



**AUDIT REPORT
ON
THE ACCOUNTS OF
C&W, HUD&PHE, IRRIGATION
DEPARTMENTS AND
DAANISH SCHOOLS & CENTERS OF
EXCELLENCE AUTHORITY**

**GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2016-17**

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS	i
PREFACE.....	v
EXECUTIVE SUMMARY	vii
SUMMARY TABLES & CHARTS	xv
I Audit Work Statistics.....	xv
II Audit Observations Classified by Categories	xv
III Audit Outcome Statistics	xvi
IV Irregularities Pointed Out	xvii
V Cost-Benefit Ratio	xvii
CHAPTER - 1	1
PUBLIC FINANCIAL MANAGEMENT ISSUES	1
DIRECTORATE GENERAL ACCOUNTS WORKS LAHORE	1
1.1 Introduction	1
1.2 AUDIT PARAS	1
1.2.1 Expenditure in excess of budget allocation - Rs 1,152.994 million.....	1
1.2.2 Non-utilization of funds/budget - Rs 34,463.97 million.....	2
CHAPTER - 2	3
COMMUNICATION AND WORKS DEPARTMENT	3
2.1 Introduction	3
2.2 Comments on Budget and Accounts (Variance Analysis).....	3
2.3 Brief comments on the status of compliance with PAC directives	7
2.4 AUDIT PARAS	9
2.4.1 PROVINCIAL HIGHWAYS	9
<i>Irregularity & non compliance</i>	9
2.4.1.1 Non-recovery of risk and cost from the defaulting contractors - Rs 588.72 million.....	9
2.4.1.2 Non-recovery on account of price variation - Rs 474.78 million	11
2.4.1.3 Unjustified payment without obtaining JMF - Rs 257.54 million	21
2.4.1.4 Overpayment due to application of higher rate – Rs 119.32 million	23
2.4.1.5 Overpayment due to finalization of work at higher percentage - Rs 88.70 million	39
2.4.1.6 Overpayment on account of measuring excess quantity – Rs 68.91 million.....	41
2.4.1.7 Non-recovery of cost of bitumen used less than approved Job Mix Formula - Rs 68.12 million	43
2.4.1.8 Overpayment due to application of MRS rates of District Sargodha instead of Khushab - Rs 42.54 million.....	50
2.4.1.9 Overpayment due to allowing inadmissible lead - Rs 34.67 million	51
2.4.1.10 Double measurement and payment of re-surfacing on same RDs- Rs 29.19 million.....	57
2.4.1.11 Overpayment due to non-deduction of quantity of regular excavation - Rs 23.59 million	60
2.4.1.12 Non-deduction of Punjab Sales Tax - Rs 19.55 million	66
2.4.1.13 Irregular expenditure due to non approval of non-MRS item - Rs 9.73 million	69
2.4.1.14 Loss due to less execution of lower quoted rate item - Rs 4.23 million	70
2.4.1.15 Overpayment due to sanction of higher rate analysis of dewatering pumps - Rs 2.35 million	71
2.4.1.16 Overpayment due to addition of 10% Income Tax in Value of work done - Rs 1.62 million.....	73
2.4.1.17 Unjustified payment due to enhancement of quantities - Rs 1.40 million	74
<i>Internal Control Weaknesses</i>	75
2.4.1.18 Irregular payment due to use of local bitumen - Rs 2,369.06 million.....	75
2.4.1.19 Non-utilization of dismantled material - Rs 131.57 million.....	77
2.4.1.20 Irregular payment on account of grant of secured advance – Rs 75.54 million	80
2.4.1.21 Overpayment due to excess quantities - Rs 33.03 million.....	84
2.4.1.22 Overpayment due to non-deduction of road crust - Rs 30.50 million.....	90
2.4.1.23 Overpayment due to non-recovery of imbalance rates - Rs 18.95 million.....	91
2.4.1.24 Non-accountal of bitumen - Rs 18.05 million	92
2.4.1.25 Non-recovery on account of less utilization of dismantled material - Rs 17.93 million	93
2.4.1.26 Undue financial benefit due to non-revalidation of performance security - Rs 12.95 million	98
2.4.1.27 Less collection of toll tax - Rs 11.71 million	99
2.4.1.28 Non-recovery of mobilization advance - Rs 5.01 million	102
2.4.1.29 Overpayment due to non-deduction/adjustment of available earth - Rs 4.92 million	104
2.4.1.30 Non-recovery on account of consultancy charges - Rs 2.00 million	107
2.4.1.31 Undue financial benefit due to non-recoupment of security deposit - Rs 1.55 million.....	108
<i>Others</i>	109
2.4.1.32 Irregular expenditure due to out of position casting of piles - Rs 43.87 million.....	109
2.4.1.33 Non-recovery due to use of sub-standard bricks and non-conducting lab tests - Rs 18.35 million.....	110
2.4.1.34 Irregular Payment without pre-audit and unapproved work - Rs 16.49 million.....	112

2.4.1.35	Non recovery of compound interest- Rs 3.12 million	114
2.4.1.36	Non-crediting of unclaimed deposits - Rs 1.34 million.....	115
2.4.2	PROVINCIAL BUILDINGS	116
	<i>Irregularity & non compliance</i>	116
2.4.2.1	Irregular award of work and payments without advertisement on print media - Rs 205.71 million	116
2.4.2.2	Overpayment due to application of incorrect rate - Rs 163.38 million.....	121
2.4.2.3	Non-recovery on account of de-escalation in price of diesel and bitumen - Rs 71.12 million.....	124
2.4.2.4	Non-recovery of General Sales Tax/Punjab Sales Tax and non-collection of invoices Rs - 54.77 million.....	125
2.4.2.5	Irregular payment due to non approval of rate analysis - Rs 38.26 million	130
2.4.2.6	Overpayment due to application of incorrect rate - Rs 27.06 million.....	133
2.4.2.7	Double payment for dressing and leveling of earth- Rs 10.51 million	150
2.4.2.8	Overpayment due to incorrect application of rate - Rs 3.91million.....	151
2.4.2.9	Extra expenditure due to excess provision - Rs 1.98 million	155
2.4.2.10	Overpayment due to excess rate Rs 1.66 million	157
2.4.2.11	Excess payment for shuttering etc. - Rs 1.39 million	159
2.4.2.12	Overpayment due to sanction of higher rates of Pre-mixed carpeting/asphaltic base course - Rs 1.20 million	161
	<i>Internal Control Weaknesses</i>	163
2.4.2.13	Non-recovery of risk and cost amount from defaulting contractors - Rs 100.24 million.....	163
2.4.2.14	Undue financial benefit to the contractors due to non-obtaining/non-revalidation of performance securities and additional performance securities - Rs 59.76 million	167
2.4.2.15	Irregular grant of secured advance - Rs 26.00 million	172
2.4.2.16	Irregular expenditure of Rs 15.68 million and non-recovery of pre-shipment inspection charges of Rs 1.00 million	175
2.4.2.17	Overpayment due to non-adjustment of available earth/excess lead - Rs 14.87 million.....	177
2.4.2.18	Non-recovery of dismantled material / road crust - Rs 9.70 million	188
2.4.2.19	Overpayment due to allowing double installation charges - Rs 5.38 million	192
2.4.2.20	Late and less recovery of Mobilization Advance - Rs 5.35 million.....	194
2.4.2.21	Non- forfeiture of security deposit - Rs 4.37 million	194
2.4.2.22	Overpayment due to allowing inadmissible overlapping in MB of steel grade-60 - Rs 4.03 million	196
2.4.2.23	Loss due to payment without work done at site - Rs 3.98 million.....	196
2.4.2.24	Overpayment due to allowing higher rates of Earthwork embankment than agreement rates - Rs 3.47 million.....	198
2.4.2.25	Non-recovery due to non-employment of graduate engineers - Rs 2.85 million	200
2.4.2.26	Overpayment due to allowing excess lead - Rs 2.64 million.....	202
2.4.2.27	Overpayment due to wrong carrying forward the amount of price variation - Rs 1.11 million	205
	<i>Others</i>	206
2.4.2.28	Loss due to execution of below specification work by using below standard bricks - Rs 19.43 million	206
2.4.2.29	Payment of inadmissible claim after finalization of contractor's accounts - Rs 4.00 million	208
2.4.2.30	Irregular payment due to ill planning - Rs 2.91 million	209
2.4.2.31	Loss due to change of design during execution - Rs 1.36 million	210
2.4.2.32	Non-recovery / adjustment of Misc. P.W. Advances - Rs 1.25 million.....	211
	CHAPTER - 3	213
	HOUSING, URBAN DEVELOPMENT & PUBLIC HEALTH ENGINEERING DEPARTMENT	213
3.1	Introduction of Department.....	213
3.2	Comments on Budget and Accounts (Variance Analysis).....	213
3.3	Brief comments on the status of compliance with PAC directives	217
3.4	AUDIT PARAS	221
3.4.1	LAHORE DEVELOPMENT AUTHORITY (LDA)	221
	<i>Non Production of Record</i>	221
3.4.1.1	Non-production of record due to unjustified exemption of plot in Mustafa Town Lahore	221
	<i>Internal Control Weaknesses</i>	222
3.4.1.2	Non transfer of scheme's land in the name of allottees/authority - Rs 17,128.39 million	222
3.4.1.3	Non-recovery due to delay in completion of various schemes - Rs 1,476.82 million.....	224
3.4.1.4	Non-provision of public buildings and graveyards in the schemes or non-recovery of cost of land of public buildings and graveyards - Rs 541.61 million.....	225
3.4.1.5	Non-recovery of cost of mortgaged plots, sold by the developer - Rs 531.34 million.....	227
3.4.1.6	Non-recovery of penalty from developers of illegal housing schemes in Lahore - Rs 362.13 million	228
3.4.1.7	Unjustified provision of non-scheduled items in estimate - Rs 312.16 million	230
3.4.1.8	Non-demolishing of illegal constructions or non-recovery of cost of land - Rs 261.69 million	231
3.4.1.9	Non-recovery of trunk sewer charges from housing schemes - Rs 183.23 million.....	232
3.4.1.10	Non-recovery of permanent commercialization fee and penalty - Rs 171.19 million.....	233
3.4.1.11	Non-recovery of cost of plot - Rs 119.39 million.....	234
3.4.1.12	Non-accountal of 38 plots in inventory register - Rs 90.25 million.....	236
3.4.1.13	Loss due to non-auction of cancelled plot - Rs 81.20 million	237

3.4.1.14	Irregular allocation of plots by preparing forged files - Rs 60.00 million	238
3.4.1.15	Loss due to fraudulent exemptions of plots in Gulshan-e-Ravi Housing Scheme and non-implementation of inquiry recommendations - Rs 50 million	239
3.4.1.16	Loss due to bogus allotment of plots - Rs 50 million	240
3.4.1.17	Non-recovery of outstanding dues from sponsor - Rs 40.17 million	241
3.4.1.18	Unjustified / doubtful execution of work - Rs 30.03 million	243
3.4.1.19	Non-recovery of income tax - Rs 27.48 million	244
3.4.1.20	Non-recovery of building period extension surcharges of private residential properties, before issuance of completion certificate - Rs 24.85 million	245
3.4.1.21	Non-recovery of temporary or annual commercialization fee and penalty from owners - Rs 21.97 million	246
3.4.1.22	Excess payment due to increase of quantities of items in overall measurement - Rs 20.54 million	247
3.4.1.23	Non-recovery of penalty due to violations of sanctioned building plans - Rs 17.41 million	248
3.4.1.24	Non-recovery of building period surcharge - Rs 16.28 million	250
3.4.1.25	Non-recovery of cost of plot from unauthorized occupant in Allama Iqbal Town - Rs 15 million	251
3.4.1.26	Non-recovery of infrastructure design fee - Rs 14.96 million	251
3.4.1.27	Unjustified expenditure on account of repair of vehicle - Rs 8.25 million	253
3.4.1.28	Less recovery of rebate - Rs 7.19 million	255
3.4.1.29	Irregular expenditure due to sanction of estimates above the permissible limit - Rs 6.85 million	256
3.4.1.30	Unjustified payment without mentioning locations/ RDs in measurement books - Rs 6.80 million	256
3.4.1.31	Loss to govt. due to inordinate delay in cancellation of lease - Rs 6.37 million	257
3.4.1.32	Excess provision of width of base course as compared to the width of carpeting - Rs 6.07 million	258
3.4.1.33	Non-recovery due to illegal commercial use of property - Rs 4.18 million	259
3.4.1.34	Non-recovery of cost of excess area and building period surcharge - Rs 13.61 million	260
3.4.1.35	Less credit of lump sum cost of old material to estimate / work - Rs 3.49 million	262
3.4.1.36	Illegal retention of plot - Rs 2.75 million	263
3.4.1.37	Non-recovery of cost of old material - Rs 1.99 million	263
3.4.1.38	Overpayment due to application of incorrect MRS rates - Rs 1.93 million	268
3.4.1.39	Non-recovery of hire charges of asphalt plant and machinery - Rs 1.92 million	269
3.4.1.40	Non-recovery of penalty of illegal construction prior to sanction of building plans - Rs 1.64 million	270
3.4.1.41	Non-recovery of cost and rent of shops - Rs 1.56 million	271
3.4.1.42	Overpayment due to application of incorrect conversion factor for carriage - Rs 1.08 million	271
3.4.1.43	Bogus exemption due to theft of 1061 files of plots in phase-I&II MA Johar Town Lahore	272
3.4.2	WATER AND SANITATION AGENCY LAHORE (WASA LDA)	274
	<i>Irregularity & non compliance</i>	274
3.4.2.1	Irregular payment due to purchase of machinery through contractor - Rs 255.42 million	274
3.4.2.2	Overpayment due to approval of higher rates in rate analysis of non-standardized items - Rs 6.79 million	278
3.4.2.3	Unjustified award of work due to non-adoption of the rate running contract - Rs 4.91 million	283
	<i>Internal Control Weaknesses</i>	285
3.4.2.4	Non-recovery of trunk sewer charges - Rs 14,166.47 million	285
3.4.2.5	Undue financial benefit due to non-obtaining of insurance for risk coverage - Rs 437.06 million	286
3.4.2.6	Undue financial benefit due to non-revalidation of Performance Guarantee/Additional Performance Guarantee - Rs 307.22 million	289
3.4.2.7	Non-recovery of General Sales Tax - Rs 44.67 million	292
3.4.2.8	Loss to government due to non auction of scrap material worth Rs 26.40 million	298
3.4.2.9	Non-recovery of water, sewerage and aquifer arrears from consumers - Rs 24.94 million	300
3.4.2.10	Non-imposition of penalty for unauthorized usage of sewer - Rs 24.10 million	302
3.4.2.11	Non-recovery from the contractor due to non-employment of qualified engineers - Rs 11.70 million	303
3.4.2.12	Overpayment due to payment at inadmissible percentage - Rs 10.99 million	304
3.4.2.13	Less recovery of Punjab Sales Tax on consultancy services fee - Rs 6.96 million	307
3.4.2.14	Non-recovery of dismantled material - Rs 4.70 million	309
3.4.2.15	Non-recovery of markup on mobilization advance of default period - Rs 1.46 million	311
3.4.3	TRAFFIC ENGINEERING AND TRANSPORT PLANNING AGENCY	313
	<i>Non Production of Record</i>	313
3.4.3.1	Unjustified expenditure due to non-production of complete record - Rs 236.62 million	313
	<i>Internal Control Weaknesses</i>	314
3.4.3.2	Non-recovery of price variation - Rs 120.74 million	314
3.4.3.3	Non-recovery of liquidated damages for delay - Rs 99.36 million	315
3.4.3.4	Irregular payment due to non-approval of rate analysis of non-standardized items - Rs 32.09 million	316
3.4.3.5	Undue financial benefit due to non-recovery of mobilization advance - Rs 24.62 million	317
3.4.3.6	Irregular expenditure due to execution of work beyond the approved scope - Rs 20.227 million and loss to government due to purchase of vehicles - Rs 8.25 million	318
3.4.3.7	Excess payment due to application of higher rate - Rs 10.74 million	319
3.4.3.8	Overpayment due to non-utilization of available earth - Rs 5.83 million	320

3.4.3.9	Loss due to provision of excess lead in rate analysis - Rs 5.73 million	321
3.4.3.10	Overpayment due to application of excess rate - Rs 4.49 million	322
3.4.3.11	Excess payment due to application of higher rate - Rs 2.19 million.....	323
3.4.3.12	Non-recovery of sales tax from the consultants - Rs 2.09 million.....	324
3.4.3.13	Loss due to allowing inadmissible carriage in rate analysis - Rs 1.60 million	325
3.4.3.14	Overpayment due to wrong calculation - Rs 1.09 million.....	326
3.4.3.15	Payment without obtaining JMF.....	327
3.4.4	GUJRANWALA DEVELOPMENT AUTHORITY	328
<i>Internal Control Weaknesses.....</i>		328
3.4.4.1	Unjustified payment of carpeting - Rs 18.07 million	328
3.4.4.2	Loss to authority due to non-utilization of available earth - Rs 10.88 million.....	329
3.4.4.3	Loss to Authority due to non-auction of properties - Rs 3.55 million	330
3.4.4.4	Overpayment due to non-deduction of cost of less used bitumen - Rs 1.73 million.....	331
3.4.4.5	Loss to Authority due to non-recovery of advertisement charges - Rs 1.70 million.....	332
3.4.5	WASA (MDA) MULTAN.....	333
<i>Internal Control Weaknesses.....</i>		333
3.4.5.1	Non-recovery of supervision / design fee from the developer of private housing schemes - Rs 55.37 million	333
3.4.5.2	Non-transfer and mutation of land in the name of WASA – Rs 12.16 millions	335
3.4.5.3	Non-recovery of WASA fee on account of design of development works - Rs 4.88 million	337
3.4.6	RAWALPINDI DEVELOPMENT AUTHORITY (RDA)	339
<i>Internal Control Weaknesses.....</i>		339
3.4.6.1	Loss due to encroachment / non-existence of plots on the ground/scheme - Rs 18 million.....	339
3.4.6.2	Non-recovery on account of infrastructure cost and transfer of the land - Rs 14.96 million	340
3.4.6.3	Loss due to mismanagement - Rs 11.67 million	341
3.4.6.4	Non-recovery of balance amount of residential plots from the allottees - Rs 3.08 million.....	342
3.4.6.5	Non-recovery of building period surcharge - Rs 1.77 million.....	343
3.4.7	PUNJAB HOUSING AND TOWN PLANNING AGENCY	344
<i>Internal Control Weaknesses.....</i>		344
3.4.7.1	Non-auction of plots in respect of Housing Schemes - Rs 195.17 million	344
3.4.7.2	Non recovery of cost of plots - Rs 183.84 million	346
3.4.7.3	Loss to Govt. due to non-finalization of the cost of plots - Rs 16.33 million	350
3.4.7.4	Non-recovery of building period surcharge - Rs 6.62 million.....	354
3.4.7.5	Non recovery of long outstanding secured advance - Rs 5.13 million	358
3.4.7.6	Overpayment due to allowing excess rate - Rs 4.30 million	359
3.4.7.7	Irregular payment without pre-audit of contractor bills - Rs 2.82 million.....	360
3.4.8	PUBLIC HEALTH ENGINEERING DEPARTMENT	361
<i>Irregularity & non compliance.....</i>		361
3.4.8.1	Irregular sanction / non-sanction of rate analysis - Rs 124.04 million	361
3.4.8.2	Extra expenditure due to irregular enhancement of contract - Rs 70.45 million.....	369
3.4.8.3	Loss due to payment of escalation in delayed period - Rs 26.31 million.....	372
3.4.8.4	Loss to government due to unjustified provision of excess item of works - Rs 19.48 million.....	373
3.4.8.5	Overpayment due to non-deduction of old material - Rs 18.88 million	380
3.4.8.6	Non-recovery of general sales tax - Rs 16.24 million	381
3.4.8.7	Overpayment due to allowing inadmissible percentage - Rs 9.01 million.....	384
<i>Internal Control Weaknesses.....</i>		387
3.4.8.8	Splitting and allotment of works in violation of PPRa Rules - Rs 187.15 million.....	387
3.4.8.9	Undue financial benefit due to non-obtaining of performance securities - Rs 105.61 million.....	388
3.4.8.10	Non-recovery of secured advance - Rs 96.91 million	389
3.4.8.11	Irregular payment due to non-reduction of disproportionate rates for - Rs 57.71 million	391
3.4.8.12	Non-recovery on account of POL de-escalation - Rs 42.51 million	393
3.4.8.13	Irregular payment of price variation - Rs 40.70 million.....	394
3.4.8.14	Non-obtaining of additional performance securities - Rs 39.69 million.....	396
3.4.8.15	Non-recovery of mobilization advance - Rs 37.07 million	397
3.4.8.16	Non-recovery of liquidated damages - Rs 20.08 million.....	399
3.4.8.17	Overpayment due to arithmetical error/ wrong measurement - Rs 14.71 million.....	401
3.4.8.18	Non-credit of lapsed deposit to revenue head of account - Rs 14.18 million	402
3.4.8.19	Overpayment due to application of incorrect rate of RCC without shuttering - Rs 9.26 million	403
3.4.8.20	Overpayment due to non-use of available earth - Rs 5.27 million.....	404
3.4.8.21	Unauthorized payment of Rs 4.59 million and non-recovery on account of cost of old material - Rs 408,712	409
3.4.8.22	Overpayment due to drawl of excess pay - Rs 3.25 million	410
3.4.8.23	Overpayment due to excess transportation of surplus earth - Rs 2.83 million.....	412
3.4.8.24	Overpayment due to allowing payment of carriage by the longer route - Rs 2.27 million	415
3.4.8.25	Loss to government due to allowing excess rate - Rs 2.16 million.....	416

3.4.8.26	Overpayment due to unauthorized lead - Rs 1.40 million	417
3.4.8.27	Unauthentic payment - Rs 1.15 million.....	418
	CHAPTER - 4	421
	IRRIGATION DEPARTMENT	421
4.1	Introduction of department	421
4.2	Comments on Budget and Accounts (Variance Analysis)	421
4.3	Brief comments on the status of compliance with PAC directives	425
4.4	AUDIT PARAS	427
	<i>Irregularity & non compliance</i>	427
4.4.1	Unauthentic payment due to non-execution of all items of work - Rs 267.51 million.....	427
4.4.2	Non-recovery of effluent charges - Rs 217.52 million	428
4.4.3	Overpayment due to non-maintaining of quoted percentage - Rs 73.57 million	430
4.4.4	Loss to the government due to unauthorized refund of Sales Tax - Rs 40.21 million	436
4.4.5	Non-recovery on account of de-escalation in price of diesel - Rs 35.57 million	438
4.4.6	Extra payment due to extra shuttering - Rs 32.25 million	439
4.4.7	Misclassification due to irregular sanction/ utilization of contingency charges - Rs 31.22 million.....	440
4.4.8	Overpayment due to application of incorrect input rate - Rs 26.74 million.....	452
4.4.9	Irregular payment due to award of work without advertisement - Rs 24.47 million	461
4.4.10	Overpayment due to payment of excess lead - Rs 21.30 million.....	465
4.4.11	Overpayment due to calculation of incorrect rate - Rs 17.77 million	467
4.4.12	Irregular enhancement of work without fair competition in violation of PPRA Rules - Rs 53.88 million and loss to public exchequer - Rs 16.23 million.....	478
4.4.13	Overpayment due to application of incorrect rate - Rs 15.16 million.....	479
4.4.14	Overpayment due to allowing inadmissible carriage - Rs 11.71 million	486
4.4.15	Overpayment due to provision of incorrect rates - Rs 10.80 million.....	489
4.4.16	Irregular expenditure due to splitting of work against PPRA rules - Rs 8.24 million.....	496
4.4.17	Overpayment due to application of incorrect rate - Rs 8.19 million.....	500
4.4.18	Loss due to allowing inadmissible carriage - Rs 8.09 million.....	507
4.4.19	Non-recovery of GST- Rs 6.34 million.....	510
4.4.20	Non-recovery on account of shrinkage allowance- Rs 5.49 million.....	517
4.4.21	Overpayment due to application or inadmissible loose factor on the carriage of crush bajri - Rs 3.33 million	521
4.4.22	Non-recovery on account of Sales Tax on Services - Rs 3.19 million.....	522
4.4.23	Loss due to allowing higher rate than input rates - Rs 2.11 million	523
	<i>Internal Control Weaknesses</i>	526
4.4.24	Non-obtaining of additional performance securities - Rs 1,897.04 million	526
4.4.25	Non-recovery of rent - Rs 530.18 million	529
4.4.26	Non-recovery of mobilization advance - Rs 416.23 million.....	535
4.4.27	Non-taking over of land from Wild Life Department - Rs 414.10 million	541
4.4.28	Non-recovery of Secured Advance - Rs 397.47 million.....	542
4.4.29	Loss due to encroachment on Irrigation Land - Rs 300.63 million	546
4.4.30	Undue financial benefit to the contractor due to imbalance rates - Rs 147.77 million	549
4.4.31	Un-authentic balance due to non-accountal of material worth - Rs 124.84 million.....	552
4.4.32	Undue financial benefit due to non-obtaining of Performance Security - Rs 83.65 million	553
4.4.33	Undue benefit to the contractors due to payment of secured advance on composite item rate instead of 75% of material rate - Rs 26.33 million	554
4.4.34	Loss due to non-utilization of available material - Rs 15.76 million.....	555
4.4.35	Overpayment due to enhancement of lead - Rs 11.42 million.....	565
4.4.36	Non-recovery due to non-execution of items having zero rates - Rs 9.85 million.....	571
4.4.37	Non-recovery on account of lease money - Rs 9.25 million.....	572
4.4.38	Loss due to execution of below specification work - Rs 7.43 million.....	573
4.4.39	Non-recovery of penal rent - Rs 5.53 million.....	575
4.4.40	Overpayment due to arithmetical mistake - Rs 5.12 million	578
4.4.41	Non-recovery of cost of old material - Rs 4.10 million.....	583
4.4.42	Loss due to provision of incorrect item in estimate - Rs 3.95 million	587
4.4.43	Overpayment due to payment of excess quantity of admixture - Rs 3.91 million	592
4.4.44	Loss due to non-recovery of Sale Price from the tenants - Rs 3.48 million.....	593
4.4.45	Loss due to inadmissible payment of rent for office - Rs 3.47 million.....	593
4.4.46	Non-forfeiture of earnest money - Rs 2.73 million	594
4.4.47	Loss to Government due to less collection of Toll Tax - Rs 2.58 million	598
4.4.48	Unjustified payment of price variation due to wrong record entry - Rs 2.16 million	600
	<i>Others</i>	601
4.4.49	Non-finalization of inquiry cases -Rs 5.96 million	601
4.4.50	Loss due to theft of equipment - Rs 5.49 million	603

4.4.51	Non-auction of dead and fallen trees- Rs 5.46 million	606
4.4.52	Wasteful expenditure - Rs 3.71 million.....	609
4.4.53	Non-recovery on account of NOC for construction of road - Rs 2.58 million.....	611
4.4.54	Irregular expenditure due to purchase of new vehicle - Rs 2.13 million	611
4.4.55	Irregular expenditure of minor works - Rs 1.16 million.....	612
CHAPTER - 5		615
DAANISH SCHOOLS AND CENTERS OF EXCELLENCE AUTHORITY		615
5.1	Introduction of Authority	615
5.2	Comments on Budget and Accounts (Variance Analysis)	615
5.3	Brief comments on the status of compliance with PAC directives	616
5.4	AUDIT PARAS	617
<i>Non Production of Record.....</i>		617
5.4.1	Non-production of record in respect of development expenditure - Rs 47.57 million	617
<i>Irregularity & non compliance.....</i>		618
5.4.2	Loss due to irregular provision of procurement of machinery - Rs 6.30 million	618
<i>Internal Control Weaknesses.....</i>		619
5.4.3	Non-recovery due to use of substandard bricks - Rs 879,740	619
ANNEXURE-A: MFDAC PARAS		621
Annexure-A/1:	Communication and Works Department	621
Annexure-A/2:	HUD & PHE Department.....	626
Annexure-A/3:	Irrigation Department	630
Annexure-A/4:	Daanish Schools	634
Annexure-B		635
Annexure-C.....		638
Annexure-D.....		641
Annexure-E		642
Annexure-F		644
Annexure-G.....		645
Annexure-H.....		647
Annexure-I.....		649
Annexure-J		650
Annexure-K.....		651
Annexure-L		652
Annexure-M.....		653
Annexure-N.....		654
Annexure-O.....		655
Annexure-P		656
Annexure-Q.....		657
Annexure-R.....		658
Annexure-S		659
Annexure-T		660
Annexure-U.....		661
Annexure-V.....		663

ABBREVIATIONS & ACRONYMS

AA	Administrative Approval
AASHTO	American Association of State Highway and Transportation Officials
ABC	Asphaltic Base Course
ACE	Anti-Corruption Establishment
ACP	Asbestos Cement Pipe
ADS	Area Development Scheme
AIR	Audit Inspection Report
APL	Attock Petroleum Limited
AWC	Asphaltic Wearing Course
B&R	Buildings & Roads
BOQ	Bill of Quantities
CBDC	Central Bari Doab Canal
CE	Chief Engineer
cft	Cubic Feet
CM	Chief Minister
CSM	Cement Sand Mortar
cum	Cubic Meter
C&W	Communication & Works
DAC	Departmental Accounts Committee
DAO	District/Divisional Accounts Officer
DCO	District Coordination Officer
DDO	Drawing and Disbursing Officer
DFR	Departmental Financial Rules
DGAW-P	Director General Audit Works (Provincial), Lahore
D.G Khan	Dera Gazi Khan
DGPR	Director General Public Relations
DNIT	Draft Notice Inviting Tender
DP	Draft Para
DPC	Damp Proof Course
DRR	Director Road Research
DWT	Dewatering
EDO	Executive District Officer
EME	Electrical and Mechanical Engineering
EOBI	Employees Old Age Benefit Institution
FAP	Foreign Aided Project
FBR	Federal Board of Revenue
FD	Finance Department

FDA	Faisalabad Development Authority
F&P	Finance and Planning
FIR	First Information Report
GDA	Gujranwala Development Authority
GI	Galvanized Iron
GST	General Sales Tax
G.T Road	Grand Trunk Road
HUD & PHE	Housing, Urban Development & Public Health Engineering
HSD	High Speed Diesel
HVAC	Heating, Ventilation & Air Conditioning
IPC	Interim Payment Certificate
JMF	Job Mix Formula
KPRRP	Khadim-e- Punjab Rural Roads Progrmme
KVA	Kilo Volt
LAC	Land Acquisition Collector
LBDC	Lower Bari Doab Canal
LCC	Lower Chenab Canal
LDA	Lahore Development Authority
LJC	Lower Jhelum Canal
LPC	Last Payment Certificate
MB	Measurement Book
MBS	Metro Bus Service
MDA	Multan Development Authority
MEPCO	Multan Electric Power Company
MFDAC	Memorandum for Departmental Accounts Committee
Misc.PWA	Miscellaneous Public Works Account
MP&TE	Metropolitan & Traffic Engineering
MRS	Market Rates System
MS	Mild Steel
MTI	Material Testing Institute
NAB	National Accountability Bureau
NESPAK	National Engineering Services Pakistan
NHA	National Highways Authority
NLC	National Logistics Cell
NOC	No Objection Certificate
NSL	Natural Surface Level
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PBD	Provincial Building Division
PCC	Plain Cement Concrete

PDS&CE	Punjab Daanish Schools & Centers of Excellence
PEEDA	Punjab Employees Efficiency, Discipline and Accountability Act
PFR	Punjab Financial Rules
PHA	Parks & Horticulture Authority
PHATA	Punjab Housing & Town Planning Agency
P/L	Providing and Laying
POL	Petrol, Oil & Lubricants
PPRA	Punjab Procurement Regulatory Authority
PRCD	Provincial Road Construction Division
PRTC	Punjab Road Transport Corporation
PSI	Per Squar Inch
PSO	Pakistan State Oil
PV	Price Variation
PW	Public Works
RCC	Reinforced Cement Concrete
RD	Reduced Distance
RDA	Rawalpindi Development Authority
Rft	Running Feet
RRMTI	Road Research & Material Testing Institute
RTSE	Revised Technical Sanction Estimate
R.Y Khan	Rahim Yar Khan
S&GAD	Services & General Administration Department
SDA	Special Drawing Account
SDAC	Special Departmental Accounts Committee
SDO	Sub-Divisional Officer
SE	Superintending Engineer
Sft	Square Feet
TEPA	Traffic Engineering & Planning Agency
TEVTA	Technical Educational & Vocational Training Authority
TMA	Tehsil Muncipal Administration
TSE	Technically Sanctioned Estimates
TST	Triple Surface Treatment
UCC	Upper Chenab Canal
UD Wing	Urban Development Wing
UET	University of Engineering & Technology
UJC	Upper Jhelum Canal
WAPDA	Water and Power Development Authority
WASA	Water & Sanitation Agency
WBM	Water Bound Macadam
WWT	Waste Water Treatment

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor General (Functions, Powers, and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of the Federation, the Provinces and any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of Communication & Works, Housing, Urban Development & Public Health Engineering, Irrigation Departments and Daanish Schools & Centres of Excellence Authority, Government of the Punjab for financial year 2015-16. It also contains a few audit observations pertaining to previous financial years. The Directorate General of Audit Works (Provincial), Lahore conducted audit during 2016-17 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes significant and material systemic issues. Relatively less significant findings are given in the Annexure-A of the Audit Report which shall be pursued with the Principal Accounting Officers as MFDAC and if the PAO does not initiate appropriate action, these audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this report have been finalized in the light of written responses of the departments and discussions in SDAC meetings.

Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Provincial Assembly.

(Rana Assad Amin)

Auditor General of Pakistan

Dated:

EXECUTIVE SUMMARY

Directorate General of Audit Works (Provincial), Lahore (DGAW-P) carried out audit of the accounts of Communication & Works, Housing, Urban Development & Public Health Engineering, Irrigation Departments and Daanish Schools & Centres of Excellence Authority, Government of the Punjab for financial year 2015-16. The audit was conducted during July to November 2016. Audit exercise was carried out by the Pakistan Audit Department, as per constitutional provisions. Audit Report is the final product of this exercise which is laid before the Provincial Assembly.

To carry out its constitutional assignment, the DGAW-P has human resource of 164 officers and staff (i.e. 41328 man days) and a budget of Rs 216.39 million for the current year. Audit assignment includes Regularity Audit (Financial Attest Audit & Compliance with Authority Audit) and Performance Audit. The audit was conducted with the following objectives:

- Audit of the appropriation accounts, to ascertain whether or not the moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
- Regularity Audit to see whether the expenditure incurred was in conformity with the laws, rules and regulations framed to regulate the procedure for expending public money.
- Audit of sanctions to assess that the expenditure was incurred with the approval of the competent authority or otherwise.
- Propriety audit which extends beyond scrutinizing formalities of expenditure to highlight cases of improper expenditure or wastage of public money.
- Review and analysis to offer comments on various Government policies relating to different Works Departments.

Most of the paras included in this report were discussed in SDAC meetings and its directives have been incorporated.

a. Scope of Audit

Total auditable expenditure during the financial year 2015-16 under the jurisdiction of Directorate General of Audit Works (Provincial), Lahore was Rs 243,351.50 million against total budgetary allocations of Rs 333,138.30 million covering seven (07) Principle Accounting Officers (PAOs) and 556 formations. DGAW-P audited the expenditure of Rs 143,591.32 million in respect of 149 formations, which in terms of percentage comes to 59.01% of total auditable expenditure on test check basis. The report is mainly based on audit paras for the Audit Year 2016-17, however, a few audit observations of audit year 2015-16 have also been included. Three Performance Audit Reports and eight Special Audit Reports are also under process and would be published separately. Moreover, fourteen Foreign Aided Projects (FAP) reports were prepared by this office during the current Audit Year (2016-17).

The administrative departments also realized the revenue/capital receipts of Rs 39,484.49 million against the estimated revenue of Rs 38,453.43 million. This office also audited the revenue realization on test check basis.

b. Recoveries at the instance of audit

During audit year 2016-17, the DGAW-P pointed out audit observations involving recoveries of Rs 25,458.19 million out of which the Management accepted the stance of Audit to the extent of Rs 20,171.59 million. After reviewing the evidences, audit has verified the recovery of Rs 1,472.56 million during the period from July, 2016 to December, 2016 which includes recovery of Rs 1,007.88 million pertaining to audit paras for the audit year 2016-17 and Rs 464.68 million relating to paras of previous years. Out of the total recoveries, Rs 1,198.06 million were not in the notice of the Management before audit.

c. Audit Methodology

Overall Audit Methodology involved the following steps:

- Understanding the business processes of the organizations to be audited with respect to internal control mechanisms.
- Identification of key controls on the basis of previous years audit experience/special directions from the head office etc.
- Prioritization of risk areas by determining significance and risks associated with the identified key controls.
- Designing and updation of audit programmes for testing the identified risk conditions. Selection of audit formations i.e. DDOs on the basis of materiality and risk assessment.
- Selecting samples as per prescribed sampling criteria.
- Execution of audit programmes and development of audit observations and recommendations relating to non-compliance of laws, rules, regulations and prescribed procedures.
- Evaluation of results, reporting and follow-up.

d. Audit Impact

As a result of regular PAC meetings and Audit's coordination with the Principal Accounting Officers, response of the auditee formations towards record production, replies to the audit observations and convening SDAC meeting has significantly improved during the last couple of years. Further, following specific improvements were achieved by the Departments on pointation and recommendations by Audit:

- i. On pointation of Audit, International Agreement of Operation for Metro Bus System (MBS) Rawalpindi-Islamabad, between M/s Inbox and Punjab Mass Transit Authority was revised in November 2016 resulting in saving of Rs 478.343 million. As per original agreement, payment of monthly charges of Back Office to manage data center component for operations was to be made which was not admissible because the equipment and human resources of Back Office, already established for MBS Lahore, was to be used.

- ii. During the year 2015-16 Audit took up the matter of payment of higher rates of certain frequently used non-market rate system (MRS) items with the Finance Department (FD) and recommended for their inclusion in the MRS in order to streamline their rates. Resultantly, the FD has included the items of Tuff Paver, Jumbolon and Aluminum windows (of different specifications) in the MRS whereas inclusion of “Fair face work (Gutka)” is under process.
- iii. During the audit of Metro Bus System (MBS) Lahore, Audit had pointed out application of inadmissible carriage factor of 1.25 instead of actual 1.2/1.22 for sub-base course etc. Audit had also pointed out that in the International Agreement of Operation of MBS Lahore executed between M/s Platform and Punjab Mass Transit Authority Lahore, 350 days a year were taken instead of actual 365 days for the purpose of payment calculation. Both the issues were addressed in the agreement for MBS Rawalpindi-Islamabad which resulted in huge savings of public funds.
- iv. Provision of Additional Performance Security (APS) does not exist in the Punjab Procurement Rules (PPR). Audit, through a letter to FD, highlighted the importance of this aspect in public works and recommended its continuation as a safeguard against risk of default by a contractor. The FD has accordingly taken up the matter with the Chief Minister through a summary for either its provision in the PPR or by adopting an alternate procedure.

e. Compliance of PAC directives

The compliance of directives of the Public Accounts Committee by the Principal Accounting Officers remained poor i.e 2.17 % (for all the departments) during the last year. Audit has been reminding the PAOs but there was no improvement in this regard. Principal Accounting Officers should pay special attention to this issue and develop a mechanism to monitor compliance of PAC directives in their departments.

f. Comments on budget and expenditure

Overall budgetary management is summarized below. It shows that original budget allocated to C&W, HUD & PHE and Irrigation departments was drastically reduced during the year. Overall savings in respect of the departments during the financial year 2015-16 was 7.92%.

(Rs in million)

Department	Original budget	Revised budget	Actual expenditure	Excess/(saving)
C&W	141,556.26	108,825.94	106,663.39	(2,162.55)
Irrigation	51,125.05	52,646.30	37,726.84	(14,919.46)
HUD	73,922.18	60,604.41	60,580.89	(23.52)
PHE	26,179.04	22,201.42	19,930.62	(2,270.80)
Daanish Schools	0	2,530.00	2,355.47	(174.53)
Total	292,782.53	246,808.07	227,257.21	(19,550.86)

g. Comments on Internal Controls

Implementation of internal control mechanism is a pre-requisite for enhancing accountability, preventing organizational mismanagement, ensuring accurate financial reporting and improving public service delivery. However, internal controls have not been effectively implemented in most of the auditee departments as a result of which observations of same nature are being repeated over the years. Internal Audit Wing does not exist in any of the auditee departments under the audit jurisdictions of DGAW-P which is one of the major reasons for ineffective internal control systems. Further, no mechanism exists in the departments to review and analyse the current year audit findings vis-a-vis previous years' trend in order to locate specific deficiencies in the internal controls and to identify policy lacunas responsible for recurrence of same pattern of irregularities over the years. Annexure-B of this report provides thematic analysis of repetition of same nature of audit

observations appearing over last five years which require immediate attention of the PAOs and the PAC.

h. Key audit findings of this report

- i. Non-production of record in respect of development expenditure - Rs 284.19 million in three cases¹.
- ii. Non-getting the scheme's land transferred in the revenue record for mutation in the name of allottees - Rs 17,128.39 million in one case².
- iii. Non-recovery of trunk sewer charges fee from the developers of the private housing schemes - Rs 14,166.47 million in one case³.
- iv. Unjustified payment due to use of local bitumen - Rs 2,369.06 million in one case⁴.
- v. Undue financial benefit due to non-obtaining/revalidation of performance/additional performance securities - Rs 2,505.92 million in seven cases⁵.
- vi. Non-recovery on account of price variation/de-escalation - Rs 813.89 million in eight cases⁶.
- vii. Non-recovery of risk and cost from the defaulting contractors - Rs 688.96 million in two cases⁷.
- viii. Overpayment due to application of higher/incorrect rate - Rs 430.92 million in eighteen cases⁸.
- ix. Unjustified payment without obtaining JMF- Rs 325.66 million in three cases⁹.

¹ Para 3.4.1.1, 3.4.3.1, 5.4.1

² Para 3.4.1.2

³ Para 3.4.2.4

⁴ Para 2.4.1.18

⁵ Para 2.4.1.26, 2.4.2.13, 3.4.2.6, 3.4.8.9, 3.4.8.14, 4.4.24, 4.4.32

⁶ Para 2.4.1.1, 2.4.2.2, 3.4.3.2, 3.4.8.3, 3.4.8.12, 3.4.8.13, 4.4.5, 4.4.48

⁷ Para 2.4.1.2, 2.4.2.13

⁸ Para 2.4.1.4, 2.4.2.2, 2.4.2.6, 2.4.2.8, 2.4.2.10, 3.4.2.2, 3.4.3.7, 3.4.3.10, 3.4.3.11, 3.4.7.6, 3.4.8.25, 4.4.8, 4.4.11, 4.4.13, 4.4.15, 4.4.17, 4.4.23, 4.4.42

⁹ Para 2.4.1.3, 2.4.1.7, 3.4.3.15

Audit Paras for the audit year 2016-17 involving procedural violations including internal control weaknesses and irregularities, not considered worth reporting to the PAC, have been included in Annexure-A (MFDAC paras) of this Report.

i. Recommendations

During audit, it was noticed that most of the irregularities were committed due to absence/weaknesses of internal control mechanism i.e. lack of monitoring and supervision. While making trend analysis of effectiveness of internal controls, it became evident that the same audit observations were coming up again and again over the period (Annexure-B). Therefore, Principal Accounting Officers need to take effective measures to strengthen internal controls in their Departments/Authorities in the light of the following recommendations:

- i. Non-production of record needs to be dealt with strictly to avoid its recurrence.
- ii. Systemic issues such as application of incorrect rates, non-recovery on account of de-escalation of material rates, non-obtaining of performance/additional performance securities as well as their revalidation need to be focused to avoid recurrence of such instances/irregularities.
- iii. Government revenues/recoveries need to be immediately realized.
- iv. Safeguards for timely and smooth execution of work like performance/indenture bond need to be checked and valid bank guarantees to be accepted.
- v. Internal controls need to be periodically reviewed and made capable of forestalling chances of pilferage. The inquiry proceedings are required to be expedited and completed promptly.

- vi. An internal audit wing directly reporting to the PAO is required to be established in the departments to strengthen the effectiveness of the prescribed internal controls.

- vii. Principal Accounting Officers need to ensure timely compliance of Departmental Accounts Committee's directives and actionable points. An efficient and comprehensive mechanism to watch the compliance of PAC directives be established in the Finance Department as well as administrative departments to improve the existing compliance level.

SUMMARY TABLES & CHARTS

Table 1 Audit Work Statistics

(Rs in million)

Sr. No	Description	No.	Budget	
			Expenditure	Receipt
1	Total Entities in Audit Jurisdiction	07	333,138.30	51,493.93
2	Total Formations in Audit Jurisdiction	556		
3	Total Entities Audited	04	292,782.53	38,453.43
4	Total Formations Audited	149	143,591.32	2,337.78
5	Audit & Inspection Reports	149		
6	Performance Audit Reports	03	5,326.74	-
7	Special Audit Reports	08	294,118.08	-
8	<u>Other Reports</u>			
	Certification Audit Report	01	220,038.02	-
	FAP Reports	14	14,587.80	-

Table 2 Audit Observations Classified by Categories

(Rs in million)

Sr. No.	Description	Monetary Value of Audit Observations
1	Unsound asset management	634.50
2	Weak financial management	-
3	Weak internal controls relating to financial management	56,153.04
4	Others	1.25
	Total	56,788.79

Table 3 Audit Outcome Statistics

(Rs in million)

Sr. No	Description	Expenditure on acquiring physical assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total last year
1	Outlays audited	1,001.54	57,069.45	2,337.78	85,520.33	145,929.10	163,334.53
2	Monetary Value of Audit Observations	634.50	28,644.79	707.78	26,801.72	56,788.79	12,511.23
3	Recoveries pointed out at the instance of audit	2.043	23,610.72	555.10	1,290.33	25,458.19	4,406.22
4	Recoveries accepted / established at the instance of audit	2.043	19,016.17	219.72	933.66	20,171.59	1,131.02
5	Recoveries realized at the instance of audit	0.70	1,198.06	214.83	58.97	1,472.56	1,189.92

Table 4 Irregularities Pointed Out

(Rs in million)

Sr. No	Description	Monetary Value of Audit Observations
1	Violation of rules and regulations and violation of principles of propriety and probity in public operations	4,151.23
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	-
3	Accounting Errors	99.67
4	Quantification of weaknesses of internal control systems	28,456.77
5	Recoveries and overpayments, representing cases of established overpayment or misappropriation of public money	20,171.59
6	Non-production of record	284.19
7	Others, including cases of accidents, negligence etc.	3,625.34

Table 5 Cost-Benefit Ratio

(Rs in million)

Sr. No	Description	Audit Year	
		2016-17	2015-16
1	Outlays Audited	145,929.10	163,334.53
2	Expenditure on Audit	216.39	225.55
3	Recoveries realized at the instance of Audit*	1,472.56	1,189.92
	Cost-Benefit Ratio	1 : 7	1 : 5

* Current year figures are for the period from 1.07.2016 to 31.12.2016

CHAPTER - 1

PUBLIC FINANCIAL MANAGEMENT ISSUES DIRECTORATE GENERAL ACCOUNTS WORKS LAHORE

1.1 Introduction

Expenditure of Government of the Punjab is primarily compiled by Accountant General Punjab except Public Works divisions of Irrigation Department, C&W Department and HUD & PHE Department. Director General Accounts (Works) Lahore is responsible for maintaining the accounts as well as compilation of budget & expenditure pertaining to Public Works Divisions of the said departments. Directorate General of Audit Works (Provincial) issues comments/observations on the appropriation accounts of Public Works Divisions. Observations for the financial year 2015-16 are as under:

1.2 AUDIT PARAS

1.2.1 Expenditure in excess of budget allocation - Rs 1,152.994 million

According to Para 13.2 (ii) of Punjab Budget Manual, the total expenditure incurred on a purpose should not exceed the grant or grants provided for that purpose.

During the scrutiny of Appropriation Accounts of Grant Numbers PC21017, PC22036, PC12037 & PC12041, it was observed that an expenditure of Rs 1,152,993,710 was incurred in excess of budget allocation.

Weak supervisory and financial controls resulted in excess expenditure of Rs 1,152,993,710.

Audit pointed out the matter in October 2016. Directorate General, Accounts Works replied that matter had been taken up with the concerned Principal Accounting Officers, for necessary reply and justification.

Audit recommends early reconciliation and regularization.

(DP No. 1)

1.2.2 Non-utilization of funds/budget - Rs 34,463.97 million

According to Chapter 14 of the Punjab Budget Manual, “all anticipated savings should be surrendered to Government immediately, without waiting till the end of the year”.

During scrutiny of Appropriation Accounts of Grant Numbers PC2109, PC21017, PC21024, PC21025, PC22036, PC12037 & PC12041, it was observed that an amount of Rs 34,463,968,024 remained unutilized and was not surrendered by the end of the financial year 2015-16.

Weak supervisory and financial controls resulted in non-utilization of funds / budget to the tune of Rs 34,463,968,024.

Audit pointed out the matter in October 2016. Directorate General, Accounts Works replied that matter had been taken up with the concerned Principal Accounting Officers, for necessary reply and justification.

Audit recommends early reconciliation and regularization.

(DP No. 2)

CHAPTER - 2
COMMUNICATION AND WORKS DEPARTMENT

2.1 Introduction

Communication and Works (C&W) Department, Government of the Punjab has two sub-departments under its administrative control i.e. Punjab Highways Department and Punjab Buildings Department. Secretary C&W Department is the Principal Accounting Officer. The department comprises Chief Engineers Buildings (North and South), Chief Engineers Highways (North and South) and Chief Engineer District Support & Monitoring. Communication and Works Department is primarily responsible for planning, designing, construction and repair & maintenance of all public roads and buildings in Punjab. The C&W Department has 95 formations out of which 38 were audited.

2.2 Comments on Budget and Accounts (Variance Analysis)

The budget of Communication and Works Department comprises development as well as non-development allocations. The non-development budget is allocated under Grant Numbers PC-21010, PC-21024 and PC-21025 to cater for salary and non-salary expenditure. The development budget is provided through Grants No.PC-12041 and PC-12042. Overall budgetary position for the Financial Year 2015-16 is given below:

(Rs in million)

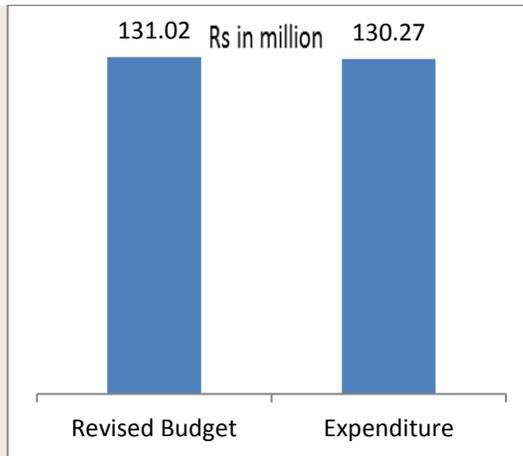
Grant No and Nature	Original Budget	Supplementary, Re-app. (+/-) and Surrender	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants						
PC-21010	154.11	(23.09)	131.02	130.27	(0.75)	(0.57)
PC-21024	4,034.50	472.39	4,506.89	4,347.99	(158.90)	(3.53)
PC-21025	7,322.76	(515.89)	6,806.87	6,747.06	(59.81)	(0.88)
Sub-Total	11,511.37	(66.59)	11,444.78	11,225.32	(219.46)	(1.92)
Development Grants						
PC-12041	69,491.71	6,414.57	75,906.28	74,500.99	(1,405.29)	(1.85)
PC-12042	60,553.18	(39,078.29)	21,474.89	20,937.08	(537.81)	(2.50)
Sub-Total	130,044.89	(32,663.72)	97,381.17	95,438.07	(1,943.10)	(2.00)
Grand Total	141,556.26	(32,730.31)	108,825.95	106,663.39	(2,162.56)	(1.99)

Source: SAP R/3 ZRP Report and Budget Book.

Non-Development Grant

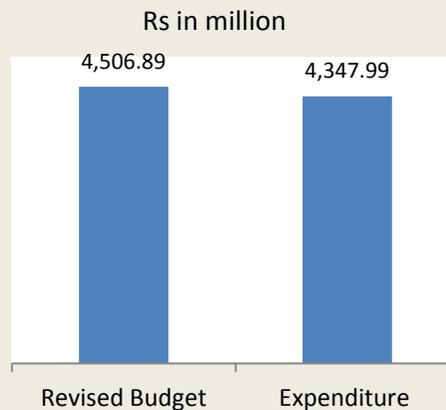
Grant No PC-21010

Under this grant, an expenditure of Rs 130.27 million was incurred against the revised budget of Rs 131.02 million. Thus, there was a saving of Rs 0.75 million which comes to 0.58% of the revised budget.



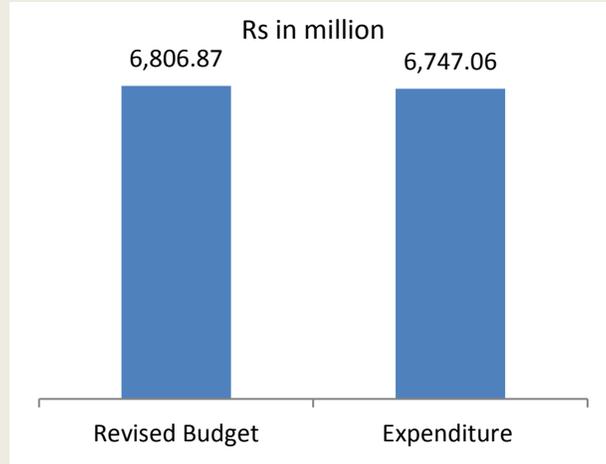
Grant No PC-21024

Under this grant an expenditure of Rs 4,347.99 million was incurred against the revised budget of Rs 4,506.89 million. Thus, there was a saving of Rs 158.90 million which comes to 3.53% of the revised budget.



Grant No PC-21025

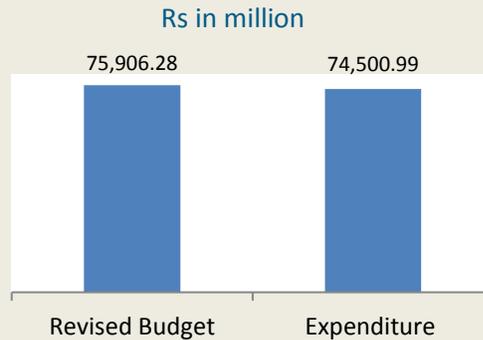
The expenditure incurred was Rs 6,747.06 million against the revised budget of Rs 6,806.87 million. Thus, there was saving of Rs 59.81 million which comes to 0.88% of the revised budget.



Development Grant

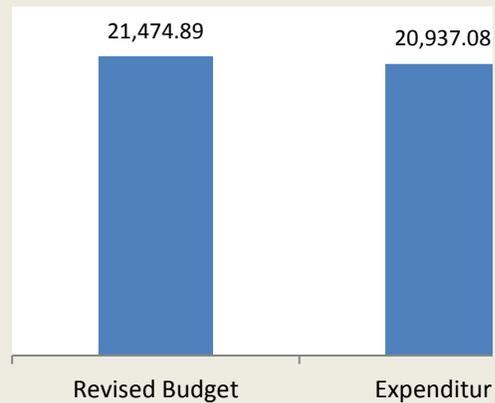
Grant No PC-12041

Under this grant expenditure of Rs 74,500.99 million was incurred against the revised budget of Rs 75,906.28 million. Hence, there was a saving of Rs 1,405.29 million i.e. 1.85% of the revised budget.



Grant No PC-12042

In respect of development grant PC-12042, the expenditure incurred was Rs 20,937.08 million against the revised budget of Rs 21,474.89 million. Thus, there was a saving of Rs 537.81 million i.e. 2.50% of the revised budget.



According to Chapter 14 of Punjab Budget Manual, the spending department is required to surrender the grants/appropriations or portion thereof to the Finance Department whenever the savings are anticipated. However, the Communication and Works Department did not surrender the saving of Rs 1,943.10 million for development Grant Numbers PC-12041 and PC-12042.

2.3 Brief comments on the status of compliance with PAC directives

The position of compliance of PAC directives over the years is tabulated as under:

Punjab Buildings Department

Sr. No.	Audit Report Year	Total Directives	Compliance Received	Compliance not Received	Percentage of Compliance
1	1948-49 to 1999-2000	516	-	516	
2	2000-01	32	-	32	
3	2001-02	22	-	22	-
4	2003-04	02	-	02	-
5	2006-07	07	-	07	-
6	2009-10	10	-	10	-
7	2010-11	20	09	11	45
8	2011-12	15	-	08	-
9	2013-14	32	-	32	-
Total		656	09	647	1.37

Punjab Highways Department

Sr. No.	Audit Report Year	Total Directives	Compliance Received	Compliance not Received	Percentage of Compliance
1	1958-59 to 1999-2000	1454	-	1454	
2	2000-01	35	-	35	
3	2001-02	09	-	09	-
4	2003-04	07	-	07	-
5	2005-06	12	-	12	-
6	2006-07	27	-	27	-
7	2009-10	55	-	55	-
8	2010-11	36	-	36	-
9	2011-12	106	-	106	
Total		1,741	-	1,741	-

Source: PAC Digest and PAC Compliance Cell Data Base

According to Punjab Budget Manual para 16, the Finance Department is responsible to watch compliance of PAC directives and actionable points. However, an effective monitoring mechanism to watch compliance of PAC directives on regular basis is neither in place in Finance Department nor in the Administrative Departments. Resultantly, a total number of 647 and 1741 PAC directives pertaining to all the previous audit reports were pending for compliance with Punjab Buildings and Punjab Highways Departments respectively. However, compliance of only nine of these directives was reported by the departments during the year under report. Principal Accounting Officer was reminded time and again regarding non-compliance of PAC directives but no response was received. PAC was also requested by Audit to intervene and take initiatives to institutionalize a review mechanism for prompt and effective compliance of PAC directives. Audit is pursuing actively with the Principal Accounting Officers through Compliance Cell to expedite the compliance of PAC directives.

2.4 AUDIT PARAS

2.4.1 PROVINCIAL HIGHWAYS

Irregularity & non compliance

2.4.1.1 Non-recovery of risk and cost from the defaulting contractors - Rs 588.72 million

According to the Clause 60 and 61 of Contract Agreement, on default of a contractor, his work will be rescinded and remaining work will be completed at risk and cost of original contractor, besides forfeiting his securities. Further, Clause 65 of Contract Agreement requires settlement of the dispute between the Engineer-Incharge and the contractor by the Superintending Engineer within 3 months.

2.4.1.1.1 The work “Widening and Improvement of Sohawa Chakwal Talagang road in District Mianwali” was awarded to two contractors, “Group-I from Chakwal District Boundary to Mianwali Art-2 km. No.176.39 to 191.06 length.14.70 km” was awarded to M/s Hadayatullah and Co. vide acceptance letter No.318/C, dated 25.01.2006 for Rs 376,812,969 and Group-II, from District Chakwal boundary to Mianwali Art-2 from km. No.191.09 to 216.76 length. 25.67 km in District Mianwali was awarded to M/s Azizullah Khan and company vide acceptance letter No.312/C, dated 25.01.2006 for Rs 290,400,632. Both the contractors did not complete the work and the department invoked clauses 60 and 61(a) of the contract agreement vide No.2455/C, dated 12.11.2013 and No.3454/C dated 24.09.2010 and the work of both the groups was awarded to M/s Muhammad Ramzan and Co. at risk and cost of the original contractors vide No.825/C, dated 25.04.2014. The department calculated the amount of rectifying work recoverable from the original contractors as Rs 143.973 million. However, the department did not recover the amount.

Violation of contractual obligations resulted in non-recovery of Rs 547,086,000.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The Department explained that matter was subjudice and stay order was granted by the Lahore High Court Lahore dated 03.07.2014. Audit examined the Court order and pointed out that compliance of the court orders regarding arbitration was not made, despite lapse of more than 2 years which proved negligence of the department.

The Committee directed the department to pursue the arbitration process vigorously and to get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of arbitration process and effecting recovery accordingly.

(DP No. 1153)

2.4.1.1.2 Executive Engineer, Provincial Highway Division, Mianwali, awarded a work twice. Both the contractors left the work incomplete and the work of both the contractors was rescinded by invoking clause 60 and 61(a) of the contract agreement and the work was awarded to M/s Muhammad Ramzan and Company in 2014. However, the department did not forfeit the security deposit of the defaulting contractors M/s Hadayatullah Khan and Company for Rs 17,214,542 and M/s Azizullah Khan and Company for Rs 41,629,969 uptill now. Furthermore, the department released the security deposit of the defaulting contractor M/s Azizullah Khan & Company lying with Bank Alflah Limited, Mianwali amounting to Rs 41,629,969 irregularly.

Violation of contractual obligations resulted in non-forfeiture of security deposit of Rs 58,844,511 and irregular release of security deposit to the defaulting contractor to the tune of Rs 41,629,969.

Audit pointed out the non-forfeiture in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department explained that matter was subjudice and stay order was granted by the Lahore High Court Lahore dated 03.07.2014. Audit examined the court order and pointed out that compliance of the court orders was not made even after a lapse of more than 2 years which proved negligence of the department.

The Committee directed the department to pursue the arbitration process vigorously and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of arbitration process and forfeiture of security deposit of the defaulting contractors and fixing responsibility against those responsible for releasing the security deposit irregularly.

(DP No. 951)

2.4.1.2 Non-recovery on account of price variation - Rs 474.78 million

According to Clause-55 of contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of item of work takes place after acceptance of tender and before completion of work, the amount payable should be adjusted to the extent of actual variation in the cost of item of work.

2.4.1.2.1 Executive Engineers, Provincial Highway Divisions Gujrat, Rawalpindi, Sargodha-I, Gujranwala, Mianwali, Multan, Okara, Sialkot, D.G Khan, Road Construction Division, Lahore and Rawalpindi, awarded various works to different contractors. The base price of bitumen at the time of tenders was on higher side which decreased during the months of execution of works. The department did not recover the cost on account of the said de-escalation from the contractors.

Violation of contractual obligations resulted in non-recovery of Rs 313,988,302. The detail is as under:

(Amount in Rs)

Sr. No.	Name of Division	DP No.	Amount	Recovery verified	Balance
1	PHD Gujrat	540	79,506,017	6,436,027	73,069,990
2	PHD Rawalpindi	795	59,942,429	3,525,935	56,416,494
3	PHD No. 1 Sargodha	383	33,241,971	-	33,241,971
4	PHD Gujranwala	901	32,813,405	-	32,813,405
5	Road Construction Division Lahore	1265	27,317,805	-	27,317,805
6	Road Construction Division Rawalpindi	338	27,305,605	18,303,915	9,001,690
7	PHD Mianwali	948	26,807,425	11,686,000	15,121,425
8	PHD Multan	471	9,513,089	10,871,803	--
9	PHD Okara	702	6,031,579	5,556,623	474,956
10	PHD Sialkot	591	5,047,000	-	5,047,000
11	PHD D.G Khan	1152	4,754,977	-	4,754,977
12	PHD Okara	703	1,707,000	-	1,707,000
		Total	313,988,302	56,380,303	258,966,713

Audit pointed out the non-recovery during 2016-17. The department did not furnish reply in some cases while in others, the department admitted the recovery and intimated that the price variation statements were being prepared and due recovery would be effected.

The paras were also discussed in the SDAC meeting held in December 2016. Audit verified the partial / full recovery in some cases and the amounts of the paras were reduced to Rs 154.084 million. In other paras, the department replied that price variation statements were being prepared and actual recovery, if any, would be effected from the next bill of the contractors.

The Committee directed the department to get the record verified at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 540,795,383,901,1265,338,948,471,702,591,1152 & 703)

2.4.1.2.2 Executive Engineers, Provincial Highway Divisions Gujrat, Rawalpindi, Sargodha-I, Gujranwala, Multan, D.G Khan, Muzaffargarh, Road Construction Division, Lahore and Rawalpindi, awarded various works to different contractors. The base price of diesel at the time of tenders was on higher side which decreased during the months of execution of works. The department did not recover the cost on account of the said de-escalation from the contractors.

Violation of contractual obligations resulted in non-recovery of Rs 246,143,868. The detail is as under:

(Amount in Rs)

Sr. No.	Name of Division	DP No.	Amount	Recovery verified	Balance
1	PHD Rawalpindi	789	54,282,956	13,542,981	40,739,975
2	PHD Gujrat	521	47,240,437	15,700,000	31,540,437
3	PHD Gujranwala	900	33,858,166	13,964,000	19,894,166
4	PHD Jhelum	898	27,815,057	-	27,815,057
5	Road Construction Division Lahore	1270	21,029,927	-	21,029,927
6	Road Construction Division Rawalpindi	344	20,575,591	15,860,749	4,714,842
7	PHD D.G Khan	1012	8,361,000	861,431	7,499,569
8	PHD Multan	470	6,891,403	-	6,891,403
9	PHD Multan	452	6,303,631	-	6,303,631
10	PHD Sargodha-I	381	5,095,203	-	5,095,203
11	PHD D.G Khan	1017	4,260,555	-	4,260,555
12	PHD Multan	456	4,048,070	1,972,229	2,075,841
13	PHD Multan	426	2,418,912	-	2,418,912
14	PHD Muzaffargarh	1148	2,129,284	-	2,129,284
15	PHD Muzaffargarh	1140	1,833,676	-	1,833,676
		Total	246,143,868	61,901,390	184,242,478

Audit pointed out the non-recovery during 2016-17. The department did not furnish reply in certain cases and in others, the department admitted the recovery and intimated that the price variation statements were being prepared and due recovery would be effected.

The paras were also discussed in the SDAC meeting held in December 2016. Audit verified the partial / full recovery in some cases and the amounts of the paras were reduced. In other paras, the department replied that price variation statements were being prepared and actual recovery, if any, would be effected from the next bill of the contractors.

The Committee directed the department to get the record verified from Audit at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

**(DP No. 789,521,900,898,1017,344,1012,470,452,381,1017,456,426,
1148 & 1140)**

2.4.1.2.3 Executive Engineers, Provincial Highway Divisions, Multan and Muzaffargarh awarded various works to different contractors. The base price of bitumen and diesel at the time of tenders was on higher side which decreased during the months of execution of works. The department did not recover the cost on account of the said de-escalation from the contractors.

Violation of contractual obligations resulted in non-recovery of Rs 24,636,623. The detail is as under:

(Amount in Rs)

Sr. No.	Name of Division	DP No.	Amount	Recovery verified	Balance
1	PHD Muzaffargarh	1130	10,795,690	-	10,795,690
2	PHD Muzaffargarh	1147	5,905,479	-	5,905,479
3	PHD Muzaffargarh	1146	5,022,076	-	5,022,076
4	PHD Multan	447	2,913,378	2,496,013	417,365
		Total	24,636,623	2,496,013	22,140,610

Audit pointed out the non-recovery during 2016-17. The department did not reply.

The para was discussed in the SDAC meeting held in December 2016. Audit verified the partial recovery in one case and the department committed to effect the balance from the next bill of the contractors.

The Committee directed the department to effect the recovery and get it verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 1130, 1147, 1146 & 447)

2.4.1.2.4 Executive Engineer, Provincial Highway Division, Rawalpindi did not recover the price variation on account of de-escalation of bitumen on which secured advance was granted in two works, "Dualization of THAT Road from F-6 RF Kamra to Kamra Chowk District Attock" and "Rehabilitation of Road from Lower Topa (Danna) to Ghulehra Gali To Patriata Top", as the difference of rates between date of tender and date of grant of secured advance was more than 5%.

Violation of contractual obligations resulted in non-recovery of Rs 3,141,600.

Audit pointed out the non-recovery in July 2016. The department admitted the recovery but did not effect it.

The para was also discussed in the SDAC meeting held on 13.12.2016. The department admitted the recovery on account of price de-escalation.

The Committee directed the department to effect the recovery at the earliest and get it verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of price variation besides disciplinary action against concerned.

(DP No. 358)

2.4.1.2.5 Executive Engineer, Provincial Highway Division, Multan made recovery on account of price de-escalation of bitumen but a quantity of 100 ton was omitted in the statement. Hence, recovery of Rs 2,252,119 was required to be made.

Violation of contractual obligations resulted in non-recovery of Rs 2,252,119.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 16.12.2016. Audit verified the recovery of Rs 3,160,768 on account of de-escalation through 17th running bill. However, the bill was not yet pre-audited and passed.

The Committee directed the department to get verified the recovery at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 448)

2.4.1.2.6 Executive Engineer, Provincial Highway Division No.1, Sargodha awarded different works to different contractors. The department allowed the payment without effecting recovery on account of de-escalation in the price of steel.

Violation of contractual obligations resulted in non-recovery of price de-escalation in the rate of steel for Rs 1,572,512

Audit pointed out the non-recovery in September 2016. The department replied that an amount of Rs 409,017 is recoverable from the contractor on account of de-escalation in the price of steel which would be recovered from the next bill of the contractor. However, the department did not produce the relevant record in support of its reply.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department explained in case of para No.38 that the recovery of Rs 282,939 would be made which was awaited from the contractor. In 2nd Para No.52, the department did not produce record for verification. In para No.53 recovery of Rs 126,078 has been effected which was verified by Audit.

The Committee reduced the para upto Rs 1,446,434 and directed the department to effect the recovery of Rs 282,939 in Para No. 38 and record in respect of Para No. 52 be produced for verification by the Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends an early recovery and production of the original record for audit verification.

(DP No. 379)

2.4.1.2.7 Executive Engineer, Provincial Highway Division-1 Sargodha awarded the work in December 2014 and paid price variation for item of work "*Providing and Laying TST using 79 lbs bitumen and 9 cft bajri*" by applying base rate of Rs 20,522 per ton instead of actual base rate of Rs 21,600 per ton. Further in Group-I of the same work, the price

variation for item of work “*Providing and Laying pre-mixed carpet*” was paid at packed rate instead of average rate (bulk/un packed).

Violation of contractual obligations resulted in non-recovery of Rs 1,312,446.

Audit pointed out the overpayment in April 2016. The department replied that rate had been correctly paid while allowing price variation. The tender for the work was submitted on 04.12.2004 and base rate for the item was Rs 20,522. The reply was not tenable because as per Input Rates of Materials of District Sargodha for December 2004, base rate for packed bitumen was Rs 21,600 per ton whereas the department applied Rs 20,522 per ton. The department did not reply for application of packed rate for item of work “carpet”.

The para was also discussed in SDAC meeting held on 26.08.2016. The department effected partial recovery of Rs 395,715. An amount of Rs 720,211 was duplicated. Facts were verified by Audit.

The Committee reduced the amount of Rs 324,496 for effecting recovery. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 15)

2.4.1.2.8 Executive Engineer, Provincial Highway Division, Gujrat made payment for price variation on carpet items in two cases by applying incorrect factor for bitumen. The price variation on bitumen was calculated with 4.5% bitumen contents instead of 4.3% as per recommendations of Road Research and Material Testing Institute, Lahore.

Violation of contractual obligations resulted in non-recovery of Rs 514,371.

Audit pointed out the overpayment in August 2016 The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department admitted the overpayment on account of less use of bitumen and promised to effect recovery in the next running bill.

The Committee directed the department to effect the recovery and get its record verified by Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with disciplinary action against those responsible for this negligence.

(DP No. 532)

2.4.1.2.9 Executive Engineer, Provincial Road Construction Division, Lahore awarded various works to the contractor. During execution of works, the rate of steel decreased by more than 5%. But the department did not make recovery on account of de-escalation in the price of steel.

Violation of contractual obligations resulted in non-recovery of Rs 451,042.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department explained that recovery on account of price de-escalation after all adjustments would be effected in next running bill of the contractors.

The Committee directed the department to effect / adjust price de-escalation and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1266)

2.4.1.2.10 Executive Engineer, Provincial Highway Division, D.G Khan made payment of price variation of Rs 1,013,004 on account of escalation in price of “bajri” used in carpet by taking 16.45 cft instead of 12.43 cft quantity of bajri in 100 sft carpet.

Violation of contractual obligations resulted in non-recovery of Rs 247,552.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department admitted the due recovery on account of price variation on crush stone.

The Committee directed the department to effect the recovery of Rs 208,000 and to get it verified from Audit within 15 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1003)

2.4.1.2.11 Executive Engineer, Provincial Highway Division, D.G Khan made payment of price variation on account of escalation in price of “pit run/bed run gravel” used in sub base whereas in the monthly notifications of price variation, the rate of “pit run/bed run gravel” was not notified. Therefore, price variation of Rs 107,082 on account of escalation in the price of “pit run/bed run gravel” was not admissible and resulted in overpayment. It was also pointed out that the department calculated the quantity of bitumen by taking 4.50% bitumen in carpet instead of 4.30% as per JMF. Taking the excess 0.20% bitumen in the calculation of price variation resulted in another overpayment amounting to Rs 79,243.

Violation of contractual obligations resulted in non-recovery of Rs 186,325.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. Audit pointed out that in 1st part of the para the monthly price variation notification item No. 9(a) was for stone aggregate / stone metal for sub base course only and the rate of pit run / bed run gravel was not provided in monthly price variation notification. Hence, price escalation was not admissible on pitrun / bedrun gravel used in sub base course, which needs to be recovered. The Committee upheld the view point of Audit and directed the department to effect the recovery of Rs 107,802 and get it verified from Audit within 30 days. Further, the department may take up the matter with Finance Department regarding inclusion of rate in monthly price variation notification. Audit argued that in second part of para the recovery on less use of bitumen was required to be effected from the contractor.

The Committee upheld the stance of Audit and directed the department to effect the recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1002)

2.4.1.3 Unjustified payment without obtaining JMF - Rs 257.54 million

According to Finance Department letter No.RO(Tech) FD-2-3, dated 02.08.2004, the rate of carpet shall be fixed by the Chief Engineer on the basis of rate of bitumen from 3% to 6%, however payment would be made as per actual consumption of bitumen or as per J.M.F issued by Road Research & Material Testing Institute Lahore.

Executive Engineer, Provincial Highway Division, Gujrat and Sialkot measured the item of work “*Providing and Laying carpet with 4.5% bitumen contents*” and paid accordingly. The payment to the contractor was made without obtaining JMF from Road Research and Material Testing Institute Lahore. Hence, the payments made without JMF stands unjustified and irregular.

Violation of the Finance Department’s instructions resulted in unjustified payment of Rs 257,539,000.

Audit pointed out the unjustified payment in August 2016. The department did not reply.

The para were discussed in the SDAC meeting held on 14.12.2016. The department explained in respect of para No. 15 & 16 pertaining to DP No. 525 that the JMF was being attached for verification and in respect of para No. 38, it was replied by the department that JMF would be provided shortly. The reply was not tenable as no such documents were provided for verification. In respect of DP No. 598, it was proved during verification that the JMF was approved by the Director, RR&MTI with 4.3% bitumen contents but the payment was made to the contractor with 4.5% bitumen contents, hence recovery was worked out to Rs 1,284,416.

The Committee in respect of DP No. 525 directed the department to get the record re-verified from Audit within 15 days and in respect of DP No. 598, the Committee directed the department to effect the recovery at the earliest. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early provision of record and recovery from the contractors.

(DP No. 525 & 598)

2.4.1.4 Overpayment due to application of higher rate – Rs 119.32 million

According to the instructions issued by the Finance Department vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer on the basis of input rates of relevant quarter placed at website of Finance Department.

2.4.1.4.1 Executive Engineer, Provincial Highway Division, Gujranwala got approved rate analysis of three items of work, “*Reinforcement of steel Grade 60*”, Embankment and Cement Concrete, asphaltic base course (ABC) and asphaltic wearing course (AWC) on the basis of Engineer’s Estimate prepared by consultants. The rate analysis was prepared by including extra provisions for machinery like cranes, dumpers, tractor trolleys and pumps along with 20% profit & overhead while sufficient machinery was already provided. Further in the analysis of rate under sub base “Manpower” labour charges @ 12.5% of equipment / machinery rent charges were included amounting to Rs 80,158.75 whereas labour charges were already included in the rent charges of equipment / machinery and only 10% sundries charges on the total hiring charges of machinery were to be included.

Violation of the Finance Department’s instructions resulted in loss of Rs 29,647,318.

Audit pointed out the loss in October 2016. The department did not reply.

The paras were discussed in the SDAC meeting held in December 2016. The department explained that this project was based on engineers estimate (instead of MRS rates) prepared by consultants M/s NESPAK on

the basis of experience of engineers. Audit argued that department violated the NHA template.

The Committee referred the case to the Finance Department regarding standardization of template and providing legal cover through Act of Assembly and framing of detailed rules for such mega projects. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of loss besides disciplinary action against responsible(s).

(DP No. 908 & 905)

2.4.1.4.2 Executive Engineers, Provincial Highway Divisions (detailed below) got executed, measured and paid the item of work, *"painting traffic lane marking 5"* wide complete in all respect at higher rates as non-standardized item of work to the contractors and Provincial Machinery Division, Lahore instead of admissible item of work available in MRS vide item No.34, chapter No.13 (Painting & Varnishing), *"painting traffic lane 5"(125 mm) wide with reflective chlorinated rubber (CR) paint including glass beads complete in all respect"* at a lower rate.

Violation of the Finance Department's instructions resulted in overpayment of Rs 26,569,627. The detail is as under:

Sr. No.	Name of Div.	DP No.	Qty. paid (rft)	Diff. (Rs/rft)	Amount overpaid (Rs)
1	PHD Jehlum	759	1480365	3.73	5,521,761
2	PHD Gujranwala	903	1049634	3.73	3,915,134
3	PHD Okara	679	479715	3.73	1,789,336
4	RC Div. Lahore	1253	453624	3.73	1,692,017
5	PHD Multan	433	397366	3.73	1,482,175
6	PHD D.G Khan	986	374289	3.73	1,396,097
7	PHD Rawalpindi	799	209458	3.73	781,278
8	PHD Multan	443	266792	3.73	995,134
9	RC Div. Rawalpindi	335	189436	3.73	706,596
10	PHD Gujrat	533	1366391	3.73	5,096,638

11	PHD R.Y Khan	1157	155900	3.73	581,507
12	PHD Mianwali	1251	494592	3.73	1,844,828
13	PHD Sargodha-II	896 (Para 66,45)	205664	3.73	767,126
				Total	26,569,627

Audit pointed out the overpayment in August 2016. The department did not reply in most of the cases and in case of DP No. 799 & 335, the department replied that thermopore plastic paint was better in durability, efficiency, reflection and safety than MRS item of painting with enamel paint.

The paras were also discussed in the SDAC meeting held in December 2016. The department explained that rate analysis of TP paint was approved by the competent authority. Audit argued that department violated the NHA template and Technical specification of Berger which was also agreed by the Committee. However, hours of road marking machine were accepted by Audit.

The Committee directed the department to effect the recovery due to application of wrong factor of 47 instead of actual 67 and directed to effect recovery @ Rs 3.73 per Rft along with standardization of rates from the Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of the overpayment besides disciplinary action against concerned.

(DP No. 759,903,679,1253,433,986,799,443,335,533,1157 & 1251)

2.4.1.4.3 Executive Engineer, Provincial Highway Division, Sialkot made payment for an item of work "*Cold milling of existing carpet*" for 2007500 sft @ Rs 22.45 P.sft. In another highway division "Gujranwala" of the same circle and same zone, the said item of work was sanctioned @ Rs 11.56 P. sft on the basis of 1st bi annual 2012 and was paid @ Rs 10 P.sft. Therefore, the said item of work should not have been sanctioned and paid at the higher rate i.e. Rs 22.45 P. sft.

Violation of the Finance Department's instructions resulted in overpayment of Rs 25,140,926.

Audit pointed out the overpayment in July 2016. The department replied that the rate was approved by the S.E PHC, Gujranwala as non-standardized rate vide letter No.20-21/DB, dated 07.11.2011 under clause 41 of contract agreement. The reply of the department was not tenable because both the divisions are under the control of the same SE, therefore, the rate of said non-MRS item should not vary from one division to the other.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department replied that the para was a duplicity of printed draft para No. 2.4.10.57 for the year 2013-14. It was further replied that the rate of the item was approved as Rs 11.56 per sft in Provincial Highway Division, Gujranwala. It was stated that the rate was approved by Superintending Engineer, Provincial Highway Circle, Gujranwala as non-standardized rates. It was worth mentioning that rate of an item cannot be compared division to division. Audit further clarified that Para No. 2.4.10.57 was on a different issue.

The Committee directed the department to get the record verified regarding duplicity from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Matter needs to be investigated and recovery may also be made.

(DP No. 542)

2.4.1.4.4 Executive Engineer, Provincial Highway Division, D.G Khan made payment at higher rate for an item of work "*rehandling of earth*" for a quantity of 1259632 cft @ Rs 4,248.71 ‰ cft instead of @ Rs 910.80 ‰ cft as notified in the MRS.

Violation of the Finance Department's instructions resulted in overpayment of Rs 8,736,479.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department replied that the earth was required for construction of new ramps at a reach of flood bund which was about 10'-15' high in order to provide facility to farmers. Therefore, rehandling of earthwork upto 1 km of lead was provided in the estimate sanctioned by the competent authority.

