.710 million due to unlawful purchase of CCD uniforms for WAPDA security staff during the FY 2022-23.

The matter was taken up with the management in September, 2023 and reported to the Ministry in November, 2023. The management replied that WAPDA Authority accorded approval for purchase of CCD uniforms and an amount of Rs.20 million was transferred on the request of GM (Finance) Coordination. Moreover, GM Security WAPDA had been approached regarding the audit observation.

The reply was not acceptable because CCD uniforms were purchased in violation of Official Secrets Act which was unlawful. Moreover, its payment from DHPP was unjustified and wasteful.

The PAO was requested to schedule a DAC meeting vide this office letters dated December 15 & 19, 2023. Subsequently, as per procedure, two reminders were also issued on December 27, 2023 and January 09, 2024, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter at the level of MoWR for fixing of responsibility for recovery of wasteful expenditure incurred on unlawful purchase of uniforms from the funds of DHPP.

(Draft Para No.328/2023-24)

CHAPTER-2

Impact Audit of Neelum Jhelum Hydropower Project, Muzaffarabad

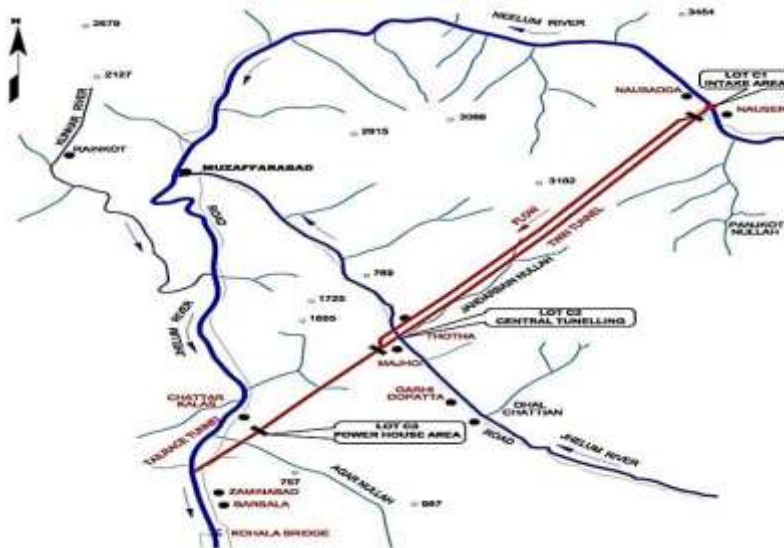
2. Impact Audit of Neelum Jhelum Hydropower Project, Muzaffarabad

2.1 Introduction

Impact audit is evidence based unique auditing approach employed to evaluate attributed outcomes of an initiative. Accordingly, impact audit of NJHPP was selected to determine impact of the project on power system of the country with respect to its share in total installed capacity, share in total electricity generation, change in electricity generation mix of the country and its impact on environment.

2.1.1 Background of the Project

NJHPP is located in District Muzaffarabad, the State of Azad Jammu and Kashmir (AJK). NJHPP is a run of river power project having an installed generation capacity of 969 MW. The project envisaged diversion of Neelum River's water through tunnels at Nauseri about 41 KM upstream of Muzaffarabad and out-falling in Jhelum River at Chatter Kalas in Muzaffarabad.



2.1.2 Role of the Project

The installed electricity generation capacity of the country was becoming insufficient to support the overall national growth of the country with the

increase in demand of electricity. More reliance on short term measures i.e. thermal power projects resulted in expensive electricity as compared to cheaper and cleaner hydel energy. Expensive thermal power generation also adversely contributed in the environmental issues due to release of excessive Carbon Dioxide (CO₂) in the atmosphere. Therefore, an initiative was taken by the GoP to install a hydropower project with an annual average generation of 5,150 Gigawatt hours (GWh) of cheaper and cleaner environmental friendly energy. Another major reason of this initiative was to establish Pakistan's rights on the Neelum River under the IWT-1960. More importantly, being an environment friendly project, it was aimed to reap additional revenue amounting to US\$ 12.533 million annually through sale of carbon credits under Clean Development Mechanism (CDM).

2.2 Overview

The original PC-I of the project was approved by ECNEC on December 31, 1989 at a total cost of Rs.15,253 million. Later on, subsequent to three intermediary revisions of PC-I, fourth revised PC-I of NJHPP was approved by ECNEC on May 22, 2018 at a total cost of Rs.506,808 million.

The project was executed by WAPDA under the supervisory control of MoWR. In order to run the affairs of the project, a separate Company i.e. NJHPC headed by an independent CEO/Managing Director was established on November 18, 2004. The construction activities of the project started in January, 2008 with planned completion period of eight years. However, the project could only be substantially completed in 2018 and started its commercial operation w.e.f July 04, 2018 in July, 2018.

2.3 Scope and Methodology

a. Scope

The NJHPP was commissioned in 2018, therefore, data was analyzed for a period of five years i.e. from FY 2017-18 to FY 2021-22 for ascertaining the level of performance achieved with respect to 'condition with' and 'condition without' the initiative.

The main objectives of the NJHPP were to:

- Achieve power generation capacity of 969 MW.

- Generate annual average energy of 5,150 GWh units.
- Establish water rights on Neelum River for Pakistan.
- Reap benefits of CDM.

b. Methodology

Information was collected and analyzed to determine the impact of the NJHPP through comparison of targets and achievements, percentage calculations, trend analysis and scrutiny of monitoring reports.

- Annual installed capacity data was obtained to compare it with the installed capacity of WAPDA and the country, before and after commissioning of the project to calculate its impact in terms of percentage share of the project in enhancing the installed capacity of WAPDA and country respectively.
- Impact audit focused on calculating the impact of the project on overall energy generation of WAPDA and country before and after commissioning of the project up to the FY 2021-22.
- The impact of energy generation of the project on revenues of WAPDA was also analyzed.
- Data relating to generation mix of installed capacity with regards to hydel and thermal power was also obtained to ascertain impact of the project on generation mix of the country.
- Impact of project on the environment was analyzed by calculating the reduction in release of CO₂ as compared to generation of same amount of energy through thermal power. Further, impact of the project on environment of local area was also analyzed.
- Impact on water rights with regards to Kishenganga case on the annual generation of the project was also determined.

2.4 Findings

2.4.1 Impact of NJHPP on installed capacity of WAPDA

During impact audit of NJHPP, it was observed that installed capacity of WAPDA increased by 969 MW after commissioning of powerhouse of NJHPP on July 04, 2018 as tabulated below:

| Description | As on June 30, 2018 (without NJHPP) | As on July 04, 2018 (with NJHPP) | Increase in installed capacity of WAPDA after commissioning of NJHPP | |
|---|--|--|--|--------|
| | (MW) | (MW) | (MW) | %age |
| Installed Capacity of Hydel Power Plants of WAPDA | 7,372 | 8,341 | 969 | 13.14% |

Impact: The impact of NJHPP on installed capacity of WAPDA was 13.14%.