The Committee directed the department to get the record re-verified from Audit within a week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1019)

2.4.1.4.5 Executive Engineer, Provincial Highway Division, Muzaffargarh executed an item "*Compaction of existing base course with vibratory road roller*" and paid for a quantity of 939960 cft @ Rs 2,087.63 per % cft. The rate of the above item as per T.S. Estimate was Rs 1918.50 per % cft against which the contractor quoted 4.47% above. Compaction of base course was required to be done by Drum Road Roller (DRR). The rate of DRR for 2nd Bi-annual 2013 was Rs 1,537 per hour whereas 0.75 hour was required for 100 cft compaction, therefore, the rate for DRR for 100 cft compaction required to be paid was Rs 1204.28 per % cft ($1537 \times 0.75 = \text{Rs } 1152.75 + 4.47\%$ above).

Violation of the Finance Department's instructions resulted in overpayment of Rs 8,303,136.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. Audit pointed out that as per template of MRS item No.4 of chapter 18

(Road and Road Structure) for base course, the rate with 0.75 hours was to be taken for working of DRR for compaction purposes. The department violated the Finance Department templates without prior approval which needs to be regularized or make recovery from the contractor.

The Committee directed the department to get the matter from regularized from the Finance Department along with conducting fact finding inquiry and to get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1144)

2.4.1.4.6 Executive Engineer, Provincial Highway Division, Muzaffargarh executed the item "*Earth work in ordinary soil for embankment lead upto 100' compaction 100% and 85%*" and measured at P-9, 24, 46 to 48 and 63 of MB No. 1791 and paid accordingly. Audit viewed that as per record measurement, the earth was obtained within one chain and as per condition No.13 of acceptance letter, "If the contractor excavated the earth for making embankment within 200 feet from the toe of the embankment, his rate for the earth work will be reduced by 75% of quoted rate" which was not done. Further, the quantity of earth 819810 cft at P-24, 1933302 cft at P-46, 312223 cft at P-48 and 526531 cft at P-63 of MB No. 1791 was recorded with the remarks "the quantities as per T.S. Estimate sheet". It indicated that the actual quantities as per site execution were not measured. Due to non-measurement of site work/execution, the payment was unauthentic.

Violation of the Finance Department's instructions resulted in unauthentic expenditure of Rs 6,929,088.

Audit pointed out the unauthentic expenditure in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department explained that item of earth work was provided and sanctioned in the estimate and agreement with lead of 100 feet, therefore question of recovery did not arise. Audit argued that in the light of condition No.13 of acceptance letter, the rate was required to be reduced upto 75%.

The Committee directed the department to effect the recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery.

(DP No. 1105)

2.4.1.4.7 Executive Engineer, Provincial Highway Division, Faisalabad got sanctioned higher rate analysis of item "*New Jersey Barrier etc.*" for Rs 1,448.30 per rft instead of Rs 1,167.20 per rft and payment was accordingly made to the contractor. The excess rate was sanctioned due to adoption of higher MRS item RCC 1:2:4 in retaining wall/jersey barrier @ Rs 306.95 per cft instead of admissible rate @ Rs 222.70 per cft without requiring horizontal shuttering.

Violation of the Finance Department's instructions resulted in overpayment of Rs 3,563,085.

Audit pointed out the overpayment in September 2016. The department replied that New Jersey Barrier has no comparison with ordinary retaining wall etc. The size of New Jersey Barrier is 2' width at the bottom and gradually reducing to 0.50 ft. at the top with a height of 3 ft. having curved edges at reduced widths. The reply was not acceptable because as per MRS item No.6(a)(ii)(3) under Chapter-6 (Concrete), the rate of item RCC 1:2:4 in retaining wall was Rs 222.70 per cft based on 2nd bi-annual 2015, Faisalabad, therefore, no rate can be sanctioned in excess of MRS rate.

The para was also discussed in SDAC meeting held on 14.11.2016. The department explained that the payment was made as per approved rate in PC-I / TS estimate.

The Committee kept the para pending for clarification from the Technical Wing of the Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 292)

2.4.1.4.8 Executive Engineer, Provincial Highway Division, Gujranwala got executed an item of work "*Providing and Laying crushed stone sub base course aggregate of specified thickness*". The stone metal was carted from Sikhanwali, instead of Dina Quarry which was nearest to site of work. But the department provided extra lead in estimates of the schemes and got approved from competent authority in violation of above mentioned instructions of the Finance Department.

Violation of the Finance Department's instructions resulted in overpayment of Rs 2,025,505.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department explained that crush stone was not available from Dina quarry in sufficient quantity for the mega project and accordingly, contractor procured crush stone from Sikhanwali quarry as per lead chart approved in the TS estimate. Audit argued that Dina quarry was fit for laying of sub base course in the light of Finance Department notification, therefore, recovery was required to be effected from the contractor.

The Committee upheld the view point of Audit and directed the department to effect the recovery and get it verified from Audit within 30

days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends for early recovery besides disciplinary action against responsible(s).

(DP No. 915)

2.4.1.4.9 Executive Engineer, Provincial Highway Division, Faisalabad awarded different works under "Khadim-e-Punjab Rural Roads Programme" and got executed the item of work "*Construction of drain Type-V etc*". The department got sanctioned the higher rate of Rs 1,010.55 per rft in technical sanctioned estimate instead of admissible rate of Rs 963.99 per rft. The excess rate of Rs 46.56 per rft based on 2nd Bi-annual 2015 Faisalabad was got sanctioned by inclusion of inadmissible loading and unloading and coolies charges.

Violation of the Finance Department's instructions resulted in overpayment of Rs 1,570,031.

Audit pointed out the overpayment in September 2016. The department replied that drain type-V is not a conventional type drain where insitu concrete was used in the bed of drain. Being a special design nature, a uniform design was adopted for the entire project with precast parabolic type concrete bed. The reply was not acceptable because in the composite rate loading, unloading and labour for construction of drain type-V was already included, therefore, separate/additional payment was inadmissible.

The para was also discussed in SDAC meeting held on 14.11.2016. The department explained that the payment was made as per approved rate in PC-I / TS estimate.

The Committee kept the para pending for clarification from Technical Wing of the Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 289)

2.4.1.4.10 Executive Engineer, Provincial Highway Division, Gujrat made payment for an item of work , *“Cold Milling of existing Asphalt 2” thick complete in all respect*” for a quantity of 245344 cft @ Rs 13.58 per sft against estimated rate of Rs 13.78 per sft as non- standardized item by making rate analysis based on template of NHA Specification. From the scrutiny of rate analysis in the light of NHA specification No.310, it was observed that a component of Rs 1930 was added on manpower charges, which was not admissible. In equipment component, charges of Rs 85,672 were added whereas only Rs 48,000 were admissible. In material component, charges of Rs 13,020 were added, whereas admissible charges were only Rs 12,900 on account of Tungsten Carbide Bits. The actual rate was worked out to Rs 8.21 per sft against departmental rate of Rs 13.78 per sft. In this way, department got approved and paid excess rate of Rs 5.57 per sft.

Violation of the Finance Department’s instructions resulted in loss of Rs 1,366,566.

Audit pointed out the loss in August 2016 The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. Audit pointed out that in the rate analysis of cold milling, extra site engineer was added in violation of C&W specifications and Govt. of Punjab Contract Agreement which needs to be recovered from the contractor.

The Committee directed the department to recalculate the actual amount of recovery within 15 days and get it verified from Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery of loss along with disciplinary action against those responsible for this negligence.

(DP No. 537)

2.4.1.4.11 Executive Engineer, Provincial Highway Division, Rawalpindi, measured and paid seven (7) sheet piling items as non - BOQ at higher rates instead of rationalizing these items @ 10% (minimum) as per condition No.02 of revised Administrative Approval issued by Secretary C&W Vide No. SOH-II/C&W-3-21-2015 dated 03.02.2016 and also as per direction No.II of letter issued by Chief Engineer Punjab Highways Department (North) Lahore vide No.997/plg dated 04.03.2016 regarding sanction of technical estimate of work which stipulates that the rate of sheet piles may be rationalized.

Violation of the Finance Department's instructions resulted in overpayment of Rs 1,353,888.

Audit pointed out the overpayment in July 2016. The department replied that the recovery pointed out by Audit was not based on facts. It was elaborated that M/s NLC submitted claim of Rs 93.071 million for dewatering and steel piling. This claim of M/s NLC was rationalized by the department to Rs 29.610 million. Those rationalized rates were got approved from competent authority and subsequently technically sanctioned by Chief Engineer (North) Punjab Highways Department Lahore and were paid accordingly. Reply was not tenable because the Secretary C&W department / Chief Engineer directed in the above mentioned memo to rationalize the rates of piles. Furthermore, the rates are always paid according to approved rates of the Finance Department and not according to the rates/claim of contractor.

The para was also discussed in the SDAC meeting held on 13.12.2016. The department explained that 7 sheet piling as non-BOQ item was got approved from P&D Department amounting to Rs 29.610 million. Audit pointed out that in the rate analysis, idle rent of crane and hammer were not required to be added being inadmissible. Some overlapping of items was also observed.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early verification of record/recovery of overpayment besides disciplinary action against concerned.

(DP No. 360)

2.4.1.4.12 Executive Engineer, Provincial Highway Division, Muzaffargarh got executed an item "*Construction of New Jersey Barriers*" in situ on ground after excavation of 11" depth and the rate of item "reinforcement of cement concrete 1:2:4" was allowed @ Rs 284.45 per cft (item 6(a)(i)(3) involving both types of form work, whereas, the rate of Rs 213.95 per cft as per item No. 6(a)(ii)(c) was required to be applied as no form work i.e. horizontal shuttering was required.

Violation of the Finance Department's instructions resulted in loss of Rs 931,184.

Audit pointed out the loss in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department replied that the excavation of earth in 11" depth was required to fix the jersey barrier at site, whereas horizontal shuttering was required for casting of jersey barrier.

The Committee directed the department to effect the recovery as the horizontal shuttering was not required to be allowed in item of jersey barrier and to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1100)

2.4.1.4.13 Executive Engineer, Provincial Highway Division, Faisalabad awarded different works of “Khadim-e-Punjab Rural Roads Programme”, and got executed the item of work “*Providing traffic lanes 5 inches wide with thermoplastic paint etc*”.The department got sanctioned the higher rate @ Rs 27.70 per rft in technical sanctioned estimate instead of admissible rate @ Rs 26.55 per rft. The excess rate of Rs 1.15 per rft was due to application of higher input/labour rates for driver and operator per day cost @ Rs 800 per day instead of Rs 535 per day, rent of truck/mazda @ Rs 4,000 and Rs 3,600 per day instead of Rs 3,000 per day, allowing inadmissible food charges and material weight expenses from Lahore etc based on 2nd Bi-annual 2015 Faisalabad.

Violation of the Finance Department’s instructions resulted in overpayment of Rs 828,608.

Audit pointed out the overpayment in September 2016. The department replied that the traffic lane 5” wide with thermoplastic paint was not of ordinary nature. The program launched under Khadim-e-Punjab Rural Roads had a great significance and was required to be completed in shortest time. The reply was irrelevant because it was not the responsibility of the government to supply food to the labour of the contractors and further no rate could be adopted other than that provided in input material rates of Finance Department web site.

The para was also discussed in SDAC meeting held on 14.11.2016. The department explained that the payment was made as per approved rate in PC-I/ TS estimate.

The Committee kept the para pending for clarification from Technical Wing of the Finance Department. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery from the contractor.

(DP No. 284)

2.4.1.4.14 Executive Engineer, Provincial Highway Division, Jhelum got executed, measured and made payment for an item of work “*P/Casting in steel board reinforcement concrete pile with type B ratio 1:1.5:3 using 10% extra cement on dry mixed course sand complete in all respect for 48" dia pile*” for quantity of 480 Rft @ Rs 6,664 per Rft instead of admissible rate of Rs 4804.18 per Rft attached with TSE of scheme.

Violation of the Finance Department’s instructions resulted in overpayment of Rs 790,229.

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that the rate for item “*P/Casting in steel board reinforcement concrete pile with type B ratio 1:1.5:3*” has been prepared on the template of Finance Department by incorporating the input rate of Grade-60 steel. The same has been approved by the competent authority. The payment has been made to the contractor as per quoted / approved rate.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery of overpayment and its verification besides disciplinary action against concerned.

(DP No. 777)

2.4.1.4.15 Executive Engineer, Provincial Highways Division, Rahim Yar Khan approved the item “*Earth work in ordinary soil for embankment 95% to 100% lead 2 mile and ½ mile*” @ 7576.50‰ cft and Rs 6,230.90‰ cft respectively. A quantity of 931064 cft was measured at page 38, 55, 68, 117 and 118 of MB No.277/4962. In said measurement,

the lead of ½ km was mentioned at page-38 only whereas, the payment was made @ Rs 7,251.62 which was on higher side.

Violation of the Finance Department's instructions resulted in overpayment of Rs 788,257.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department replied that actual recovery of Rs 36,311 has been adjusted vide TE No. 01 dated 12.11.2016. Audit did not agree with the amount of recovery mentioned by the department.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1163)

2.4.1.4.16 In Provincial Highway Division, Muzaffargarh, an item of work "*Carriage & labour charges for fixing brick stone at site of work*" was measured and paid for a quantity of 4200 rft @ Rs 103.95 per rft. As per T.S. Estimate, carriage of Kerb stone & Median was provided @ Rs 100 per rft + 3.95% above. Carriage was also paid for item of PCC 1:2:4 which was a scheduled item and to be paid at site and separate carriage was not admissible.

Violation of the Finance Department's instructions resulted in overpayment of Rs 436,590.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department replied that the payment to the contractor for the item of kerb stone has been made as per approved T.S estimate and analysis. Audit pointed out that the rate analysis of kerb stone was at site by taking rate from MRS, therefore no further carriage was required to be allowed on kerb stone.

The Committee upheld the view of Audit and directed the department to effect the recovery and get it verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1137)

2.4.1.4.17 Executive Engineer, Provincial Highway Division, Rawalpindi, measured and paid an item of work, "*Providing and Laying of TST using 79 lbs bitumen & 9.75% bajri*" for a quantity of 41724 sft @ Rs 5,475 per % sft as Engineer Estimated rate / non-standardized rate by making rate analysis of said item instead of admissible rate of Rs 4,612 per sft because in material component, the carriage of bitumen was added for Rs 5399.08 whereas the rate of bitumen (bulk) at Rs 91, 660 per ton was "at site" rate as evident from input rate of 2nd bi-annual 2013 placed at website of Finance Department for District Attock. Furthermore, in rate analysis 18% (13+5) was also added as difficulty/NLC overhead in addition to contractor's overhead and profit @ 20%.

Violation of the Finance Department's instructions resulted in overpayment of Rs 335,787.

Audit pointed out the overpayment in July 2016. The department replied that a summary was initiated by Communication & Works Department on the basis of decision of Steering Committee for approval of special rates for hard areas / difficult sites of bridges through Chairman Planning & Development Board. The Chief Minister vide Para No. 9 of

the summary approved the recommendations of steering Committee and allowed special rates for the work “ Construction of High level bridge over River Sowan”. Rates approved by Planning & Development Department were technically sanctioned by Chief Engineer (North) Punjab Highway Department Lahore and payment was made accordingly. Reply was not tenable because the responsibility of preparation of rate analysis rests with Executive Engineer, and not with the higher authorities. The rates of bitumen for TST were “at site” rates and carriage was added by the Executive Engineer in rate analysis. In rate analysis of carpet of same work, the carriage was not added in addition to rate of bitumen whereas in the rate of TST, the carriage of bitumen was added which was not admissible.

The para was also discussed in the SDAC meeting held on 13.12.2016. The department reiterated its previous reply. Audit argued that the rate analysis of bitumen was taken from input rates of 2nd bi annual 2013 and carriage was again added which was not admissible as rate of bitumen was at site rate.

The Committee directed the department to effect the recovery and get it verified from Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery of overpayment besides disciplinary action against concerned.

(DP No. 362)

2.4.1.5 Overpayment due to finalization of work at higher percentage - Rs 88.70 million

According to Finance Department letter No. RO (Tech) FD-1-2/83-VI dated 29.03.2005, “the final cost of tender/payment shall be same percentage above/below the amount of revised sanctioned estimate as was at the time of approval of the tender”.

2.4.1.5.1 Executive Engineer, Provincial Highway Division-1, Sargodha awarded the work for Rs 465,396,187 against estimated amount of Rs 445,671,915 i.e. 4.42% above. Up to 19th running (last paid bill) an amount of Rs 215,378,790 was paid against the payable amount of Rs 127,069,846 which was 69.50% above at this stage. In this way, an excess amount of Rs 88,309,926 (215,378,790 – 127,069,846) was paid to the contractor. As the scheme has been unfunded and the work has been abandoned since 2012-13, so the overpaid amount was required to be recovered at the earliest in the public interest.

Violation of Finance Department's instructions resulted in overpayment of Rs 88,309,926.

Audit pointed out the overpayment in April 2013. The department replied that overpayment worked out by Audit on running contract was not applicable. The scope of work was changed from carpet to heavy TST. The reply was not accepted as the work was almost completed/abandoned for certain reasons.

The para was also discussed in SDAC meeting held on 26.08.2016. The department explained that the scheme was unfunded since 2012-13.

The Committee directed the department to effect the actual recovery through security deposit of the contractor within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 09)

2.4.1.5.2 Executive Engineer, Provincial Highway Division-1 Sargodha got approved original technical sanction estimate for Rs 63,331,074. The tender was accepted for Rs 65,864,372 which was 4% above. Sixteenth (16th) and final bill showed that work was finalized for Rs 57,249,956 against the payable amount of Rs 56,864,539 which was 6.77% above TSE.

Violation of Finance Department's instructions resulted in overpayment of Rs 385,417.

Audit pointed out the overpayment in April 2013. The department replied that as per financial statement, actual recovery came to Rs 226,765 instead of Rs 385,417. However, recovery pointed out by Audit was circulated among all divisions of Highway Department working under the Zone for necessary recovery from the dues of the contractor, if available.

The para was also discussed in SDAC meeting held on 26.08.2016. It was explained to the Committee that in the SDAC meeting held on 13.05.2014 the department was directed to get the matter probed and brought into the notice of higher authority for disciplinary action within 15 days but no progress towards recovery/probe was intimated to Audit by the department.

The Committee took it seriously and again directed the department to expedite it. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early conducting of probe/recovery besides disciplinary action against concerned.

(DP No. 10)

**2.4.1.6 Overpayment on account of measuring excess quantity
– Rs 68.91 million**

As per para 2.7, 2.12, 2.86 of B&R Code read with Finance Department's letter No. Finance Department (D-II) 10(3)90 dated 30.06.1991, no change in specification / scope of work during execution of work can be made without prior approval of the competent authority that accorded administrative approval and sanction to technical estimate.

Executive Engineers, Provincial Highway Divisions, Jhang, Sahiwal, D.G Khan, Multan and Provincial Road Construction Division,

Lahore made payment for items of work “Providing and Laying bituminous prime coat and Providing and Laying Bituminous carpet” for execution on 12.50 ft width of road. However, the design of the Khadim-e- Punjab Rural Roads Programme (KPRRP) roads was approved with 12’ width from 10’ existing width of road. Moreover the department also laid base course on 12’ wide road and on 12 ft width of base course, the execution of 12.50’ wide carpet on brick edging was not justified. Execution of 12.50’ wide prime coat and carpet instead of 12’ resulted in overpayment.

Violation of B&R Code and Finance Department’s instructions resulted in overpayment of Rs 68,911,342. The detail is as under:

Sr. No.	Name of Division	DP No.	Amount (Rs)
1	PHD Jhang	301	29,490,009
2	PHD Sahiwal	1022	13,336,112
3	PHD D.G Khan	990	7,662,525
4	PHD D.G Khan	1013	6,249,230
5	PRCD Lahore	1269	5,516,564
6	PHD D.G Khan	1252	3,680,968
7	PHD Multan	464	1,695,394
8	PHD Sahiwal	929	1,280,000
Total			68,910,802

Audit pointed out the overpayment during 2015-16. The department did not reply.

The paras were discussed in the SDAC meeting held on 30.11.2016. The department explained that work has been executed as per provision of PC-I wherein 12.50 ft width was available for Asphalt Wearing Course. Audit contented that 12.50 ft width was required where kerb stone was to be fixed but the same was not executed at site, hence actual 12 ft width was required to be taken. Audit further argued that Chief Minister ordered not to fix the kerb stone and in spite of that in the revised PC-I/AA, the approving authority disobeyed the orders of Chief Minister.

Further on brick edging 100% compaction was not possible in the light of C&W specifications.

The Committee upheld the viewpoint of Audit and directed the department to effect the recovery from the date of the orders of Chief Minister regarding withdrawal of fixing of kerb stones / end blocks. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the contractors.

(DP No. 301,1022,990,1013,1269,1252,464 & 929)

2.4.1.7 Non-recovery of cost of bitumen used less than approved Job Mix Formula - Rs 68.12 million

As per Finance Department's Notification No. RO (Tech) FD-2-3/2004, dated 02.08.2004, the payment of carpet was to be made to the contractor as per Job Mix Formula (JMF) or actual bitumen used in the work.

2.4.1.7.1 Executive Engineer, Provincial Highway Division, Gujrat made payment for item of work "*Providing and Laying 2" thick carpet with 4.5%*" bitumen contents but JMF showed 4.3% & 4.4% bitumen content. Hence, department paid extra quantity of bitumen.

Violation of Finance Department's instructions resulted in overpayment of Rs 33,204,804.

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department replied that the recoveries pointed by Audit would be made from next bill of the contractors.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against the responsible(s).

(DP No. 526)

2.4.1.7.2 Executive Engineer, Provincial Highway Division, Multan approved the items "*Providing and Laying plant pre-mixed carpet 2" using 4.5% bitumen*", "*Providing and Laying plant premix carpet 2" thick with 4% bitumen contents and 1.5" thick with 4.5%*" bitumen contents @ Rs 7079.20% sft, Rs 7510.10 % sft and Rs 6046.88% sft respectively, whereas the JMF was approved with 4.3%, 3.9% and 4.4% bitumen contents respectively.

Violation of Finance Department's instructions resulted in overpayment of Rs 10,309,646.

Audit pointed out the overpayment in September 2016. The department did not reply.

The paras were discussed in the SDAC meeting held in December 2016. The department in respect of DP 432 replied that the para was a duplicity of DP No. 119 for the year 2015-16. Audit clarified that para of higher amount would stand in respect of DP No. 450 the department replied that in fact the JMF for Group 2 for ABC was approved with 4% bitumen contents and AWC with 4.4% contents and not with 3.9% and 4.4% bitumen contents as contended by the Audit. The correct rate for 2" thick carpet came to Rs 7,846% sft and for 1.5 inch thick carpet to Rs 6,230.22% sft.

The Committee directed the department to get the record re-verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 432&450)

2.4.1.7.3 Executive Engineer, Provincial Highway Division, Rawalpindi did not make recovery on account of less use of bitumen as the item of carpet was estimated with bitumen contents of 4.5% and 4% and awarded to the contractor accordingly but Job mix formula for laying of carpet issued by Road Research & Material Testing Institute, Lahore was 4.4% and 3.7%. The variation of 0.1% and 0.3% of bitumen ratio was required to be recovered along with 20% contractor overhead & profit and 4.45% premium on overpaid amount.

Violation of Finance Department's instructions resulted in overpayment of Rs 4,485,359.

Audit pointed out the overpayment in July 2016. The department replied that JMF provided by Road Research and Material Testing Institute Lahore with 3.7% bitumen and 4.4% had a tolerance of $\pm 0.3\%$. The reply of department was not tenable as tolerance limit $\pm 0.3\%$ was only for acceptability of work and not for payment purpose whereas payment was required to be made as per recommendations of JMF.

The para was also discussed in the SDAC meeting held on 13.12.2016. The department admitted the recovery pointed out by Audit on account of less use of bitumen as per JMF approved by RR&MTI Lahore.

The Committee directed the department to effect the recovery and get it verified within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of less use of bitumen and its verification besides disciplinary action against the concerned.

(DP No. 350)

2.4.1.7.4 Executive Engineer, Provincial Road Construction Division, Lahore made payment of an item of work "*carpet with 4.50%*

contents of bitumen” in the execution of various works. However, the Job Mix Formula was approved with 4.30 % contents of bitumen. The department made payment for 0.20% extra quantity of bitumen in the item.

Violation of Finance Department’s instructions resulted in overpayment of Rs 4,424,002.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that carpet work was executed as per JMF approved by competent authority, if any rate adjustment is required, it would be made in forth coming bill. Audit pointed out that as per JMF approved by the Director, RR&MTI, the bitumen contents were 4.3% but payment was made to the contractor with 4.5%, hence recovery was to be effected from the contractor.

The Committee directed the department to effect the recovery at the earliest. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1268)

2.4.1.7.5 Executive Engineers, Provincial Highway Divisions, Gujranwala and D.G Khan made payment for an item of work “*Providing and Laying carpet with 4.5%*” bitumen contents but JMF was approved by the RR&MTI with 4.3% bitumen content. The department thus made payment of extra 0.20% quantity of bitumen.

Violation of Finance Department’s instructions resulted in overpayment of Rs 22,177,522.

Audit pointed out the overpayment in August 2016. The department did not reply.

The paras were discussed in the SDAC meeting held in December 2016. Audit verified the recovery of Rs 9,666,675 through various transfer entries in respect of DP No. 902. The department during discussion admitted the recovery pointed out by Audit vide DP No. 1010.

The Committee reduced the amount pertaining to DP No. 902 to Rs 4,376,325 and directed the department to effect recovery in both the cases and the record be got re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against the responsible(s).

(DP No. 902 & 1010)

2.4.1.7.6 Executive Engineer, Provincial Highway Division, Rahim Yar Khan got approved the second revised estimate on work done basis in June 2016. In the second revised estimate, the nomenclature of the item "*Providing and Laying plant premixed bituminous carpet 2" thick with 4% bitumen contents*" was mentioned but the payment was made with 4.5% bitumen contents. Further, the price escalation of bitumen was worked out with 4.3% but the approved JMF and extract reports were not produced.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,593,718.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department explained that adjustment in rate on account of less use of bitumen with 4.3 % JMF than provided in TS estimate with 4.5% bitumen

contents in item pre-mixed carpet has been made at reduced rates in next running bills. However, the department did not produce any record during verification process.

The Committee directed the department to get the record re-verified from Audit within 15 Days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1161)

2.4.1.7.7 Executive Engineer, Provincial Highway Division, Mianwali and Sargodha-I awarded different works to different contractors. The department prepared and got approved the rate analysis of item "*Asphalt wearing Course Plant Mix 2 inch thick with 4.50% bitumen contents*". The department made payment at full rate to the contractors instead of reduced rates on account of less use of bitumen as per Job Mix Formula approved by Road Research and Material Testing Institute, Punjab Highway Department, Lahore on 28.05.2015 which was with 4.30% bitumen contents.

Violation of Finance Department's instructions resulted in non-recovery of Rs 51,515,335.

Audit pointed out the non-recovery in October 2016. The department did not reply in case of DP No. 945. In other case DP No. 374, it was replied that the detailed analysis was made from the templates of the Finance Department, Government of the Punjab and payment has been made on rate lesser than the approved rates. The Department also ensured that all the remaining payments will also be made at reduced rates. The reply of the department is not acceptable because rate of bitumen was required to be decreased due to use of less bitumen.

The paras were also discussed in the SDAC meeting held in December 2016. Audit verified the recovery on account of less use of

bitumen for Rs 37,597,000 and Rs 12,795,612 in respect of DP No. 945 & 374.

The Committee reduced the amount of the paras to Rs 964,000 and Rs 181,388 respectively and directed the department to effect the balance recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends for early recovery.

(DP No. 945& 374)

2.4.1.7.8 Executive Engineer, Provincial Highway Division, Rawalpindi could not recover the less use of bitumen in 04 schemes as the item of carpet was estimated with bitumen contents of 4.5% and awarded to contractor accordingly but Job mix formula for laying of carpet issued by Road Research & Material Testing Institute, Lahore was with 4.4% and 4.3% bitumen contents. The variation of 0.1% and 0.2% of bitumen ratio was required to be recovered along with contractor overhead & profit and premium.

Violation of Finance Department's instructions resulted in non-recovery of Rs 449,418.

Audit pointed out the non-recovery in July 2016. The department replied in one case (para No.02) that recovery would be made. In other three cases, the department replied that JMF was provided by Road Research and Material Testing Institute Lahore with 4.4% & 4.3% bitumen with tolerance of $\pm 0.3\%$. Hence bitumen content to the specified limit of 4.7% was admissible for execution of work. The reply of department is not tenable as tolerance limit $\pm 0.3\%$ was only for acceptability of quality of work and not for payment purpose. Payment was required to be made as per recommendations of JMF.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department admitted the recovery on account of less use of bitumen and promised to effect it in next running bill.

The Committee directed the department to effect/adjust recovery at the earliest and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification besides disciplinary action against concerned.

(DP No. 788)

2.4.1.8 Overpayment due to application of MRS rates of District Sargodha instead of District Khushab - Rs 42.54 million

As per Finance Department's Notification No RO (TECH) FD 2-3/2004 dated 02.08.2004, Chief Engineers shall fix the rate of each item of work for rough cost estimates/administrative approval and detailed estimate for technical sanction on the basis of input rates and MRS rates (relevant district) notified by Finance Department on its website.

Executive Engineer, Provincial Highway Division No.2, Sargodha awarded a work "Construction of high level bridge over River Jhelum at Langarwala Pattan including connecting roads in Khushab and Sargodha Districts" for Rs 1,481.151 million. The department applied MRS rates of 2nd Bi-annual 2014 for District Sargodha (which were higher) instead of District Khushab. Audit pointed out that RDs 0 to 12882 and upto centre of Bridge falls in District Khushab. Therefore, MRS for District Khushab was required to be applied in the said RDs of roads and center of bridge.

Violation of Finance Department's instructions regarding application of MRS of relevant District resulted in overpayment of Rs 42,542,153 (Annexure-C).

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.12.2016. The department admitted that in the revised estimate MRS for District Khushab would be followed on RDs falling in District Khushab. Audit pointed out that as per revenue record of District Sargodha, the center of bridge was the District Boundary line of Khushab and Sargodha and accordingly the MRS of District Khushab was applicable on RDs falling in District Khushab.

The Committee upheld viewpoint of audit and directed the department to effect the recovery from contractor besides getting the estimate revised by applying MRS of District Khushab from the centre of bridge and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No.896 (28,29,53,59))

2.4.1.9 Overpayment due to allowing inadmissible lead - Rs 34.67 million

As per Finance Department's Notification No.RO (TECH) FD.2-3/2004 dated 2.08.2004, rate analysis and specifications standardized by Finance Department shall be the basis for market rate of an item; however these can be modified, replaced and added to with the approval of the Finance Department. Moreover, according to condition No. 5 of the Finance Department letter No. RO (Tech) F.D 2-3/2004, dated 02.08.2004, the material of base, sub-base, CR masonry, stone boulders and stone pitching shall be carried from nearest Quarry and shortest route shall be used / adopted for carriage.

2.4.1.9.1 Executive Engineer, Provincial Highway Division, Mianwali got executed different works through contractors. The department got approved rates in AA/TSE for item "*Providing and laying plum concrete using 60% PCC 1:3:6 and 40% Boulders etc*" by allowing incorrect lead and inadmissible shuttering.

Violation of Finance Department's instructions resulted in overpayment of Rs 11,672,252.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department explained that as per specification, the rate of plum concrete shall include all material, labour of all forms, false works. Department further explained that PCC and Boulder works were executed at site after shuttering. Audit argued that department had paid / allowed incorrect carriage from distant quarry which needs to be recovered from contractors.

The Committee accepted the view of the department and settled the issue regarding allowing of form work/shuttering and directed the department to re-calculate the actual recovery on account of allowing excess carriage. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the contractor.

(DP No. 947)

2.4.1.9.2 Executive Engineer, Provincial Highway Division, Gujrat got executed items of work "*Providing and Laying crushed stone (WBM) base course aggregate*" of specified thickness and sub base course in two cases and material was carted from Karana Hills Quarry by adding lead of 101 km while actual lead was 80 km.

Violation of Finance Department's instructions resulted in overpayment of Rs 7,153,689.

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department replied that the actual lead of 73 kms has been taken / applied in the working estimate / DNIT of this group but no record in support of its contention was produced.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 530)

2.4.1.9.3 Executive Engineer, Provincial Highway Division, Sialkot made payment for the item of work "*Providing and Laying Sub base course of shingle gravel*" for a quantity of 1075664 cft @ Rs 6,159 % cft. However, the rate of sub base course of shingle gravel from Chak Daulat Quarry Jhelum with 161 km lead came to Rs 5,415.95 % cft.

Violation of Finance Department's instructions resulted in overpayment of Rs 5,394,000.

Audit pointed out the overpayment in July 2016. The department replied that although Chak Doulat was an approved quarry for sub base course material but it was located near to downstream of Mangla Dam and due to high speed of water discharging from the dam, the fine material was washed away and the remaining material was over sized which was not suitable for sub base course material. Keeping in view the non-availability of suitable material from Chak Doulat quarry, the provision of sub base material from approved Dina quarry had been made in the estimate. The department admitted that the sub base material was also available in "Chak Daulat", therefore recovery was to be made good.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department explained that material for sub base course was not available at Chak Daulat quarry.

The Committee directed the department to obtain certificate of Chief Engineer regarding non-availability/non suitability of material of Chak Doulat quarry. The compliance of the Committee's directive was not reported till finalization of the report.

Audit stresses early recovery.

(DP No. 584)

2.4.1.9.4 Executive Engineer, Provincial Highway Division, Rawalpindi changed the lead in revised Estimates of three works for carriage of sub base course and base course material as was approved in original Estimates.

Violation of Finance Department's instructions resulted in overpayment of Rs 4,758,915.

Audit pointed out the overpayment in July 2016. The department replied that correct lead was provided and approved by Chief Engineer being competent authority. The reply was not tenable because department had taken excess lead in revised estimates of the schemes than was approved in original estimates.

The para was also discussed in the SDAC meeting held on 13.12.2016. The department explained that lead chart was approved by the competent authority by taking actual lead from quarry to site of work and accordingly TS estimate was approved and then tendering process was executed.

The Committee directed the department to produce the record i.e. lead chart along with original TS. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of overpayment and its verification besides disciplinary action against concerned.

(DP No. 347)

2.4.1.9.5 Executive Engineer, Provincial Highway Division No.1, Sargodha awarded different works. The department got approved and paid the items “*Providing and laying Sub-base course*”, “*Base course*” and “*Plant pre-mixed carpet etc*” on higher side by allowing extra lead/carriage from Kirana/Sikhanwali quarry instead of actual lead.

Violation of Finance Department’s instructions resulted in overpayment of Rs 4,659,303.

Audit pointed out the overpayment in September 2016. The department replied that Audit had mentioned the lead without any supporting break up. The actual lead as worked out was provided in the analysis of the estimate duly approved and technically sanctioned by the competent authorities. The departmental reply was not acceptable because extra lead was included in TSE and paid to give undue benefit to the contractor.

The para was also discussed in the SDAC meeting held on 30.11.2016.

The Committee directed the department to prepare lead chart along with actual route and get the record verified from Audit within 15 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 378)

2.4.1.9.6 Executive Engineer, Provincial Road Construction Division, Lahore for the purpose of calculation of sub-base, base course and other items took the lead of 149 km from Sikhanwali Quarry to site. But according to lead chart, map and linear plan actual lead came to 144 km. The difference was due to taking 14 km average lead from Syedwala to site instead of admissible 9 km (1.60 + 5 + 2.40).

Violation of Finance Department's instructions resulted in overpayment of Rs 529,230.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that the items of sub base and base course have been executed as per actual lead chart attached in approved PC-I / TS estimate. It was also added that shortest possible route was taken for calculation of lead from quarry to site of work which has been supported with Google map. The reply was not tenable as the difference was due to taking 14 km lead from Syedwala to site of work whereas correct lead was 9 km.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1271)

2.4.1.9.7 Executive Engineer, Provincial Highway Division, Muzaffargarh executed the item "*Construction of short Jersey barriers along canal side*". Audit observed that the Jersey barriers were casted insitu as measurement of 800 Nos. quantity barriers from excavation to RCC is recorded in MB. Beside this, another item "Carriage charges of Jersey barriers" was also paid for Rs 501,360 which was unjustified as the casting of barriers was insitu.

Violation of Finance Department's instructions resulted in unjustified / extra payment of Rs 501,360.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016.

The Committee directed the department to effect the recovery as the rate of MRS was at site rate and short carriage was not admissible, and get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1099)

2.4.1.10 Double measurement and payment of re-surfacing on same RDs- Rs 29.19 million

As per para 2.33 of Punjab Financial Rules Volume-I every Govt. official would be held personally responsible for loss sustained due to negligence at his part. Further, according to rule 7.29 of DFR, "before signing the bill, Sub-Divisional Officer should compare the quantities/ amount in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct".

2.4.1.10.1 Executive Engineer, Provincial Highway Division No.2, Sargodha got executed work "Resurfacing of Road on Jhang-Sahiwal Sargodha Road km No.59.97 to 101 Length 41.03 Kilometer in District Sargodha" from a contractor M/s Nasir Khan Baloch during June 2016. The department made payment @ Rs 2150.64% sft for quantity of 1149601 sft at a cost of Rs 24,723,779 against the contract awarded during May 2015. On the other hand another contract was awarded to a contractor and payment was made for Construction of new Road at Jhang Sahiwal Sargodha Road on same RDs. Therefore, resurfacing on same RDs was a double measurement and payment to the contractor.

Violation of rule resulted in double payment for Rs 24,723,779.

Audit pointed out the double payment in October 2016. The department replied that the resurfacing Programme of Jhang Sahiwal

Sargodha km 59.97 to 115.83 (DST) was approved by Chief Engineer (North) Punjab Highway Lahore on 18th September 2014. Accordingly estimate was technically sanctioned on 24th February 2015 for Rs 57.321 million and allotted to M/s Nasir Khan Baloch on 15th May 2015 amounting to Rs 78.733 million with time limit of 03 months to be completed on or before 14.08.2015. Thereafter the scheme was reflected in ADP 2015-16 and the same was allotted to M/s SARCO (Pvt.) Ltd on 7th December 2015 of Group No. 1 from km 59.00 to 86.00 = 27.00 km and the work of resurfacing was earlier allotted in May 2015 for Rs 2,47,23,779 against the agreement amount of Rs 54.455 million. The work of DST has already been executed in km 101, 84, 82, 79.33 before taking up the new work. The reply was not tenable because the department had admitted that the resurfacing work was allotted in May 2015 and the original work was allotted in December 2015. So payment of resurfacing was a wasteful expenditure as the original work was allotted just after 4 months.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department reiterated its previous reply.

The Committee directed the department to produce the linear plan mentioning the RD's in both of the projects of resurfacing of road and ADP work and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early production of record and resultant recovery.

(DP No. 1155)

2.4.1.10.2 Executive Engineer, Provincial Highway Division, Okara incurred expenditure amounting to Rs 2,989,016 on the special repair of "Depalpur Haveli Lakha Road" and on the same road the department also incurred expenditure amounting to Rs 3,389,352 on account of Annual Repair.

Violation of rule resulted in unjustified expenditure of Rs 2,989,016.

Audit pointed out the unjustified expenditure in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that due recovery of Rs 1,026,201 has been effected vide TE No. 04 for 10/2016 but no record was produced to Audit for verification.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery / verification of record.

(DP No. 704)

2.4.1.10.3 Executive Engineer, Provincial Road Construction Division, Rawalpindi incurred expenditure of Rs 1.477 million from R&M budget for the year 2015-16 on annual repair of Rawalpindi Kahuta Punjab Azad Pattan Road (KPAP) from km 9.66 to 19.66 km. Whereas, as per record, Kahuta Punjab Azad Pattan Road (KPAP) from km 00 to 18 km was under process for widening, improvement and rehabilitation. When rehabilitation and improvement of road was under process from km-00 to 18 km, the expenditure booked on this road as annual repair of Rs 1.477 million (from km-9.66 to 19.66 km) was unjustified.

Violation of rule resulted in unjustified payment of Rs 1,477,000.

Audit pointed out the unjustified payment in August 2016. The department replied that Audit has framed para from Annual Repair T.S estimate of Kahuta Punjab Azad Pattan Road 0 to 18 km which was sanctioned in July 2015, however no payment has been made against this length. KPAP road was 69 km long and expenditure against this road was incurred on other length because ADP scheme has been approved by the

Secretary C&W against the length 00 to 18 km. A large amount of money is required for maintenance of road other than the allotted portion because Hydro Power project was in progress through this road. The reply of the department was not tenable because technical sanction of the scheme from 0 km to 69 km was for Rs 8.341 million and expenditure booked against this scheme was Rs 10.157 million. Hence, an excess expenditure of Rs 1.816 million was booked. Now the contention of the department that no expenditure was booked from 0 km to 18km is not true.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department explained that no payment was made against annual repair of Rawalpindi Kahutta Punjar Pattan road 0 to 18 km as same scheme was approved in ADP and awarded to the contractor M/s NLC.

The Committee directed the department to get the record verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 337)

2.4.1.11 Overpayment due to non-deduction of quantity of regular excavation - Rs 23.59 million

As per specification No.411-13 of Book of Specification of Roads & Bridges, earth obtained as a result of regular excavation shall be reused / adjusted in the earth work Embankment.

2.4.1.11.1 Executive Engineer, Provincial Highway Division, Okara made payment for item of work "*regular excavation dressed*". The department also made payment for another item of work "earthwork for making embankment with all lead". The department did not make deduction of the quantity of regular excavation from the quantity of earthwork for embankment.

Violation of specification resulted in overpayment of Rs 8,599,666 as under:

Sr. No.	DP No.	Qty (cft)	Rate (% cft)	Amount (Rs)
1	668	212737	7,427.89	1,580,187
2	700	434746	3,275.00	1,423,924
3	669	185759	7,427.89	1,379,797
4	690	182080	7,427.89	1,352,470
5	687	141963	7,427.89	1,054,485
6	696	129220	7,427.89	959,832
7	692	114295	7,427.89	848,971
			Total	8,599,666

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that as per provision of TS estimate, 7ft wide trench, below NSL, was made through regular excavation for preparation of bed of widening portion along existing metalled road. Further, provision was made for sub base course and base course in the said trench for 1 ft width only and the remaining 6 ft trench was filled with the earth obtained from regular excavation. Accordingly the deduction of sub base and base course in widening portion having 1 ft width was required to be made which already stands recovered. Audit argued that instead of deducting only sub base course and base course, the total quantity of regular excavation was required to be deducted from item earthwork embankment as the same was also admitted by the Chief Engineer (South) during discussion of a para of similar nature.

The Committee directed the department to adjust 100% of regular excavation dressed from earth work embankment and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends compliance of the SDAC directives at the earliest.

(DP No. 668,700,669,690,687,696 & 692)

2.4.1.11.2 Executive Engineer, Provincial Highway Division, Sahiwal made payment for an item of work “*Regular excavation*” in various works. As per specifications the quantity of regular excavation was required to be adjusted in the earthwork for making embankment. The department did not deduct the quantity of regular excavation from the quantity of earthwork for making embankment.

Violation of specification resulted in overpayment of Rs 6,251,000.

Audit pointed out the overpayment in July 2016. The department replied that all the works are in running position and the deduction shall be made at the end of the works.

The para was also discussed in the SDAC meeting held on 23.12.2016. The department replied that the works are at running stage and quantity of earthwork was paid less than provided in revised technical sanction / agreement, where the quantity of earthwork was worked out by due adjustment of earth received from regular excavation. However, the same would be shown adjusted in overall / cross sectional record entries at final stage. Audit argued that the total quantity of regular excavation was required to be deducted from item earthwork embankment as the same was also admitted by the Chief Engineer (South) during discussion of a para of similar nature.

The Committee directed the department to adjust 100% of regular excavation deducted from the quantity of earth work embankment and get it verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends upon early recovery.

(DP No. 923)

2.4.1.11.3 Executive Engineer, Provincial Highway Division, Muzaffargarh executed the item “*Regular excavation dressed*”. Beside this the item “Earth work in ordinary soil for embankment” was also executed and paid but the available earth obtained from regular excavation was not deducted from the embankment.

Violation of specification resulted in overpayment of Rs 4,289,866.

Audit pointed out the overpayment in October 2016. The department did not reply.

The paras were discussed in the SDAC meeting held on 15.12.2016. The department explained that quantities of 194568 cft, 88698 cft and 71410 cft respectively had been adjusted on account of earth work as per provision of sanctioned estimate and cross section. Audit argued that 100% deduction of regular excavation was required to be made from the item “earthwork embankment” as also admitted by the CE (South) during discussion of a para of similar nature.

The Committee directed the department to get the record re-verified from Audit and to effect recovery within a week. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1114, 1121 & 1116)

2.4.1.11.4 Executive Engineer, Provincial Highway Division, Multan measured an item of work “*Regular excavation dressed*” in 4 works of KPRRP for a quantity of 119670 cft, 64941 cft, 102106 cft & 48000 cft but it was noticed that these quantities of earth were not deducted from earth brought from outside. Total quantity of earth available after regular excavation came to 334717 cft which was required to be deducted from earth brought from outside.

Violation of specification resulted in overpayment of Rs 2,179,232.

Audit pointed out the overpayment in September 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 16.12.2016.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 463)

2.4.1.11.5 Executive Engineer, Provincial Road Construction Division, Rawalpindi made payment for an item of work, "*earthwork for making embankment in all types of soil including lead*" but earth obtained from regular excavation and quantities of sub base course, base course and TST were not deducted from the item of earthwork embankment.

Violation of specification resulted in overpayment of Rs 2,813,936.

Audit pointed out the overpayment in August 2016. The department replied in one case (DP No. 803) that the quantity of earth obtained from regular excavation had been deducted from embankment which may be verified. In other case the department stated that full quantity would be deducted from the contractor. In case of DP No. 808, the department replied that the X-Sections for making embankment as per T.S Estimate have been entered in M.B. Then all deductions for regular excavation dressed, sub base, base course & T.S.T etc were made from quantity of making embankment as per T.S estimate in M.B. So all deductions had been made and there was no overpayment. The reply of the department was not acceptable because as per MB the department adjusted the quantity of 904316 cft (63575 + 840741) against actual adjustable

quantity of 1059127 cft. The quantity of 154811 cft was not adjusted. Hence this quantity needs adjustment or amount of Rs 877,778 (154811 x Rs 5670/100) may be recovered from the contractor.

The paras were also discussed in the SDAC meeting held on 14.12.2016. In sub para 7 (DP No. 803), the department admitted the recovery but did not produce the record during verification dates. In sub para 13, the department recovered Rs 313,028 from 15th running bill which was verified by Audit. In sub para 29, the department did not produce the relevant MB during verification process. The Committee reduced the para upto Rs 1,623,130.

The Committee directed the department to produce the relevant MB along with MRS and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 808& 803)

2.4.1.11.6 Executive Engineer, Provincial Highway Division, Rawalpindi executed the item of work, "*regular excavation dressed*" in work "Rehabilitation/widening of rural road village Bango to Thatti Gujran Length 9.4km" and "Rehabilitation of rural road from Dhok Maramaki to Basal via Ratti Ban Length 6.7 km" for quantity of 47301.07 cft and 5598 cft respectively but these quantities were not adjusted/deducted from measured quantities of item of work "earthwork for making embankment".

Violation of specification resulted in overpayment of Rs 373,104.

Audit pointed out the overpayment in July 2016. The department replied that the quantity of earth received from regular excavation had already been adjusted/deducted. The reply of department was not tenable because no record was produced in support of reply.

The para was also discussed in the SDAC meeting held on 14.12.2016.

The Committee directed the department to produce the measurements book and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of overpayment and its verification besides disciplinary action against concerned.

(DP No. 794)

2.4.1.11.7 Executive Engineer, Provincial Highways Division, Rahim Yar Khan executed the item "*Regular excavation dressed*" for 271151 cft. Whereas, a quantity 71246 cft and 13400 cft was deducted.

Violation of specification resulted in overpayment of Rs 534,452.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. Audit verified the recovery of Rs 264,586 on account of utilization of excavated earth from 15th and 16th running bills leaving a balance amount of Rs 269,866.

The Committee reduced the para to Rs 269,866 and directed the department to effect the recovery within 30 days and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1167)

2.4.1.12 Non-deduction of Punjab Sales Tax - Rs 19.55 million

As per Punjab Revenue Authority Finance Department instructions issued vide No.PRA/22477 dated 25.04.2014 Sales Tax @ Rs 16% is

required to be deducted from the payments made to the engineering consultants.

2.4.1.12.1 Executive Engineer, Provincial Highway Division, Muzaffargarh made a payment amounting to Rs 59,685,401 for the year 2015-16 to the consultants firms on account of the supervision of the works but the sales tax @ 16% was not deducted from the payments made to the consultants.

Violation of Finance Department's instructions resulted in non-recovery of sales tax Rs 9,549,662.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department admitted that due sales tax would be deducted from the payment of consultants.

The Committee directed the department to effect the recovery from payments of consultants and get the record verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1141)

2.4.1.12.2 Executive Engineer, Provincial Highways Division-I, Sargodha, did not recover 16% sales tax from payments of Rs 7,888,393 & Rs 4,739,814 made to M/s Associated Consulting Engineers and M/s Engineering Consultants respectively for supervision of different roads.

Violation of Finance Department's instructions resulted in non-recovery of Rs 5,330,488 from the consultants.

Audit pointed out the non-recovery in March 2016. The department replied that as per Punjab Revenue Authority notification No.PRA/Orders,06/2012 dated 20.02.2015, Rule 5, a withholding agency, other than a recipient of advertisement services, shall:

- a) Withhold the whole amount of sales tax shown in the tax invoice issued by a registered person as service provider; and
- b) Make payment of the balance amount of the invoice to registered person as service provider.”

In the instant case, Associated Consulting Engineers, Lahore and M/s Engineering Consultants are registered firms with Government of Punjab, Punjab Revenue Authority, therefore, no amount of sales tax was claimed/shown in the invoices, hence deduction of Sales Tax @ 16% cannot be made from the claims. The reply is not tenable and recovery was to be made and verified as per said mentioned Finance Department notification.

The para was also discussed in the SDAC meeting held on 26.08.2016. The department explained to the Committee that after recovery of 16% tax from consultants, the record would be produced to Audit for verification.

The Committee deferred the para for recovery and record verification. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the officers involved.

(DP No. 84& 83)

2.4.1.12.3 Executive Engineer, Provincial Highway Division, Rahim Yar Khan made payment of Rs 29,215,239 to M/s ACE Art Lahore from July 2015 to June 2016 but the sales tax @ 16% required to be deducted from the claims of the consultants which was not made.

Violation of Finance Department's instructions resulted in non-recovery of PST of Rs 4,674,438.

Audit pointed out the non-recovery in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1206)

2.4.1.13 Irregular expenditure due to non approval of non-MRS item - Rs 9.73 million

According to the instructions issued by the Finance Department, vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer on the basis of input rate of relevant quarter placed at website of Finance Department.

Executive Engineer, Provincial Highway Division, Sialkot made payment for an item of work i.e "*P/F kerb stone of approved manufacturer*" 64840 No. @ Rs 150 each amounting to Rs 9,726,000. The department did not get approved the analysis of rate of said item of work.

Violation of Finance Department's instructions resulted in irregular payment of Rs 9,726,000.

Audit pointed out the irregularity in July 2016. The department replied that analysis of rate of P/F Kerb Stone Rs 150 was based on input / MRS of 1st biannual 2014, hence no need for its approval as non

standardized item was required. The reply of the department was not tenable because no evidence was produced to Audit for verification.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department replied that analysis of rate of P/F kerb stone Rs 150 for Dualization of Muridke-Narowal road km No. 42 to 52 G-II is based on input / MRS of 1st bi annual 2014 (1st Feb. 2014 to 31st July 2014), hence no need for its approval as non standardized item. As regards the rate of Rs 79/96 for (G-IV) km No. 63 to 75, it is based on input / MRS rates of 1st quarter 2011 and cannot be compared with the rate of 2014. Moreover rate of preparing surface and painting small detached articles not exceeding 1 sft of painted surface (three coat) is also included in MRS / input rate of 1st Bi annual 2014 (1st Feb 2014 to 31st July 2014) and accordingly applied in the estimate.

The Committee directed the department to obtain approval of SE, PHC, Gujranwala regarding non MRS item providing/laying kerb stone. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early production of record.

(DP No. 588)

**2.4.1.14 Loss due to less execution of lower quoted rate item -
Rs 4.23 million**

As per para 2.33 of Punjab Financial Rules Volume-I every Govt. official would be held personally responsible for loss sustained due to negligence at his part.

Executive Engineer, Provincial Highway Division, Sahiwal made payment for item of work i.e. "*Earthwork in ordinary soil embankment*" for which contractor quoted less rate i.e Rs 6,000 P.‰ cft against the estimated rate of Rs 7,112.50 P.‰ cft. The department was required to

execute full quantity of said item of work till the completion of the work but the department got executed lesser quantity to favour the contractor.

Violation of rule resulted in loss of Rs 4,228,318.

Audit pointed out the loss in July 2016. The department replied that all the works are in progress and the deduction shall be made at the end of the works. The department admitted the recovery but not effected.

The para was also discussed in the SDAC meeting held on 23.12.2016. The department did not furnish satisfactory reply.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 925)

2.4.1.15 Overpayment due to sanction of higher rate analysis of dewatering pumps - Rs 2.35 million

As per para II and III of Finance Department No R.O.(Tech) F.D.18-23/2004 dated 21.09.2004, the rate analysis for the items rates/non standardized items shall be prepared by the Executive Engineer/Deputy Director and approved by the competent authority not below than Superintending Engineer/Director before the work to accord technical sanction. Further as per Clause 13(2) of Contract Agreement, the contractor shall maintain at his own cost all lights arrangements at site on night time.

Executive Engineer, Provincial Highway Division No.2, Sargodha got approved the rate analysis of Non-BOQ item "*Dewatering arrangement for lowering and disposal of ponded water etc*" on higher side @ Rs 4.88 per cft in estimate sanctioned by allowing 150 KW

Generator to run 6 electric motors/pumps of 10 horse powers instead of use of actual 100 KW instead of Rs 4.33 per cft.

Violation of Finance Department's instructions resulted in overpayment of Rs 2,349,561 due to sanction of incorrect rate analysis. The detail is as under:-

S.No	Name of work	Name and detail of specification used in the work	Rate approved in TSE	Rate required to be approved	Difference	Qty paid	Amount In Rs
1	Construction of high level bridge over River Jhelum at Langarwala Pattan including connecting roads Khushab in District Sargodha	Dewatering arrangement for lowering and disposal of ponded water etc	4.88 per cft	Rs4.33 Per cft	Rs0.55 per cft	4271930 cft	2,349,561

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.12.2016. The department replied that rate was approved by the Competent Authority and accordingly payment was made to the contractor. Audit argued that in the rate analysis of non-BOQ, item of Dewatering was done by allowing rate of 150 KW Generator instead of admissible 100 KW capacity Generator.

The Committee directed the department to get the record re-verified from audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No.896 (56))

2.4.1.16 Overpayment due to addition of 10% Income Tax in Value of work done for Consultant Payment - Rs 1.62 million

As per FBR Letter No. MAC-V/2014-15/39, Dated 3.7.2014, 10% Income Tax was required to be deducted on services of Consultants rendering services on the gross amount payable in the case of other taxpayers under Clause 153(1)(b) of Income Tax Ordinance 2001.

Executive Engineer, Provincial Highway Division, Mianwali made payment Rs 71,402,268 to Consultants M/s AZ Engineering Associates. The department added 6% and 10% income tax amounting to Rs 228,088 and Rs 1,395,473 respectively in gross value of work done in 18th running bill and then deducted. The income tax was not to be paid to the consultants and it was to be deducted from his income in the light of rules *ibid*.

Violation of instructions resulted in overpayment of Rs 1,623,561.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. Audit pointed out that incorrect 10% income tax was added in the agreement of consultants in violation of rules and regulations.

The Committee upheld the view point of Audit and directed the department to effect the recovery and get it verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 940)

**2.4.1.17 Unjustified payment due to enhancement of quantities -
Rs 1.40 million**

As per Finance department clarification issued vide letter No. RO(Tech)/FD/2.6/85 dated 16.03.1988 “The rate for levelling and dressing is included in the unit rate for compaction of earth work”

Executive Engineer, Provincial Highways Division, Rahim Yar Khan executed the item “*Earth work in ordinary soil for embankment 95% to 100% complete*” and paid upto 9th running bill for 889280 cft and subsequently the allied items of road work were also completed. After this the quantity of earth was increased upto 1021969 cft. The increase in earth quantity 132689 cft after completion of road work was unjustified. The enhancement was as a result of recording of whole x-sections of T.S. Estimate only to utilize the saving. This unjustified measurement/enhancement resulted in overpayment of Rs 962,210 (132689 x Rs 7251.62‰). Further, the quantity of the item “regular excavation dressed” was not deducted from the earth quantity of embankment.

Violation of Finance Department’s instructions resulted in unjustified payment/overpayment of Rs 1,395,574.

Audit pointed out the unjustified payment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department explained that after the completion of road work the final measurements as per cross sections were taken.

The Committee deferred the para and directed the department to get the record re-verified from Audit within 15 Days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1164)

Internal Control Weaknesses

2.4.1.18 Irregular payment due to use of local bitumen - Rs 2,369.06 million

As per condition No.17 of acceptance letter of the work, bitumen will be arranged by the contractor himself from National Refinery Ltd Karachi at his own cost and documentary proof will be provided before release of payment against the work done.

Executive Engineers, Provincial Highways Divisions Gujrat, Jhelum, Gujranwala, Okara, Sialkot and D.G Khan made payments for the items of work “*Providing and Laying Triple Surface Treatment (TST) and Proving/Laying Bituminous carpet*” to various contractors but in most of the cases, documentary evidence / invoices showing the procurement of bitumen from National Refinery Ltd Karachi were neither available on record nor produced to Audit for verification. In a few cases, the invoices were produced according to which the bitumen was purchased from PARCO Muzaffargarh. In the absence of complete record, Audit was not in a position to ascertain the actual source/refinery for procurement of bitumen.

Violation of contractual obligations resulted in irregular payment of Rs 2,369,060,000. The detail is as under:

Sr. No.	Name of Division	DP No.	Amount (Rs in million)
1	PHD Gujrat	523	1,107.88
2	PHD Jhelum	758	595.51
3	PHD Gujranwala	918	301.03
4	PHD Okara	677	109.32
5	PHD Sialkot	559	45.43
6	PHD D.G Khan	996	30.13
7	PHD Jhelum	774	27.80
8	PHD D.G Khan	992	16.12
9	PHD Okara	678	15.89

10	PHD D.G Khan	993	2.34
11	PRCD Rawalpindi	805	28.25
12	PRCD Lahore	1257	89.36
		Total	2,369.06

Audit pointed out the irregular payments during July to November 2016. The department replied that the payment had been made to the contractors after ensuring quality of bitumen through test results and documentary evidences / invoices. In certain cases, the department admitted that bitumen was purchased from PARCO, Muzaffargarh. The reply of the department was not tenable because no record was produced. Further, the department itself stated that bitumen of PARCO, Muzaffargarh was used while payment was made to contractor as per input rates including carriage from Karachi. Hence, the department needs to recover difference of carriage.

The paras were also discussed in the SDAC meetings held in December 2016. The department reiterated its earlier reply. However, in reply to sub para No.63, the department stated that contractor had procured the bitumen from PARCO Muzaffargarh. Audit argued that in estimate, the rate applied was of NRL Karachi, hence recovery on account of difference on carriage needs to be effected in this case. The Committee reduced the para (DP No. 805) to the amount of Rs 28.251 million. Regarding sub para No.66, 21 & 26 the department explained that the invoices of NRL Karachi were obtained from the contractor which were verified by Audit.

The Committee directed the department to work out the recovery in all cases and effect the same from the contractors at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 523,758,918,677,559,996,774,992,678 & 993, 805, 1257)

2.4.1.19 Non-utilization of dismantled material - Rs 131.57 million

According to para 9(i) of chapter 18.1 of book of specifications 1967 execution of work, the dismantled material is the property of the government, it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

2.4.1.19.1 Executive Engineers, Provincial Highway Divisions Gujranwala, Sialkot, Multan, Rahim Yar Khan, Jhelum, Muzaffargarh & Road Construction Division, Rawalpindi and Lahore got executed the items of work “*Dismantling of road pavement*”, “*Dismantling of existing road edging*” and “*Dismantling bricks or flagged flooring without concrete foundation*” but the dismantled material was neither deducted from quantity of sub base course brought from outside sources nor recovered from the contractors.

Weak financial and supervisory controls resulted in non-recovery of Rs 65,003,461.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The paras were discussed in the SDAC meeting held in December 2016. The department in some cases replied that the remaining material would be relaid as sub base in next running bills whereas in other cases, the department admitted the recovery.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 906,339,370,427,522,810,1267,1169,449,760 & 1135)

2.4.1.19.2 Executive Engineer, Provincial Highway Division, Sahiwal, Okara and D.G Khan made payment for items of work i.e. “*dismantling of existing road pavement*” and “*dismantling of existing road edging*”. The department did not utilize the dismantled material in full as sub base in running work. The cost of this material was also not recovered from the contractors.

Weak technical and financial controls resulted in overpayment of Rs 44,245,000

Audit pointed out the overpayment in July 2016. The department partially admitted the recovery.

The paras were also discussed in the SDAC meeting held in December 2016. Audit verified the recovery of Rs 2,611,713 effected from various running bills of the contractors and further pointed out that department should recover the dismantled material of road pavement with 100% utilization / adjustment as per provision of agreement.

The Committee reduced the paras to Rs 41,633,287 and directed the department to effect recovery at the earliest and get it verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends the early recovery.

(DP No. 921,662 & 995)

2.4.1.19.3 Executive Engineer, Provincial Highway Division, Sialkot and Gujrat made payment for an item of work “*Cold milling of existing carpet complete in all respects*” for 2007500 sft and 255344 sft. The retrieved material i.e “Bajri” was required to be reused in the carpet of the road but the department did not utilize the retrieved material in the item of work “carpet”.

Weak technical and financial controls resulted in overpayment of Rs 24,825,285.

Audit pointed out the overpayment in July 2016. The department replied that Audit's viewpoint on use of bajri after cold milling of the Asphaltic Concrete was not based on ground realities as this old material could not be reused in the new carpet. The reply of the department is not tenable because as per item No 213.2 of the NHA specifications, a complete mechanism was explained to recycle the milled material.

The paras were also discussed in the SDAC meeting held in December 2016. The department explained that after cold milling of the asphaltic concrete, the bajri was not useable.

The Committee referred the case to RR&MTI and Finance Department for clarification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends active pursuance of the case to settle the issue.

(DP No. 541& 539)

2.4.1.19.4 Executive Engineer, Provincial Highway Division, Sialkot made recovery on account of dismantling of dry brick masonry (existing road edging) as cost of bricks and bricks bats whereas the same quantity 17929 cft was to be deducted from the item @ Rs 3,840.15% cft as done i.e. in case of item "*Dismantling of existing road pavement*".

Weak supervisory and financial controls resulted in less recovery of Rs 111,391.

Audit pointed out the less recovery in July 2016. The department replied that the remaining recovery of Rs 111,391 on account of cost of dismantled material was being made from the next bill of the contractor and would be produced to Audit in due course of time.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department admitted the recovery but had not yet effected it from the contractor's payments. The Committee directed the department

to effect the recovery from the contractor and get it verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 368)

2.4.1.20 Irregular payment on account of grant of secured advance – Rs 75.54 million

As per Clause No.45 of contract agreement, a contractor whose contract is for finished works can be granted a secured advance on the security of material of imperishable nature brought by him at site of the work @ 75% of material cost.

2.4.1.20.1 Executive Engineer, Provincial Highway Division, Rawalpindi and Jhelum granted secured advance on Bitumen (bulk) for use in carpet works. Bitumen was a perishable item and secured advance was not admissible on this item.

Violation of contractual obligations resulted in irregular payment of Rs 68,491,000.

Audit pointed out the irregularity in July 2016. The department replied that the Audit point of view to declare the bitumen as "perishable" item was not based on facts. According to clause 55, and sub clause 55(9) of the contract agreement, bitumen was "imperishable" item and secured advance was admissible on every imperishable item. The secured advance granted to contractor on account of bitumen was purely according to the provisions laid down in the contract agreement. Reply was not tenable. It was very much clear that bitumen was a perishable item. In clause 55(9), it is a typing mistake, which can be clarified from the Finance Department. Moreover, the bulk bitumen was used in carpet. Executive Engineer, Provincial Highway Division, Rawalpindi may clarify how the quantity of bulk bitumen was measured at site. Actually it was a serious irregularity, which needs condonation from the Finance Department. The granted

secured advance may be recovered along with 12.5% interest either from the contractor or person(s) at fault. No reply was furnished in respect of DP No. 757.

The para was also discussed in the SDAC meeting held in December 2016. The department explained that bitumen was an imperishable item in the light of agreement clause 55 sub section 9 and accordingly secured advance was allowed to the contractor. Audit argued that it was a typographical error as the bitumen was perishable item, hence secured advance was not required to be allowed. The Committee directed the department to get the clarification from Law and Parliamentary Affairs department and Finance Department along with rectification of error, if any.

The Committee also directed to recover 12.5% markup from the contractor. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with 12.5% markup, condonation from the Finance Department besides disciplinary action against concerned.

(DP No. 348&757)

2.4.1.20.2 Executive Engineer, Provincial Highway Division, Rawalpindi granted secured advance on bitumen for use in carpet work in two works "Rehabilitation of THAT Road from F-6 Kamra to Kamra chowk, District Attock" and "Rehabilitation of Road from Lower Topa (Danna) to Ghulehra Gali To Patriata Top" by assessing the higher value (cost) of material (bulk bitumen) instead of admissible material cost as per input rates displayed at the web site of the Finance Department.

Violation of contractual obligations resulted in undue favour of Rs 2,629,833.

Audit pointed out the irregularity in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. Audit pointed out that incorrect assessment of bitumen rate was made by the department at the time of grant of secured advance which proved that undue financial favour was given to the contractor. Department replied that recovery pointed out by Audit will be effected from the contractor.

The Committee directed the department to effect the recovery along with markup @ 12.50% per annum from the contractor and get it verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with 12.5% markup besides disciplinary action against concerned.

(DP No. 796)

2.4.1.20.3 Executive Engineer, Provincial Highway Division, Jhelum, Mianwali and Road Construction Division, Rawalpindi granted secured advance on Steel grade-60 by assessing higher value (cost) of Steel – grade 60 instead of admissible material cost as per input rates displayed at the web site of Finance Department.

Violation of contractual obligations resulted in undue favour of Rs 2,328,217.

Audit pointed out the irregularity during 2015-16. The department did not reply in respect of DP No. 952 & DP No. 784 whereas while replying to DP No. 804, the department admitted the grant of secured advance at higher rate.

The paras were also discussed in the SDAC meeting held in December 2016. During discussion, Audit contended that incorrect assessment of steel G-60 was made by the department at the time of grant of secured advance which proved that undue financial favour was given to the contractor.

The Committee directed the department to effect recovery along with markup @ 12.50% per annum from the contractor and get it verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with 12.5% interest besides disciplinary action against concerned.

(DP No. 952,784 & 804)

2.4.1.20.4 Executive Engineer, Provincial Highway Division, Rawalpindi granted secured advance on Steel Grade-40 for use in RCC work by assessing the higher value (cost) of material (Steel grade-40) instead of admissible material cost as per input rates displayed at the web site of Finance Department, in work "Rehabilitation of THAT Road from F-6 Kamra to Kamra chowk , District Attock".

Violation of contractual obligations resulted in undue favour on account of grant of secured advance of Rs 2,090,738.

Audit pointed out the irregularity in July 2016. The department admitted the observation but did not effect the recovery.

The para was also discussed in the SDAC meeting held on 14.12.2016. Audit pointed out that incorrect assessment of steel G-40 was made by the department at the time of grant of secured advance which proved that undue financial favour was given to the contractor.

The Committee directed the department to effect the recovery along with markup @ 12.50% per annum from the contractor and get it verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with 12.5% markup besides disciplinary action against concerned.

(DP No. 815)

2.4.1.21 Overpayment due to excess quantities - Rs 33.03 million

As per TS estimate Condition No. IX, the responsibility of the items, rates and their quantities as depicted in the estimate lies upon the executing staff i.e. Executive Engineer, Sub-Divisional Officer and Sub-Engineer concerned who have surveyed the area and have prepared the estimate and have certified through independent certificates attached with the estimate that the provisions made in the estimate are as per site measurements/requirements.

2.4.1.21.1 In the original PC-I and detailed estimate maintained in the office of Executive Engineer, Provincial Highway Division, D.G Khan, the quantity of item "*Earthwork in ordinary soil for embankment*" has been worked out to 3549427 cft after making deduction of 1732450 cft for quantity of regular excavation, but in the revised PC-I, the quantity of item earthwork embankment was enhanced to 5362069 cft mainly due to exclusion of the item of regular excavation from the deductible quantities. Upto last paid bill vide item No. 4, a quantity of 1497677 was carried out as "*Regular excavation dressed complete in all respect*". Further, the fact was substantiated by the Section Officer (Highway-II) memo addressed to Executive Engineer which stated "scrutiny of revised PC-I has necessitated that quantity under item Earthwork be got vetted from Planning & Design Directorate, Punjab Highway Department, Lahore".

Violation of contractual obligations resulted in overpayment of Rs 10,685,910.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. During discussion, the Chief Engineer (South) briefed the Committee that total quantity of regular excavation was to be deducted from quantity of earth brought from outside.

The Committee directed the department to get the record re-verified from Audit within a week along with vetting of P&D Department regarding abnormal increase in quantity of earthwork. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1009)

2.4.1.21.2 Executive Engineer, Provincial Highway Division No.1, Sargodha awarded different works to different contractors. The department measured excess quantities of different items than the quantities vetted by the consultants. Moreover, the department measured the width of some roads under Khadim-e-Punjab Rural Road project as 12.5 ft instead of actual 12 ft.

Violation of contractual obligations resulted in overpayment for Rs 9,854,061.

Audit pointed out the overpayment in September 2016. The department replied that the payments were made as per actual work done and measured by the Sub Engineers irrespective of the quantities vetted by the consultants. The reply of the department was not tenable because payments were made beyond the actual quantities vetted by the consultants.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department admitted the recovery for Rs 6,967,373 against audit para No.14,15,17 & 27. No record was produced to Audit during verification process in respect of audit para No. 26, 27 & 31.

The Committee directed the department to effect the recovery of Rs 6,967,373 and produce the record of audit para No. 26, 27 & 31 to Audit for verification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of the overpaid amount.

(DP No. 384)

2.4.1.21.3 Executive Engineer, Provincial Highway Division, Okara made payment for an item of work “*Providing and Laying base course of crushed stone aggregate*” for overlay portion with 20 ft width contrary to estimated provision of 10 ft width.

Violation of contractual obligations resulted in overpayment of Rs 3,874,500.

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that the existing 10 ft metalled road was proposed to be widened upto 20 ft and accordingly the provision for “Laying of WBM (Base Course)” was made in TS estimate for 5 ft wide on both sides in widening portion and 10 ft in overlay portion separately with same thickness. However, at the time of execution of work, the material was laid simultaneously on widening portion as well as on overlay portion of existing road. In this way, payment was made as 20 ft which was within the provision of TS estimate. Audit did not agree with the version of the department as quantity was laid on 20 ft width contrary to estimated provision of 10 ft width.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 688)

2.4.1.21.4 Executive Engineer, Provincial Highway Division, Sialkot made payment for an item of work “*Providing and Laying plant premixed bituminous carpet with 4.50 % bitumen*” (0.5” thick) for a quantity of

145000 sft @ Rs 2,149.92 % sft amounting to Rs 3,117,384. The department executed/paid the said item of work beyond the pavement design approved by the RRMTI, Lahore and DNIT approved by the competent authority.

Violation of contractual obligations resulted in overpayment of Rs 3,117,384.

Audit pointed out the overpayment in July 2016. The department replied that initially the provision of carpet (AWC) for only 2" thickness was made in the estimate / agreement of the contractor but before execution of this item it was decided by the competent authority to lay 2½" thickness carpet instead of 2" and accordingly the contractor carried out work as per revised design under the supervision of consultants but till execution of carpet work, revised estimate was not sanctioned. Therefore, the consultants recommended payment of 2" thickness and withheld the ½" additional thickness. After technical sanction of revised estimate, payment of remaining ½" thick carpet would be released to the contractor. The reply of the department was not tenable because no evidence was produced for verification to Audit.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department reiterated its previous reply.

The Committee directed the department to produce the revised estimate along with measurement sheets and to get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Matter needs to be investigated and recovery be made.

(DP No. 595)

2.4.1.21.5 Executive Engineer, Provincial Highway Division, Gujrat made payment for an item of work "*Providing and Laying plant premixed carpet 2" thick 4.5% bitumen*" for a quantity of 436488 sft while provision

in technical sanctioned Estimate, agreement was for 405900 sft. Hence, a quantity of 30588 sft was paid in excess over TS estimate.

Violation of contractual obligations resulted in overpayment of Rs 2,544,000.

Audit pointed out the overpayment in August 2016 The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department admitted the recovery on account of arithmetical error and promised to effect in next running bill.

The Committee directed the department to effect recovery along with markup @ 12.5% and get the record verified by Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with disciplinary action against responsible of violation of rules.

(DP No. 535)

2.4.1.21.6 Executive Engineer, Provincial Highway Division, Sialkot got executed and made payment of item "*Providing & Laying base course of crushed stone water bound macadam*" with 0.667 ft thickness against the provided thickness of 0.333 ft.

Violation of contractual obligations resulted in overpayment of Rs 1,798,000.

Audit pointed out the overpayment in July 2016. The department admitted the recovery and promised that excessive quantity as pointed out by Audit would be recovered in the next running bill of the contractor.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department explained that deficiency as pointed out by Audit would be met in the next running bill.

The Committee directed the department to get the record verified by Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 372)

2.4.1.21.7 Executive Engineer, Provincial Highway Division, Okara made payment for item of work i.e "*Providing and Laying WBM base course*" for a quantity of 253905 cft @ R 9,332.20 % cft, the actual quantity of said item of work came to 245905 cft as pavement design was approved with 8" thick base course for widening portion and 4" thick for overlay on existing portion.

Violation of contractual obligations resulted in overpayment of Rs 740,043.

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that Audit had calculated the quantity by considering the total length and width of the road. Whereas, the quantity for extension of approach & curves had also been taken in the TS estimate and the work was carried out accordingly. The total provision in TS / agreement was 255786 cft against which a quantity of 253905 cft has been paid to the contractor which was well within the approved quantity.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends investigation of the matter besides recovery of the amount involved.

(DP No. 676)

2.4.1.21.8 Executive Engineer, Provincial Highway Division, Sialkot got executed item of work i.e. “*dimentling dry brick mansonry*” for a quantity of 9814 cft. The deduction of dismental quantity was required to be deducted from the item of relaying of bricks soling but added the same and paid accordingly.

Violation of contractual obligations resulted in overpayment of Rs 417,586.

Audit pointed out the overpayment in July 2016. The department admitted the recovery and promised to recover it from the next bill of the contractor.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department explained that recovery on account of cost of old material was adjusted in the MB, but the same was not got verified from Audit.

The Committee directed the department to get the record verified by Audit within 15 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 333)

**2.4.1.22 Overpayment due to non-deduction of road crust -
Rs 30.50 million**

As per provisions of technical sanctioned estimate of work, the quantity of item of work, regular excavation dressed, road crust and earth obtained from excavation of structure was required to be adjusted deducted against the item of work earthwork for making embankment.

Executive Engineers, Provincial Highway Division, Gujranwala and Rahim Yar Khan made payment for an item of work, “*earthwork for*

making embankment in all types of soil including lead, along other allied items of work i.e. sub base course, base course, TST, sand and carpet". The crust portion and sand was to be deducted before release of full quantity of earth work to the contractor which was not done.

Violation of regulation resulted in overpayment of Rs 30,491,948.

Audit pointed out the overpayment during 2015-16. The department did not reply.

The paras were discussed in the SDAC meeting held in December 2016. The department admitted and promised to adjust / deduct the road crust from earthwork in next running bill.

The Committee directed the department to effect the recovery and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 920, 1202 & 1207)

2.4.1.23 Overpayment due to non-recovery of imbalance rates - Rs 18.95 million

As per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in the technical sanction estimate, payment for the items whose rates were higher would be made at the rates depicted in technical sanction estimate. On the execution of such items, the balance payment would be withheld till the completion of the work of items for which low rates were quoted.

Executive Engineer, Provincial Road Construction Division, Lahore awarded a work to the contractor at 3.99 % above the estimated cost. The contractor quoted imbalance rates for some items of BOQ. The

department was required to make payment to the contractor for higher quoted rates items at the rates of TS estimate but the department made payment at the quoted rates of the contractor which resulted in overpayment.

Violation of contractual obligations resulted in overpayment of Rs 18,947,000.

Audit pointed out the overpayment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that the project is in running condition and imbalance statement would be prepared at the time of finalization of the contract and if any recovery appears the same would be made and got verified from the Audit. Audit pointed out that the contractor quoted rate dis-proportionately on item of work dismantling @ Rs 1500 % cft instead of estimated rates of Rs 1013.22 per hundred cft.

The Committee directed the department to effect the recovery with 12.50% markup per annum for grant of undue financial benefit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1273)

2.4.1.24 Non-accountal of bitumen - Rs 18.05 million

According to Rules 15.4 and 15.5 of Punjab Financial Rules Volume-I and Rule 6.9 of Departmental Financial Rules, all materials received should be examined, counted, measured and weighed, when delivery is taken and should be kept in charge of a responsible government servant. The receiving government servant should record items in appropriate stock register and items should be issued on written request as per requirement of work and acknowledgment should be obtained.

Executive Engineer, Provincial Highway Division, Gujrat made payment for the procurement of packed bitumen of Grade 80/100 was procured through Machinery Division, Lahore for quantity of 263.93 M.Ton for repair and maintenance works in Gujrat and Mandi Bahauddin Sub Divisions. This quantity was neither entered in Stock Registers nor in any other book of store or accounts. It was also not consumed in any work. In the absence of accountal and consumption of 263.93 m.ton bitumen, the chances of misappropriation of said material cannot be ruled out.

Violation of rule resulted in non-accountal and non-consumption of 263.93 m.ton bitumen valuing Rs 18,051,000.

Audit pointed out the non-accountal of bitumen in August 2016 The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department replied that an amount of Rs 18.051 million was deposited with Provincial Machinery Maintenance Division on 18.06.2016 & 20.06.2016 on account of procurement of bitumen, which was received during the month of October 2016, and had been taken on account register.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends production of details of accountal and consumption record.

(DP No. 531)

2.4.1.25 Non-recovery on account of less utilization of dismantled material - Rs 17.93 million

According to para 9(i) of chapter 18.1 of book of specification 1967 execution of work, the dismantled material is the property of the government, it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for

open auction. Also as per Communication and Works Department letter No. SOH-I (C&W) 1-42/97(Misc)dated 28th November 1997, dismantled material extracted from dismantling of brick soling/brick edging or road pavement would be used in item for laying of sub-base course in full and 90% respectively.

2.4.1.25.1 Executive Engineer, Provincial Highway Division, Jhelum did not utilize/re-lay the 100% & 90% quantity of dismantled material, as sub base course at labour rate, received from dismantling of brick edging and existing road pavement respectively in compliance of above mentioned rules.

Violation of specification resulted in non-recovery of Rs 13,412,353.

Audit pointed out the non-recovery in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery/adjustment of dismantled material and its verification besides disciplinary action against concerned.

(DP No. 766)

2.4.1.25.2 Executive Engineer, Provincial Highway Division, Sialkot made payment for an item of work "*dismantling of road pavement*" but recovery for 30874 cft quantity of stone was not made.

Violation of specification resulted in non-recovery of Rs 1,451,078.

Audit pointed out the non-recovery in July 2016. The department admitted the recovery and committed to recover it from the next bill of the contractor.

The para was also discussed in the SDAC meeting held on 14.12.2016.

The Committee directed the department to produce the estimate along with measurements sheet and recovery record and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 601)

2.4.1.25.3 Executive Engineer, Provincial Highway Division No.1, Sargodha and Mianwali awarded different works to different contractors. The department got dismantled the existing structure/building but did not deduct the exact cost of dismantled material.

Violation of specification resulted in non-recovery of Rs 3,309,977.

Audit pointed out the non-recovery during 2015-16. The department did not reply in case of (DP No. 950). In other case (DP No. 375) the department intimated that the recovery on account of cost of old material had been made from the running bills of contractors as per actual instead of estimates. The reply was not tenable because the department did not provide the documentary evidence.

The paras were also discussed in the SDAC meeting held in December 2016. Audit verified the recovery on account of cost of old material for Rs 477,000 recovered in next running bills against DP No. 950 of the contractor after pointation of Audit. However, Audit further

pointed out that old material was not recovered as per sanctioned estimate by the Chief Engineer.

The Committee reduced the para to Rs 1,213,000 and directed the department to re-verify the record within 15 days. The department admitted the recovery pointed out in DP No. 375 but the actual amount was not worked out yet according to TS estimate. The Committee directed the department to effect the recovery from the contractor and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the contractor and production of relevant record to Audit for verification.

(DP No. 375& 950)

2.4.1.25.4 Executive Engineer, Provincial Highway Division, Muzaffargarh executed the item "*Dismantling of brick or flagged flooring without concrete foundation*" for 41513 cft but the said material was not re-laid as sub-base. The utilization of said dismantled brick pavement was required to be made as per laid down procedure but it was observed that a nominal recovery was made which was unjustified.

Violation of specification resulted in non-recovery of Rs 1,307,643.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. Audit verified the recovery for Rs 352,865 on account of old material.

The Committee reduced the para to Rs 954,778 subject to re-verification of record i.e. estimate along with lab test reports. The

compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1120)

2.4.1.25.5 Executive Engineer, Provincial Highway Division, Muzaffargarh executed and paid the items "*dismantling of brick work and RCC 1:2:4*" but the dismantling of brick pavement was neither used/re-laid as sub-base course nor its recovery / accountal was on record.

Violation of specification controls resulted in non-recovery of dismantled material of Rs 1,368,041.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. Audit verified the recovery of Rs 775,142 through transfer entry No.2 dated 05.12.2016 on account of old material.

The Committee reduced the para to Rs 592,899 subject to recoument of security and re-verification of record from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1115)

2.4.1.25.6 Executive Engineer, Provincial Highway Division, Sialkot made payment for an item of work "*Dismantling dry brick masonry*" but did not make recovery of dismantled material from the contractor.

Violation of specification resulted in non-recovery of Rs 982,916.

Audit pointed out the non-recovery in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. Audit verified the recovery of Rs 675,393 on account of old material.

The Committee reduced the para to Rs 307,523 and directed the department to effect the recovery within 15 days and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of the remaining amount.

(DP No. 563)

2.4.1.26 Undue financial benefit due to non-revalidation of performance security - Rs 12.95 million

As per Clause-7 read with item (h) memorandum of work, and Finance Department Notification RO (Tech) FD-1-2/83 (V) (P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee @ 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with cost exceeding Rs 50 million. The performance security should be re-validated till completion of project and defect liability period.

Executive Engineer, Provincial Highway Division, Gujrat, did not revalidate performance security amounting to Rs 12.950 million which expired on 13.02.2016.

Violation of contractual obligations resulted in undue financial favour due to non-revalidation of performance security of Rs 12,950,000.

Audit pointed out the non-revalidation of performance security in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early revalidation of performance security besides disciplinary action against those responsible for this negligence.

(DP No. 534)

2.4.1.27 Less collection of toll tax - Rs 11.71 million

As per Rule 2.33 of Punjab Financial Rules Volume-I, every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part.

2.4.1.27.1 Executive Engineer, Provincial Highway Division, Faisalabad got approved the reserve price from Chief Engineer (South), Highway Department for toll tax collection of toll plaza at Mazhabi wala Summundri road for the financial year 2015-16. The department could not succeed to lease out the toll plaza for the period from 01.07.2015 to 29.02.2016 and the toll was collected departmentally. A lease contract was executed with the successful bidder for the period from 01.03.2016 to 30.06.2016(122 days) for Rs 39,745,000. However, department did not produce the record pertaining to the toll tax collection departmentally.

Weak financial controls resulted in loss of Rs 79,477,000 as a result of non-leasing of toll plaza w.e.f 01.07.2015 to 29.02.2016.

Audit pointed out the loss in September 2016. The department replied that an amount of Rs105,925,205 was collected as under:

i. Through departmental staff 1.7.2015 to 29.2.2016	Rs 76,279,245
ii Through contractor 1.4.2016 to 30.6.2016	<u>Rs 29,645,860</u>
	Rs 105,925,105

The reply of the department was not tenable because the department did not produce the relevant record for toll tax collected departmentally amounting to Rs 76,279,345 and Rs 29,645,860 through contractor with a total of Rs 105,925,105 which resulted in less recovery of Rs 13,296,795. However, the department did not mention about 01.03.2016 to 31.03.2016.

The para was also discussed in the SDAC meeting held on 15.12.2016. Audit pointed out that during the year 2015-16, the department collected toll tax amounting to Rs 113,756,345 which is less than the reserve price of Rs 119,222,000, therefore, Govt. sustained a loss of Rs 5,465,655.

The Committee directed the department to investigate the matter from Chief Engineer Highway (North) and submit fact finding report for verification of Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends fixing responsibility upon the person(s) at fault and production of relevant original record for audit verification.

(DP No. 753)

2.4.1.27.2 Executive Engineer, Provincial Highway Division No. I, Sargodha, awarded the contract for "Collection of Toll Tax at Sargodha Talib wala Road at Laksian Toll Plaza and at Model Town Plaza" to M/s Indus Trade Lahore at the bid price of Rs 41.128 million (10.01.2015 to 30.06.2015 for 172 days) against the reserve price of Rs 28.517 million approved by the Chief Engineer (North), Punjab Highway Department on 18th December 2014. Therefore, accordingly for next financial year 2015-16, the Draft Notice Inviting Bid (DNIB) was approved for Rs 90.580 million by Chief Engineer on 09.06.2015 and the department could not succeed in awarding contract (lease out) and started to collect toll tax departmentally and collected an amount of Rs 24,035,780 through departmental staff w.e.f. 01.07.2015 to 31.10.2015 (122 days) instead of actual amount required to be collected as per last year bid price for

Rs 29,172,152 (Rs 41128000/172days=Rs 239116 per dayx122 days). Hence, loss to the government was sustained due to less receipt of Rs 5,136,372.

The weak managerial and financial controls resulted in loss of Rs 5,136,372.

Audit pointed out the loss in September 2016. The department replied that it was not justified to compare the bid price received from the Toll Tax Contractor and departmental toll collection on different dates/months of the year. When a Toll Tax Contractor quotes the bid price, he analyzes the remaining days of his contract and expected collection keeping in view all these factors of traffic increase such as citrus season, roads material etc. Hence it was not possible to collect amount equal to the amount received by applying average factor. The department had collected as much amount as possible by deploying the staff that had to perform extra duty without any break. The strenuous effort made by the staff needed to be acknowledged. The reply was not acceptable because positive efforts were not made by the department for award of contract of toll tax and toll tax was collected departmentally by engaging its staff which shows lethargy & inefficiency on the part of the department.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department reiterated its earlier reply.

The Committee directed the department to get the assessment report regarding evaluation of reserve price with tender date from Chief Engineer Punjab Highway North Lahore and get the record verified by Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends conducting inquiry and fixing responsibilities against the person(s) at fault besides realizing an early recovery.

(DP No. 380)

2.4.1.27.3 Chief Engineer (South) Highway Department Lahore approved reserve price of Rs 77,094,000 for the period 1.07.2015 to

30.06.2016 for toll plaza located at Jhang, Toba Tek Singh and Chichawatni roads. Executive Engineer Provincial Highway Division, Jhang auctioned the toll plaza for the period from 1.7.2015 to 30.06.2016. However, the contractor did not take the possession up till 31.7.2015 and the contract agreement for the period 1.8.2015 to 30.6.2016 was executed at an agreed amount of Rs 78,600,300. The department did not produce the record pertaining to the departmental collection for the month of July 2015 and amount deposited by the contractor for the period 1.8.2015 to 30.6.2016.

Weak managerial and internal control resulted in loss of Rs 85,024,500 to government due to less recovery.

Audit pointed out the loss in September 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 30.11.2016. The department explained that possession of toll plaza for collection of tax was handed over to the contractor on 01.08.2015. Audit contended that during this period of one month, the department collected less amount of Rs 1,103,210 due to late handing over of toll plaza to the contractor.

The Committee reduced the para to Rs1,103,210 and directed the department to get the loss written off under chapter 18 of Punjab Financial Rules (Vol-I) from the Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the concerned quarter besides fixing responsibility against the persons at fault and obtaining condonation from the Finance Department.

(DP No. 296)

2.4.1.28 Non-recovery of mobilization advance - Rs 5.01 million

According to Finance Department letter No. RO (Tech)FD 18-44/2006 dated 07.12.2004, the mobilization advance would be given to the

contractor whose tendered amount in the acceptance letter exceeds 10 million @ 10% for mobilization of contractor at site and 5% more after its completion. The recovery of mobilization advance will be made after expiry of 20% period of completion or 20% of the work done whichever is earlier @ 25% of work done in each bill.

Executive Engineer, Provincial Highway Division, Okara awarded a work to a contractor with the time limit of 10-months from the date of start 13.02.2016. Mobilization advance to the extent of Rs 18,527,800 was granted to the contractor. 20% time was elapsed on 13.04.2016 and last payment was made on 29.07.2016 but recovery of mobilization advance was not made from the contractor.

Violation of Finance Department's instructions resulted in non-recovery of mobilization advance of Rs 5,009,456.

Audit pointed out the non-recovery in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. Audit pointed out that recovery of mobilization advance was required to be effected on 13.04.2016. The department started adjustment of mobilization advance during September 2016 after a lapse of five months in violation of Finance Department instructions.

The Committee directed the department to effect the recovery along with mark up @ 12.50% per annum from contractor and get it verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 657)

2.4.1.29 Overpayment due to non-deduction/adjustment of available earth - Rs 4.92 million

As per Section 410-11 of Book of Specification of 1971, “*regular exaction dressed*” may be deducted/adjusted with the item of work “*earth work embankment in ordinary soil*”.

2.4.1.29.1 Executive Engineer, Provincial Highway Division, Gujrat made payment for an item of work, “earth wok in ordinary soil for making embankment i/c all lead lift and compaction 95% to 100%” in two cases. Another item of work, “regular excavation dressed” was also measured and paid in both the cases but adjustment/deduction of “Regular excavation dressed” was neither provided in Estimate of work nor it was adjusted/deducted.

Violation of specification resulted in overpayment of Rs 2,315,998.

Audit pointed out the overpayment in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016. The department replied that under the provision of rules the earthwork embankment has to be adjusted by deduction either of earth excavated or sub base carried out at site of work. In the instant cases the sub base has been deducted from the earthwork embankment. Quantity received from excavation for structure has already been deducted, balance quantity would be deducted from the balance yet to be paid earthwork. Audit did not agree as total quantity of regular excavation was to be deducted. The Chief Engineer (South) during the meeting briefed that total quantity of regular excavation was to be deducted from earth brought from outside.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery along disciplinary action against responsible of this negligence.

(DP No. 536)

2.4.1.29.2 Executive Engineer, Provincial Highway Division, Sialkot made payment for items of work “*excavation in open cutting*” and “*excavation for structure*”. The department made payment for another item of work “*earthwork for embankment with 3 km lead*” @ Rs 6,850 ‰ cft instead of utilization of available earth.

Violation of specification resulted in overpayment of Rs 1,539,000.

Audit pointed out the overpayment in July 2016. The department replied that recovery on account of deduction of earth obtained from excavation in open cutting and road structure would be made from the next bill of the contractor.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department admitted the recovery on account of non-utilization of available earth and promised to effect in next running bill.

The Committee directed the department to effect the recovery at the earliest. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 574)

2.4.1.29.3 Executive Engineer, Provincial Highway Division, D.G Khan made payment of an item of work “*earthwork excavation for making embankment*” for a quantity of 704331 cft @ Rs 4,238.01 ‰ cft and made payment for another item of work “*earthwork excavation in F & P*” for 138297 cft. The department was required to deduct this quantity of “*earthwork excavation in F & P*” from the quantity of earthwork for making embankment which was not done. In another work 2/3 earth

available from excavation of foundation ($41787 \times 2/3 = 27856$) was not deducted @ Rs 7,134.99 ‰ cft.

Violation of specification resulted in overpayment of Rs 784,870.

Audit pointed out the overpayment in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016. The department admitted the recovery.

The Committee directed the department to get the record re-verified from Audit within a week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1006)

2.4.1.29.4 Executive Engineer, Provincial Highway Division, Multan made payment for the item "*earth work in ordinary soil for making embakment*" to the extent of 833067 cft @ Rs 6,510.67 ‰ cft but did not deduct 43550 cft earth received from the item of work "*excavation in foundation*".

Violation of specification resulted in non-recovery of Rs 283,540.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 16.12.2016.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 462)

**2.4.1.30 Non-recovery on account of consultancy charges -
Rs 2.00 million**

As per condition No. 01 of revised Admn Approval issued by Secretary C&W Vide No.SOH-II/C&W/3-21/2015 dated 03.02.2016 and also as per direction No.1 of letter issued by Chief Engineer Punjab Highway Department (North) Lahore regarding sanction of technical estimate of work, vide No.997/plg dated 04.03.2016, additional consultancy fee amounting to Rs 2.00 million may be charged to the contractor due to delay on his part.

Executive Engineer, Provincial Highway Division, Rawalpindi did not recover from contractor the additional consultancy fee amounting to Rs 2.00 million paid to consultant due to delay of work by the negligence of contractor.

Violation of regulation resulted in non-recovery of Rs 2,000,000.

Audit pointed out the non-recovery in July 2016. The department replied that provision of consultancy in T.S Estimate for Part-A was Rs 31.601 million and for Part-B Rs 2.331 million. Thus total consultancy amounted to Rs 33.932 million. The payment of Rs 33.762 million was made to the consultants M/S ECSP (Pvt.) limited which was well within the provision and no excess payment was involved. The work stands completed. Reply was not tenable being irrelevant as the Secretary (C&W) and Chief Engineer Punjab Highway Department already directed for recovery of additional cost of consultancy for Rs 2.00 million from contractor due to delay at his part.

The para was also discussed in the SDAC meeting held on 13.12.2016. The department admitted the recovery and promised to effect from next running bill.

The Committee directed the department to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery either from contractor or person(s) at fault and its verification besides disciplinary action against concerned.

(DP No. 361)

2.4.1.31 Undue financial benefit due to non-recoupment of security deposit - Rs 1.55 million

According to Memorandum of Work (d) of the contract agreement 10% security deposit is retained on the amount of work done up to Rs 5.00 million and 5% on the amount of work done beyond Rs 5.00 million. The deducted security must be retained in deposit till completion of work, finalization of accounts and expiry of defect liability period.

Executive Engineer, Provincial Highway Division-1 Sargodha in a work deducted Rs 14,399,713 as security deposit. An amount of Rs 1,353,910 was transferred to the Executive Engineer Provincial Highway Division, No-II Sargodha in April 2012 and Rs 197,584 were adjusted against recovery of an Audit para. This adjustment of security deposit from the payment made to the contractor for Rs 1,551,494 was not recouped.

Violation of contractual obligations resulted in non-recoupment of security deposit for Rs 1,551,494.

Audit pointed out the irregularity in April 2013. The department admitted the non-recoupment of security deposit and explained that Rs 10.00 million was transferred to the bank as interest bearing security on the request of the contractor. Moreover, recoupment of security deposit would be made through bill of the contractor as and when funds are received. The reply was not tenable because in April 2012, transactions regarding adjustment from security deposit were carried out but the

security deposit was not recouped from the payment made in June 2012. Further it was needed to be verified that the interest bearing security deposit existed in the bank.

The para was also discussed in SDAC meeting on 26.08.2016. The para was reduced to Rs 1,551,494 by the Committee in the last SDAC meeting held on 13.05.2014. Now, the department did not show any progress towards recovery.

The Committee deferred the para for recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recoupment of security deposit besides fixing responsibilities against concerned.

(DP No. 18)

Others

2.4.1.32 Irregular expenditure due to out of position casting of piles - Rs 43.87 million

As per clause 10 of contract agreement, the contractor shall execute the whole and every part of the work in the most substantial and workman like manner, both as regards material and otherwise in every respect in strict accordance with the specifications.

Executive Engineer, Provincial Highway Division, Jhelum made payment for items of work casting of piles of 39" dia, 48" dia and all allied items for Rs 43,866,315 without the advice and solution from Director Bridges, Punjab Highway Department despite the fact that the earlier constructed piles by the contractor were out of place. All load of bridge depends upon its piles. If it was executed improperly or out of position specially in running water, the whole bridge can collapse or get damaged.

Violation of contractual obligation resulted in irregular expenditure of Rs 43,866,315.

Audit pointed out the irregular expenditure in August 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department explained that damaged piles were re-constructed by contractor at his own cost. Audit contended that new piles were again got constructed without the advice and solution of Director, Bridges, Punjab Highway Department.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization of irregular payment besides disciplinary action against concerned.

(DP No. 782)

2.4.1.33 Non-recovery due to use of sub-standard bricks and non-conducting lab tests - Rs 18.35 million

As per Clause-28 of Contract Agreement, all material and workmanship shall be of the respective kind described in the contract and in accordance with the instructions of the Engineer-Incharge and shall be subjected from time to time to such tests as the Engineer-Incharge may direct. Further as per remarks against item numbers 3,4 & 5 under chapter-7 (brick work) the composite rate is to be reduced by 7% and 14% if 2nd or 3rd class bricks are used.

Executive Engineers of eleven Provincial Highway Divisions (as mentioned below) made provision of wall thickness with bricks of 9", 13-1/2" and 4-1/2" and got executed the items of "*Pacca brick works with 1:4 in foundations and plinth*" with use of bricks of smaller size/lesser compressive strength as per lab test reports. In some cases, the department

did not conduct required lab tests. Resultantly, the building structure was not constructed as per specification due to use of sub-standard bricks which resulted in overpayment to the contractor.

Violation of contractual obligations and C&W specifications resulted in non-recovery of 7% of composite rates of pacca brick works amounting to Rs 18,347,866. The detail is as under:

Sr. No.	Name of Division	DP No.	Amount recoverable @ 7%
1	PHD Sargodha-I	334	5,232,678
2	PHD Sialkot	561	1,209,000
3	PHD Sialkot	570	1,184,000
4	PHD Sialkot	575	230,000
5	PHD Sialkot	589	1,380,735
6	PHD Okara	664	2,056,796
7	PHD Okara	673	162,701
8	PHD Sargodha-II	884	2,055,701
9	PHD Sahiwal	931	262,902
10	PHD DG Khan	989	3,639,000
11	PHD Sargodha-II	896(43)	934,353
		Total	18,347,866

Audit pointed out the non-recovery during July to November 2016. The department replied that the works had been executed under the supervision of resident consultants. Before recommending payment, the consultant got performed all relevant tests of materials used by the contractor. Tests reports of bricks, PCC 1:2:4 & RCC 1:2:4 are being arranged from the consultants and would be produced to Audit. In one case (DP 334), the department replied that Audit had taken the result of compressive strength 1984 PSI of one brick sample and ignored the remaining result which possessed strength of more than 2000 psi and applied the same observation to the whole quantity paid to the contractor which was not justified. Audit of the view that in some other cases, the department produced lab tests reports which confirmed that the bricks were undersized. Therefore, the recovery was required to be effected.

The para was also discussed in the SDAC meeting held on 30.11.2016. The department reiterated its earlier replies and intimated that in one case the rate was already reduced by Rs 2 per hundred cft.

The Committee directed to recover 7% of the composite rate of brick work and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the contractor.

(DP No. 334,561,570,575,589,664,673,884,931,989,896 (43))

2.4.1.34 Irregular Payment without pre-audit and unapproved work - Rs 16.49 million

As per paragraph 1 of Finance Department letter No. FD(M-I)III-2-87(P-III) dated 27.02.1994, every payment is subject to pre-audit by the Divisional Accounts Officer.

2.4.1.34.1 Executive Engineer, Provincial Road Construction Division, Rawalpindi made payment vide MB No.5772 page No.23 to 42 vide vr.22/R dated 19.01.2016 for Rs 15,663,265 without pre-audit by Divisional Accounts Officer. This is violation of instructions of Auditor General of Pakistan and Finance Department.

Violation of Finance Department's instructions resulted in payment without pre audit of Rs 15,663,265.

Audit pointed out the irregularity in August 2016. The department replied that 2nd running bill of the scheme was processed / paid after vetting / verification of Resident Consultants M/S NESPAK and its checking from account branch. The same was accounted for in monthly account of January 2016. In next coming 3rd Running Bill all quantities of bill including previous quantities were pre-audited by the Divisional Accounts officer and he did not find any irregularity / discrepancy in the bill under question. No irregular / unjustified payment has been done as

per 2.16 (c) of B&R. The reply of the department was not tenable because it is admitted that 2nd running bill was not pre-audited by the Divisional Accounts Officer. Resident Engineer has no power to pre-audit the bill. Further the departmental reply is silent about reasons for non-submission of the bill to DAO for pre-audit. Every running bill should independently be pre-audited with reference to quantities recorded in MB's, rates of items, provision approved in PC-I/Technically Sanctioned Estimate and availability of funds. Hence it is a serious irregularity which needs condonation from the Finance Department, Government of the Punjab.

The para was also discussed in the SDAC meeting held on 14.12.2016. The Department admitted that payment was made without pre-audit of DAO.

The Committee took it very seriously and directed to probe the matter from SE, PBC Rawalpindi and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends for early condonation of irregularity / probe besides disciplinary action against responsible(s).

(DP No. 814)

2.4.1.34.2 Executive Engineer, Provincial Road Construction Division, Lahore, made payment of items of work "*Sub base*", "*WBM*" and "*carpet*" from RD 146+00 to 148+00 which was not approved by the consultant .

Violation of Finance Department's instructions resulted in irregular expenditure of Rs 423,073.

Audit pointed out the irregularity in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 23.12.2016. The department replied that the payment was made after verification and satisfaction of the consultants.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1261)

2.4.1.34.3 Executive Engineer, Provincial Highway Division, Mianwali made payment for Rs 400,000 to the Consultant M/s Engineering General Consultant Pvt Ltd on account of "Consultant fees of Widening and Improvement of Lahore Jhang Bakkar Darya Khan road" whereas the same road was under litigation in the Lahore High Court Lahore. Further, another issue was in the Court regarding recovery of advance payment because no work was done at site which proved negligence of the Consultants. Therefore, payment made to the consultants was irregular and unjustified.

Violation of Finance Department's instructions resulted in unjustified payment of Rs 400,000.

Audit pointed out the unjustified payment in October 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 14.12.2016.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility for this lapse.

(DP No. 939)

2.4.1.35 Non recovery of compound interest- Rs 3.12 million

As per para 2.33 of Punjab Financial Rules Volume-I every Govt. official would be held personally responsible for loss sustained due to negligence at his part.

Executive Engineer, Provincial Highway Division, Sialkot did not take action as per condition of 4th revised administrative approval vide No. SOH-II(C&W)3-10/2013(Vol-I) dated.10.02.2014 that the amount of compound interest of land acquisition shall be recovered from officers responsible for delay in land acquisition process after conducting inquiry under PEEDA. Moreover, all defective work of completed portion shall be charged to M&R grant and the responsibility shall be fixed on concerned officers as well as the contractor.

Violation of rules resulted in non-recovery of Rs 3,117,000.

Audit pointed out the non-recovery in July 2016. The department replied that proceeding of inquiry regarding payment of compound interest has not yet been completed by the inquiry officer (Director Katchi Abadies, Lahore). On receipt of inquiry report, final action shall be taken accordingly.

The para was also discussed in the SDAC meeting held on 14.12.2016. The department reiterated its previous reply.

The Committee directed the department to produce the exoneration report by Secretary C&W of compound interest and to get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Matter needs to be investigated and responsibility may also be fixed besides recovery.

(DP No. 594)

2.4.1.36 Non-crediting of unclaimed deposits - Rs 1.34 million

According to Rule 5.4 of DFR read with Rule 12.7 of PFR Vol-II, the deposits lying unclaimed for more than three years are required to be credited to revenue.

Executive Engineer, Provincial Highway Division, Rahim Yar Khan did not dispose off the unclaimed deposits laid in P.W. deposit since May 2009 to January 2012 amounting to Rs 1,338,399. The deposits lying unclaimed for more than three years were not credited to the govt. revenue as per procedure.

Violation of rule resulted in non-crediting of unclaimed deposits of Rs 1,338,399.

Audit pointed out the matter in July 2016. The department did not reply.

The para was discussed in the SDAC meeting held on 15.12.2016.

The Committee directed the department to get the record re-verified from Audit within 15 Days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early crediting the unclaimed deposits to Govt. revenue.

(DP No. 1183)

2.4.2 PROVINCIAL BUILDINGS

Irregularity & non compliance

2.4.2.1 Irregular award of work and payments without advertisement on print media - Rs 205.71 million

As per Rule 9 of PPRA Rules 2009, with the prior approval of the Government of the Punjab, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and

shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website as well as on the website of the procuring agency in case the procuring agency has its own website.

2.4.2.1.1 A Scheme "Establishment of Government Polytechnic Institute Chakwal ADP No.4133 for the Year 2009-10" was launched, for which Administrative Approval was issued for Rs 183.663 million by Chairperson, TEVTA, Government of the Punjab, Lahore who later on granted amended administrative approval for Rs 239.832 million on 30.06.2015. But the Chief Engineer, Buildings Department, North Zone split the works into 8 groups, out of which 3 groups were awarded to the same contractor i.e M/s Ch. Muhammad Bashir & Sons (Group No. 1, 2, 3) amounting to Rs 123,509,645 and M/s Golden Life Construction (Group No. 4, 5, 6) valuing Rs 66,610,866 on 07.07.2010 in violation of rules *ibid*. The splitting of work was done just to provide undue financial benefit to the contractor. Moreover, letters of Superintending Engineer, Provincial Building Circle, Rawalpindi written to contractor M/s Golden Life Construction Company revealed that the progress of work was very slow in spite of availability of sufficient funds during 2015-16, which proved that objectives and spirit of splitting of works to accelerate the work and early completion of works were not achieved.

Violation of rules resulted in irregular allotment of work amounting to Rs 190,120,511.

Audit pointed out the irregular allotment in November 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that the budget was released in installments and work was split in groups to accelerate the completion. Audit stated that no record was got verified by the department.

The Committee directed the department to get the record re-verified from Audit regarding registration of contractors from Pakistan

Engineering Council / C&W Department and acceptance letter etc. within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 831)

2.4.2.1.2 Executive Engineer, 5th Provincial Buildings Division, Lahore awarded the work to a contractor during June 2014 for installation of lifts without open competition and advertisement on print media and PPRA website for Rs 12,500,000. Accordingly, payment was made to the contractor. Rate analysis of lifts, proforma invoices, letters of credit were not produced to Audit for scrutiny.

Violation of rules resulted in irregular award of work valuing Rs 12,500,000.

Audit pointed out the irregularity in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that recovery on account of pre-shipment inspection charges was already effected from the contractor bill. Audit argued that monthly accountal of the recovery be produced along with bill of lading, and proforma invoices.

The Committee directed the department to get the certificate from client department that lift was procured as per approved specification and recovery be watched upto final bill and got verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 250)

2.4.2.1.3 Executive Engineer, Provincial Buildings Division, Sargodha made payment through various vouchers on the same date , to the same contractor against different “M/R Works” by splitting into small packages to avoid open advertisement in print media and PPRA website.

Violation of rules resulted in irregular payment of Rs 1,535,152.

Audit pointed out the irregular payment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that funds were received during June 2016 that is why tenders could not be advertised. Audit argued that department could not produce any record in support of its reply.

The Committee directed the department to get the irregularity condoned / regularized from competent authority and get it verified from Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 1079)

2.4.2.1.4 Executive Engineer, Provincial Buildings Division, Jhang got executed different works of special repair, and payment was made by splitting the work into small packages to avoid open advertisement. In this way, PPRA rules were violated.

Violation of rules resulted in irregular payment of Rs 909,924.

Audit pointed out the irregular payment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The Committee directed the department to get the matter probed from SE, PHC, Faisalabad and submit fact finding report to Audit for verification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 329)

2.4.2.1.5 Executive Engineer, Provincial Buildings Division, Faisalabad made payment for different works of special repairs during the month of June 2016 by splitting into small packages to avoid open advertisement in print media and PPRA website.

Violation of rules resulted in irregular payment of Rs 648,385.

Audit pointed out the irregularity in August 2016. The department replied that the work was carried out on the emergency demand of the client Departments. The department also stated that Quotations were called for by the SDO concerned and approved by the competent authority. The reply of the department is not tenable, because funds were provided through block allocation and the work was split to avoid wide publicity to achieve more competitive rates and obtaining approval of the competent authority.

The matter was also discussed in the SDAC meeting held on 30.11.2016. The Committee directed the department to get the matter probed from SE, PHC, Faisalabad and submit fact finding report to Audit for verification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 306)

2.4.2.2 Overpayment due to application of incorrect rate - Rs 163.38 million

According to the instructions issued by the Finance Department vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer, on the basis of input rates of relevant quarter placed at website of Finance Department.

2.4.2.2.1 Superintending Engineers of various circles of Buildings Department approved rate analysis of a non-standardized item "*Providing/fixing fair face gutka cladding of various sizes*" at higher rates by taking excess number of bricks, material, labour and allowing inadmissible items i.e. scaffolding / electric cutter charges, G.I wire, nails carriage and cement plaster etc.

Violation of Finance Department's instructions resulted in overpayment of Rs 46,010,141 (Annexure-D).

Audit pointed out the overpayment in July to November 2016. The department replied that payment was made as per provision of the technical sanction estimate approved by the competent authority. The reply was not tenable because the department derived incorrect higher rates by taking excess material, labour and adding inadmissible components in the rate analysis. In some cases, the department did not reply.

The paras were discussed in SDAC meetings held during September to December 2016. In two cases, the department admitted recovery and in some cases it replied that the case had been sent to Technical Committee of Finance Department for standardization of rates of item "*Providing and laying gutka*". In 5 cases, the department requested the Committee to give time for verification of record.

The Committee directed the department to seek clarification from Finance Department at the earliest and in some cases, directed to get the record verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP Nos. 3,6,62,85,93,99,114,133,138,211,241,259,267,305,417,419, 482,606,627,653,714,820,838,871,972,1034,1037,1074,1076,1090,1215)

2.4.2.2.2 Executive Engineers, Buildings Divisions, prepared and got approved higher rates of non-standardized items i.e. "*Porcelain tiles/ stone*", "*China Verona tiles*", "*Glazed tiles*", "*Tuff tiles / concrete Pavers, kerb stone, single layer of tiles*" etc. The analysis of non-standardized items was sanctioned by taking excess labour, inadmissible carriage and application of higher input rates of material as per pattern of template by the Finance Department.

Violation of Finance Department's instructions resulted in overpayment of Rs 95,169,921 (Annexure-E).

Audit pointed out the overpayments in July to November 2016. In some cases, the department did not reply. In other cases, the department replied that the rates of items had been got technically sanctioned as per site requirements and awarded to the contractors, as tender rates were based on prevailing market rates. The reply of the department was not tenable because excess labour and material was allowed while preparing rate analysis.

The paras were discussed in SDAC meetings held in September to December 2016. In some cases, the department explained that recovery, if any, would be made and in some other cases, requested for re-verification of record and in other cases, the department explained that rates were approved by the competent authority in the light of Finance Department template.

The Committee directed the department to effect the recovery in 18 cases and in 17 cases directed to get the record verified. As far as other cases were concerned, the department was directed to seek clarification from Finance Department at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

**(DPNos.61,103,126,139,151,202,206,236,264,273,410,420,475,487,494,
504,609,626,725,817,821,843,976,1031,1035,1038,1040,1091,979,977,26
2,150,409,980,113,722,88,212,239,311,319,323,608,265,86,125,143,144,1
46,965,123,156,721,734)**

2.4.2.2.3 Executive Engineers, 4th& 5th Provincial Buildings Divisions, Lahore, Gujrat, Muzaffargarh and Bahawalpur awarded various works to different contractors. The Superintending Engineers approved a non-standardized item "*Providing and fixing glazed aluminum window, door, chowkat etc.*" and sanctioned higher rates in technical sanction estimate instead of the admissible rate. The department sanctioned higher rates by allowing higher input rates, extra labour and by taking extra quantities.

Violation of Finance Department's instructions resulted in loss of Rs 22,201,931 (Annexure-F).

Audit pointed out the loss in July to November 2016. The department replied in some cases that work was done as per demand of client department after regularization of the matter and obtaining approval of the competent authority. The reply was not tenable as excess rate was paid to contractor. In other cases, the department did not reply.

The paras were discussed in SDAC meetings held in September to December 2016. The department explained that cases were under process in Finance Department for revision.

The Committee directed the department to prepare the rate analysis in the light of Finance Department template and effect actual recovery accordingly and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.
(DP Nos. 127,136,141,147,607,844,857,1039,1041,108,142,137,154,
603,840)

2.4.2.3 Non-recovery on account of de-escalation in price of diesel and bitumen - Rs 71.12 million

According to clause-55 of contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of the item of work takes place after acceptance of tender and before completion of work, the amount payable should be adjusted to the extent of actual variation in the cost of concerned item of work.

Executive Engineers, 5th, 6th Provincial Buildings Divisions, Lahore, Multan, Sargodha, Rawalpindi, RY Khan, Faisalabad, Sialkot, Gujrat, Jhelum, Muzaffargarh, Bahawalpur and Gujranwala awarded various works to different contractors. The base price of diesel and bitumen at the time of tenders was on higher side which decreased during the months of execution of works. The department did not recover the cost on account of de-escalation from the contractors.

Violation of contractual obligations resulted in non-recovery of Rs 71,117,108 (Annexure-G).

Audit pointed out the non-recovery in July to November 2016. The department replied that the statement of price variation would be prepared at the time of finalization of the contracts to calculate actual recovery. However, progress towards effecting recovery was not reported.

The paras were also discussed in SDAC meetings held in September to December 2016. In 9 cases, the department requested the Committee to give time for verification of record and in 42 cases, it admitted recovery.

The Committee directed the department to effect the recovery and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

**(DP Nos.49,60,87,94,98,131,153,157,184,201,221,255,308,313,414,483,
511,513,514,515,516,517,518,519,613,819,850,853,854,861,868,874,1028
,1032,1086,200,474,485,611,612,869,1027,1051,1073,1081,1087,197,835,
859,1045)**

2.4.2.4 Non-recovery of General Sales Tax/Punjab Sales Tax and non-collection of invoices Rs - 54.77 million

According to Chief Commissioner Inland Revenue, Regional Tax Office Lahore letter No.896 dated 06.08.2013, in case of Public Works, it is clearly directed that the contractor engaged makes purchases only from the firms/persons holding sales tax registration. The government department/organization while undertaking such venture must require contractors to present a sales tax invoice of all material mentioned in BOQ as evidence of its legal purchase, before releasing payment to them 1/5th of sales tax applicable shall be deducted by department". Further, as per Punjab Revenue Authority letter No. PRA/22477 dated 25.04.2014, sales tax @ 16% is required to be deducted from the payments of the consultants w.e.f July 2013.

2.4.2.4.1 Executive Engineer, Provincial Buildings Division, Rawalpindi neither deducted 1/5th of sales tax amount nor obtained sales tax invoices for remaining 4/5th amount of sales tax from contractors / suppliers for procurement and supply of steel grade-60 in violation of instructions of Sales Tax Department.

Violation of rules resulted in non-recovery of Rs 34,240,100.

Audit pointed out the non-recovery in July 2016. The department replied that the item had been brought at site by the contractor, to whom the department had made payment. If department had directly purchased the item from the manufacturers, then 1/5th of GST was to be deducted at source but in this case, it was not required. Reply was not tenable because invoices in support of reply were not produced to Audit for verification so it could not be ascertained whether contractor had deposited sale tax or not.

The matter was also discussed in the SDAC meeting held on 15.11.2016. The department explained that the steel was procured from the agency duly registered with Sale Tax Department. Further, as per page 58-H of the Sales Tax Special Procedures Rules, 2007 amended up to 30.06.2015, every steel re-roller shall pay sales tax @ Rs 09 per unit of electricity consumed for production of steel billets etc. Hence, no GST was recoverable from the supplier. On demand of the committee, the department provided sales tax invoices which did not bear Sales Tax Number. The department also could not provide document regarding payment of GST by the manufacturer with electricity bills.

The Committee directed the department to provide the required documents within 7 days or otherwise, effect recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 238)

2.4.2.4.2 Executive Engineer, 5th Provincial Buildings Division, Lahore purchased various items through different contractors on account of 03 works but did not recover the GST.

Violation of rules resulted in non-recovery of sales tax worth Rs 18,836,613.

Audit pointed out the non-recovery in April 2016. The department stated that GST was not applicable when payments were made to the contractors. Reply was not tenable as no record of rate analysis, shipment documents etc, was produced for verification.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that the purchase was made through contractor, hence 1/5 deduction of sales tax was not required. Audit was of the view that in the invoice of M/S KSB, 17% GST was added, hence it was responsibility of the department to deduct 1/5 GST at source and for balance amount of 4/5 GST, invoices were to be produced.

The Committee directed the department to provide evidence of payment of GST to Sales Tax department within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides providing requisite record.

(DP No. 55)

2.4.2.4.3 Executive Engineer, 5th Provincial Buildings Division, Lahore made payment for electric motor at excess rate without recovery of sales tax and without recording measurement as shown in the MBs through successive bills.

Violation of rules resulted in overpayment of Rs 831,884 due to excess rate.

Audit pointed out the overpayment in April 2016. The department stated that 7% Income Tax was paid by the contractor against 5% provision of Income Tax in the quotation and no overpayment was involved. Reply was not tenable as no record related to rate analysis, original purchase invoices, GST & Income Tax profit provision and Tax returns with record entries was produced.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that the purchase was made through contractor, hence 1/5th deduction of sales tax was not required. Audit was of the view that in the invoice of M/S KSB, 17% GST was added, hence it was responsibility of the department to deduct 1/5th GST at source and for the balance amount of 4/5 GST, invoices were to be produced.

The Committee directed the department to provide evidence of payment of GST to Sales Tax department within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 53)

2.4.2.4.4 Executive Engineer, Provincial Buildings Division, Rawalpindi neither deducted 1/5th of sales tax amount nor obtained sales tax invoices for the remaining 4/5th amount of sales tax for payment made to contractors / suppliers in violation of instructions of Sales Tax Department.

Violation of rules resulted in non-recovery of Rs 456,716.

Audit pointed out the non-recovery in July 2016. The department replied that the item had been brought at site by the contractor to whom the department had made payment. If department had directly purchased the item from supplier, then 1/5th of GST was to be deducted at source but in this case, it was not required. Invoices for deduction of 4/5th GST were attached for perusal. Reply was not tenable because invoices in support of reply were not produced to Audit for verification, so it could not be ascertained whether contractor had deposited sales tax or not.

The matter was also discussed in the SDAC meeting held on 15.11.2016. The department replied that the item "providing & fixing of sub-mersible set" was a composite job and not merely supply. Hence, the general sales tax was not applicable. Audit verified the quotation which

was based on estimate and found that 17% GST was added therein which required to be recovered.

The Committee directed the department to produce invoices to Audit for verification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 240)

2.4.2.4.5 Executive Engineer, 5th Provincial Buildings Division, Lahore in the months of August and September 2015 made payment of Rs 2,535,876 (1,267,938 + 1,267,938) to the consultant for the supervision of work "Construction of additional building and extension of Punjab Assembly Building Lahore" but 16% Punjab Sales Tax was not deducted, rather 16% sales tax was added in the remuneration of consultant.

Violation of rules resulted in non-recovery of Rs 405,740.

Audit pointed out the non-recovery in April 2016. The department replied that it was not imposed at the time of agreement with the consultant. Now agreement has been revised, and recovery, if any, would be made.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that agreement with NESPAK was under revision and deduction of PST was also being made from payments released to consultant.

The Committee directed the department to produce record to audit for verification within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 152)

**2.4.2.5 Irregular payment due to non approval of rate analysis
- Rs 38.26 million**

According to the instructions issued by the Finance Department, vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and after approval by the competent authority not below the rank of Superintending Engineer on the basis of input rates of relevant quarter, placed at website of Finance Department.

2.4.2.5.1 Executive Engineer, Provincial Buildings Division, Sahiwal made payment of Rs 17,877,634 on account of non-MRS items of work but neither the department prepared analysis of rates nor got approval from the competent authority. The same were also not got vetted from the Finance Department which resulted in irregular expenditure

Violation of Finance Department's instructions resulted in irregular payment of Rs 17,877,634.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that non-MRS items were approved by the competent authority and provided in estimate/DNIT. Audit contended that rate analysis was not provided.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization.

(DP No. 738)

2.4.2.5.2 Executive Engineer, Provincial Buildings Division, Sahiwal made payment of Rs 12,452,823 on account of non-MRS items of work but neither the department prepared analysis of rates nor got approval from the competent authority. The same were also not got vetted from the Finance Department which resulted in irregular expenditure.

Violation of Finance Department's instructions resulted in irregular payment of Rs 12,452,823.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that paid items were technically sanctioned by the competent authority. Audit contended that rate analysis were not got verified.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 743)

2.4.2.5.3 Executive Engineer, Provincial Buildings Division, Sialkot prepared analysis of rate of various items of work i.e *"P/F steel door of angle iron, P/f grating in opening of angle iron frame and M/f locker 24 deep of angle iron"* by adding carriage of material which was not admissible. The department also did not get approval of the said non MRS item of work from the authority competent to accord such approval.

Weak technical and financial controls resulted in irregular payment of Rs 5,990,295.

Audit pointed out the irregularity in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that correct rate was got approved and paid. Audit contended that no record in support of its stance was produced.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization.

(DP No. 654)

2.4.2.5.4 Executive Engineer, Provincial Buildings Division, Gujrat got approved, measured and paid an item "*P/F ½ Cusec turbine pump KSB with 20 HP electric motor Siemens vertical type 90 rft column*" as non-standardized item without calling any quotation from M/s KSB and without preparing its rate analysis in DNIT and TS estimate. An amount of Rs 1,942,655 and part payment of Rs 1,456,000 was paid. Hence payment of Rs 1,942,655 without observing codal formalities stands irregular.

Violation of Finance Department's instructions resulted in irregular expenditure of Rs 1,942,655.

Audit pointed out the irregularity in October 2016. The department replied that the agreement of contractor for the item "*Providing & fixing of ½ cusec turbine pump*" was included in acceptance letter. Accordingly, the DNIT was approved by the competent authority, tenders were called and rate of lowest contractor was accepted and payment was made. The reply of the department was not acceptable because in T.S estimate, rate analysis of the said item along with the quotation of M/S KSB was not provided to Audit for verification.

The matter was also discussed in the SDAC meeting held on 19.12.2016. The department explained that DNIT was approved by the

competent authority and work awarded to the lowest bidder but no record was provided along with rate analysis.

The Committee directed the department to get the record (with quotations) re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization.

(DP No. 620)

2.4.2.6 Overpayment due to application of incorrect rate - Rs 27.06 million

According to the instructions issued by the Finance Department, vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approval by the competent authority not below the rank of Superintending Engineer on the basis of input rates of relevant quarter, placed at website of Finance Department.

2.4.2.6.1 Executive Engineer, Provincial Buildings Division, Jhelum awarded a work to a contractor and got executed a non standardized item "*Providing and fixing razor wire double sharp four pointed out razors made of 20 SWG G.I. Sheet etc*" @ Rs 460 P.rft sanctioned in TS estimate instead of admissible rate of Rs 232 per rft. Approved rate payable to the contractor was Rs 479.55. Hence, excess rate of Rs 228 per square feet was sanctioned and accordingly payment was made to the contractor. Rate was higher due to allowing higher input rate of razor wire i.e Rs 230 per kg instead of Rs 79.50 per kg (applied in the same work) and higher rate of labour @ Rs 30 per rft instead of Rs 15 per rft, which resulted in loss to the Government.

Violation of Finance Department's instructions resulted in overpayment of Rs 2,574,520.

Audit pointed out the overpayment in November 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to get the record re-verified from audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives and recovery of overpaid amount.

(DP No. 825)

2.4.2.6.2 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded different works to different contractors during February 2016. The department got executed a non standardized item "*Providing and fixing wooden false ceiling consisting of first class deodar wood etc*" and sanctioned higher rates in technical sanctioned estimate @ Rs 1,509 per square feet instead of admissible rate @ Rs 483.60 per square feet. Hence, excess rate @ Rs 1,025.40 per square feet was sanctioned/paid by allowing higher input rates of deodar wood @ Rs 6,000 per cft instead of admissible rate @ Rs 4,000 per cft. Further as per item No.12.002, inadmissible 50% sawing charges and extra labour charges were also paid in contravention of Template of the Finance Department's item No.24 under Chapter-24 (Roofing), which resulted in overpayment to the contractor.

Violation of Finance Department's instructions resulted in overpayment of Rs 2,481,000.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. Audit verified the recovery of Rs 154,816 on account of difference of input rates through transfer entry No.1 & 2 for the month of 11/2016. However, department contested that 50% wastage was to be

applied as per MRS payable of item No.24 under Chapter 24 Roofing for item Deodar Ceiling.

The Committee referred the case to FD for seeking advice regarding allowing of 50% wastage on Deodar wood ceiling. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 223)

2.4.2.6.3 Executive Engineer, Provincial Buildings Division, Bahawalpur paid an item "*Providing and casting in situ bored reinforced concrete pile type-c 10% extra 22" dia with 1:1.5:3 ratio*" as non-BOQ / Non-MRS. The rate of the item with 1:1.5:3 was approved @ Rs 1,517.05 per rft whereas, the payment was made @ Rs 1,651 per rft. The excess rate of Rs 134 per rft was paid.

Violation of Finance Department's instructions resulted in overpayment due to excess rate of Rs 2,275,856.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted the recovery of Rs 1,201,449 on account of calculation of incorrect rate of RCC bore pile 22 inch dia etc.

The Committee directed the department to effect the recovery from contractor and get the record re-verified from audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 1026)

2.4.2.6.4 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded the work “Construction of Gymnasium at Sheikhpura” to a contractor M/s Randhawa & Co during March 2009. The department got executed non-standardized item “*Providing and laying floor of shisham wood etc*”. The rate was sanctioned on higher side @ Rs 392 per sft instead of admissible rates of Rs226.79 per sft (Rs 22,679.35% sft) based on 1st quarter 2009, District Sheikhpura as per Finance Department’s MRS item No.29. Hence, excess rate @ Rs 165.21 per square feet was sanctioned and accordingly payment was made to the contractor.

Violation of Finance Department’s instructions resulted in overpayment of Rs 2,175,000.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. Department explained that the rate was approved by the competent authority. Audit pointed out that higher input rate of 2nd bi annual 2013 was applied by the department instead of applicable MRS 1st quarter 2009 Sheikhpura.

The Committee directed the department to effect the recovery at the earliest as the work was awarded on the basis of 1stquarter 2009. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 227)

2.4.2.6.5 Executive Engineer, 6th Provincial Building Division, Lahore got approved the item of work “*spray painting, tempered glass and various members of M.S. imported plates*” as non-standardized items by including excess labour, material, loading & unloading, 20% contractor

profit on excise duty and excess wastage of aluminum and payment was made.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,741,035.

Audit pointed out the overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department requested for re-verification of record but no record was produced to audit.

The Committee directed the department to produce the record to Audit within 10 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 58)

2.4.2.6.6 Executive Engineer, Provincial Buildings Division, Jhelum awarded the work "Security arrangements in Cadet College Choa Saidan Shah District Chakwal (Re construction of boundary wall and jersey barrier)" on 14.05.2015 for Rs 49.943 million. The department got approved a schedule item No.11(b) of Chapter-3(Earthwork) "Excavation in hard rock requiring occasional blasting" @ Rs 10,935.40 % cft by deducting the material rate of blasting/gun powder from composite schedule rate of Rs 11,511.40 per thousand cft. Therefore, as per estimate, the blasting material was deducted from the composite rate but from labour, the cost of Gun Man and Blacksmith for repairing of tools were not deducted which came out to be Rs 1042.80 per thousand cft.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,479,311.

Audit pointed out the overpayment in November 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit pointed out that department did not include/add the cost of gun powder and accordingly the labour rate of blowman was required to be deducted from the composite rate of MRS.

The Committee directed the department to effect the recovery and get it verified from audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 829)

2.4.2.6.7 Executive Engineer, 6th Provincial Buildings Division, Lahore executed an item "*Termite proofing of building by spraying of anti-termite liquid @1 litre chemical mixed with 40 liters of water or as proposed by the manufactureretc*" measured 293457sft and paid @ Rs 522.45 % sft as non-standardized item whereas the item existed in the MRS Chapter 26 (item No. 42) with rate of Rs 167.10 % sft. Slight change of specification had caused huge difference of rate and the item was not got standardized by the Finance Department.

Violation of Finance Department's instructions resulted into overpayment of Rs 1,080,743.

Audit pointed out overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department explained that the rate provided in MRS did not serve the purpose, hence non MRS rate was prepared and taken in the estimate.

The Committee was not satisfied with the departmental reply and directed to refer the case to Finance Department for preparation of the revised rate of said item to be taken in MRS. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 134)

2.4.2.6.8 Executive Engineer, Provincial Buildings Division, Sargodha provided incorrect rate of non standardized item of work "*Fabrication of mild steel reinforcement for cement concrete including cutting bending laying in position deformed bars grade 60*" in the estimate of the work @ Rs 57.30 per kg on the basis of Input rates of material and labour 2nd quarter 2006 (district Sargodha). The analysis of rate of this item of work was not evident from record. Analysis of rate of this non standardized item of work was prepared by Audit and the composite rate came out to be Rs 52.15 per kg instead of Rs 57.30.

Violation of Finance Department's instructions resulted in loss of Rs 978,651.

Audit pointed out loss in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the Committee to give time for verification of record.

The Committee directed the department to get verification of record completed within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 91)

2.4.2.6.9 Executive Engineer, 6th Provincial Buildings Division, Lahore got approved a non- standardized item "*Supplying and installation*

of Acrylic resurface of plexipave tennis courts” and made payment @ Rs 722.03 per sft instead of Rs 662.66 per sft during 2014-15 by including contractor’s profit on taxes and carriage components.

Violation of Finance Department’s instructions resulted in overpayment of Rs 910,201.

Audit pointed out the overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department explained that Audit has pointed out overpayment due to inclusion of inadmissible component in rate analysis and requested the Committee for re-verification.

The Committee directed the department to complete verification of record within 10 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 56)

2.4.2.6.10 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded the work “Construction of Gymnasium at Sheikhpura” to a contractor M/s Randhawa & Co during March 2009. The department got executed additional non standardized item “*Extra cost for provision of deodar wood betten floor etc*” and sanctioned higher rates in technical sanctioned estimate @ Rs 287 per square feet instead of admissible rate @ Rs 230.25 per square feet. Hence, excess rate @ Rs 56.75 per square feet was sanctioned and accordingly payment was made to the contractor by allowing higher input rates of deodar wood @ Rs 3,900 per cft instead of admissible rate @ Rs 3,000 per cft as per item No.12.002, and shisham wood rate (item No.12.006) @ Rs 1,500 per cft instead of Rs 1,000 per cft and higher rates of carpenter labour @ Rs 510 instead of Rs 350 per day and helper @ Rs 370 per day instead of Rs 160 per day based on 1st quarter 2009, Sheikhpura.

Violation of Finance Department's instructions resulted in overpayment of Rs 747,227.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. Audit pointed out that higher input rate was applied by the department of 2nd bi annual 2013 instead of applicable MRS 1st quarter 2009 Sheikhpura.

The Committee directed the department to effect the recovery at the earliest as the work was awarded on the basis of 1st quarter 2009. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 226)

2.4.2.6.11 Executive Engineer, Provincial Buildings Division, Sargodha paid a non-standardized item of work "*Fabrication of mild steel reinforcement for cement concrete grade 60*" 195859 kg @ Rs 8,293 per % kg amounting to Rs 16,242,587. Analysis of this non standardized item of work was not evident from record. However analysis of rate of this non standardized item was prepared by the Audit on the basis of input rates of material and labour for 3rd quarter 2009 District Khushab and the composite rate came to be Rs 7,796.23 per % kg. In the original TS estimate of the work this item was to be executed with grade 40 steel but in the revised TS estimate the item was replaced with grade 60 steel. As per comparative statement the contractor quoted 2.37% above rates of MRS items. The rate of grade 60 steel Rs 7,981 (7796.23 x 2.37%) per % kg was to be paid but the payment to the contractor was made @ Rs 8,293 per % kg. In this way excess rate of Rs 312 per % kg was paid.

Violation of Finance Department's instructions resulted in overpayment of Rs 611,080.

Audit pointed out loss in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the committee to give time for verification of record.

The Committee directed the department to get verification of record within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 101)

2.4.2.6.12 Executive Engineer, 6th Provincial Buildings Division, Lahore got approved the rate analysis of items "*Provide and install wall acoustic paneling comprising fabric of approved quality and shade buttoning & stitching over 1" thick foam pasted on ½" thick 4'x5'-8" MDF board with German white glue fixedetc*" as Rs 660 per sft by incorporating carriage of materials and 20% profit on carriage and payment was made accordingly.

Violation of Finance Department's instructions resulted in overpayment of Rs 487,528.

Audit pointed out overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department explained that it was not a standardized item and market rates were taken. Audit contended that template of Finance Department was to be used and in that template carriage was not provided.

The Committee directed to recover the cost of carriage and subsequent addition of 20% contractor profit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 121)

2.4.2.6.13 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded different works to different contractors during March 2016. The department got executed and sanctioned a non standardized item "*Providing and application of roof insulation water proof treatment on the slab with bitumen grade 10/20 and 80/100 etc*" on higher side by allowing inadmissible 5% wastage on bitumen, extra rate of painter for bitumen by applying skilled cooley instead of un-skilled cooley and extra cooley for heating and lifting material.

Violation of Finance Department's instructions resulted in overpayment of Rs 437,000.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that Audit observed during verification of rate analysis that excess labour rate was applied than available and taken in the original rate analysis.

The Committee directed the department to re-verify the record with rate analysis and input rates of FD. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 219)

2.4.2.6.14 Executive Engineer, Provincial Buildings Division, Sargodha paid a non standardized item of work "*fabrication of mild steel reinforcement for cement concrete including cutting bending and laying in position deformed bars grade 60*" 202313 kg @ Rs 8,203 per % kg amounting to Rs 16,595,735. Analysis of this non standardized item of work was not evident from record. However analysis of rate of this item was prepared by the Audit on the basis of input rates of material and

labour for 3rd quarter 2009 District Khushab and the composite rate comes to Rs 7,796.23 per % kg. By adding 2.54 % contractors quoted premium, the payable rate came out to be Rs 7,994.25 (7796.23 x 2.54% above) per % kg instead of Rs 8,203 as paid by department. In this way excess rate of Rs 208.75 per % kg was paid to the contractor.

Violation of Finance Department's instructions resulted in overpayment of Rs 422,328.

Audit pointed out loss in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the committee to give time for verification of record.

The Committee directed the department to get verification of record within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 97)

2.4.2.6.15 Executive Engineer, 5th Provincial Buildings Division, Lahore made payment in excess of agreement rates / input rate on account of Tubewell, building items & POL during 2014-15.

Violation of Finance Department's instructions resulted in overpayment of Rs 391,240.

Audit pointed out the overpayment in April 2016. The department stated that excess amount if any would be recovered. Reply was not tenable as no steps seemed to have been taken to recover the overpaid amount.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that recovery if any would be made

within 30 days and record would be produced to audit for verification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 54)

2.4.2.6.16 Executive Engineer, 6th Provincial Buildings Division, Lahore got approved the rate analysis of items "*Providing and fixing for iron Jungla 3'-0" height... etc*". as Rs 472 per sft by incorporating excess rate of iron, welding plant, welding rods, disc cutter and electricity charges and by taking mason and coolie in excess and payment was made accordingly.

Violation of Finance Department's instructions resulted in overpayment of Rs 320,948.

Audit pointed out overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department explained that the para revealed the overpayment due to the inclusion of inadmissible component in rate analysis. The Department requested for re-verification of record.

The Committee directed the department to produce the record to Audit within 10 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 122)

2.4.2.6.17 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for item of work "*Plant premix carpet with 4.5 % bitumen*" for 223799.9 sft quantity @ Rs 7,939 % sft. In this connection it was pointed out that the JMF for this item of work was approved with 4.40

% content of bitumen and the department did not make recovery of payment of excess bitumen 2.50 tons (0.10 %).

Violation of Finance Department's instructions resulted in overpayment of Rs 266,451.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted the recovery and promised to effect the same in the next running bill.

The Committee directed the department to effect the recovery from contractor and get it verified from audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 960)

2.4.2.6.18 Executive Engineer, 4th Provincial Buildings Division, Lahore got executed a non standardized item "*Providing and fixing razor wire double sharp four pointed out razors made of 20 SWG G.I. Sheet etc*" and sanctioned higher rates in technical sanctioned estimate @ Rs 225 per running foot instead of admissible rate @ Rs 148.20 per running foot. Hence, excess rate @ Rs 76.80 per square feet was sanctioned and accordingly payment was made to the contractor by the department by allowing higher input rates of razor wire @ Rs 155 per kg instead of Rs 79.50 per kg and higher rate of labour @ Rs 30 per rft instead of Rs 15 per rft, which resulted in loss to the Government. Further, the department also got executed the same item in other work "Development of resort for religious tourism District Nankana Sahib" awarded to a contractor M/s Muhammad Akram & Bros during May 2015 and allowed higher rates @ Rs 267 per rft instead of Rs 248.10 per rft by allowing extra 20% wastage instead of only 5% and inadmissible carriage.

Violation of Finance Department's instructions resulted in overpayment of Rs 237,053.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The Committee directed the department to re-verify the record from Audit within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 213)

2.4.2.6.19 Executive Engineer, 5th Provincial Buildings Division, Lahore got approved the technically sanctioned estimate with the provision of some scheduled items by taking higher rates than provided in the MRS 1st Bi-annual 2013 Lahore.

Violation of Finance Department's instructions resulted in loss of Rs 221,145.

Audit pointed out the loss in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that in the history of work incorrect MRS 1st bi annual 2013 was mentioned erroneously, but rate was applied for 2nd bi annual 2014 Lahore. Audit argued that TS and AA was approved on the basis of 1st bi annual 2013 Lahore and same was required to be applied, hence incorrect estimate was sanctioned.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 252)

2.4.2.6.20 Executive Engineer, 5th Provincial Buildings Division, Lahore paid the rate of "*Termite proofing of building by spraying of anti termite liquid @1 litre chemical mixed with 40 liters of water or as proposed by the manufacturer* " as non-standardized item with rate of Rs 888.08 %Sft (850 + 4.48%) instead of the MRS rate is Rs 214.92 % Sft (205.70 + 4.48%).

Violation of Finance Department's instructions resulted in overpayment of Rs 150,357.

Audit pointed out the overpayment in April 2016. The department replied that the item was technically sanctioned by the competent authority and paid accordingly. Reply was not acceptable because there was a nominal change in specification but a huge amount had been overpaid.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that the rate provided in MRS did not serve the purpose hence non MRS rate was prepared and taken in estimate.

The Committee was not satisfied with the departmental reply and directed to refer the case to Finance Department for preparation of revised rate of said item to be taken in MRS. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 155)

2.4.2.6.21 Executive Engineer, Provincial Buildings Division, Sargodha, made payment of an item of work "*Cement pointing (1:2) deep struck joint on walls*" for 54711 sft @ Rs 1,669.75 per 100 sft. As per MRS 2nd bi-annual District Khushab, the rate of this item was Rs 1,385 per 100 cft and by adding 4.49% contractor quoted premium, the payable

rate came out to be Rs 1,447.18 per 100 sft. Hence, an excessive rate of Rs 222.57 per 100 sft was paid.

Similarly, a quantity of 2765.22 cft for the item of work “*PCC 1:2:4 placing compacting and finishing etc. complete*” was paid @ Rs 19,356.98 per % cft instead of Rs 18,775.96 per % cft (Rs 17,969.15 as per MRS + 4.49%) Hence an excess rate of Rs 581.02 per 100 cft was paid.

Violation of Finance Department’s instructions resulted in overpayment of Rs 137,836.

Audit pointed out overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the committee to give time for the verification of record.

The Committee directed the department to get verification of record within one week. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 102)

2.4.2.6.22 Executive Engineer, 6th Provincial Buildings Division, Lahore got executed an item “*Termite proofing of building by spraying of anti termite liquid @1 litre chemical mixed with 40 liters of water or as proposed by the manufactureretc*” measuring 35779 sft and paid @ Rs 522.45 % sft as non-standardized item whereas the item existed in the MRS chapter 26 item No. 42 with rate of Rs 167.10% sft. Slight change of specification caused huge difference of rate and the item was not got standardized by the Finance Department.

Violation of Finance Department's instructions resulted into overpayment of Rs 132,539.

Audit pointed out overpayment in April 2016. The department did not reply.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that the rate provided in MRS did not serve the purpose hence non MRS rate was prepared and taken in estimate.

The Committee was not satisfied with the view point of department and directed to refer the case to Finance Department for preparation of revised rate of said item to be taken in MRS. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 145)

**2.4.2.7 Double payment for dressing and leveling of earth-
Rs 10.51 million**

As per rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Executive Engineer, Provincial Buildings Division, Bahawalpur approved the item "*Regular excavation/cutting dressing for land development (disposal) including transportation lead upto ¼ mile in all kind. Dressing and leveling of transported earth to design section complete in all respect (filling)*" @ Rs 3,711.10‰ cft and paid accordingly for a quantity of 42458803 cft. Audit was of the view that the rate of dressing and leveling i.e Rs 127.15 was included in the rate of Rs 3,711.10. Hence, the allowing of rate of dressing twice @ Rs 247.55‰ cft was not admissible.

Violation of Finance Department's instructions resulted in overpayment of Rs 10,510,676.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit pointed out that department added rate of dressing twice and leveling of earth work @ Rs 247.55 per thousand cft which was not justified.

The Committee directed the department to effect the recovery and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1062)

2.4.2.8 Overpayment due to incorrect application of rate - Rs 3.91million

As per Finance Department's Notification No RO (TECH) FD 2-3/2004 dated 02.08.2004, Chief Engineers shall, on the basis of input rates fixed/notified by Finance Department on its website, fix the rate of each item of work for rough cost estimates / administrative approval and detailed estimate for technical sanction.

2.4.2.8.1 Executive Engineer, Provincial Buildings Division, Gujrat in three (03) works measured and paid a non-standardized item of work "*P/L structural pad made with selected granular fill material 50% pit run/bed run and 50% sand duly compacted 95% and complete in all respects*" by making rate analysis by taking material cost of Pit Run (Gravel) @ Rs 2,541 per 100 cft instead of admissible input rate of relevant quarter of 2nd bi-annual 2014 for Gujrat district @ Rs 325 per 100 cft vide item No.18.004 of material.

Violation of Finance Department's instructions resulted in loss of Rs 1,602,455.

Audit pointed out the overpayment in October 2016. The department replied that as per serial 3(a)(i) of MRS, rate of gravel is Rs 2,541 per% cft instead of Rs 325 per % cft. Reply was not tenable because the item of work "*P/L of structural pad made with selected granular fill material 50% pit run/bed run and 50% sand*" was recommended by the Building Research Station Lahore. Hence the material rates of pit run/bed run (input rate of material) were required to be provided and not the composite rate of sub base course. The department referred the irrelevant rate which was not applicable.

The matter was also discussed in the SDAC meeting held on 19.12.2016. Audit pointed out that in the rate analysis, in addition to providing / laying sub base course with pit run / bed run gravel, the department further added the cost of supplying and filling of sand from MRS instead of only taking input rate of sand.

The Committee directed the department to work out the difference of cost of sand input rate and effect the actual recovery from contractor along with correct rate in the rate analysis and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 610)

2.4.2.8.2 Executive Engineer, Provincial Buildings Division, Sargodha paid a non standardized item of work "*P/L structural pad consisting of selected crushed stone 35% and 65% sand laid with layers compacted 95% AASHTO density*" for 61412 cft @ Rs 3,797 per % cft amounting to Rs 2,331,814. Analysis of rate of this non standardized item of work was not on record. However, analysis of rate of this item was prepared by the Audit on the basis of input rates of material, labour and equipment for 3rd quarter 2009, District Khushab and the composite rate

comes to Rs 2,325.27 per % cft and by adding overall contractor quoted premium on MRS items 2.54% above, the composite payable rate comes to Rs 2,384.33 per % cft instead of Rs 3,797 as paid by the department.

Violation of Finance Department's instructions resulted in overpayment of Rs 867,549.

Audit pointed out the loss in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the Committee to give time for verification of record.

The Committee directed the department to get verification of record within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 96)

2.4.2.8.3 Executive Engineer, Provincial Buildings Division, Sargodha paid incorrect rate of non standardized item of work "*P/L structural pad of gravelfill material mixture of 65% and 35% crush stone (gravel) compacted 95% maximum modified AASHTO dry density*" 57124 cft @ Rs 3,797.60 per % cft amounting to Rs 2,169,341. Analysis of rate of this non standardized item of work was not available on record. However, analysis of rate of this item was prepared by the Audit on the basis of input rates of material, labour and equipment for 3rd quarter 2009 District Khushab and the composite rate comes to Rs 2,325.27 per % sft and by adding 2.37% contractor quoted premium, the payable rate comes to Rs 2,380.37 instead of Rs 3,797.60.

Violation of Finance Department's instructions resulted in overpayment of Rs 809,236.

Audit pointed out the overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the Committee to give time for verification of record.

The Committee directed the department to get verification of record within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 95)

2.4.2.8.4 Executive Engineer, Provincial Buildings Division, Sialkot made payment for an item of work i.e. "*Structural pad 65% sand and 35% gravel*" for quantity of 59209 cft @ Rs 4,260.04 % cft. The rate of said item of work was worked out to Rs 3,932.00 % cft. The department made payment at higher rate of Rs 328.04 % cft.

Violation of Finance Department's instructions resulted in overpayment of Rs 446,436.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that the rate was approved by the competent authority and payment was made accordingly. Audit argued that department made excess payment by approving rate analysis other than the template of FD.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 646)

2.4.2.8.5 Executive Engineer, Provincial Buildings Division, Sialkot made payment for an item of work i.e “*Structural pad 50% sand and 50% gravel*” for a quantity of 55096 cft @ Rs 4,260.04. The correct rate of said item of work comes to Rs 3,932 per cft.

Violation of Finance Department’s instructions resulted in overpayment of Rs 180,737.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit pointed out that in the rate analysis, in addition to providing / laying sub base course with pit run / bed run gravel, the department further added the cost of supplying and filling of sand from MRS instead of only taking item of input rate of sand only.

The Committee directed the department to work out difference of cost of sand input rate and effect the recovery from contractor and get it verified from Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 636)

2.4.2.9 Extra expenditure due to excess provision - Rs 1.98 million

As per para 2.7, 2.12, 2.86 of B&R Code read with Finance Department’s letter No. Finance Department (D-II) 10(3)90 dated 30.06.1991, no change in specification / scope of work during execution of work can be made without prior approval of the competent authority that accorded administrative approval and sanction to technical estimate.

2.4.2.9.1 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for item of work “*P/F imported anti static floor sheet (changed to vinyl flooring), poly floor colour chemical resistant ESD etc*”. In the estimate, the subject item was provided for 1730 Sft under sub head “Basement” which was enhanced to 2487 Sft without any justification. Further the anti-static floor sheet was provided for Rs 900 P.Sft which was enhanced to Rs 2,175 P.Sft by changing the floor sheet to vinyl flooring without any justification. The contents were worked out by taking the width of dado skirting as 10 ft instead of 2 ft to 4.5 ft as taken in other sub-heads for dado/skirting.

Violation of rules resulted in extra payment of Rs 1,715,362.

Audit pointed out the extra payment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to get the record re-verified from audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 970)

2.4.2.9.2 Executive Engineer, 6th Provincial Buildings Division, Lahore awarded a work “Construction of International Level Multipurpose Indoor Gymnasium at Nishter Park Sports Complex Lahore (Group-1)” to a contractor in March 2009 and measured and paid an item “*Supply and erection of single core PVC insulated copper conductor cables, in pre-laid PVC pipe/ M.S conduit /G.I pipe/ wooden strip batten /etc 7/0.064” PVC insulated*” for 8154 rft @ Rs 62 rft instead of admissible rate of Rs 46.10 rft as per MRS of 1st quarter, 2009.

Violation of rules resulted in overpayment of Rs 112,851.

Audit pointed out overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department explained that works were finalized and final bill along with allied record would be produced to Audit within 30 days but no record was produced to audit.

The Committee directed the department to produce record of recovery to audit at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 124)

2.4.2.9.3 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for item of work "*Extra cost of dressing and chamfering*" amounting to Rs 154,288. However, in composite rate of item of work as per chapter of "brickwork" no extra cost was admissible.

Weak technical and financial controls resulted in overpayment of Rs 154,288.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that matter was already under consideration of Technical Committee of Finance Department, when the decision is received, it would be applied accordingly. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 739)

2.4.2.10 Overpayment due to excess rate Rs 1.66 million

As per rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

2.4.2.10.1 Executive Engineer, Provincial Buildings Division, Muzaffargarh paid an item “*P/L of sub-base material of approved quality duly compacted*” @ Rs 9,403.62 which was higher due to taking once compacted factor 25% at first stage and again 20% loose factor. Allowing of 25% factor for compaction was inadmissible. Due to double factor the excess rate was paid.

Violation of rules resulted in over payment due to excess rate of Rs 974,077.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted and promised to adjust the rate in next running bill.

The Committee directed the department to adjust the rate and get it verified from audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 862)

2.4.2.10.2 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for new items (Non-standardized) but 15% below percentage difference (as per tender rate) was not deducted which resulted in overpayment.

Violation of rules resulted in overpayment of Rs 689,134.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted the recovery and promised to effect it in next running bill.

The Committee directed the department to effect the recovery and get it verified from audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 733)

2.4.2.11 Excess payment for shuttering etc. - Rs 1.39 million

As per Finance Department's Clarification issued vide Notification No.RO(TECH)FD.11-47/2004, dated 24.02.2005, it is advised that item of RCC work i.e. item No.5(a) under Chapter-6(Concrete), the rate of RCC in any shape and design was available on Finance Department's website.

2.4.2.11.1 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for item of work "*Extra cost of vertical edges/architectural features*" in RCC amounting to Rs 549,411. The composite rate of RCC was admissible for all types of design as per nomenclature of item of RCC. Therefore, making payment on account of extra labour for "*extra cost of vertical edges/architectural features*" in RCC resulted in overpayment.

Violation of Finance Department's instructions resulted in overpayment of Rs 549,411.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that matter was already under

consideration of Technical Committee of Finance Department. When the decision is received, it would be applied accordingly.

The Committee directed the department to pursue the case vigorously and keep the Audit informed. No progress of the case was reported till finalization of the report.

Audit recommends early recovery.

(DP No. 737)

2.4.2.11.2 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded various works to different contractors. The department got executed the schedule item “*RCC in columns, beams and roof slabs etc*” and made payment at full rates which includes the rate of RCC in any shape and design. The department further allowed extra cost of labour and material for architecture RCC and making RCC cornice as per design with non-schedule rates despite the fact that rate of RCC in any shape and design was already included in schedule item. Therefore, excess payment was allowed to the contractor.

Violation of Finance Department’s instructions resulted in an excess payment of Rs 434,000.

Audit pointed out the excess payment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that the rate was approved by the competent authority and accordingly the payment was made.

The Committee directed the department to get the matter probed along with regularization from FD for violating FD instructions. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 209)

2.4.2.11.3 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for item of work “*Extra cost of vertical edges/architectural features*” in RCC amounting to Rs 411,724 (Rs 375,844 + Rs 35,880). The composite rate of RCC was admissible for all types of design as per nomenclature of item. Therefore making payment on account of extra labour for “*extra cost of vertical edges/architectural features*” in RCC resulted in overpayment.

Violation of Finance Department’s instructions resulted in overpayment of Rs 411,724.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that matter was already under consideration of Technical Committee of Finance Department. When the decision is received, it would be applied accordingly.

The Committee directed the department to pursue the case vigorously and keep the Audit informed. No progress of the case was reported till finalization of the report.

Audit recommends early recovery.

(DP No. 735)

2.4.2.12 Overpayment due to sanction of higher rates of Pre-mixed carpeting/asphaltic base course - Rs 1.20 million

As per schedule item no.10(iii) under Chapter 18 (Roads & Road Structure) of MRS, based on 2nd Bi Annual 2014, district TT Singh, the

department was required to sanction and pay the rate of item “Premixed carpeting 2 inch thick with 4% JMF etc” @ Rs 7514.10 per %sft.

Executive Engineer, Provincial Buildings Division, Jhang awarded different works to the contractor. The department sanctioned incorrect rate of schedule item “*Premixed carpeting/asphalt base course 2 inch thick with 4% JMF etc*” @ Rs 8,540.20 instead of applicable rates of Rs 7,514.10 per % sft as per schedule item No.10(iii) under Chapter 18 (Roads & Road Structure) of MRS, based on 2nd Bi Annual 2014, district TT Singh.

Violation of Finance Department’s instructions resulted in overpayment of Rs 1,199,117.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department explained that rate was sanctioned by the competent authority and payment was made accordingly. Audit pointed out that incorrect rate was sanctioned in TS estimate by taking MRS item No. 10(IV) instead of actual item No.10(III) under chapter No.18 road and road structure.

The Committee upheld the view point of audit and directed to effect recovery from contractor along with revision of rate in TS estimate. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 326)

Internal Control Weaknesses

2.4.2.13 Non-recovery of risk and cost amount from defaulting contractors - Rs 100.24 million

As per clause 60 and 61 of contract agreement, on default of a contractor, his work will be rescinded and remaining work will be completed at risk and cost of original contractor, besides forfeiting his securities.

2.4.2.13.1 Executive Engineer, Provincial Buildings Division, Gujrat did not award the balance work of contractor at risk and cost of original contractor whose work was rescinded and he was declared defaulter by Chief Engineer Punjab Buildings Department, Lahore since February 2015.

Violation of contractual obligations resulted in non-award of balance work of Rs 90,760,000.

Audit pointed out the non-recovery in October 2016. The department replied that revised estimate had since been furnished to the Client department, revised approval of the same is awaited. When the revised approval is received, the detailed estimate would be framed according to technical sanction from the competent authority and balance work would be awarded accordingly under intimation to Audit. The reply of the department was not satisfactory because the contractor had abandoned the work since June 2014 and no action had been taken by the department despite the lapse of more than two years.

The matter was also discussed in the SDAC meeting held on 19.12.2016. The department explained that clause 60 & 61 were applied on contractor; security was forfeited and regarding imposition of clause 61, the revised AA/estimate was under process. As and when the AA/estimate

is revised, the difference of cost would be recovered as risk and cost, remaining work would be executed and produced to Audit for verification.

The Committee directed the department to get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 618)

2.4.2.13.2 Executive Engineer, Provincial Buildings Division, DG Khan awarded a work to the contractor with time limit of 12 months. The contractor failed to complete the work and was declared defaulter. The remaining work amounting to Rs 9,363,000 was allotted to another contractor. The time limit of 9 months upto 17.01.2016 was allowed to the 2nd contractor which was also expired. But the department did not make recovery on account of risk and cost from the original contractor, nor penalty was imposed and recovered from the 2nd contractor.

Violation of contractual obligations resulted in non-recovery of Rs 3,967,955.

Audit pointed out the non recovery in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to invoke clauses 60 & 61 simultaneously and accordingly forfeit his security and recover risk and cost from some other work of the same contractor. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1220)

2.4.2.13.3 Executive Engineer, Provincial Buildings Division, Mianwali allotted the work "Construction of High Security Prison in the

Punjab, one at Mianwali (Group No.8)”during December 2009 for Rs 12.342 million with completion period up to December 2010 and made payment of Rs 2,515,189 vide 2nd & R/B paid during January 2011. Audit observed that since January 2011, despite lapse of five years, no further work was executed at site and contractor had abandoned the work. The expenditure already incurred on execution of work has gone waste but the department took no action for rescission of work and get the balance work of an important project like High Security Prison completed.

Violation of contractual obligations resulted in wasteful expenditure of Rs 2,515,189.

Audit pointed out the lapse in February 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department explained to the Committee that revised estimate of the works was under approval. On approval of estimate, work would be tendered.

The Committee directed the department to award the work and get the record verified from Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.

(DP No. 73)

2.4.2.13.4 Executive Engineer, 5th Provincial Buildings Division, Lahore awarded a work “Construction of additional Punjab Assembly Building Lahore” to a contractor M/s A-Hamid & Sons on risk and cost of the original contractor M/s Husnain Cotex Pvt Ltd. Payment was made to new contractor upto 5th running bill worth Rs 68,079,116 without effecting recovery of risk and cost amounting to Rs 1,654,872 from the original contractor.

Violation of contractual obligations resulted in non-recovery of Rs 1,654,872.

Audit pointed out the non-recovery in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that due recovery on account of risk and cost would be effected in the next running bills.

The Committee directed the department to expedite the matter and get the record verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 260)

2.4.2.13.5 Executive Engineer, Provincial Buildings Division, Sialkot awarded the work to a contractor M/S Sundas builder on 28.05.2009 with contract cost of Rs 31.574 million and with time period of 12 months. The original contractor was paid upto 17th running bill dated 05.06.2013 valuing Rs 32.084 million. Later on, the original contractor M/s Sundas Builder failed to complete the work and resultantly the remaining work was awarded to the 2nd contractor M/s Riaz Bajwa with contract amount of Rs 7,448,322. The department did not recover the risk and cost amount of Rs 3,183,742 from the original/defaulting contractor.

Violation of contractual obligations resulted in non-recovery of risk and cost amounting to Rs 3,183,742.

Audit pointed out non-recovery in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit verified the recovery of Rs 1,836,630 through 2nd & 3rd running bill of the contractors.

The Committee reduced the para to Rs 1,347,112 and directed to effect balance recovery and get it verified by audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 655)

2.4.2.14 Undue financial benefit to the contractors due to non-obtaining/non-revalidation of performance securities and additional performance securities - Rs 59.76 million

As per clause-7 read with item (h) of memorandum of work, and Finance Department Notification RO (Tech) FD-1-2/83 (V) (P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee @ 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with cost exceeding Rs 50 million. If the performance security is not furnished within the specified period, the tender already accepted shall be considered as cancelled and the tender security will be confiscated by the Engineer Incharge. Further, as per general direction No.26 (A) of the agreement read with Finance Department's letter No.RD (Tech)FD-1-2/83/VI(P) dated 24.01.2006, if contractor quotes his rates 5% or more below the estimated rates, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance.

2.4.2.14.1 Executive Engineer, Provincial Buildings Division, Sahiwal awarded a work to the contractor with contract cost amounting to Rs 721.010 million. The department was required to obtain performance security @ 5 % of the contract cost of Rs 36.050 million but the department did not obtain performance security.

Violation of contractual obligations and Finance Department's instructions resulted in undue financial benefit of Rs 36,050,000.

Audit pointed out the undue financial benefit in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to get the extension of bank guarantee w.e.f 25.07.2014 to date and get the record verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 741)

2.4.2.14.2 Executive Engineer, Provincial Buildings Division, Rahim Yar Khan obtained Performance Security from the contractor valid upto 21.01.2015. The validity period lapsed on 22-01-15 and the work was still in progress but the department did not get the performance guarantee revalidated.

Violation of contractual obligations and Finance Department's instructions resulted in undue financial benefit of Rs 13,338,751.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department explained that the record would be produced to Audit within one week. The Committee directed the department to get the record verified within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 194)

2.4.2.14.3 Executive Engineer, Provincial Buildings Division, Gujrat did not obtain the full performance security @ 5% of agreement cost and also deducted less security deposit from running bills of the contractor as per memorandum of work attached with agreement.

Violation of contractual obligations and Finance Department's instructions resulted in undue financial benefit of Rs 3,770,174.

Audit pointed out the irregularity in October 2016. The department replied that the work was awarded by the then Engineer-in-charge on 1st October 2010 by obtaining partial performance security of Rs 7290,000 instead of Rs 9,630,000. So far as the matter of less security is concerned, it is traced from record after receiving observation that the then Engineer-in-Charge had released premature security to contractor, for reasons best known to him for Rs 1,000,000 in February 2010 and Rs 1,200,000 in October 2011 . However the contractor abandoned the work and was declared defaulter by the Government. His security is also being forfeited. Reply was not satisfactory and less deduction of performance security worth Rs 2,340,000 was established. The department further stated that security deposit of Rs 5,566,638 was deducted from running bill and Rs 2,200,000 (1,000,000 +1,200,000) was pre-maturely released in February 2010 and October 2011. In this regard, it is obvious that the department committed two serious irregularities, one at the time of award of contract and second in pre-mature release of security deposit. The Administrative Department was requested to take a serious action against the concerned officers responsible for this negligence. Now the contractor had abandoned the work at site and award of balance work at risk and cost of original contractor is under process.

The matter was also discussed in the SDAC meeting held on 19.12.2016. The department admitted the irregularity of obtaining less performance security and premature release of security deposit. The contractor abandoned the work and was declared defaulter. His security was under the process of forfeiture.

The Committee directed the department to take action, get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 621)

2.4.2.14.4 As per Acceptance Letter, the contractor had submitted additional performance security for Rs 1,982,707 but later on, the value of total work done was enhanced to Rs 26,318,207. Executive Engineer Provincial Buildings Division, Sahiwal was required to obtain the additional performance security for the enhanced amount which was not done.

Violation of contractual obligations and Finance Department's instructions resulted in undue financial benefit of Rs 2,871,283.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that performance security on enhanced amount of agreement was not applicable.

The Committee directed the department to seek clarification from FD. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 747)

2.4.2.14.5 Executive Engineer, 6th Provincial Buildings Division, Lahore awarded the work "Establishment of Deer Safari & Improvement of wild life park Chhanga Manga" to M/S. Muhammad Ali at 7.80% below tender cost of Rs 29.500 million, but did not obtain additional

performance security worth Rs 2.301 million during 2013-14 in the shape of bank guarantee.

Violation of contractual obligations and Finance Department's instructions resulted in undue financial benefit of Rs 2,301,000.

Audit pointed out the irregularity in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 21.09.2016. The department explained that the work had been completed. Audit intimated that work was completed on 08.06.2015 and CDR was released on 16.06.2014 i.e one year before completion of work.