2.4.2 Impact of NJHPP on installed capacity of the country

During impact audit of NJHPP, it was observed that powerhouse having installed capacity of 969 MW was commissioned on July 04, 2018. The installed capacity of country before its commissioning i.e. up to June, 2018 was 35,007 MW. After commissioning of powerhouse of NJHPP, total installed capacity of the county during 2018-19 increased up to 38,440 MW which included installed capacity of NJHPP i.e. 969 MW. The impact of the NJHPP on National installed capacity was 2.52 % during the FY 2018-19.

| Financial Year | Total installed capacity of the country | Share of NJHPP in total installed capacity of the country | |
|-------------------------------------|---|--|--------------|
| | | MW | % age |
| July to June | MW | MW | % age |
| 2017-18 | 35,007 | - | - |
| 2018-19 | 38,440 | 969 | 2.52% |
| 2019-20 | 38,703 | 969 | 2.50% |
| 2020-21 | 37,466 | 969 | 2.59% |
| 2021-22 | 40,783 | 969 | 2.38% |
| Average (2018-19 to 2021-22) | | 969 | 2.50% |

Impact: Average impact of NJHPP on the total installed capacity of the country was 2.50%.

2.4.3 Impact of NJHPP on energy generation of WAPDA

During impact audit of NJHPP, it was observed that 27,431 GWh energy units were generated by WAPDA during the FY 2017-18. After commissioning of powerhouse of NJHPP, the project generated 3,960 GWh units during FY 2018-19, resultantly, total energy generation of WAPDA increased to 31,146 GWh units wherein share of NJHPP was 12.71%. The data showing the impact of NJHPP on total energy generation of WAPDA for five financial years is

tabulated below:

| Financial Year | Total energy generation of WAPDA including NJHPP | Share of NJHPP in total energy generation of WAPDA | |
|------------------------------|--|--|---------------|
| | | GWh | %age |
| 2017-18 | 27,431 | 269 | 1.00% |
| 2018-19 | 31,146 | 3,960 | 12.71% |
| 2019-20 | 37,431 | 4,842 | 12.94% |
| 2020-21 | 37,144 | 4,789 | 12.89% |
| 2021-22 | 33,449 | 4,307 | 12.88% |
| Average (2018-19 to 2021-22) | | | 12.85% |

Impact: An overall impact of the project on total energy generation of WAPDA was 12.85%.

2.4.4 Impact of NJHPP on total energy generation of the country

During impact audit of NJHPP, it was observed that total energy generation of the country during the FY 2017-18 was 133,833 GWh units. After commissioning of powerhouse of NJHPP, total energy generation of the country increased to 136,059 GWh units during FY 2018-19 including generation of 3,960 GWh units by NJHPP. The relevant data is tabulated below:

| Financial Year | Total energy generation of the country | Share of NJHPP in total energy generation of the country | |
|------------------------------|--|--|--------------|
| | | GWh | %age |
| 2017-18 | 133,833 | *269 | 0.20% |
| 2018-19 | 136,059 | 3,960 | 2.91% |
| 2019-20 | 134,753 | 4,842 | 3.59% |
| 2020-21 | 144,099 | 4,789 | 3.32% |
| 2021-22 | 153,822 | 4,307 | 2.80% |
| Average (2018-19 to 2021-22) | | | 3.16% |

* Test run generation

Impact: The overall impact of the project on total energy generation of the country was 3.16% with an average annual energy generation of 4,500 GWh units.

2.4.5 Increase in revenue of WAPDA

During impact audit of NJHPP, it was observed that annual revenue of WAPDA for the FY 2017-18 was Rs.59,317 million. After commissioning of the project, revenue of WAPDA was increased to Rs.93,941 million in the FY 2018-19 including revenue of Rs.27,797 million earned from NJHPP. The data showing impact of NJHPP on total revenue of WAPDA for five financial years is tabulated below:

(Rs. in million)

| Entity | 2017-18 | | 2018-19 | | 2019-20 | | 2020-21 | | 2021-22 | |
|-----------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
| | Share in Total | | Share in Total | | Share in Total | | Share in Total | | Share in Total | |
| | Amount | %age | Amount | %age | Amount | %age | Amount | %age | Amount | %age |
| WAPDA Excluding NJHPP | 59,317 | 100 | 66,144 | 70 | 62,764 | 58 | 66,770 | 60 | 98,711 | 69 |
| NJHPP | - | 0 | 27,797 | 30 | 45,262 | 42 | 44,826 | 40 | 43,619 | 31 |
| TOTAL | 59,317 | 100 | 93,941 | 100 | 108,026 | 100 | 111,595 | 100 | 142,330 | 100 |

Impact: An overall impact of NJHPP on the revenue of WAPDA during 2018-19 to 2021-22 was 35.75%.

2.4.6 Impact of NJHPP on the energy generation mix

During impact audit of NJHPP, it was observed that before commissioning of the Project, Hydel to Thermal energy generation mix ratio of the country was 24.43:75.56 (Hydel:Thermal) during the FY 2017-18. Upon commissioning of the project in July, 2018, Hydel to Thermal generation mix ratio improved to 27.50:72.50 (Hydel:Thermal). During the FY 2018-19, energy generation mix ratio improved by 3.07% wherein impact due to commissioning of NJHPP was 1.45%.

Rival Factors:

During the FY 2018-19, two units of T4HPP with installed generation capacity of 940 MW with a share of 1.40% and GGHPs with installed generation Capacity of 108 MW with a share of 0.16% were also commissioned. Similarly, other Hydel Independent Power Producers (IPPs) of 40 MW were commissioned during the same year having a share of 0.06%.

| Name of powerhouse | Increase in installed capacity of the country during 2018-19 | Proportionate increase in energy mix of the country |
|--------------------|--|---|
|--------------------|--|---|

| | MW | %age | %age |
|-----------------------|--------------|----------------|--------------|
| NJHPP | 969 | 47.15% | 1.45% |
| T4HPP | 940 | 45.74% | 1.40% |
| GGHPS | 106 | 5.16% | 0.16% |
| Hydel IPPs | 40 | 1.95% | 0.06% |
| Total Increase | 2,055 | 100.00% | 3.07% |

2.4.7 Generation of clean energy by the project avoiding release of 9.61 million tons of Carbon Dioxide in the atmosphere

During impact audit of NJHPP, it was observed from 4th revised PC-I of the project that after completion, the project was supposed to avoid annual release of 2.5 million tons of CO₂ in the atmosphere on energy generation of 5,150 GWh units. Since commissioning, the project could not achieve its intended annual energy generation of 5,150 GWh units. However, it contributed to a sizable positive impact on the environment by avoiding release of 9.61 million tons of CO₂ in the environment due to generation of clean energy during 2018-22.

| Calendar Year | Actual Generation | Targeted Generation as per PC-I | Avoided Emission of CO₂ | Loss of Revenue @ US\$ 5/Ton |
|----------------------|--------------------------|--|---|-------------------------------------|
| Jan.-Dec. | GWh | GWh | million Tons | US\$ in million |
| 2018 | 1,531 | 2,405 | 1.60 | 8.00 |
| 2019 | 4,526 | 5,150 | 2.20 | 11.00 |
| 2020 | 4,941 | 5,150 | 2.40 | 12.00 |
| 2021 | 4,521 | 5,150 | 2.20 | 11.00 |
| 2022 | 2,476 | 5,150 | 1.21 | 6.05 |
| TOTAL | 17,995 | 23,005 | 9.61 | 48.05 |

Carbon credits @ US\$ 5 per ton of CO₂ emissions were to be claimed by the management from United Nations Framework Convention on Climate Change. As per PC-I, the project would earn CDM revenues of US\$ 12.53 million per annum but no efforts were made by the management to avail CDM benefits and the project could not earn the envisaged revenue of US\$ 48.05 million against generation of this clean energy under CDM income during 2018-22.