The Committee took a seriously view and directed the department to condone the irregularity from the Finance Department and take action against responsible officers. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 59)

2.4.2.14.6 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded a work "Production of fingerling culturable fish species during winter season at fish seed nursery unit Farooqabad District Sheikhpura Group No.2" to a contractor M/s Saleem Brothers during February 2016. The department made payment up to last 5th running bill for value of work done worth Rs 14,508,315 against agreement value of the contract that is Rs 13,082,000, without approval from competent authority. Further, the contractor quoted the rate 7% below, hence additional performance security was required to be obtained from the contractor which was not on record.

Violation of contractual obligations and Finance Department's instructions resulted in irregular payment of Rs 1,426,315.

Audit pointed out the irregular payment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that CDR on account of additional performance security was obtained. Audit stated that no record was produced for verification.

The Committee directed the department to produce CDR on account of additional performance security, enhancement of agreement and variation statement to Audit within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 214)

2.4.2.15 Irregular grant of secured advance - Rs 26.00 million

According to para 2.98 (a) B&R Code and C&W Department letter No.SO-III(C&W)2-14/97 dated 29.05.1997, recovery of secured advance should be made within three months. Further, secured advance was not admissible on perishable items.

2.4.2.15.1 Executive Engineer, Provincial Buildings Division, Gujranwala granted secured advance on steel M.S Bar grade-60 and 40. The secured advance was paid at a higher rate by assessing higher value instead of admissible rate i.e 75% of material cost of input rates of Finance department of relevant quarter placed at its website. In this way, undue financial favour was extended to the contractor.

Violation of rules resulted in irregular grant of secure advance of Rs 22,500,246.

Audit pointed out the irregular grant of secure advance in November 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit pointed out that incorrect assessment of steel rate was made by the department at the time of grant of secured advance which was undue finance benefit extended to the contractor.

The Committee directed the department to effect the recovery along with mark up 12.50% per annum from contractor and get it verified by audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1088)

2.4.2.15.2 Executive Engineer, Provincial Buildings Division, Mianwali paid secured advance of Rs 2.320 million against perishable item of bitumen which was not admissible to the contractor.

Violation of rules resulted in undue financial benefit of Rs 2,320,000.

Audit pointed out the lapse in February 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department explained to the Committee that full amount involved in secured advance on bitumen has been recovered and verified by audit. Audit explained that it is a perishable item and secured advance on it was not admissible.

The Committee directed the department to probe the matter and produce probe report within 30 days and take action against those responsible for this negligence. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early probe.

(DP No. 30)

2.4.2.15.3 Executive Engineer, Provincial Buildings Division, Gujrat, did not recover the secured advance granted on aluminum windows @ Rs 450 per sft for a quantity of 1595 sft amounting to Rs 717,750. Full quantity of secured advance had been consumed but recovery of secured advance was still outstanding.

Weak technical and financial control resulted in undue financial benefit of Rs 717,750.

Audit pointed out the non-recovery in October 2016. The department replied that due to rush of work in June recovery of the outstanding secured advance of aluminum window was overlooked erroneously. The same would be recovered from contractor in his next running bill. Reply was not tenable as it was not a matter of overlooking, rather negligence at the part of department, so recovery as admitted be made along with disciplinary action against those responsible for this negligence.

The matter was also discussed in the SDAC meeting held on 19.12.2016. The department stated that recovery of outstanding secured advance would be made in the next bill.

The Committee directed the department to effect the outstanding amount of secured advance along with 12.5% markup and get the record verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 623)

2.4.2.15.4 Executive Engineer, Provincial Buildings Division Rahim Yar Khan made payment of secured advance for 8820 Sft for item "*Supplying of master ceramic tiles 8"x8"*" brought at site. But the item "*tiles of specification 8"x8"*" was not provided in the estimate. The allowing of secured advance for an item not provided in the estimate was irregular.

Violation of rules resulted in irregular grant of secured advance of Rs 463,050.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department explained that the record would be produced to Audit within one week.

The Committee directed the department to get the record verified within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directive.

(DP No. 199)

2.4.2.16 Irregular expenditure of Rs 15.68 million and non-recovery of pre-shipment inspection charges of Rs 1.00 million

According to additional condition No. 83 of the contract agreement, "the contractor shall organize and arrange the Pre-Shipment Inspection of all the machinery to be imported at factory (ies) of manufacturer for HVAC system in the presence of the contractor and manufacturer. The contractor shall give at least one month notice to the employers for nomination of two representatives of the employers (one from C&W and other from Finance Department) at his own cost.

2.4.2.16.1 Executive Engineer, Provincial Buildings Division, Sialkot made payment for an item of work "*lifts*" 2 No's @ Rs 7,840,000 each. The department released the payment of Rs 15.680 million without production of the preliminary inspection notes.

Violation of contractual obligations resulted in irregular expenditure of Rs 15,680,000.

Audit pointed out the irregularity in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that recovery on account of pre-shipment inspection charges was already effected from the contractor's bill. Audit contended that monthly account of the recovery be produced along with bill of lading, and proforma invoices.

The Committee directed the department to get the certificate from client department that the product i.e the lift was procured as per approved specification and recovery be watched upto final bill and verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 643)

2.4.2.16.2 Executive Engineer, Provincial Buildings Division, Rahim Yar Khan did not recover the cost of pre-shipment inspection from the contractor as he could not arrange for the employer's representatives to inspect the HVAC system as per terms and conditions of the contract. HVAC system had been installed without pre-shipment inspection at the country of origin.

Violation of contractual obligations resulted in overpayment of Rs 1,000,000.

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department promised that verification of the record would be made within one week.

The Committee directed the department to get the record verified within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 180)

2.4.2.17 Overpayment due to non-adjustment of available earth/excess lead - Rs 14.87 million

As per estimated provision and standard procedure, "2/3rd earth received from excavation in foundation of building or other structure i/c dag belling, dressing etc" may be used/ adjusted against the earth borrowed from outside".

2.4.2.17.1 Executive Engineer, Provincial Buildings Division, Sahiwal made payment for an item of work i.e "*excavation in foundation of building*". The excavated earth was required to be reused on the same work but the department did not utilize the available earth.

Weak technical and financial controls resulted in overpayment of Rs 3,334,000.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that the excavated earth of boundary wall and sewer line was utilized around the wall and sewer line. The payment of earth was made according to T.S Provision. Audit contented that 2/3rd earth of building foundation was not utilized.

The Committee directed the department to get the record re-verified from Audit regarding utilization of available earth within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 707)

2.4.2.17.2 Executive Engineer, Provincial Buildings Division, Jhang awarded different works to different contractors. The department made payment against the work executed at higher rates than those admissible in the TS estimate / agreement.

Weak technical and financial controls resulted in overpayment of Rs 1,953,419.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department explained that 3 mile lead was mentioned in the bid but payment was made after regularization of revised AA and revised TS estimate. Audit contended that the contractor quoted the rate keeping in view the actual lead provided in the agreement and accordingly the acceptance letter was issued. Hence, the lead cannot be changed in the light of PAC directives and in the light of the agreement general condition No.7.

The Committee directed to get the record verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 321)

2.4.2.17.3 Executive Engineer, Provincial Buildings Division, Sialkot made payment for items of work "*earthwork excavation in F&P*" for 148228 cft and "*excavation in open cutting*" 78107 cft. But the department did not utilize the available earth received from the execution

of said items of work and deduct it from the new earth brought from the distance of 10 km.

Weak technical and financial controls resulted in overpayment of Rs 1,655,063.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that revised estimate was under process wherein the quantity of earth work was incorporated and same would be produced to Audit for verification.

The Committee directed the department to expedite the matter. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 407)

2.4.2.17.4 Executive Engineer, Provincial Buildings Division, Sargodha got executed the item "*Excavation in foundation of buildings/bridges in ordinary soil etc*" in different works and did not utilize/adjust the quantity of 2/3rd of available earth while measuring the item of earth filling in foundation with the approved lead.

Weak technical and financial control resulted in overpayment of Rs 1,524,470.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that recovery would be made in the next bill. Audit stated that no record was provided by the department.

The Committee directed the department to get the recovery record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1077)

2.4.2.17.5 Executive Engineer Provincial Buildings Division, Sialkot made payment for items of work "*Filling, watering, ramming with new earth with 10 km lead*" and "*Borrowpit excavation with 10 km lead*" against the approved lead of 3 km and paid for 7 km excess lead.

Weak technical and financial controls resulted in overpayment of Rs 1,352,000.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that although three mile lead was mentioned in the bid but payment was made after recommendation of NESPAK Consultant. Audit contended that the contractor quoted the rate keeping in view the actual lead provided in the agreement and acceptance letter, hence lead cannot be changed in the light of PAC directives and in the light of general condition No.7 of agreement.

The Committee directed the department to get the record verified by Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 408)

2.4.2.17.6 Executive Engineer, Provincial Buildings Division Rawalpindi measured and paid the item of work "*excavation in foundation of building or other structure i/c dag belling, dressing in ordinary soil*"

for quantity of 360667cft upto 5' depth and 347958 cft below 5' depth. Two third of this quantity i.e 472416 cft was available at site. The department utilized/adjusted only the quantity of 71500 cft, leaving balance quantity of 400916 cft (472416 - 71500) at site as un-adjusted/unused. On the other hand, the quantity of 303591 cft earth was brought from outside with lead of 7 miles @ Rs 5,000 per % cft.

Weak financial and technical controls resulted in overpayment of Rs 1,079,878.

Audit pointed out the overpayment in July 2016. The department replied that the building had a basement, and the formula of 2/3rd could not be applied on this structure, so the payment had been made correctly. The reply was not tenable as the department violated the provision of technical sanctioned estimate and the formula of 2/3rd also applied on basement.

The matter was also discussed in the SDAC meeting held on 15.11.2016. The department explained that excavated earth was transported outside being surplus and not brought from outside. Audit argued that the item "*excavation in foundation of building*" included rate of dressing of earth. This item was not executed but paid for Rs 144,483 which needs to be recovered.

The Committee directed the department to effect recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 204)

2.4.2.17.7 Executive Engineer, Provincial Buildings Division, Sialkot made payment for item of work i.e "*earthwork excavation in foundation*" for 177266 cft and made payment for another item of work "earth filling under floor with 7 mile lead" for quantity of 109115 cft @ Rs 9,568.50 % cft instead of utilizing the available earth obtained from excavation in foundation for a quantity of 135597 cft.

Weak technical and financial controls resulted in overpayment of Rs 1,044,067.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016.

The Committee directed the department to adjust/recover the amount involved and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 649)

2.4.2.17.8 Executive Engineer, Provincial Buildings Division Gujranwala measured and paid the item of work "*Excavation in foundation of building or other structure i/c dag belling, dressing in ordinary soil*" but did not adjust/ deduct 2/3rd of this quantity against earth brought from outside with leads and at costly rates in violation of provision of technical sanctioned estimate and standard procedure of specification of C&W Department.

Weak financial and technical controls resulted in overpayment of Rs 995,579.

Audit pointed out the overpayment in November 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to effect the recovery on account of non utilization of available earth and get it verified from

Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1093)

2.4.2.17.9 Executive Engineer, Provincial Buildings Division, Muzaffargarh paid an item "*Excavation in foundation of building etc*" for 335451 cft. The item "*filling, watering, ramming of earth with surplus earth*" was executed with 133048 cft of available earth and 601430 cft outside earth with lead 1 mile. The available earth was 223634 cft but only 133048 cft was used and balance 90586 cft was not utilized. This resulted in overpayment of Rs 754,768 (90586 x Rs 6,345‰ cft).

Weak supervisory and financial controls resulted in overpayment of Rs 754,768.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit verified the recovery of Rs 435,419 on account of non-utilization of available earth.

The Committee reduced the para upto Rs 319,349 and directed the department to adjust the balance quantity of earth and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 837)

2.4.2.17.10 Executive Engineer, Provincial Buildings Division, Rahim Yar Khan got executed items of work "*Excavation in buildings*" for quantity 72663 cft, "*Excavation in trenches*" for quantity 225599 cft, "*Excavation open cutting*" for quantity 158066 cft., and "*Re-handling of*

earth” for quantity 197652. But the department did not deduct the available 2/3rd earth 106588cft from the item of work “*earth work for embankment*” paid @ Rs 7,721.98 % cft.

Weak financial and supervisory controls resulted in loss of Rs 263,405.

Audit pointed out the loss in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department explained that the record would be produced to audit within one week. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 193)

2.4.2.17.11 Executive Engineer, Provincial Buildings Division, Muzaffargarh executed the item “*Excavation in foundation of building*” for a quantity of 139930 cft. The two third quantity 93286 cft was required to be reused. But only a quantity of 46642 cft was used and balance 46643 cft was not used whereas new earth with lead one mile was brought and filled in foundation and courtyard. This non-utilization of available earth resulted in extra expenditure of Rs 277,546 (46644 cft x Rs 5,950.32%).

Weak supervisory and financial controls resulted in overpayment of Rs 277,546.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted and promised to adjust the utilization of earth in next running bill.

The Committee directed the department to adjust the available earth and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 858)

2.4.2.17.12 Executive Engineer, Provincial Buildings Division, Multan measured an item "*Filling, watering, ramming earth under floor with new earth from outside upto 5 mile*" for external area of building for a quantity of 173272 cft. As the item was not for floor of the building but for its external area, therefore, it did not involve watering and ramming. Hence, rate of Rs 1,110 per ‰ cft was required to be reduced from the paid rate. Further, a quantity of 22889 cft earth was measured in streets where again the rate was required to be reduced by Rs 1,110 ‰ cft. Thus, the amount to be reduced comes to Rs 217,738 (173272cft +22889cft = 196161cft x Rs 1110‰) and shrinkage @ 10% of that amount should also be recovered amounting to Rs 21,773. Total amount to be recovered was Rs 239,511.

Weak supervisory and financial control resulted in overpayment of Rs 239,511.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted the recovery of Rs 192,332 and promised to effect it in next running bill.

The Committee directed the department to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 500)

2.4.2.17.13 Executive Engineer, Provincial Buildings Division, Gujranwala, measured and paid an inadmissible item of work, “*Re-handling of earth work lead up to 100 ft*” for quantity of 88235 cft @ Rs 1,779.35‰ cft along with premium of 4.35% and the item of work “*Excavation in foundation of building, bridges and other structure i/c dag belling, dressing, refilling around structure*”, measured and paid for a quantity of 88235 cft as per estimated provision. The 1/3rd of this quantity was required to be re-filled in foundation of building without any cost and 2/3rd in floor of the building at labour rate only. Hence, re-handling of this quantity was neither admissible nor provided in estimate of work.

Weak financial and supervisory controls resulted in overpayment of Rs 163,830.

Audit pointed out the overpayment in November 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted recovery and promised to effect in the next bill of the contractor.

The Committee directed the department to effect the recovery on account of non utilization of available earth and get it verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1094)

2.4.2.17.14 Executive Engineer, Provincial Buildings Division, Sargodha did not deduct 2/3rd of surplus earth of 11341 cft (17011 x 2/3) recovered as a result of excavation in foundation of buildings from the quantity of item of work “*Filling, watering and ramming earth work floor with new earth excavated from outside road upto four miles*”.

Weak supervisory and financial controls resulted in overpayment of Rs 125,876.

Audit pointed out the overpayment in April 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department requested the committee to give time for verification of record.

The Committee directed the department to get the verification of record within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 105)

2.4.2.17.15 Executive Engineer, Provincial Buildings Division, Muzaffargarh executed the item "*Excavation of foundation of building*" for a quantity of 82352 cft. The 2/3rd quantity 54900 cft was required to be utilized as per T.S. provision, but only 40310 cft was used and balance 14591 cft was not utilized and new earth was brought from outside lead one mile. This non-utilization of balance quantity resulted in overpayment of Rs 101,869 (14591 cft x Rs 6,981.50%).

Weak supervisory and financial controls resulted in overpayment of Rs 101,869.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department admitted and promised to adjust the utilization of earth in next running bill.

The Committee directed the department to adjust the available earth and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 849)

2.4.2.18 Non-recovery of dismantled material / road crust - Rs 9.70 million

As per Para 9 (i) of Chapter 18.1 of specifications of execution of work 1967, all demolished material will be the property of Govt. and shall either be disposed of or cost of dismantled material would be recovered from the contractor.

2.4.2.18.1 Executive Engineer, Provincial Buildings Division, Rahim Yar Khan executed item of work "*Dismantling of road pavement*" for quantity 4913.77 cft upto 7th running bill against the estimated provision of 40438 cft. The department executed less quantities of dismantling to avoid its reuse/deduction from item "*P/L Sub Base brought from outside*".

Weak financial and supervisory controls resulted in non-recovery of Rs 2,673,681.

Audit pointed out non recovery in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department stated that the record would be produced to Audit within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 198)

2.4.2.18.2 Executive Engineer, 4th Provincial Buildings Division, Lahore awarded a work “Upgradation of Punjab Institute of Mental Health Lahore” to a contractor M/s Al-Hamid & Sons during June 2015. The department during execution of work, got the existing building/boundary wall dismantled, removal chowkat, iron, roof tiles, bats etc and recovered the amount on account of cost of old material worth Rs 3,899,242 instead of actual amount of Rs 6,753,479 as per technical sanctioned estimate. Hence, less recovery on account of cost of old material resulted in loss of Rs 2,854,237 to the Government. Further, income tax @ 7.50% was not deducted on value of cost of old material worth Rs 3,899,242 amounting to Rs 292,443.

Violation of C&W specifications resulted in non-recovery of Rs 3,146,680.

Audit pointed out the non-recovery in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. Audit verified the recovery of Rs 578,208 from 11th running bill of the contractor.

The Committee reduced the para upto the amount of Rs 2,568,472 and directed the department to adjust the same within 30 days and get it verified by Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 228)

2.4.2.18.3 Executive Engineer Provincial Buildings Division, Rahim Yar Khan did not deduct the volume of crust i.e 141581 cft quantity of sub base course, 141888 cft base course along with available earth cutting and camber for quantity 23200 cft from item of work “*earthwork*”.

Violation of C&W specifications resulted in overpayment of Rs 2,368,091.

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department stated that the record would be produced to Audit within one week.

The Committee directed to get the record verified from Audit within a week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 196)

2.4.2.18.4 Executive Engineer, Provincial Buildings Division, Multan made recovery for dismantled material worth Rs 3,090,880 against the actual recovery Rs 4,044,238. This resulted in less recovery of dismantled material amounting to Rs 953,358 (4,044,238 – 3,090,880) from contractor.

Violation of C&W specifications resulted in less recovery of Rs 953,358.

Audit pointed out the less recovery in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that recovery of Rs 3,128,067 was made as per actual dismantling and balance recovery will be made when the work is executed.

The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 488)

2.4.2.18.5 Executive Engineer, Provincial Buildings Division, Faisalabad got executed the work from contractor and did not realize the recovery of dismantled material.

Violation of C&W specifications resulted in overpayment of Rs 292,065.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department admitted the recovery and promised to effect the same in next running bill. The Committee directed the department to effect the recovery within 15 days and get it verified. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 309)

2.4.2.18.6 Executive Engineer, Provincial Buildings Division, Rahim Yar Khan measured and paid for quantity of 464551 cft @ Rs 4,970 per% cft for item "*Earthwork in ordinary soil for embankment upto 3-miles etc*". But the department did not deduct the quantity of road crust of 52449 cft.

Violation of C&W specifications resulted in overpayment of Rs 263,405.

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department stated that the record would be produced to Audit within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 191)

2.4.2.19 Overpayment due to allowing double installation charges - Rs 5.38 million

As per general definition of FOR (Free on Road), if we order something on FOR basis, the good(s) mentioned in the invoice will be transmitted from the supplier to the client without any transportation charges. Further, as per quotations, the FOR price of each weigh bridge at site was inclusive of all taxes.

Executive Engineers, 4th Provincial Buildings Division, Lahore, Faisalabad, Jhang, Jhelum, and Sargodha awarded the works "Installation of Weigh Bridges at Wheat Procurement Centres of Food Department at different Centres in Punjab" to various contractors during 2015-16. The department obtained quotations from different contractors / suppliers. The quoted price of each Weigh Bridge at site was inclusive of all taxes. Further, installation charges (lump sum) and income tax @ 7.50% was included in technical sanctioned estimate but the same were paid separately as well as mentioned below. Hence, excess rate per Weigh Bridge was sanctioned and payment was made to the contractors by the department accordingly.

Sr. No.	DP No.	Division	Extra payment made for	Amount Rs
1	231	XEN, 4 th PBD, Lahore	Double cost of installation charges & income tax @ 7.50%	900,000
2	230	XEN, 4 th PBD, Lahore	Double cost of installation charges & income tax @ 7.50%	1,831,500
3	310	XEN, PBD, Faisalabad	Double cost of installation charges	616,500
4	826	XEN, PBD, Jhelum,	Double cost of installation charges	536,000

5	331	XEN, PBD, Jhang	Double cost of installation charges	609,264
6	1084	XEN, PBD, Sargodha	Double cost of installation charges	885,000
			Total	5,378,264

Weak technical and financial controls resulted in overpayment of Rs 5,378,264

Audit pointed out the overpayment in July to November 2016. In one case (DP No. 310) department replied that service charges, loading /unloading and local carriage charges were added which was necessary for the installation at site being typical mechanical job. The reply was not tenable as installation charges were incorporated in estimate two times. In other case department did not reply.

The matter was also discussed in the SDAC meeting held during September to December 2016. The department admitted recovery in one case (DP No. 1084) and in other cases department explained that installation charges contained in quotations were actually labour charges for its technical assembling and did not include the moving, lifting, shifting and its mechanical installation of heavy component with the help of crane. Further department added that payment was made on the rates approved in technical sanctioned estimate accorded by the Chief Engineer Punjab Buildings department. Audit contended that installation charges and income tax were added in the quotations of the contractors and also incorporated in the estimate separately, which resulted into double inclusion of installation cost and income tax.

The Committee directed the department to revisit rate analysis, calculate actual recovery and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP Nos. 826,331,310,1084,231,230)

2.4.2.20 Late and less recovery of Mobilization Advance - Rs 5.35 million

As per para (v) of notification issued by Finance Department vide No. R.O. (Tech) F.D. 18-44/2006 dated 07.12.2007, mobilization advance is payable on submission of bank guarantee and the recovery thereof shall commence after the lapse of 20% of contract period or after the execution of 20% of the work (in financial terms) whichever is earlier. The rate of recovery shall be 25% of the value of work done in each interim payment certificate (running bills).

Executive Engineer, Provincial Buildings Division, Sahiwal granted mobilization advance of Rs 24,416,000 to the contractor. The date of start of work was 23.09.2015 with time limit of 24-months and 20% limit expired on 23.02.2016. The recovery of mobilization advance, under the rules, should have started from 3rd & R/Bill paid on 25.03.2016, but the recovery of 1st installment was made from 4th & R/Bill paid on 06.06.2016. Further, recovery of only Rs 1,720,407 was made against actual recovery of Rs 7,071,093.

Violation of rules resulted in less recovery of Rs 5,350,686.

Audit pointed out the less recovery in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 748)

2.4.2.21 Non- forfeiture of security deposit - Rs 4.37 million

As per Law and Parliamentary Affairs Department Letters No.DP-15(119)/2001/400/392/C dated 25th October 2001 and No.FD (D-11)

3(5)81 volume-II dated 6th February 1990, Clause 60 and 61 of contract agreement are complementary to each other and are to be operated simultaneously. As per clause 60 of the contract agreement, if contractor fails to complete the work on time and declared defaulter under clause 60, his security deposit lying either in bank or deposit of division may be forfeited.

Executive Engineer, Provincial Buildings Division, Gujrat did not forfeit the security deposit of contractor whose work was rescinded due to non completion of work even in extended period of time (two time) and who was declared defaulter under clause 60 & 61 of contract agreement.

Violation of rules resulted in non- forfeiture of security deposit of Rs 4,367,000.

Audit pointed out the irregularity in October 2016. The department replied that the matter stands referred to the higher authorities for advice as to whether the balance work would be got executed on the risk & cost of original contractor and the difference would be met out from the security of defaulting contractor or remaining work would be got executed on fresh rate after revised approval.

The matter was also discussed in the SDAC meeting held on 19.12.2016. The department explained that clause 60 & 61 both were applied on contractor and 1st of all, security was forfeited. As regards imposition of clause 61, the revised AA/estimate was under process. As and when the AA/estimate was revised, the difference of cost would be recorded as risk and cost, remaining work would be executed and produced to Audit for verification.

The Committee directed the department to get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 614)

2.4.2.22 Overpayment due to allowing inadmissible overlapping in MB of steel grade-60 - Rs 4.03 million

As per remarks column against item No.9(c) under Chapter-6 (Concrete) for item “Fabrication of mild steel Grade-60 etc” the item rate includes 10% wastage, overlaps.

Executive Engineer, 5th Provincial Buildings Division, Lahore got executed the item of work “*Fabrication of mild steel Grade-60 etc*” and allowed overlapping in columns while calculating weight of steel in Measurement Books. In this way, extra payment on account of overlapping was allowed due to wrong measurement.

Violation of rules resulted in overpayment of Rs 4,034,469.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department pointed out that it is admissible in vertical columns.

The Committee referred the case to FD for seeking clarification regarding payment and measurement of overlapping in fabrication of mild steel Grade-60. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early compliance of Committee’s directives.
(DP No. 257)

2.4.2.23 Loss due to payment without work done at site - Rs 3.98 million

According to rule 7.29 of DFR, “before signing the bill, Sub-Divisional Officer should compare the quantities/ amount in the bill with

those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct”.

Executive Engineer, Provincial Buildings Division, Faisalabad made advance payment in IPC No.33 against the item in excess of the actual execution of work which were reversed by showing minus in IPC No.34 recorded in the M.B. The contractor had been declared as defaulter.

Violation of rules resulted in excess payment of Rs 3,982,514 to defaulting contractor.

Audit pointed out the excess payment in August 2016. The department replied that the contractor M/S Golden Life Construction Co. was declared defaulter by the Chief Engineer (S.Z.) vide No.8-WS/2007/1040/WI, dated 23.04.2015. The final measurements were carried out, but at that time, contractor was out of county. The competent authority i.e. Executive Engineer had re-constituted the Committee as per request of contractor and correct calculations were recorded as per site. Now there are some liabilities of contractor yet to be decided as per his claim and the matter was under process for approval by the competent authority.

The reply of the department was not tenable, because the department has admitted that advance payments were made to the contractor in IPC No.33, which was shown minus in IPC No.34 in 2014. The department also admitted that a committee had been constituted for calculation of actual quantities as per site, however there were some liabilities of contractor yet to be decided and the matter was under consideration for approval of the competent authority. Audit stresses for holding enquiry for fixing the responsibilities for causing loss to the public exchequer by releasing the advance payment of Rs 3.983 millions to the contractor which was yet to be recovered.

The matter was also discussed in the SDAC meeting held on 30.11.2016. The Committee directed the department to get the matter probed from SE, PHC, Faisalabad and submit fact finding report to Audit

for verification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the delinquents.

(DP No. 307)

2.4.2.24 Overpayment due to allowing higher rates of Earthwork embankment than agreement rates - Rs 3.47 million

As per acceptance letter No.264-67, dated: 10.06.2010 read with Bid schedule item No.2,the contractor quoted 4.48% above the estimated rates for item "Earthwork embankment with lead upto 2 miles with 95 to 100% compaction etc" @ Rs 2845.09 per % cft and same rate was required to be paid to the contractor. Further, according to General direction No.7 for the Guidance of the Tenderer read with Agreement, the contractor shall at his own expense, inspect and examine the site and surroundings and obtain for himself on his own responsibility, all information that may be necessary for preparing the tender and entering into contract, and shall determine and satisfy himself by such means as he may consider necessary or desirable as to all matters pertaining to the tender.

2.4.2.24.1 Executive Engineer, Provincial Buildings Division, Rahim Yar Khan paid an item of work "*Earthwork in embankment*" for quantity of 164785 cft upto 6th running bill but in 7th running bill, quantity of earthwork was enhanced to 465930 cft. The department enhanced the quantity of earthwork to cover the whole estimated provision of item of work whereas the execution of allied items were already done by the contractor at site.

Violation of contractual obligations controls resulted in unjustified payment of Rs 2,325,435.

Audit pointed out the unjustified payment in March 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 14.11.2016. The department explained that the record would be produced to Audit within one week.

The Committee directed the department to get the record verified within one week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 195)

2.4.2.24.2 Executive Engineer, Provincial Buildings Division, Jhang awarded a work to a contractor for which the Chief Engineer (South) Building Department Lahore sanctioned rate in Bid Schedule vide Item No.2 "*Earthwork embankment with lead upto 2 miles with 95 to 100% compaction etc*" @ Rs 2,723.10 per % cft against which the contractor quoted the rates 4.48% above at Rs 2,845.09 per ‰ cft. However in acceptance letter, the department approved the rate of the item as Rs 4,892.10 ‰ cft instead of Rs 2,845.09 per ‰ cft which is Rs 2,047.01 ‰ cft in excess.

Violation of contractual obligations resulted in overpayment of Rs 1,148,000.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department explained that although two mile lead was mentioned in the bid but rate was taken for hundred feet lead mistakenly which was regularized through revised AA and revised TS estimate. Audit contended that the contractor quoted the rate keeping in view the actual distance of lead and acceptance letter was issued accordingly. Hence, lead

cannot not be changed in the light of PAC directives and general condition No.7 of agreement.

The Committee directed the department to produce the record. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 314)

2.4.2.25 Non-recovery due to non-employment of graduate engineers - Rs 2.85 million

As per clause 18 of contract agreement, the contractor shall employ one diploma engineer on the contracts valuing up to Rs 7.5 million. On the contracts exceeding Rs 7.5 million, one senior graduate Engineer and one junior graduate Engineer will be employed. If the contractor fails to employ the qualified technical personnel, the Engineer-Incharge will employ to make up the deficiency in number of such persons at the risk and cost of the contractor.

2.4.2.25.1 Executive Engineer Provincial Buildings Division, Sahiwal awarded a work to the contractor on 22.09.2015 with contract cost of Rs 244,167,180. But neither the contractor employed the required personnel (Engineers) nor made recovery on this account.

Violation of contractual obligations controls resulted in non-recovery of Rs 960,000.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The Committee directed the department to get the record re-verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 711)

2.4.2.25.2 Executive Engineer, Provincial Buildings Division, Mianwali during June 2014 allotted a work for Rs 107.278 million but did not recover the amount of risk & cost from the contractor due to his failure to fulfill its contractual obligation regarding employment of one senior graduate engineer and one junior graduate engineer.

Violation of contractual obligations resulted in non-recovery of Rs 1,170,000.

Audit pointed out the non-recovery in February 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 22.09.2016. The department explained to the Committee that two Graduate Engineers were appointed by the contractor. Audit demanded payroll of the contractor, appointment letters and bank accounts of the employees to verify the facts.

The Committee directed the department to produce all relevant record. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 69)

2.4.2.25.3 Scrutiny of the record of Executive Engineer, Provincial Building Division, Bahawalpur for the work "Establishment of Medical College at Bahawalpur Group-2" disclosed that the work was awarded to the contractor for Rs 329.183 million in June 2015 with completion period of two years. After lapse of 50% time i.e. one year the physical / financial progress was Rs 83.557 million against the contract amount of Rs 329.183 million which was 26% only. This situation showed that there was lack of

proper supervision towards the contractor. Further, as per produced record, no evidence regarding employment of technical personnel was on record. Hence, the deduction due to non-employment of said personnel was to be made amounting to Rs 720,000.

Violation of contractual obligations resulted in non-recovery of Rs 720,000.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. The department explained that Graduate engineers were employed by the contractor and all relevant record was available for verification. Audit stated that no record was produced for verification.

The Committee directed the department to get the record verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1049)

2.4.2.26 Overpayment due to allowing excess lead - Rs 2.64 million

As per acceptance letter No.264-67, dated 10.06.2010 read with Bid schedule item No.69 and the contractor's quoted rate of 4.48% above the estimated rates for item "*Providing and laying sub-base course 100 % compaction with lead etc*" @ Rs 3,874.619 per % cft and the same rate was required to be paid to the contractor.

2.4.2.26.1 Executive Engineer, Provincial Buildings Division, Sialkot made payment for an item of work i.e "*P/L sub base course of pit run bed run gravel*" with 138 km lead for carriage of stone @ Rs 6,300.22 % cft which is 26.24 % below against approved rate i.e Rs 7,087.51 % cft,

whereas the lead from Dina Quarry Dina to site of work comes to 128 km. The rate of the item with 128 km comes to Rs 5,805.68 per cft and required to pay @ 26.24 % below i.e Rs 4,282.27 per cft instead of @ Rs 6,300.22 per cft.

Violation of contractual obligations resulted in overpayment of Rs 2,340,000.

Audit pointed out the overpayment in July 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 01.12.2016. The department explained that the distance of 138 km was duly vetted by Provincial Highway Department and payment was made accordingly. Audit pointed out that the distance was 128 km from Dina to Site of work. The Committee observed that the actual distance from Dina to site of work was 105 km instead of 138 or 128 km.

The Committee directed the department to re-verify the record of lead chart with comparison from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 393)

2.4.2.26.2 Executive Engineer, Provincial Buildings Division, Jhang awarded different works to different contractors. Department got sanctioned rate in TS estimate against which the contractor quoted the rate 4.49% above and 4.48% above, however the department made payments on higher side than approved in the agreement/acceptance letter.

Violation of contractual obligations resulted in overpayment of Rs 199,702.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department explained that lead of 82 km was mentioned in bid but payment was made by taking lead 94 km after regularization of revised AA and revised TS estimate. Audit contended that the contractor quoted the rate keeping in view the actual lead provided in the agreement and acceptance letter was issued, hence lead could not be changed in the light of PAC directives and in the light of agreement general condition No.7.

The Committee directed the department to pursue the case vigorously. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 322)

2.4.2.26.3 Executive Engineer, Provincial Buildings Division, Jhang awarded different works to different contractors in which the department sanctioned incorrect rate of carriage of stone from quarry to site of work over and above the admissible rates. Audit observed that excess rate for the carriage of stone was approved in item "*Providing and laying sub-base course and base course etc with lead 185 kilometer etc*" due to inclusion of inadmissible rate of first four chains (from 1 to 900 meter) for Rs 229.95 per %cft whereas the rates were included in the rates of 1st Kilometer for Rs 158.60.

Violation of contractual obligations resulted in loss of Rs 101,304.

Audit pointed out the loss in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department admitted the audit observation as the rate was incorrectly calculated by adding the cost of chain as it was already included in the carriage rate of 1st km.

The Committee directed the department to revise the rate in TS estimate and ensure that payment would be made at reduced rate of the item in future. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 327)

2.4.2.27 Overpayment due to wrong carrying forward the amount of price variation - Rs 1.11 million

According to rule 7.29 of DFR, "before signing the bill, Sub-Divisional Officer should compare the quantities/ amount in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct".

Executive Engineer, Provincial Buildings Division, Rawalpindi wrongly carried forward and paid an amount of Rs 10,468,884 on account of price variation recorded at page 41 of MB No. 3389. This amount was carried forward from MB No. 3372, page No.101 where actual amount of price variation was Rs 9,361,608.

Violation of rules resulted in overpayment of Rs 1,107,726.

Audit pointed out overpayment in July 2016. The department replied that the record of price variation was available for verification. Reply was not tenable because no record was produced in support of reply.

The matter was also discussed in the SDAC meeting held on 15.11.2016. The department produced the relevant record i.e. MB. Audit contented that for detailed scrutiny of the items of price variation complete record was required i.e. price variation statement, original MB and all relevant notifications, and in absence of aforesaid record, correctness of calculations could not be ascertained.

The Committee directed the department to get the record verified and effect due recovery. As regards wrong carry forward, audit observation stands established. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 269)

Others

2.4.2.28 Loss due to execution of below specification work by using below standard bricks - Rs 19.43 million

As per Section 801 read with Section 1041-8 of Standard Specifications for Road & Bridge Construction 1971 and according to Finance Department's Material rates of item No.07.001, standard size of bricks is 9" x 4-1/2" x 3" and their crushing strength is 2000 PSI.

Executive Engineers, 4th, 5th Provincial Buildings Division, Lahore, Faisalabad, Jhang, Sialkot, Sahiwal, Jhelum, Sargodha, and DG Khan awarded various works to contractors. The department got building structures constructed having provision of wall thickness with width of 9 inches, 13-1/2 inches and 4-1/2 inches as per Section 801 read with Section 1041-8 of Standard Specifications for Road & Bridge Construction 1971 and as per Finance Department's Material rates of item No.07.001 with brick size 9" x 4-1/2" x 3" with crushing strength of 2000 PSI. The department got the items of Pacca brick works executed by using bricks of 8.94" x4.32" x2.96"size as per lab test reports. But the department made payment with the wall thickness as quoted above during measurements. The building structure was not built up as per standard specification/estimate, therefore, work executed was below the specification.

Violation of C&W specifications resulted in execution of below specification work and loss of Rs 19,431,958. The detail was as under:

Sr. No.	Name of Division	DP No.	Amount recoverable @ 7% (Rs)
1	4 th PBD Lahore	220	135,170
2	5 th PBD Lahore	256	23,139
3	PBD Faisalabad	304	218,561
4	PBD Jhang	328	323,939
5	PBD Sialkot	644	551,372
6	PBD Sialkot	645	10,771
7	PBD Sialkot	647	852,362
8	PBD Sialkot	652	51,583
9	PBD Sahiwal	726	1,532,510
10	PBD Sahiwal	736	8,887,000
11	PBD Jhelum	818	107,072
12	PBD Sahiwal	982	2,053,703
13	PBD Sargodha	1078	528,702
14	PBD DG Khan	1241	314,964
15	PBD DG Khan	1248	3,841,110
Total			19,431,958

Audit pointed out the loss in July to November 2016. The department did not reply.

The matter was discussed in the SDAC meetings held in September to December 2016. Audit pointed out that size of the bricks was less than 9 inches and strength of bricks was below 2000 PSI as per laboratory test reports. Therefore as per MRS instructions, 7% rate was required to be reduced in composite MRS item of Pacca Brick works. The department contended that under sized bricks and those with strength below standard 2000 PSI were discarded from site and same were not fixed at site of work, hence para requires to be settled. Audit disagreed on the point that as per C&W specifications No.801 and 1041-8, 2000 PSI strength with standard size of brick 9 inches x 4.5 inches x 3 inches was required to be used in the work but as per laboratory test of UET, all bricks were under sized and some were found less than 2000 PSI, hence recovery needs to be effected from contractors.

The Committee upheld the view point of Audit and directed the department to effect the recovery @ 7% of composite rate of brick work from the contractors and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

**(DP Nos. 220,256,304,328,644,645,647,652,726,
736,818,982,1078,1241,1248)**

2.4.2.29 Payment of inadmissible claim after finalization of contractor's accounts - Rs 4.00 million

As per rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Executive Engineer, Provincial Buildings Division, Jhelum awarded the work "Establishment of Government College for Women at Bhoun District Chakwal" and paid Rs 4,001,644 including the value of work done worth Rs 1,047,272 and price escalation claim worth Rs 2,954,372 to the contractor through 9th supplementary final bill. The accounts of work were finalized through 9th and final bill with date of completion as 30.06.2012. Therefore, payment of Rs 4,001,644 made after final bill on account of supplementary final bill was unjustified. Audit was of the view that ADP scheme was closed. Further, payment of liability of previous financial year without consent/approval of Finance Department was not justified.

Violation of rules resulted in extra payment of Rs 4,001,644.

Audit pointed out the extra payment in November 2016. The department replied that regarding the claim of Rs 4,001,644, the reply would be given after verification and scrutiny of record. The reply was not tenable because 9th and Final Bill was the final payment of the contractor and after completion of accounts and work done, the scheme was handed

over to the Education Department and Securities of the contractor were also released/refunded to the contractor.

The matter was also discussed in the SDAC meeting held on 19.12.2016. Audit pointed out that inadmissible payment was made to the contractor worth Rs 4,001,644 through the supplementary 9th final bill after finalization of 9th and final bill. Further, the C&W Department handed over the building to client department i.e Deputy Director Colleges Chakwal and in 9th & final bill, it was also certified by the XEN that work was 100% complete and payment was made according to the contract agreement. Further, the security of the contractor was also released to the contractor.

The Committee upheld the view point of Audit and directed the department to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 833)

2.4.2.30 Irregular payment due to ill planning - Rs 2.91 million

As per Rule 9 of PPRA Rules 2009, with the prior approval of the Government of the Punjab, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website as well as on the website of the procuring agency in case the procuring agency has its own website.

Executive Engineer, Provincial Buildings Division, DG Khan allotted Group-I of the work at 2% below the estimated amount to the contractor M/s Miraj Khalid & Co. on 26.03.2015. It was further observed that with a gap of one month, Group-2 was also allotted to the same contractor on 20.04.2015 at 4.45% above the estimated cost. Due to ill

planning, an irregular payment of Rs 2,909,604 was made due to splitting and allotment of same work to the same contractor at higher rates i.e. 4.45% above instead of 2% below which was unjustified.

Violation of rules resulted in irregular payment of Rs 2,909,604.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 19.12.2016. Audit stated that work was allotted to same contractor by splitting into 2 groups one at 2% below and 2nd at 4.45% above. Department explained that no violation was made in allotment but could not produce record for verification.

The Committee directed the department to get the record re-verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 1244)

2.4.2.31 Loss due to change of design during execution - Rs 1.36 million

As per rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Executive Engineer, Provincial Buildings Division, Jhang awarded the work to a contractor. The original contractor left the work incomplete and the work was allotted to the 2nd contractor. But some items / work which were executed by the original contractor were dismantled by the 2nd contractor and Rs 1,357,038 were paid to the original contractor against these items.

Violation of rule resulted in loss of Rs 1,357,038 to government.

Audit pointed out the loss in September 2016. The department did not reply.

The matter was discussed in the SDAC meeting held on 30.11.2016. The department explained that design was changed and structural foundation was re-constructed as per new design. Audit contended that a loss had occurred which needed to be recovered.

The Committee directed the department to get the loss written off from Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of Committee's directives.

(DP No. 320)

**2.4.2.32 Non-recovery / adjustment of Misc. P.W. Advances -
Rs 1.25 million**

Rule 2.33 of PFR Vol-I, provides that Misc: P.W. Advances is a temporary head and all transactions recorded under it are ultimately removed either by payment or recovery in cash or adjustment. Every government servant is personally responsible for any loss sustained by government due to fraud or negligence on his part.

Executive Engineer, 5th Provincial Buildings Division, Lahore did not maintain Misc P.W. Advances register showing nature of items i.e. deficiency in cash or stock, loss of cash or stock, errors in accounts and retrenchment & losses recoverable from government servants since long.

Violation of rules resulted in loss of Rs 1,246,045.

Audit pointed out the irregularity in April 2016. The department stated that the suspense heads were suspended and on receipt of funds,

outstanding amounts would be adjusted. Reply was not tenable because no record as called for was provided.

The matter was also discussed in the SDAC meeting held on 21.09.2016. The department explained that adjustment of outturn charges was pending and lying in Misc. P.W Advances. The adjustment cannot be made until and unless funds are released by the Finance Department.

The Committee directed the department to refer the case to Finance Department to provide funds to clear this long outstanding adjustment within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery / adjustment besides providing requisite record.

(DP No. 51)

CHAPTER - 3

HOUSING, URBAN DEVELOPMENT & PUBLIC HEALTH ENGINEERING DEPARTMENT

3.1 Introduction of Department

HUD & PHE Department is the administrative department of Rawalpindi Development Authority, Gujranwala Development Authority, Faisalabad Development Authority, Lahore Development Authority, Multan Development Authority, Punjab Housing and Town Planning Agency, Parks and Horticulture Authority and Public Health Engineering Department. The Secretary HUD & PHE Department is the Principal Accounting Officer. The functions of HUD & PHE Department are regulated by the Rules of Business 1974 and the Punjab Development of Cities Act 1976. The HUD & PHE Department has 221 formations out of which 58 were audited.

HUD & PHE Department, Government of the Punjab mainly deals with matters of urban development/town planning, housing, physical planning and public health engineering.

3.2 Comments on Budget and Accounts (Variance Analysis) Housing and Urban Development

All the developments authorities under the HUD are autonomous bodies. For financial resources, these bodies rely on their own sources as well grants-in-aid from the government. The budgetary position of Housing and Urban Development component for the year 2015-16 is tabulated as under:

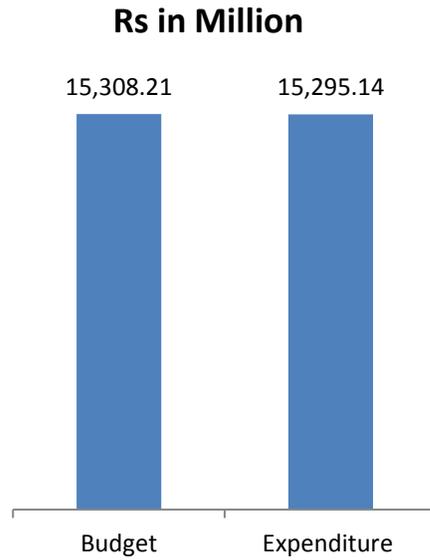
(Rs in million)

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Vari- ation in %
Non-Development	19,858.56	15,308.21	15,295.14	(13.07)	(0.09)
Development	54,063.62	45,296.20	45,285.75	(10.45)	(0.02)
Total	73,922.18	60,604.41	60,580.89	(23.52)	(0.04)

Source: Budget Handout and Financial Statements (FY-2015-16) of LDA, MDA, FDA, GDA, RDA, and PHATA

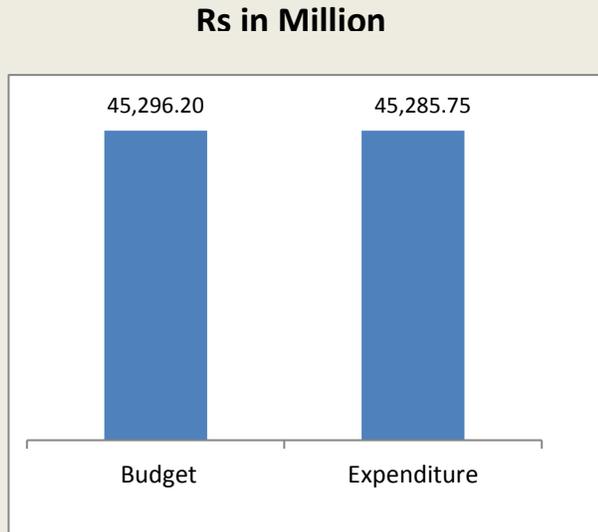
Non-Development Expenditure

The non-development expenditure of Rs 15,295.14 million was incurred against the budget of Rs 15,308.21 million. Thus, there was a saving of Rs 13.07 million (0.09%).



Development Expenditure

Development expenditure of Rs 45,285.75 million was incurred against the budget of Rs 45,296.20 million. Thus, there was a saving of Rs 10.45 million (0.02%).



PHE Department

The non-development grant No. PC-21017 is utilized for payment of salaries and for repair and maintenance works etc whereas funds for development schemes are allocated under the budgetary grant No. PC-22036.

(Rs in million)

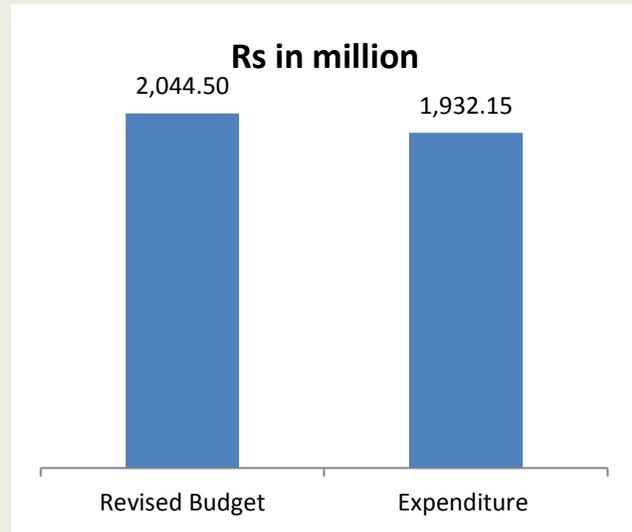
Grant No & Nature	Original Budget	Supplementary, Re-appropriation (+/-) & Surrender	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grant						
PC21017	2,179.04	(134.54)	2,044.50	1,932.15	(112.35)	(5.50)
Development Grant						
PC22036	24,000.00	(3,843.08)	20,156.92	17,998.47	(2,158.45)	(10.71)
Grand Total	26,179.04	(3,977.62)	22,201.42	19,930.62	(2,270.80)	(10.23)

Source: SAP R/3 ZRP Report and Budget Book.

Non-Development Grant

Grant No PC-21017

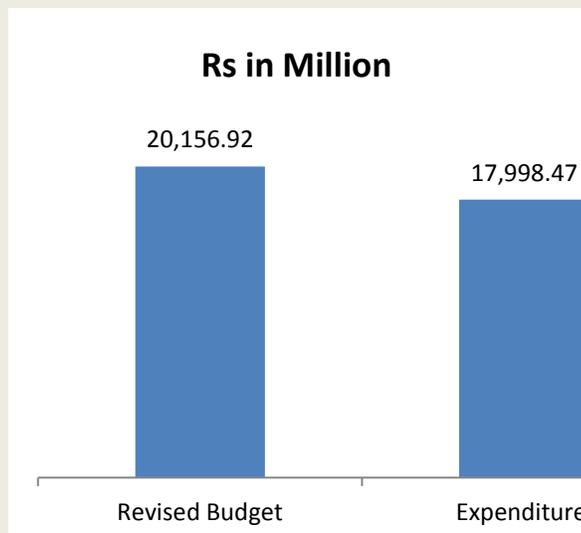
In the non-development grant PC-21017, budget was not fully utilized. The expenditure incurred was Rs 1,932.15 million against the revised budget of Rs 2,044.50 million. Thus, there was a saving of Rs 112.35 million (5.50%). Saving was mainly under the head A-05 (Grant Subsidies and Write off Loans).



Development Grant

Grant No PC-22036

Under this grant an expenditure of Rs 17,998.47 million was incurred against the revised budget of Rs 20,156.92 million. Thus, there was a saving of Rs 2158.45 million (10.71%).



According to Chapter 14 of Punjab Budget Manual, the spending department is required to surrender the grants/appropriations or portion thereof to the Finance Department whenever the savings are anticipated. However, the PHE Department did not surrender a saving of Rs 2,270.80 million.

3.3 Brief comments on the status of compliance with PAC directives

The position of compliance of PAC directives over the years is tabulated as under:

Sr. No.	Audit Report Year	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance
PHE					
1	1960-61 to 1999-2000	535	-	535	
2	2000-01	15	-	15	
3	2001-02	16	-	16	-
4	2009-10	07	-	07	-
5	2010-11	54	14	40	25.90
6	2011-12	36	07	29	2.52
Total		663	21	642	3.17
LDA					
7	1960-61 to 1999-2000	268	-	268	
8	2000-01	05	-	05	
9	2001-02	03	-	03	-
10	2003-04	04	-	04	
11	2006-07	11	-	11	-
12	2009-10	22	-	22	-
13	2010-11	24	-	24	
14	2011-12	40	01	39	2.5
Total		378	01	376	0.26
FDA					
15	1982-83 to 1999-2000	162	-	162	
16	2000-01	03	-	03	
17	2001-02	05	-	05	-
18	2003-04	02	-	02	-
19	2006-07	01	-	01	-
20	2009-10	06	-	06	-
21	2010-11	08	-	08	
22	2011-12	01	-	01	-
Total		189	-	189	-

Sr. No.	Audit Report Year	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance
MDA					
22	1982-83 to 1999-2000	57	-	57	
23	2000-01	4	-	4	
24	2001-02	01	-	01	-
25	2003-04	02	-	02	-
26	2006-07	01	-	01	-
27	2010-11	19	-	19	-
28	2011-12	03	-	03	-
Total		87	-	87	-
GDA					
29	1995-96	10	-	10	-
30	2000-01	01	-	01	
31	2006-07	02	-	02	-
32	2011-12	06	-	06	-
Total		19	-	19	-
RDA					
33	1997-98	01	-	01	-
34	2011-12	04	-	04	-
Total		05	-	05	-
SAR No 33					
35	2000-01	19	-	19	-
PHATA					
36	1968-69 to 1999-2000	165	-	165	
37	2000-01	01	-	01	
38	2001-2002	09	-	09	-
39	2009-2010	04	-	04	-
Total		179	-	179	-
Grand Total		1539	22	1517	1.43

Source: PAC Digest and PAC Compliance Cell data base

According to Punjab Budget Manual para 16(25-26) the Finance Department is responsible to watch compliance of PAC directives and actionable points. However, an effective monitoring mechanism to watch compliance of PAC directives on regular basis is not in place either in Finance or in the Administrative Departments.

Principal Accounting Officer was reminded time and again regarding non-compliance of PAC directives but no positive response was received. PAC was also requested by Audit to intervene and take initiatives to institutionalize a review mechanism for prompt and effective compliance of PAC directives. Compliance Cell of Audit is pursuing compliance of PAC directives through Principal Accounting Officers.

3.4 AUDIT PARAS

3.4.1 LAHORE DEVELOPMENT AUTHORITY (LDA)

Non Production of Record

3.4.1.1 Non-production of record due to unjustified exemption of plot in Mustafa Town Lahore

As per section 14(02) of Auditor General Pakistan (Functions, Powers, Terms and conditions of services) Ordinance 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection.

During Audit of the Director Land Development-III LDA, Lahore, it was revealed that the record of Mustafa Town Scheme Lahore had been sealed with the order of competent authority vide ADG (HQ) letter dated 22.05.2012 and the same was with NAB Punjab. However the concerned authorities did not produce:

1. Order of competent authority to seal the complete record of Mustafa Town Lahore
2. Order of NAB Punjab and handing over statement and taking over record such as:
 - i. List of files handed over to NAB
 - ii. Total Nos. of Blocks in Mustafa Town Lahore
 - iii. Total Nos. of plots in each Block
 - iv. Total Nos. of applicants applied for transfer of plots
 - v. Total Nos. of applicant applied for building period
 - vi. Actual cases of plots transferred from May 2012 to March 2016
 - vii. Nos. of cases in which building period was allowed from May 2012 to March 2016
 - viii. Total Nos. of applications rejected
 - ix. Inventory register of files total Nos. of exemption cancelled during May 2012 to March 2016

- x. List of missing files
- xi. Copies of correspondence with NAB

Violation of rules resulted in non audit of files of Mustafa Town. The cases of bogus/fake exemption could be ruled out.

Audit pointed out unjustified exemption/allotment of plots in April 2016. The Authority replied that the record of (exemptions) was sealed by the order of competent authority ADG (HQ) dated 22.05.2012. The scheme record was also under investigation of NAB Punjab on its demand in writing. The reply of the authority was not tenable because no record i.e. order of competent authority to seal the record and record mentioned in original audit para was got audited. Inventory register was not shown except a list of plots which was incomplete.

The para was also discussed in the SDAC meeting held on 28.12.2016. The Authority explained that the requisite record was sealed by the authority because of fraud in Mustafa Town.

The Committee directed that the case be pursued with NAB and requisite record be produced to Audit in due course. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends that requisite record needs to be produced at the earliest.

(DP No. 293)

Internal Control Weaknesses

3.4.1.2 Non transfer of scheme's land in the revenue record (mutation) in the name of allottees/authority - Rs 17,128.39 million

As per Rule 48 (1) of Punjab Private Housing Schemes and Land Sub-Division Rules 2010, a development authority shall, not before 12 months of approval / sanction of scheme and not later than 18 months of

approval / sanction of scheme shall get the scheme land transferred in the revenue record. Further, as per Rule 48 (2) of Punjab Private Housing Schemes and Land Sub-Division Rules 2010, a development authority within 09 months of approval / sanction, get land transferred in its name in revenue record as per transfer deed.

Director Metropolitan Planning-I, LDA, Lahore approved twelve housing schemes in Lahore. The Authority could not get the scheme's land transferred in the revenue record (mutation) in the name of allottees and Authority as per rules *ibid*.

Violation of rules resulted in non-getting the scheme's land worth Rs 17,128.386 million transferred in the revenue record for mutation in the name of allottees and authority.

Audit pointed out the lapse in August 2016. The Authority replied that the housing schemes were approved with certain terms and conditions. The land under residential and commercial plots was entirely owned by sponsor and sale/ purchase of these plots was the matter between two private parties. LDA had no role in sale/ purchase and transfer of land in the name of allottees in private housing schemes. The reply of the Authority was not tenable because the scheme's land (in addition to transfer deed & mortgage deed) should have been transferred in the revenue record as per rules *ibid*.

The Authority did not submit working papers nor attended the SDAC meeting.

Audit recommends early transfer of land in the name of allottees/authority besides taking action under the law against the sponsors and officials/officers at fault.

(DP No. 480)

3.4.1.3 Non-recovery due to delay in completion of various schemes - Rs 1,476.82 million

Under Sections 33 (2), 33 (3), 34, 39 & 40 of LDA Act 1975, (amended upto 2013) and Rule 34 (a) (3), 35(e) of the Punjab Private Housing scheme & Land Sub Division Rules 2010, whoever without lawful excuse, fails or refuses to comply with any direction or order issued by the authority, shall be guilty of an offence punishable and liable to be imposed penalty at prescribed rates for delay in completion of development of schemes and also subject to ejection and demolishing of illegal construction.

Directors Metropolitan Planning I & II, Director ADS-I and Director Building-I UD-Wing, LDA, Lahore, neither imposed/recovered the penalty nor took appropriate action under the law in four (04) cases due to delay in completion of various approved schemes.

Violation of rules resulted in non-recovery on account of delay in completion of schemes amounting to Rs 1476,812,634.

Audit pointed out the non-recovery in September 2016. In 1st & 2nd case (DP No. 360 & 367) the Authority replied that the audit para was based on Rule 56 of Punjab Private Housing Schemes and Land Sub-division Rules-2010 and the penalty @ Rs 10,000/kanal/year became effective from 19.09.2013. The reply of the Authority was not tenable because, the scheme was required to be completed within 5 years and it was the Authority's responsibility to take action under section 33 of the Act 1976 for imposition of penalty by summary trial before the magistrate.

The paras were also discussed in the SDAC meeting held on 30.12.2016. In 1st & 2nd case (DP No. 360,367) the Authority reiterated its earlier reply. Audit contended that after expiry of the stipulated period extension was not granted for completion of the schemes. Thus, the defaulters were liable to be penalized.

The Committee directed to recover penalties for delay in completion of the work and get the same verified within 30 days.

In 3rd case (DP No. 592) the Authority replied that the work was in progress. All the measurements/recoveries would be regularized before finalization of the scheme. The recovery was admitted. The Agency did not attend the SDAC meeting.

In 4th case (DP No. 557), the Authority replied that the work could not be completed within stipulated period of 03 months due to some bottlenecks and time extension would be produced to Audit for verification. The reply of the Authority was not tenable as no documentary evidence was produced. The Authority did not attend the SDAC meeting.

Audit recommends early recovery and its verification.

(DP No. 360,367,592,557)

3.4.1.4 Non-provision of public buildings and graveyards in the schemes or non-recovery of cost of land of public buildings and graveyards - Rs 541.61 million

As per para 17 (e)(i) (ii) (f) of Punjab Private Housing Schemes and Land Sub-Division Rules 2010, a Development Authority shall, prior to issuance of sanction for scheme require a developer to submit transfer deed free of cost for area reserved for road, open space, park & graveyard, solid waste management, 1% of scheme area for public buildings and to submit mortgaged deed in the name of LDA, Lahore”.

Directors Metropolitan Planning-I & II, UD-Wing, LDA, Lahore, approved housing schemes without provision of 2% public buildings and 2% graveyards of the total area of the schemes in two (02) cases which revealed that the public buildings and graveyards were encroached by the developers. Hence, either provision of public buildings and graveyards was required to be made or the recovery of Rs 541.606 million was to be

made from the sponsors because Authority now is the owner of graveyards and open spaces as per rules ibid.

Violation of rules resulted in non-provision of public buildings and graveyards in the schemes or non-recovery worth Rs 541,606,600.

Audit pointed out the non-recovery in September 2016. In 1st case (DP No. 354) the Authority replied that Green City Housing Scheme was approved by TMA Aziz Bhatti Town on 15.01.2005 for an area measuring 1066.97 kanals wherein 2% area of scheme i.e. 21.83 kanals and further 2% (21.34 kanals) was reserved for graveyard and public building. The reply of the Authority was not tenable as no documentary evidence was produced to Audit.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Authority reiterated its earlier reply. Audit pointed out out of three schemes, two were approved by LDA and transfer / mortgage deeds were neither executed nor got entered in mutation register and this lapse may lead to encroachments.

The Committee directed to get the transfer/mortgage deed and its entry in mutation register and also produce demolishing report within 30 days.

In 2nd case (DP No. 362) the Authority replied that the layout plan of Chinar Courts Housing Scheme was approved on 28.10.1993. LDA had taken legal action against the sponsor regarding submission of Challans to Magistrate, issuance of show cause notices, letter to Joint Registrar Cooperatives Department and registration of FIR in the concerned police station and the matter had been taken up with DEM (PHS)/Director Town Planning for demolishing of illegal structure. The irregularity was admitted by the Authority, but the record of the action taken was not produced for verification.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Authority reiterated its earlier reply. Audit pointed out

that as per LDA Act 1975, as amended upto 2013, action of lodging of FIR, ban on registry for purchase / sale of land, imposing of penalties and ejection/demolishing of encroachments were not taken by the Authority.

The Committee agreed with the view point of Audit and directed to take action as per law within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives/recovery besides action against the sponsor and officials/officers at fault.

(DP No. 354,362)

3.4.1.5 Non-recovery of cost of mortgaged plots, sold by the developer - Rs 531.34 million

As per para 17 (e)(i) (ii) (f) of "Punjab Private Housing Schemes and Land Sub-Division Rules 2010" A Development Authority shall, prior to issuance of sanction for scheme require a developer to submit transfer deed free of cost i.e. area reserved for road, open space, park & graveyard, solid waste management and 1% of scheme area for public buildings to submit mortgaged deed in the name of LDA, Lahore".

Director Metropolitan Planning-I, UD-Wing, LDA, Lahore approved a scheme i.e. "Pakistan Atomic Energy Commission Housing Scheme Lahore Mouza Maraka for 1562.76 kanal" on dated Nil and revised on 09.06.2009. A complaint dated 09.07.2013 revealed that mortgaged residential and commercial plots were sold by the developer. In this regard Authority only issued an explanation letter to developer on 28.08.2013. No further action regarding possession of the mortgaged plots was taken by the Authority till 29.08.2016.

Violation of rules resulted in non-recovery of cost of mortgaged plots sold by the developer amounting to Rs 531.338 million.

Audit pointed out non-recovery in August 2016. The Authority replied that the revised layout plan was approved on 16.3.2010 and the

sponsor mortgaged 20% saleable area at the time of approval of scheme. The sponsor had been served with show cause notice and the matter had been taken up with Director Estate Management (PHS) for necessary action. In response, the sponsor informed this office that no mortgage plot had been sold. The reply of the Authority was not tenable because no evidence in support of reply was produced to Audit.

The para was also discussed in SDAC meeting held on 30.12.2016. The Authority explained that no construction on mortgaged plots was found at site. Audit pointed out that the authority relied on the reply of the developer, whereas, the authority was required to conduct the land Audit of the scheme for investigation of the sale of the mortgaged plots as well as impose ban on sale / purchase of mortgaged plots.

The Committee directed to conduct the land audit or inquiry and impose ban on the sale / purchase of mortgaged plots and get the action verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 363)

3.4.1.6 Non-recovery of penalty from developers of illegal housing schemes falling in the controlled area of LDA, Lahore - Rs 362.13 million

According to Rule 56 of Punjab Private Housing Schemes and Land Sub-division Rules 2010, the development authority shall take appropriate action against illegal housing schemes and against deviations committed in approved housing schemes. Further, the developer was also required to be penalized under Sections 34, 39 and 40 of the Lahore Development Authority Act, 1975 (as amended by Act XXVI of 2013) for ejection and demolition of the illegal construction. As per criteria penalty of Rs 5,000, Rs 10,000, Rs 15,000 and Rs 20,000 per day upto 300 kanal, 500 kanal, 1000 kanal and above 1000 kanal respectively required to be imposed.

Director Metropolitan Planning-I&II, UD-Wing, LDA, Lahore neither recovered penalty from developers of Private Housing Schemes nor took any concrete action in two (02) cases despite lapse of considerable period and extended undue benefit to developers of illegal schemes whereas the developers of the illegal Private Housing Schemes were doing development works illegally in their schemes.

Violation of rules resulted in non-recovery of Rs 362,135,000 on account of penalty for construction of illegal schemes.

Audit pointed out the non-recovery in September 2016. In both cases (DP No. 359 & 365), the Authority replied that the show cause notices were issued to developers and the matter was taken up with Director (Town Planning) LDA for demolitions. Furthermore, the collector was also requested for imposing ban on sale/purchase. The reply of the Authority was not tenable because no evidence about action taken was produced for verification.

The para was also discussed in the SDAC meeting held on 30.12.2016. In both cases (DP No. 359 & 365) the Authority reiterated its earlier reply. Audit pointed out that the LDA did not produce any record regarding ban on registries and utility service and the registration of complaint in Police Station. Furthermore, the developers of the schemes were also not penalized under Sr. No.06 & 07 of the Part-B Second Schedule Section 35 of the Act from 19.09.2013.

The Committee directed the Authority for complete verification of record and also imposition of penalties / recoveries under section 35 of the Act within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 359,365)

3.4.1.7 Unjustified provision of non-scheduled items in estimate without preparing of rate analysis - Rs 312.16 million

As per Notification issued by the Finance Department vide No.RO(TECH)F.D.2-3/2004, dated 02.08.2004, all the rate analysis of non-standardized items should be prepared by applying input rates notified by the Finance Department for the relevant quarter.

Directors Building-I&II, UD-Wing, LDA, Lahore awarded two (02) works but rate analysis of non scheduled items of works were neither attached in relevant files nor produced on requisition for audit scrutiny.

Non-compliance of instructions of Finance Department resulted in unjustified provision of non-scheduled items in estimate amounting to Rs 312,162,165.

Audit pointed out the unjustified provision in October 2016. In 1st case (DP No. 531) the Authority replied that the rate analysis of subject items were attached in Main file and approved from competent authority. The reply of the Authority was not tenable as no documentary evidence was produced to Audit. The authority did not attend the SDAC meeting.

In 2nd case (DP No. 553) the Authority replied that all the rates analysis were approved by the competent authority and work was awarded accordingly on competitive rates. The reply of the Authority was not tenable as the rate analysis were not produced to audit for scrutiny.

The para was also discussed in SDAC meeting held on 30.12.2016. The Authority explained that the rates of pumping machinery were approved for providing and fixing but not merely as supply items. Audit contended that Authority did not produce any record in support of its reply.

The Committee up held the point of Audit and directed the Authority to either effect the recovery or provide the complete record for

verification within 03 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends justification/provision of approved rate analysis for audit scrutiny.

(DP No. 531,553)

3.4.1.8 Non-demolishing of illegal constructions on public building site or non-recovery of cost of land of public building site - Rs 261.69 million

As per section 40 (1) & (2) of LDA Act, 1975, if any building structure, work of land is erected, constructed or used in contravention of the provisions of this Act or any Rules, Regulations or Order made there under, the Authority or any person authorized by it in his behalf, may by order in writing require the owner, occupier, user or person in control of such building, structure, work or land to remove, demolish or alter the building structure or work may also recover the cost thereof.

Director Metropolitan Planning-II, LDA, Lahore approved two Private Housing Schemes whose public buildings sites were encroached and converted into commercial building by the developer. Hence, illegal construction was required to be demolished under section 40 *ibid*.

Violation of rules resulted in non-demolishing of illegal constructions or non-recovery of cost of area of public buildings and graveyard valuing Rs 261.689 million.

Audit pointed out non-recovery in September 2016. In both cases (DP No. 357,356) the Authority replied that notices were issued and the matter for ejectment / demolishing of encroachments was taken up with the DEM(PHS) and Director Town Planning. The irregularities were admitted by the Authority but no documentary evidence in support of reply was produced.

The paras were also discussed in the SDAC meeting held on 30.12.2016. In both cases, the Authority reiterated its earlier reply. Audit contended that the Authority neither produce ejectment / demolish reports and retrieval of encroached area nor the developers were penalized under section 35 of the Act.

The Committee directed to produce ejectment / demolish reports as well as retrieval of the area and impose penalty under section 35 second schedule of the Act and get it verified from Audit within 30 days.

Audit recommends early recovery besides action against the sponsor and officials/officers at fault.

(DP No. 357, 356)

3.4.1.9 Non-recovery of trunk sewer charges from housing schemes - Rs 183.23 million

According to Notification No. LDA/DMD(E)/672-78 dated 26.05.2011 the societies which are going to be benefitted from the project (sewer / drain / trunk sewer) have to pay their proportionate cost of trunk sewer infrastructure. Further, para 4(b) of the approved plan dated 28.02.1991 also requires the sponsor / society to share the cost of trunk services including right of ways and construction cost of trunk sewer, sewage disposal station / treatment plant if any, on proportionate served area basis to WASA LDA while seeking approval of the scheme.

Director Metropolitan Planning-I, UD-Wing, LDA, Lahore approved 05 housing schemes. A long period was elapsed but recovery on account of sewer infrastructure charges from developers was not made by the Authority.

Violation of instructions resulted in non-recovery of sewer infrastructure charges of Rs 183,232,853.

Audit pointed out non-recovery in August 2016. The Authority replied that this office had nothing to do with the recovery of

infrastructure design fee as the matter of approval of design specification of water supply, sewerage and drainage as well as the fee for approval of design and specification of roads, bridge and footpath was dealt by WASA and Director Engineering (Private Housing Schemes) LDA, UD-Wing respectively. The reply of the Authority was not tenable because as per para 4(b) of planning permission letter and as per para 6 of layout plan of the scheme approved by the LDA, UD-Wing, it was the responsibility of the Authority to watch the progress of scheme and make all recoveries / pending recoveries. Moreover, no evidence in support of its reply was produced to Audit.

The para was also discussed in SDAC meeting held on 30.12.2016. The Authority explained that according to clause 2&7 of the prescribed letter for sanction of private housing schemes, the proportionate cost for the provision of trunk services was required to be demanded by the WASA and paid by the plot owners, furthermore, the approval of the design of water supply sewerage and drainage was required to be recovered by the WASA at the time of the approval of design. Audit pointed out that the WASA was also the agency of the LDA, therefore, the LDA being the custodian of mortgaged plots of the developers, can play effective role for recovery of the WASA dues efficiently.

The Committee directed for recovery of trunk services and infrastructure design fee and verification thereof within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 366)

3.4.1.10 Non-recovery of permanent commercialization fee and penalty - Rs 171.19 million

As per para 28 of Notification of Government of the Punjab, HUD&PHE Department issued vide No. SO(H-II)3-9/2014, dated 01.04.2014. The Authority shall deem a building, plot or land in a notified

land use reclassification scheme as converted to the land use as per the notified scheme from peri-urban, residential, agriculture area to permanent commercialization, 20% of the commercial value of the total area of ownership, as provided in the valuation table.

Director Commercialization LDA, UD-Wing, Lahore allowed permanent commercialization to 42 (13+29) owners of the properties and issued demand notices for recovery. But the Authority did not recover the permanent commercialization fee from the owners of properties who were using their properties for commercial purposes since 2013.

Violation of instructions resulted in non-recovery of Rs 171,186,868.

Audit pointed out non-recovery in July 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. The Authority produced record for recovery of Rs 22,818,000 which was verified.

The Committee reduced the para to Rs 148,368,868 and directed to recover the balance amount at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 314)

3.4.1.11 Non-recovery of cost of plot - Rs 119.39 million

As per Rule 4.1 of PFR Vol-I departmental controlling officer should see that all sums due to the government are regularly received and checked against demand and paid into government account.

Director Estate Management-I, LDA in one case did not make recovery of balance 2/3rd cost of five plots amounting to 9,501,415 from

the allottees of auctioned plots of Sabzazar Housing Scheme Lahore for the period 2015-16 even after the extension of period of 30 days grace granted by the Director General, LDA and in 2nd case the Authority did not recover the cost of auctioned plots No. 67,67-A, 67-B, and 67-C amounting to Rs 109,889,233 located at Civic Centre Block, M.A Johar Town despite the lapse of a period of six months.

Violation of rules resulted in non-recovery of cost of plots from the allottees of the plots amounting to Rs 119,390,648.

Audit pointed out non-recovery in May 2016. The Authority did not reply.

The paras were discussed in the SDAC meeting held on 29.12.2016. In 1st case (DP No. 416) the Authority produced record for deposit of amount in respect of 2/3rd cost of three plots amounting to Rs 5.926 million which was verified by Audit. The Authority did not reply regarding two other plots.

The Committee reduced the para to Rs 3,575,751 and directed to produce record for the balance amount.

In 2nd case (DP No. 419) the Authority replied that two plots were allotted to Women Development Department and Energy Department. The delivery of physical possession of the said plots was subject to clearance of payments by the said departments. Audit contended that the period of more than 2 years had elapsed from the date of issuance of original challans therefore, fresh challans with new updated price were required to be issued.

The Committee upheld the view point of Audit and directed to recover the amount with updated price of plots.

The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the concerned and its verification.

(DP No. 416,419)

3.4.1.12 Non-accountal of 38 plots in inventory register - Rs 90.25 million

As per Rule 2.33 of PFR Volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Director Estate Management Quaid-e-Azam Town, Lahore had 38 commercial plots in different Sectors/ Blocks available as per map provided by the LDA but the number of plots were shown less in inventory register prepared and provided by the Director Estate Management Quaid-e-Azam Town, Lahore. Audit was of the view that the original plan / map was basic and quite authentic record which was drawn and prepared through detailed survey of site and based on land available for specific scheme / site. So the inventory register should be matched and tallied with the original plan of the scheme.

Violation of rules resulted in loss of Rs 90.25 million to the Authority due to non availability of 38 plots / files in inventory register.

Audit pointed out loss in May 2016. The authority did not reply.

The para was discussed in the SDAC meeting held on 29.12.2016. The authority explained that 52 commercial plots were available in different sectors. The inventory register was prepared in 2008 which was not up to date. Further, in sector 1-C-1, 07 files were available and 03 plots were occupied illegally. In Block 3, Sector B/2 QAT, 22 files were available and 05 plots were lying vacant. In Block 3, Sector A/2 QAT, 06 files were available and 02 plots were encroached by illegal occupants. The notices to illegal occupants were issued. In Block 2, Sector B/2, out of

five commercial plots, 03 files were available and 02 were illegally occupied for which notices were issued.

The Committee directed that illegally occupied plots be got vacated. The para was reduced to 07 illegally occupied plots. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends reconciliation of Inventory Register with map of the scheme at the earliest and its verification from Audit.

(DP No. 408)

3.4.1.13 Loss due to non-auction of cancelled plot - Rs 81.20 million

According to Section 39 of the LDA Amendment Act 2013, the Director General or any person authorized by the Director General may summarily eject any person in unauthorized occupation of any land or property vested in the Authority and may for such ejection use such force as may be necessary.

Director Land Development-III and Director Land Development – IV LDA UD-Wing Lahore in two cases cancelled the plots of Gulshan-e-Ravi and Raza block of Allama Iqbal Town, Lahore but Authority neither took possession of plots nor auctioned these cancelled plots.

Violation of rules resulted in loss to Authority amounting to Rs 81,200,000.

Audit pointed out the loss in April 2016. The Authority did not reply.

The paras were discussed in the SDAC meeting held on 28.12.2016. In 1st case (DP No. 294) the Authority explained that plots No 798, 687, 799 & 38 were cancelled and Senior Estate Officer, LDA was approached to get these plots vacated on 13.12.2016. Plot No 426-A was restored by the Court of Law.

The Committee directed that the plots be got vacated from illegal occupants.

In 2nd case (DP No. 289) the Authority explained that the plot No 334, Raza Block was cancelled by LDA but the aggrieved owner of plot filed a civil suit in court of law which was still pending.

The Committee directed to pursue the case and take final action after court decision. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends that the loss be made good from concerned besides taking disciplinary action against the responsible.

(DP No. 294,289)

3.4.1.14 Irregular allocation of plots by preparing forged files - Rs 60.00 million

As per Rule 2.33 of PFR Volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Director Land Development-III, LDA, UD-Wing, Lahore prepared forged files by placing bogus paper in file and completed the proceedings of exemption of plots fraudulently in respect of 3 plots in Allama Iqbal Town Lahore. But despite lapse of sixteen years, the Authority neither initiated any action/inquiry against the responsible nor took back the possession of plot.

Violation of rules resulted in irregularity of Rs 60 million.

Audit pointed out the loss in April 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. The Authority explained that files of said three plots were bogus and LDA did not have original files. The illegal occupants were residing there. It was responsibility of Director Estate Management, LDA to get the plots vacated.

The Committee directed to initiate proceeding for vacation of plots. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends inquiry for finding out facts besides taking disciplinary action against the responsible.

(DP No. 287)

3.4.1.15 Loss due to fraudulent exemptions of plots in Gulshan-e-Ravi Housing Scheme and non-implementation of inquiry recommendations - Rs 50 million

According to the orders of the Director General LDA dated 08.02.1994 vide para No. 98-N of file regarding probe report related to fraudulent exemptions of plots, the case was required to be referred to the Anti Corruption Establishment Punjab and Secretary to the Chief Minister.

As per record of Director Land Development-IV LDA UD-Wing Lahore, the Additional Director General LDA conducted an inquiry on the charges of fraudulent/Bogus exemptions of five plots in Ghulshan-e-Ravi Housing Scheme (during February 1994). The D.G LDA on findings of inquiry report ordered to withdraw the exemptions of plots, by forwarding the case to Anti-Corruption Establishment (ACE) but despite lapse of 22 years, no action on the recommendation of inquiry officer and order of D.G was taken as yet.

Violation of Director General's LDA orders resulted in loss of Rs 50 million.

Audit pointed out the loss in April 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. The Authority explained that two plots were exempted and not cancelled, while remaining three plots were cancelled and reallocated out of which one had been challenged in Court of Law.

The Committee directed to get possession of plot No. 426 and its re-auction. The amount of para was reduced to Rs 10.00 million. No further progress was reported till finalization of the report.

Audit recommends to probe the matter of fraudulent exemption and take action against responsible

(DP No. 295)

3.4.1.16 Loss due to bogus allotment of plots - Rs 50 million

As per Rule 2.33 of PFR Volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Director Land Development-I, LDA UD-Wing, Lahore allotted five plots measuring 250 square meter each to various persons without availability of basic documents i.e. exemption report, double exemption certificate, fard malkiat, original ownership documents and LAC report. The detail is as follows.

S.No	File No/Plot No	Remarks
1.	JT NB-II/6090 (illegally mixed with file JT NB-II/2092)	Allotted illegally
2.	JT NB-II/2092 Plot No.727 L-Block & 258 H-2 Block	Allotted illegally

3.	JT NB-II/2280 Plot No.4 Block-P	Contents of inquiry report changed
4.	JT NB-II/4597 Plot No.363 Block-N	Allotted against double exemption
5.	JT NB-II/4597 Plot No.364 Block-N	Allotted against double exemption

Violation of rules resulted in loss of Rs 50 million.

Audit pointed out the loss in April 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. The Authority in case of file No.JTNB-II-2092 admitted the audit contention. The Authority in case of four other plots informed that an inquiry was conducted and due action were taken. Audit informed the Committee that findings of inquiry report was not reported to higher authorities of LDA and complete record was not produced to Audit for verification.

The Committee directed the Authority to produce the complete record to Audit for verification within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends inquiry at higher level for finding out facts besides disciplinary action against the responsible and recovery of loss.

(DP No. 281)

3.4.1.17 Non-recovery of outstanding dues from sponsor - Rs 40.17 million

As per Rules 4.7(1) of Punjab Financial Rules (Volume-I), it is the primary responsibility of departmental authorities to see that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper account of the Government/Treasury.

Director Metropolitan Planning-II, UD-Wing, LDA Lahore failed to recover Rs 40,169,450 on account of pre-planning, approval of design & penalty fee from the various developers of the schemes. The said amount was recoverable from the developers (since 2015-16).

Violation of rules resulted in non-recovery of outstanding dues from sponsor amounting to Rs 40,169,450.

Audit pointed out the non-recovery in September 2016. The Authority admitted effecting the recovery of Rs 6,960,000, Rs 4,058,000 and 27,784,950 but no evidence in support of recovery was produced to Audit. Balance recovery of Rs 1,366,500 was not admitted by the Authority and stated that it related to WASA and TEPA. As the challans for recovery were issued to the sponsor by the LDA UD-Wing, Lahore on 14.07.2015, therefore, the reply in this regard was not tenable.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Authority reiterated its earlier reply. Audit pointed out that the WASA and TEPA were also the agencies of the LDA and recovery challans were also issued by the LDA. Hence, LDA being the custodian of mortgaged plots of the developers could play effective role for recovery of the WASA and TEPA dues. Audit further stated that neither the documents regarding recovered amount were produced to Audit nor the penalties were imposed within stipulated period due to non approval of design.

The Committee directed the Authority to get the recovered amount and imposition of penalty verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 358)

3.4.1.18 Unjustified / doubtful execution of work - Rs 30.03 million

As per Clause 10 of Contract Agreement, the contractor shall execute the whole and every part of the work in the most substantial and workman like manner, both as regards material and otherwise in every respect in strict accordance with the specification.

Director Building-I, UD-Wing, LDA, Lahore laid second layers of the item of work, "*sub-base course*" on those RDs/reaches/locations, wherein the 1st layers of the item of *sub- base course* were not laid. Further the 1st & 2nd layers of item of work, "*base course and carpeting*" were also laid on the same RDs/reaches/locations in violation of above stated clause.

Violation of contractual obligations resulted in unjustified / doubtful execution of work of Rs 30,031,415.

Audit pointed out the unjustified / doubtful execution of work in October 2016. The Authority replied that the detailed measurements of balance work would be made at the time of final bill and submitted to Audit for verification. The reply of the Authority was not tenable as the audit observation was framed on the executed work and not on the balance work. Further as per decision of Secretary C&W Department dated 23.10.1997, deficiency of sub base course should be removed before laying of base course. So, the pointed out recovery was required to be effected.

The para was also discussed in SDAC meeting held on 30.12.2016. The Authority explained that the detailed measurements of balance work would be made at the time of final bill. Audit pointed out that the overall measurements of record items after execution of subsequent items over it were not permissible.

The Committee directed to get record verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification from Audit.

(DP No. 387)

3.4.1.19 Non-recovery of income tax - Rs 27.48 million

According to Circular No.6 of 2013 issued by the Federal Board of Revenue vide No.4 (36) ITP/2013 dated 19.07.2013, advance income tax at the time of sale by auction under section 236A would be deducted @10%.

Director Estate Management LDA Avenue-I, and Director Estate Management – II, LDA Lahore did not recover the 10 % advance income tax on auction and lease of residential / commercial plots and petrol pumps in 04 cases.

Violation of instruction's of FBR resulted in non recovery of Rs 1,306,040.

Audit pointed out non-recovery in May 2016. In 1st case (DP No. 407) the Authority replied that this observation related to Directorate of Recovery. So the observation was being forwarded to Directorate of Recovery LDA for further proceedings. In 2nd, 3rd & 4th case, the Authority did not reply.

The para (DP No. 407) was discussed in the SDAC meeting held on 30.12.2016. The Authority explained that the plots were auctioned during 2004 and advance income tax on auction became applicable w.e.f. 2009. Audit pointed out that even during 2004 the advance income tax on auction was recoverable @ 5%. The compliance of the Committee's directive was not reported till finalization of the report.

The Committee agreed with the contention of the Audit and directed for recovery and verification thereof.

In 2nd, 3rd & 4th cases (DP No. 401,398,421) the department did not attend the SDAC meeting.

Audit recommends early recovery and disciplinary action against the officer(s) responsible.

(DP No. 407,401,398,421)

3.4.1.20 Non-recovery of building period extension surcharges of private residential properties, before issuance of completion certificate - Rs 24.85 million

According to para “b” of Notification No. DC&I/LDA/1348 dated 13.06.2014, the owners of the properties were bound to complete their buildings within 03 years. In case of failure, they will be penalized as per prescribed rates before issuance of completion certificates.

Director Town Planning-I, LDA in 04 cases and Director Estate management-II LDA, Lahore in 01 case issued the completion certificate without recovery of building period extension charges from owners of private residential properties who completed their buildings after lapse of considerable time period in violation of above mentioned instructions.

Violation of instruction’s of Authority resulted in non-recovery of Rs 24,852,212.

Audit pointed out non-recovery in August 2016. The Authority did not reply.

In 1st & 3rd case (DP No. 377,379) the Authority did not attend the SDAC meeting.

The paras were discussed in the SDAC meeting held on 30.12.2016. In 2nd & 4th case (DP No. 375&374) the Authority explained that this was a deferred payment and would be recovered on transfer of property on the request of owners.

The Committee did not agree with the view point of the Authority and directed to effect the recovery and verification thereof within 30 days.

In 5th case (DP No. 423) the Authority produced the record of recovery amounting to Rs 103,400 which was verified by Audit. The Committee reduced the amount of this para to Rs 15.064 million and directed to recover the balance amount at the earliest.

The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 374,375,377,379,423)

3.4.1.21 Non-recovery of temporary or annual commercialization fee of gap periods and penalty from owners - Rs 21.97 million

As per para 31(4) of notification of Government of the Punjab, HUD&PHE Department issued vide No. SO(H-II)3-9/2014. The Authority shall levy the fee for temporary or annual commercialization which shall be charged on annual basis at the rate of 1.25% of the commercial value of the total land owned, as provided in the valuation table.

Director Commercialization LDA, UD-Wing, Lahore did not recover temporary or annual commercialization fee along with penalty.

Violation of instruction's of HUD&PHE Department resulted in non-recovery of Rs 21,969,179.

Audit pointed out the non-recovery in July 2016. The authority did not reply.

The paras were discussed in the SDAC meeting held on 28.12.2016. In 1st case (DP No. 316) the Authority did not get the record verified from Audit.

The Committee directed to get the record verified. In 2nd case (DP No. 315), the Authority produced record for a recovery of Rs 3,446,270 which was verified.

The Committee reduced the amount of para to Rs 12,682,400 and directed to recover the balance amount at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 316,315)

3.4.1.22 Excess payment due to increase of quantities of items in overall measurement without further work done - Rs 20.54 million

According to Rule 7.17 (b) of Departmental Financial Rules, "all payments for work are based on the quantities recorded in measurement book, it is incumbent upon the person taking the measurement to record the quantities clearly and accurately".

Director ADS-I, UD-Wing, LDA, Lahore got the item of works, "Excavation unsuitable surplus common material & its disposal from borrow excavation" , "*P/L making engineered fill with 90% to 95% compaction from outside the scheme level 30 km*" and "*Formation of embankment 95% to 100% compaction*" upto 7th running bill from RD 0+000 to 4+270 executed and measured. Subsequently, the quantities of the said items were overall measured in the 8th running bill by increasing the quantities of already executed and measured items upto 7th running bill. Audit observed that all items of earth work i.e. sub-base course, base course and carpeting etc. were executed in sequence and addition in on item of executed work was impossible after subsequent execution of the other work.

Violation of rule resulted in excess payment of Rs 20,542,012.

Audit pointed out the excess payment in October 2016. The Authority replied that the work was in progress. All the measurements/ recoveries would be regularized before finalization of the contract. The authority admitted the recovery which was required to be effected.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery and its verification.

(DP No.598)

3.4.1.23 Non-recovery of penalty due to violations of sanctioned building plans - Rs 17.41 million

As per Government of the Punjab, Notification No.(H-II)2-3/92 dated 3rd August 2005, if the allottee fails to construct the building within the stipulated period or construct house in violation of approved building plan, then penalty for non-construction of building/violation of building plan will be recovered at the rate prescribed from the owner.

3.4.1.23.1 Directors Town Planning-II & III, LDA, UD-Wing, Lahore did not recover the penalty due to violation of sanctioned building plans.

Violation of instruction's of HUD & PHE Department resulted in non-recovery of Rs 17,104,918.

Audit pointed out the non-recovery in August 2016. The Authority did not reply.

The paras were discussed in SDAC meeting held on 30.12.2016. In 1st case (DP No. 373) the Authority explained that an amount of Rs 2,525,837 was recovered which had been verified by Audit.

The Committee reduced the amount of para from Rs 16.933 million to Rs 14.403 million and directed the Authority to effect the balance recovery within 15 days.

In 2nd case (DP No. 380) the Authority stated that an amount of Rs 464,806 had been recovered from six properties. Audit pointed out that the less surcharge was calculated for recovery of delay.

The Committee agreed with contention of the Audit and directed to revisit the surcharge and recover the amount. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 373, 380)

3.4.1.23.2 Director Town Planning-III, LDA, UD-Wing, Lahore issued demand notices to 32 allottees / owners of the properties on account of recovery for violation of sanctioned building plans but the Authority did not recover the penalty after lapse of a considerable period.

Violation of instruction's of HUD & PHE Department resulted in non-recovery of Rs 3,056,499.

Audit pointed out the non-recovery in August 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that out of Rs 3,056,499, an amount of Rs 221,608 had been recovered and remaining amount Rs 2,834,890 would be recovered. The recovery of Rs 221,608 was verified by Audit.

The Committee reduced the amount of para from Rs 3,056,499 to 2,834,890 and directed to effect the remaining recovery as well as verification thereof within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 381)

3.4.1.24 Non-recovery of building period surcharge - Rs 16.28 million

According to terms and conditions of allotment as prescribed in the allotment letter and sale agreement, the allottees are bound to construct the building over the allotted plots within three years. The instructions in this regard are issued from time to time and latest standing instructions were issued vide Govt. circular No.SO(H-II)1-3/1992 dated 27.10.2010 and No. DC&I/1348 dated.13.6.2014.

Director Estate Management-II & III, LDA, UD Wing Lahore neither made recovery of the building period surcharge from various allottees of commercial and residential plots in Sabzazar Housing Scheme, Tajpura Scheme, Kamran Block Allama Iqbal Town and Mohlanwal Housing Scheme Lahore who failed to construct their houses within stipulated period nor granted extension in completion period.

Violation of instruction's of HUD & PHE Department resulted in non- recovery of Rs 16,280,253 on account of building period surcharge.

S.No	Para No	Plot No	Area	Amount (in million)
1.	397	Various plots	Subzazar, Tajpura, Allama Iqbal Town & Mohlanwal	14.617
2.	524	92 534-A	Raza Block Iqbal Town Faisal Town	1.663

Audit pointed out non-recovery in May 2016. The Authority did not give any reply.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery from concerned

(DP No. 397, 524)

3.4.1.25 Non-recovery of cost of plot from unauthorized occupant in Allama Iqbal Town - Rs 15 million

As per Rule 2.33 of PFR Volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

Director Land Development-I, LDA, UD Wing, Lahore did not recover the cost of plot No.101 Kashmir Block, Allama Iqbal Town Lahore measuring 10 Marlas from the person who had unauthorisedly occupied the plot and had constructed a double story house on the plot as evident from record such as electricity and water bills etc.

Violation of instruction's of HUD & PHE Department resulted in unauthorized occupation of plot worth Rs 15,000,000.

Audit pointed non-recovery in April 2016. The Authority did not reply.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery from the concerned.

(DP No. 290)

3.4.1.26 Non-recovery of infrastructure design fee - Rs 14.96 million

As per section 38 (b) and (c) of Punjab Private Housing Schemes and Land Sub-Division Rules 2010 notified by the government of the Punjab vide notification No. SOR (LG) 38-2/2001-P dated 13.03.2010, a developer shall deposit a fee for approval of design and specification for water supply, sewerage and drainage at the rate of Rs 500 per kanal and approval of design and specification for roads, bridge and footpath of a scheme at the rate of Rs 500 per kanal.

Directors Metropolitan Planning- I & II, UD-Wing, LDA, Lahore approved in two cases 20 (13+07) housing schemes. A long period was elapsed but the developers of the schemes neither deposited the fee for “approval of design and specification for water supply, sewerage and drainage as well as the fee for approval of design and specification of roads, bridge and footpath” in the account of LDA, Lahore nor the Authority recovered the same from the developers which was a serious violation of the rule *ibid*.

Violation of rules resulted in non-recovery of infrastructure design fee of Rs 14,958,758.

Audit pointed out the non-recovery in August and September 2016. The Authority in both cases replied that as far as matter regarding non-recovery of infrastructure design fee was concerned, it came under the purview of WASA, TEPA and Director Engineering and it did not pertain to this office. The reply of the Authority was not tenable because as per para 2 of layout plan approved by the LDA, UD-Wing (agreement between LDA, UD-Wing and sponsor), it was the responsibility of the Authority to watch the progress of a scheme and all recoveries including pending ones in all respects. File of the schemes also showed that many letters were issued to the sponsors by the LDA for payment of infrastructure design fee.

The paras were also discussed in the SDAC meeting held on 30.12.2016. The Authority explained in both cases that as per clause 2 & 7 of the prescribed letter for sanctioning of private housing scheme, the proportionate cost of trunk sewer was required by the WASA and paid by the plot owners. Furthermore, the design fee was required to be recovered by WASA while approving design of water supply, sewerage and drainage. Audit pointed out that the WASA, TEPA and Director Engineering UD-Wing were also an Agency of LDA and being the custodian of mortgaged plots of the developers LDA could play effective role for recovery of all WASA dues.

The Committee directed to effect recovery of infrastructural design fee and design fee for roads, bridges and footpath and get the same verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 353,361)

3.4.1.27 Unjustified expenditure on account of repair of vehicle - Rs 8.25 million

As per Rule 2.10(a)(1) of PFR Vol-I, the disbursing officer and sanctioning authority should exercise same vigilance in respect of expenditure incurred from govt. revenue, as a person of ordinary prudence would exercise in respect of expenditure from his own money.

3.4.1.27.1 Director EME, UD-Wing, LDA, Lahore incurred an amount Rs 7,807,182 on account of repair of heavy machineries through contractors but the sources of rates of items had not been mentioned to check its authenticity. Further, out of 15 log books, only 03 log books of machineries were produced.

Violation of rules resulted in unjustified expenditure of Rs 7,807,182

Audit pointed out the irregularity in September 2016. The Authority replied that rates of majority of the items in mechanical repair were not available in MRS issued by the Finance Department. In the absence of guideline from MRS, at least three quotations were taken from market and estimate was prepared on the basis thereof. The estimate was duly checked by the P&D Directorate, LDA prior to approval. All the log books pertaining to EME Directorate were submitted for audit. The log books of machinery attached with Enforcement Directorate were available in the respective Directorate and EME Directorate only had their own maintenance record which was duly submitted for audit. The reply of the Authority was not tenable as no quotation was available in any file of the

work. Further, these items along with their rates should be placed first on the website of Finance Department, Government of the Punjab and then put to estimate/tender as per Government/Finance Department instructions. No record as per the department's reply was produced.

The Authority did not attend the SDAC meeting.

Audit recommends provision of sources of rates and production of log books showing expenditure incurred on repair.

(DP No. 465)

3.4.1.27.2 Director EME, UD-Wing, LDA, Lahore executed three repair works. As per M.B of those works vehicles were got repaired at cost of Rs 552,920 (Rs 122,820 + Rs 323,300 + Rs 106,800), whereas the same vehicles were running at site of work as per log book during the period under repair.

S. No	Name of work	Name of contractor	Acceptance letter / amount & date	Period of repair as per MB	Machinery running as per log book
1.	Dumper Truck No.142.8	M/s. Ghazi Automobile	Rs.122,822 30.07.2015	30.7.2015 to 30.8.2015	30.7.2015 to 31.7.2015
2.	Tractor No.LZR 9049 MF-385	M/s. Ghazi Automobile	Rs.323,300 30.07.2015	30.7.2015 to 30.8.2015	30.7.2015 to 31.7.2015
3.	Dumber truck No.142-7	M/s. MH Enterprises	Rs.106,800 30.07.2015	30.7.2015 to 30.8.2015	30.7.2015 to 31.7.2015

Violation of rules resulted in un-justified expenditure on repair work of Rs 552,920.

Audit pointed out the irregularity in September 2016. The Authority replied that vehicles were repaired on said dates. The dates of repair in log book matched with the acceptance letter. The reply of the Authority was not tenable as during discussion/record verification, the

points at SR. No. 1 & 2 were admitted by the concerned Directorate, however the point at Sr. No.3 was not based on facts. Therefore, amount of para was reduced from Rs 552,920 to Rs 446,120.

The Authority did not attend the SDAC meeting.

Audit recommends justification / recovery.

(DP No. 464)

3.4.1.28 Less recovery of rebate - Rs 7.19 million

As per condition of acceptance letter, the rebate @ 16.65% was required to be made on all MRS/Non-MRS items.

Director Building-I, UD-Wing, LDA, Lahore while making payment of 5th running bill to the contractor deducted the rebate amounting to Rs 76,833,539 instead of Rs 84,021,545.

Violation of contractual obligation resulted in less recovery of rebate for Rs 7,188,006.

Audit pointed out the less recovery in October 2016. The Authority replied that the contractor had given the undertaking of recovery of 16.65% rebate on all MRS / Non MRS items. The recovery would be made before the final bill of the contractor.

The para was also discussed in SDAC meeting held on 30.12.2016. The authority explained that the recovery for Rs 7,188,006 would be effected in final bill.

The committee directed that the recovery be effected and got verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification by Audit.

(DP No. 383)

3.4.1.29 Irregular expenditure due to sanction of estimates above the permissible limit by Deputy Director on ordinary and special repairs - Rs 6.85 million

As per Sr. No.1(c) of Delegation of Financial Powers Rules 2006, Powers for ordinary and special repairs of residential buildings, the Director (Building)/XEN can sanction technical sanctioned estimate on ordinary and special repairs of residential buildings of LDA UD-Wing, Lahore upto Rs 30,000 in case of each building during a year.

Director Building-II, UD-Wing, LDA, Lahore accorded technical sanction estimates of 12 works of repairs including special repairs over & above permissible limit of amount in contradiction of the rule *ibid*.

Violation of rules resulted in irregular expenditure of Rs 6,849,070 due to sanction of estimates over & above the permissible limit.

Audit pointed out the irregularity in October 2016. The Authority replied that these works were not repair works. Addition/Alteration was also included in these estimates. Hence, technical sanction was accorded by Deputy Director Buildings. The reply was not tenable as the addition / alteration was also carried out in the repair work.

The Authority did not attend the SDAC meeting.

Audit recommends justification/regularization of the matter at the earliest and its verification by Audit.

(DP No. 530)

3.4.1.30 Unjustified payment without mentioning locations/ RDs in measurement books - Rs 6.80 million

As per instruction No.3 of MB, detailed measurements should be recorded only by Executive, Assistant Executive or Assistant Engineer or by Executive Subordinates in-charge of works to whom Measurement Book has been supplied for the purpose and further, as per instruction

No.12 of MB, the officer making the measurements must calculate the “Contents” or Area of each measurement and enter it in ink and abstract the results himself.

Director ADS-I, UD-Wing, LDA, Lahore made record entry at pages-37,38,39,40 & 41 of MB No.3901/21 wherein an item of work “*dismantling of road crust*”, “*WBM base-course*”, “*brick edging*”, “*prime coat*” and “*wearing course*” was measured without mentioning location/ RDs in the respective MB.

Weak technical and internal controls resulted in unjustified payment for Rs 6,802,841.

Audit pointed out the unjustified payment in October 2016. The Authority replied that old bricks were not obtained from the edging of the existing road. Hence no unjustified payment was made. The reply of the Authority was not tenable being irrelevant, infact, the Authority could not clear / explain its position with reference to its MB.

The Authority did not attend the SDAC meeting.

Audit recommends justification / recovery.

(DP No. 586)

3.4.1.31 Loss to govt. due to inordinate delay in cancellation of lease - Rs 6.37 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part or his subordinate.

Director Estate Management-II, LDA allotted the lease of petrol pump at site No.90-A Civic Centre Sabzazar Housing Scheme to Employees Old Age Benefits Institution (EOBI) Karachi on 21.10.2004. The EOBI Karachi deposited two installments for six years amounting to

Rs 2,239,880 and Rs 2,979,211. The lease period was initially for three years which was subsequently increased to 30 years on the request of EOBI. It was observed that the above mentioned plot remained with EOBI Karachi upto cancellation of lease in May 2016 despite the fact that they did not pay any lease money to LDA after 2010. In this way, LDA was deprived to have lease money worth Rs 6,368,818 for the period from 21.10.2010 to 20.10.2016.

Violation of rules resulted in loss of Rs 6,368,818 due to late cancellation of agreement.

Audit pointed out the loss in May 2016. The Authority did not reply.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery from concerned besides action against responsible for negligence.

(DP No. 400)

3.4.1.32 Excess provision of width of base course as compared to the width of carpeting in the estimate - Rs 6.07 million

As per Rule 2.10(a)(1) of PFR Vol-I, the disbursing officer and sanctioning authority should exercise same vigilance in respect of expenditure incurred from govt. revenue, as a person of ordinary prudence would exercise in respect of expenditure from his own pocket.

Director P&D UD-Wing, LDA, Lahore, accorded administrative approval of work "Construction of Road from Babu Sabu to Multan Road Via Sabzazar Housing Scheme, Lahore" wherein width of an item "*Base course (sr.no.10)*" was provided in excess as compared to item "*P/L of plant premixed bituminous carpet 3" thick (sr. no.12)*" which should be the same.

Violation of rules resulted in excess provision of width of base course as compared to the width of carpeting in the estimate amounting to Rs 6,070,457.

Audit pointed out the excess provision in September 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. Audit informed the Committee that Authority did not produce record for verification.

The Committee directed the Authority to produce complete record for verification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends revision in the estimate and recovery if paid.

(DP No. 369)

**3.4.1.33 Non-recovery due to illegal commercial use of property
- Rs 4.18 million**

As per para 7, Appendix-D of LDA Building Regulations 2006, in case of unauthorized change in the character or use of a building or part thereof from residential to commercial or industrial or office use, the Authority shall recover a daily fine of Rs 5,000, if the offence is continued after serving notice, if necessary shall demolish the property.

Director Town Planning-I, LDA, UD-Wing, Lahore issued a notice to owner of property No 03, Block-B, Iqbal Avenue Lahore for commercialization of property as the same was being used as commercial activity (Hostel) by the owner as per visit by LDA staff on 12.04.2014. Neither the owner commercialized its property nor the LDA recovered penalty of Rs 4,175,000 (from 21.04.2014 to 31.07 2016 = 835 days @ Rs 5,000 day) so far.

Violation of regulations resulted in non-recovery of Rs 4,175,000.

Audit pointed out the non-recovery in August 2016. The Authority did not reply.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery and its verification.

(DP No. 378)

3.4.1.34 Non-recovery of cost of excess area and building period surcharge - Rs 13.61 million

As per Govt. of the Punjab, Housing Physical Planning & Environment Planning Department letter No.SO(D-II)HP&EP-2-3/92 dated 19th October 1993, no waiver of surcharge/penalty shall be allowed by any Authority on account of extension in building period and extension will be allowed on payment of surcharge only. Moreover, as per exemption policy of LDA, building surcharge will be recovered from the allottees who do not construct their houses in graced building period.

Director Land Development-I, LDA and Director Estate Management LDA Avenue-I UD-Wing, Lahore in four (04) cases did not recover cost of excess area and building period surcharge from various allottees of plots in M.A Johar Town, Jubilee Town and LDA Avenue-I.

S.No	Para No	Plot No	Area	Amount
1.	285	277 Block-B-II	Johar Town	3.386
2.	405	30 No plots	Jubilee Town	3.385
3.	406	4 No plots	LDA Avenue-I	4.771
4.	420	16 Block-A	Johar Town	2.065

Violation of instruction's of HP&EP Department resulted in non-recovery of Rs 14,006,420.

Audit pointed out non-recovery in April 2016. In all four (04) cases the Authority replied that notices for recovery to the owners had been issued and Building Period Surcharge would be recovered as per policy of LDA. The reply was not accepted because no documentary proof in support of reply was shown to Audit.

The paras were also discussed in the SDAC meeting held on 28.12.2016. In 1st case (DP No. 285) the Authority explained that all record regarding Plot No.277 Block –B-III was available and would be produced to Audit for verification.

The Committee directed the Authority to produce the complete record for verification within 15 days.

In 2nd case (DP No. 405) the Authority explained that the excess area would be recovered on receipt of the application of the owners for completion certificate / NOC for transfer. However, amount in respect of excess areas of some plots was recovered to the tune of Rs 681,215. Audit pointed out that out of recoverable amount of Rs 3,385,405, the amount of recovery reported was for Rs 497,395 only and without Bank scroll.

The Committee agreed with the contention of Audit and directed to effect full recovery supported with bank scroll and verification thereof, within 90 days.

In 3rd case (DP No. 406) the authority replied that notice had been served for recovery of the cost of excess area of plot, as soon as the recovery was made, Audit would be informed accordingly.

The Committee directed to recover the amount at the earliest.

In 4th case (DP No. 420) the Authority explained that due recovery would be made and got verified by Audit.

The Committee directed the Authority to effect recovery within one month.

The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from concerned quarters and its verification.

(DP No. 285,405,406,420)

3.4.1.35 Less credit of lump sum cost of old material to estimate / work - Rs 3.49 million

As per para No.2.22(i) of Public Works Department the estimate should be in detail and no lump sum provision should be made in the estimates.

Director P&D, UD-Wing, LDA, Lahore, accorded administrative approval of work "Improvement and carpeting of Madre Millat Road from Pindi Stop to Ghazi Chowk via Terminal Point Quaid-e-Azam Town Lahore" with lump sum credit of cost of old material of Rs 3,007,050 instead of Rs 6,498,820.

Violation of rules resulted in less-credit due to lump sum provision of Rs 3,491,770.

Audit pointed out the less-credit in September 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. Audit informed the committee that neither the Authority made full recovery nor produced record for verification.

The Committee directed the Authority to produce complete record for verification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends revision in estimate and early recovery.

(DP No. 368)

3.4.1.36 Illegal retention of plot - Rs 2.75 million

As per Rule 2.33 of PFR Vol-I every Govt. servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by Govt. due to negligence on his part.

Director Estate Management Quaid-e-Azam Town, LDA issued notice to illegal occupant vide No.DD-KLHP-88/6771 dated 5.12.1988 in respect of plot No.277-6-A-II for production of original allotment letter and bank challan in support of allotment of plot. Audit observed that considerable period of 14 years had since been elapsed but neither the illegal occupant produced evidence in support of allotment in his name nor the LDA got vacated the possession of plot from the illegal occupant.

Violation of rules resulted in illegal retention of plot amounting to Rs 2,750,000.

Audit pointed out the lapse in May 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 29.12.2016. The Authority explained that notices were issued to the occupant of plot No 277-6-A/II and now operation was being planned.

The committee directed that the plot be got vacated. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early action against illegal occupant.

(DP No. 409)

3.4.1.37 Non-recovery of cost of old material - Rs 1.99 million

As per para 9 (i) of Chapter 18.1 of specification of execution of work 1967, all demolished material will be the property of Govt. and shall

either be disposed of or cost of dismantled material would be recovered from the contractor.

3.4.1.37.1 Director Building-I, UD-Wing, LDA, Lahore got executed item “*dismantling of RCC for lift well*” for 3500 cft @ Rs 500 per cft and paid Rs 1,750,000 to the contractor but the cost of old steel for Rs 856,800 (3500 cft x 6.12 per kg/P. cft x Rs 40 per kg) was not recovered from the bill of the contractor.

Violation of rules resulted in non-recovery of cost of old steel amounting to Rs 856,800.

Audit pointed out the non-recovery in October 2016. The Authority replied that the item “*dismantling of lift well*” consisting of 3” vide Gutka i/c plaster 12” thick RCC with laser jet cutting upto 60” i/c removal of malba outside beyond the city limit complete in all respects as per drawing, design, specifications was approved by the Engineer in-charge as non schedule item which was exhibited in the tender. The recovery of dismantled material was made in the analysis. The reply of the Authority was not tenable because the recovery of very small quantity i.e 2.72 kg per cft was kept in rate analysis instead of 6.12 kg per cft as pointed out by Audit.

The para was also discussed in the SDAC meeting held on 28.12.2016. The Authority explained that the recovery of dismantled material was made as per TSE rate. Audit pointed out that recovery of the retrieved steel after dismantling of RCC was required to be made @ Rs 40 per kg i.e. half of the market rate.

The Committee directed that the clarification be obtained from the technical wing of the Finance Department about the rate of the recovery of old steel and verification thereof within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery and its verification from Audit.

(DP No. 389)

3.4.1.37.2 Director Building-II, UD-Wing, LDA, Lahore awarded the work for taking remedial measures which involved dismantling and retrieval of old material in a school constructed 07 years ago in 2007-08. Wherein the core wire value amounting to Rs 489,197 was supplied and erected but the cost of old wire was not deducted from the bill of the contractor.

Violation of rules resulted in non adjustment / deduction of the cost of old wire worth Rs 489,197.

Audit pointed out the non-recovery unjustified payment in October 2016. The Authority replied that the old wires were not taken out from the building. These were still in the building. These core wires were damaged during drilling of hole in slab and columns as per report of Consultant. To fulfill the requirements of Electricity in School classes, new wires were installed in the building. The reply of the Authority was not tenable as the old wire should have been taken out before executing the item of drilling holes in slabs/column.

The Authority did not attend the SDAC meeting.

Audit recommends early justification / recovery and its verification from Audit.

(DP No. 526)

3.4.1.37.3 Director ADS-I, UD-Wing, LDA Lahore in two cases awarded the works and got executed new items of work "*P/L brick edging on both sides of road*" but cost of old brick dismantled during execution of existing roads was not recovered.

Violation of rules resulted in non-recovery of Rs 328,368.

Audit pointed out the non-recovery in October 2016. The Authority in 1st case (DP No. 593) replied that the work was in progress. All the measurements/recoveries duly verified by the consultant would be

regularized before finalization of the contract. The Authority admitted the recovery.

In 2nd case (DP No. 591), the Authority replied that no old bricks were obtained from the edging of the existing road. All the measurements were taken by the Engineering Staff of LDA duly verified by the supervision resident of Consultants. The reply of the Authority was not tenable as no documentary evidence in support of reply was produced to Audit.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery and its verification.

(DP No. 591, 593)

3.4.1.37.4 Director Building-II, UD-Wing, LDA, Lahore awarded the work for taking remedial measures which involved dismantling and retrieval of old material in a school constructed 07 years ago in 2007-08. Wherein item of brick work for Rs 786,617 was got executed without digging out the foundation but the cost of old bricks of Rs 165,397 was not deducted from the bill of the contractor.

Violation of rules resulted in non-recovery of cost of old bricks amounting to Rs 165,397.

Audit pointed out the non-recovery in October 2016. The Authority replied that new brick work was carried out in this building at new locations to increase the number of classrooms, so new partition walls were constructed. The reply of the Authority was not tenable as brick work was carried out upto 3rd floor without digging out its foundations in ground floor, which clearly showed that the same was carried out on old foundations with old dismantled bricks. Hence, the pointed out recovery was justified.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery and its verification.

(DP No. 532)

3.4.1.37.5 Director Building-I, UD-Wing, LDA, Lahore got executed the items of work “*dismantling of gutkas of building*” but the cost of old material / gutkas of Rs 148,770 (8550 sft x 6 No. Gutka in 1 sft x Rs 5.80/2 per No.) was not recovered from the contractor.

Violation of rules resulted in non-recovery of cost of old material / gutkas amounting to Rs 148,770.

Audit pointed out the non-recovery in October 2016. The Authority replied that the item “*dismantling of Gutka from wall i/c removal of malba outside beyond the city limit complete in all respects as per drawing, design, specification and as approved by the Engineer in-charge*” was exhibited as non schedule item in the tender for which analysis was prepared and cost of dismantled material was recovered in the analysis of rate. The reply of the Authority was not tenable because as per input rate of MRS, the cost of one new Gutka was Rs 5.80 and recovery pointed out by Audit for old Gutka was with half rate of new Gutka i.e. Rs 2.90 (Rs 5.80/2) per Gutka whereas the Authority made the recovery @ Rs 2 per Gutka as per produced rate analysis which was very low.

The para was also discussed in the SDAC meeting held on 28.12.2016. The Authority explained that the recovery of dismantled material was made as per TSE rate. Audit pointed out that recovery of dismantled gutkas was required to be made at the half rate of the MRS i.e. Rs 2.90 (5.80/2) as PAC already issued the directive for effecting the recovery of old material at half rate.

The Committee directed that the recovery be effected at the half rate as per directive of the PAC and verification to be completed within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery and its verification by Audit.

(DP No. 388)

3.4.1.38 Overpayment due to application of incorrect MRS rates for approval of technical sanctioned estimate - Rs 1.93 million

As per Finance Department's letter No.RO(Tech)FD/2-6/98 dated 21.10.2006, scheme shall be technically sanctioned at the rate on which the scheme was administratively approved irrespective of any change in market rates at the time of technical sanction.

Director ADS-I, UD-Wing, LDA, Lahore got administrative approval and executed different works on the basis of MRS rates of 1st& 2nd Bi-Annual 2015 & 1st Bi-Annual 2016 Sr # 11, Chapter # 18 and paid. The Authority paid Rs 906.60 and Rs 110.95 for prime coat instead of correct rate of Rs 818.50, Rs 6,242.40 for 1.5" thick carpeting instead of Rs 5,208.02, Rs 7,417.05 for 2" thick carpeting instead of Rs 6,944.1 and Rs 616.34 for scarifying old road surface instead of Rs 206.08.

Violation of Finance Department's instruction resulted in overpayment due to application of incorrect MRS rates amounting to Rs 1,928,460.

Audit pointed out the overpayment in October 2016. The Authority replied that the rates taken in the estimate and administrative approval were valid for execution of whole work. Hence, no incorrect MRS rates were taken and no overpayment was involved. The reply of the Authority was irrelevant because incorrect rates at the time of obtaining administration approval were applied.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery and its verification.

(DP No. 588)

3.4.1.39 Non-recovery of hire charges of asphalt plant and machinery - Rs 1.92 million

According to Para 4.7(1) of the Punjab Financial Rules Vol-1 (PFR), it was primary responsibility of the departmental authorities to see that all revenue, government dues were correctly and promptly assessed, realized and credited to the proper account of the Government / Treasury.

Director EME, UD-Wing, LDA, Lahore did not recover the hiring charges of asphalt plant and machinery amounting to Rs 1,875,000 & Rs 49,298 respectively from contractor despite lapse of considerable period.

Violation of rules resulted in non-recovery of hiring charges of asphalt plant and machinery from contractor amounting to Rs 1,924,298.

Audit pointed out the non-recovery in September 2016. The Authority replied that efforts were underway to effect the recovery from the quarters concerned and record would be submitted for verification as and when the recovery effected. No recovery was made by the Authority so far.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Authority explained that the hiring charges of machinery amounting to Rs 1,875,000 had been recovered on 14.12.2016. Audit pointed out that the confirmation of the challan / receipt of Rs 1,875,000 was not obtained from the Director Finance LDA Lahore. Furthermore, an amount of Rs 49,298 was not yet recovered from the contractor.

The Committee directed to effect recovery of full amount and verification thereof from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 310)

3.4.1.40 Non-recovery of penalty of illegal construction prior to sanction of building plans - Rs 1.64 million

According to para L(6) of Notification No.DC&I/LDA/1348 dated 13.06.2014 of Directorate of C&I LDA UD-Wing, Lahore, penalty for construction of any form including excavation for construction prior to approval of building plan is recoverable from the owner of plot.

Director Town Planning-I, LDA, UD-Wing, Lahore issued demand notices to 26 owners of the properties but did not recover the amount of penalty fee from the owners who had started construction of their houses prior to sanction of building plans. No efforts after issuance of demand notices were made by the Authority so far, for effecting recovery from the defaulters.

Violation of instructions of LDA resulted in non-recovery of Rs 2,120,073.

Audit pointed out the non-recovery in August 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that out of the recovery of Rs 2,120,073 (1,382,736 + 620,325 + 117,012), an amount of Rs 475,528 (440,520 + 35008) had been recovered and verified by Audit.

The Committee reduced the para with the direction to effect the balance recovery of Rs 1,644,545 and get the same verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 376)

3.4.1.41 Non-recovery of cost and rent of shops - Rs 1.56 million

As per Rule 4.1 of PFR Vol-I the departmental controlling officer should accordingly see that all sums due to the government are regularly received and checked against demand and paid into government account.

Director Estate Management-II, LDA Lahore did not recover the cost and rent of different shops from allottees in different areas of Lahore.

Violation of rules resulted in non-recovery of cost and rent of shop of Rs 1,559,444. The breakup is as detailed below:

Sr. No	Para No	Shop No	Area	Amount
1	396	3	N-Block Model Town	0.300 (cost/price of shop)
2	402	1141-F	Azam Cloth Market	1.067 (rent of shop)
3	403	533-D	Mori Gate	0.192 (rent of shop)

Audit pointed out non recovery in May 2016. The Authority did not reply.

The Authority did not attend the SDAC meeting.

Audit recommends early recovery along with 12% markup from concerned besides action against responsible for negligence.

(DP No. 396,402,403)

3.4.1.42 Overpayment due to application of incorrect conversion factor for carriage of sub-base material - Rs 1.08 million

As per Finance Department Notification No. RO(Tech FD 2-3/2004, the Chief Engineer is required to fix the rate of each item of work for rough cost and technical sanction estimate on the basis of relevant item of MRS for the respective district/quarter.

Director P&D, Lahore Development Authority, U.D. Wing, Lahore in two cases approved rate for stone material for use in sub-base brought from Sikhanwali quarry with lead of 183 km and 210 km by adding 1.22 conversion factor on carriage instead of 1.20.

Violation of Finance Department's instructions resulted in incorrect application of conversion factor on carriage of sub-base material resulting in overpayment of Rs 1,079,106.

Audit pointed out the overpayment in May 2016. The Authority admitted the incorrect application of conversion factor and promised to effect recovery from final bills.

The paras were also discussed in the SDAC meeting held on 28.12.2016. The Authority explained in 1st case (DP No. 302), due recovery would be effected in next running bill of contractor. In 2nd case (DP No. 306) the Authority explained that this item had been corrected in revised PC-I.

The Committee directed the Authority to produce the record to Audit for verification within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 302,306)

3.4.1.43 Bogus exemption due to theft of 1061 files of plots in phase-I&II MA Johar Town Lahore

As per Rule 2.33 of PFR Volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government due to fraud or negligence on his part.

As per record of Director Land Development-I, Lahore Development Authority UD-Wing Lahore, 1061 files of plots of MA Johar Town (582 of Phase-I and 479 of Phase-II) were found missing or stolen. The authority neither conducted any inquiry against the custodians of files nor took any legal action such as registration of FIR against culprits. The allotment/exemption of said plots could not be authenticated. Moreover, present status of plots with reference to ownership, recovery of development charges, building surcharge, cost of extra area of plots and record of revenue of millions of rupees was not available in record.

Violation of rules resulted in bogus exemption/allotment of plots.

Audit pointed out the lapse in April 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 28.12.2016. Authority explained that an Inquiry Committee was constituted by the Director General, LDA, Lahore on 10.12.2009. The findings of the said committee could not be traced as the record of Directorate of C&I was burnt in the incident of fire at Plaza on 09.05.13. However a new Committee had been constituted by the order of DG, LDA for fixing the responsibility on officers and officials involved in misplacement of these files.

The Committee directed to finalize the outcome of inquiry report. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends inquiry at higher level for finding out facts besides disciplinary action against the responsible.

(DP No. 283)

3.4.2 WATER AND SANITATION AGENCY LAHORE (WASA LDA)

Irregularity & non compliance

3.4.2.1 Irregular payment due to purchase of machinery through contractor - Rs 255.42 million

According to letter No. 18-29/2006 dated 08.08.2005 of the Finance Department, Govt. of the Punjab, machinery like generators, electric motors and turbines etc. are required to be purchased as per procedure prescribed in purchase manual instead of through contractor by allowing 20% contractor profit.

3.4.2.1.1 Director Construction-II LDA WASA, Lahore paid the non MRS items *“Providing, installation, testing and commissioning of non-clogging vertical sewage cordon shaft pump, 25-cusecs, having head 45ft coupled with suitable motor, 3-phase, 400 volt, 50 Hz, solid passing not less than 120 mm insulation class-F, IP-55 stainless steel impeller, speed not more than 760 RPM, cordon shaft of suitable length as per site. The MCU was to be made of steel sheet of 16 SWG, totally enclosed, indoor type, flush doors protected with gasket, including all auxiliaries, internal wiring and neutral and earthing bus bar made of electrolytic copper. The body of MCU shall be decreased and de-rusted having power coating paint of approved colour”* in 1st running bill. The item was purchased through contractor. The rate included 20% contractor’s profit and overhead charges for Rs 32,692,800 (163,464,000 x 20%). As per FD’s letter referred above, the agency was required to purchase machinery directly from the manufacturer. Thus, purchase through contractor instead of the manufacturer was irregular.

Violation of Finance Department’s instructions resulted in irregular payment of Rs 163,464,000.

Audit pointed out the irregularity in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency stated that the rates applied in TS Estimates were obtained through quotations from manufacturers. Audit pointed out that quotations rate included 20% contractor's profit & overheads as well as 17% GST. If the machinery would have been procured from manufacturers directly, 20% on account of contractor's profit & overheads could have been saved. Audit further explained that the quotations were inclusive of all taxes. Hence, the payment was required to be made after verification of invoices showing deposit of sales tax by suppliers/contractors. Audit also pointed out that contractor's profit and overheads in plant, machinery, pumps and all such type of items was 11% instead of 20%.

The Committee upheld the view point of Audit and directed the Agency to effect recovery of the difference between quoted/paid rate (of machinery) and the rate/price (of machinery) according to which GST was paid to the FBR. The Committee also directed the Agency to obtain invoices from manufacturers/contractors and produce the same to Audit within 03 days for verification/calculation of recovery. The Committee also directed that MD WASA (LDA) should forward a reference to Secretary HUD & PHE within 15 days for fixing of contractor's profit and overheads @ 11% instead of 20% for future purchases of plant, machinery, pumps and all such type of items. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and condonation from the Finance Department.

(DP No. 441)

3.4.2.1.2 Director Waste Water Treatment LDA WASA, Lahore in fifteen (15) works procured plant and machinery through contractors instead of the original manufacturer and paid the three items for Rs 50,075,297 by including 20% contractor's profit and overheads on machinery items i.e. pumps/motors.

Violation of Finance Department's instructions resulted in irregular payment of Rs 50,075,297.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Agency stated that the rates applied in TS Estimates were applied through quotations obtained from manufacturers. Audit pointed out that quotation rate included 20% contractor's profit & overheads as well as 17% GST. Had the machinery been procured from manufacturers directly, 20% on account of contractor's profit & overhead would have been saved. Audit further explained that the quotations were inclusive of all taxes. Hence, the payment was required to be made after verification of invoices showing deposit of sales tax by suppliers/contractors. Audit also pointed out that contractor's profit and overheads in plant, machinery, pumps and all such type of items would be 11% instead of 20%.

The Committee upheld the point of Audit and directed the Agency to effect the recovery of the difference between quoted/paid rate and the rate according to which GST was paid to the FBR. The Committee also directed the Agency to obtain invoices from manufacturers/contractors and produce the same to Audit within 03 days for verification/calculation of recovery. The Committee also directed that MD WASA (LDA) should forward a reference to Secretary HUD & PHE within 15 days for fixing of contractor's profit and overheads @ 11% instead of 20% for future purchases of plant, machinery, pumps and all such type of items. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and condonation from the Finance Department.

(DP No. 537)

3.4.2.1.3 Director Waste Water Treatment LDA WASA, Lahore in thirteen (13) works procured plant and machinery through contractors instead of the original manufacturer and paid three items of supplying and installation for Rs 41,884,608 by including 20% contractor's profit and overheads on machinery items i.e. pumps/motors.

Violation of Finance Department's instructions resulted in irregular payment of Rs 41,884,608.

Audit pointed out the irregularity in September 2016. The Agency replied that the rates were applied in TS Estimate as obtained through quotations by the manufacturer. Therefore there was no overpayment as observed in the para. The reply was not tenable because such items were required to be purchased from the manufacturer directly, to save the government from extra burden of Rs 8,376,923 i.e. 20% profit / overheads. Thus, the purchase of machinery through contractor was irregular.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Agency stated that the rates applied in TS Estimates were obtained through quotations from manufacturers. Audit pointed out that quotations rate included 20% contractor's profit & overheads as well as 17% GST. If the machinery would have been procured from manufacturers directly, 20% on account of contractor's profit & overheads could have been saved. Audit further explained that the quotations were inclusive of all taxes. Hence, the payment was required to be made after verification of invoices showing deposit of sales tax by suppliers/contractors. Audit also pointed out that contractor's profit and overheads in plant, machinery, pumps and all such type of items was 11% instead of 20%.

The Committee upheld the point of Audit and directed the Agency to effect the recovery of the difference between quoted/paid rate (of machinery) and the rate/price (of machinery) according to which GST was paid to the FBR. The Committee also directed the Agency to obtain invoices from manufacturers/contractors and produce the same to Audit within 03 days for verification/calculation of recovery. The Committee also directed that MD WASA (LDA) should forward a reference to Secretary HUD & PHE within 15 days for fixing contractor's profit and overheads @ 11% instead of 20% for future purchases of plant, machinery, pumps and all such type of items. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and condonation from the Finance Department.

(DP No. 538)

3.4.2.2 Overpayment due to approval of higher rates in rate analysis of non-standardized items - Rs 6.79 million

According to Finance Department letter No. RO (Tech) FD. 18.23/2004 dated 21.9.2004, the rate analysis for the rates (Non-standardize) shall be prepared by the Executive Engineer and approved by the competent authority and a copy of each analysis approved by the competent authority was required to be sent to the Technical Cell of Finance Department for scrutiny / standardization.

3.4.2.2.1 Director Hydrology WASA, Lahore paid the non standardized items i.e. *“P/I Fiber Glass Strainer in Tube Well Bore Hole including Sockets, Special Socket etc. Including Jointing 10" i/d 0.25" thick”* for 4-CFS bore and *“P/I Fiber Glass Strainer in Tube Well Bore Hole including Sockets, Special Socket etc. including Jointing 8" i/d 0.22" thick”* for 2-CFS bore of Tube Wells on bid rates on the basis of TS rate Rs 2,951 and Rs 2,237 against the correct rate of Rs 1,558.5 and 1,148.80 respectively. The rate of the Strainer Pipe 10" i/d 0.25" and 08" i/d 0.22" thick was Rs 1,625 and 1,050, whereas in rate analysis the higher rate of Rs 2,951 and 2237 P/rft respectively was taken. Both items on higher side rates were placed in TS estimate / bid than the actual rates. Furthermore, as per instruction of the FBR letter No. C.No. (42)STM/2009/99638 –R dated 24.07.2013 the GST invoices were not obtained from the contractor / manufacturer before making payment.

Violation of Finance Department’s instructions resulted in overpayment of Rs 3,105,752.74 due to approval of higher rates in rate analysis of non-standardized items.

Audit pointed out the overpayment in November 2016. The Authority replied that the rate analysis for the fiber glass blank strainer in

tubewell bore hole 10" i/d and 8" i/d 0.25" and 0.22" thick respectively with 10% open area was prepared by adopting economical measure through competitive quotations from the renowned pipe manufactures. The reply was not tenable because the rate analysis was prepared on the basis of higher rate quotations of fiber glass strainer including sockets strainer 10" i/d 0.25" thick 6.35 mm and 8" i/d 0.22 thick 5.5 mm @ Rs 2,335 and 1,802 P/rft instead of the admissible rate of Rs 1,625 and Rs 1,050 respectively. Thus, the recovery on account of overpaid rate was required to be effected and got verified from Audit.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Agency explained that the rates including GST were paid with the approval of the competent authority and the quotations referred by Audit were without the component of GST. Audit contended that the Agency approved the high rates by obtaining the quotations on higher rates than the prevailing rates as well as GST invoices were not obtained from the contractor for confirmation about the deposit of the GST into FBR.

The Committee directed the Agency to effect recovery in respect of the difference of rate by adding 17% GST component on the rates taken by Audit and also to obtain the GST invoices for confirmation about the deposit of GST into FBR and verification thereof within 30 days. As per SDAC directives, Audit calculated the difference of overpaid amount of Rs 2,206,751 and non-deposited GST amount Rs 774,753. The amount of the para was reduced to Rs 2,981,504. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 439)

3.4.2.2.2 Director Hydrology WASA, Lahore paid the non-standardized items i.e. *"P/I Fiber Glass Blank Pipe in the tube well bore holes including jointing with Fiber Glass Blank Pipe / Strainer 10" i/d 0.22" thick"* for 4-CFS bore and *"P/I Fiber Glass Blank Pipe in the tube well bore holes including jointing with Fiber Glass Blank Pipe / Strainer*

8" i/d 0.20" thick" for 2-CFS bore of Tube Wells on bid rates on the basis of TS @ Rs 2,291 and 1,527 against the correct rate of Rs 1,558.5 and 1,148.80 respectively. The admissible rate of the MS Blank Pipe of 10" i/d 0.22" and 08" i/d 0.20" thick was Rs 1,235 and Rs 895 per rft, whereas, in rate analysis, higher rates of Rs 1,845 and 1,210 p/rft respectively were taken which resulted in inflated TS estimate/bid than the actual rates. Resultantly, the accepted tender amount was on higher side. Furthermore, as per instruction of the FBR letter No. C.No. (42)STM/2009/99638 –R dated 24.07.2013 the GST invoices were not obtained from the contractor / manufacturer before making payment.

Violation of Finance Department's instructions resulted in overpayment of Rs 3,108,423 due to approval of higher rates in rate analysis of non-standardized items.

Audit pointed out the overpayment in November 2016. The Authority replied that the rate analysis for the fiber glass blank pipe 10" i/d and 8" i/d 0.22" and 0.20" thick respectively was prepared by adopting economical measures through competitive quotations from the renowned pipe manufactures. The reply was not tenable because, the rate analysis was based on higher rate quotations of fiber glass blank pipe 8" dia and 10" dia @ Rs 1,845 and 1,210 per cft instead of the admissible rate of Rs 1,235 and Rs 895 per rft respectively.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Agency explained that the rates including GST were paid with the approval of the competent authority and the quotations referred by Audit were without the component of GST. Audit pointed out that the agency approved incorrect rates by obtaining quotations on higher rates than the prevailing ones. Further, GST invoices were not obtained from the contractor for confirmation of the deposit of GST to FBR.

The Committee asked Audit to re-calculate the overpaid amount and payable GST. The Agency was further directed to effect the recovery of overpaid amount and produce GST invoices for verification to Audit within 30 days. As per SDAC directives, Audit re-calculated the overpaid amount as Rs 1,819,425 and non-deposited GST amount as Rs 1,048,364.

Accordingly, the amount of the para comes to Rs 2,867,789. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 438)

3.4.2.2.3 Director Construction-II LDA, WASA, Lahore approved higher rates in respect of two items "*Providing / laying crushed stone 3/8" to 1.5"*" and "*Providing / leftover shuttering and timbering includes kikar wood etc*". in TS estimate @ Rs 2,100 and Rs 40,834 p/cum whereas in TS estimate of phase-I of the same work the DMD (Engineering), the rates of said items were approved in cft @ Rs. 5,630 % cft and 1,053 p.cft and by applying converting factor of 35.3147 for conversion of cubic feet into cubic meter, the rates came out to be Rs 1,988.21 and 37,186.38 p/cum respectively, which was less than the rates approved and paid in phase-II. Thus the approval of higher rates of the items in TS estimate also caused the acceptance of tender on higher rates @ Rs 2,194.50 and 42,671.53 instead of admissible rates of Rs 2,078.50 and 38,858 p.cum. The overpayment is worked out below:

Item	Unit	Qty.	Rate Paid	Rate to be Paid	Difference	Amount Overpaid
Providing / laying watering compacting crushed stone 3/8" to 1.5" in beds of sewer	Cubic Meter	423.04	2194.50	2077.68	116.81	49,415
Providing / leftover shuttering and timbering includes kikar wood etc.	Cubic Meter	204.47	42671.53	38858.88	3812.64	779,571
Total						828,986

Violation of Finance Department's instructions resulted in overpayment of Rs 828,986 due to higher rates.

Audit pointed out the overpayment in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 10.01.2017. The Agency explained that the rates were paid with the approval of competent Authority. Audit pointed out that the work approved in one Admn Approval was bifurcated into three phases by according approval of technically sanctioned estimates of Phase-I, Phase-II & Phase-III. The rates approved in T.S. Estimate of Phase-I were in cft on correct rates as confirmed by converting cft into cubic meter with conversion factor of 35.3147. The rates approved in T.S. Estimates of Phase-II & Phase-III were higher than the rates provided in technically sanctioned estimate of Phase-I.

The Committee did not agree with the explanation of the Agency and directed to convert the rate from cubic feet into cubic meter in the T.S. rates of Phase-I and the difference in rates be recovered and got verified from audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No.443)

3.4.2.2.4 Director Drainage LDA, WASA, Lahore paid the items "*Fabrication of mild steel reinforcement for cement concrete deformed bars grade-40*" and "*Providing / Laying RCC (type-B, type-C)*" @ Rs 11,278.65 per %kg, Rs 269.10 Per cft and Rs 284.10 Per cft instead of the admissible rates of MRS Bi-annual August 2015 to January 2016 @ Rs 11,006.60 per % kg, Rs 254.10 per cft and Rs 226.25 per cft respectively.

Violation of Finance Department's instructions resulted in overpayment of Rs 114,210.

Audit pointed out the overpayment in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that the rate was paid with the approval of the competent authority. Audit pointed out that the rate of steel, RCC (type-B) and (type-C) was incorrectly sanctioned in TS estimate and paid @ Rs 11,278.65 per % kg, Rs 269.10 and Rs 284.10 per cft instead of the admissible rate @ Rs 11,006.60, Rs 254.10 and Rs 226.65 respectively as per MRS, bi-annual (1st August 2015 to January 2016).

The Committee did not agree with the explanation of the Agency and directed to effect the recovery and verification thereof within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 545)

3.4.2.3 Unjustified award of work due to non-adoption of the rate running contract/framework contract - Rs 4.91 million

According to Rule-15(1)(2) of PPRA, a procuring agency may procure Goods, services or works through framework contract in order to ensure uniformity in the procurement. (2) The procuring agency shall adopt any of the methods of procurement mentioned in these rules for purposes of entering into a framework contract.

Director (O&M) Ravi Town LDA, WASA, Lahore awarded twenty eight (28) works for repair & maintenance of generator, motors, pumps without calling for open tenders and signing rate contracts. As per practice, WASA on receipt of complaints got the work done treating it as an emergency work without adopting tendering procedure. There were 535 tube-wells and more than 100 disposal / lift stations operated by WASA Lahore which sometimes got out of order and expenditure in millions of rupees was incurred on repair & maintenance of such tube-wells disposal /

lift stations by awarding an individual contract on the pretext of emergent requirement. In a number of cases, the works were awarded after 4 to 6 months of the receipt of complaint. Audit was of the view that the Directorate should evolve a strategy for emergent repair & maintenance of motors / pumps through rate running contracts / framework contracts by fixing the rate for one year. This would eliminate leakage of resources and economize the expenditure. During audit scrutiny of Director O&M Ravi Town Lahore, an expenditure of Rs 4,908,198 was incurred without open tender which was irregular.

Violation of rules resulted in irregular award of work valuing Rs 4,908,198.

Audit pointed out irregularity in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that the work was awarded with the approval of the competent authority according to the SOP for O&M works. Audit pointed out that the tendering of work was done four to five months after the receipt of complaints for repair of electric motors / transformers which was violation of the PPRA rules.

The Committee directed MD WASA to carry out the operation maintenance works by deploying own services instead of individual contracts on need basis and circulate the amended SOP. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization.

(DP No. 522)

Internal Control Weaknesses

3.4.2.4 Non-recovery of trunk sewer charges fee from the developers of the private housing schemes - Rs 14,166.47 million

Under Section-45 of the LDA Act, the WASA was required to make regulations / SOPs for implementation of Section-35 of the LDA Amendment Act 2013 for imposition of penalties on offences prescribed in Part-B (offence-5) of Second Schedule “Doing an act without license, approval or permission when the doing of such act requires a license or permission under any of the provisions of the Act, the rules or regulations”.

Examination of the record of Director Revenue LDA WASA, Lahore revealed that the WASA did not formulate any regulation / SOP for effecting recovery of Rs 14,166.47 million on account of trunk sewer/sewer connection fee from the developers of 241 private housing schemes for an area of 162833 kanal @ Rs 87,000 per kanal. The Agency neither recovered the amount nor initiated prosecution proceedings against such developers in court of law.

Violation of rules resulted in non-recovery of trunk sewer/sewerage connection fee of Rs 14,166.47million.

Audit pointed out the non-recovery in September 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 30.12.2016. The Agency explained that WASA had created a new Directorate i.e. Director Private Housing Schemes for this purpose. The concerned Director stated that they were working on illegal housing schemes for disconnection of water supply and sewerage services. The Agency further committed to produce updated status of recovery to Audit within due course of time.

The Committee did not agree with the explanation given by the agency and directed to effect the recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 393)

3.4.2.5 Undue financial benefit due to non-obtaining of insurance for risk coverage - Rs 437.06 million

According to the Rule 54 of the Punjab Procurement Rules 2014, the procuring agency is required to get insurance coverage from the consultant to cover the liability in consequence of errors or omissions on the part of the consultant to the extent of not less than remunerations or more than twice of the remunerations for necessary cost to be borne by the consultant in case of losses or damages suffered by the procuring agency on account of any misconduct in performing the consulting services.

3.4.2.5.1 Director Construction-I LDA WASA, Lahore did not obtain insurance coverage in ten (10) engineering consultancy contracts, seven (07) executed between LDA WASA and NESPAK and other three (03) executed between LDA WASA and Asian Consulting Engineers Pvt. Ltd, Lahore) to the extent of twice of the remuneration of the consultant to cover the losses or damages suffered by the procuring agency on account of any misconduct by the consultant in performing the consulting services.

Violation of rules resulted in undue financial benefit due to non-obtaining of insurance for risk coverage amounting to Rs 263,413,042.

Audit pointed out the irregularity in August 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that according to clause 3.4 of the agreement the consultants were to insure themselves against their liabilities, but this was not obligatory. Audit pointed out that the insurance coverage was meant to

cover the necessary cost to be borne by the consultant in case of losses or damages on account of any misconduct by the consultant in performing the consultancy services, hence, the reply of the Agency pertained to risks of the consultant and the same was not relevant for the risk coverage of the procuring agency and the same was also admitted by the Agency in its written reply to the observation. The chair settled the para. However, the Audit disagreed with the decision of the chair and was of the considered opinion that the obtaining insurance coverage, which shall not be less than remuneration or more than twice the remuneration from the consultant, was mandatory requirement.

Audit recommends early obtaining of the insurance coverage.

(DP No. 339)

3.4.2.5.2 Director P&D, (I&II) LDA WASA, Lahore executed a contract between LDA WASA and M/S NESPAK for “Design and resident supervision for reallocation services for Orange Line Metro Train Project” for an amount of Rs 44,325,800, but the insurance coverage to the extent of twice of the remuneration of the consultant was not obtained to cover the losses or damages on account of misconduct, error or omissions in the design in performing the consulting services.

Violation of rules resulted in undue financial benefit of Rs 92,651,600 due to non-obtaining of insurance for risk coverage.

Audit pointed out the irregularity in August 2016. The Agency replied that the matter was taken up with the executing Directorate (Director Construction-I) for providing insurance coverage, the reply would be conveyed after receipt of response. The reply was not tenable because the insurance coverage was required to be obtained at the time of the contract.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Agency explained that according to clause 3.4 of the agreement, the consultants were to insure themselves against their liabilities, but this was not obligatory. Audit pointed out that the insurance

coverage was meant to cover the necessary cost to be borne by the consultant in case of losses or damages on account of any misconduct by the consultant in performing the consultancy services, hence, the reply of the Agency pertained to risks of the consultant and the same was not relevant for the risk coverage of the procuring agency and the same was also admitted by the Agency in its written reply to the observation. The chair settled the para. However, Audit disagreed with the decision of the chair and was of the considered opinion that the obtaining insurance coverage, which shall not be less than remuneration or more than twice the remuneration from the consultant was a mandatory requirement.

Audit recommends obtaining the insurance coverage.

(DP No.426)

3.4.2.5.3 Director P&D (I&II) LDA WASA, Lahore executed a contract for engineering consultancy services between WASA LDA, Lahore and M/S Asian Consulting Engineers for design and supervision for “ (i) Construction of RCC conduit Sewer from Shaukat Khanum Hospital Chowk to Sattu Katla Drain, Lahore, (ii) Laying of Force-main from Bhogiwal Road Disposal Station Chotta Ravi Drain to Shalimar Escape Channel across Ring Road, Lahore, (iii) Construction of RCC conduit Sewer from Shaukat Khanum Hospital Chowk to Sattu Katla Drain, Lahore” for an amount of Rs 40,500,000 but the insurance coverage to the extent of twice of the remuneration of the consultant was not obtained to cover the losses or damages on account of misconduct, error or omissions in the design in performing the consulting services.

Violation of rules resulted in undue financial benefit worth Rs 81,000,000 due to non-obtaining of insurance coverage.

Audit pointed out the irregularity in August 2016. The Agency replied that the matter was taken up with the executing Directorate (Director Construction-I) for providing insurance coverage, the reply would be conveyed after receipt of response. The reply was not tenable because the insurance coverage was required to be obtained at the time of the contract.

The para was also discussed in the SDAC meeting held on 30.12.2016. The Agency explained that according to clause 3.4 of the agreement, the consultants were to insure themselves against their liabilities, but this was not obligatory. Audit pointed out that the insurance coverage was meant to cover the necessary cost to be borne by the consultant in case of losses or damages on account of any misconduct by the consultant in performing the consultancy services, hence the reply of the Agency pertained to risks of the consultant and the same was not relevant for the risk coverage of the procuring agency and the same was also admitted by the Agency in its written reply to the observation. The chair settled the para. However, Audit disagreed with the decision of the chair and was of the considered opinion that the obtaining insurance coverage which shall not be less than remuneration or more than twice the remuneration from the consultant was a mandatory requirement.

Audit recommends obtaining the insurance coverage.

(DP No. 432)

3.4.2.6 Undue financial benefit due to non-revalidation of Performance Guarantee/Additional Performance Guarantee - Rs 307.22 million

According to Clause-7 of the agreement read with para-(h) of the memorandum of the work, the performance security in the form of bank guarantee was required to be obtained uptill the completion of maintenance period @ 5% of the accepted tender price in case of tenders with cost exceeding Rs 50 million. Furthermore, as per general direction No.26 (A) of the agreement read with Finance Department's letter No. RD (Tech) FD-1-2 / 83 / VI (P) - dated 24.01.2006, if contractor quotes his rates below 5% or more, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance.

3.4.2.6.1 Director Construction-II awarded five (05) works for Rs 1,517.898 million but did not obtain the Performance Guarantee of the

work in the shape of bank guarantee @ 5% of the accepted tender price. Furthermore, two (02) works were awarded for Rs 1,162.834 million against the estimated amount of Rs 1,226.815 million but the additional performance security of the work in the shape of bank guarantee equal to the amount of below percentage valuing Rs 138.309 million was not obtained.

Violation of contractual obligations resulted in undue benefit of Rs 138,309,000 to contractor.

The para was also discussed in SDAC meeting held on 30.12.2016. The Agency explained that the Director Construction-II neither initiated any tendering process nor awarded any work. However, revalidation of bank guarantee was attached for verification. Audit informed the committee that the bank guarantees of all the 05 works had been expired which required revalidation.

The Committee directed the Agency to produce the performance guarantee/additional performance guarantee duly revalidated to Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early obtaining the guarantee(s).

(DP No. 442)

3.4.2.6.2 Director P&S WASA, Lahore awarded a work for Rs 1,145.983 million but did not obtain the Performance Security of the work in the shape of bank guarantee @ 5% of the accepted tender price for Rs 57,299,126. Furthermore, the work was awarded for Rs 1,145.983 million i.e. 5% below the estimated amount of Rs 1,206.303 million but the additional performance security of the work in the shape of bank guarantee equal to the amount of below percentage for Rs 60,315,200 was not revalidated because the original contract period i.e. 12 months from 04.05.2015 to 03.05.2016 had already been expired.

Violation of contractual obligations resulted in undue financial benefit due to non-obtaining of Performance Guarantee and Additional Performance Guarantee of Rs 117,614,423.

Audit pointed out the lapse in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency replied that they had obtained the performance guarantee and additional performance guarantee for Rs 57,299,726 and Rs 60,315,200 whereas these guarantees had expired on 18.11.2015 and were required to be revalidated.

The Committee directed that the required Performance and Additional Performance Guarantees be got re-validated and verified from Audit within 03 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early obtaining the guarantee(s).

(DP No. 541)

3.4.2.6.3 The Director P&S WASA, Lahore awarded three works for Rs 902.323 million but did not obtain the Performance Guarantees of the works in the shape of bank guarantee @ 5% of the accepted tender price for Rs 902.323 million. Furthermore, the work was awarded for Rs 902.323 million below the estimated amount of Rs 872.158 million but the additional performance security of the work in the shape of bank guarantee equal to the amount of 5% below percentage for Rs 51.293 million was not obtained.

Violation of contractual obligations resulted in undue financial benefit due to non-obtaining of Performance Guarantee/ Additional Performance Guarantee of Rs 51,293,000.

Audit pointed out the lapse in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency replied that it took CDR and pay order for Rs 3,313,550 and Rs 3,900,000 against work at Sr. No. 2 & 3 involved in the para respectively and against two works and against third work it took bank guarantee for Rs 40,000,000 which had expired on 16.11.2016.

The Committee did not agree with the departmental reply and directed to obtain the performance security in place of CDR and revalidate Additional Performance Guarantees within 07 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early obtaining the guarantee(s).

(DP No. 540)

3.4.2.7 Non-recovery of General Sales Tax - Rs 44.67 million

According to Para-4(ii) of the FBR letter No. 1(42)STM/2009/99638-R dated 24.07.2013, in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender are required to have a BOQ (Bill of quantity), the contracting department / organization must require such contractors to present sales tax invoices of all the material mentioned in the BOQ as evidence of its legal purchase, before payment is released.

3.4.2.7.1 Director Construction-II LDA WASA, Lahore paid Non-MRS items *“Providing, installation, testing and commissioning of non-clogging vertical sewage cordon shaft pump, 25-cusecs, having head 45ft coupled with suitable motor, 3-phase, 400 volt, 50 Hz, solid passing not less than 120 mm insulation class-F, IP-55 stainless steel impeller, speed not more than 760 RPM, cordon shaft of suitable length as per site. The MCU was to be made of steel sheet of 16 SWG, totally enclosed, indoor type, flush doors protected with gasket, including all auxiliaries, internal wiring and neutral and earthing bus bar made of electrolytic copper, the body of MCU shall be degreased and de-rusted having power coating paint of approved colour”* in 1st running bill. After deduction of

installation charges @ 20%, the purchase price of the pumps came out to be Rs 133,440,000 for which the Agency did not get the GST invoices to ensure that the procurement was made from some sales tax registered person. The amount of payable GST @ 17% was worked out to be Rs 22,684,800.

Violation of FBR's instructions resulted in loss of Rs 22,684,800 to government due to non-deposit of GST by the contractor.

Audit pointed out the loss in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2017. The Agency explained that the matter pertained to Director Finance WASA. Audit pointed out that prior to making payments, the GST invoices were required to be obtained for confirmation of the deposit of GST by the manufacturer or contractor to FBR.

The Committee upheld the view point of Audit and directed the Agency to either obtain the requisite GST invoices and produce the same to Audit for verification otherwise effect recovery of the difference between quoted/paid rate (of machinery) and the rate/price (of machinery) according to which GST was paid to FBR. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to obtain GST invoices or otherwise effect recovery.

(DP No. 458)

3.4.2.7.2 Director Construction-II paid a Non-MRS item "*Providing / installing, testing and commissioning of various pumps*" in 8th running bill but did not get the proof of deposit of General Sales Tax @ 17% of the price of pumps. After excluding the amount of 10% installation charges, the amount inclusive of GST and other taxes for the pumps came out to be Rs 39,729,867 and the GST @ 17% amounting to Rs 6,754,076 was required to be deducted.

Violation of FBR's instructions resulted in non-recovery of sales tax of Rs 6,754,076.

Audit pointed out the irregularity in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 10.01.2017. The Agency explained that the manufacturer of the machinery had paid the GST. Audit pointed out that prior to payment, the GST invoices were required to be obtained for confirmation of deposit of GST by the manufacturer or contractor to the FBR.

The Committee did not agree with the explanation of the Agency and directed either to produce invoices of deposit of the GST to FBR or to effect recovery and verification thereof within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 448)

3.4.2.7.3 Director Waste Water Treatment paid the items of work "*supplying and installation of pumping machinery*" in respect of fifteen (15) works for Rs 50,075,297, but did not get the invoices to confirm the deposit of GST @ 17% of the price of pumps/motors etc. After deducting Rs 15,022,589 on account of 20% profit and overheads and 10% installation charges, the amount inclusive of GST and other taxes came out to be Rs 35,052,709. Thus, GST @ 17% amounting Rs 5,958,960 was required to be deducted, but the same was not done.

Violation of FBR's instructions resulted in non-recovery of Rs 5,958,960.

Audit pointed out the non-recovery in September 2016. The Agency contended that the rates of electric pumps and motors etc. were actually for "Providing and fixing" rather than mere supply of the same. Hence, the GST was not applicable. The reply was not tenable because the

GST invoices were required to be obtained from the contractor to confirm that the machinery items were purchased from sales tax registered persons/firms.

The para was also discussed in the SDAC meeting held on 10.01.2017. The Agency reiterated its earlier reply. Audit pointed out that the Quotations were inclusive of all taxes. Hence, the payment was required to be made after verification of invoices showing deposit of GST by suppliers/contractors.

The Committee upheld the view point of Audit and directed the Agency to either obtain the requisite GST invoices and produce the same to Audit for verification or otherwise effect recovery of the difference between quoted/paid rate (of machinery) and the rate/price (of machinery) according to which GST was paid to FBR. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to obtain GST invoices otherwise effect recovery.

(DP No. 536)

3.4.2.7.4 Director Waste Water Treatment paid the items of work "*Supplying and installation of pumping machinery*" in respect of thirteen (13) works for Rs 41,884,608, but did not get the proof about deposit of GST @ 17% of the price of pumps/motors to ensure the legal procurement from sales tax registered persons. After excluding the amount of 20% contractor's profit and overheads and 10% installation charges for Rs 12,565,382, the amount inclusive of sales tax and other taxes in respect of the pumps and motors came out to be Rs 29,319,226, thus the sales tax amounting to Rs 4,984,268 was required to be deducted.

Violation of FBR's instructions resulted in non-recovery of Rs 4,984,268.

Audit pointed out the non-recovery in September 2016. The Agency contended that the rates of electric pumps and motors etc. were

actually for providing and fixing rather than mere supply of the same. Hence, the GST was not applicable. The reply was not tenable because the GST invoices were required to be obtained from the contractor to confirm that the machinery items were purchased from sales tax registered person/firm.

The para was also discussed in the SDAC meeting held on 10.01.2017. The Agency reiterated its earlier reply. Audit pointed out that the Quotations were inclusive of all taxes. Hence, the payment was required to be made after verification of invoices showing deposit of GST by suppliers/contractors.

The Committee upheld the view point of Audit and directed the Agency to either obtain the requisite GST invoices and produce the same to Audit for verification otherwise effect recovery of the difference between quoted/paid rate (of machinery) and the rate/price (of machinery) according to which GST was paid to FBR. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to obtain GST invoices otherwise effect recovery.

(DP No.533)

3.4.2.7.5 Director Construction-II paid Rs 26,845,808 for a Non-MRS item "*Providing, installing, testing and commissioning submersible non clogging sewerage pump-Local-(13 CFS, 5 CFS and 6 CFS)*" for Rs 21,245,808 (2 No. @ Rs 10,622,904 each), Rs 5,200,000 and Rs 400,000 respectively vide 2nd running bill. After deduction of installation charges @ 10%, the purchase price of pumps came out to be Rs 24,161,227 for which the Agency did not get the GST invoices to ensure that the procurement was made from sales tax registered person. The amount of payable GST @ 17% was worked out to be Rs 4,107,409.

Violation of FBR's instructions resulted in loss of Rs 4,107,409.

Audit pointed out the loss in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 10.01.2017. The Agency explained that the matter pertained to Director Finance WASA. Audit pointed out that prior to making payments, the GST invoices were required to be obtained for confirmation of the deposit of GST by the manufacturer or contractor to FBR.

The Committee upheld the view point of Audit and directed the Agency to either obtain the requisite GST invoices and produce the same to Audit for verification otherwise effect recovery of the difference between quoted/paid rate (of machinery) and the rate/price (of machinery) according to which GST was paid to FBR. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to obtain GST invoices otherwise effect recovery.

(DP No. 444)

3.4.2.7.6 Director (O&M) Ravi Town LDA WASA, Lahore measured and paid supply items in respect of ten (10) works for Rs 1,059,035 but did not deduct 1/5th sales tax at source nor obtained invoices for balance 4/5th of the GST @ 17% of price of the items.

Violation of FBR's instructions resulted in loss of Rs 180,036.

Audit pointed out the loss in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that 1/5th of the GST (@ 17%) was deducted by the Director Finance WASA Lahore. Audit pointed out that not a single invoice for recovery of 1/5th GST was produced for verification.

The Committee directed either to get the verification of record otherwise effect the recovery of GST. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to obtain GST invoices otherwise effect recovery.

(DP No. 521)

3.4.2.8 Loss to government due to non auction of scrap material worth Rs 26.40 million

According to Para 4.40 of the PWD Code, the auction of un-serviceable material should be made on book value nearer to the market value / rates after approval of Survey Report from the Competent Authority.

3.4.2.8.1 Director P&S LDA WASA, Lahore could not dispose off the unserviceable / scrap material lying in store.

Violation of rules resulted in non-recovery/loss to government valuing Rs 24,931,597.

Audit pointed out the lapse in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 29.12.2016. The Agency explained that the auction committee had been constituted and the auction was under process. As and when the auction was made, record would be produced.

The Committee directed that auction process be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction/disposal of unserviceable material and its verification from Audit.

(DP No. 352)

3.4.2.8.2 Director (O&M) Allama Iqbal Town LDA WASA, Lahore executed the rewinding works of 17 electric motors and 17 transformers but neither deducted the cost of old copper wire from the contractors @ Rs 400 per Kg as per input rate of material placed vide Bi-Annual (August 2014 to January 2015) nor credited the old copper wire to store for auction and credit of auction revenue to WASA's accounts.

Violation of rules resulted in loss due to non-recovery of the cost of old material worth Rs 917,600.

Audit pointed out the non-recovery in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 10.01.2017. The Agency explained that the old copper wire was obtained and handed over through RMS to the central store for auction. Audit pointed out that only the Executive Engineer (O&M-II) handed over the old copper wire to central store, whereas, the Executive Engineer, (O&M-I) neither obtained the old copper wire nor handed over to central store for auction.

The Committee agreed with the contention of Audit and directed the Agency to hand over the remaining old copper wire to the central store and also to complete auction and verification thereof within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction and revenue receipt be credited in Agency's account and its verification from Audit.

(DP No. 560)

3.4.2.8.3 Director O&M Ravi Town LDA WASA, Lahore got the rewinding works of one electric motor and nineteen transformers executed but neither deducted the cost of retrieved old copper wire from the contractors @ Rs 778 per kg nor credited the old copper wire to store for auction and credit of auction revenue to WASA's accounts.

Violation of rules resulted in loss of Rs 554,958 due to non-recovery of old material.

Audit pointed out non-recovery in October 2016. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early recovery.

(DP No. 473)

3.4.2.9 Non-recovery of water, sewerage and aquifer arrears from consumers - Rs 24.94 million

As per Rule No. 4.7(1) of PFR Volume-I, it is the primary responsibility of the Departmental authorities to see that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper Account.

3.4.2.9.1 Director Revenue WASA LDA, Lahore could not recover the water and sewerage charges from 211 commercial consumers. The Agency did not take appropriate action against these illegal users i.e. lodging of FIRs and recovery under Land Revenue Act, 1967.

Violation of rules resulted in non-recovery of Rs 13,510,834.

Audit pointed out the non-recovery in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that out of recoverable amount of Rs 13,510,834, an amount of Rs 6,325,234 had been recovered and record was available in the form of online bank scrolls. Audit verified recovery of Rs 6,325,234.

The Committee reduced the amount of para to Rs 7,185,608 with the direction to recover the same and get it verified from Audit within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 347)

3.4.2.9.2 Directorate Revenue WASA LDA, Lahore could not recover the water and sewerage charges from several government departments. The Agency did not take appropriate action against these illegal users.

Violation of rules resulted in non-recovery of Rs 11,430,709.

Audit pointed out the non-recovery in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that out of recoverable amount of Rs 11,430,709, an amount of Rs 4,750,284 had been recovered and record was available in the form of online bank scrolls. Audit verified recovery of Rs 4,750,284.

The Committee reduced the amount of para to Rs 6,680,584 with the direction to recover the same and get it verified from Audit within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 346)

3.4.2.10 Non-imposition of penalty for unauthorized usage of sewer by the developers of the private housing schemes - Rs 24.10 million

Under Section-45 of the LDA Act, the WASA was required to make regulations / SOPs for implementation of Section-35 of the LDA Amendment Act 2013 for imposition of penalties on offences prescribed in Part-B (offence-5) of Second Schedule “Doing an act without license, approval or permission when the doing of such act requires a license or permission under any of the provisions of the Act, the rules or regulations”.

The WASA management did not take any action and impose penalties against the developers of 241 private housing schemes and 73 illegal housing schemes for utilizing its sewer without permission. A penalty @ Rs 100,000 along with imprisonment for one year against the developers / owners was to be imposed upon those who committed the offenses of illegal connections for trunk sewer and water connections during last three years after the enactment of LDA Amendment Act, 2013.

Violation of rules resulted in non-imposition of penalty amounting to Rs 24,100,000.

Audit pointed out the non-imposition of penalty in September 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 30.12.2016. The agency explained that WASA had created a new Directorate i.e. Director Private Housing Schemes for this purpose. The concerned Director stated that they were working on disconnection of water supply and sewerage services of illegal housing schemes.

The Committee directed the agency to initiate prosecution and impose penalties and effect recoveries accordingly. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 518)

3.4.2.11 Non-recovery from the contractor due to non-employment of qualified engineers - Rs 11.70 million

According to clause 18 (a) of agreement, the contractor shall employ whole time qualified technical personnel to the satisfaction of the Engineer in charge for supervision of work at the scale given below:

Sr No.	On the Contract Valuing	
1	Upto Rs7.5 million	One diploma engineer
2	Exceeding Rs 7.5 million	One senior graduate engineer, One junior graduate engineer

(b) If the contractor fails to employ the qualified technical personnel to the above scale, the Engineer in-charge shall after giving the contractor 15 days notice to this effect have the option to employ the engineer to make up the deficiency at the risk and cost of the contractor.

Director Construction-I WASA, Lahore awarded ten works but the contractors did not employ the requisite technical personnel at sites of work. The recovery due to non employment of qualified senior/junior graduate engineers on market rates @ Rs 50,000 and Rs 40,000 per month respectively was not effected from the contractors.

Violation of contractual obligations resulted in non-recovery for Rs 11.70 million.

Audit pointed out the non-recovery in August 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that the contractors were registered with PEC and they employed graduate engineers as per PEC requirements. Audit pointed

out that all the seven (07) contractors were executing two (02) to four (04) works as per agreement, whereas two (02) graduate engineers for whole time were required to be employed on each site of the work and plea of registration with PEC was not relevant. The income tax returns, salary slips, salary bank accounts and attendance sheets were not produced.

The Committee did not agree with the explanation of the department and directed to get the record regarding employment of requisite technical personnel for each work, verified from Audit or effect recovery in lieu thereof. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 334)

3.4.2.12 Overpayment due to payment at inadmissible percentage - Rs 10.99 million

As per para-V of Finance Department Notification No. RO (Tech) FD.1-2/83-VI dated 29.03.2005, the final cost of tender / payment shall be the same percentage above / below the amount of revised sanction estimate as were at the time of approval of the tender, so as to pre-empt excess payment.

3.4.2.12.1 Director Construction-I WASA, Lahore made payment upto 5th running bill (to be final) in respect of the work "Elimination of Sewerage Inlets in Lahore Canal from Harbanspura Interchange Lahore Ring Road to BRD Canal", to contractor at the rate of 4.5% below the estimated/put to tender cost instead of admissible percentage at 5.95% below the TS estimate quoted by the contractor.

Violation of Finance Department's instructions resulted in overpayment of Rs 4,254,595 due to allowing inadmissible percentage.

Audit pointed out the overpayment in August 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency admitted the recovery of Rs 4.605 million and stated that the recovery would be effected in final bill.

The Committee directed to effect the recovery and get the same verified within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 616)

3.4.2.12.2 Director Construction-I LDA, WASA, Lahore made payment upto 5th running bill (to be final) in respect of the work "Laying of forcemain from Bhogiwal Disposal Station Chotta Ravi Drain to Shalimar Escape Channel Across Lahore ring Road, Lahore (Laying of D.I. Forecmain and Installation of Pumping Machinery)", to contractor at the rate of 23.79% below the estimated cost put to tender instead of admissible rate at 25% below the TS estimate quoted by the contractor.

Violation of Finance Department's instructions resulted in overpayment due to allowing inadmissible percentage of Rs 3,908,984.

Audit pointed out the overpayment in August 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency admitted the recovery of Rs 2.704 million and stated that the recovery would be effected in final bill. Audit contended that the recoverable amount came out to be Rs 3.909 million.

The Committee directed to recalculate the recoverable amount and get the recovered amount verified within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No.617)

3.4.2.12.3 Director Construction-II LDA, WASA, Lahore awarded the work “Improvement of Sewerage System of Timber Market and Replacement of Machinery of Forest Colony Disposal Station in City Sub-Division, WASA Lahore” at a cost of Rs 16,852,437 against the estimated cost of Rs 20,512,412 put to tender thus the rate was accepted 17.84% below the estimated cost of Rs 20,512,412, whereas, the payment of Rs 27,362,179 upto 2nd running bill was made to the contractor at the percentage of 12.31% below the estimated amounts instead of admissible percentage of 17.84% below. Thus, overpaid amount was worked out due to excess percentage than that accepted in tender.

Violation of Finance Department’s instructions resulted in overpayment of Rs 1,724,457.

Audit pointed out the overpayment in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency admitted the recovery and ensured to effect the same in next bill.

The Committee directed to effect the recovery and verification thereof within 7 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends for early recovery.