As an impact of non-claiming of the carbon credits, Pakistan's rating on Environment Performance Index (EPI) could not improve internationally and

Pakistan stood at 176/180 position in EPI, 2022.

2.4.8 Reduction in annual generation and serious environmental issues due to improper environmental studies at planning stage

During impact audit of NJHPP, it was observed that due to diversion of water of Neelum River through NJHPP, the river flow fell below the intake area up to Muzaffarabad city. This situation created adverse effects on environment in terms of deterioration of river water quality because of less flow and reduction in water supply for Muzaffarabad city. The situation unleashed serious environmental and social issues downstream. It's worth mentioning here that Environmental Impact Assessment report prepared by WAPDA and later on conditionally approved by the Environmental Protection Agency of AJK on January 22, 2011 was deficient as it had not taken into account the social & environmental impact regarding aquatic ecology and dilution of routine urban contaminations, etc. Due to such deficiencies, the minimum environmental flow (water flow) of 9 cumec was found to be deficient when executed on trial basis by NJHPP. Thus, environmental studies at planning stage caused serious environmental issues in Muzaffarabad.

Later on, to address the environmental challenges, minimum flow was increased from 9 cumecs to 20 cumecs which resulted in reduction of water supply to NJHPP causing annual reduction in generation of 335 million kWh units (approximately). This situation had arisen due to lack of due diligence at the time of project planning stage leading to serious environmental issues for Muzaffarabad.

2.4.9 Impact on generation of NJHPP on account of water rights of Neelum River

During impact audit of NJHPP, it came to notice that Pakistan's Cabinet Committee on Wuller Barrage and Storage Project took a decision on February 08, 1988 in the light of provisions of IWT-1960 that Pakistan should seriously consider construction of all feasible projects on tributaries of River Jhelum for agricultural use and/or hydro electrical use in order to take lead in the region. Accordingly, PC-I of NJHPP was approved in 1989, however, owing to several reasons, work on the project could not start till 2002. Due to this inordinate delay in execution of the project, Pakistan's water rights on Neelum River were reduced to E-flow of 09 cumecs (Kishenganga case). Detail of its impact on

generation is tabulated below:

| Particulars | Energy in GWh |
|--|--------------------------|
| Annual generation as per PC-I of NJHPP | 5,150 |
| Annual generation after Kishenganga case | 4,663 |
| Impact of Kishenganga case | 487 |

Impact: The financial impact of water rights after Kishenganga case was Rs.4,440.660 million @ Rs.9.1184 per KWh

2.5 Conclusion

The project achieved installed capacity of 969 MW on its commissioning which led to an increase of 13.14% in installed capacity of WAPDA i.e. from 7,372 MW to 8,341 MW, whereas, average impact of this initiative on installed capacity of the country was 2.50%. Further, overall impact of NJHPP on generation of WAPDA was 12.85%. However, the project could not achieve total annual estimated generation of 5,150 GWh units due to deficient environmental studies carried out at planning stage and revised water rights after Kishenganga case. The impact of project on energy generation of Pakistan was an increase of 3.16% with an annual average generation of 4,500 GWh units, whereas, revenue of WAPDA increased by 35%. At the same time, the impact of project in improving the generation mix was 1.45%. The project avoided release of 9.61 million tons of CO₂ in the environment on generation of clean energy since its commissioning in 2018. Unfortunately, the project could not earn the envisaged revenue of US\$ 48.05 million against generation of this clean energy under CDM and due to non-claiming of the carbon credits, EPI rating of Pakistan could not improve till 2022.

ANNEXURE

Annexure-I**MFDAC Paras****(Rs. in million)**

| Sr. No. | Entity | DP No. (2023-24) | Subject | Amount |
|----------------|---------------|-------------------------|---|---------------|
| 1 | WAPDA | 2 | Non-recovery of rental charges from the consultants - Rs.1.272 million | 1.272 |
| 2 | WAPDA | 4 | Non-recovery of amount of penalties imposed upon the employees - Rs.3.388 million | 3.388 |
| 3 | WAPDA | 5 | Unauthorized retention of amount of compensation & re-settlement cost - Rs.36.745 million | 36.745 |
| 4 | WAPDA | 6 | Non-deposit of retention money in a separate bank account - Rs.3.711 million | 3.711 |
| 5 | WAPDA | 7 | Loss of interest income due to irregular deposit of funds in non-interest bearing bank accounts - Rs.1.349 million | 1.349 |
| 6 | WAPDA | 8 | Non-recovery of outstanding amount pertaining to different deposit works - Rs.69.527 million | 69.527 |
| 7 | WAPDA | 11 | Non-recovery of office rent, electricity charges and other receivables from different formations - Rs.173.814 million | 173.814 |
| 8 | WAPDA | 12 | Loss of revenue due to excessive auxiliary consumption - Rs.2.976 million | 2.976 |
| 9 | WAPDA | 13 | Non-imposition/recovery of compensation on account of delay in submission of inception report - Rs.0.595 million | 0.595 |
| 10 | WAPDA | 17 | Generation loss due to forced outages - Rs.4.152 million | 4.152 |
| 11 | WAPDA | 18 | Unjustified award of contract to bidder having expired PEC registration certificate - Rs.26.947 million | 26.947 |
| 12 | WAPDA | 19 | Unjustified award of contracts beyond the Engineer's estimates due to inappropriate/unrealistic estimates - Rs.26.219 million | 26.219 |
| 13 | WAPDA | 21 | Non-recovery of security deposits from the officers - Rs.1.545 million | 1.545 |
| 14 | WAPDA | 22 | Less recovery on account of deposit works from different formations - Rs.69.891 million | 69.891 |
| 15 | WAPDA | 23 | Loss due to irregular deduction of withholding tax by the bank - Rs.0.600 million | 0.600 |

| | | | | |
|----|-------|----|---|---------|
| 16 | WAPDA | 24 | Non-obtaining insurance coverage of WAPDA's assets - Rs.770.590 million | 770.590 |
| 17 | WAPDA | 25 | Non-imposition of liquidated damages upon the contractor- Rs.2.790 million | 2.790 |
| 18 | WAPDA | 26 | Financial loss due to unjustified supply of electricity from power house to WAPDA colonies - Rs.4.388 million | 4.388 |
| 19 | WAPDA | 28 | Non-recovery of security deposits from the tenants - Rs.5.086 million | 5.086 |
| 20 | WAPDA | 31 | Non-cancelation of contract/non-forfeiture of performance bond of defaulted supplier - Rs.0.777 million | 0.777 |
| 21 | WAPDA | 33 | Irregular expenditure incurred without approved budget - Rs.312.657 million | 312.657 |
| 22 | WAPDA | 34 | Loss due to award of contract to 2 nd lowest bidder - Rs.14.961 million | 14.961 |
| 23 | WAPDA | 36 | Unjustified expenditure on grant of Disparity Reduction Allowance without clearance from Finance Division - Rs.11.684 million | 11.684 |
| 24 | WAPDA | 38 | Unjustified expenditure on grant of Disparity Reduction Allowance without clearance from Finance Division - Rs.2.108 million | 2.108 |
| 25 | WAPDA | 39 | Irregular award of work through quotations to avoid PPRA Rules - Rs.2.838 million | 2.838 |
| 26 | WAPDA | 40 | Less recovery of space rent allotted to the banks - Rs.0.439 million | 0.439 |
| 27 | WAPDA | 41 | Non-recovery of receivables from different formations of WAPDA and its corporate entities - Rs.36.680 million | 36.680 |
| 28 | WAPDA | 42 | Irregular retention of accommodations by the retired officers - Rs.10.864 million | 10.864 |
| 29 | WAPDA | 43 | Illegal retention of flats by the retired officials - Rs.11.203 million | 11.203 |
| 30 | WAPDA | 45 | Unjustified purchase of vehicles in violation of austerity measures - Rs.10.704 million | 10.704 |
| 31 | WAPDA | 46 | Irregular withdrawal of cash from bank account for payment to the employees - Rs.1.256 million | 1.256 |
| 32 | WAPDA | 47 | Unjustified expenditure on grant of Disparity Reduction Allowance without obtaining clearance from Finance Division - Rs.19.600 million | 19.600 |

| | | | | |
|----|-------|----|---|------------|
| 33 | WAPDA | 48 | Unjustified purchase of vehicle in violation of austerity measures - Rs.1.994 million | 1.994 |
| 34 | WAPDA | 49 | Non-disposal of unserviceable material- Rs.0.305 million | 0.305 |
| 35 | WAPDA | 50 | Unjustified investments of surplus funds in bank having negative credit rating - Rs.1,800 million | 1,800.000 |
| 36 | WAPDA | 52 | Non-recovery of amount of Accidental Death Benefit Rider (ADBR) contribution from PLI - Rs.2 million | 2.000 |
| 37 | WAPDA | 53 | Loss on account of less recovery of profit on investment from different banks - Rs.0.699 million | 0.699 |
| 38 | WAPDA | 56 | Unjustified execution of works without obtaining insurance coverage from the contractor - Rs.3.675 million | 3.675 |
| 39 | WAPDA | 58 | Non-depositing of withheld amount of PST with Punjab Revenue Authority- Rs.71.748 million | 71.748 |
| 40 | WAPDA | 59 | Non-recovery of receivables from Provincial Governments - Rs.4,987.528 million | 4,987.528 |
| 41 | WAPDA | 60 | Recoverable amount of 'revenue gap' due to non-determination of tariff by NEPRA - Rs.22,501 million | 22,501.000 |
| 42 | WAPDA | 61 | Unjustified release of funds for the payment of salaries of Badargas Force at Gomal Zam Dam - Rs.82.090 million | 82.090 |
| 43 | WAPDA | 62 | Non-recovery of refundable income tax from FBR - Rs.4.915 million | 4.915 |
| 44 | WAPDA | 66 | Non-recovery of interest on bridge financing from different WAPDA's projects - Rs.3,207.660 million | 3,207.660 |
| 45 | WAPDA | 67 | Loss on account of payment of commitment/ project evaluation fee due to deviation from Funding Schedules - Rs.109 million | 109.000 |
| 46 | WAPDA | 69 | Unjustified payments made for revenue budget schemes in violation of Asaan Assignment Account Procedure - Rs.58.410 million | 58.410 |
| 47 | WAPDA | 70 | Unjustified expenditure on account of pay & allowances of surplus staff - Rs.6.683 million | 6.683 |
| 48 | WAPDA | 71 | Inadmissible payment on account of granting higher pay package - Rs.0.855 million | 0.855 |

| | | | | |
|----|-------|----|--|-----------|
| 49 | WAPDA | 74 | Loss on account of interest due to delay in investment - Rs.121.970 million | 121.970 |
| 50 | WAPDA | 75 | Non-recovery of electricity charges from the defaulters using electricity from project's bulk supply electricity connection - Rs.5.759 million | 5.759 |
| 51 | WAPDA | 76 | Loss due to theft and fire incidents - Rs.2.668 million | 2.668 |
| 52 | WAPDA | 77 | Non-recovery of electricity charges against illegal connection - Rs.0.593 million | 0.593 |
| 53 | WAPDA | 79 | Unjustified withdrawal of funds from bank in the shape of CDR - Rs.12.663 million and loss of interest income - Rs.0.040 million | 0.040 |
| 54 | WAPDA | 80 | Non-obtaining of professional liability insurance policy from the consultants - Rs.198.413 million | 198.413 |
| 55 | WAPDA | 81 | Non-obtaining of professional liability insurance policy from the consultants - Rs.120.514 million | 120.514 |
| 56 | WAPDA | 83 | Non-conducting of physical verification of stock by the stock verifier - Rs.76.110 million | 76.110 |
| 57 | WAPDA | 84 | Loss due to misappropriation in workshop & stores and non-implementation of recommendations of inquiry committee - Rs.4.201 million | 4.201 |
| 58 | WAPDA | 85 | Unjustified consumption and payment of electricity charges - Rs.88.590 Million | 88.590 |
| 59 | WAPDA | 87 | Extra expenditure incurred due to procurement of vehicles through contractor - Rs.43.099 million | 43.099 |
| 60 | WAPDA | 88 | Unjustified payment on account of rental vehicles and POL in excess of approved cost to the consultants - Rs.30.851 million | 30.851 |
| 61 | WAPDA | 89 | Irregular payment to the contractor without obtaining sales tax invoices - Rs.440.673 million | 440.673 |
| 62 | WAPDA | 90 | Unjustified payment of remuneration against non-key experts in excess of approved cost - Rs.20.862 million | 20.862 |
| 63 | WAPDA | 92 | Unjustified award of contract due to bid prices substantially exceeded the Engineer's estimate - Rs.2,362.962 million | 2,362.962 |
| 64 | WAPDA | 93 | Irregular charging of salary of Advisor to Authority to the project - Rs.2.694 million | 2.694 |