(DP No.445)

3.4.2.12.4 Director Waste Water Treatment / Senior Construction Engineer-E&M made payment of Rs 10,222,062 upto 3rd & Final Bill in respect of the work “Installation / Construction of 01 No. 2-CFS Capacity Tube Well at Canal Road Opposite Jamia Ashrafia, NA-122, Lahore”, to a contractor at the percentage of 14.28% above the estimate cost put to tender instead of admissible percentage at 4.018% above the TS estimate quoted by the contractor.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,107,816 due to allowing payment at inadmissible percentage.

Audit pointed out the irregularity in September 2016. The Agency replied that revised comparative statement was prepared and amount was to be recovered on account of excess payment encountered as a result of unbalance bid quoted by contractor and recovery would be effected from the security bill of contractor. The reply was not tenable because the admitted recovery had neither been effected nor verified from Audit.

The para was also discussed in the SDAC meeting held on 10.01.2017. The Agency explained to the Committee that pointed out recovery would be made in final bill which was under process in the office of the Director Finance. Audit pointed out that final bill recommended by Director WWT was checked and it was found that bill of contractor was in minus of Rs 953,856 in addition to recovery of imbalance rates of Rs 1,107,816. Hence, the amount of para was enhanced to Rs 2,061,672.

The Committee directed the Agency to effect the total recovery of Rs 2,061,672 within 15 days and got it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends for early recovery.

(DP No. 539)

3.4.2.13 Less recovery of Punjab Sales Tax on consultancy services fee - Rs 6.96 million

According to Section 3 of Second Schedule of Punjab Sales Tax on Services Act 2012, Sr. No. 23 of Second Schedule read with Rule 35 of the Punjab Sales Tax on Service Rules, 2012, the sales tax was required to be recovered on the services provided by the engineering consultants.

3.4.2.13.1 Director Construction-I LDA, WASA, Lahore paid thirty five (35) invoices to consultant for Rs 48,546,524 but the PST@ 16% amounting to Rs 6,696,071 was not deducted.

Violation of rules resulted in non-recovery of PST valuing Rs 6,696,071.

Audit pointed out the non-recovery in August 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency explained that Director Finance WASA was responsible for deduction of PST @ 16% and other taxes etc. Audit pointed out that the PST @ 16% was levied by the Finance Act 2014 w.e.f 01.07.2014 and during the verification of 14 CPVs (cash payment vouchers) of the Director Finance, the PST @ 16% came out to be Rs 17,491,614, whereas, only an amount of Rs 7,583,879 was deposited into Punjab Revenue Authority and the remaining amount of PST worth Rs 9,907,735 was not deposited by the Director Finance to Punjab Revenue Authority, hence the amount of para was enhanced from Rs 6,696,071 to Rs 9,907,735.

The Committee directed the Agency to get the record verified or otherwise effect the recovery of PST and produce the proof of deposit with Punjab Revenue Authority (if any) for verification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 336)

3.4.2.13.2 The Director P&S WASA, Lahore launched public awareness campaign on Electronic Media with a contract cost of Rs 1,656,365 on 22.06.2015 but did not recover 16% PST from contractor on amount paid.

Violation of rules resulted in non-recovery of PST worth Rs 265,018.

Audit pointed out the loss in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency (Directorate of Finance WASA) contended that it had deducted Rs 56,317 whereas full amount of Rs 265,018 was required to be deducted.

The Committee directed to recover the full amount and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 559)

3.4.2.14 Non-recovery of dismantled material - Rs 4.70 million

According to Para 18.1 (9) (1) Chapter 18 of Specification for Execution of Work, the cost of old/dismantled material retrieved during execution of work will be recoverable from contractor.

3.4.2.14.1 Director Construction-II measured and paid the item "*Dismantling of road and removing metalling (one feet thickness), Dismantling of brick work in lime or cement mortar and Dismantling & removing of reinforced cement concrete 1:2:4*" in three works but neither the retrieved material was re-used nor the credit of material was given to the work. This resulted in non-recovery of dismantled material.

Violation of rules resulted in non-recovery of Rs 2,947,554.

Audit pointed out the non-recovery in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency contended that the recovery of the crush of the dismantled road involved washing, screening and transportation, therefore it became more expensive than the cost of the material. However, the recovery of dismantling of bricks had been effected for an amount of Rs 1,825,012. Audit pointed out that the record regarding recovery of dismantled bricks / brick bats and old steel of RCC at the half rate was not produced for verification.

The Committee directed the Agency to get the record regarding recovery of bricks / brick bats / old steels verified from Audit within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No.446)

3.4.2.14.2 Director Drainage LDA, WASA, Lahore measured and paid the item "*Dismantling and removing of reinforced cement concrete*", but neither the retrieved material i.e. old steel 33013.58 kg was re-used nor credited to the work (@ Rs 40 per kg).

Violation of rules resulted in non-recovery of dismantled material of Rs 1,320,543.

Audit pointed out the non-recovery in September 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 29.12.2016. The Agency stated that the work was in progress however, due recovery would be made in final bill.

The Committee directed to effect recovery and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 435)

3.4.2.14.3 Director Construction-I LDA, WASA, Lahore paid for an item of work “*Dismantling of brick work in lime or cement mortar*” for a quantity of 4792.50 cft @ Rs 1660.55 % cft amounting to Rs 79,582 and another item “*Dismantling reinforced cement concrete plain (1:2:4)*” for a quantity of 3,108.50 % cft @ 7,032.95 amounting to Rs 218,619, whereas, the credit/cost of 38819 bricks (4792.50 x 13.50 x 60%) and brick bats for a quantity of 1917 cft (4792.50 x 40%) and steel for a quantity of 9512 kg was not recovered for amounting to Rs 432,088.

Violation of rules resulted in non- recovery of Rs 432,088.

Audit pointed out the non-recovery in August 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency admitted and stated that recovery of old material would be effected in final bill.

The Committee directed to effect the recovery and verification thereof within 03 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 338)

3.4.2.15 Non-recovery of markup on mobilization advance of default period - Rs 1.46 million

As per para (v) of notification issued by Finance Department vide No. R.O. (Tech) F.D. 18-44/2006 dated 07.12.2007, mobilization advance is payable on submission of bank guarantee and the recovery thereof shall commence after the lapse of 20% of contract period or after the execution of 20% of the work (in financial terms) whichever is earlier. The rate of

recovery shall be 25% of the value of work done in each interim payment certificate (running bills).

Director Construction-I paid mobilization advance in two installments @ 10% and 5% of the contract amount for Rs 27,240,018 and Rs 13,620,009 on 13.09.2014 and 08.12.2014 respectively. The contract was awarded on 26.08.2014 for Rs 272,400,176.80 with a stipulated period of 06 months. The mobilization advance of Rs 40,860,027 was required to be deducted from the paid amount of 1st running bill amounting to Rs 277,147,192, but an amount of Rs 16,215,006 was deducted. Thus, the mobilization advance amounting to Rs 24,645,021 was less deducted.

Violation of Finance Department's instructions resulted in less recovery of Rs 24,645,021.

Audit pointed out the less recovery in October 2016. The Agency did not reply.

The para was discussed in the SDAC meeting held on 30.12.2016. The Agency admitted and effected balance recovery of mobilization advance Rs 24,645,021 in 2nd running bill which was also verified by Audit. However, recovery on account of profit /mark up @ 12% for the default period (w.e.f. 09.06.2016 to 14.12.2016) which was worked out to be Rs 1,458,445 was still recoverable.

The Committee directed to recover the amount (markup) and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility for this lapse.

(DP No. 618)

3.4.3 TRAFFIC ENGINEERING AND TRANSPORT PLANNING AGENCY

Non Production of Record

3.4.3.1 Unjustified expenditure due to non-production of complete record - Rs 236.62 million

As per Section 14 (2&3) of Auditor General's (Functions, Powers, Terms & Conditions of Services) Ordinance 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection. Further, any person or authority hindering the auditorial functions of the Auditor General regarding inspections of accounts shall personally be responsible and dealt with under relevant Efficiency & Discipline Rules.

Director Engineering TEPA, Lahore did not produce the accounting record for expenditure worth Rs 236.618 million out of total expenditure Rs 2,906.030 million upto December 2010 for audit scrutiny. Due to this, authenticity of this amount could not be verified.

Violation of rules resulted in unjustified expenditure of Rs 236,618,000.

Audit pointed out the unjustified expenditure in January 2011. The Agency replied that the progress report showing the work done against the incurred expenditure was under process and would be produced.

The para was also discussed in SDAC meeting held on 21.01.2016 & 17.03.2016. The Agency did not produce complete record about unjustified expenditure of Rs 236.618 million as pointed out by Audit in the para.

The Committee directed the Agency for re-verification of record in Audit Office within 15 days.

The para was again discussed in SDAC meeting held on 10.01.2017. The Agency explained to the Committee that complete record would be produced to Audit for verification.

The Committee directed to produce the record within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early justification / recovery.

(DP No. 574)

Internal Control Weaknesses

3.4.3.2 Non-recovery of price variation - Rs 120.74 million

As per additional clause No.3 of contract agreement (between client and contractor) "for any price variation (increase or decrease) adjustment shall be made in accordance with Finance Department's letter dated 11.01.2007 in modification to clause 55 of standard form of contract relaxing the prevailing 5 % limit for such applicability under sub clause-I".

Director Engineering TEPA, Lahore awarded the work to the contractor and on the date of opening of tender, the rate of steel grade-60 was Rs 84,000 per ton, that of cement was Rs 360 per bag and bitumen (average) was Rs 54,900 per ton. During execution of work, the rates of cement and steel grade 60 were decreased and rate of bitumen was increased. The Agency did not make adjustment of price variation against executed quantities of those items.

Violation of contractual obligations resulted in non-recovery of Rs 120,738,614.

Audit pointed out the non-recovery in January 2011. The Agency replied that as per class-55 (9), if secured advance was paid, no price variation was admissible on such items in respect of quantities for which

secured advance was paid to the contractor. In this case, the contractor was paid secured advance for steel for the entire quantity that was used on the project. The previous audit para on account of price variation converted into printed draft para was discussed in the PAC meeting held on 18.02.2011. The minutes of meeting were awaited, hence this para might be withdrawn. The reply was not tenable because the difference of base rate, if secured advance was given on material, the rate at the time of allowing secured advance, should be adjusted.

The para was also discussed in SDAC meeting held on 21.01.2016 & 17.03.2016. The Agency explained that in this case, the contractor was paid secured advance for steel for the entire quantity that was used on the project. The previous audit para on such issue had already been converted into printed draft para and discussed in PAC meeting held on 18.02.2011. The minutes of the meeting were still awaited. Hence, the Committee kept the para pending till final minutes/decision received from PAC.

The para was again discussed in SDAC meeting held on 10.01.2017. The Agency explained to the Committee that complete record would be produced to Audit for verification.

The Committee directed the Agency to produce the record within 7 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No.575)

**3.4.3.3 Non-recovery of liquidated damages for delay -
Rs 99.36 million**

As per clause 27.1 read with special conditions of the contract agreement and preamble of the contract agreement, if the contractor fails to complete the work within the time for completion, the employer will deduct the liquidated damages @ 0.05% of the contract price as stated in the letter of acceptance, excluding provisional sums for each and every

day, including holidays, of delay or part thereof; but to a maximum of 10% of contract cost.

Director, Engineering Construction TEPA, Lahore awarded the work on EPC/Turnkey basis to the contractor for contract costing Rs 993.619 million with time period of 06 months on 18.11.2014 and date of commencement was reckoned after one month of issuance of acceptance letter i.e 18.12.2014. The work was required to be completed upto 18.06.2105 but the contractor executed the work amounting to Rs 447.123 million upto May 2015 and submitted 7th running bill in October 2015 amounting to Rs 874.385 million. But the Authority neither granted time extension to the contractor nor imposed the penalty.

Violation of contractual obligations resulted in non-recovery of Rs 99,361,000.

Audit pointed out non-recovery in November 2015. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early recovery besides taking disciplinary action against responsible(s).

(DP No.495)

3.4.3.4 Irregular payment due to non-preparation/approval of rate analysis of non-standardized items - Rs 32.09 million

According to the instructions issued by the Finance Department, vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and as approved by the competent authority not below the rank of Superintending Engineer on the basis of input rates of relevant quarter, placed at website of Finance Department.

Director, Engineering Construction TEPA, Lahore got various non-standardized items executed in sub head “civil work” amounting to Rs 20,205,117 and in sub head HVAC system amounting to Rs 11,892,000. The Authority did not get the approval of non-standardized items from the Deputy Chief Engineer (Superintending Engineer). The rate analyses of the non-standardized items, T.S. estimate, PC-I and bid evaluation report were not produced to Audit to verify actual position.

Violation of Finance Department’s instructions resulted in irregular payment of Rs 32,097,117.

Audit pointed out irregular payment in November 2015. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early regularization of irregularity besides taking disciplinary action against responsible(s).

(DP No.511, 493)

3.4.3.5 Undue financial benefit due to non-recovery of mobilization advance - Rs 24.62 million

As per Finance Department notification No. RO (Tech)FD-18-14/2006 dated 07.12.2007, the recovery of Mobilization Advance will be made after expiry of 20% period of completion or 20% of the work done value whichever is earlier @ 25% of work done in each bill.

Director, Engineering Construction TEPA, Lahore awarded the work in June 2014 with completion period of four (04) months. The agency also made payment of mobilization advance for an amount of Rs 24,624,016 in June 2014. First payment was released in February 2015 i.e. after the expiry of the completion time i.e 17.10.2014 without recovery of Mobilization Advance from the contractor.

Violation of Finance Department's instructions resulted in undue financial benefit of Rs 24,624,016 due to non-recovery of mobilization advance.

Audit pointed out undue financial aid in November 2015. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early recovery of advance besides taking disciplinary action against responsible(s).

(DP No.506)

3.4.3.6 Irregular expenditure due to execution of work beyond the approved scope - Rs 20.227 million and loss to government due to purchase of vehicles - Rs 8.25 million

As per paras 2.7, 2.12, 2.86 of B&R code read with Finance Department's letter No. FD (D-III) 10(3) 90 dated 30.06.1991, no change in specification /scope of work during execution of work can be made without prior approval of the competent authority that accorded administrative approval and sanctioned technical estimate.

Director, Engineering Construction TEPA, Lahore awarded the work on EPC/Turnkey basis to the contractor for contract cost of Rs 993.619 million with time period of 6 months on 18.11.2014 and date of commencement was reckoned after one month of issuance of acceptance letter i.e. 18.12.2014. The Agency allowed bill No. 7 to the contractor amounting to Rs 20.227 million whereas the provision of the said bill was not available in the approved PC-I and T.S. estimate sanctioned by the C.E TEPA, LDA, Lahore. Furthermore, the authority purchased 1 Suzuki Liana, 2 Suzuki Cultus and 1 Double Cabin amounting to Rs 8,252,000 inspite of ban imposed by the Govt. of Punjab on the purchase of new vehicles.

Violation of rules resulted in irregular expenditure of Rs 20,227,500 due to execution of work beyond the approved scope and loss to government due to purchase of vehicles amounting to Rs 8,252,000..

Audit pointed out irregularity in November 2015. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early regularization of irregularity besides taking disciplinary action against responsible(s).

(DP No.497)

3.4.3.7 Excess payment due to application of higher rate - Rs 10.74 million

According to the instructions issued by the Finance Department vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer (Deputy Director) clearly giving the specifications of the material used and as approved by the competent authority not below the rank of Superintending Engineer (Director) on the basis of input rates of relevant quarter placed at website of Finance Department.

Director Engineering TEPA, Lahore got prepared the analysis of rates of items. In the rate analysis, lump sump amounts of Rs 5,000 and Rs 10,000 were added as mobilization and demobilization of piling equipment including clearing of site which was not justified in the presence of mobilization advance and maximum work of casting of pile was completed before adjustment of mobilization advance. Due to incorporation of mobilization / demobilization of piling equipment amount, the higher rate was calculated and paid instead of admissible rate.

Violation of Finance Department's instructions resulted in excess payment of Rs 10,737,814.

Audit pointed out the excess payment in January 2011. The Agency replied that the word “mobilization and demobilization of piling equipment” was a misnomer. For the piles, it implied the shifting of piling equipment from one pile to another pile location along with cleaning of muck at site and its disposal from the site. The activity had to be performed before starting boring for the next pile (not the adjacent pile). The reply was not tenable because the payment for shifting of pile equipment was not justified.

The para was also discussed in SDAC meeting held on 21.01.2016 & 17.03.2016. The Agency reiterated its early reply.

The Committee directed the Agency to produce documents in support of its reply and get the same verified within 15 days.

The para was also discussed in SDAC meeting held on 10.01.2017. The Agency explained to the Committee that complete record would be produced to Audit for verification.

The Committee directed the Agency to produce complete record for verification within 7 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery/verification of record.

(DP No.578)

**3.4.3.8 Overpayment due to non-utilization of available earth -
Rs 5.83 million**

As per specification of chapter No. 18.1-9 for execution of work (Volume-II), the cost of old dismantled material retrieved during execution of work/repair was to be recovered from the contractor.

Director, Engineering Construction TEPA, Lahore made payment for items of work “*Excavation of common material*” and “*Structural*

Excavation” for 10000 cum and 5000 cum respectively. The authority also made payment of item of work “*Formation of Embankment from borrow common material*” for quantity 400000 cum @ Rs 388.52 per cum without utilization of available earth for quantity of 15000 cum.

Violation of rules resulted in overpayment of Rs 5,827,800.

Audit pointed out the overpayment in November 2015. The Agency did not reply.

The Agency did not attend SDAC meeting.

Audit recommends early recovery of loss besides taking disciplinary action against responsible(s).

(DP No.513)

3.4.3.9 Loss due to provision of excess lead in rate analysis - Rs 5.73 million

As per condition No. 5 of Finance Department letter No. RO(Tech)F.D 2-3/2004, dated. 02-08-2004, the material of base and Sub-base shall be carried from nearest quarry and shortest route shall be used / adopted for carriage.

Director, Engineering Construction TEPA, Lahore got rate analysis of the item of work “*P/L Sub-Base Course*” and *P/L Base Course*” approved with lead of 250 km against admissible lead of 205 km from quarry to site of work.

Violation of Finance Department’s instructions resulted in loss of Rs 5,730,809.

Audit pointed out loss in November 2015. The Agency did not reply.

The Agency did not attend SDAC meeting.

Audit recommends early recovery of loss besides taking disciplinary action against responsible(s).

(DP No. 507, 502)

3.4.3.10 Overpayment due to application of excess rate - Rs 4.49 million

As per Rule 7.29 (2)&(1) of Departmental Financial Rules, whenever fraction of a rupee occurs in the totals of contractor's bills or in the case of supplies debitable to more than one estimate, in the totals debitable to each estimate, fraction less than half may be disregarded and half a rupee and over taken as a rupee. Further, in calculating the value of each item of work the nearest *anna* should be taken, pies one to five being ignored, and pies six to eleven taken as one *anna*, but pies must not be omitted from the rates.

Director Engineering, TEPA, Lahore prepared the analysis of rates of items in detail and got approved. The rates of items were taken as round instead of exact actual figure and paid to the contractor with excess rate of 16% above actually analysed.

Violation of rules resulted in overpayment of Rs 4,493,375.

Audit pointed out the overpayment in January 2011. The Agency replied that the rate analysis was approved by competent authority and Planning & Development Department Govt. of the Punjab. The payment was made on the analysis duly approved by the competent authority. The reply was not tenable because the analysis was prepared in paisa and that was to be approved instead of rounding to rupees. Recovery was needed to be effected along with disciplinary action against the concerned officers/officials.

The para was also discussed in SDAC meeting held on 21.01.2016 & 17.03.2016. The Agency reiterated its earlier reply.

The contention of the Agency was not accepted by the Committee and directed to effect the actual recovery within 15 days.

The para was again discussed in SDAC meeting held on 10.01.2017. The Agency explained to the Committee that correct rates were paid on the basis of approved rate analysis by the competent authority. Audit pointed out that in previous SDAC meetings dated held on 21.01.2016 and 17.03.2016 the matter had already been decided that Agency would effect the recovery within 15 days. But after lapse of one year, department did not effect the recovery.

The Committee took the matter seriously and directed the Agency to effect recovery within a week. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 562)

3.4.3.11 Excess payment due to application of higher rate - Rs 2.19 million

As per Finance Department's Notification No. RO (TECH) FD 2-3/2004 dated 02.08.2004, every Chief Engineer should fix input rates for different items of work on the basis of rates notified and placed on Finance Department's website during the period for a particular district for the purpose of preparing rough cost estimates and detailed estimates for approval/sanction by the competent authority.

Director Engineering, TEPA Lahore in unit rate analysis of item "*Const. in place concrete piles 1000 mm dia, including concrete class A-3*", the wrongly took the length of piles as 18 meter. Per meter cost for boring only was calculated with 8 meter at the rate of Rs 11,069.72 instead of 10 meter which came to Rs 8,855.77. The admissible composite rate as per calculation came to Rs 14,580.77 per meter instead of allowed rate of Rs 16,795 per meter. The excess rate of Rs 2214.23 per meter (16,795-14,580.77) for quantity 854.30 meter with 16% above was allowed.

Violation of Finance Department's instructions resulted in excess payment of Rs 2.194 million.

Audit pointed out the excess payment in January 2011. The Agency replied that 18m was written erroneously. However, the actual calculation based on 10m, the cost came to Rs 16,795.00 which was paid by TEPA. Hence, no excess payment was made. No record was produced in support of reply.

The para was also discussed in SDAC meetings held on 21.01.2016 & 17.03.2016. The Agency replied that 18m was written erroneously whereas actual calculation was based on 10m and payment @ Rs 16,795.00 per meter was made accordingly. Agency could not produce the complete record in support of its reply. The Committee directed the Authority for verification of record in Audit Office within 15 days.

The para was again discussed in SDAC meeting held on 10.01.2017. The Agency explained to the Committee that complete record would be produced to Audit for verification.

The Committee directed the Agency to produce the complete record for verification within 7 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 579)

**3.4.3.12 Non-recovery of sales tax from the consultants -
Rs 2.09 million**

According to Government of the Punjab Finance Department letter No. SO(TAX) 1-2/97 (Pt. VIII) dated July 1, 2013 and the Second Schedule of Punjab Sales Tax on Services Act 2012 (XLII of 2012), the services provided by, among others, Software / IT based System Development consultants, Technical, Scientific & Engineering consultants are subject to 16% PST. The Employer, as per procedure, shall withhold

PST @ 16% on payments and subsequently deposit it with the Punjab Government.

Director, Engineering Construction TEPA, Lahore awarded the work to the “Consultant for Design Review” amounting to Rs 3,037,500 and construction supervision amounting to Rs 10,072,500. But the Authority did not deduct PST @ 16% from the payment made to the consultant as per rule *ibid*.

Violation of Finance Department’s instructions resulted in non-recovery of Rs 2,097,600.

Audit pointed out non-recovery in November 2015. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early recovery besides taking disciplinary action against responsible(s).

(DP No.512)

3.4.3.13 Loss due to allowing inadmissible carriage in rate analysis - Rs 1.60 million

As per para-c of notification issued by the Finance Department vide No.RO(Tech)FD 2-3/2004 dated 4.8.2004, the Chief Engineer on the basis of inputs rates placed on website of the Finance Department should fix the rate of each item of work for rough cost estimate, administrative approval and for technical sanctioned estimate.

Director, Engineering Construction TEPA, Lahore got rate analysis of the item of work “*P/F precast kerb stone type k-6*” approved @ Rs 1,007.61 per meter for quantity of 19200 meter by taking inadmissible carriage component from factory to site of work. Actual payable rate was Rs 924.28 per meter by taking rate of kerb stone at site as available in input rate of Ist bi-annual 2014 issued by the Finance Department.

Violation of Finance Department's instructions resulted in loss of Rs 1,599,936.

Audit pointed out loss in November 2015. The Agency did not reply.

The Agency did not attend the SDAC meeting.

Audit recommends early recovery of loss besides taking disciplinary action against responsible(s).

(DP No.496)

3.4.3.14 Overpayment due to wrong calculation - Rs 1.09 million

As per para-c of notification issued by the Finance Department vide No.RO(Tech)FD 2-3/2004 dated 4.8.2004, the Chief Engineer on the basis of input rates placed on website of the Finance Department should fix the rate of each item of work for rough cost estimate, administrative approval and for technical sanctioned estimate.

Director, Engineering Construction TEPA, Lahore in the rate analysis of item "*Providing & fixing in position "1" section (9" x 4") column and plinth beams of M/s Izhar or approved manufacturer including hosting and fixing etc*" allowed quantity of 17 rft @ Rs 880 instead of 10 rf @ Rs 840 for precast column of boundary wall and paid accordingly for quantity of 1296.64 M. Further, carriage was not admissible being a part of rate at site.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,096,011.

Audit pointed out overpayment in November 2015. The Agency did not reply.

The Agency did not convene the SDAC meeting..

Audit recommends early recovery besides taking disciplinary action against responsible(s).

(DP No.508)

3.4.3.15 Payment without obtaining JMF

As per condition No.6 of Finance Department notification No. Ro(Tech) FD 2-3/2004 dated.2nd of August 2004, rate for the item of carpeting shall be fixed by the Chief Engineer on the basis of different percentages of bitumen ranging from 3% to 6% and payment will be made to the contractor as per job mix formula or actual bitumen used in the work.

Director, Engineering Construction TEPA, Lahore made payment of items of work “*Asphalt Base Course*” for Rs 149,042,419 and “*Asphalt Wearing Course*” for Rs 119,234,333. The Agency neither got approved JMF from RRMTI nor produced the JMF and bitumen extraction tests to Audit to verify actual contents of bitumen. The bitumen contents were 4% and 4.5% for “*Asphalt Base Course*” and “*Asphalt Wearing Course*” respectively as per estimate.

Violation of Finance Department’s instructions resulted in payment without obtaining JMF.

Audit pointed out unjustified payment in November 2015. The Agency did not reply.

The department did not convene the SDAC meeting despite repeated reminders from Audit.

Audit recommends early recovery of actual loss besides taking disciplinary action against responsible(s).

(DP No. 492)

3.4.4 GUJRANWALA DEVELOPMENT AUTHORITY

Internal Control Weaknesses

3.4.4.1 Unjustified payment of carpeting - Rs 18.07 million

As per terms and conditions of acceptance letter No.03, in the case of carpeting, the bitumen will be arranged from National Refinery Karachi and documentary proof/evidence in support thereof shall be provided to GDA. The payment against the work done in this regard shall be processed after obtaining necessary tests results from Road Research & Material Testing Institute, Punjab Highway Department, Lahore.

Director Engineering, GDA UD Wing, Gujranwala made payment for the items of work "*Plant Premix asphaltic base course/carpeting 3" thick using 4% ratio of bitumen and Plant Premix asphaltic wearing course/carpeting 2" thick using 4.5% ratio of bitumen*" without obtaining the documentary proof/evidence regarding purchase of bitumen from National Refinery Karachi as per condition of agreement.

Violation of contractual obligations resulted in unjustified payment of Rs 18,068,520.

Audit pointed out the unjustified payment in February 2016. The Authority replied that provision in TS estimate was 4% & 4.5% and JMF ranged from 3.7% to 4.3%. However, the payment was made at reduced rates. The reply was irrelevant. No proof of bitumen purchased from Karachi was produced.

The para was also discussed in the SDAC meeting held on 29.12.2016. Authority explained to the Committee that bitumen was purchased from National Refinery Karachi. Audit informed the Committee that authority did not produce any record for verification.

The Committee directed the authority to produce the complete record for verification within 03 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early submission of record in support of purchase of bitumen from National Refinery Karachi.

(DP No. 308)

3.4.4.2 Loss to authority due to non-utilization of available earth - Rs 10.88 million

As per specification No. 411-413 of Book of Specification of Road and Bridges and provisions of the sanctioned estimate, earth obtained as a result of regular excavation should be reused in earth work embankment.

Director Engineering, GDA UD Wing, Gujranwala made payment for an item of work "*earth work excavation undressed lead single throw of kassi complete in all respects*" for quantity of 11,31,054 cft @ 1,758.25 per ‰ cft plus 3.95% to the contractor. Out of total quantities, quantity of 904843 cft of excavated earth was disposed of upto one mile @ Rs 2,606.50 ‰ cft instead of utilization of said earth in the item "*Earthwork in ordinary soil/sandy soil for making embankment lead upto 100 feet*" etc.

Violation of rules resulted in loss of Rs 10,880,067.

Audit pointed out the loss in February 2016. The Authority replied that there was debris due to construction of WASA drain, hence, the balance width of main drain was filled with debris. The reply was not correct because the laboratory test reports in respect of excavated earth was not produced to audit for verification.

The para was also discussed in the SDAC meeting held on 29.12.2016. Authority explained to the Committee that work was executed as per recommendations of Road Research & Material Testing Institute Lahore. Audit informed the Committee that work was required to be

executed as per provisions of original TSE, revised TSE and site condition. As per record entries made in MB, there was ordinary soil which was required to be utilized against earth brought from outside. Authority did not utilize the available earth and caused a loss.

The Committee directed the Authority to effect the recovery up to final bill and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early production of record for verification.

(DP No. 307)

**3.4.4.3 Loss to Authority due to non-auction of properties -
Rs 3.55 million**

As per Rule 4.7(1) of Punjab Financial Rules Volume-I, it is preliminary the responsibility of the department authorities to see that all revenues or other debts due to government are correctly and promptly assessed, realized and credited/deposited to government account.

The Director Estate Management GDA UD Wing, Gujranwala did not auction 02 properties in the GDA, Trust Plaza, G.T. road Gujranwala of A to M Block and 13 Offices in GDA Commercial Plaza, Civil Lines, Gujranwala at 2nd Floor through advertisement which were lying vacant since long.

Violation of rules resulted in loss of Rs 3,549,080.

Audit pointed out the loss in February 2016. The Authority replied that advertisements were given on 06.08.2014, 18.3.2015 and on 17.08.2015 for auction of vacant offices in GDA Trust Plaza and Commercial Plaza Civil Lines. Offices No.8, 24, 27, 37, 51 and 54 were allotted through open auction. But nobody offered the bids for remaining vacant offices. New advertisement was going to be published in near future. It was expected that offices would be rented out through the said advertisement. No record in support of reply was produced.

The para was also discussed in the SDAC meeting held on 29.12.2016. The Authority explained that out of 15 (properties) 9 had been leased out (on auction basis) during May 2016, on the basis of assessment committee rate Rs 12 p.sft. Balance 6 offices were not so far auctioned.

The Committee directed that reserve price be got approved from the committee and remaining 06 offices be auctioned at the earliest. The para was reduced to Rs 2,006,280. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early action.

(DP No. 245)

3.4.4.4 Overpayment due to non-deduction of cost of less used bitumen - Rs 1.73 million

As per condition No.6 of Finance Department Notification No.RO(TECH) FD2-3/2004 dated 2nd of August 2004 rate for an item of carpeting shall be fixed by the Chief Engineer on the basis of different percentages of bitumen ranging from 3% to 6%, and payment will be made to contractor as per Job Mix Formula or actual bitumen used in the work.

Director Engineering GDA, UD Wing Gujranwala paid to the contractor for different items of work of *“carpeting using 4% ratio of bitumen instead of approved 3.7% in JMF for ABC and using 4.5% instead of approved 4.3% in JMF for AWC”* for the scheme “Rehabilitation and improvement of road junctions at Gujranwala”.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,733,155.

Audit pointed out the overpayment in February 2016. The Authority replied that the work was executed at site as per approved Job Mix Formula which was 3.7 (±) 0.30 i.e. upto 4% and tests were

conducted for this work and the result was 3.91% and 3.85% which was within permissible limits. The second approved JMF ratio was 4.30 \pm 0.30 upto 4.60% whereas result of test report were 4.45% and 4.56% respectively and the payment was made according to JMF and test reports conducted by Highways Department. The reply was not tenable because rate analysis by using bitumen as per actual extraction test should have been made and payment be made at new derived rate of carpeting to recover the cost of less used bitumen.

The paras were also discussed in the SDAC meeting held on 29.12.2016. Authority explained that the payment was made on the basis of extraction tests reports by highway department. Audit informed the Committee that payment of carpeting was required to be made as per recommendations of Road Research & Material Testing Institute Lahore conveyed through Job Mix Formula (JMF).

The Committee directed the department to effect the recovery within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery of overpayment besides fixing responsibility against the delinquents.

(DP No. 395,246)

3.4.4.5 Loss to Authority due to non-recovery of advertisement charges - Rs 1.70 million

As per Rule 4.7(1) of Punjab Financial Rules Vol-I, it is preliminary responsibility of the department authorities to see that all revenues or other debts due to government are correctly and promptly assessed, realized and credited/deposited to government account.

The Director (Marketing) PHA, Gujranwala awarded rights for collection of advertisement charges of products etc. to different advertising agencies for the year 2014-15 but could not recover the government dues from these agencies.

Violation of rules resulted in loss of Rs 1,702,275.

Audit pointed out the loss in March 2016. The Authority did not reply.

The para was discussed in the SDAC meeting held on 29.12.2016. The authority stated that 5 companies had deposited outstanding amount of Rs 345,500 which had been verified by Audit.

The Committee reduced the para to Rs 1.357 million and directed to recover outstanding amount. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 266)

3.4.5 WASA (MDA) MULTAN

Internal Control Weaknesses

3.4.5.1 Non-recovery of supervision / design fee from the developer of private housing schemes - Rs 55.37 million

According to para 38(b) of the Punjab Private Housing Schemes and Land Sub-division Rules 2010, the developer of a Housing Scheme will deposit a fee for approval of design and specifications for water supply sewerage and drainage connection fee to WASA @ Rs 500 per marla.

Director Planning and Design WASA (MDA), Multan failed to recover the supervision / design, water supply and sewerage connection fee from the developers private housing schemes / Land sub divisions in two cases whose provisional approval was granted by Town Planning Directorate of MDA Multan.

Violation of rules resulted in non-recovery of Rs 55.370 million.

Audit pointed out non-recovery in August 2015. The Agency replied in one case (DP No. 330) that approval of service design of these housing schemes / Land sub-divisions was not yet granted to the developers by WASA and this fee would be applicable at the time of such approval as per government policy. The reply of the agency was not tenable because the government policy of recovery of supervision / design fee etc at the time of approval of service design referred in reply by the Agency was approved in the 58th Authority meetings of MDA. As WASA is subsidiary of MDA and their Authority meetings are also conducted jointly. They should frame/approve such policy that would bound the developers for approval of service design and payment of service design etc, fee to WASA because once their NOC is issued by WASA then they do not bother for approval of service design from WASA and recovery in this regard remains pending.

The para was also discussed in SDAC meeting held on 30.12.2016. The Agency explained that the approval of service design was not granted by WASA. Audit pointed out that in case, the developer did not obtain the approval of water supply / sewerage design from WASA, then the action was required to be taken under the rules and Act. Furthermore, WASA should take the matter with the Authority for delegation for the enforcement of sections 32,33 and 34 of the Punjab Development of the City (amendment) Act,2014 to initiate action against developers / owners of private housing schemes.

The Committee did not agree with the explanation of the Agency and directed to take the matter with authority for enforcement of the Act, and to effect the recovery as well as verification thereof, within 60 days.

In 2nd case (DP No. 329) the agency replied that the proposal for recovery of utility plots, supervision / design and connection fees etc was submitted to Director Town Planning. The proposal could lead towards the recovery of WASA charges along with utility plots from the developers as MDA was the authority to take any kind of action against

violation as per section 57 of the Punjab Private Housing Scheme & Land Sub-divisions Rules 2010. The reply of the agency was not tenable because WASA was subsidiary of MDA and their authority meetings were also conducted jointly, they should frame / approved service design and payment of service design etc fee to WASA because once their NOC issued by WASA then they did not bother for approval of service design from WASA and recovery in this regard remains pending.

The para was also discussed in SDAC meeting held on 30.12.2016. The Agency explained that letter for recovery of WASA charges was issued to Director Town Planning MDA, Multan to take action under Rule 57, of the Pvt. Housing Scheme. Audit pointed out that the approval of design, design fee, and water supply and sewerage connection fee was required to be recovered by the WASA. Furthermore, the WASA should take the matter with the authority for delegation for the enforcement of sections 32,33, and 34 of the Punjab Development of the City (amendment) Act,2014 to initiate action against developers / owners of Private Housing Schemes.

The Committee did not agree with the explanation of the Agency and directed to take the matter with authority for enforcement of the Act, and to effect the recovery as well as verification thereof, within 60 days.

The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 329,330)

3.4.5.2 Non-transfer and mutation of land in the name of WASA – Rs 12.16 millions

According to Punjab Private Housing Schemes and Land Sub-division Rules 2010, the developer / sponsor of a Housing Scheme will mutate the land / site allocated for water works and temporary disposal station in favour of WASA".

Director Planning and Design WASA (MDA), Multan failed to transfer / mutate the 152 Kanal land / site allocated for water works and temporary disposal station in favour of WASA from the developers of 05 private housing schemes / Land sub-divisions whose provisional approval was granted by Town Planning Directorate of MDA Multan and further NOC was also issued by Director Planning and Design WASA (MDA), Multan.

Violation of rules resulted in undue favour to the developers valuing 12.16 million due to non-transfer and mutation of land in favour of WASA.

Audit pointed out the matter in August 2015. The Agency replied in that the developers / owners of the Housing Scheme had not yet submitted the services design for approval from WASA (MDA) Multan. The Director Town Planning MDA had been requested vide letter No. 355/P&D/WASA dated 18.06.2015 to take action as per rules and issued final notice to the developers to submit the services design and response from the Director Town Planning was awaited. The reply of the Agency was not tenable because the NOCs of those housing schemes were issued by WASA. As WASA was subsidiary of MDA and their Authority meetings were also conducted jointly, they should frame such policy that would bound the developers for approval of service design and mutation / transfer of utility plots in favour of WASA.

The para was also discussed in SDAC meeting held on 30.12.2016. The Agency explained that WASA would take the matter with the authority for delegation for the enforcement of sections 32,33, and 34 of the Punjab Development of the City (amendment) Act, 2014 to initiate action against developers / owners of Private Housing Schemes.

The Committee did not agree with the explanation of the Agency and directed to take the matter with authority for enforcement of the Act, and to effect the recovery and get the same verified within 60 days. The

compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC's directives.

(DP No. 332)

3.4.5.3 Non-recovery of WASA fee on account of design of development works - Rs 4.88 million

According to item No. 21 of Notification No. 1372/MDA / WASA dated 08.05.2012, the fee for supervision of development works and connection fees for water supply and sewerage are to be paid in advance by the owner / developer of housing scheme at the time of approval of services design from WASA as per prescribed rates.

Director Planning and Design WASA (MDA) Multan in two cases did not recover the design fee / development work fee for water supply and sewerage, where design for water supply and sewerage was approved.

Violation of MD WASA's instructions resulted in non-recovery of design fee / development work fee worth Rs 4,882,376.

Audit pointed out the non-recovery in August 2015. In one case (DP No. 331) the agency replied that developer / owner of the housing scheme was issued show cause notice in February 2015 but the developer made no contact with the Agency, therefore, approval of service design of the housing scheme was cancelled in March 2015. The reply was not tenable because as per condition No. 21 of Notification dated 08.05.2012 the Agency was required to recover full connection / supervision fee in advance from the owner / developer at the time of approval of service design of the housing scheme.

The para was also discussed in SDAC meeting held on 30.12.2016. The Agency explained that the show cause notices were issued to the owners / developers as well as the Director Town Planning MDA was also requested to take action under Rule,57 of the Private Housing Scheme

Rules 2010. Audit pointed out that the approval of design, design fee, and water supply and sewerage connection fee was required to be recovered in advance by the WASA. Furthermore, WASA should take up the matter with the Authority for delegation for enforcement of section 32,33&34 of Punjab Development of City (amendment) Act, 2014 to initiate action against developers / owners of private housing schemes.

The Committee did not agree with the explanation of the Agency and directed to take the matter with authority for enforcement of the Act, and to effect the recovery as well as verification thereof, within 60 days.

In 2nd case (DP No. 490) the Agency replied that Director Town Planning (MDA) Multan was requested for transfer of utility plots of above housing schemes in favour of WASA (MDA) Multan. The reply was not tenable because as per condition No.01 of approval of services design, in case of non transfer of 2-kanal plots for water works within three months, the Agency would recover survives deign fee afresh from the owners / developers of the housing schemes.

The para was also discussed in SDAC meeting held on 30.12.2016. The Agency explained that the matter regarding non transfer and mutation of two kanal plots for water works in the name of WASA by the developer was taken up with Director Town Planning MDA, for taking action under Rule, 25 of the private Housing Scheme 2010. Audit pointed out that in case, the developer did not obtain the approval of water supply / sewerage design and site for construction of disposal station and tube-well from WASA, then the action was required to be taken under the rules and Act. Furthermore, WASA should take the matter with the authority for delegation for the enforcement of sections 32,33, and 34 of the Punjab Development of the City (amendment) Act,2014 to initiate action against developers / owners of Private Housing Schemes.

The Committee did not agree with the explanation of the Agency and directed to take the matter with authority for enforcement of the Act, and to effect the recovery as well as verification thereof, within 60 days.

The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to enquire the matter and recover amount from the developers / officers or officials at fault.

(DP No. 331,490)

3.4.6 RAWALPINDI DEVELOPMENT AUTHORITY (RDA)

Internal Control Weaknesses

3.4.6.1 Loss due to encroachment / non-existence of plots on the ground/scheme - Rs 18 million

According to para 2.10 (a) (i) of PFR Volume-I, every government servant is expected to exercise the same vigilance as a person of ordinary prudence would exercise while incurring expenditure from his own pocket. Further as per para 2.33 of PFR volume-I, any loss sustained by the government due to the negligence of the government servant he should be responsible for the loss and amount should be recovered from his own pocket.

Director LD & EM, UD-Wing RDA, Rawalpindi failed to take action against the encroachers of the plots / non-existence of plots as reported by the field staff during 1983.

Violation of rules resulted in loss of Rs 18,000,000.

Audit pointed out the loss in February 2016. The Authority did not reply.

The para was discussed in SDAC meeting held on 10.01.2017. The Authority explained that as per report of Director LD&EM and Director MP&TE, the plots did not exist on the ground. Audit pointed out that as per the D&C Register, the 07 plots were encroached since long.

The Committee took the matter seriously and directed that encroached plots be got vacated within 60 days and responsibility be fixed against officers / officials involved in this case. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends action to recover the loss and fix the responsibility for loss.

(DP No. 326)

3.4.6.2 Non-recovery on account of infrastructure cost and transfer of the land in the name of RDA - Rs 14.96 million

According to para 3(i) minutes of meeting held on 08.12.2005 under the Chairmanship of City District Nazim, Rawalpindi, the EDO (Revenue) will again take up the matter with Board of Revenue Punjab Lahore with request to mutate / transfer the land in the name of RDA. Further as per para 2.33 of PFR volume-I, any loss sustained by the government due to the negligence of the government servant he should be responsible of the loss and amount be recovered from his own pocket.

Director LD & EM, UD-Wing RDA, Rawalpindi neither recovered the cost of infrastructure of 12 Nos flats constructed by the RDA on the land of other department amounting to Rs 14.964 million assessed by District Officer Building nor transferred the land on which the flats were constructed in the name of RDA.

Violation of rules resulted in non-recovery of Rs 14.964 million.

Audit pointed the non-recovery in February 2016. The Authority replied that the detailed reply would be given after consultation with the Director Administration & Finance. The reply was not acceptable as all the record was available with the Authority in one compound.

The para was also discussed in SDAC meeting held on 10.01.2017. The Authority stated that out of twelve(12) ten (10) flats were under the control of DCO, Rawalpindi and remaining two (2) flats were with RDA. Audit pointed out that the rent of the flats was not recovered.

The Committee agreed with view point of the Audit and directed to effect the recovery and get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility.

(DP No. 325)

3.4.6.3 Loss due to mismanagement - Rs 11.67 million

According to section 11(B) Part-II of the Land Acquisition Act 1894, the whole process of acquisition of land should be completed within a period of six (6) months from the date of Notification. Also read with 1988 MLD 2094 under section (4) of the Manual of Land Acquisition Laws, a sale transaction taking place immediately after the date of notification in respect of the disputed land would be taken into consideration but not transaction taking place after two or three years from such notification.

Director LD & EM, UD-Wing RDA, Rawalpindi did not process the acquisition of land due to which Authority (RDA) borne a loss of Rs 11,674,643 on account of compensation of land / compound interest to the land owners as per orders of the civil court after 33 years.

Violation of rules resulted in loss of Rs 11,674,463 due to mismanagement.

Audit pointed out the loss in February 2016. The Authority did not reply.

The para was discussed in SDAC meeting held on 10.01.2017. The Authority explained that the notices were issued for deposit of enhanced cost, an amount of Rs 10,124,145 had been recovered.

The Committee directed to recover the balance amount and get the same verified within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to fix the responsibility for loss besides making recovery from the responsible person(s) at fault.

(DP No. 327)

3.4.6.4 Non-recovery of balance amount of residential plots from the allottees - Rs 3.08 million

As per Rules 4.7(1) of PFR Volume-I, it is the primary responsibility of departmental authorities to see that all government revenue / dues were correctly and promptly assessed, realized and credited to the proper Account of the Government/Treasury.

Director LD & EM, UD-Wing RDA, Rawalpindi did not recover the balance amount of plots with interest from the allottees who failed to deposit the balance amount within stipulated period as evident from demand & collection Register.

Violation of rules resulted in non-recovery of Rs 3.079 million.

Audit pointed the non-recovery in February 2016. The Authority admitted the recovery in some cases and in some cases the authority did not reply. The reply of the Authority was not tenable as no record in support of reply was produced to Audit for verification

The para was discussed in SDAC meeting held on 10.01.2017. The Authority stated that the partial recovery Rs 357,601 was effected. Audit stated that Authority did not produce the record for verification.

The Committee directed the Authority to get the verification of effected recovery within 07 days and balance recovery may be effected at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility.

(DP No. 278)

3.4.6.5 Non-recovery of building period surcharge - Rs 1.77 million

According to HUD & PHE Department, Government of the Punjab Notification No. SO(D-II)HP&EP-2-3-92 dated 19.10.1993, the building period penalty will be recovered from the allottees who failed to construct their buildings in stipulated time period.

Director LD & EM, UD-Wing RDA, Rawalpindi did not recover the penalty from the allottees who did not construct their houses within stipulated period as evident from demand & collections Register.

Violation of HUD & PHE Department's instruction resulted in non-recovery of Rs 4.130 million.

Audit pointed out the non-recovery in February 2016. The Authority replied that the building surcharge pointed out by the Audit was not correct. As per record all dues were cleared and buildings stood completed. The reply of the Authority was not tenable as no record in support of its reply was produced to Audit for verification.

The para was also discussed in SDAC meeting held on 10.01.2017. The Authority stated that the partial recovery of Rs 357,601 was effected but did not produce the record for verification. The Committee directed the Authority to get the recovery verified within 07 days. The partial recovery of Rs 2,356,535 was effected by the Authority. The record was verified.

The Committee reduced the amount of para from Rs 4.130 million to Rs 1.773 million with the direction to effect the remaining recovery and verification thereof within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

The Audit recommends early recovery besides fixing responsibility for this lapse.

(DP No. 279)

3.4.7 PUNJAB HOUSING AND TOWN PLANNING AGENCY

Internal Control Weaknesses

3.4.7.1 Non-auction of plots in respect of Housing Schemes - Rs 195.17 million

According to Section 4(b)(1) of the Disposal of Land by Development Authorities (Regulation) Act, 1998, the plots should be disposed of through open auction in housing schemes.

3.4.7.1.1 Deputy Director, PHATA Sub-Region Gujranwala did not auction Residential, Residential cum Commercial and Commercial plots available with the Agency in ADS, Narowal as evident from the return regarding availability position of plots / disposal of remaining plots upto January 2016.

Violation of rules resulted in non-realization of government revenue amounting to Rs 119,371,000.

Audit pointed out the lapse in March 2016. The department replied that after completion of the development works the disposal of 7-marla to 1-Kanal plots through open auction was started, out of this three hundred and sixty eight (368) plots have been disposed off by auction / by ballot as per policy in vogue and Rs 102,369,147 had been recovered. As regards showing the availability of fifty one 51-Marla Plots out of which nineteen (19) plots were reserved for allotment at the disposal of GHQ Rawalpindi

and thirty one (31) plots were under litigation and position would be intimated to Audit accordingly. The reply was not tenable because no progress was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that an amount of Rs 1,813,805 had been recovered against auction of 2 plots and auction of remaining plots was under process.

The Committee directed the Agency to complete the auction process/proceeding and get the complete record i.e. cash book and receipt voucher verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction under the rules.

(DP No. 33)

3.4.7.1.2 The Deputy Director, PHATA Sub-Region Gujranwala did not auction Residential, Residential cum Commercial and Commercial plots available with the Agency in ADS-I (peoples Colony) Gujranwala as forthcoming from the return regarding availability position of plots /disposal of remaining plots upto January 2016.

Violation of rules resulted in non-realization of government revenue amounting to Rs 75,800,000.

Audit pointed out the lapse in March 2016. The Agency replied that the residential plots and commercial plots had not yet been disposed off and were pending due to litigation between the allottees and the department and stay order has been granted by Lahore High Court Lahore. On vacation of stay order such litigated plots would be auctioned. As regard the policy regarding allotment of plots to the community sites notices had already been issued to the defaulter department to pay the cost. An amount Rs 30.00 million had been recovered which would be communicated to Audit after verification from the treasury office Gujranwala. The reply was not tenable because no progress was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that the out of Rs 7,580,000 an amount of Rs 30,000,000 had been recovered. Audit point out that neither cash book nor Receipt Voucher and its credit to proper head of account was shown for the said recovery. Audit also pointed out that no cash book was being maintained in PHATA/ Sub Regions.

The Committee took serious view of this lapse and directed the Agency to maintain Cash Book and issue directive to all Regional and Sub-Regional offices to ensure maintenance of cash book and get the complete record verified in detail within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction under the rules.

(DP No. 32)

3.4.7.2 Non recovery of cost of plots - Rs 183.84 million

As per Rule 12.1 of Punjab Budget Manual, it is primary responsibility of departmental authorities to see that all government revenue/due were correctly and promptly assessed, realized and credited to the proper account of the government/treasury.

3.4.7.2.1 The Deputy Director, PHATA Sub-Region Gujranwala did not take over the possession from the illegal occupants of 08 Residential plots of one kanal and 03 Commercial-cum Residential plots pertaining to ADS-1 at Gujranwala since long.

Violation of rules resulted in non-recovery of Rs 126,130,000.

Audit pointed out the non-recovery in March 2016. The Agency replied that the so called allottees of these plots had filed a civil suit in the civil court Gujranwala for decree as bonafide allottees. The court case was defended by the department and the claim of the so called allottee was

dismissed. The so called allottees filed an appeal in the District Court Gujranwala, which had also been dismissed. Now they had filed an appeal in the Lahore High Court, Lahore and the honorable court had granted stay order in their favour. However, as per available record of this office the plots were vacant at site and possession was with the department. The reply was not tenable because no concrete action was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that allottees of these plots had filed a petition in Lahore High Court.

The Committee directed to keep the para pending till decision of Court and directed the Agency to provide copy of stay order within 30 days. No further progress was reported till finalization of the report.

Audit recommends early recovery.

(DP No. 37)

3.4.7.2.2 The Deputy Director, PHATA Sub-Region Gujranwala did not auction Residential, Residential cum Commercial plots and Commercial, sites etc. plots available with the Agency in ADS-I&II Hafazabad as evident from the return regarding availability position of plots / disposal of remaining plots upto January 2016.

Violation of rules resulted in non-realization of government revenue amounting to Rs 45,106,641.

Audit pointed out the lapse in March 2016. The Agency replied that one kanal of the residential plots of ADS-I had not yet been auctioned due to litigation / pending in the Lahore High Court Lahore, therein the Honorable Court had already granted stay order in the favour of petitioners. The application of 5-marla balance plots for allotment through ballot had already been received since 2014, which was under process for scrutiny in the office of DCO/ Chairman DHC, Hafizabad. Further, the policy regarding allotment of public site in ADS-I Hafizabad had recently been changed by the Government and now notices were being issued to

recover the amount of the public sites as per new allotment policy which would be submitted to the Audit. To get the better recovery from the auction of the remaining plots in ADS-II Hafizabad the Competent Forum i.e. DHC Hafizabad had banned to auction these plots till the rehabilitation of the Area Development Scheme Hafizabad II and progress would be intimated to Audit accordingly. The reply was not tenable because no concrete progress was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that the residential plots of one kanal of ADS-I had not yet been auctioned due to litigation. For remaining plots, notices were being issued to recover the due amount.

The Committee directed the Agency to expedite the matter and make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction under the rules.

(DP No. 35)

3.4.7.2.3 The Deputy Director, PHATA Sub-Region Gujranwala did not take any action against the defaulters of 102 plots of ADS-II Hafizabad which were allotted to different allottees in March 2004 & May 2006 but they did not deposit cost of plots.

Violation of rules resulted in non-recovery of Rs 12,193,799.

Audit pointed out the non-recovery in March 2016. The Agency replied that the allotment of the plots to the allottees were made in lieu of their land acquired for ADS-II Hafizabad but they did not pay the development charges of their allotted plots due to addition of interest on their installments and they had also filed a civil suit against the department in the civil court Hafizabad. After vacation of the stay order / decision of the court, the action regarding recovery from the defaulters would be taken accordingly. The reply was not tenable because no concrete action was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that the allotment of the plots to the allottees were made in lieu of their land acquired for ADS-II but they did not pay the development charges of their allotted plots and filed a suit in Civil Court.

The Committee directed to keep the para pending till decision of Court. No further progress was reported till finalization of the report.

Audit recommends early recovery.

(DP No. 34)

3.4.7.2.4 An audit scrutiny of accounts record i.e. allotment files of ADS-II (Gulzar-e-Quaid) Rawalpindi, maintained in Deputy Director PHATA Sub-Region Rawalpindi revealed that the allottees as mentioned in the attached list failed to deposit the balance amount of Rs 413,460 within stipulated period but neither the penalty was imposed nor the balance amount was recovered so far.

Violation of rules resulted in non-recovery of Rs 413,460.

Audit pointed out non-recovery in February 2016. The Agency admitted the recovery from the concerned allottees.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that the notices had been issued to allottees for recovery.

The Committee took serious view of late recovery and directed the Agency to make full recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 21)

**3.4.7.3 Loss to Govt. due to non-finalization of the cost of plots
- Rs 16.33 million**

As per para 2.10(a) of Punjab Financial Rules (Vol-I) every public officer is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of expenditure from his own money.

3.4.7.3.1 Deputy Director Punjab Housing and Town Planning Agency Sub-Region Okara, did not recover difference of final and provisional cost of plots @ Rs 4,300 per Marla (Rs 11,500 – Rs 7,200) from allottees due to non-finalization of the additional cost of Rs 11500 per Marla for an Area Development Scheme Depalpur.

Violation of rules resulted in loss to the government amounting to Rs 10,582,302.

Audit pointed out the overpayment in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The department could not attend the verification process.

The committee directed to get the record verified within 07 days. No further progress was reported till finalization of the report.

Audit recommends recovery of cost of plots involved.

(DP No. 53)

3.4.7.3.2 Deputy Director Punjab Housing and Town Planning Agency Sub-Region Okara did not recover the difference of final cost and provisional cost of plots @ Rs 300 per Marla (i.e. Rs 2000 – Rs 1700) from various allottees of Area Development Scheme Okara.

Violation of rules resulted in non-recovery of Rs 2,096,100.

Audit pointed out the loss in April 2016. The Agency did not reply despite repeated reminders.

The para was also discussed in SDAC meeting held on 13.12.2016. The department could not attend the verification process.

The committee directed to get the record verified within 07 days. No further progress was reported till finalization of the report.

Audit recommends early recovery of loss.

(DP No. 52)

3.4.7.3.3 The Deputy Director, PHATA Sub-Region Gujranwala did not take any action against the defaulters of 05 Marla plots of General Category which were allotted to the allottees on the basis of balloting held on 25.02.2013 and approval by D.H.C, Narowal 08.04.2013 for Area Development Scheme, Narowal. As per schedule clause (vii), the allottees were responsible to deposit 80% provisional cost in 10 equal installment bi-annually otherwise 3.5% surcharge was also to be recovered from them.

Violation of rules resulted in non-recovery of Rs 1,435,000.

Audit pointed out the non-recovery in March 2016. The Agency replied that notices were being issued to the defaulters, for the recovery of the actual capital along with the interest of the delayed period as per terms and conditions of the allotment. The reply was not tenable because no concrete action was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that fresh notices had been issued to defaulters/allottees for payment of additional cost of plots.

The Committee took serious view of this delay in recovery of dues and directed the Agency to make recovery within 30 days. The

compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery

(DP No. 36)

3.4.7.3.4 Deputy Director, Punjab Housing and Town Planning Agency, Sub-Region, Bhakkar did not recover the additional cost of plots from the owners of area development scheme Phase-I&II, Mianwali. The dues were outstanding despite lapse of a considerable period.

Violation of rules resulted in non-recovery of Rs 1,087,927.

Audit pointed out the non-recovery in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that necessary notices had already been issued to the concerned allottees for deposit of additional cost of plots and recovery would be effected at the earliest. Audit contended that no recovery was being made since 1980.

The Committee took serious view of this delay in recovery and directed the Agency to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 3)

3.4.7.3.5 Scrutiny of record i.e. allotment files of ADS-1 (People Colony) Gujranwala of Deputy Director, PHATA Sub-Region Gujranwala revealed that the Agency allotted the plots on provisional payment but did not recover the actual cost of plots as per decision of committee despite lapse of considerable period.

Violation of rules resulted in non- recovery of Rs 648,772.

Audit pointed out the non-recovery in March 2016. The Agency replied that notices to the allottees /defaulters had already been issued to pay the additional cost of each plots however, as pointed out by the audit the notices were again being issued to pay the additional cost within the period of 15 days otherwise action would be initiated as per terms and conditions of their allotments. After the recovery of the additional cost the audit would be informed. The reply was not tenable because no concrete action was reported.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that fresh notices had been issued to defaulters/allottees for payment of additional cost of plots.

The Committee took serious view of this lapse and directed the Agency to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification from Audit.

(DP No. 31)

3.4.7.3.6 Deputy Director, Punjab Housing and Town Planning Agency, Sub-Region, Bhakkar did not recover the additional cost of plots from the owners of 3 Marla Housing Scheme, Bhakkar. The dues were outstanding despite lapse of a considerable period.

Violation of rules resulted in non-recovery of Rs 259,527.

Audit pointed out the non-recovery in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that necessary notices had already been issued to the concerned allottees and recovery would be effected at the earliest. Audit contended that no recovery was being made since long.

The Committee took it seriously and directed to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 8)

3.4.7.3.7 Deputy Director, Punjab Housing and Town Planning Agency, Sub-Region, Bhakkar did not recover the additional cost of plots from the owners of area development scheme Phase-II, Bhakkar. The dues were outstanding despite lapse of a considerable period.

Violation of rules resulted in non-recovery of Rs 224,571.

Audit pointed out the non-recovery in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that necessary notices had already been issued to the concerned allottees and recovery would be effected at the earliest. The Audit contended that no recovery was being made since long.

The Committee took serious view of this lapse and directed to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 6)

3.4.7.4 Non-recovery of building period surcharge - Rs 6.62 million

According to condition No.10 of allotment order read with HUD & PHE Department's Notification No. SO (H-II) 2-3/92 dated 27.10.2010, the allottees shall construct the building within a period of three years. Where the permissible period of construction already stands expired, the

allottees of 1-kanal and above, 10-Marala & less than 1-Kanal 5-Marla & less than 10-Marla and upto 5-Marla would be allowed to construct houses till June 2015 by paying surcharge at the rate of Rs 12,000 per year, Rs 7,000 per year, Rs 2,000 per year and Rs 1,000 per year respectively.

3.4.7.4.1 Deputy Director, PHATA Sub-Region, Rawalpindi failed to impose the penalty on the allottees as mentioned in the attached list who failed to construct their houses within stipulated period, but neither the penalty was imposed nor the extension was granted in completion period.

Weak supervisory and financial controls resulted in non-recovery of Rs 3,511,000.

Audit pointed out overpayment in February 2016. The Agency replied that efforts were being made to effect the recovery from the concerned quarter

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that the notice had been issued to allottees for recovery.

The Committee took serious view of late recovery and directed the Agency to make full recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 19)

3.4.7.4.2 Deputy Director, PHATA Sub-Region, Sargodha did not recover surcharge on account of expiry of building period from allottees of various plots who failed to construct their houses within stipulated period.

Weak supervisory and technical controls resulted in non-recovery of Rs 1,696,000.

Audit pointed out overpayment in April 2016. The Agency replied that notices had been issued to the allottees of plots for recovery. The reply furnished by the department was not accepted because no recovery was made so far.

The para was also discussed in SDAC meeting held on 13.12.2016. The Agency stated that an amount of Rs 31,000 had been recovered and efforts were being made to recover balance amount. The recovery of Rs 31,000 was verified and para was reduced to Rs 1,665,000.

The Committee directed the Agency to make balance recovery within 30 days. The compliance of Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility.

(DP No. 43)

3.4.7.4.3 Deputy Director, PHATA Sub-Region, Bhakkar did not recover the building period surcharge from various allottees of Area Development Phase I&II, Mianwali who did not construct their houses within stipulated / extended building period.

Weak supervisory and financial controls resulted in non-recovery of Rs 852,082.

Audit pointed out non-recovery in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that necessary notices had already been issued to the concerned allottees and recovery would be effected at the earliest. Audit contended that no recovery was being made since long.

The Committee took serious view of this lapse and directed to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 10)

3.4.7.4.4 Deputy Director, PHATA Sub-Region, Bhakkar did not recover the building period surcharge from various allottees of Area Development Scheme II, Bhakkar who did not construct their houses within stipulated / extended building period.

Weak supervisory and financial controls resulted in non-recovery of Rs 397,000.

Audit pointed out non-recovery in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that the scheme was energized with electricity on 30.06.2015. During re-verification the department produced the record according to which the scheme was energized on 30.06.2015. But no recovery of building period surcharge was made from 01.07.2015 to date.

The Committee directed the Agency to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 11)

3.4.7.4.5 Deputy Director, PHATA Sub-Region, Bhakkar did not recover the building period surcharge from various allottees of 03 Marla scheme, Bhakkar who did not construct their houses within stipulated / extended building period.

Weak supervisory and financial controls resulted in non-recovery of Rs 202,120.

Audit pointed out non-recovery in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that the scheme was energized with electricity on 30.06.2015. During re-verification, the department produced the record according to which the scheme was energized on 30.06.2015. But no recovery of building period surcharge was made from 01.07.2015 to date.

The Committee directed the Agency to make recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 7)

3.4.7.5 Non recovery of long outstanding secured advance - Rs 5.13 million

As per para 2.98 (a) of Buildings & Roads Department Code read with C&W Department Letter No. S.O.III (C&W)2-14/97 dated 29.05.1997, recovery of secured advance so made should not be postponed until whole of the work entrusted to the contractor is completed. Under normal circumstances, the secured advance has to be recovered within three months.

Deputy Director Punjab Housing and Town Planning Agency Sub-Region Okara, allowed / paid secured advance on account of various material but could not recover / utilize the same despite lapse of long period of time.

Violation of rules resulted in non-recovery / adjustment of long outstanding secured advance amounting to Rs 5,134,637.

Audit pointed out the non-recovery in April 2016. The Agency did not reply despite repeated telephonic as well as written reminders.

The para was also discussed in SDAC meeting held on 13.12.2016. The department could not attend the verification process.

The Committee directed to get the record verified within 07 days. No further progress was reported till finalization of the report.

Audit recommends early recovery of overpayment involved.

(DP No. 55)

3.4.7.6 Overpayment due to allowing excess rate - Rs 4.30 million

As per para 4.5 of B&R code and rule 7.28-30 of Departmental Financial Rules and clause 10 of agreement, work done as per drawing, specification and contract was to be paid to contractor.

Deputy Director Punjab Housing and Town Planning Agency Sub-Region Okara, prepared comparative statement and technically sanctioned detailed estimate of a work wherein rate for the item of work “earthwork in ordinary soil for making embankment including ploughing and mixing compaction by mechanical means lead 3 miles” was provided @ Rs 5,387.30 per % cft against which the contractor quoted his rate of Rs 4,417.59 per % cft which came 18.5 % below the estimated rate and the same was provided in the acceptance letter and agreement of the contractor. Audit observed that the department made payment to contractor @ Rs 6110 per % cft instead of admissible / accepted rate of Rs 4417.59 % cft. In this way excess rate of Rs 1,692.41 (6110-4417) was paid to contractor.

Violation of rules resulted in over payment of Rs 4,304,234 to the contractor.

Audit pointed out the overpayment in April 2016. The Agency did not reply despite repeated reminders.

The para was also discussed in SDAC meeting held on 13.12.2016. The department could not attend the verification process.

The Committee directed to get the record verified within 07 days. No further progress was reported till finalization of the report.

Audit recommends early recovery of overpayment involved.

(DP No. 54)

**3.4.7.7 Irregular payment without pre-audit of contractor bills
- Rs 2.82 million**

As per accounting procedure laid down in financial codal books and instructions issued by the Finance Department each payment / voucher would be pre-audited by the Divisional Accounts Officer who was the primary auditor of the formation and financial advisor to the executing agency.

The Deputy Director, PHATA Sub-Region Jhang made payments to various contractors on account of different works without pre-auditing the contractor bills from the Divisional Accounts Officer. This state of affairs made the payment irregular.

Violation of the Finance Department's instructions resulted in irregular payment of Rs 2,818,361.

Audit pointed out the irregular payment in April 2016. The Agency did not reply.

The para was discussed in SDAC meeting held on 13.12.2016. The Agency stated that bills were pre-audited by the Divisional Accounts Officer. Audit pointed out that as per original record payment was made without pre-audit of bills.

The Committee took serious view of this lapse and directed the Agency to probe the matter besides disciplinary proceedings. The

compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe and action under rules.

(DP No. 64)

3.4.8 PUBLIC HEALTH ENGINEERING DEPARTMENT

Irregularity & non compliance

3.4.8.1 Irregular sanction / non-sanction of rate analysis - Rs 124.04 million

According to the instructions issued by the Finance Department, vide No RO (Tech) FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer/Deputy Director, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer/Director on the basis of input rates/MRS of relevant quarter and template placed at website of Finance Department.

3.4.8.1.1 Executive Engineers of various Public Health Engineering Divisions, got prepared and approved analysis of rate of the non-standardized item of work "*Providing/laying crush stone 1/4" - 3/8" to 1" gauge under and around the RCC sewer pipe*" and provided quantity of crushed stone 110 cft in it instead of 100 cft. Moreover, under sub-head labour, number of unskilled coolies was taken as 3 instead of 0.5.

Violation of Finance Department's instructions resulted in irregular payment of Rs 57,935,515 to the contractors as detailed in Annexure-H.

Audit pointed out this overpayment due to inflated rate analysis during July to November 2016. The department replied that the rate analysis was prepared as per actual requirement at site and same was

incorporated in the technical sanctioned estimate, approved by the Chief Engineer (North) and (South) PHED Lahore. The reply of the department was not tenable. The analysis of rate was prepared at higher side by including 10% excess quantity of crush and extra unskilled labour.

The matter was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that in 44 cases the rate of the item crush stone was approved in the T.S estimate sanctioned by the Chief Engineer. The department took the Finance Department's analysis of the item "Dry rammed brick ballast" in which three coolies were provided. Audit contended that the analysis of "Providing/ Laying bajri ¼"- ¾" to 1" gauge was prepared based on the template of an irrelevant item i.e. "Dry rammed brick or stone ballast 1½" to 2" gauge" whereas providing / laying bajri was quite a different item. The Committee did not agree with the contention of the department and directed to refer the para to Finance Department for advice. In two cases (DP No. 281 & 286), department neither submitted working papers of the paras nor attended the SDAC meeting.

The Committee took the matter seriously and directed to initiate disciplinary proceedings against the person(s) at fault. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early clarification from Finance Department/ recovery.

(DP No. 1, 55, 63, 65, 100, 123, 127, 131, 141, 143, 144, 160, 162, 180, 210, 216, 221, 226, 245, 281, 286, 293, 315, 316, 322, 340, 341, 367, 371, 372, 375, 376, 383, 384, 405, 410, 413, 414, 420, 422, 423, 425, 431, 451)

3.4.8.1.2 Executive Engineers of various Public Health Engineering Divisions, got prepared and approved analysis of the non- standardized item of work "Providing and laying tuff tile pavers 60-80 mm thick having 7000 PSI by deriving incorrect rate of tuff paver and excess labour factor.

Violation of Finance Department's instructions resulted in irregular payment for Rs 39,884,117 as detailed in (Annexure-I).

Audit pointed out this overpayment in July to November 2016. The department replied that analysis of rate of non-standardized item was prepared by applying input rates for relevant quarter notified by the Finance Department. The reply of the department was not tenable because department derived incorrect/higher rate of the item in question while preparing the rate analysis by taking incorrect input rate of tuff paver and excess labor factor.

The matter was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the rate analysis was approved by the competent authority keeping in view the labour required at site. Audit informed the Committee that during preparation of rate analysis of tuff tiles, rates of labour were provided on higher side as compared to rates provided in rate analysis of same item prepared by Chief Engineer Punjab Building Department (North Zone) Lahore on the direction of Finance Department which had now become part of MRS w.e.f. July 2016.

The Committee kept the para pending for consultation to MRS Committee meeting's decision and recovery accordingly.

Audit recommends early recovery/ compliance.

(DP No. 120, 121, 147, 148, 156, 157, 197, 217, 223, 232, 233, 278, 279, 283, 285, 287, 300, 386, 415, 447)

3.4.8.1.3 Executive Engineers of various Public Health Engineering Divisions, got prepared and approved analysis of rate of the non-standardized item of work "*Providing and laying M.S pipes and HDPE pipe lines*" of various dias and paid at higher rates by adding excess weight and excess input rates of M.S sheet, higher charges of generator, 20% contractor's profit and excess cost of jointing machine in the analysis of rates. Moreover, lump sum provision of carriage/ transportation charges was made instead of rates to be derived from MRS chapter No. 1 "Carriage".

Violation of Finance Department's instructions resulted in irregular payment of Rs 13,993,995 as detailed in Annexure-J.

Audit pointed out this overpayment due to excess rate during July to November 2016. The department replied that equipment like generator, welding plant and hydraulic pump along with skilled labour was basic necessity for execution of work at site. The rate had been approved by the competent authority. The reply of the department was not tenable because as per clause 15 of the contract agreement, the necessary machinery and tools and plants were the instruments of contractor. Hiring charges of generator were not admissible. Moreover, incorrect weight and rate of M.S sheet was provided in the analysis of rate. Other components of analysis of rates were not supported with rules/data.

The matter was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that rates were paid correctly on the basis of actual working and approved by the competent authority. Audit contended that incorrect weight and rate of M.S sheet was provided in the analysis of rates. Moreover, lump sum provision of carriage / transportation charges were made instead of rate of carriage to be taken from chapter 1 of MRS.

The Committee directed that the record i.e. estimates and analysis of rates, be got verified from Audit again and responsibility of irregularity be fixed against the concerned officers / officials if Audit was not satisfied after making comparison of analysis of rates. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 2, 152, 153, 154, 158, 161, 207, 218, 242, 244, 247, 288)

3.4.8.1.4 Executive Engineer Public Health Engineering Division, Bhakkar got prepared and approved rate of the non-standardized item of work "*P/L jointing "B" class pipe*" under sub head Force Main for a quantity 2600 rft @ Rs 2250 but rate analysis was not prepared and approved by the competent authority.

Violation of Finance Department's instructions resulted in irregular payment of Rs 5,850,000.

Audit pointed out this irregularity in April 2016. The Department did not reply.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the rate of the item was approved by the Chief Engineer in T.S estimate and rate analysis would be provided shortly. Audit contended that prior to payment, the rate analysis was required to be prepared and approved.

The Committee directed the department to prepare the rate analysis duly approved by Superintending Engineer and get it verified from Audit within 7 days otherwise responsibility be fixed against the concerned officers / officials. During re-verification, the department produced the unapproved rate analysis. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to produce approved analysis of rates besides fixing responsibility.

(DP No. 57)

3.4.8.1.5 Executive Engineer, Public Health Engineering Division, D.G. Khan got prepared and approved rate of the non-standardized item of work "*hire charges of Bulldozer*" under the head "Jeepable Track" @ Rs 4,315 per hour against which the contractor quoted rate of Rs 3,926.65 per hour. It was noticed that lump sum provision was made and rate analysis was not got approved from the competent authority. Payment of Rs 2,226,411 on account of hiring charges was made without any detail of work done and measurements.

Violation of Finance Department's instructions resulted in irregular payment of Rs 2,226,411.

Audit pointed out this irregularity in October 2016. The The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department neither submitted working paper of the para nor attended the SDAC meeting.

The Committee took the matter seriously and directed to initiate disciplinary proceedings against the person(s) at fault. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends regularization of matter at the earliest.

(DP No. 266)

3.4.8.1.6 Executive Engineer, Public Health Engineering Division, Rajanpur got prepared and approved rate of the non-standardized item of work "*Boring for hand pump in shingle gravel and rock from ground level to 200 ft below including sinking and withdrawing of casing pipe 8" dia*" Department prepared rate analysis of the subject item @ Rs 685 per rft by taking generating set for light arrangement in the head "higher charges of machinery" and "Hi-speed Diesel for Rig Pump and generating set". Audit was of the view that cost of diesel was already included in the higher charges of machinery because input rate for hiring charges of reverse rotary drilling rig pump etc (EQ-32) were taken in the rate analysis. Admissible rate without generating set of light arrangement and cost of HSD was Rs 611.03 per rft. In this way, excess rate of Rs 105.50 per rft was allowed and paid to contractor.

Violation of Finance Department's instructions resulted in irregular payment of Rs 1,737,902.

Audit pointed out this overpayment in November 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that payment was made to contractor as per approved rates by the competent authority. Audit contended that provision of generator had been made twice in the rate analysis of rig machine for boring of tubewells.

The Committee directed the department to produce the complete record i.e. T.S estimate and analysis of rate duly approved by the competent authority for verification within 07 days, otherwise responsibility be fixed against the concerned officers/ officials. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to produce approved analysis of rates besides fixing responsibility.

(DP No. 224)

3.4.8.1.7 Executive Engineer, Public Health Engineering Division, Kasur got prepared and approved rate of the non-standardized item of work "*Water supply reverse rotary labour POL and P/I fiber glass*". Payment of non-standardized items of work amounting to Rs 1,266,804 was made without preparation and approval of analysis of rates by the competent authority.

Violation of Finance Department's instructions resulted in irregular payment of Rs 1,266,804.

Audit pointed out this irregularity in November 2016. The department replied that all the rates pointed out by Audit had already been verified by the S.E. in the T.S estimate, as such no further approval was required. The reply of the department was not tenable. Analysis of rates were not prepared, so correctness of rates could not be evaluated.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the rates of non-

MRS items were approved in T.S. estimate sanctioned by the Chief Engineer. Audit contended that the breakup/ rate analysis was not approved by the Superintending Engineer.

The Committee did not agree with the explanation and directed the department to produce analysis of rate duly approved by the Superintending Engineer and get it verified from Audit within 7 days otherwise responsibility be fixed against the concerned officers/ officials. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to produce approved analysis of rates besides fixing responsibility.

(DP No. 317)

3.4.8.1.8 Executive Engineer, Public Health Engineering Division, Mianwali got prepared and approved analysis of rate of the non-standardized item of work "*Providing/laying crush stone ¼" to 1" gauge under and around the RCC sewer pipe*" and provided excess rate of crush @ Rs 2,800 per % cft instead of Rs 2,400 per % cft and cost of labour was taken Rs 575 per day instead of Rs 245 per day in the analysis of rate.

Violation of Finance Department's instructions resulted in irregular payment Rs 1,147,966.

Audit pointed out this overpayment during July to November 2016. The department replied that a non-standardized rate was approved by the competent authority after observing the analysis of rate according to the prevailing market rate of material and labour. The payment of aforesaid item was being made as per approved rate. The rate finalized/ approved allotted by the competent authority was correct and no excess rate was paid. The reply of the department was not tenable because item of filling sand was used under the sewer pipe up to 12" size and crush stone aggregate ¼" to 1" under and around sewer pipe beyond 12" size. As per rate analysis of the item "P/F sand under floor or plugging in well"

notified by the Finance Department, the labor component was 0.5 for 150 cft sand. Thus, same rate for labor should have been incorporated while preparing rate analysis of the item “Supplying, Placing crush stone under and around sewer pipe” but the department adopted the labor component of the item “Dry rammed brick or stone ballast” which was entirely different item in nature involving ramming.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department replied that the non-scheduled rate was approved by the competent authority and paid accordingly. Audit contended that the department took excess rate of crush @ Rs 2,800 instead of Rs 2,400 from input rates. The para was discussed in detail.

The Committee directed that recovery be made within one month. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 128, 129)

3.4.8.2 Extra expenditure due to irregular enhancement of contract - Rs 70.45 million

According to Punjab Procurement Rules 2009 repeat order of a work should not exceed 15% of the original contract.

3.4.8.2.1 Executive engineer Public Health Engineering Division, Rawalpindi awarded a work “Augmentation/Rehabilitation of water supply scheme outlived pipe Murree City” to a contractor with contract amount of Rs 51.576 million in May 2014. The contractor was paid Rs 116.812 million. Later on, the contract was enhanced to Rs 108.247 million which was 109% in excess of original contract amount.

Violation of rules resulted in extra expenditure of Rs 65,236,000.

Audit pointed out this extra expenditure in July 2016. The department replied that the scheme was originally approved for Rs 99.471

million in April 2014 and work was allotted accordingly. On demand of local administration, scheme was revised to Rs 167.208 million in June 2015. Due to short time period and urgency of work, the contract agreement of contractor was enhanced to Rs 108.247 million to save time and resources because enhancement was made on already allotted rates of April 2014. Further, on the demand of local administration (A.C/ T.M.A Murree), the scope of scheme was changed and scheme was revised accordingly in April 2016. The work was further enhanced to Rs 116.804 million and payment for Rs 116.804 million was made to the contractor. No excess payment was made by enhancing the contract agreement but time and resources were saved. The reply of the department was not tenable. As per reply, the contract was enhanced two times. The original work was awarded for Rs 51.576 million against estimated cost of Rs 106.365 million.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that contract agreement was enhanced by the competent authority from Rs 51.576 million to Rs 116.812 million i.e. 109 % increase on the demand of local administration due to change of scope of work. Audit informed the Committee that during revision of estimate, rates were changed from 1st bi-annual 2014 (original based rates) to 1st bi-annual 2015 of Rawalpindi District which resulted in overpayment which was required to be recovered up to final bill. In this way, department made violation of clause 41 of contract agreement.

The Committee took it very seriously and directed the Chief Engineer PHE Department (North), Lahore to probe the issue regarding reasons for change of quantities and rates and submit the report through administrative department within 30 days. The Committee directed the department to prepare the financial/ comparative statement up to final bill within 07 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery on account of difference of rates and to regularize the irregularity by the competent authority.

(DP No. 33)

3.4.8.2.2 Executive Engineer, Public Health Engineering Division, Layyah allotted a work in June 2009 for Rs 95.035 million with completion period of 12 months. During execution of work, Chief Engineer (South) Zone re-fixed the contract cost to Rs 94.05 million. Audit observed that upto 33rd running bill, payment of Rs 99.27 million was made during June 2013 against the contract cost of Rs 94.05 million i.e. Rs 5.217 million beyond approved contract cost without revision of estimate and approval of the competent authority. Further, despite lapse of more than five years, work was still incomplete. Neither final bill was paid nor accounts of work were closed/finalized to determine the factual position.

Violation of rules resulted in non-recovery of Rs 5,217,373.

Audit pointed out this overpayment in March 2016. The department replied that the Secretary HUD & PHE Department initiated an inquiry against the officers/officials vide No.SOII(PHE)5-21/2014 dated 03.03.2015. The Director General GDA Gujranwala was inquiring the matter. The reply was not accepted because period of more than one year was elapsed but inquiry was not finalized which was violation of clause 6 & 7 of PEEDA Act 2006, which requires that the inquiry officer shall submit his report to the competent authority within sixty days of the initiation of inquiry.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the irregularity had already been pointed out and Secretary HUD & PHE department had initiated an inquiry against officers and officials. The Director General GDA Gujranwala had finalized the enquiry & penalized the officers and officials concerned. Now the Secretary HUD & PHE department had fixed the case for personal hearing and final decision.

The Committee directed the department to produce the inquiry report to Audit through administrative department within 07 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends disciplinary action against the responsible besides early recovery of amount.

(DP No. 72)

3.4.8.3 Loss due to payment of escalation in delayed period - Rs 26.31 million

As per Rule 2.33 of PFR, every govt. official would be held responsible for loss if sustained due to negligence on his part. Further as per clause 55(8) of the contract agreement, no escalation shall be allowed to the contractor in respect of the period extended for the completion of the work due to his own fault.

Executive Engineer, Public Health Engineering Division Muzaffargarh awarded five (5) groups of the work “Urban Water Supply Scheme Muzaffargarh” to different contractors with a time period of 12 to 15 months. Each group of work was required to be completed upto 2010 but contractors did not complete the job within stipulated time period and the department allowed price variation in the delayed period in violation of above rule.

Violation of rules resulted in loss of Rs 26,306,580

Audit pointed out this loss in September 2016. Department stated that reply would be submitted after scrutiny of record.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the scheme was delayed due to piecemeal funding. The funding position statement was produced by department. The scheme was still in progress.