| | | | | |
|----|-------|-----|---|---------|
| 65 | WAPDA | 94 | Non-renewal/obtaining of comprehensive insurance policies of vehicles - Rs.308.949 million | 308.949 |
| 66 | WAPDA | 95 | Irregular execution of works without obtaining performance bank guarantees from the contractors - Rs.5.065 million | 5.065 |
| 67 | WAPDA | 97 | Recoverable amount from supplier on account waiver of Factory Acceptance Test - Rs.5.836 million | 5.836 |
| 68 | WAPDA | 98 | Non-imposition of liquidated damages upon the contractor due to delay in supply of material - Rs.61.311million | 61.311 |
| 69 | WAPDA | 99 | Non-forfeiture of earnest money of the bidder due to failure in deposit of bid amount - Rs.24 million | 24.000 |
| 70 | WAPDA | 101 | Loss of revenue due to excessive auxiliary consumption - Rs.4.232 million | 4.232 |
| 71 | WAPDA | 104 | Unjustified payment on account of reimbursement for purchase of furniture and misc. equipment to the consultants - Rs.2.877 million | 2.877 |
| 72 | WAPDA | 107 | Unjustified payment of reward to the staff of contractor, consultants, security and project - Rs.3.850 million | 3.850 |
| 73 | WAPDA | 110 | Non-recovery of proportionate electricity charges from the contractor - Rs.2.010 million | 2.010 |
| 74 | WAPDA | 112 | Non-forfeiture of performance guarantee of defaulted supplier - Rs.1.454 million | 1.454 |
| 75 | WAPDA | 116 | Non-enhancement in the value of performance security due to increase in contract price through variation orders - Rs.8.046 million | 8.046 |
| 76 | WAPDA | 117 | Non-deduction of amount on account of debris excavated by the contractor - Rs.2.791 million | 2.791 |
| 77 | WAPDA | 118 | Unjustified payment on account of lease of land at C2 site for storage of scrape/surplus material - Rs.2.137 million | 2.137 |
| 78 | WAPDA | 119 | Non-handing over of arms and ammunitions by the AJK Police Department - Rs.23.678 million | 23.678 |
| 79 | WAPDA | 120 | Loss of revenue due to unmetered power station consumption – Rs 7.664 million | 7.664 |

| | | | | |
|----|-------|-----|---|---------|
| 80 | WAPDA | 122 | Non-recovery of liquidated damages from contractor due to delay in supply of material - Rs.10.369 million | 10.369 |
| 81 | WAPDA | 126 | Excess export of energy against actual generation & import of energy - Rs.14.386 million. | 14.386 |
| 82 | WAPDA | 128 | Loss due to levy of commitment charges on unused loans - Rs.5.725 million | 5.725 |
| 83 | PCRWR | 130 | Non-framing of Service Rules for employees | - |
| 84 | WAPDA | 131 | Unjustified excess payment on account of reinforcement due to non-determination of overlaps quantity - Rs.82.319 million | 82.319 |
| 85 | WAPDA | 141 | Non-recovery of legal fee from the contractor - Rs.8 million | 8.000 |
| 86 | WAPDA | 142 | Irregular payment for execution of work through direct contracting in violation of PPRA rules - Rs.8 million | 8.000 |
| 87 | WAPDA | 144 | Non-recovery of excess paid amount from the Land Acquisition Collector - Rs.1.347 million | 1.347 |
| 88 | WAPDA | 145 | Irregular procurement of furniture through splitting in violation of PPRA Rules - Rs.1.453 million | 1.453 |
| 89 | PCRWR | 146 | Non-depositing of deducted amount of General Provident Fund in the separate bank account - Rs.14.940 million | 14.940 |
| 90 | PCRWR | 147 | Non-handing over of barren land purchased during 2007 - Rs.2.500 million | 2.500 |
| 91 | PCRWR | 149 | Excess payment of pay & allowances/rental ceiling to the official due to irregular appointment on deputation basis - Rs.0.280 million | 0.280 |
| 92 | WAPDA | 150 | Unjustified payment for construction of Junior Officers & Staff Hostel through variation order - Rs.149.281 million | 149.281 |
| 93 | WAPDA | 151 | Unjustified payment of escalation on current rates after scheduled completion date - Rs.463 million | 463.000 |
| 94 | WAPDA | 152 | Excess payment of social charges to the foreign consultants - Rs.7.121 million | 7.121 |

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|-----|-------|-----|--|--------|
| 95 | WAPDA | 154 | Extra cost incurred due to revision of drawings by the consultants after execution of work - Rs.1.189 million | 1.189 |
| 96 | WAPDA | 155 | Loss due to theft of material - Rs.0.600 million | 0.600 |
| 97 | WAPDA | 157 | Non-recovery of maintenance charges from the employees residing in WAPDA colony - Rs.1.709 million | 1.709 |
| 98 | WAPDA | 158 | Loss of revenue due to unmetered power station consumption - Rs. 9.207 million | 9.207 |
| 99 | WAPDA | 159 | Non-recovery of liquidated damages from the contractor/suppliers - Rs.4.158 million | 4.158 |
| 100 | WAPDA | 160 | Loss on account of variation in currency rate due to non-opening of letter of credit for foreign procurement - Rs.69.260 million | 69.260 |
| 101 | WAPDA | 162 | Irregular purchase of equipment and furniture from unregistered suppliers - Rs.1.367 million | 1.367 |
| 102 | WAPDA | 164 | Non-recovery of liquidated damages from the contractor - Rs.0.457 million | 0.457 |
| 103 | WAPDA | 165 | Non-recovery of liquidated damages from the supplier - Rs.0.750 million | 0.750 |
| 104 | WAPDA | 167 | Irregular payment on account of monitoring charges to the contractor - Rs.2.227 million | 2.227 |
| 105 | WAPDA | 169 | Less deduction of income tax from the contractor - Rs.41.846 million | 41.846 |
| 106 | WAPDA | 171 | Non-recovery of mobilization advance from contractor in violation of contract - Rs.82.982 million | 82.982 |
| 107 | WAPDA | 172 | Non-imposition of liquidated damages upon the contractors due to delay in completion of works - Rs.2.319 million | 2.319 |
| 108 | WAPDA | 174 | Non-imposition of liquidated damages upon the contractor due to delay in completion of work - Rs.82.390 million | 82.390 |
| 109 | WAPDA | 176 | Undue favour to the contractor by payment of additional mobilization advance on variation order - Rs.82.981 million | 82.981 |
| 110 | WAPDA | 177 | Non-renewal of mobilization advance payment bank guarantee by the contractor - Rs.82.982 million | 82.982 |

| | | | | |
|-----|-------|-----|---|------------|
| 111 | WAPDA | 178 | Irregular replacement of Chief Resident Engineer in violation of contract provisions | - |
| 112 | WAPDA | 179 | Non-recovery due to non-termination of contract on default of the contractor - Rs.9.409 million | 9.409 |
| 113 | WAPDA | 181 | Non-conducting of inquiry for time and cost overrun - Rs.18,135.580 million | 18,135.580 |
| 114 | WAPDA | 182 | Unjustified expenditure due to non-determination of need for provision of fish ladder - Rs.190.248 million | 190.248 |
| 115 | WAPDA | 183 | Unjustified payment to the contractor due to execution of work against specifications - Rs.5.230 million | 5.230 |
| 116 | WAPDA | 186 | Loss of revenue due to unmetered power station consumption – Rs 20.984 million | 20.984 |
| 117 | WAPDA | 188 | Non-conducting of physical verification of stock by the stock verifier - Rs.73.531 million | 73.531 |
| 118 | WAPDA | 189 | Non-adjustment of advance given for deposit work - Rs.9.720 million | 9.720 |
| 119 | WAPDA | 191 | Loss of interest income due to non-opening of interest-bearing bank accounts - Rs.4.967 million | 4.967 |
| 120 | WAPDA | 192 | Non-recovery of liquidated damages from the contractors due to delay in completion of works - Rs 0.564 million | 0.564 |
| 121 | WAPDA | 193 | Non-renewal of insurance policy by the consultants - Rs.157.881 million | 157.881 |
| 122 | WAPDA | 194 | Non-depositing of retention money in separate bank account - Rs.2.514 million | 2.514 |
| 123 | WAPDA | 195 | Non-transfer of amount of profit to the head office - Rs.63.470 million | 63.470 |
| 124 | WAPDA | 197 | Non-recovery/adjustment of advances given to different suppliers - Rs.5.366 million | 5.366 |
| 125 | WAPDA | 202 | Unjustified payment to the contractor without including experienced partner in construction of spillways - Rs.887.753 million | 887.753 |
| 126 | WAPDA | 207 | Unjustified payment to the contractor without obtaining sales tax invoices - Rs.4.879 million | 4.879 |
| 127 | WAPDA | 211 | Unknown whereabouts of vehicle - Rs.4.519 million | 4.519 |