The Committee directed that a probe report be submitted within one month. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends regularization of matter besides fixing responsibility against the person(s) at fault for making payment of escalation in the delayed period.

(DP No. 461)

3.4.8.4 Loss to government due to unjustified provision of excess item of works for restoration of road - Rs 19.48 million

As per Rule 2.10 of Punjab Financial Rules Vol-I, every public office holder is expected to exercise the same vigilance in respect of expenditure from government funds as a person of ordinary prudence would exercise in respect of expenditure incurred from his own money.

3.4.8.4.1 Executive Engineer, Public Health Engineering Division, Lodhran paid five items i.e. sub-base, base course, road edging and triple surface treatment amounting to Rs 9,293,318 for the restoration of metalled road instead of Item No.12 (c), Chapter No.21, MRS 1st Bi-annual 2014- District Lodhran @ Rs 4348.10 per % sft for “*Restoration of metalled Road*” amounting to Rs 2,918,836. In this way, excess cost of restoration of metalled road was paid.

Violation of rules resulted in loss of Rs 6,374,482 to contractor.

Audit pointed out this loss in November 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that payment of restoration of road had been made as per sanctioned estimate approved by the competent authority. The payment was made as per work done at site, as it was an urban area. Audit contended that instead of paying five items of work i.e. sub-base, base course, road edging and triple surface treatment, only one admissible item of work “Restoration of road” vide item No.12 (c) Chapter No.21 was to be paid @ Rs 4348.10 per % sft.

The Committee did not agree with the department and directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery of loss at the earliest.

(DP No. 301)

3.4.8.4.2 Executive Engineer Public Health Engineering Division, Multan made provision of following items of work amounting to Rs 5,989,424 for the restoration of metalled road. In addition to these items, another item of work "*Restoration of metalled road on laid services i/c compaction black topped road with two coats of surfacing and 10" depth of stone metal for sub base and base*" 73141 sft was also provided in the T.S estimate of the work @ Rs 4275 per % sft amounting to Rs 3,126,776. In this way provision of "Restoration of metalled road" was made twice in the TS estimate which resulted in unjustified double provision of "Restoration of metalled road" amounting to Rs 5,989,424.

P/L Sub base course	Rs 1,537,768
P/L Base course	Rs 1,010,429
P/L Plant premixed bituminous carpet 2" thick with 4.5% bituminous contents.	<u>Rs 3,441,227</u>
Total	<u>Rs 5,989,424</u>

Violation of rules resulted in loss of Rs 5,989,424.

Audit pointed out this loss in September 2016. The department replied that it did not yet execute the item "Restoration of metalled road" nor paid to the contractor as yet. Sub Divisional Officer, PHE Sub Division, Multan vide letter No.3225, dated 22.09.2016 had been directed to avoid any double payment to be made to the contractor for this work of restoration of metalled road. The department admitted the view point of the Audit.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that payment of item

“Restoration of metalled road” was not yet made and also would not be made in near future. Audit informed the Committee that in TSE the department made two provisions for one task/job i.e. first “Restoration of metalled roads on laid service i/c provision and compaction of sub base and base course and blacktop with two coat surfacing @ Rs 4,275 per % sft for quantity of 73142 sft amounting to Rs 3,126,776 and second “P/L sub base course, base course and carpeting 2" thick with 4.5% bituminous contents for same area amounting to Rs 5,989,424. During execution, the department got executed and paid 2nd item that was on higher side as compared to first item that was cheaper. Audit also informed the Committee that on one side, department only dismantled the existing road for quantity of 28517 cft against provision of 60707 cft and on other side, made payment for restoration of road amounting to Rs 16,011,808 against provision of Rs 5,989,424. It was not possible that dismantled area was less and restoration area was more.

The Committee directed for conducting a probe on the issue at administrative level within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends investigation to fix responsibility for unjustified provision.

(DP No. 236)

3.4.8.4.3 Executive Engineer, Public Health Engineering Division, Rahim Yar Khan provided five items in the estimate amounting to Rs 5,853,400 for the restoration of metalled road work instead of item No.12 (c), Chapter No. 21, MRS 1st Bi-annual 2014- District Rahim Yar Khan @ Rs 4354.60 per % sft amounting to Rs 1,446,934. In this way, excess cost of restoration of metalled road was provided in the estimate of work.

Violation of rules resulted in loss of Rs 4,406,466.

Audit pointed out this loss in September 2016. The department replied that analysis of rate for “Restoration of metalled road” was very

clear to the effect that it did not contain the rate for dismantling/ excavation etc, as such rate paid for dismantling and restoration was fully covered under the provision of MRS and justified under the rules. The same was technically sanctioned from the competent authority. Reply was not convincing because the rate provided in the MRS Rs 4354.60 per % sft was to be paid to contractor instead of allowing five (5) items separately.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that no payment of item "Restoration of metalled road" was paid to the contractor and would not be paid in future.

The Committee did not accept the contention of the department and directed to revise T.S. estimate and to issue corrigendum against the rate and get the same verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery of loss at the earliest.

(DP No. 258)

3.4.8.4.4 Executive Engineer office, Public Health Engineering Division, Khushab measured and paid an item "*Supply of water boozers from TMA Quaidabad to site of work complete including carriage etc.*" for quantity of 380 Nos. @ Rs 1881 each for Rs 714,780. The supply of water for execution of any kind of civil work was the responsibility of the contractor and its cost was inbuilt. Audit was of the view that the payment against the aforesaid item was not justified being inadmissible item and the contractor should have arranged supply of water at his own expenses.

Violation of rules resulted in loss of Rs 714,780.

Audit pointed out the loss in August 2016. The department replied that Hand Pumps in different Derajats were being installed in the far off area of Damn-e-Mohar where underground water was not available or at some places available in meager quantity in deeper depth. Due to this reason, the scheme for installation of Hand Pumps was planned and

executed in this area instead of comprehensive water supply scheme. The tubewell bore was being drilled by direct rotary system which required huge quantity of water during drilling and contractor had to arrange water from nearest water supply source which was available at Quaidabad water supply scheme. Moreover, the provision of this item had been made in the T.S estimate. This nature of observation was already taken up by Audit as DP. No. 132 which had been settled by the SDAC in its meeting held on 15.12.2015. The reply of the department was not tenable because the availability of water was the responsibility of the contractor. It was further added that the cost/ rate of water was inbuilt in composite rate as notified in MRS by the Finance Department.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the water was required for boring etc for hand pumps which had been provided. Further, same nature para No. 132 for 2014-15 had been settled in DAC meeting held on 15.12.2015. Audit contended that the works were based on MRS in which no separate water provision was mentioned.

The Committee directed that matter be forwarded to Finance Department for clarification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early clarification from Finance Department/recovery and its verification.

(DP No. 119)

3.4.8.4.5 Executive Engineer, Public Health Engineering Division, Rahim Yar Khan provided restoration of road in the TS estimate by allowing ten (10) items of work separately for Rs 2,311,600 instead of allowing only one item i.e. "*Restoration of metalled road on laid services lines including compaction, black topped roads with two coats surfacing and 10" depth of stone metal for sub base and base*" @ Rs 4,225.70 per % sft vide MRS 2nd Bi-annual 2014, chapter No.21, item No.12 (c) District Rahim Yar Khan

Violation of rules resulted in loss of Rs 593,280.

Audit pointed out this loss in September 2016. The department replied that analysis of rate for “Restoration of metalled road” was very clear to the effect that it did not contain the rate for dismantling/excavation etc, as such rate paid for dismantling and restoration was fully covered under the provision of MRS and justified under the rules. The same was technically sanctioned from the competent authority. Reply was not convincing because the rate provided in the MRS as Rs 4,225.70 per % sft was to be paid to contractor for the restoration of road instead of allowing ten (10) items separately.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that trench width for excavation for 9", 12", 15" and 18" dia RCC sewer pipes was taken 8' instead of 2.83' to 3.70' due to sandy soil together with sub soil water reach where vertical right angle excavation and restoration/ compaction was required. Audit contended that only one item of work i.e restoration of road provided in MRS was required to be paid.

The Committee directed that certificate be obtained from Superintending Engineer regarding actual required trench width and get the same verified from Audit within 15 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends production of certificate from Superintending Engineer/recovery of loss at the earliest.

(DP No. 261)

3.4.8.4.6 Executive Engineer, Public Health Engineering Division, Sahiwal made payment for transportation of earth 278948 cft @ Rs 3825.45 per ‰ cft instead of Rs 1,912.74 (1,830.90 plus 4.47% above contractor’s quoted premium)

Violation of rules resulted in loss of Rs 533,555.

Audit pointed out this overpayment in August 2016. The department replied that this work was executed in the city area streets where width of working area ranged from 12' to 15' hence excavated earth above 15' depth could not be dumped at doorsteps as that could block the movement of residents. As such systematic transportation of excavated earth was first dumped at some available vacant land strip and thereafter the earth was transported back to the site for refilling trenches, which came to Rs 1,830.90 x 2 x 4.47 % above scheduled rate of Rs 3,825.45. Hence the rate applied in the bill was fully justified. Reply was not tenable because rate of transportation of earth ½ mile came to Rs 1,830.90 and by adding 4.47% contractor's quoted premium, net rate came to Rs 1,912.74 which was to be paid to contractor.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department contended that the excavated earth was first transported to vacant site and then transported back to site for refilling trenches.

The Committee directed to produce the record for re-verification of width of streets where refilling was made. During re-verification of record, the department did not produce the width of streets where the excavated earth was dumped. Hence, the double carriage of earth was unjustified. So the pointed out recovery was required be made. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 94)

3.4.8.4.7 Executive Engineer, Public Health Engineering Division, Bahawalpur made provision of an of work "*Dismantling brick or flagged flooring*" for a quantity 78701 sft in the technically sanctioned estimate and on this quantity breaking bricks ballast 1½" to 2" gauge and relaying at labour rate was allowed @ Rs 1,644.05 and Rs 1,985.95 (Rs 3,620) respectively. Audit was of the view that the item "P/L watering and ramming brick ballast 1½" to 2" gauge" was to be paid at MRS rate of

Rs 3,575.75 per % cft and cost of old dismantled bricks was to be recovered separately from the contractor.

Violation of rules resulted in loss of Rs 870,152.

Audit pointed out this loss in October 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the rate was paid in accordance with 1st Quarter 2015 and old material was deducted from the item brick ballast. Audit contended that the cost of old bricks to be recovered was neither provided in the technical sanctioned estimate nor recovery made upto 8th running bill.

The Committee directed the department to get the complete verification of record within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest

(DP No. 198)

3.4.8.5 Overpayment due to non-deduction of old material - Rs 18.88 million

As per Para No.18 (1) 9(1) of Book of Specifications, all demolished material shall be considered the property of the government, and shall be disposed of as directed by the Engineer Incharge.

Executive Engineers, of various Public Health Engineering Divisions, measured and paid dismantling bricks or flagged flooring without concrete foundation of different works but failed to recover the cost of dismantled material received during execution of works whereas as per specification and provision of technical sanction estimate/ acceptance letter, the cost of dismantled material was required to be recovered from the contractors.

Violation of rules resulted in overpayment of Rs 18,880,816 as detailed in Annexure-K.

Audit pointed out this overpayment in July August September October and November 2016. The department replied that the works were in progress and the deduction would be made after verification from consultant and complete measurement of the work. The reply was not tenable as undue payment was made to contractors.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department explained that recovery would be made in due course of time.

The Committee directed that recovery be made and got verified from final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP Nos. 166, 172, 215, 349, 381, 388, 390, 446)

3.4.8.6 Non-recovery of general sales tax - Rs 16.24 million

As per FBR/Sales Tax and Federal Excise wing letter No. 4-2/STB/2007 (PT) dated 13.7.2007, the government departments would deduct an amount equal to 1/5th of total sales tax amount shown in sales tax invoice issued by the supplier and make payment of balance amount to him which would be deposited in National Bank of Pakistan.

3.4.8.6.1 Executive Engineers of various Public Health Engineering Divisions, awarded different works to the contractors and paid the items of work "Providing fixing electric generators, centrifugal pumps, sullage pumps, MS pipes etc. In these items, general sales tax @ 16% and 17% was included. Thus, the contractors were paid GST but while making payments to the contractors, 1/5th of GST was neither deducted nor contractors produced sales tax invoices of remaining amounts.

Violation of rules resulted in non-recovery of Rs 15,606,643 as detailed in Annexure-L.

Audit pointed out this non-recovery in April July August September and November 2016. The department replied that as and when the contractor purchases any item from the manufacturer, the manufacturer receives sales tax from the contractor as revealed from the purchase receipt issued by the manufacturer. The reply of the department was not acceptable because no record of deposit of sales tax by contractor was produced/shown in support of reply. Sales tax was paid to contractor owing to be inclusive in the rate. Hence, 1/5th of sales tax was to be recovered and for balance amount, invoices were to be verified.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the sales tax was not deductible because electric generators, pumps and pipes etc were the part of civil works and the same were not purchased separately. Audit contended that the department did not produce evidence of deposit of 1/5th amount of GST in National Bank of Pakistan, invoices of manufacturer and sales tax invoices. Moreover, the invoices of sales tax deduction and FBR receipts thereof along with sales tax registration Nos. were required to be produced by the contractors for confirmation that the sales tax was deducted and deposited into government revenue.

The Committee did not agree with the explanation of the department and directed the department to get verified the invoices of sale tax deductions along with proof of deposit into FBR from the Audit, otherwise, the recovery be effected and get verified within 3 to 15 days. During re-verification, the department did not produce the sale tax invoices as well as the proof for deposit of sales tax into FBR. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP Nos. 13, 31, 142, 184, 364, 374, 385, 416, 428, 477)

3.4.8.6.2 Executive Engineer, Public Health Engineering Division, Rawalpindi awarded a work” Augmentation/Rehabilitation of water supply scheme outlived Murree City” to a contractor in May 2014. The department procured pumping machinery i.e. vertical turbine pump KSB 2 sets along with allied machinery through contractor for Rs 4,770,824 and 20% contractor profit was not saved.

Violation of Finance Department’s instructions resulted in loss of Rs 954,164.

Audit pointed out this loss in July 2016. The department replied that the work was allotted to the contractor on the basis of T.S estimate rates through competitive bidding. Estimated rates were based on manufacturer’s quotation and no profit/overhead added in the quoted rates. No excess payment was involved in this case. The reply of the department was not tenable because machinery was to be purchased directly from manufacturer as per Finance Department’s instructions. Further, quotation and analysis of rate was not shown in support of reply.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that work was allotted to the contractor on the basis of T.S. estimated rates through competitive bidding. Estimated rates were based on manufacturer’s quotation and no profit/ overhead had been added in rates. Audit informed the Committee that quotation of M/s KSB showing the rates of machinery for Rs 1,878,721 was without any breakup and signature of any authorized officer. The date of quotation was 14.04.2014 and date of sanction of estimate by Chief Engineer PHE department (North) was 10.04.2014. Moreover, the said quotation was inclusive of 17% GST amounting to Rs 638,765 (Rs 1,878,721 x 2 x 17%) which was also recoverable.

The Committee after hearing both sides view point, settled the para up to the extent of purchase of machinery through contractor involving loss by adding 20% contractor overhead and profit. The Committee directed the Chief Engineer PHE department (North), Lahore to probe the issue to the extent of bogus quotation and recovery of GST within 30 days.

The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of GST from concerned and action against the person(s) for providing bogus quotation.

(DP No. 29)

3.4.8.7 Overpayment due to allowing inadmissible percentage - Rs 9.01 million

As per Para-V of Finance Department Notification No. RO (Tech) FD.1-2/83-VI dated 29.03.2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanction estimate as were at the time of approval of the tender, so as to pre-empt excess payment.

3.4.8.7.1 Executive Engineer, Public Health Engineering Division, Muzaffargarh made payment of final bill of the work "Urban Sewerage Scheme Daira Din Pannah Tehsil Kot Addu", to a contractor at 2.75% above the estimated cost put to tender instead of admissible percentage at 17.86% below the TS estimate quoted by the contractor.

Violation of Finance Department's instructions resulted in overpayment of Rs 4,060,286.

Audit pointed out this overpayment in May 2016. The department replied that the enhancement of the agreement was approved by the competent authority. The reply was not tenable because the department replied only regarding enhancement of the agreement but did not reply to the issue of payment made on inadmissible percentage in violation of the Finance Department instructions. The executed quantities in final bill were required to be paid @ 17.86% below the TSE instead of 2.35% above.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that agreement was enhanced by the competent authority. Audit contended that para pointed

out overpayment due to inadmissible percentage, not enhancement of work.

The Committee directed the department to get verified the record from Audit within 7 days. During re-verification, the department did not produce financial comparative statement in the absence of which verification could not be made. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends effecting recovery from the concerned.

(DP No. 90)

3.4.8.7.2 Executive Engineer, Public Health Engineering Division, Layyah awarded the work to the contractor on 22.02.2015 who quoted rates 11.48% below the estimated cost. The agreed percentage was not maintained despite the fact that 75% work had been completed.

Violation of Finance Department's instructions resulted in overpayment of Rs 3,332,173.

Audit pointed out this overpayment in October 2016. The department replied that the contractor had quoted item rates in his tender/bid. The Chief Engineer (South) awarded contract on item rates. To overcome the chances of non-execution of less rate items, a bank guarantee amounting to Rs 6,000,000 had been obtained from the contractor. At present, only 75% work was completed because some work of Pacca Sullage Carrier was under litigation and not taken in hand. Now the issue has been resolved and work would be completed in the stipulated time. Reply was not acceptable because percentage of work was not maintained.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that 75% work had been completed. Balance work of sullage carrier having low rates items was under process, which would be completed very soon. Audit informed

the Committee that original awarded premium was 11.48% below TSE and now it had become 0.3% above TSE.

The Committee directed the department to complete the work, prepare the financial/comparative statement on final bill and recover the excess amount, if any, and get it verified from Audit within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 439)

3.4.8.7.3 Executive Engineer, Public Health Engineering Division, Khushab awarded work to the contractor for Rs 15.791 million against the estimated cost of Rs 18.194 million i.e. 13.20 % below. However, in the 8th running bill of the work paid vide voucher No 131 dated 22.06.2016, it was observed that payment of Rs 15,791,334 was made to the contractor against admissible amount of Rs 14,175,248 which is 11.40% above the estimated cost instead of 13.20 % below agreed at the time of agreement/ acceptance of tender.

Violation of Finance Department's instructions resulted in overpayment of Rs 1,616,085.

Audit pointed out this overpayment in August 2016. The department replied that work had been executed in consultation with local CBO as per directions of the government of the Punjab. The representatives of local CBO desired that the requirement of PCC Slabs and Sullage Carrier be curtailed to the site requirements. The record pertaining to this issue was being thrashed out and comprehensive reply would be submitted shortly. The reply of the department was not tenable because contractor quoted his bid @ 11.40% below the estimate at the time of agreement. So, the final cost should have been on the same percentage. Department made overpayment due to imbalance rate.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the scheme was under revision as the fluctuations in quantities existed. The final comparison would be made after revision of technical sanction estimate and final bill.

The Committee directed that financial statement in this regard may be worked out from final bill and due recovery be made within one month. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 112)

Internal Control Weaknesses

3.4.8.8 Splitting and allotment of works in violation of PPRA Rules - Rs 187.15 million

As per provision of Punjab Procurement Rules 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

Executive Engineer, Public Health Engineering Division, Bhakker, launched "Comprehensive Urban Water Supply & Sewerage Scheme Darya Khan" vide TSE No 293/P&D-II dated 02.11.2012 for Rs 187.154 million. Audit observed that while tendering, the work was split into three (03) groups and allotted to different contractors. The splitting of work was done just to provide undue financial benefit to the contractors.

Violation of rules resulted in this irregularity causing allotment of work amounting to Rs 187.154 million.

Audit pointed out this irregularity in April 2016. The The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the Chief Engineer approved the splitting in three groups. Audit contended that under PPRA Rules, the splitting was not permissible.

The Committee did not agree with the explanation of the department and directed for probe by the administrative department within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization besides disciplinary action against responsible(s).

(DP No. 56)

3.4.8.9 Undue financial benefit to the contractors due to non-obtaining of performance securities - Rs 105.61 million

As per clause-7 read with item (h) memorandum of work, and Finance Department Notification RO (Tech) FD-1-2/83 (V) (P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee @ 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with cost exceeding Rs 50 million. If the performance security is not furnished within the specified period, the tender already accepted shall be considered as cancelled and the tender security will be confiscated by the Engineer In-charge.

Executive Engineers of various Public Health Engineering Divisions, awarded works to different contractors but 5% performance securities were not obtained. Thus undue financial benefit was extended to the contractors.

Violation of Finance Department's instructions resulted in undue financial benefit of Rs 105,613,723 to the contractors as detailed in Annexure-M.

Audit pointed out this undue financial benefit in March August September and October 2016. The department replied that as per PPRA rules, performance security would be obtained if needed. The procuring agency (PHE) did not feel necessary to obtain performance guarantee in this case and PPRA rules prevail on the Financial Rules. The reply of the department was not convincing. As per agreement, performance security was required to be obtained within 15 days after issuance of acceptance letter.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the performance security would be deducted from the contractor's bills.

The Committee directed the department to produce valid performance guarantees to Audit for verification within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery along with fixing responsibility for not obtaining the bank guarantees against the concerned officers.

(DP No. 109, 124, 126, 130, 164, 196, 325, 326, 391, 481)

3.4.8.10 Non-recovery of secured advance - Rs 96.91 million

According to clause 45 of the contract agreement read with para 2.98 of Building and Roads Department code, secured advance will be given to the contractor on imperishable material brought at site. The recovery of the material would be as per its consumption at site or within 3 months.

3.4.8.10.1 Executive Engineers of various Public Health Engineering Divisions, paid secured advance to the contractors on supply of "*pumping machinery*" but neither the machinery was got installed nor full recovery was made although a considerable period was elapsed.

Violation of contractual obligations resulted in non-recovery of Rs 96,299,992. (Annexure-N).

Audit pointed out this non-recovery in July August September October and November 2016. The department replied that the payments were made to the contractors for the machinery brought at site and the same was not installed/ executed due to shortage of funds and site issues. As soon as the funds were received, the amount of secured advance would be recovered from the contractors after installation of machinery. The reply of department was not tenable because as per government instructions recovery was to be made within three months.

The matter was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department explained that as and when the execution/ installation were made, the recovery would be effected. Audit contended that the department paid huge amount on account of secured advances at initial stage of the works just to utilize the funds. The installation of machinery was required to be executed at the completion of civil work. Due to allowing secured advance on machinery at initial stage of work chances of wear and tear and expiry of warranty period cannot be ruled out.

The Committee directed that full recovery be made in next bills at the earliest and get it verified from Audit.

Audit recommends investigating the matter besides effecting recovery of the amount involved.

(DP No. 7, 24, 122, 165, 174, 182, 471, 476,)

3.4.8.10.2 Executive Engineer, PHE Division, Gujrat awarded a work “Construction of water supply scheme Gujrat Group-II” to a contractor in August 2009. During execution of work the contractor was granted secured advance on supply of 1400 rft PVC pipe @ Rs 435.81 per rft amounting to Rs 610,134. Neither pipe was laid nor recovery was made as yet.

Violation of contractual obligations resulted in non-recovery of Rs 610,134.

Audit pointed out this non recovery in September 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that recovery of secured advance was made from the contractor's last bill voucher No. 111/GT dated 20.06.2016. Audit pointed out that the bill now presented by the department was tampered to show that the secured advance was recovered but it did not correspond with the record entries of the MB. Audit presented both the bills to the committee.

The Committee took the matter seriously and directed to initiate disciplinary proceeding against the person(s) at fault within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance.

(Para No. 483)

3.4.8.11 Irregular payment due to non-reduction of disproportionate rates for - Rs 57.71 million

As per Clause 47-A of the Contract Agreement, if a contractor quotes such disproportional rates in his tender which deviate from the rates provided in the Technically Sanctioned Estimate, the payment of items whose rates are lower will be made at tendered rates in full on the execution of items (s) but the payment of items whose rates are higher shall be made at the rates depicted in Technically Sanctioned Estimate on the execution of such items, the balance payment shall be withheld by the Engineer In-charge till the completion of the work of item for which low rates have been quoted".

Executive Engineers, of various Public Health Engineering Divisions, awarded the works to the contractors on item rates basis. The contractors quoted disproportionate rates of the items but payments against items carrying high rates were made at quoted / higher rates instead of the rates contained in TS estimate.

Violation of rules resulted in irregular payment for Rs 57,709,831 as detailed in Annexure-O.

Audit pointed out this irregularity in April May and October 2016. In two cases (DP No. 87 & 91), the department replied that the reply would be submitted after detailed scrutiny of the record. In one case (DP No. 187), the department stated that para was not based on fact. In two cases (DP No. 86 & 403), department replied that the work had been finalized and there was no need to withhold the amount involved in disproportionate rates. In case of DP No. 411& 412, the department replied that the amount as pointed out by Audit would be recovered in next bills. The reply being evasive was not tenable because the quoted rates were paid instead of T.S estimate.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that in three cases (DP No. 87, 91 & 187), that the enhanced items were paid as per tender rates. In case of DP No. 411& 412 the department explained that the amount would be recovered in next running bill. In two cases (DP No. 86 & 403) department explained that the work was completed and finalized.

The Committee did not agree with the explanation of the department and directed to calculate recoverable amount by preparation of the comparative statement as per Finance Department instructions dated 29.03.2005 and verification thereof within 15 days. During re-verification, the department neither produced the comparative statement nor effected the recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of imbalance/ disproportionate rates and its verification.

(DP No. 86, 87, 91, 187, 403, 411, 412)

3.4.8.12 Non-recovery on account of POL de-escalation - Rs 42.51 million

As per clause-55(1) of contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of item of work mentioned in sub clause (2) takes place after acceptance of tender and before completion of contract. The amount payable under the contract shall be adjusted to the extent of actual variation in the cost of the item concerned.

Executive Engineers of various Public Health Engineering Divisions, awarded different works to the contractors. The rates of diesel prevailing on the date of tendering decreased during execution of the works. However, the recovery of de-escalation of diesel was not made from the contractors.

Violation of contractual obligations resulted in non-recovery Rs 42,509,919 as detailed in Annexure-P.

Audit pointed out this non-recovery in July August September October and November 2016. The department replied that recovery, if due, would be made from contractor's bill. But no recovery was made.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. In 25 cases, the department explained that after calculating overall de-escalation/escalation on all items according to the guidelines given by the Finance Department, recovery, if any, would be made accordingly. In nine (09) cases, the department explained that a statement had been prepared showing the escalation and de-escalation on the last paid bills and as per this statement, the escalation was payable. In four (04) cases, the department admitted the recovery and promised to effect in the next running bill.

The Committee directed the department to prepare the statement of de-escalation/ escalation on the basis of final bill and produce the record for verification to Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery from the contractors.

(DP No. 4, 5, 14, 15, 18, 26, 27, 38, 39, 46, 47, 49, 66, 70, 82, 96, 103, 206, 212, 248, 251, 254, 257, 265, 267, 275, 280, 290, 297, 298, 318, 319, 320, 338, 339, 430, 441, 442)

3.4.8.13 Irregular payment of price variation - Rs 40.70 million

As per Finance Department, Government of the Punjab Notification No RO (TECH)/F.D. 1-2/83-VI (P) dated 18.05.2007, price variation should be met out of contingencies of approved scheme / technical sanctioned estimate. In case of excess over and above contingent provision, revised technical sanction and enhancement of agreement should be obtained from competent authority before releasing the payment of price variation to the contractor. Furthermore, according to clause 55(9) of contract agreement, if under the existing codal rules, secured advance is paid on all or any of the imperishable items mentioned in clause 52(2), no price variation shall be admissible on such item(s) in respect of the quantity or quantities for which secured advance has been paid to the contractor.

3.4.8.13.1 Executive Engineer, Public Health Engineering Division, Layyah, awarded various works to different contractors and paid price variation of Rs 50,773,166 against the amount of Rs 11,001,760 as provided/approved in technical sanction /revised technical sanction estimates. The department paid excess price variation without approval of the competent authority and extension in time for completion of works. Audit observed that the department irregularly utilized funds towards payment of price variation just to provide undue financial benefit to the contractors whereas the scope of technical sanction estimate/revised

technical sanction estimate was still incomplete despite lapse of period of more than five years since the allotment of works.

Violation of Finance Department's instruction resulted in irregular payment of Rs 39,771,356.

Audit pointed out this lapse in March 2016. The department replied that the Secretary HUD & PHE Department initiated an inquiry against the officers/official vide No. SOII (PHE)5-21/2014 Dated 03.03.2015. The Director General GDA, Gujranwala was inquiring the matter. The reply was not accepted because period of more than one year was elapsed but inquiry was not finalized in violation of clause 6 & 7 of PEEDA Act 2006, which requires that the inquiry officer shall submit his report to the competent authority within sixty days of the initiation of inquiry.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the irregularity had already been pointed out and Secretary HUD & PHE department had initiated an inquiry against officers and officials. The Director General GDA Gujranwala had finalized the enquiry & penalized the officers and officials concerned. Now the Secretary HUD & PHE department had fixed the case for personal hearing and final decision.

The Committee directed the department to produce the inquiry report to Audit through administrative department within 07 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends disciplinary action against the responsible besides early recovery of amount.

(DP No. 75)

3.4.8.13.2 Executive Engineer Public Health Engineering Division Muzaffargarh awarded the work "Urban Water Supply Scheme Muzaffargarh Zone-2 (Group-2)" on 27.03.2009 at a contract cost of 395

Rs 93.398 million. Secured advance was allowed to contractor in May 2009 and June 2011. It was observed that price variation was allowed to contractor in the 9th running bill paid in June 2011 against the items on which secured advance was given to him.

Violation of contractual obligations resulted in undue benefit to the contractor of Rs 930,114.

Audit pointed out this undue financial benefit in September 2016. The department replied that reply would be submitted after scrutiny of record. Department gave an interim reply which was not acceptable.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that price variation was sanctioned by the competent authority.

The Committee did not agree with the explanation of the department and directed to effect the recovery within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 454)

3.4.8.14 Non-obtaining of additional performance securities - Rs 39.69 million

As per general direction No.26 (A) of the agreement read with Finance Department's letter No.RD(Tech)FD-1-2/83/VI(P) dated 24.01.2006, if contractor quotes his rates below 5% or more than estimated rates, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance letter.

Executive Engineers, of various Public Health Engineering Divisions, issued acceptance letters to the contractors against different

works at rates more than 5% below the estimated rates but did not obtain additional performance securities.

Violation of Finance Department's instruction resulted in irregularity of Rs 39,692,632 as detailed in (Annexure-Q).

Audit pointed out this lapse in July and October 2016. In three (03) cases (DP No. 204, 444, 448), the department stated that additional performance securities were received and in two cases (DP No. 264, 277), the department neither submitted working papers nor attended the SDAC meeting.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. In case of DP No. 204 and 448, the Committee directed the department to get the complete record verified within 7 days. In case of DP No. 444, the Committee directed to refer the case to Finance Department. In case of DP. No. 264 and 277 the department neither submitted working papers nor attended the SDAC meeting.

The Committee took the matter seriously and directed to initiate disciplinary action against the person(s) at fault. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early obtaining of additional performance securities from the contractors besides condonation of irregularity from the Finance Department.

(DP Nos. 204, 264, 277, 444, 448)

3.4.8.15 Non-recovery of mobilization advance - Rs 37.07 million

According to Finance Department's Notification No. R.O (Tech) F.D 18-44/2006, dated 07.12.2007, the mobilization advance would be given @ 10% to the contractor whose tendered amount in the acceptance letter exceeds 10 million. Further, 5% of tendered amount would be paid to the contractor on a certificate issued by Engineer In-charge that the mobilization by the contractor is complete in all respects.

3.4.8.15.1 Executive Engineer, Public Health Engineering Division, Narowal paid mobilization advance of Rs 27,923,586 to the contractor but the recovery thereof had not so far been started although the completion period of work had already been expired.

Violation of Finance Department's instruction resulted in non-recovery of Rs 27,923,586.

Audit pointed out this non-recovery in August 2016. The department replied that recovery of mobilization advance would be made from next bill as it would be due on work done. The reply of the department was not correct as the department failed to recover the mobilization advance as per agreement which needs recovery along with interest for delayed period.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department explained that due recovery would be made in the next running bill.

The Committee directed to conduct probe regarding non-recovery of mobilization advance by Chief Engineer (North) and submit report within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and justification for delay in recovery.

(DP No. 163)

3.4.8.15.2 Executive Engineer, Public Health Engineering Division, Gujrat awarded a work "Construction of water supply scheme Gujrat G-III" to a contractor in June 2009. The department paid mobilization advance of Rs 9,151,944 to the contractor but did not recover the mobilization advance despite the fact that more than 60 % of stipulated period was expired.

Violation of Finance Department's instruction resulted in non-recovery of Rs 9,151,944.

Audit pointed out this non-recovery in September 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that mobilization advance was being deducted @ 25% of each running bill and up till now Rs 14.2 million had been recovered.

The Committee directed to make full recovery of mobilization advance. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 44)

3.4.8.16 Non-recovery of liquidated damages - Rs 20.08 million

As per Clause 39 of the agreement, if the contractor fails to complete his work within stipulated period, he will be liable to pay as compensation 1% to 10% of estimated cost.

3.4.8.16.1 Executive Engineer, Public Health Engineering Division, Chiniot awarded a work "Extension/ Rehabilitation of Sewerage Scheme Chiniot City" to a contractor on 31.01.2013. The work was to be completed within 24 months. Neither the contractor completed his work nor department implemented the contract clause to make recovery of liquidated damages.

Violation of contractual obligations resulted in non-recovery of Rs 18,498,200.

Audit pointed out this non-recovery in October 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. No record was produced by the department during the verification.

The Committee directed the department to produce the record within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 434)

3.4.8.16.2 Executive Engineer Public Health Engineering Division, Narowal wrote various letters to contractor for the slow pace of work up to 30.06.2016 but the work was incomplete which showed negligence on the part of the contractor. In the light of this situation, no action was taken against the contractor. Therefore, penalty as per terms and conditions of agreement was required to be imposed on the contractor.

Violation of contractual obligations resulted in non-recovery of Rs 1,582,000.

Audit pointed out this non-recovery in August 2016. The department replied that correspondence made on slow progress was to push the contractor. Full funds were utilized as provided by the government. Penalty on delay was not applicable. The reply was not tenable as funds amounting to Rs 15 million were surrendered due to non utilization.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department did not produce the time extension.

The Committee directed that the action be initiated as per rule against the contractor due to non completion of work. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery/justification.

(DP No. 468)

3.4.8.17 Overpayment due to arithmetical error/ wrong measurement - Rs 14.71 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part.

Executive Engineers of various Public Health Engineering Divisions, made arithmetical mistake during calculation of quantities of various items i.e. "*P/L bajri under and around sewer pipes, size of bricks, supply and filling sand under bed of sewer etc*". In this way, excess quantities of different items were measured and paid to the contractors.

Violation of rules resulted in overpayment of Rs 14,709,009 as detailed in Annexure-R.

Audit pointed out this overpayment in July August September October and November 2016. The department replied that arithmetical error/ wrong measurement / calculation omission was admitted, which would be rectified in next bills. Recovery will be made and got verified.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department replied that rectification would be made in next bills.

The Committee directed that recovery be made and got verified or rectification in the next bills.

Audit recommends early recovery.

(DP Nos. 169, 175, 178, 186, 194, 202, 208, 237, 268, 346, 392, 394, 399)

**3.4.8.18 Non-credit of lapsed deposit to revenue head of account
- Rs 14.18 million**

As per rule 12.7 of Punjab Financial Rules volume-I, all balances unclaimed for more than 3 complete accounting years should be credited to the revenue head of account at the close of financial year by means of transfer entries or adjustment.

3.4.8.18.1 Executive Engineer Public Health Engineering Division, Hafizabad did not credit security deposits amounting to Rs 16,876,902 which were lying unclaimed since long in violation of rule ibid.

Violation of rules resulted in non- credit of Rs 16,876,902 in government revenue.

Audit pointed out this non-credit of lapsed deposit in October 2016. The department replied that the unclaimed security deposits of contractors would be credited to government revenue. No progress was reported.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department produced a list amounting to Rs 177,247 out of 16.876 million and stated that this amount would be deposited at the earliest. Audit argued that except security deposit of ongoing schemes, balance unclaimed deposit was required to be deposited and got verified.

The Committee pended the para with direction to get verified the record within 3 days. As a result of re-verification, the department produced transfer entry and monthly account for deposit of Rs 177,247 which was verified. Further, the department produced a statement where amount of two schemes at Sr. No. 25 & 26 was being eliminated from the amount of para because those were ongoing schemes. The amount of para was reduced to Rs 8,019,147. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early credit of lapsed deposits.

(DP No. 334)

3.4.8.18.2 Executive Engineer Public Health Engineering Division D.G. Khan placed a huge amount under part-II and V on account of securities and testing charges of different schemes and did not credit the same to revenue head of account despite the lapse of more than three years.

Violation of rules resulted in non- credit of Rs 6,163,008.

Audit pointed out this lapse in October 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department neither submitted working paper of the para nor attended the SDAC meeting.

The Committee took the matter seriously and directed to initiate disciplinary proceeding against the person(s) at fault. The compliance of the Committee's directive was not reported till finalization of the report.

Audit advises early credit of lapsed deposit to revenue head of account and early finalization of disciplinary proceedings against the person(s) at fault.

(DP No. 263)

3.4.8.19 Overpayment due to application of incorrect rate of RCC without shuttering - Rs 9.26 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part.

Executive Engineers of various Public Health Engineering Divisions, paid the item of work "RCC 1:2:4" with the rate of both

horizontal and vertical shuttering instead of only vertical shuttering because the horizontal shuttering was not involved in the execution of RCC works.

Violation of rules resulted in overpayment of Rs 9,265,955 as detailed in Annexure-S.

Audit pointed out this overpayment in April August September and October 2016. The department explained that the correct rate of R.C.C slab in 1:2:4 was applied. The reply was not to the point because in the base slab horizontal shuttering was not involved, therefore the rate of item No. 6(a) (ii) of chapter-6 for raft strip foundation was required to be paid.

The matter was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department explained that the matter would be examined and due recovery, if any, would be effected.

The Committee directed to effect the recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 179, 262, 292, 295, 387)

3.4.8.20 Overpayment due to non-use of available earth - Rs 5.27 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part.

3.4.8.20.1 Executive Engineer, Public Health Engineering Division, Nankana Sahib did not deduct earth excavated from drains, sullage carrier and manhole from the quantity of item of earthwork excavation undressed lead upto a single throw of kassi, lead one mile used in streets under the PCC which was paid to the contractor.

Violation of rules resulted in overpayment of Rs 2,522,286.

Audit pointed out this overpayment in October 2016. The department replied that Audit apprehension for deduction of earth excavated from drain, sullage carrier and manhole was not correct. Sullage carrier was constructed on the existing katcha nullah which was flowing for many years and its earth was slush/garbage, which could not be used in filling in the streets and it is highly smelly earth and is disposed off away from village. The reply of the department was not tenable as the extra earth available after re-filing of trench was required to be deducted from the earth work. Further, department made payment for excavation for ordinary soil, therefore, the same was required to be deducted from the earth work. No documentary evidence was produced in support of reply.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the excavated quantity of drain was deducted for 20220 cft and the excavated earth of sullage carrier was not useable hence being smelly and unsuitable for utilization. Audit contended that the record entries in respect of the quantity of excavated earth of sewerage and its deduction was not made, however, the deduction of excavated quantity 20220 cft for Rs 120,810 was verified from the record and the amount of para was reduced from Rs 2,522,286 to Rs 2,401,476.

The Committee directed the department to get the verification of complete record within three days. During re-verification, the department did not produce the record. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and verification of record.

(DP No. 393)

3.4.8.20.2 Executive Engineer Public Health Engineering Division, Khanewal got executed the item of work "*Providing/ laying GRP pipe line working pressure complete jointing and disinfecting laid in tranches 18"*

dia” 1934 rft but made payment to contractor for AC pipe 18" dia. Composite rate of GRP pipe was Rs 1790.95 per rft but payment was made to contractor for AC pipe @ Rs 2741.70. In this way, excess rate of Rs 950.75 was paid to the contractor.

Violation of rules resulted in overpayment of Rs 1,838,751.

Audit pointed out this overpayment in July 2016. The department replied that the provision of providing laying GRP/ AC pipe 18" dia @ Rs 2676.40 per rft supported with rate analysis existed in T.S estimate which was the basis of payment to the contractor against work done with option of available type of material/pipe in the market. As the factory for manufacturing of A.C pipe stopped working, so no A.C pipe was available in market and GRP was utilized at site. The department in its reply has admitted that GRP pipe was utilized in the execution of work at site. Therefore, rate of GRP pipe Rs 1,790.95 was to be paid instead of AC pipe Rs 2,741.70.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that analysis of rate prepared as per template issued by the Finance Department. AC pipe was not available in market and GRP pipe was utilized at site. Audit contended that the rate should be reduced accordingly.

The Committee directed to effect the recovery within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 219)

3.4.8.20.3 Executive Engineer Public Health Engineering Division, Bhakkar measured and paid an item of work “*filling watering earth under floors in streets with 2 miles*” for quantity of 44233 cft in sub head PCC and 40972 cft in Sub head PCC slab @ Rs 6,976.27 % cft. The item of work was required to be paid @ Rs 1,909 % cft with surplus earth under

floors as the earth obtained through excavation of manholes was available for quantity i.e. 113682 cft and 23616 cft respectively.

Violation of rules resulted in overpayment of Rs 431,756.

Audit pointed out this overpayment in April 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the excavated earth was utilized on berms/ shoulders. Audit contended that the excavated earth was required to be deducted from the quantity of earth filling and there was no utilization of surplus earth on record.

The Committee did not agree with the explanation of the department and directed to effect the total recovery and verification thereof within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 67)

3.4.8.20.4 Executive Engineer Public Health Engineering Division, Bhakkar, measured and paid an item of work "*filling watering earth under floors in streets with 2 miles*" for quantity of 82531cft @ Rs 6,982.95 ‰ cft. The item of work was required to be paid @ Rs 1,910.91 ‰ cft with surplus earth under floors as the earth obtained through excavation of manholes was available for quantity of 158060 cft, 29213 cft and 3540 cft.

Violation of rules resulted in overpayment of Rs 418,600.

Audit pointed out this overpayment in April 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that the excavated earth was utilized on berms/ shoulders. Audit contended that the excavated earth was required to be deducted from the quantity of earth filling and there was no utilization of surplus earth on record.

The Committee did not agree with the explanation of the department and directed to effect the total recovery and get verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against responsible(s).

(DP No. 62)

3.4.8.20.5 Executive Engineer, Public Health Engineering Division, Sialkot measured and paid the item "*Supplying and Filling sand under floor or plugging in wells*" for 19084 cft @ Rs 1297.48 per % cft. As per design criteria of PHED and revised TSE, the item was required to be paid under 9" dia and 12" dia and actual quantity of 5347.82 cft was required to be paid instead of 19084 cft.

Violation of rules resulted in overpayment of Rs 178,224.

Audit pointed out this overpayment in August 2016. The department replied that the item in question supplying and filling sand was actually provided over side of pipe for safety purpose and not under floor/bed of pipe. The measurements had been recorded in MB according to execution of item. The reply of the department was not correct. The excess quantity of sand than provided in the revised estimate was required to be recovered.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department explained that the provision for road cut had been made in technical sanction estimate and under road

cut the same sand filling had been made in MB No. 9509 at page 68 which was within the estimated quantity.

The Committee directed to get record entry in MB verified to verify the road cut. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 191)

3.4.8.21 Unauthorized payment of Rs 4.59 million and non-recovery on account of cost of old material - Rs 408,712

As per Terms & Conditions of the estimate sanctioned by the Chief Engineer vide No. 177-E/732 dated 04.05.2015, external electrification work will be got done through WAPDA against demand notice. Further, as per para 2.7, 2.8 and 2.86 of B&R code, items which are not covered in the estimate/ DNIT and acceptance letter are not to be paid to the contractor. Moreover, as per specification No. 18.1 of Book of Specifications of B&R Department, dismantled material is the property of the government. It should either be reused or cost thereof recovered from the contractor.

Executive Engineer, Public Health Engineering Division, D.G. Khan got executed nine (9) items of electrification under the subhead "Repair of electric Transformers of 600 & 400 KVA" and made payment to contractor for Rs 4,589,550 whereas these items were not sanctioned in the estimate and rate analysis thereof was not on record. Moreover, electrical installations were got repaired from non-electrical license holder contractor without NOC from MEPCO and without approval of the electric diagram of the external/ internal electrification. It was further noticed that rate analysis of these items were not prepared and got approved from the competent authority. Furthermore, legs of 400 KVA, 100 KVA and 50 KVA transformers were replaced and paid to the tune of Rs 2,724,750 but old material was neither accounted for nor its cost

recovered from the contractor. At least 15% of the paid amount was required to be recovered on account of cost of old material.

Violation of rules resulted in unauthorized payment of Rs 4,589,550 and non-recovery of Rs 408,712 on account of cost of old material.

Audit pointed out this unauthorized payment in October 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department neither submitted working paper of the para nor attended the SDAC meeting.

The Committee took the matter seriously and directed to initiate disciplinary proceeding against the person(s) at fault. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of disciplinary proceedings.

(DP No. 271)

3.4.8.22 Overpayment due to drawl of excess pay - Rs 3.25 million

As per rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part or his subordinate's part.

3.4.8.22.1 Executive Engineer, Public Health Engineering Division, Chiniot made payment of salary to Mr. Bashir Ahmed SDO who was working in OPS in BPS-17 instead of at admissible pay scale of BPS-11. The observation was being pointed out on tentative basis because department was not maintaining personal files of Executive Engineer/SDO's. The department did not show the promotion order and posting order on current charge basis or OPS basis and LPC of said SDO.

The case may be probed by competent authority i.e. Secretary HUD&PHE or Chief Engineer (North) or Superintending Engineer in detail because similar cases were also observed in PHE Division, Gujranwala and Hafizabad.

Violation of rules resulted in overpayment of Rs 2,400,000.

Audit pointed out this overpayment in October 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that Mr. Bashir Ahmed was promoted as SDO in BPS-17 on 13.07.2009 on current charge basis for one year. After expiry of one year, he was transferred to Chiniot as SDO PHE in his own pay scale till further order. The incumbent was drawing salary in BPS-17 till August 2015. His pay was got re-fixed in BPS-11, his actual pay scale. The DAO calculated amount over drawn Rs 721,414 and recovered 200,000 in August 2016. The balance amount would be recovered @ Rs 9,838 per month in 53 installments.

The Committee did not agree with the department and directed to probe the matter and kept the para pending till full recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends actual recovery from concerned besides probe.

(DP No. 432)

3.4.8.22.2 In Public Health Engineering Division, Gujranwala, Mr. Irfan Rauf, Sub-Divisional Officer (OPS) was drawing his pay in BPS-17 as regular Sub-Divisional Officer w.e.f 01.03.2014 instead of his admissible scale BPS-11 because his transfer order showed that he was posted as Sub-Divisional Officer in his own pay scale (OPS) vide order No. SO (E-II) 7-5/2013 PT-I dated 25.09.2013. Amount of overpayment worked out was on approximate basis because personal file, LPC and salary slips of officer concerned was not available in division.

Violation of rules resulted in overpayment of Rs 850,000.

Audit pointed out this overpayment in September 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that Mr. Irfan Rauf was posted as SDO (OPS) drawing the salary of BPS-17. Audit contended that the salary was required to be fixed w.e.f 25.09.2013 to date in own pay scale (OPS) BPS-11 instead of BPS-17. Furthermore, the current charge of the post of SDO was granted to the Sub Engineer for one year w.e.f. April 2005 to March 2006 and the extension of current charge was not obtained after March 2006. Thus, the period of current charge was irregular w.e.f April 2006 to 24.08.2013 which also needs to be regularized from the competent authority.

The Committee did not agree with the explanation of the department and directed that the matter may be taken up with the District Accounts Officer Gujranwala and District Account Officer Sheikhpura for stoppage of salary and to get the revised pay slip in BPS-11 along with the recovery of over drawl of salary within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends that matter may be probed in detail and full recovery of undue payment be made from concerned.

(DP No. 138)

3.4.8.23 Overpayment due to excess transportation of surplus earth - Rs 2.83 million

As per rule 7.17 of DFR, all the payments for work are based on the quantities recorded in the measurement book and it is incumbent upon the person taking the measurement to record the quantities clearly and accurately.

3.4.8.23.1 Executive Engineer, Public Health Engineering Division, Khanewal, made payment of an item of work “*Earth work excavation in open cutting for sewer and manholes with & without timbering and shuttering*” 2765761cft. The quantity of 2212609 cft i.e 80% of the available earth from excavation, was to be re-handled. It was further observed that re-handling of earthwork lead up to a single throw of Kassi and transportation of earth for back filling lead up to ¼ Mile was measured and paid for 1359417 cft and 363092 cft respectively (total 1722509cft). The quantity of 490100cft (2212609-1722509) was available for transportation of earth up to 3-miles but the quantity of 1038148 cft was paid as transportation of earth up to 3-miles.

Violation of rules resulted in overpayment of Rs 1,826,660.

Audit pointed out this overpayment in July 2016. The department replied that total transportation upto 7th Running bill was 1157841 cft but paid for 1038148 cft, and the balance quantity of 119693 cft was yet to be paid. No excess quantity and payment was involved. Reply was not tenable because quantity of 1038148 cft had been paid as transportation of earth up to 3-miles against the admissible quantity of 490100 cft.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that sewer line was laid along main dual carriage way for which road was dismantled and dismantled material was transported due to site constraint. The same would be got regularized in revised TS. Audit contended that quantity of 1038148 cft was paid as transportation of earth upto 3 miles against admissible quantity of 490100 cft. Excess provision of this item in the revised T.S estimate would be unjustified and undue financial benefit to contractor.

The Committee kept the para pending till revised TS. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 211)

3.4.8.23.2 Executive Engineer, Public Health Engineering Division, Layyah measured and paid an item of work “*Earth work excavation in open cutting for sewer and manholes upto 15 feet*” for 997601 cft. Against excavated quantity 799692 cft was used for back filling in trenches leaving balance of 197909 cft available for disposal. But department paid disposal of surplus earth for 594480 cft @ Rs 2529.90 per ‰ cft instead of 197909 cft actually available at site. Audit observed that excess transportation of 396571 cft earth was paid to the contractor without any justification.

Violation of rules resulted in overpayment of Rs 1,003,285.

Audit pointed out this overpayment in March 2016. The department replied that recovery of Rs 909,754 was effected vide transfer entry No. 01 of July 2015. The reply was not accepted because department did not produce the record in support of reply.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained to the Committee that recovery amounting to Rs 909,754 had been made vide transfer entry No.01 and accounted for in monthly account of July 2015. Audit informed the Committee that this recovery relates to another printed para No.3.4.36.1 amounting to Rs 1,613,366 for the year 2012-13. False statement had been given by the Executive Engineer in this regard.

The Committee directed the department to effect and verify the full recovery of para within 03 days. Committee also directed the Executive Engineer Public Health Engineering Division Layyah to probe the issue regarding false statement of recovery and if it is proved, a strict action may be taken against officers/officials concerned. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against the responsible.

(DP No. 79)

3.4.8.24 Overpayment due to allowing payment of carriage by the longer route - Rs 2.27 million

As per Specification No.16.5 (specifications for execution of works 1967 Volume-I Part-II), carriage/distance shall be measured by the nearest practicable route.

Executive Engineer, Public Health Engineering Division, Layyah got approved non-schedule rate of the item of work "P/L tuff tiles 60 mm thick 7000 PSI". @ Rs 97 per sft. In the rate analysis, department calculated carriage charges from factory (Taxila) to site of work as 510 kilometers without mentioning any route. Audit observed that distance of 510 kilometers taken for carriage of tuff tiles was on higher side and shortest route from Taxila to site of work came to 454 kilometers.

Violation of rules resulted in overpayment of Rs 2,272,786.

Audit pointed out this overpayment in March 2016. The department replied that in DP. No. 489 for the year 2013-14, discussed in SDAC meeting held on 24.12.2014, the Committee directed the department to effect actual recovery within 30 days after reconciliation with the Audit. The correct rate was calculated as Rs 93.5 per sft instead of 97per sft and department was ready to effect recovery of difference of rate i.e. Rs 4 per sft. The reply was not accepted because in DP.489, Audit had objected inclusion of incorrect labour charges and contractor profit. Whereas, in present case, Audit had objected incorrect/long distance of 510 kilometer applied for carriage of tuff tiles, for which department had offered no reply. It was further added that in rate analysis, lump sum distance of 510 km was applied without lead chart. As per updated rate analysis prepared by Audit, correct rate was worked out to Rs 91 per sft instead of Rs 97 per sft.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that recovery of Rs 2.273 million would be made in next running bill of contractor. Audit pointed out that recovery up to final bill was required in this case.

The Committee directed the department to issue corrigendum of excess rate and effect recovery in 30 days and get it verified from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against the responsible(s).

(DP No. 76)

3.4.8.25 Loss to government due to allowing excess rate - Rs 2.16 million

As per Rule 7.29 of DFR Vol-I, before signing the bill, the Sub-Divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all rates are correctly entered and all calculations have been checked arithmetically.

Executive Engineer, Public Health Engineering Division, Multan made payment of an item of work "*Earth work excavation in open cutting for sewer and manholes including shuttering and timbering dressed 7' to 15' depth*" @ Rs 5,623.25 per ‰ cft against the agreement rate of 3,719.13 per ‰ cft. In this way, excess rate of Rs 1,904.12 was paid to contractor.

Violation of rules resulted in loss of Rs 2,155,410.

Audit pointed out this loss in September 2016. The department replied that the rate of item of work "Earth work excavation in open cutting for sewer and manhole including timbering and shuttering from 7' to 15' depth was Rs 5,962.25 per ‰ cft as per MRS of 1st Bi-annual, 2014 but it was wrongly provided in the T.S. Estimate as Rs 3719.13 per ‰ cft but the payment was made @Rs 5,623.25 ‰ cft without timbering & shuttering. The department admitted the mistake.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department explained that payment of this item was made as per rates described in relevant MRS 1st bi-annual 2014

for district Multan. Correct rate had been provided in revised TSE which was under process. Audit informed the Committee that payment of this item was made @ Rs 5,623.25 per % cft instead of admissible rate of Rs 3,719.13 per % cft which was provided in original TSE and agreement.

The Committee directed the department to recover/ withhold the excess payment within 30 days and get it verified from Audit. Withheld amount would be released after sanction of revised technical sanctioned estimate. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends investigating the matter to fix responsibility.

(DP No. 238)

3.4.8.26 Overpayment due to unauthorized lead - Rs 1.40 million

According to Appendix-5 of PFR Vol-II, Sr. No. 4 terms of contract once entered into should not be materially changed. Moreover, as per PAC directive, lead once approved cannot be changed.

Executive Engineer, Public Health Engineering Division, D.G. Khan got executed the item of work "*Earth work embankment*" under sub head "Flood Protection Bund" and paid with the lead of 3 miles whereas lead was not provided in the estimate, acceptance, DNIT and comparative statement.

Violation of rules resulted in overpayment of Rs 1,403,976.

Audit pointed out this overpayment in October 2016. The department did not reply.

The para was discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The department neither submitted working paper of the para nor attended the SDAC meeting.

The Committee took the matter seriously and directed to initiate disciplinary proceeding against the person(s) at fault. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery and finalization of disciplinary proceedings at the earliest.

(DP No. 269)

3.4.8.27 Unauthentic payment - Rs 1.15 million

As per provision in the TSE, earthwork was not provided in sub head PCC Pavement where dismantling of soling was involved.

Executive Engineer, Public Health Engineering Division, Narowal measured the item "*earth filling watering ramming*" for a quantity of 227489 cft at page-193 to 197 of MB # 7793 and accordingly carried forward at page-158 of MB # 7824 in sub head PCC. It was observed that the item "*Dismantling of brick or flagged flooring, cement concrete brick ballast and PCC 1:2:4*" were measured at page-138 to 148 of MB # 7824 on 16.11.2015 in a sequence and paid in 9th running bill. Whereas, the earthwork was measured in other MB after 21.11.2015 as shown at page - 192 of MB # 7793. As per TSE, the earthwork was not required where dismantling was involved and earthwork after measurement of cement concrete brick ballast was unauthentic.

Violation of contractual obligations resulted in unauthentic payment of Rs 1,155,432.

Audit pointed out this unauthentic payment in August 2016. The department replied that the earth work was required at site but date of entry was wrongly recorded inadvertently. The reply was not tenable because earthwork was not provided in the TSE in sub head PCC pavement. The items dismantling, cement concrete brick ballast and PCC 1:2:4 were measured simultaneously in one MB on the same date but earthwork was measured in another MB after the date of record entry.

The para was also discussed in SDAC meeting held during 05.12.2016 to 08.12.2016. The Department explained that the earth filling was provided in technical sanction estimate. The earth was measured at

page 194-198 of MB # 7793 without any date which was carried forward at page 158 of MB No. 7824 in the abstract of 9th running bill entered on 16.11.2015.

The Committee kept the para pending till verification. During re-verification, it was observed that the items dismantling, dry rammed brick ballast 1:7:20 and PCC 1:2:4 had been executed at page 139 to 149 of MB No. 7824 and entered on 16.11.2015. Further, the earth work 227489cft was measured at page 194 to 197 of MB No. 7793, after previous record entry on this MB at page 192 on 21.11.2015. It means earth filling executed/ recorded after 21.11.2015 whereas items as mentioned above had already been completed before 16.11.2015. Hence, earth filling was unjustified and recovery was required to be effected. No further progress was reported till finalization of the report.

Audit recommends early recovery.

(DP No. 167)

CHAPTER - 4

IRRIGATION DEPARTMENT

4.1 Introduction of department

Punjab Irrigation Department was established in 1854. The Irrigation System in Punjab is divided into 11 field zones. Each field zone is controlled by a Chief Engineer with the assistance of Superintending Engineers, Executive Engineers and Sub-Divisional Officers etc. Office of the Divisional Engineer is the basic accounting unit assisted by a Divisional Accounts Officer. Irrigation Department has 151 formations out of which 51 were audited. The main functions of the department include:

1. Planning, prioritization and implementation of rehabilitation schemes of canals, barrages and headworks and also water courses
2. Operation and upkeep of irrigation system of the province
3. Optimization of the use of water resources in the province by equitable distribution of irrigation water supplied through canal outlets
4. Assessment of water rates based on actual field inspections by revenue staff of the department
5. Implementation of the development programme portfolio and foreign aided projects

4.2 Comments on Budget and Accounts (Variance Analysis)

The budget of Irrigation Department comprises development and non-development allocations. The non-development budget is allocated under grant No. PC-21009 and PC-21010 which caters for salaries and repair and maintenance works. The development budget is allocated under grant No PC-12037 which is the main grant for civil works. Funds for development schemes in Irrigation are also allocated under grant No. PC-22036.

Irrigation Department

(Rs in million)

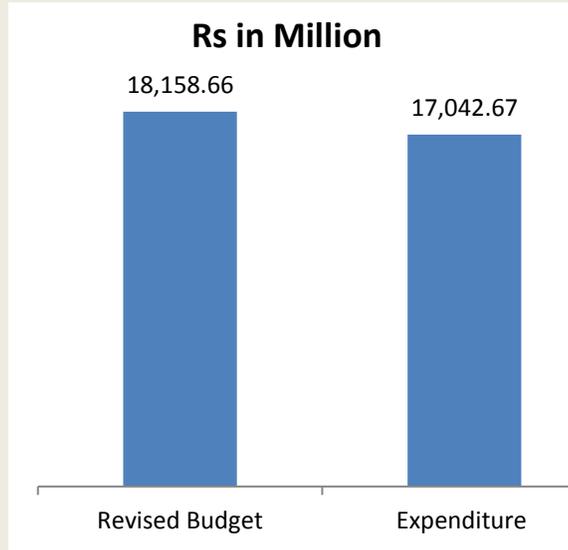
Grant No & Nature	Original Budget	Supplementary, Re-appropriation (+/-) & Surrender	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants						
PC-21009	15,467.65	2,691.01	18,158.66	17,042.68	(1,115.99)	(6.15)
PC 21010	287.40	(23.49)	263.92	253.99	(9.93)	(3.76)
Sub Total	15,755.05	2,667.53	18,422.58	17,296.66	(1,125.92)	(6.11)
Development Grants						
PC-22036	211.00	52.36	263.36	124.28	(139.07)	(52.81)
PC-12037	35,159.00	(1,198.63)	33,960.37	20,305.89	(13,654.48)	(40.21)
Sub Total	35,370.00	(1,146.27)	34,223.73	20,430.18	(13,793.55)	(40.30)
Grand Total	51,125.05	1,521.25	52,646.30	37,726.84	(14,919.47)	(28.34)

Source: SAP R/3 (CODE: YPIFMISPN)

Non-Development Grant

Grant No PC-21009

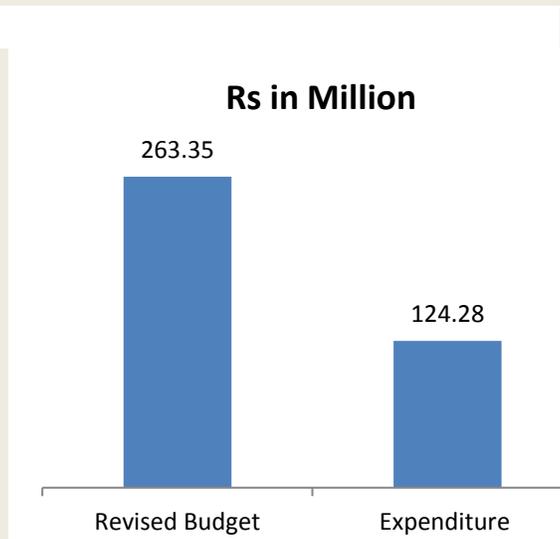
Under this grant expenditure of Rs 17,042.67 million was incurred against the revised budget of Rs 18,158.66 million. Thus, there was saving of Rs 1,115.99 million which was 6.15% of the revised budget.



Development Grant

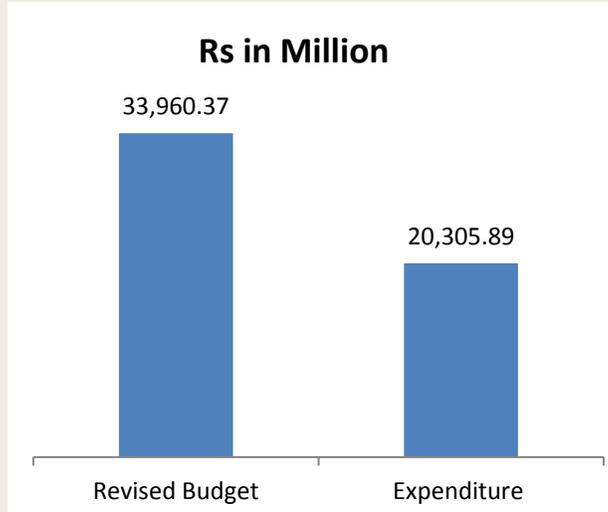
Grant No PC-22036

Under development grant PC-22036, only Rs 124.28 million could be spent against the revised budget of Rs 263.355 million. Thus, there was a saving of Rs 139.07 million which was 52.81% of the revised budget.



Grant No PC-12037

Under the development grant PC-12037, the expenditure incurred was Rs 20,305.89 million against the revised budget of Rs 33,960.37 million. Thus, there was a saving of Rs 13,654.48 million (40.21%).



According to Chapter 14 of Punjab Budget Manual, the spending department is required to surrender the grants/appropriations or portion thereof to the Finance Department whenever the savings are anticipated. However, the Irrigation Department did not surrender savings of Rs 14,919.47 million.

Savings in development grants depict inefficient project management and their non-surrender is tantamount to blockage of funds which could have been utilized by other departments in the best public interest.

4.3 Brief comments on the status of compliance with PAC directives

Status of compliance with PAC directives over the years is tabulated as under:

Sr. No.	Audit Report Year	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance
Irrigation					
1	1956-57 to 1999-2000	1490	1	1489	0.06
2	2000-01	62	15	47	24.19
3	2001-02	41	-	41	-
4	2003-04	17	01	16	5.90
5	2005-06	32	-	32	-
6	2006-07	22	-	22	-
7	2009-10	100	31	69	31.00
8	2010-11	98	34	64	34.70
9	2011-12	91	15	76	16.50
Total		1953	97	1856	4.97

Source: PAC Digest and PAC Compliance Cell data base

According to Punjab Budget Manual's para 16(25-26), the Finance Department is responsible to watch compliance of PAC directives and actionable points. However, an effective monitoring mechanism to watch compliance of PAC directives on regular basis is not in place either in Finance or in the Administrative Departments.

Principal Accounting Officers was reminded time and again regarding non-compliance of PAC directives but no positive response was received. PAC was also requested by Audit to intervene and take initiatives to institutionalize a review mechanism for prompt and effective compliance of PAC directives. Audit through Compliance Cell is pursuing actively with the Principal Accounting Officers to expedite the compliance of PAC directives.

4.4 AUDIT PARAS

Irregularity & non compliance

4.4.1 Unauthentic payment due to non-execution of all items of work - Rs 267.51 million

As per Para 4.5(4) & 4.5(5) of Building & Road Department Code, the work should have been done according to prescribed specification & every officer making or ordering payment should inspect personally all the most important work before authorizing final payment and should check the measurement made by his sub-ordinates as per scale laid by the Chief Engineer.

Executive Engineer, Dallas Canal Division, R.Y Khan only got executed 11 items against 158 items put to tender. Total outlay/ contract cost was utilized on the execution of 11 items without execution of remaining 147 items put to tender, leading to unhealthy competition.

Violation of rules resulted in unauthentic payment due to non - execution of all items of work worth Rs 267,514,631.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department replied that revision of scheme was under process. The committee was not convinced with the departmental reply.

The Committee directed that a technical probe by the Chief Engineer concerned be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization of the matter besides probe into the matter to work out the loss by preparing financial statements.

(DP No. 265)

4.4.2 Non-recovery of effluent charges - Rs 217.52 million

As per Section 61 of Canal & Drainage Act 1873 amended upto 1975 read with notification No.SO(REV) Irrigation-2-19/97 dated 12.06.2014, the recovery of drainage charges on account of effluent water will be made @ Rs 35,000 per cusec per annum enhanced from Rs 11,000 with effect from 01.07.2014.

4.4.2.1 Executive Engineer, Rachna Drainage Division, Sheikhpura did not recover the effluent/drainage charges of Rs 112.904 million (56,542,250+arrears 56,359,270) for the period 2015-16 from the users/ owners of industrial units.

Violation of rules resulted in non-recovery of effluent charges worth Rs 112,903,520.

Audit pointed out the non-recovery in August 2016. The department did not any reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department replied that efforts for recovery of drainage charges were being made through department as well as at administrative level. The Committee was not convinced with the departmental reply.

The Committee directed that total amount involved in the para be recovered within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides providing progress reports.

(DP No. 378)

4.4.2.2 Under the supervision of Superintending Engineer, LBDC Circle, Sahiwal, the department did not recover the effluent/drainage charges of Rs 63.63 million up to 2014-15 from two mill owners.

Violation of rules resulted in non-recovery of effluent charges of Rs 63.63 million

Audit pointed out the non-recovery in April 2016. The department did not any reply.

The matter was discussed in SDAC meeting held on 21.11.2016. The department informed that the case was subjudice.

The Committee directed to pursue the court case actively. No further progress was reported till finalization of the report.

Audit recommends pursuing the case with the court of law.

(DP No. 76)

4.4.2.3 Executive Engineer, Rahim Yar Khan Canal Division, Rahim Yar Khan did not recover effluent and water charges including arrears amounting to Rs 40,986,570 from various industrial units and TMOs upto June 2016.

Violation of rules resulted in non-recovery of Rs 40,986,570.

Audit pointed out the non-recovery in October 2016. The department replied that the relevant record would be scrutinized and action would be taken accordingly. Reply was not tenable as all the record was available with the department and no recovery was effected.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that the case was under trial in Court.

The Committee directed to vigorously pursue the court case. No further progress was reported till finalization of report in January 2017.

Audit recommends pursuing of court case and early recovery.

(DP No. 920)

4.4.3 Overpayment due to non-maintaining of quoted percentage - Rs 73.57 million

According to Para (v) of Finance Department letter No.RO(Tech) FD 1-2/83-VI dated 29th March 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as was at the time of approval of the tender, so as to preempt excess payment.

4.4.3.1 Executive Engineer, Dallas Canal Division, R.Y Khan finalized the contract at 16 % above the estimated cost instead of 4.29% quoted by the contractor.

Violation of the Finance Department's instructions resulted in overpayment of Rs 33,077,857.

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department stated that the work was in running condition.

The Committee did not agree with the view point of department and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility for this lapse.

(DP No. 279)

4.4.3.2 Executive Engineer, R.Y Khan Canal Division, R.Y Khan awarded the work "Protecting Smoka Village and Chachran Disty Sever Action Between RD 197 To 200 Minchin Flood Bund" to the contractor M/S SPARCO Construction Company at 22.480 % below TSE but payment was made at 16.15 % below TSE.

Violation of the Finance Department's instructions resulted in overpayment of Rs 14,931,848.

Audit pointed out overpayment in October 2016. The department replied that the work was in progress and the contractor would execute the remaining quantities of items. Reply was not tenable as no documentary evidence was produced in support of departmental contention.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that the work was in running condition.

The Committee did not agree with the view point of department and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 829)

4.4.3.3 Executive Engineer, U.J.C. Development Division, Mandi Baha-ud-Din awarded the work to the contractor on 27.09.2007 at 4.34% above the cost of technical sanction estimate. The work was finalized with total value of work done as Rs 261,403,105 which became 9.96% above estimated cost of Rs 237,715,070 instead of 4.34%.

Violation of the Finance Department's instructions resulted in overpayment of Rs 13,371,201 (261,403,105 – 237,715,070 + 4.34%).

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 28.10.2016. The department stated that the final bill of the contractor had been prepared on actual work done basis in compliance with Secretary's letter dated 05/10/2012.

The Committee directed to effect actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 206)

4.4.3.4 Executive Engineer, Canal Division, Rahim Yar Khan awarded the work "Protection Reach RD 185-188 F.B against severe erosive river action opposite Gudpur village" at 22.57% below estimate but payment was made at 20.32% below estimate during the financial year 2015-16.

Violation of the Finance Department's instructions resulted in overpayment due to non-recovery of Rs 5.302 million due to imbalance rates.

Audit pointed out the overpayment in September 2016. The department stated that the work was not completed. Reply was not tenable because the work was almost complete but the MBs were not closed annually due to ante-dating.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that the work was in running condition.

The Committee did not agree with the view point of department and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 827)

4.4.3.5 Executive Engineer, Dallas Division, Rahim Yar Khan awarded the work "Restoration of guide wall spur at RD 354+735 Minchin Flood Bund" at 23.06% below estimate but payment was made at 12.88% below estimate during the financial year 2015-16.

Violation of the Finance Department's instructions resulted in non-recovery of Rs 2,945,201 due to imbalance rates.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department explained that all items involved in the work were approved in comparative statement of tender.

The Committee did not agree with the departmental reply and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 852)

4.4.3.6 Executive Engineer, CBDC Division, Lahore awarded the work "Concrete Lining of Kale Disty RD 00 to 25+632 & Zaffar Disty RD" at 9% & 4.64% below estimate but payment was made on 3.08% & 4.42% below the estimate during the financial year 2015-16.

Violation of the Finance Department's instructions resulted in overpayment of Rs 1.985 million due to imbalance rates.

Audit pointed out the irregularity in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department stated that the work was in running condition. The Committee did not agree with the view point of department and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 727)

4.4.3.7 Executive Engineer, Mianwali Canal Division, Mianwali allotted a work at 47.56 % below the technical sanction. The final payment was made to contractor at 46.81 % below the estimated cost instead of 47.56% agreed at the time of acceptance of tender.

Violation of the Finance Department's instructions resulted in overpayment of Rs 854,754.

Audit pointed out the overpayment in February 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 10.08.2016. The department stated that the recovery had been made from security deposit of contractor. The Committee directed to recoup the security deposit and verification of recovery from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 24)

4.4.3.8 Executive Engineer, R.Y. Khan Canal Division, R.Y. Khan awarded the work "Providing Stone Pitching at RD 135 to 142+500 of Minchin Flood Bund" to the contractor M/S Niscon & Co at 23.03% below the TSE but payment was made at 22.45 % below TSE.

Violation of the Finance Department's instructions resulted in overpayment of Rs 498,960.

Audit pointed out the overpayment in October 2016. The department replied that the work was in progress and the contractor would execute the remaining quantities of items of work. Reply was not acceptable because the work was almost complete but no recovery was made.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that the work was in running condition.

The Committee directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 830)

4.4.3.9 Executive Engineer, Canal Division, Mianwali awarded work "Cuts on bank of Sind River at Abadies of Mouza Ahmed wala, Utra Khurd etc..." on 24.12.2014 to M/s Sardar Muhammed Iqbal & Co. for Rs 61.712 million against the estimated cost of Rs 92.743 millions. Further, upto the last paid bill i.e 10th bill of the work paid vide voucher No.112 dated 16.06.2016, payment of Rs 50,038,905 was made to the contractor @ 32.894 % below the estimated cost instead of 33.45% agreed at the time of agreement / acceptance of tender.

Violation of the Finance Department's instructions resulted in overpayment to the contractor Rs 413,667.

Audit pointed out the overpayment in July-August 2016. The department replied that the whole payment was made as per contractor's rates. The work was in progress and would be finalized as per Para-V of Finance Department letter dated 29.03.2005. However, department admitted the payment on higher percentage and promised to recover it at the time of final payment.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department stated that the work was in running condition.

The Committee did not agree with the view point of department and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 309)

4.4.3.10 Executive Engineer, Shujabad Canal Division Multan awarded the work “Construction of J head Spur at RD-4000 of Fazal Shah Flood Bund” at 33.65% below the estimate but payment was made on 33.49% below the estimate during the financial year 2015-16.

Violation of the Finance Department’s instructions resulted in non-recovery of Rs 186,282 due to imbalance rates.

Audit pointed out the overpayment in October 2016. The department stated that the work was still in progress and revised estimate was under approval. Reply was not tenable because no documentary evidence was produced to Audit. Further, 10 % compensation charges for delay were also not recovered.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department stated that the work was in running condition.

The Committee did not agree with the view point of department and directed to effect the actual recovery on final bill. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 774)

4.4.4 Loss to the government due to unauthorized refund of Sales Tax credited into Government Revenue - Rs 40.21 million

According to Section 3 of Second Schedule of Punjab Sales Tax on Services Act 2012, Sr. No. 23 of Second Schedule read with rule 35 of the Punjab Sales Tax on Services Rules 2012, the sales tax was required to be recovered on the services provided by the engineering consultants.

Executive Engineer, Development Division No. II, (Irrigation) Lahore refunded the Punjab Sales Tax to NESPAK by cheque No. E09020/E901918 dated 13.01.2016 for an amount of Rs 40,205,079 vide

voucher No. 05 dated 13.01.2016, whereas, the same amount of PST was previously deducted from the invoices of NESPAK and credited to the revenue under the respective revenue head B02385. Hence, the consultant obtained the consultancy fee in lieu of services but did not pay the PST leviable under the rules.

Violation of rules resulted in loss to the government due to unauthorized refund of PST credited to government revenue amounting to Rs 40,205,079.

Audit pointed out the loss in August 2016. The department replied that the consultancy services for the subject project were awarded to NESPAK initially for a period of three years and agreement was signed on September 14, 2009. Subsequently, the consultancy contract was extended for a period of further three years, after the approval of competent authority, which was signed on February 01, 2013. The Finance Department imposed Punjab Sales Tax (PST) on consultancy services, vide Notification No. SO(TAX)1-2/97 (Pt. VIII) dated July 01, 2013; which had been implemented @ 16%. The reply was not tenable because the department had no authority to refund the PST through addendum, which was already credited to revenue.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that estimate be revised and a technical probe by the Chief Engineer be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe and condonation from Finance Department.

(DP No. 933)

4.4.5 Non-recovery on account of de-escalation in price of diesel - Rs 35.57 million

As per clause 55(1) of the contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of any of the items mentioned in sub-clause (2) takes place after the acceptance of tender and before the completion of contract, the amount payable under the contract shall be adjustable to the extent of the actual variation in the cost of the item concerned.

Executive Engineers of various Irrigation Divisions awarded different works to the contractors. The rates of diesel prevailing on the date of tendering decreased during execution of works. However, the recovery of de-escalation of diesel was not made from contractors. (Annexure-T)

Violation of contractual obligations resulted in non-recovery on account of de-escalation in price of diesel and labour worth Rs 35,574,282.

Audit pointed out non-recovery during 2016. The department replied that the works were in running condition and price variation would be recovered/adjusted in coming running bills but no recovery was made.

The paras were also discussed in SDAC meetings held on 28.10.2016, 21.11.2016, 07.12.2016, 13.12.2016, 15.12.2016, 19.12.2016 and 22.12.2016. The department reiterated its earlier reply. The Committee was not convinced with departmental reply.

The Committee directed that recovery be made and got verified within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 27, 36, 121, 172, 320, 361, 382, 383, 400, 402, 404, 406, 407, 412, 454,474,492, 569, 570,580,688,695,700,706,724,867 & 923)

4.4.6 Extra payment due to extra shuttering - Rs 32.25 million

As per rule 2.10 of PFR volume-I, same vigilance should be exercised in respect of expenditure from public money as a person of ordinary prudence would exercise in respect of his own money.

Executive Engineer, Small Dam Division, Jhelum awarded a work “Construction of Pandori Dam” on 10.06.2014. During execution of work, an item of PCC work “extra shuttering” was measured and paid for 1557356 cft @ Rs 20.71 p cft amounting to Rs 32,252,843, whereas, the original item of R.C.C 1:2:4 and P.C.C plain 1:2:4 already included forms, moulds shuttering compacting in required shape but shuttering was again paid separately. Thus for these items, shuttering was paid twice.

Violation of rules resulted in overpayment of Rs 32,252,000 due to extra shuttering.

Audit pointed out extra payment in August 2016. The department replied that extra shuttering for laying Plain cement concrete (PCC) had been paid as per advice solicited from the Finance Department Government of the Punjab vide No.FDS.O(I&P) 3-631/2015 dated. 29-05-2015 with the decision that shuttering involved at site in this particular case did not cover the item PCC (1: 2:4) item No.5(f) Chapter No.6 (Concrete) in MRS. The cost of shuttering was complementary to the item P.C.C 1:2:4 and provision of extra shuttering had also been got approved in Revised PC-I. The reply of the department was not tenable because no record regarding Finance Department’s approval, clarification and notification in this regard was shown to Audit to justify the huge payment of an inbuilt item/component. Further, the cost of old original/inbuilt shuttering was also to be deducted, otherwise sanction of Revised Estimate etc was not in order.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that detailed verification of record be got completed and due recovery be effected within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 318)

4.4.7 Misclassification due to irregular sanction/ utilization of contingency charges - Rs 31.22 million

As per Finance Department letter No.FD (M-II)1-6/2000 dated 23.07.2007, the cost of running vehicles and work charge establishment would be directly charged to the current establishment budget and operating expenses of the office concerned. Accordingly, the estimates of cost of running of inspecting officer vehicles on out of turn basis will be excluded from the estimate of the project/scheme and provision of contingency should be reduced to 2%.

4.4.7.1 Executive Engineer, Small Dams Division, Islamabad made irregular provision for contingency of 09-works in T.S. estimates pertaining to grant PC12037 @ 3% to 9% instead of 2% and made excess payment of contingency.

Violation of the Finance Department's instructions resulted in misclassification due to excess utilization of contingency Rs 24,744,047.

Audit pointed out the irregularity in July 2016. The department replied that the provision of work charge existed in PC-1. Reply was not tenable because the payment was made in violation of instructions *ibid*.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its early reply.

The Committee was not convinced with the departmental reply. The Committee directed that a case may be moved to the Finance

Department for condonation within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early condonation from Finance Department.

(DP No. 450)

4.4.7.2 Executive Engineer, Small Dams Division, Chakwal paid Rs1,485,000 on account of "survey of command area of Arrar Mughalan ADP work "during 2015-16 and charged to the other ADP work "construction of Tamman Dam".

Violation of the Finance Department's instructions resulted in irregular payment of Rs 1,485,000.

Audit pointed out the irregularity in July 2016. The department replied that due to exhausting of contingency budget of Arrar Mughalan, the expenditure was charged to other ADP work. Reply was not tenable as under the rules, the contingency budget of an ADP work can be expended on the same ADP work under the rules.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that there was provision for this expenditure in shape of division of contingency from competent authority.

The Committee was not convinced with the departmental reply. The Committee directed that a case be moved to the Finance Department for condonation within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early condonation from Finance Department.

(DP No. 426)

4.4.7.3 Executive Engineer, Canal Division, R.Y Khan charged expenditure of advertisement and printing material to main Canal Head A13401 and Main Embankment A13501 instead of proper head of office printing and stationery A03902.

Violation of the Finance Department's instructions resulted in misclassification of Rs 643,622.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 28.10.2016 wherein the department argued that the tenders were called for various works related to relevant head of accounts Main Canal and Embankment and the payment was made to Director General Public Relations Bahawalpur. Viewpoint of the department was not accepted. The Committee directed that matter be taken up with Finance Department for regularization.