| | | | | |
|-----|-------|-----|---|--------|
| 128 | WAPDA | 212 | Non-completion of remaining work at the risk & cost of the defaulted contractor - Rs.7.322 million | 7.322 |
| 129 | WAPDA | 214 | Non-recovery of electricity charges paid on behalf of residents of colony / shopkeepers - Rs.1.172 million | 1.172 |
| 130 | WAPDA | 216 | Non/less deduction of provincial sales tax from the contractors - Rs.1.720 million | 1.720 |
| 131 | WAPDA | 217 | Irregular payment of the Generation Allowance to the civil staff - Rs.0.613 million | 0.613 |
| 132 | WAPDA | 218 | Unjustified payment to the contractors without obtaining sales tax invoices - Rs.12.266 million | 12.266 |
| 133 | WAPDA | 219 | Irregular withdrawal of funds from assignment account for depositing in commercial bank account - Rs.17.953 million | 17.953 |
| 134 | WAPDA | 220 | Unjustified payment to the contractor on account of dewatering arrangements - Rs.62.560 million | 62.560 |
| 135 | WAPDA | 221 | Loss of revenue due to unmetered power station consumption – Rs 76.260 million | 76.260 |
| 136 | WAPDA | 222 | Non-recovery of liquidated damages from the suppliers due to delay in supply of material - Rs.2.821 million | 2.821 |
| 137 | WAPDA | 223 | Inadmissible payment on account of bonus to employees - Rs.9.552 million | 9.552 |
| 138 | WAPDA | 224 | Non-recovery of amount of surety bond and long-term advance from the ex-employees - Rs.0.759 million | 0.759 |
| 139 | WAPDA | 225 | Loss due to theft of earthing cable - Rs.0.485 million | 0.485 |
| 140 | WAPDA | 229 | Unjustified expenditure on account of pay & allowances due to irregular appointment of officer on lumpsum basis in violation of austerity measures - Rs.0.510 million | 0.510 |
| 141 | WAPDA | 231 | Non-taking action against the bidders on account of provision of fake bid securities - Rs.9.100 million | 9.100 |
| 142 | WAPDA | 233 | Non-imposition of liquidated damages upon the contractor due to inclusion of defective clause in the contract - Rs.45.050 million | 45.050 |
| 143 | WAPDA | 235 | Excess payment to the contractor due to incorrect certification of work - Rs.8.444 million | 8.444 |

| | | | | |
|-----|-------|-----|---|-----------|
| 144 | WAPDA | 236 | Unjustified payment for security measures at contractor's camp - Rs.31.078 million | 31.078 |
| 145 | WAPDA | 239 | Non-giving of Notice of Dissatisfaction by the management over less determination of Employer's claim by the consultants - Rs.4,503.575 million | 4,503.575 |
| 146 | WAPDA | 240 | Non-deduction of rebate on account of provision of old model vehicle - Rs.2.062 million | 2.062 |
| 147 | WAPDA | 241 | Non-deduction of provincial sales tax from payment made to the contractor - 1.576 million | 1.576 |
| 148 | WAPDA | 242 | Unjustified expenditure due to irregular appointment and extension of Assistant Director (Occupational Health & Safety) - Rs.1.800 million | 1.800 |
| 149 | WAPDA | 243 | Generation loss due to forced outages - Rs.37.779 million | 37.779 |
| 150 | WAPDA | 245 | Unjustified expenditure on pay & allowances of officers/officials attached with other formations - Rs.25.405 million | 25.405 |
| 151 | WAPDA | 246 | Unjustified payment of Generation Allowance due to non-finalization of its fate by the Authority - Rs.6.122 million | 6.122 |
| 152 | WAPDA | 247 | Unauthorized occupation of WAPDA Land by Punjab Police - Rs.6 million | 6.000 |
| 153 | WAPDA | 251 | Non-recovery of liquidated damages from the contractor due to delay in completion of works - Rs.742.921 million | 742.921 |
| 154 | WAPDA | 256 | Loss due to non-evacuation of land encroached by illegal occupants - Rs.3.424 million | 3.424 |
| 155 | WAPDA | 257 | Loss due to theft of soil, tress and damage of other material - Rs.2.100 million | 2.100 |
| 156 | WAPDA | 258 | Non-recovery of amount of compensation from the consultants due to delay in submission of PC-I - Rs.2.458 million | 2.458 |
| 157 | WAPDA | 260 | Less deduction of withholding income tax from contractor's bills - Rs.5.356 million | 5.356 |
| 158 | WAPDA | 261 | Unjustified payment of Punjab Sales Tax on consultant's reimbursable expenses - Rs.2.923 million | 2.923 |
| 159 | WAPDA | 262 | Loss of revenue due to forced outages - Rs.144.325 million | 144.325 |

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| 160 | WAPDA | 264 | Unauthentic consumption and payment of electricity charges against connection of project office - Rs.87.880 million | 87.880 |
| 161 | WAPDA | 265 | Non-deduction of air-conditioner charges from residents of officer's hostels - Rs.1.056 million | 1.056 |
| 162 | WAPDA | 266 | Irregular payment of conveyance allowance to the officers - Rs.0.540 million | 0.540 |
| 163 | WAPDA | 270 | Non-renewal and less obtaining of insurance coverage from the contractor - Rs.424.514 million | 424.514 |
| 164 | WAPDA | 273 | Unjustified retention of official vehicle by Ex-Director General Sports - Rs.0.863 million | 0.863 |
| 165 | WAPDA | 274 | Non-renewal of expired bank guarantee – Rs. 0.537 million | 0.537 |
| 166 | WAPDA | 277 | Unknown whereabouts of vehicles - Rs.14.462 million | 14.462 |
| 167 | WAPDA | 278 | Non-recovery of rent of land from WAPDA Cadet College Tarbela due to non-execution of agreement - Rs.1,399.954 million | 1,399.954 |
| 168 | WAPDA | 281 | Non-finalization of lease/sale agreement of land with GEPCO since 2017 - Rs.12 million | 12.000 |
| 169 | WAPDA | 284 | Loss due to theft of material - Rs.1.380 million | 1.380 |
| 170 | WAPDA | 285 | Unjustified additional expenditure for mobilization & demobilization of the contractor for completion of remaining works - Rs.151.930 million | 151.930 |
| 171 | WAPDA | 289 | Non-preparation of inventory record by consultants and non-booking of inventory handed over to the project authorities by the management | - |
| 172 | WAPDA | 290 | Unjustified payment of second honoraria / reward to officers and officials - Rs.3.415 million | 3.415 |
| 173 | WAPDA | 291 | Non-recovery of liquidated damages from the contractor due to delay in supply of material - Rs.77.809 million | 77.809 |
| 174 | WAPDA | 298 | Non-imposition of liquidated damages upon the contractor for delay in completion of works - Rs.1,074.978 million | 1,074.978 |
| 175 | WAPDA | 299 | Loss on account of compensation on delayed payment to the contractor - Rs.16.321 million | 16.321 |

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| 176 | WAPDA | 300 | Unjustified payment on account of unapproved variation order for additional works of hydro mechanical equipment at diversion tunnel - Rs.389.921 million | 389.921 |
| 177 | WAPDA | 304 | Irregular payment on account of preservation and handling of core extracted from non-core part of drilled holes - Rs.3.178 million | 3.178 |
| 178 | WAPDA | 305 | Non-provision of audit certificate of amount paid to Gilgit-Baltistan Scouts - Rs.1,000 million | 1,000.000 |
| 179 | WAPDA | 310 | Non-imposition of liquidated damages upon the contractor due to delay in completion of works - Rs.607.790 million | 607.790 |
| 180 | WAPDA | 311 | Non-imposition of liquidated damages upon the contractor due to delay in completion of works - Rs.409.733 million | 409.733 |
| 181 | WAPDA | 312 | Exchange rate loss due to inordinate delay in opening of letter of credits - Rs.9.970 million | 9.970 |
| 182 | WAPDA | 313 | Revenue loss due to less generation in available operational hours allowed by the NEPRA - Rs.67.775 million | 67.775 |
| 183 | WAPDA | 314 | Unjustified expenditure on payment of salaries to an officer hired on temporary / lumpsum basis - Rs.0.600 million | 0.600 |
| 184 | WAPDA | 315 | Unjustified payment of escalation to the contractor - Rs.19.004 million | 19.004 |
| 185 | WAPDA | 317 | Loss on account of interest on delayed payments - Rs.48.174 million | 48.174 |
| 186 | WAPDA | 318 | Irregular expenditure incurred beyond the provisions of approved PC-I - Rs.4,748.754 million | 4,748.754 |
| 187 | WAPDA | 319 | Non-fixing of responsibility for design faults upon the contractor and employer - Rs.20.750 million | 20.750 |
| 188 | WAPDA | 320 | Irregular award of contract and variation order without approval from the competent authority - Rs.26.308 million | 26.308 |
| 189 | WAPDA | 321 | Non-retrieval of project's vehicles transferred to other formations | - |
| 190 | WAPDA | 323 | Extra cost due to non-handing over of transmission line to PESCO - Rs.14.039 million | 14.039 |
| 191 | WAPDA | 324 | Unjustified award of work through direct contracting in violation of PPRA Rules - Rs.14.039 million | 14.039 |

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| 192 | WAPDA | 325 | Generation loss due to restoration of transmission line on temporary basis instead of permanent basis - Rs.423.649 million | 423.649 |
| 193 | WAPDA | 326 | Unjustified award of re-habilitation work without any provision in the approved PC-I - Rs.332.813 million | 332.813 |
| 194 | WAPDA | 327 | Excess payment on account of escalation to the contractor - Rs.134.022 million | 134.022 |
| 195 | WAPDA | 329 | Unjustified expenditure on pay & allowances and facilities of Finance Consultant due to irregular appointment - Rs.40.744 million | 40.744 |
| 196 | WAPDA | 331 | Increase in cost due to non-fulfillment of contractual obligations by the Employer - Rs.72.664 million | 72.664 |
| 197 | WAPDA | 332 | Loss due to levy of commitment charges on unused/unwithdrawn loan - Rs.182.074 million | 182.074 |
| 198 | WAPDA | 334 | Undue favour to the contractor by non-imposition of liquidated damages - Rs.20.370 million | 20.370 |
| 199 | WAPDA | 335 | Recurring expenditure on account of rent of office building and hostels due to delay in completion of WAPDA colony/offices - Rs.34.873 million | 34.873 |
| 200 | WAPDA | 337 | Irregular payment of enhanced self-managed resettlement package to affected household - Rs.3.500 million | 3.500 |
| 201 | WAPDA | 339 | Non-recovery of surplus funds transferred to Land Acquisition Collector for land acquisition - Rs.6,734.208 million | 6,734.208 |
| 202 | WAPDA | 340 | Non-adjustment of funds transferred to Land Acquisition & Assessment Unit - Rs.724.643 million | 724.643 |
| 203 | WAPDA | 342 | Illegal retention of residential accommodations by the retired officers/officials | - |
| 204 | WAPDA | 343 | Less deduction of income tax from payments made to the employees - Rs.1.786 million | 1.786 |
| 205 | WAPDA | 348 | Revenue loss due to claiming capacity charges on installed capacity less than actual installed capacity of each generating unit - Rs.316.812 million | 316.812 |
| 206 | WAPDA | 349 | Loss due to levy of commitment charges on unused loan due to slow progress of the project - Rs.206.051 million | 206.051 |

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| 207 | WAPDA | 350 | Loss due to levy of commitment charges on unused loan due to slow progress of the project - Rs.157.144 million | 157.144 |
| 208 | WAPDA | 351 | Non-recovery of cost of cables damaged due to poor workmanship of the civil contractor - Rs.3.922 million | 3.922 |
| 209 | WAPDA | 353 | Non-imposition of liquidated damages upon the contractor for delay in completion of works - Rs.72.012 million | 72.012 |
| 210 | WAPDA | 354 | Unjustified payment made to GB Scouts on account of pension and General Provident Fund contributions - Rs.112.652 million | 112.652 |
| 211 | WAPDA | 355 | Non-recovery of O&M cost of powerhouse from the Government of Gilgit-Baltistan - Rs.80.816 million | 80.816 |
| 212 | WAPDA | 357 | Unjustified payment of advance taxation of vehicles to the contractor - Rs.7.137 million | 7.137 |
| 213 | WAPDA | 359 | Irregular payment of hard area and construction/development allowance to officers posted/working at Islamabad - Rs.1.244 million | 1.244 |
| 214 | WAPDA | 360 | Irregular reinstatement/extension in contract of Sub-Engineer(civil) after termination from service | - |
| 215 | WAPDA | 361 | Non-conducting of physical verification of stock by the stock verifier - Rs.2,639.460 million | 2,639.460 |
| 216 | WAPDA | 363 | Loss of revenue due to excessive auxiliary consumption - Rs.1.244 million | 1.244 |
| 217 | WAPDA | 364 | Undue favour to the supplier due to non-confiscation of performance guarantees - Rs.7.237 million | 7.237 |
| 218 | WAPDA | 365 | Unjustified payment to the consultants on account of Initial Environmental Examination Report - Rs.8.846 million | 8.846 |
| 219 | WAPDA | 366 | Unjustified payment to the contractor on account of reimbursable expenses - Rs.1.561 million | 1.561 |
| 220 | WAPDA | 367 | Irregular award of contract to a sitting contractor through direct contracting - Rs.11,922.908 million | 11,922.908 |
| 221 | WAPDA | 369 | Undue favour to the contractor by including the provision of income tax in the rate analysis of items - Rs.66.783 million | 66.783 |
| 222 | WAPDA | 370 | Irregular and avoidable expenditure incurred on inauguration ceremony - Rs.2.882 million | 2.882 |

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| 223 | WAPDA | 371 | Undue favour to the contractor by including the manpower's cost in the daywork rates of variation order - Rs.30.862 million | 30.862 |
| 224 | WAPDA | 372 | Unjustified payment / execution of works for installation of fence and construction of security watch tower at contractor's camp - Rs.26.782 million | 26.782 |
| 225 | WAPDA | 373 | Undue favour to the contractor by including the Services Sales Tax on supply items in contract price - Rs.47.504 million | 47.504 |
| 226 | WAPDA | 374 | Unjustified payment to the contractor for installation of CCTV cameras at contractor's camp - Rs.0.660 million | 0.660 |
| 227 | WAPDA | 375 | Unjustified payment to the contractor on account of surge arrester's base foundation - Rs.0.387 million | 0.387 |
| 228 | WAPDA | 376 | Unjustified payment to the contractor on account of services of Diver for inspection of draft tube gates - Rs.1.775 million | 1.775 |
| 229 | WAPDA | 377 | Non-recovery of liquidated damages from the contractor due to delay in completion of works - Rs.168.386 million | 168.386 |
| 230 | WAPDA | 378 | Unjustified payment on account of price adjustment to the contractors under package No.(VI & VIII) and IX - Rs.85.833 million | 85.833 |
| 231 | WAPDA | 382 | Unjustified excess payment to the consultants due to change in monthly rate without approval - Rs.40.323 million | 40.323 |
| 232 | WAPDA | 384 | Unjustified excess payment of escalation to the consultants due to change in monthly rate without approval - Rs.6.374 million | 6.374 |
| 233 | WAPDA | 385 | Provision of less insurance coverage of works by the contractor - Rs.5.099 million | 5.099 |
| 234 | WAPDA | 386 | Loss due to levy of commitment charges on unused/un-withdrawn loan due to poor project implementation and financial planning - Rs.70.322 million | 70.322 |
| 235 | MoWR | 387 | Irregular payment of transport monetization to the officer of NESPAK working on deputation - Rs.1.580 million | 1.580 |
| 236 | MoWR | 388 | Unjustified payment of Technical Pay, Living Allowance & Utility Allowance to the officer availing Executive Allowance - Rs.0.500 million | 0.500 |
| 237 | MoWR | 389 | Irregular payment of pay and allowances to the officer due to wrong fixation of pay - Rs.2.090 million | 2.090 |

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| 238 | MoWR | 390 | Unjustified payment on account of Executive Allowance to officers hired on deputation basis - Rs.2.290 million | 2.290 |
| 239 | MoWR | 391 | Unjustified grant of additional charges of PCIW and Project Coordinator, Project Planning & Development Unit to officer hired on deputation | - |
| 240 | MoWR | 392 | Unjustified expenditure on account of POL and repair & maintenance of vehicles - Rs.21.860 million | 21.860 |
| 241 | WAPDA | 394 | Excess payment to the contractor due to non-deduction of discount on varied work despite decision of dispute board - Rs.615.164 million | 615.164 |
| 242 | WAPDA | 395 | Unjustified payment to the contractor on account of additional work without determination of rates and approval of WAPDA Authority - Rs.647.058 million | 647.058 |
| 243 | WAPDA | 398 | Unjustified payment on account of price variation of vehicles without documentary evidences and details - Rs.11.373 million | 11.373 |
| 244 | WAPDA | 399 | Doubtful release of funds to the Land Acquisition Collector due to change of land category - Rs.1.679 million | 1.679 |
| 245 | WAPDA | 401 | Recoverable amount on account of cost of equipment from the supplier - Rs.31.879 million | 31.879 |
| 246 | WAPDA | 402 | Unjustified payment of reimbursable expenses to the consultant in excess of ceiling - Rs.1.120 million | 1.120 |
| 247 | WAPDA | 403 | Unjustified excess payment of sales tax on consultant's reimbursable expenses - Rs.1.340 million | 1.340 |
| 248 | WAPDA | 404 | Irregular purchase of garments (students' uniform) without tendering process - Rs.1.768 million | 1.768 |
| 249 | WAPDA | 405 | Unjustified expenditure on account of pay & allowances due to irregular creation and up-gradation of posts - Rs.284.570 million | 284.570 |
| 250 | WAPDA | 406 | Unjustified expenditure on account of pay & allowances due to irregular promotion of teachers from BPS-17 to 18 - Rs.29.400 million | 29.400 |
| 251 | WAPDA | 407 | Unjustified expenditure on account of pay & allowances due to irregular appointment/promotion to the post of Vice Principal - Rs.3.408 million | 3.408 |
| 252 | WAPDA | 408 | Unjustified expenditure on account of pay & allowances due to irregular appointment of officers/officials - Rs.86.109 million | 86.109 |

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| 253 | MoWR | 409 | Irregular purchase of different items from other suppliers instead of successful bidders in violation of PPRA Rules - Rs.8.990 million | 8.990 |
| 254 | MoWR | 410 | Loss due to unknown whereabouts/ misappropriation of items handed over by Water Sector Capacity Building & Advisory Services Project | - |
| 255 | MoWR | 411 | Irregular appointment of Chairman WAPDA due to non-observance of maximum age limit and non-termination of services after attaining age of sixty-five years | - |
| 256 | MoWR | 412 | Weak supervision & monitoring by Ministry due to non-compliance of timelines of National Water policy-2018 and PC-I for Indus Basin Irrigation System resulting in avoidable expenditure - Rs.20 million | 20.000 |
| 257 | MoWR | 413 | Irregular closure of Water Sector Capacity Building & Advisory Services Project without preparation of Project Completion Report | - |
| 258 | MoWR | 414 | Irregular appointment of Chairman WAPDA due to non-observance of maximum age limit | - |
| 259 | MoWR | 415 | Weak internal control due to non-conducting of internal audit of the Ministry | - |
| 260 | MoWR | 416 | Irregular appointment of Member (Finance) WAPDA in violation of rules | - |
| 261 | WAPDA | 420 | Unjustified payment of overhead charges and fee to the consultants - Rs.74.970 million | 74.970 |
| 262 | WAPDA | 424 | Increase in contract cost of main work through variation order due to abnormal delay in completion of Transmission Line - Rs.1,772 million | 1,772.000 |
| 263 | WAPDA | 425 | Non-imposition of liquidated damages upon the contractors for delay in completion of works - Rs.961.327 million | 961.327 |
| 264 | WAPDA | 427 | Unjustified inclusion of amount of different activities in consultancy agreement - Rs.3.560 million | 3.560 |
| 265 | WAPDA | 428 | Non-recovery of space rent from other formations - Rs.607.644 million | 607.644 |
| 266 | WAPDA | 429 | Unjustified payment on account of reward in addition to overtime allowance - Rs.7.910 million | 7.910 |
| 267 | WAPDA | 433 | Loss due to irregular deduction of withholding tax by the bank - Rs.0.360 million | 0.360 |

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| 268 | WAPDA | 435 | Irregular purchase of vehicles in violation of austerity measures - Rs.11.482 million | 11.482 |
| 269 | MoWR | 436 | Unjustified appointment of Member (Water) WAPDA by screening-out candidates on the basis of questionable reasons | - |