Audit recommends regularization of irregularity.

(DP No. 154)

4.4.7.4 Executive Engineer, Dallas Canal Division, R.Y Khan Charged expenditure of advertisement and printing material to "Main Canal Head A13401 and Main Embankment A13501" instead of proper head "office printing and stationery" A03902

Violation of the Finance Department's instructions resulted in misclassification of Rs 607,095.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016.

The Committee decided for holding enquiry and regularization from Finance Department.

Audit recommends that enquiry be held for fixing responsibility for this lapse and regularization of irregularity.

(DP No. 268)

4.4.7.5 Executive Engineer, Canal Division, Kot Adu incurred expenditure for arrangement of lighting on Independence Day and charged to the Head Main Canal. Neither the funds were available nor budget was sanctioned for that purpose and expenditure was incurred violating the canons of financial propriety.

Violation of the Finance Department's instructions resulted in irregular expenditure of Rs 597,600.

Audit pointed out the irregularity in September 2016. Department replied that expenditure was quite authorized as clear instructions had been issued by the Government for lighting arrangements on every Government office and building. The department admitted the irregularity which is required to be got regularized / condoned from the competent forum.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its earlier reply.

The Committee directed that case for regularization of the matter be forwarded to Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends regularization from Finance Department.

(DP No. 354)

4.4.7.6 Executive Engineer, Taunsa Barrage Division, Kot Adu made payments to Daily Ausaf, Daily Nawa-e-Waqat, Roznama Pakistan, Nia Dour, Nigah-e-Alam and Daily Khabrain etc for greeting messages on the occasion of 14th August and 23rd March without the consent of D.G Public Relations.

Violation of the Finance Department's instructions resulted in Irregular payment on account of greeting messages to the newspapers amounting to Rs 516,850

Audit pointed out the irregularity in September 2016. Department replied that the aforesaid advertisements were published for the smooth working and running of the Division and in the best interest of the public. All the said works were provided in the approved work plan for the year 2015-16 and payments were made after fulfillment of all codal formalities. Hence expenditure was quite regular. Reply was not acceptable because payments to the Newspapers had no linkage with the work plan and development works. Irregular payment is required to be recovered or regularized from Finance Department.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply. The Committee directed that a case be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends regularization from Finance Department.

(DP No. 395)

4.4.7.7 Executive Engineer, Kirana Division, LJC, Sargodha paid an amount of Rs 491,562 to the Public Relations Punjab Lahore on account of advertisement charges for the year 2015-16. The expenditure was booked under head A-13401 Main Canal instead of correct head of account A-03907 "Advertisement and Publicity".

Violation of the Finance Department's instructions resulted in irregular booking of Rs 491,562.

Audit pointed out the irregular payment in September 2016. The department replied that according to PPRA rules 2014, the work exceeding Rs2.00 million should be advertised in at least two national newspapers through D.G.P.R Lahore. A very meager amount had been released under head A-03907 advertisement and publicity, which was not sufficient to meet with the advertisement and publicity charges. It was

inevitable to make payments to D.G.P.R Lahore from the head A-13401 Main Canal. The reply of the department was not tenable because non-availability of fund in relevant head of account was not a valid justification for the misclassification and irregular booking of expenditure.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply. The Committee directed that the case be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early condonation from Finance Department.

(DP No. 884)

4.4.7.8 Executive Engineer, Rasul Division, LJC, Mandi Bahauddin paid an amount of Rs 383,499 to the Director General Public Relations Punjab Lahore on account of Advertisement charges for the year 2015-16 and the expenditure was booked under Heads A-13401 Main Canal and A-13501 Main Embankment instead of booking into correct head of account A-03907 "Advertisement and publicity".

Violation of the Finance Department's instructions resulted in irregular booking of expenditure amounting to Rs 383,499.

Audit pointed out irregular payment in October 2016. The department replied that the Executive Engineer was duty bound to publish all procurements on PPRA website as well as in daily national newspapers. During the year 2015-16, numerous advertisements pertaining to hiring work charge establishment, auction of land adjacent to pond area and auction of Toll Tax collection were got published in daily national newspapers besides publication of tenders of other civil works. The Government of the Punjab released funds under head A-3907 Advertisement and publicity amounting to Rs 86808 only, for the year 2015-16 which were not sufficient to advertise all the work as described

above, so this Division had to pay the advertisement charges to D.G Public Relations Lahore under head A-13401 Main Canal and A-13501 Main Embankment. The department admitted the audit point of view by taking the plea that funds in relevant head of account were not sufficient and department booked these charges under the head A-13401 and A-13501.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply. The Committee directed that the case be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization.

(DP No. 520)

4.4.7.9 Executive Engineer, Shahpur Division, LJC, Sargodha paid an amount of Rs 300,000 to the Public Relations Punjab Lahore on account of advertisement charges for the year 2015-16. The expenditure was booked under head A-13501 Main Embankment instead of correct head of account A-03907 "Advertisement and Publicity".

Violation of the Finance Department's instructions resulted in irregular expenditure / wrong booking amounting to Rs 300,000.

Audit pointed out irregular payment in September 2016. The department replied that sufficient funds were not available to meet the necessary requirements of Advertisement and Publicity. Hence, the expenditure on account of notices inviting tenders was charged to the head A-13501 Main Embankment. The reply of the department was not correct as shortage of funds was not a valid justification for irregular booking of expenditure.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that the case may be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early condonation from Finance Department.

(DP No. 888)

4.4.7.10 Executive Engineer, Khushab Canal Division, Khushab made payment to the Public Relations Punjab Lahore on account of advertisement charges for the year 2015-16 and the expenditure was booked under head A-13501-Main Embankment instead of booking into correct head of account "advertisement and publicity". Audit was of the view that the aforesaid expenditure should have been charged/ booked under A-03907 Advertisement and Publicity.

Violation of the Finance Department's instructions resulted in misclassification of Rs 292,193.

Audit pointed out misclassification / irregularity in August 2016. The department replied that the works were very important and of emergent nature and tenders were to be advertised in newspapers through DGPR Punjab Lahore. However, no funds were available in head of account "Advertisement and Publicity". The payment was to be made from one Government department to other, hence no loss or overpayment was involved. Department admitted misclassification with the plea that no funds were available in advertisement and publicity head. Audit was of the view that non-availability of funds was not a valid justification for misclassification.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee directed that the case may be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization.

(DP No. 480)

4.4.7.11 Executive Engineer, Lower Gugera Division made payment of Rs 285,060 on account of maintaining/up keeping office of the Superintending Engineer, Lower Chenab Canal East Circle Faisalabad for purchase of batteries, UPS, energy saver and ceiling fan for divisional office and charged to the head of A-13401 Main Canal Grant No. PC-21009 instead of office contingency. The incurring of expenditure from irrelevant head of account resulted in misclassification of expenditure of Rs 285,060

Violation of the Finance Department's instructions resulted in misclassification of expenditure of Rs 285,060

Audit pointed out misclassification in September 2016. The department replied that the maintenance and repair of office of the Superintending Engineer, Lower Chenab Canal (East) Circle, Faisalabad was under the control of this Division and expenditure was necessary to maintain / up-keep the offices. The requirement of Circle Office and this office was made against the funds available in this Division under the Head of Main Canal and according to the PPRA Rules. Hence, no misclassification of expenditure was made. The reply was not tenable because the repair grants for irrigation works were being utilized for office contingencies in violation of rules.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that the case be moved to the Finance Department for regularization within 30 days. The compliance of the

Committee's directive was not reported till finalization of the report.

Audit recommends early regularization

(DP No. 999)

4.4.7.12 Executive Engineer, Khanpur Canal Division, Rahim Yar Khan charged expenditure of advertisement, printed material and uniform of canal guards amounting to Rs 283,250 during the financial year 2014-15 to Main Canal head A13401 instead of relevant heads of account.

Violation of the Finance Department's instructions resulted in misclassification of Rs 283,250.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 28.10.2016. The XEN Khanpur did not attend the SDAC meeting.

The Committee decided that explanation of the XEN Khanpur be called for non-attending the SDAC meeting within 7 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends regularization of irregularity.

(DP No. 176)

4.4.7.13 Executive Engineer, Trimmu Barrage Division, Jhang made payment of Rs 243, 998 to the Director General Public Relations Punjab Lahore on account of advertisement charges for the year 2015-16. It was observed that the expenditure was booked under head A-13401-Main Canal instead of booking into correct head of account i.e. advertisement and publicity.

Violation of the Finance Department's instructions resulted in misclassification / wrong booking of Rs 243,998.

Audit pointed out misclassification / irregular booking in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department denied the misclassification.

The Committee directed that the case be moved to Finance Department for regularization. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early regularization of misclassification / irregular booking through condonation from Finance Department and its verification.

(DP No. 573)

4.4.7.14 Executive Engineer, Canal Division, Kot Adu made payment to Daily Ausaf, Daily Nawa-e-Waqat and Daily Khabrain for greeting messages on the occasions of 14 August 2015 and 23 March 2016 without the consent of Public Relations. Audit was of the view that payment of Rs 227,960 was irregular, misuse of funds and burden on the government exchequer.

Violation of the Finance Department's instructions resulted in irregular payment on advertisement for Rs 227,960

Audit pointed out the irregularity in September 2016. Department replied that aforesaid advertisements were published for the smooth running of the Division and in the public interest. All the said works were provided in the approved work plan for the year 2015-16. Payment was made after observing codal formalities. The department admitted the irregularity. Government funds were not utilized for the purpose intended and payments were also not routed through the Public Relations.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that that a case may be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends regularization from Finance Department.

(DP No. 356)

4.4.7.15 Executive Engineer, Taunsa Barrage Division, Kot Adu incurred expenditure for arrangement of lighting on Independence day and charged it to works. Neither funds were available nor budget was sanctioned for this purpose and expenditure was incurred violating the canons of financial propriety.

Violation of the Finance Department's instructions resulted in unauthorized/ irregular expenditure of Rs 124,650.

Audit pointed out the irregularity in September 2016. Department replied that the expenditure incurred on works in question was quite authorized as clear instructions had been issued by Government for lighting arrangements on every Government office and buildings. The works taken in observation were also provided in the work plan for the year 2015-16 and approved by the competent authority. The payments were made after observing all codal formalities. Reply was not acceptable because expenditure was not required to be charged to work. It was required to be met from proper head of account.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that a case be moved to the Finance Department for regularization within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends regularization from Finance Department.

(DP No. 396)

4.4.8 Overpayment due to application of incorrect input rate - Rs 26.74 million

As per Finance Department instructions dated 02.08.2004, rate analysis and specifications standardized by the Finance Department should be the basis of market rate of an item. However, these can be modified, replaced and added to with the approval of the Finance Department. Further, as per Finance Department letter No. dated 02.09.2004, all the rate analysis of non-standardized items should be prepared by applying input rates notified by the Finance Department.

4.4.8.1 Executive Engineer, Small Dams Division Chakwal made payment of an item of work "*Supplying and Laying of MS pipe 42" including all material, labour and machinery*" as a non-scheduled item @ Rs 12,888 per rft for a quantity of 19100 rft instead of taking correct rate of Rs 12,255 per rft after deduction of generator, moulding charges and excess rate of coolies.

Violation of the Finance Department's instructions resulted in overpayment of Rs 12.090 million due to incorrect application of rate.

Audit pointed out the overpayment in July 2016. The department replied that input rates duly notified by the FD were applied while preparing the rate analysis. Reply was not tenable because department applied excess rate of coolies and other items.

The matter was also discussed in SDAC meeting held on 22.12.2016 wherein the committee was not convinced with the departmental reply.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 420)

4.4.8.2 Executive Engineer, Marala Division UCC Marala paid Rs 14,777,161 to different contractors for deployment of Tractors and Excavator on account of flood fighting arrangements. Per hour rate of Rs 601, 595, 974 and 885 for tractors and Rs 2,240 & Rs 2,243 for Excavator was paid for idle deployment. Audit was of the view that half rate after deduction of cost of POL should have been paid that came out to Rs 7,769,023. In this way, excess payment of Rs 7,769,023 was made.

Violation of the Finance Department's instructions resulted in overpayment due to higher rates amounting to Rs 7,769,023

Audit pointed out overpayment in July 2016. The department replied that due to location of Marala barrage, pre-ascertainment of flood magnitude and its effects on flood bunds and river training works was impossible. The machinery was deployed under para 2.89 of PWD Code after approval of competent authority. The deployed machinery remained in continuous use. The reply was not tenable because the machinery was deployed without any work for the purpose of emergency in case of any breach etc. Moreover, the machinery could have easily been deployed after open competition before flood season.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earliest reply.

The Committee did not agree with the departmental reply and directed to get the record verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1040)

4.4.8.3 Executive Engineer Small Dams Division Islamabad approved and paid the rate of a non-scheduled item of work “*Providing and erection of anchors*” @ Rs 3453 per number for a quantity of 5811 Nos. instead of @ Rs 3062.10 per number by applying 20 ton crane rent @ Rs 4343 per hour instead of Rs 2542 per hour vide input rate of item 6 (2nd bi-annual 1st August 2014 to 31st January 2016).

Violation of the Finance Department’s instructions resulted in overpayment of Rs 2,271,520.

Audit pointed out the overpayment in July 2016. Department replied that the rate analysis for Crane of 40-45 ton @ Rs 4,343 per hour was approved by the competent authority. Reply was not tenable because provision for 20 ton crane was made and approved by PD dated 14.06.2016 in rate analysis of item under observation.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that actual recovery may be effected within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends for early recovery along with taking appropriate action against the responsible.

(DP No. 513)

4.4.8.4 Executive Engineer, Flood Bund Division, Narowal got executed a non-standardized item “*Providing and laying porcelain tiles flooring 16x16x3/8 inch light colour*” for 13483.24 sft and sanctioned higher rates in technical sanctioned estimate @ Rs 245 per square feet instead of admissible rate @ Rs 145.35. The payment was made to the contractor by

the department by allowing extra labour and material and inadmissible item chemical polishing.

Weak supervisory and financial controls resulted in overpayment of Rs 1,343,605

Audit pointed out the overpayment in August 2016. The department replied that no overpayment was made to the contractor because the payment was made according to the analysis of rates approved by competent authority and sanctioned in Technical Sanctioned Estimate. The reply was not tenable because overpayment was made by application of incorrect rates.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the departmental reply and directed to effect the recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 658)

4.4.8.5 Executive Engineer, Pasrur Link Division, Sialkot paid Rs 1,592,946 to different contractors for deployment of Tractors and Excavator on account of flood fighting arrangements. Per hour rate of Rs 877 and 885 for tractors and Rs 2,380 for Excavator was paid for idle deployment. Audit was of the view that half rate after deduction of cost of POL should have been paid that came out to Rs 995,248. In this way, excess payment of Rs 995,248 was made.

Violation of the Finance Department's instructions resulted in overpayment due to higher rates of Rs 995,248.

Audit pointed out overpayment in July 2016. The department replied that the machinery was deployed for vulnerable site on the forecast

of flood warning within 36 to 48 hours and under such situation it was too difficult to go for usual tendering process in accordance with PPRA rule. Therefore quotations were called as per PPRA. The rate analysis was approved by competent authority. The reply of the department was not correct because the higher rates were paid for working hours of these machineries that too without any actual execution of work which was required to be paid after deduction of cost of POL.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earliest reply.

The Committee was not convinced with the departmental reply and directed to get the record verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1062)

4.4.8.6 Executive Engineer, Flood Bund Division, Narowal got executed a non-standardized item "*Providing & laying Tuff Pavers Tuff Tiles*" for a quantity of 28000 Sft on Floors & Footpaths @ Rs 65 per square foot instead of admissible rate @ Rs 42.83 per square foot based on 4th Quarter 2009 by allowing extra cost of material and labour at an excess rate to the contractor.

Violation of the Finance Department's instructions resulted in overpayment of Rs 620,760

Audit pointed out the overpayment in August 2016. The department replied that no overpayment was made to the contractor because the payment was made according to the analysis of rates approved by competent authority and sanctioned in Technical Sanction Estimate. The reply was not tenable because over payment was made by application of incorrect rates in the rate analysis.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the departmental reply and directed to effect the recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 659)

4.4.8.7 Executive Engineer, Khanwah Division, DCC Depalpur, while preparing analysis of rate for an item of work "*Providing and laying fair face brick masonry 9"x 4 1/2" x 3" recessed joints with cement surkhi 1:3 filling joints complete*" included in the technical sanction estimate took cement @ Rs 510 per bag instead of Rs 499 per bag (Input rate item 06.008 1st bi-annual 2015 District Okara) and for "cost of surkhi" took @ Rs 200 per cft instead of Rs 8.35 per cft (input rate item 10.037 1st bi-annual 2015 District Okara). Audit observed that actual rate works out to be Rs 97 per sft instead of Rs 130 per Sft by putting the correct unit rate of the items involved. Thus excess rate to the extent of Rs 33 per sft was provided in the estimate.

Violation of the Finance Department's instructions resulted in loss to the government and overpayment to the contractor amounting to Rs 567,278.

Audit pointed out the loss / overpayment in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department explained that the pointed out item had not been executed at site. After execution it would be adjusted/paid accordingly.

The Committee directed to effect the recovery as and when the item will be executed. No further progress towards execution of item or recovery was reported till finalization of the report.

Audit recommends early adjustment / recovery on account of excess rate provided in the rate analysis.

(DP No. 679)

4.4.8.8 Executive Engineer, Marala Division UCC, Marala during the execution of the Work Re-Construction of Building Infrastructures and Civic Amenities due to Induction of 7.64 MW Hydro Power station at Marala Barrage, Contraction of relocated Office Building made payment for a non-standardized item “*Providing and Fixing Gutka on walls*” @ Rs 250 per sft by taking excess quantity of Gutka, material, labour and carriage against the correct rate of Rs 100 per sft as per relevant input rates notified by the Finance Department..

Violation of the Finance Department’s instructions resulted in overpayment due to incorrect rates amounting to Rs 383,076.

Audit pointed out overpayment in July 2016. The department replied that the work was sanctioned by the Chief Engineer, Lahore Irrigation Zone, Lahore with the item of “Providing and Fixing Gutka on walls” @ Rs 250 per sft. Tenders for this work were called on the basis of “item rate” from approved contractors/ firms of Irrigation Department, Punjab. The rates quoted were evaluated and the overall lowest rates for this work were approved by the competent authority. The rate worked out by Audit was not understandable as the same was not available in relevant input rates. The reply of the department was not correct. The excess rate was incorporated in the estimate by adopting abnormally higher rate for gutka which resulted in overpayment to the contractor.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earliest reply.

The Committee was not agreed with the departmental reply and directed to recover the total amount involved in the para within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1039)

4.4.8.9 Executive Engineer, UCC Division, Sheikhpura made payment for quantity of 15851 cft for “*laying filter material 1/8 to 2”*” @ Rs 2584.16 per % cft plus carriage of stone @ Rs 4,578.775 per % cft. As per input rate of 1st bi-annual 2014 at site rate of Rs 4,400 per % cft for graded bajri was required to be paid after adding the 20% contractor profit and overhead without addition of carriage.

Violation of the Finance Department’s instructions resulted in overpayment of Rs 298,464 due to incorrect rate.

Audit pointed out the overpayment in October 2016. The department replied that the rate applied and payment made was as per T.S. Estimate. Hence, no question of overpayment arises. The reply of the department was not correct because the payment to the contractor was required to be made without carriage as per inputs rates of MRS.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to refer the case to Finance Department for its clarification within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 949)

4.4.8.10 Executive Engineer, Burala Division LCC(E) Circle, Faisalabad paid the items “*Kerosine oil, cotton waste and manila rope*” @ Rs 90 per liter, Rs 130 per kg and Rs 490 per rft respectively instead @ Rs 43.25 per liters, 43 per kg and Rs 26 per rft given in input 1st bi-annual 2016.

Violation of the Finance Department's instructions resulted in overpayment due to application of incorrect rate amounting to Rs 227,168.

Audit pointed out overpayment in September 2016. The department replied that the items i.e. Kerosine Oil, Cotton Waste, Grease and Manila rope were non-scheduled items and approved from competent authority. The reply was not tenable because incorrect material rates were incorporated in the analysis of rate and recovery pointed out was required to be effected.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 972)

4.4.8.11 Executive Engineer, LCC(E) Burala Division, Faisalabad measured and paid the item "*Manila Rope ¾ inch*" for a quantity of 590 kg @ Rs 430 per kg, whereas in the input 1st bi-annual 2016 the rate of 1" manila rope was Rs 26 per rft. Hence, Rs 130 per kg (5x26) was payable to the contractor.

Violation of the Finance Department's instructions resulted in overpayment of Rs 177,000 due to application of incorrect rate.

Audit pointed out overpayment in September 2016. The department replied that the payment of item manila rope ¾" was made in kilograms as per approved analysis of rates and technical sanctioned estimate and manila rope was available in the market as per kilograms instead of per foot. The reply was not tenable because the rate of manila

rope was provided in rft instead of kg in input rates therefore, same was required to be calculated and paid.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover the total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1064)

4.4.9 Irregular payment due to award of work without advertisement - Rs 24.47 million

As per rule 12(2) and 13 of Punjab Procurement Regulatory Authority's (PPRA) Rules 2009 "all procurement opportunities over two million rupees should be advertised on the PPRA's website as well as in the other print media or news papers having wide circulation and under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement.

4.4.9.1 Executive Engineer, Dallas Division, Rahim Yar Khan got executed 16 works without open tender/advertisement and made payment of Rs 9,112,814 to the contractors during the financial year 2015-16. Award of work without competitive bidding is violation of PPRA rules.

Violation of rules resulted in allotment / execution of work without advertisement. Hence, expenditure of Rs. 9,112,814 incurred in violation of PPRA was irregular.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department replied that the work were allotted after tendering and work orders were issued as per rules. But no documentary proof was produced.

The Committee directed that a technical probe by the Chief Engineer concerned be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe and disciplinary action accordingly along condonation of irregularity from Finance Department.

(DP No. 857)

4.4.9.2 Executive Engineer, Dallas Canal Division, R Y Khan got executed the work "Checking Erosion Down Stream Nose of Convo Guide Wall RD 453+735" under para 2.89 of PWD code / rule 59 of PPRA Rules without advertisement and made payment of Rs 7,852,516 to the contractor despite the fact that TPM consultants had advised vide letter No.376/17.10.2015 that work should be got executed after tendering because there was no emergency.

Violation of rules resulted in irregular execution of work amounting to Rs 7,852,516.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department stated that the work was awarded due to flood and erosive action of river after approval of competent authority.

The Committee was not convinced with the departmental reply. The Committee directed to carry out a technical probe by the

Superintending Engineer concerned within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe and disciplinary action accordingly.

(DP No. 816)

4.4.9.3 Executive Engineer, Small Dams Division, Chakwal awarded 5 survey works to different contractors during the financial year 2015-16 without advertisement and made payments through 19 vouchers amounting to Rs 4,589,279. Moreover, recovery of sales tax of Rs 734,285 was also not made.

Violation of rules resulted in irregular payment of Rs 4.589 million and non-recovery of Punjab Sales Tax (PST) of Rs 734,285.

Audit pointed out the irregularity in July 2016. The department replied that the survey works were awarded without advertisement under rule 59 (d) of PPRA. The reply was not tenable as the said rule was applicable i) for purchase of specific piece of research or experiment, study of a particular development. ii) for technical reasons iii) extreme urgency iv) provincial cabinet approves a purchase. The department neither awarded the works to contractors having qualified Engineers surveyors nor deducted Punjab Sales Tax (PST).

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that survey work of different dam sites were required urgently and the works were allotted to qualified firms as per PPRA Rules and Sales Tax was not applicable.

The Committee was not convinced with the departmental reply. The Committee directed that a technical probe by the Project Director concerned may be completed within 30 days along with condonation from Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends fixing of responsibility after enquiry against the responsible and condonation of irregularity from Finance Department.

(DP No. 428)

4.4.9.4 Executive Engineer, Dallas Canal Division, Rahim Yar Khan got executed the work “Checking Erosion Down Stream Nose of Convo Guide Wall RD 453+735” under para 2.89 of PPWD code / rule 59 of PPRA Rules without advertisement and made payment of Rs 7,852,516 to the contractor despite the TPM consultants had advised that there was no emergency and work should be got executed after tendering.

Violation of rules resulted in allotment/execution of work amounting to Rs 1.81 million without advertisement.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department stated that work was allotted in emergency as per rules.

The Committee was not convinced with the departmental reply and directed that a technical probe by the Superintending Engineer concerned be completed within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early finalization of probe for fixing responsibility for this lapse.

(DP No. 817)

4.4.9.5 Executive Engineer, Dallas Canal Division, Rahim Yar Khan got executed balance work under para 2.89 PWD Code/rule 59 of PPRA Rules despite advice of the TPM Consultants dated 20.8.2016 to execute the work after tendering to achieve competitive rates.

Violation of rules resulted in un-authorized /irregular execution of work for Rs 1.109 million.

Audit pointed out the irregularity in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department stated that work was allotted and executed by observing all codel formalities. The Committee was not convinced with the departmental reply and directed that a technical probe by the Superintending Engineer concerned be carried out within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe and action against the responsible of this negligence.

(DP No. 815)

4.4.10 Overpayment due to payment of excess lead - Rs 21.30 million

As per condition No. 5 of the Finance Department letter No.RO (Tech) FD 2-3/2004 dated 02.08.2004, the stone material shall be purchased from the nearest quarry and carted through shortest route. As per specification No.16.5 (Specifications for Execution of works 1967 Volume-I Part-II), carriage/distance shall be measured by the nearest practicable route.

4.4.10.1 Executive Engineer, Marala Division UCC Marala paid an item of work "Supplying and carriage of Stone" qualifying Departmental Specification at the site of work from any approved quarry or private source including cot of stone @ Rs 5034.60 % cft with lead of 187.50 km. The Baghanwali and Tarkai Quarries were the nearest approved quarries for the Irrigation Department for which lead was 143 km for carriage of stone which was required to be incorporated in the rate provided in estimate.

Violation of the Finance Department's instructions resulted in overpayment due to payment of excess lead Rs 19,441,000

Audit pointed out overpayment in August 2016. The department replied that the rate for the item of “Supplying and carriage of stone was calculated for Rs 5034.60 per % cft was achieved by taking average lead of three quarries (Tarkai, Baghanwali and Sikhanwali). The rate quoted by the successful bidders for this particular item of work was Rs 5000.00 per %cft. As the Tarkai or Baghanwali quarries were non-functional. therefore no excess lead was paid. The reply of the department was not correct because those were approved quarries and also incorporated in the TS estimates. The rate from the nearest quarry was payable to the contractor.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department stated that the lead chart was approved by the competent authority and also verified by the Executive Engineer, Highway.

The Committee was not convinced with the departmental reply and directed the department to get the record in support of reply verified from Audit.

The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against the person(s) at fault.

(DP No. 1070)

4.4.10.2 Executive Engineer, Canal Division, Rahim Yar Khan executed the work “Flood Fighting at Breach site of Minchin F B RD197+650 to 199+415” and made payment for short carriage of lead for 43km against actual lead of 3km for 214962 cft stone during the financial year 2015-16 which resulted in overpayment of Rs 1,855,122.

Violation of the Finance Department's instructions resulted in overpayment of Rs 1,855,122 (214962 x rate Rs 863 % [1172.70-309.70] million due to excess lead.

Audit pointed out the overpayment in August 2016. The department replied that payment was made as per TSE. Reply was not tenable because no evidence in support of reply was furnished.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply. The Committee directed to conduct technical probe by the S.E concerned within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early probe into the matter.

(DP No. 473)

4.4.11 Overpayment due to calculation of incorrect rate - Rs 17.77 million

As per clause 15 of the contract agreement, the contractor shall supply at his own cost all material i.e constructional plant, tool appliance ladder, scaffoldings and temporary works requisites

4.4.11.1 Executive Engineer, Small Dam Division, Jhelum awarded a work "Construction of Pandori Dam" on 10.06.2014. An item of work "*extra for shuttering*" was measured and paid for 1557356 cft @ Rs 20.71 per cft instead of correct rate of 16.62 per cft. While preparation of analysis of rate the contractor was paid cost of kail wood for shuttering, cost of nut bolts and grease besides sundries. Further cost of old kail wood was not deducted in analysis. The rate was approved on higher side for Rs 4.09 per cft. Further shuttering was part of tool and plant of contractor.

Violation of rules resulted in overpayment due to excess rate Rs 6,370,000.

Audit pointed out overpayment in August 2016. The department replied that for the item of work "Extra for shuttering" has been based upon the input rates of MRS for the material and got approved from competent authority. Payment was authorized as per approved rates and there was no overpayment. The department produced the analysis of rate of said item of extra shuttering which was analyzed in detail. It was observed that rate of kail wood nut bolts and grease was applied at higher side. Sundries were not admissible because cost of nut bolts nails and grease was included in analysis. Further cost of old kail wood was not recovered from contractor. The correct rate worked out to Rs 16.62 per cft against paid rate of Rs 20.71 per cft. Hence, Rs 6.370 million was over paid to the contractor.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed to get the detailed verification of record completed and recover the amount over paid within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 316)

4.4.11.2 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the T.S. estimate with a provision of an item "*Providing and laying tuff paver 60 mm thick over 1" with sand grouting including carriage*" and paid for a quantity of 230644 sft @ Rs 80.75 per sft. Rate analysis of the subject item was got approved by taking 20% contractor's profit and overhead on carriage and rate of labour as Rs 10 per sft. After excluding 20% contractor's profit and overhead on carriage and by applying correct labour @ Rs 6.39 per sft, the actual rate works out Rs 66

per sft. In this way excess rate of Rs 14.75 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment of Rs 3,401,999 due to allowing excess rate of non-standardized item.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department explained that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 533)

4.4.11.3 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the technically sanctioned estimate with the provision of an item "*Providing and laying Fair Face Gutka size 9" x 2¼" x 2¼" over ¾" cement sand mortar with recessed joint in 1/3 cement sand mortar*" and paid for a quantity of 19730 sft @ Rs 179.35 per sft. Rate analysis of the subject item was prepared and got approved by taking 755 gutkas per 100 sft and scaffolding in the material and miscellaneous heads. The correct rate with 628 gutkas per 100 sft, without scaffolding and 3% rebate offered by contractor works out Rs 102.82 per sft. In this way excess rate of Rs 76.53 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment due to allowing excess rate of non-standardized item amounting to Rs 1,509,937.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department explained that measurement of filling horizontally and vertically joints has been submerged in the measurement of fair face gutka. The rate analysis prepared for fair face gutka included the recessed joint measurement.

The Committee did not agree with the departmental working and directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 538)

4.4.11.4 Executive Engineer, Flood Bund Division, Narowal measured the item "*RCC 1:2:4 in slab of raft strip foundation*" at page 7, 24 and 40 of MB # 529 for a quantity of 5992 Cft upto 3rd running bill and paid @ Rs 225 per Cft. as raft slab. In the 4th running bill the same quantity was paid @ Rs 320.95 P.cft. Further, payment for 10 Nos. pile caps for a quantity of 2774 cft and retaining wall for a quantity of 2623 Cft was made @ Rs 320.95 instead of Rs 225 per cft The pile was executed on surface level and after execution of pile cap the item of work excavation was carried out and these were executed without horizontal shuttering

Violation of rules resulted in overpayment of Rs 1,092,773

Audit pointed out the overpayment in August 2016. The department replied that no overpayment was involved because the rate was paid according to site requirement and approval of competent authority and verification of NESPAK Consultant. The reply was not tenable because due to incorrect application of rates, over payment was made to the contractor.

The matter was also discussed in SDAC meeting held on 07.12.2016. The Division did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 643)

4.4.11.5 Executive Engineer, UCC Division, Sheikhpura made the payment for item "*Earthwork excavation from outside borrowpits undressed lead upto 1 mile*" @ Rs 5408.05 per ‰ cft instead of actual rate of Rs 5119.55 per ‰ cft as per MRS of 1st bi annual 2014 for period 01.02.2014 to 31-7-2014 for District Sheikhpura. Due to incorrect application of input rate, an excess rate of Rs 288.5 ‰ cft had been paid to the contractor.

Violation of rules resulted in overpayment due to incorrect rates of Rs 1,025,534

Audit pointed out the overpayment in October 2016. The department replied that the rate was applied and payment was made as per T.S. Estimate. Hence, no question of overpayment arose. The reply of the department was not correct because payment to the contractor was at higher rates.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to effect recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 950)

4.4.11.6 Executive Engineer, Muzzafargarh Canal Division, Muzzafargarh prepared rate analysis for the item “*Filling of joints bitumen, sand and saw dust*” @ Rs 9.45 per sft and accordingly paid for a quantity of 318093.86 sft by wrongly including 25% wastage of material and extra labour, against admissible correct rate of Rs 6.67 P.sft

Violation of rules resulted in overpayment of Rs 884,300.

Audit pointed out the overpayment in August 2016. The department did not reply despite repeated verbal & written requests.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department explained that the work was got executed and paid as per approved rate.

The Committee was not convinced with the departmental reply and directed the department that technical probe be got completed by the Superintending Engineer concerned within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early investigation and recovery.

(DP No. 559)

4.4.11.7 Executive Engineer D.G. Khan Canal Division D.G. Khan got approved the technical sanctioned estimate with a provision of an item “*Providing and laying Fair Face Gutka size 9" x 2¼" x 2¼" over ¾" cement sand mortar with recessed joint in 1/3 cement sand mortar*” and paid for a quantity of 16004.86 sft @ Rs 155.80 per sft. Rate analysis of the subject item was prepared and got approved by taking 755 gutkas per 100 sft and scaffolding was also included in the material and miscellaneous heads. However, correct rate with 628 gutkas and without scaffolding works out to be Rs 105.95 per sft. In this way excess rate of Rs 49.85 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment of Rs 797,842 due to allowing excess rate of non-standardized item.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department contended that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 531)

4.4.11.8 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the T.S. estimate with the provision of an item "*Providing and laying tuff paver 60mm thick over 1" with sand grouting including carriage*" and paid for a quantity of 50506 sft @ Rs 86.13 per sft. Rate analysis of the subject item was prepared and got approved by taking rehandling charges and labour @ Rs 10 per sft in the head Miscellaneous. Whereas, the correct rate without rehandling charges and applying correct labour @ Rs 6.39 per sft and 3% rebate offered by contractor works out to Rs 71.78 per sft. In this way excess rate of Rs 14.35 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment due to allowing excess rate of non-standardized item worth Rs 724,761

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department contended that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 535)

4.4.11.9 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the technically sanctioned estimate with a provision of an item "*Providing and laying Fair Face Gutka size 9" x 2¼" x 2¼" over ¾" cement sand mortar with recessed joint in 1/3 cement sand mortar*" and paid for a quantity of 11918 sft @ Rs 159.88 per sft. Rate analysis of the subject item was prepared and got approved by taking 755 gutkas per 100 sft and scaffolding was also included in the material and miscellaneous head. Correct rate with 628 gutkas per 100 sft and without scaffolding works out to be Rs 105.95 per sft. In this way, excess rate of Rs 49.85 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment of Rs 642,738 due to allowing excess rate of non-standardized item.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department contended that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 541)

4.4.11.10 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the T.S. estimate with a provision of an item “*Providing and laying tuff paver 60 mm thick over 1" sand grouting including carriage*” and paid for a quantity of 32586 sft @ Rs 82.87 per sft. Rate analysis of the subject item was prepared and got approved by taking 20% contractor’s profit and overhead on carriage and rate of labour @ Rs 10 per sft. Correct rate without 20% contractor’s profit and overhead on carriage and labour @ Rs 6.39 per sft was Rs 66 per sft. In this way excess rate of Rs 16.87 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment due to allowing excess rate of non-standardized item amounting to Rs 549,725.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department explained that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 530)

4.4.11.11 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the T.S. estimate with a provision of an item “*Providing and laying tuff paver 60 mm thick over 1" with sand grouting including carriage*” and paid for a quantity of 22140 sft @ Rs 80.76 per sft. Rate analysis of the subject item was prepared and got approved by taking 20% contractor’s profit and overhead on carriage and rate of labour as Rs 10

per sft. The correct rate without 20% contractor's profit and overhead on carriage and labour @ Rs 6.39 per sft works out to Rs 66 per sft. In this way excess rate of Rs 14.76 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment due to allowing excess rate of non-standardized item amounting to Rs 326,786.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department explained that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 534)

4.4.11.12 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the revised technical sanctioned estimate with a provision of an item "*Providing and laying granite tile size 24"x24" over ¾" thick cement sand mortar ratio 1:3*" and paid for a quantity of 23096 sft @ Rs 260.32 per sft. Rate analysis of the subject item was prepared and got approved by taking carriage of tiles from Multan to site and cutting charges whereas, quotations attached with the rate analysis showed that tiles were procured from Dera Ghazi Khan. The correct rate without carriage, cutting charges and 3% rebate offered by the contractor works out to Rs 249.29 per sft. In this way excess rate of Rs 11.03 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment of Rs 254,749 due to allowing excess rate of non-standardized item.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department admitted the recovery.

The Committee directed to effect recovery of the total amount involved in the para within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 529)

4.4.11.13 Executive Engineer, D.G. Khan Canal Division, D.G. Khan got approved the technically sanctioned estimate with the provision of an item "*Providing and laying Fair Face Gutka size 9" x 2¼" x 2¼" over ¾" cement sand mortar with recessed joint in 1/3 cement sand mortar*" and paid for a quantity of 3835.60 sft @ Rs 155.82 per sft. Rate analysis of the subject item was prepared and got approved by taking 755 gutkas per 100 sft and scaffolding in the material and miscellaneous heads. The correct rate with 628 gutkas per 100 sft and without scaffolding was Rs 105.95 per sft. In this way excess rate of Rs 49.87 per sft was got approved and allowed to the contractor.

Violation of rules resulted in overpayment of Rs 191,282 due to allowing excess rate of non-standardized item.

Audit pointed out the overpayment in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department explained that the tender rate was paid after approval from the competent authority.

The Committee directed to get the record verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest and its verification.

(DP No. 526)

4.4.12 Irregular enhancement of work without fair competition in violation of PPRA Rules - Rs 53.88 million and loss to public exchequer - Rs 16.23 million

According to the Rule 4 and 22 of Punjab Procurement Rules 2014 and a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner and the procuring agencies shall use open competitive bidding or publication of request for tender as the principal method of procurement for the procurement of goods, services and works. As per Rule 59(iv) repeat orders not exceeding fifteen percent of the original procurement.

Executive Engineer, UCC Division, Sheikhpura awarded the work at a cost of Rs 11.030 million at par to the contractor and the same was enhanced to Rs 64.906 million. As per PPRA Rules the enhancement of work more than 15% of the original agreement is not allowed without calling open tenders. Whereas in this case the work was enhanced to 411% above the original agreement which is violation of PPRA rules. Audit further noticed that a similar work was awarded at 25% below in the same year.

Violation of rules resulted in irregular enhancement of work without fair competition in violation of PPRA Rules worth Rs 53.876 million and loss to public exchequer amounting to Rs 16.226 million.

Audit pointed out the irregularity in October 2016. The department replied that work was awarded after fulfillment of all codal formalities for safety of the structures as well as allied valuable agriculture land, abadies and infrastructures which was also agreed by 3rd Party monitoring

consultant due to its importance and requirement of early completion for safety of infrastructures. The reply of the department was not correct as the work was awarded without fair competition to give undue benefit to the contractor in violation of PPRA rules.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply. The department did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and regularization from the Finance Department besides fixing responsibility for this lapse.

(DP No. 1036)

4.4.13 Overpayment due to application of incorrect rate - Rs 15.16 million

As per Chief Engineer Irrigation letter vide No.7115-37/WI/99/2001 dated 28.04.2009 that "since MRS was enforced and rates for all types of material were also available on the relevant website, the rate for item of work i.e. "supply of crush/bajri" be made in the estimates according to rates of MRS and Superintending Engineer should stop sanction / approval of "crush" rates as non-schedule item.

4.4.13.1 Executive Engineer, Construction Division, D.G Khan made provision of non-standardized item of work i.e "*crush / bajri*" at higher rate than the rate notified in input rates for MRS.

Violation of regulations resulted in overpayment of Rs 11.663 million due to allowing higher rates for bajri than MRS rates.

Audit pointed out the overpayment in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department replied that the payment was made according to Technical Sanctioned Estimate and in accordance with the rate quoted by the contractor.

The Committee was not convinced with the departmental reply. The Committee directed that total amount involved in the para may be recovered within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 808)

4.4.13.2 Executive Engineer, Drainage Division, Mandi Bahauddin got executed the item "*Borrowpit excavation undressed along with average lead upto 2.5 miles*" for a quantity of 921568 cft @ Rs 6,962.10 % cft (3326.40+3635.70) instead of correct payable rates as approved by Superintending Engineer, Machinery Circle, Lahore @ Rs 5,861.10 % cft.

Violation of regulations resulted in overpayment of Rs 1,014,646 to government due to payment on higher / incorrect rate.

Audit pointed out the overpayment in October 2016. The department replied that Audit observation was correct but the rate calculated by audit was not correct and actual recoverable amount comes to Rs 518,013. The department admitted the partial recovery of Rs 518,013 against the pointed out recovery of Rs 1,014,646. The Departmental stance was partially admitted however recovery calculation by department was not correct as department made payment for 3 mile lead instead of 2.5 mile.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department admitted the recovery of Rs 518,013.

The Committee directed that due recovery be made within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 898)

4.4.13.3 Executive Engineer, Flood Bund Division, Narowal changed the original lead of the estimate for the item of "*Earth work excavation from outside barrowpit in ordinary soil*" from 500ft to ½ mile and paid 3415329 cft quantity @ Rs 3,563.90. According to the bid, the contractor quoted rate of Rs 2,200 per % cft against the estimated rate of Rs 3,668.80 per % cft in the TS Estimate which was 40.035 % below the estimated rate. The calculation of rate and payment for ½ mile lead was not correct because a rate of Rs 3,310.42 based on item No.4(a) and 17(a &b) of MRS 2nd bi annual 2015 was payable to the contractor after adding the rate of transportation in the original rate of the item work and with the same percentage of rebate as per original item of work as quoted by the contractor.

Violation of regulations resulted in overpayment of Rs 865,718

Audit pointed out the overpayment in August 2016. The department replied that no overpayment was made as the rate was approved by competent authority. The reply of the department was not tenable because rate for excess lead was applicable at the same percentage as quoted by the contractor for 500 ft lead.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee directed for detail verification of record within 30 days or otherwise to effect the recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 651)

4.4.13.4 Executive Engineer, Canal Division, RY Khan got executed 2 works of Desilting & 2 items of work “*Berm cutting etc*” and *earth work soft soil/ silt clearance* and paid @ Rs 3,812.15% & Rs 2,617.60 / 2,767.80 respectively instead of @ Rs 1,725 % covering both items for desilting work.

Violation of regulations resulted in overpayment of Rs 653,400 due to excess quantity and excess lead.

Audit pointed out the overpayment in August 2016. The department stated that the item of berm cutting was correctly paid according to estimated provision. Reply was not tenable being irrelevant.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to conduct technical probe by the Superintending Engineer concerned within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early finalization of technical probe and effect recovery.

(DP No. 825)

4.4.13.5 Executive Engineer, Burala Division LCC (E) Circle, Faisalabad made payment for the item of “*Filling stone in wire crates*” @ Rs 1,000 % cft and payment for the same quantity was also made for the item “*Supply and dumping at site without boat*” @ Rs 600 % cft. As the filling of stone was carried out at site and against this quantity separate payment for dumping of stone @ Rs 415.38 (1039.50 x 39.96 % labour rate of dumping) was not admissible as the labour for dumping had already been paid to the contractor in the item of filling of stone in wire crates.

Violation of regulations resulted in overpayment of Rs 380,686 which was likely to increase upto Rs 1,521,224 on completion of the Work

Audit pointed out the overpayment in September 2016. The department replied that for the item supply and dumping at site without boat, rate was Rs 1,501.50 per % cft and filling of stone in wire crate was a separate item and stone was filled in box wire crates @ Rs1,993.20. These items were totally different in their nomenclature, specification and way of execution so deduction of item filling in wire crates from supply and dumping was not justified as per estimate technically sanctioned by the competent authority. The contention was not correct because after payment for filling of wire crates extra labour for dumping the same was not required to be paid. The department paid double labour first in the item of filling in wire crates and second in dumping.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed the department to conduct a technical probe by the Chief Engineer concerned within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery

(DP No. 1029)

4.4.13.6 Executive Engineer, Hafizabad Division LCCW, Faisalabad measured and paid the RCC Slab (7 ft wide and 1502 rft. Long) on water works channel due to shifting of head regulator and paid 10755.53 cft quantity of RCC @ Rs 292.90% cft (13.25% below Tender Rate). The 3 foot width out of 7 foot width of RCC slab was laid on 1.5 foot on each side wall of the channel which was 42 % of the total quantity of RCC slab and for this quantity no form work (horizontal Shuttering) was involved therefore the rate for 40% (4302 cft) quantity of RCC Work was required to be paid @ Rs 219.90 instead of Rs 290.92.

Violation of regulations resulted in overpayment to the contractor amounting to Rs 270,394.

Audit pointed out overpayment in October 2016. The department did not the reply.

The matter was discussed in SDAC meeting held on 13.12.2016. The department explained that the composite item of work RCC slab included both horizontal and vertical shuttering and was paid accordingly.

The Committee was not convinced with the departmental reply and directed to conduct a probe by the Superintending Engineer within 30 days and effect due recovery accordingly. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe and recovery.

(DP No. 982)

4.4.13.7 Executive Engineer, Rasul Division, LJC, Mandi Bahauddin during the execution of work "Strengthening weak and ghat sites of Northern Branch between RD: 14+000-15+000/R and 24+000-25+000/R" made payment for the item "*Dumping of stone without boat including handling of material within 3-chain*" for the quantity 23382 cft whereby only dumping was awarded to the contractor at labour rates and quantity of stone for 25727 cft was purchased by the department direct from the quarry at its own @ Rs 1217.66/% cft and provided to the contractor accordingly. Audit was of the view that the composite rate of "Dumping of stone without boat" was available in MRS 2nd Bi-annual 2015 containing the rate Rs1547.70 % cft (labor 1085.70+ cost of stone 462.00) hence it was required to be got executed by the contractor at composite rate notified by the Finance Department through MRS of respective district where cost of stone was Rs 462.00 % cft instead of direct purchase of stone @ Rs 1217.66 % cft.

Violation of regulations resulted in overpayment of Rs 194, 409.

Audit pointed out overpayment in October 2016. The department replied that procurement of stone of approved quality was made from nearest approved Sikhanwala Quarry of Irrigation Department which was within the jurisdiction of Circle. Therefore, use of un-approved quality of stone from private source was neither justified nor allowed. The reply given by the department was not tenable as the department made payment against the cost of stone direct to the quarry @ Rs 1217.66 % cft whereas the cost of stone for dumping as notified in MRS of Mandi Bahauddin of respective quarter / Bi-Annual was Rs 462 % cft Department got executed the complete item @ Rs 2303.36 % cft (Rs 1085.70+1217.66) instead of correct rate for Rs 1547.70 % cft as notified in MRS.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to revise the T.S.Estimate and a technical probe by the S.E concerned within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 515)

4.4.13.8 Executive Engineer, Rasul Division, LJC, Mandi Bahauddin during the execution of the work "Strengthening weak and ghat sites of Northern Branch between RD:6+000-8+000/R" made payment for the item "*Dumping of stone without boat including handling of material within 3-chain*" for quantity of 14538 cft whereby only dumping was awarded to the contractor at labor rates and quantity of stone for 15998 cft was purchased by the department direct from the quarry at its own @ Rs 1217.66 % cft and provided to the contractor accordingly. Audit was of the view that the composite rate of "Dumping of stone without boat" was available in MRS 2nd Bi-annual 2015 containing the rate Rs1,547.70 % cft (labor 1085.70+ cost of stone 462.00) hence it was required to be got executed by the contractor at composite rate notified by the Finance

Department through MRS of respective district where cost of stone was Rs 462.00 % cft instead of direct purchase of stone @ Rs 1,217.66.

Violation of regulations resulted in overpayment of Rs 120, 890.

Audit pointed out overpayment in October 2016. The department replied that procurement of stone of approved quality was made from nearest approved Sikhanwala Quarry of Irrigation Department which was within the jurisdiction of Circle of this Division, therefore, use of unapproved quality of stone from private source was neither justified nor allowed. The reply given by the department was not tenable department made payment against the cost of stone direct from the quarry @ Rs 1217.66 % cft whereas the cost of stone for dumping as notified in MRS of Mandi Bahauddin of respective quarter / Bi-Annual was Rs 462 % cft. Department got executed the complete item @ Rs 2303.36 % cft (Rs 1085.70+1217.66) instead of correct rate for Rs 1547.70 % cft as notified in MRS.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to revise the T.S. Estimate and conduct a technical probe by the S.E concerned within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends for early recovery and its verification.

(DP No. 517)

4.4.14 Overpayment due to allowing inadmissible carriage - Rs 11.71 million

As per Finance Department instructions dated 2.8.2004 rate analysis and specifications standardized by the Finance Department should be the basis of market rate of an item. However, these can be modified, replaced and added to with the approval of the Finance Department.

Further as per Finance Department letter dated 2-9-2004 all the rate analysis of non-standardized items should be prepared by applying input rate notified by the Finance Department.

4.4.14.1 Executive Engineer, Small Dams Division, Islamabad made payment of Rs 24,569,718 for an item of work "*P/L River or Pit Sand including compaction of 95% to 100%*" as a non-scheduled item @ Rs 3,973.49 per % cft for a quantity of 449809 cft and 168532 cft instead of taking rate of coarse sand at site @ Rs 2,017.75 per% cft as notified by Finance Department's input rates.

Violation of the Finance Department's instructions resulted in overpayment of Rs 9,984,043 due to incorrect application of rate.

Audit pointed out the overpayment in July 2016. The department replied that the coarse sand used in the filter was not available locally. It was carried from Lawrencepur District Attock. Reply was not tenable because the input rate of coarse sand was available in the 1st Bi-Annual 2012 Rawalpindi.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee directed that a technical probe by the Superintending Engineer concerned be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe.

(DP No. 514)

4.4.14.2 Executive Engineer, Flood Bund Division, Narowal made payment for the item of "*Supplying crushed stone ballast or bajri 1/8" to 1/2" and bajri of 1/2 to 2" ring* @ Rs 3,641.30 and Rs 2,252.32 respectively and carriage of bajri was paid separately. The rate for bajri of size of 3/8"

to 1" was available in the input rates of 1st bi-annual 2014 @ Rs 4,200 % cft at site which was required to be paid without any extra carriage.

Violation of the Finance Department's instructions resulted in overpayment of Rs 1,613,539 due to incorrect rates.

Audit pointed out overpayment in July 2016. The department replied that no overpayment was made to the contractor because the payment was made as per Technically Sanctioned Estimate approved by competent authority. The reply of the department was not tenable because rates of bajri was required to be incorporated as per inputs rates for the period of 1st Bi-Annual 2014 without any carriage.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the departmental reply and directed to effect the recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 656)

4.4.14.3 Executive Engineer, Canal Division, Khushab derived incorrect rate of a non- standardized item "*Providing and laying crushed stone filter 1/8" to 2" size*" by taking inadmissible carriage of 121 miles and made payment to the contractor for 15000 cft @ Rs 5,075 per % cft instead of correct payable rate of Rs 4,365 per % cft as worked out by audit.

Violation of the Finance Department's instructions resulted in overpayment due to application of incorrect rate amounting to Rs 106,625.

Audit pointed out overpayment in August 2016. The department replied that the material input rates notified by the Finance Department were material rates in market not at site. Moreover, non-standardized item

with 121 kms lead was approved by the competent authority in T.S. estimate, hence, the rate was justified. The reply given by the department was not tenable because the rate of aforesaid item was at site as notified by Finance Department in material input rates and inclusion of lead for 121 kms while preparing rate of analysis of the item was not justified and resulted in overpayment.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to refer the case to Finance Department for seeking clarification. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 908)

4.4.15 Overpayment due to provision of incorrect rates - Rs 10.80 million

According to Finance Department clarification issued vide letter No.RO(TECH) FD-11-62/2006 dated 07.11.2006, the rate for formation, dressing and preparation of sub-grade in bed & on slope is included in the item of earthwork excavation in irrigation channel, drains etc. to designed section grade & profile.

4.4.15.1 Executive Engineer, CBDC Division, Lahore paid the item of formation, dressing and preparing sub grade in bed and on slope whereas its rate was included in the allied item of earthwork.

Violation of the Finance Department's instructions resulted in overpayment due to application of incorrect rate worth Rs 4.958 million.

Audit pointed out the overpayment in October 2016. The department did not reply despite repeated written requests.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department explained that the formation, dressing and preparing sub grade was integral part of lining work.

The Committee was not convinced with the departmental reply and directed to refer the case to the Finance Department for clarification within 30 days otherwise effect the recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early clarification from Finance Department/recovery.

(DP No. 729)

4.4.15.2 Executive Engineer, CBDC Division Lahore paid the item "*Formation, dressing and preparing sub grade in bed and on slope*" whereas its rate was included in the allied item of earthwork, namely "*Earthwork excavation in irrigation channels, drains, to designed section etc*".

Violation of the Finance Department's instructions resulted in overpayment due to double dressing amounting to Rs 1.989 million.

Audit pointed out the overpayment in October 2016. The department did not reply despite repeated written requests.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department explained that the formation, dressing and preparing sub grade was integral part of lining work.

The Committee was not convinced with the departmental reply and directed to refer the case to the Finance Department for clarification within 30 days otherwise effect the recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides providing requisite record for verification.

(DP No. 761)

4.4.15.3 Executive Engineer, Flood Bund Division, Narowal made recovery for dressing of earth @ Rs 112.20% cft instead of Rs 299.90% cft for the quantity of 9880070 cft (6464741 cft + 3415329 cft) for the item “*Earthwork excavation from outside barrow pit in ordinary soil*” because as per acceptance letter the item “*Earthwork excavation from outside barrow pit in ordinary soil was required to be dressed*” whereas the item was executed and paid as undressed. The recovery was to be made as per item No. 18(b) Chapter 3 of MRS 2nd bi Annual period of 2015 at the rate of Rs 299.90 % cft.

Violation of the Finance Department’s instructions resulted in overpayment of Rs 1,854,489.

Audit pointed out the overpayment in August 2016. The department replied that the contractor quoted the rate in DNIT as dressed and contractor had already been paid less rates than quoted rates after approval/verification of NESPAK Consultant. The reply of the department was not tenable as recovery was required to be made @ Rs 299.90% cft as per item 18(b) chapter 3 of MRS because the rate of Rs 112.20 was for dressing of slops for 100 sft area.

The matter was also discussed in SDAC meeting held on 07.12.2016. The Divisional staff could not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days.

Audit recommends early recovery and its detailed verification.

(DP No. 647)

4.4.15.4 Executive Engineer, UCC Division, Sheikhpura measured and paid the item of “*Earthwork excavation in irrigation channels*”

disposed off and dressed lead upto 50 feet” for a quantity of 1152431 cft @ Rs 2,919.85 upto 12th running bill. Further, the compaction of the same earth was also paid separately therefore, the rate of dressing @ Rs 288.50%o cft also included in the item compaction of earthwork” was required to be deducted from the payment of earth work excavation.

Violation of the Finance Department’s instructions resulted in overpayment of Rs 332,476

Audit pointed out the overpayment in October 2016. The department replied that the work was executed under the supervision of the NESPAK engineers and payments were made after due verification by consultant. The reply of the department was not correct because due to incorrect rate, overpayment was made to the contractor.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to get the record verified and effect due recovery within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 955)

4.4.15.5 Executive Engineer, Drainage Division, Mandi Bahauddin got executed the item “*Dressing and leveling of earthwork to designed section etc*” for the quantity of 921568 cft @ Rs 299.90 %o cft and made payment to Excavator Division, Faisalabad, whereas, the rate for dressing and leveling was included in the approved rate of complete item “*Earthwork excavation from outside borrowpits average lead upto 2 miles including dressing and leveling for all types of soil*” approved by Superintending Engineer Machinery Circle Lahore @ Rs 5,861.10 %o cft.

Violation of the Finance Department's instructions resulted in loss to government due to extra payment of in built component of item amounting to Rs 276,378.

Audit pointed out loss in October 2016. The department replied that payment of dressing and leveling of Rs 276,378 would be recovered from Executive Engineer, Excavator Division, Faisalabad. Correspondence in this regard was in process. The department admitted full recovery for Rs 276,378.

The matter was also discussed in the SDAC meeting held on 15.12.2016. The Committee directed to effect recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 899)

4.4.15.6 Executive Engineer, Drainage Division, Mandi Bahauddin got executed the item "*Dressing and leveling of earthwork to designed section etc*" for the quantity 566971 cft @ Rs 299.90 % cft whereas the rate of dressing and leveling was included in the approved rate of complete item "*earthwork excavation from outside borrowpits average lead upto 2 miles including dressing and leveling for all types of soil*" approved by Superintending Engineer, Machinery Circle, Lahore @ Rs 5,861.10 % cft.

Violation of the Finance Department's instructions resulted in loss to government due to extra payment of inbuilt component of item amounting to Rs 169,720.

Audit pointed out loss in October 2016. The department replied that payment of dressing and leveling of Rs 169,720 would be recovered from Executive Engineer, Excavator Division, Faisalabad. Correspondence in this regard was in process. The department admitted full recovery of Rs 169,720.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department stated that the work was in progress and reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to effect recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 896)

4.4.15.7 Executive Engineer, Dallas Canal Division, Rahim Yar Khan made payment for "*Borrowpit excavation in ordinary soil lead upto 3 miles inclusive of dressing*" for a quantity of 20,09,556 cft @ Rs 3,889.82 % cft without record entry of dressing.

Weak supervisory and financial controls resulted in overpayment due to incorrect rate amounting to Rs 459,184 (Rs 2,009,556 x 228.50%).

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department admitted the recovery.

The Committee directed the department to effect recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 850)

4.4.15.8 Executive Engineer, Dallas Canal Division, Rahim Yar Khan paid an item of work "*Borrowpit excavation in ordinary soil lead*

upto ¾ miles inclusive of dressing” @ Rs 3,414.06 ‰ cft without record entry of dressing for a quantity of 3,717,361 cft.

Violation of the Finance Department’s instructions resulted in overpayment due to incorrect application of rate amounting to Rs 849,417.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department stated that out of Rs 849,417, an amount of Rs 326,075 had been credited to the Govt Revenue and got verified.

The Committee reduced the para to Rs 523,342 with the direction to effect the balance recovery within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery of balance amount.

(DP No. 847)

4.4.15.9 Executive Engineer, Khanwah Division, DCC Depalpur, made provision for an item of work “*Earthwork from outside borrowpit lead upto 2 miles undressed*” for a quantity of 785278 cft @ Rs 6,955.50 per ‰ cft. Audit observed that nomenclature of the item of work was “undressed” but the rate for “*Earth work from outside borrowpit lead 2 miles*” was provided as “dressed”. The actual rate with “undressed” earth work was Rs 6,655.60‰ cft. Thus, excess rate of Rs 299.90‰ cft was provided in the estimate of the work.

Violation of the Finance Department’s instructions resulted in loss to the government amounting to Rs 235,504.

Audit pointed out the overpayment in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016.

The department explained that the word “undressed” was written erroneously as “dressed”.

The Committee was not convinced and directed to effect the actual recovery within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 680)

4.4.16 Irregular expenditure due to splitting of work against PPRA rules - Rs 8.24 million

According to PPRA Rule 12 & 13 notified by the S&GAD, Government of the Punjab vide No PPRA/1-1/2009 dated 02.10.2009, the works over Rupees one Lac to Twenty Lac, were required to be advertised on PPRA’s website and also in print media if deemed necessary in at-least two daily newspapers having wide circulation, one in English and one in Urdu with at-least 15 days response time between the date of advertisement in electronic and print media and the date of opening of tenders. The works costing more than Rs Twenty Lac were required to be advertised invariably on PPRA website and print media.

4.4.16.1 Executive Engineer, Canal Division, Khushab split the work of “Repairing & general overhauling of DWT pumping sets” fitted in different sumps of Tile Drainage Project, Khushab into 7 works. The T.S. estimates of works were approved on same date, contracts were awarded on same date and paid on same date. In this way, same nature of work was splited into parts to avoid open competition and approval of higher authority.

Violation of rules resulted in irregular expenditure due to splitting of work amounting to Rs 3,626,869.

Audit pointed out irregularity in August 2016. The department replied that the sumps were located at different areas of District Khushab

and Joint estimation of sumps was not possible. The same T.S. date of estimates was due to necessity of work. The advertisement of all those works had been made on PPRA's website. The reply was not tenable because T.S. estimates of all 7 works were got sanctioned on same date, all contracts were awarded on same date and the payment was made on same date to same contractor which indicated that splitting was done to keep the works within the competence of Executive Engineer and to avoid the approval of higher authority besides fair competition.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that a technical probe by the Superintending Engineer concerned be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe along with disciplinary action against the responsible.

(DP No. 671)

4.4.16.2 Executive Engineer D.G. Khan Canal Division D.G. Khan awarded several works of supplies of different items to contractors in violation of the PPRA rules 2014. Neither these works were announced nor competition was made among the bidders and work orders were issued to same person on the same date by splitting.

Violation of rules resulted in irregular procurement of Rs 1,983,003.

Audit pointed out the irregularity in October 2016. The department replied that each procurement was made after collecting three quotations as per PPRA rules.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department replied that each procurement had been made after collecting three quotations as per PPRA rules.

The Committee was not convinced with the departmental reply. The Committee directed that a probe by the Superintending Engineer concerned be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early probe along with disciplinary action against the responsible.

(DP No. 1059)

4.4.16.3 Executive Engineer, Hafizabad Division LCC(W), Faisalabad incurred an expenditure of Rs 1,378,670 on account of purchase of miscellaneous items by splitting / piece meal quotations to avoid calling open tender and approval of competent authority as required under PPRA Rules. Moreover, the expenditure was charged to head "Office building" instead of "Office equipment" and to "Main Canal" instead of "Office Contingency".

Violation of rules resulted in irregular allotment of works without fair competition in violation of PPRA Rules and misclassification of expenditure worth Rs 1,378,670.

Audit pointed out irregularity in October 2016. The department did not the reply.

The matter was discussed in SDAC meeting held on 13.12.2016. The department replied that items were purchased on need/demand basis for different offices as per PPRA Rule. No funds were released for office equipment therefore, these items were purchased under head of office building.

The Committee was not convinced with the departmental reply. The Committee directed that probe by a Superintending Engineer be got

completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe along with disciplinary action against the responsible.

(DP No. 987)

4.4.16.4 Executive Engineer, Rajanpur Canal Division, Rajanpur made procurements of T&P articles etc by splitting the work orders to avoid tendering.

Violation of rules resulted in irregular procurement of Rs 835,788.

Audit pointed out the irregular procurement in November 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department replied that quotations of different items were invited from different firms and no irregular procurement was made.

The Committee was not convinced with the departmental reply. The Committee directed that a probe by the Superintending Engineer concerned be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe along with disciplinary action against the responsible.

(DP No. 584)

4.4.16.5 Executive Engineer, Lower Chenab Canal Division, Faisalabad, made payment of Rs 413,086 to a single contractor in a day through different vouchers just to avoid sanction of higher authority and competitive rates as well.

Violation of rules resulted irregular expenditure of Rs 413,086.

Audit pointed out the irregularity in March 2016. The department replied that the estimate for different works for main canal rest house and residential building having different items were prepared and got sanctioned by the competent authority. Reply was not tenable as irregularity was committed.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee directed that a technical probe by the Superintending Engineer may be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of technical probe and regularization from the competent authority.

(DP No. 293)

4.4.17 Overpayment due to application of incorrect rate - Rs 8.19 million

According to MRS Chapter No.6, item No.6(a)(ii)(3) 1st bi-annual 2012, if no form work i.e. horizontal shuttering is required, the rate of item RCC, type-C (nominal mix 1:2:4) would be Rs 173.60

4.4.17.1 Executive Engineer, Small Dams Division, Islamabad made payment for an item of work "*Providing and laying reinforced cement concrete using course sand and screened graded and washed aggregate in required shape and design ratio 1:2:4*" @ Rs 262.05 and Rs 233.95 per cft instead of admissible rate of Rs 181.16 per cft (173.60+4.36%) as the RCC 1:2:4 was to be laid in the Chahan Dam without horizontal shuttering.

Violation of regulation resulted in overpayment to the contractors due to incorrect application of rate worth Rs 3,606,325 (2,450,668 + 1,155,657).

Audit pointed out the overpayment in July 2016. Department stated that in one case, rate of Rs 173.60 did not exist in MRS and admitted recovery of Rs 1.156 million in the 2nd case. Reply was not tenable in the first case because rate existed in MRS and the department did not effect the admitted recovery in the second case.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to effect recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends for early recovery.

(DP No. 460)

4.4.17.2 Executive Engineer, Kot Adu Canal Division, Kot Adu locally purchased the MRS item "Jute Bags" and made payment at the rate of Rs 130, Rs 125 and Rs 85 each instead of MRS rate i.e. Rs 53.45 each. The Resident Engineer, Third Party Monitoring also objected that rate of Rs 53.45 per bag was available in the MRS and should be applied. In this way, payments were made to contractor at excess rates of Rs 76.55, Rs 31.55 and Rs 71.55 each.

Violation of regulation resulted in overpayment due to allowing incorrect rates worth Rs 1,035,719

Audit pointed out the overpayment in September 2016. The department replied that the item in question was required in an emergent situation. It was further stated that prices of jute bags often fluctuated in the local market. Therefore, jute bags had been supplied locally through the enlisted contractors of the department after observing all codal formalities. The reply of the department was not tenable because economical rate of Rs 53.45 per jute bag was available in the MRS and consultants had also objected to the rates paid by the department.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its early reply.

The Committee directed that detailed verification of record be got completed within 30 days.

Audit recommends early recovery and its detailed verification.

(DP No. 359)

4.4.17.3 Executive Engineer, UCC Division, Sheikhpura made the payment for item “*Carriage of stone 177 km (last 3 km kacha)*” @ Rs 4,578.775 per % cft instead of actual rate Rs 4,351.775 % cft as per MRS 1st bi annual 2014 for the period from 01.02.2014 to 31.07.2014 for District Sheikhpura. Due to incorrect application of rate, an excess rate of Rs 227‰ cft was paid to the contractor.

Violation of regulation resulted in overpayment due to incorrect rates of Rs 997,860

Audit pointed out the overpayment in October 2016. The department replied that the rate applied and payment made was as per T.S. Estimate. Hence no question of overpayment arose. The reply of the department was not correct because payment to the contractor was required to be made as per actual rate payable instead of incorrect rate.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to effect recovery within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 951)

4.4.17.4 Executive Engineer, UCC Division, Sheikhpura made the payment for stone of 36 kg for 392808 cft @ Rs 658.599% cft and 27 kg for 30927 cft @ Rs 944.079% cft on quarry rates to the contractor. The payment to the contractor should be on market rates i.e. @ Rs 462 and 648 per % cft respectively. Due to incorrect payment to the contractor at Government rates instead of MRS rates, an excess rate of Rs 195.599 & 296.079 % cft for each item had been paid to the contractor.

Violation of regulation controls resulted in overpayment due to incorrect rates of Rs 863,824.

Audit pointed out the overpayment in October 2016. The department replied that stone over 36 Kg and 27 kg was not available at approved quarry i.e. Sikhanwali quarry, the necessary “non-availability certificate” was obtained. The reply of the department was not correct as payment to the contractor was required to be made on the MRS instead of the Government rate. The overpayment was required to be recovered.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed for detailed verification of record. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery and its verification

(DP No. 948)

4.4.17.5 Executive Engineer, Drainage Division, Mandi Bahauddin got executed the item “*Supplying and Dumping of stone without boat including handling of material within 3 chain*” for quantity of 44095 cft. Further, department awarded only dumping to the contractor at labor rates and quantity of stone for 73500 cft was purchased direct from the quarry on its own @ Rs 1,217.66% cft instead of correct payable rate available in MRS 2nd biannual 2014 i.e. Rs 465% cft.

Violation of regulation resulted in overpayment of Rs 555, 410.

Audit pointed out overpayment in October 2016. The department replied that procurement of stone was made from Sikhanwali Quarry Shahpur Division LJC Sargodha in the light of notification from Secretary Irrigation Lahore to Chief Engineer Irrigation Sargodha Zone, Sargodha and procurement of Dumping stone through contractor from sources other than the Government Quarry at Sikhanwali was prohibited. The reply was not tenable because the actual rate of stone was Rs 462% cft as per MRS item "Supplying and dumping stone without boat" notified by Finance Department whereas department purchased stone from quarry @ Rs 1217.66 % cft.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to conduct a technical probe by the Superintending Engineer within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of technical probe and recovery from the contractor.

(DP No. 900)

4.4.17.6 Executive Engineer, Dallas Division RY Khan made payment for the item of work "*Berm cutting etc*" @ Rs 3,812.15 instead of @ Rs 2,138.4 for 140273 cft and "Earthwork excavation in ashes, sand and soft soil for bed clearance lead upto 50 ft (15 metre) @ Rs 2,617.60 instead of @ Rs 1,725 for desilting.

Weak internal and supervisory controls due to incorrect rate resulted in overpayment of Rs 435,088

Audit pointed out the overpayment in September 2016. The department did not reply despite repeated written requests.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department explained that payment was made as quoted by the contractor against the approved rates of TSE by the competent authority.

The Committee was not convinced with the departmental reply. It was decided that the estimate may be got revised and a technical probe by the Superintending Engineer concerned be got completed within 30 days.

Audit recommends early completion of technical report.

(DP No. 856)

4.4.17.7 Executive Engineer, UCC Marala Division, Sialkot measured and paid the item “*Supplying and Dumping of stone without boat i/c handling of material within 3 chain*” for a quantity of 30540 cft @ Rs 2,560 % cft instead of actual rate of Rs 1,547.70 per % cft.

Violation of regulation resulted in overpayment due to application of incorrect rate amounting to Rs 309,400.

Audit pointed out overpayment in August 2016. The department replied that the recovery would be effected from the next bill of contractor. The admitted recovery was not made till date.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department admitted the recovery.

The Committee directed the department to effect recovery of total amount involved in the para within 90 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1006)

4.4.17.8 Executive Engineer, Drainage Division, Mandi Bahauddin got executed the item of work “*Earthwork excavation undressed lead*”
505

upto a single throw of kassi, pharaoh or shovel in ordinary soil @ Rs 4,321.80 and Rs 2,187 instead of correct payable rate as per MRS 2nd biannual 2015 @ Rs 1,725 %cft.

Violation of regulation resulted in overpayment of Rs 233,258.

Audit pointed out overpayment in October 2016. The department replied that in first case, the rate of lead upto ½ mile was included, whereas, in the second case, the TS estimate of the work was got revalidated in 2015-16. At the time of sanction of estimate, the rate was Rs 2,127 % cft instead of Rs 1,725 % cft. The reply was not tenable because the correct rate of the item in question was Rs 1,725 % cft. whereas department made payment on incorrect / higher rate.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to revise technical sanctioned estimate and also conduct a technical probe by the Superintending Engineer within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of technical probe.

(DP No. 901)

4.4.17.9 Executive Engineer, Lower Gugera Division, Faisalabad measured a quantity 18795 cft for the item "*Supplying and dumping at site without boat i/c handling of material within 3 chain*" and paid @ Rs 2,774/65 % cft instead of actual rate of Rs 1,761.55 per % cft

Violation of regulation resulted in overpayment to the contractor amounting to Rs 150,425.

Audit pointed out overpayment in September 2016. The department replied that actually work was done in standing water/Pit as

per plan attached, but due to typing mistake, the word “without Boat” was written instead of “with Boat”. Third Party Monitoring Consultant had also verified the work during estimation, execution, and completion stage, and the rate was correctly applied according to site condition. The reply of the department was not tenable. The work was carried out during closure period of canal without boat and rate of Rs 1,761.55 was payable to the contractor.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of the department and directed to revise technical estimate and also conduct a technical probe by the Superintending Engineer within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early finalization of technical probe.

(DP No. 1002)

4.4.18 Loss due to allowing inadmissible carriage - Rs 8.09 million

According to the instructions issued by the Finance Department, vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority on the basis of input rates of relevant quarter placed at website of FD.

4.4.18.1 Chief Engineer, Irrigation Zone Bahawalpur accorded sanction of the non-standardized items “*P/L Bajri Spawl 1/8" to 1/2" and 1/2" to 2" on slopes and levels*”. In the rate analysis of all items of work, breaking charges of stone/brick ballast and carriage of 120 cft was allowed whereas as per input rates of Ist quarter 2011 for district Rahim Yar Khan, rate of bajri of both sizes was Rs 1,000/% cft at quarry site. Hence, only

rate of item with carriage of 100cft along with laying charges was admissible.

Violation of the Finance Department's instructions resulted in loss of Rs 3,593,409.

Audit pointed out loss in April 2016. The department replied that analysis of rate was approved by the S.E.

The matter was also discussed in SDAC meeting held on 21.11.2016. The XEN concerned did not attend the SDAC meeting.

The Committee directed that explanation of the XEN Khanpur be called for not attending the SDAC meeting. No further progress was reported till finalization of the report in January 2017.

Audit recommends early recovery and probe into the matter to fix responsibility against person(s) found responsible.

(DP No. 114)

4.4.18.2 Executive Engineer, Mianwali Canal Division, Mianwali got approved and paid non-standardized rate of Rs 6,096.75 % Cft for item "*P/L crush stone filter 3/8" to 1"*. The incorrect higher rate was approved by allowing carriage of stone with lead 72 km @ Rs 1,879.40. No carriage charges were admissible because as per input rates of Finance Department, carriage to site was already included in input rate of aggregate.

Violation of the Finance Department's instructions resulted in loss of Rs 3,090,758.

Audit pointed out the loss in February 2016. The department replied that payment was made as per quoted rate of contractor and no recovery was applicable.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply because the carriage charges of bajri had already been included in the input rates and directed to effect the full recovery with technical probe by the S.E concerned for fixing the responsibility within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of technical probe, action against person(s) involved and making recovery.

(DP No. 25)

4.4.18.3 Executive Engineer, Pasrur Link Division, Sialkot made payment for the item of "*Providing and laying graded bajri*" on slope and on level @ rate of Rs 3,437 % cft (737.35 + 2700) and Rs 3,302.25 % cft (602.25 + 2700) on basis of MRS Bi-annual 1st August 2014 to 31st January 2015 vide item No.30 plus inputs rates of item No.16.019 of Narowal District. In addition of this, carriage charges @ Rs 4,208.62 % cft were also allowed which were not admissible as the carriage charges of bajri had already been included in the input rates.

Violation of the Finance Department's instructions resulted in loss due to incorrect rates worth Rs 1,404,416.

Audit pointed out loss in July 2016. The department replied that huge quantity of aggregates from 3/8" to 1" (Graded) was required. No quarry existed at Narowal District. The graded aggregate was only available at quarry site Sargodha, so the carriage was involved to bring the material at site. The reply of the department was not correct because if the material was to be brought from quarry site, the rates of quarry site would have been paid instead of Narowal District.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its early reply.

The Committee was not convinced with the departmental reply because the carriage charges of bajri had already been included in the

input rates and directed to effect the full recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 624)

4.4.19 Non-recovery of GST- Rs 6.34 million

As per Govt. of Pakistan Ministry of Finance, Revenue Division No. SRO(660-1)/2007, dated 30.06.2007 all withholding agents shall make purchases of taxable goods from a person duly registered under Sales Tax Act 1990 provided that under unavoidable circumstances and for reasons to be recorded in writing, if purchases are made from unregistered persons, the withholding agents shall deduct Sale Tax at the rate of 17% of the value of taxable goods from the suppliers.

4.4.19.1 Executive Engineer, Kot Adu Canal Division, Kot Adu procured Jute Bags, Gunny Bags, Toot Baskets, Forms, Naqshas, flood materials, T&P articles and chemical from unregistered persons. Neither procurements were announced in an appropriate manner nor fair competition amongst the bidders was arranged and works were let out without completing the codal formalities. Moreover, it was observed that 17% GST was also not deducted under the rules.

Violation of the Finance Department's instructions resulted in non-recovery of GST of Rs 1,721,877.

Audit pointed out the non-recovery in September 2016. Department replied that the supplies were taken in the Division through contractors instead of directly from the manufacturers. All the supply works had been carried out through Govt. contractors. They provided all items from local market agents after payment of Sales Tax on every item. So, they had already paid Sales Tax to the local Shopkeeper. Hence, deduction of Sales Tax was not included in the instant cases. The reply of the department was not acceptable because recovery of GST @ Rs 17% was required to be made as per rules.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that recovery be made and got verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 350)

4.4.19.2 Executive Engineer, Jampur Construction Division, D.G Khan made payment of Rs 4,847,890 to various contractors on account of purchase of material during the financial year 2015-16. But deduction of GST @ 17% worth Rs 824,141 (4847890 x 17%) was not made from bills of the contractors.

Violation of the Finance Department's instructions resulted in non-recovery of GST of Rs 824,141.

Audit pointed out the non-recovery in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department replied that the recovery of 1/5th GST would be made.

The Committee directed the department to recover the total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 342)

4.4.19.3 Executive Engineer, Taunsa Barrage Division, Kot Adu purchased T&P articles and other items from unregistered persons but sales tax at the rate of 17% was not recovered.

Violation of the Finance Department's instructions resulted in non-recovery of General Sales Tax amounting to Rs 725,956.

Audit pointed out the non-recovery in September 2016. Department replied that all the supply works had been carried out through government contractors. They provided all items from local market agents after payment of Sales Tax on every item, so they had already paid Sales Tax to the local shopkeepers. Hence, deduction of Sales Tax did not arise in the instant case. Reply was not acceptable and recovery was required to be effected.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department admitted the recovery.

The Committee directed that total amount be recovered within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 409)

4.4.19.4 Executive Engineer, Canal Division, Rajanpur made procurements of T&P articles, Flood Fighting material, stationery and spare parts, Carpets, LED lights, level books etc in violation of the above rules. Procurements were made from the unregistered persons and 17% GST was not recovered.

Violation of the Finance Department's instructions resulted in non-recovery of Sales Tax from suppliers worth Rs 700,706

Audit pointed out non-recovery in November 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department replied that the purchases were made from

registered firms and department could not deduct sales tax from the registered firms.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 583)

4.4.19.5 Executive Engineer, UCC Marala Division, Sialkot made the estimated rates of items "*Epoxy Cooltar Paint*" and "*Epoxy Thinner*" by adding 19% sales tax whereas, at the time of payment, 17% sales tax was deducted from the bills of the contractors.

Violation of the Finance Department's instructions resulted in less/non-deduction of Sales Tax Rs 698,983.

Audit pointed out non-recovery in August 2016. The department replied that quotations were called for the purpose of estimation from different companies and the estimates were prepared on the basis of lowest quoted rates after adding 19% sales tax. The reply was not tenable because the rates incorporated in TSE were based on quotations of the manufacturer where 19% sales tax was included, therefore recovery was required to be made on the same rates.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1068)

4.4.19.6 Executive Engineer, D.G. Khan Canal Division, D.G. Khan purchased office furniture from unregistered firms but GST @ 17% was not deducted from the payment of contractor. Moreover, accountal of the furniture was not also made.

Violation of the Finance Department's instructions resulted in non-recovery of GST of Rs 619,854 and non-accountal of furniture worth Rs 3,646,205.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department replied that 17% sales tax was not applicable as the contract agreement was drawn up with the finished item of the work rather than supplies and so during preparation of analysis the sales tax was not included in the estimate.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides verification of its accountal.

(DP No. 1056)

4.4.19.7 Executive Engineer, Hafizabad Division, LCC (W), Faisalabad made payments of Rs 3,507,494 for various items by adding 17% sales tax but at the time of payment neither 1/5th sales tax was deducted nor invoices for the balance 4/5th were taken from the suppliers.

Violation of the Finance Department's instructions resulted in non-recovery of GST amounting to Rs 596,274.

Audit pointed out non-recovery in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 13.12.2016. The department replied that recovery had already been made.

The Committee directed the department for detailed verification of record within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 977)

4.4.19.8 Executive Engineer, UCC Marala Division, Sialkot did not deduct 1/5th of GST from the bills of the contractors nor obtained invoices for the balance 4/5th of GST from them.

Violation of the Finance Department's instructions resulted in non-deduction / recovery of sale tax amounting to Rs 214,318.

Audit pointed out non-recovery in August 2016. The department admitted recovery of Rs 189,558 out of 258,497 M/s Wadhan & Co. was a non filer of income tax return so 19% sales tax instead of 17% was required to be recovered. The recovery of Rs 214,318 (189,558+24,760) was required to be made.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department stated that out of Rs 214,318, an amount of Rs 34,165 had been recovered and verified.

The Committee reduced the para upto Rs 180,151 with the direction to make recovery within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1011)

4.4.19.9 Executive Engineer, Greater Thal Canal Division, Adhi Kot made payment of Rs 964,079 to a supplier for supply of huge quantity of forms / stationery item. Audit observed that purchase was made from an unregistered firm/supplier but department did not recover General Sales Tax @ 17% at the time of making payment.

Violation of the Finance Department's instructions resulted in non-recovery of Rs 163,893.

Audit pointed out non-recovery in February 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 10.08.2016. The department stated that out of Rs 163,893 an amount of Rs 39,393 had been recovered and verified.

The Committee directed to effect balance recovery of Rs 124,000 within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of balance amount.

(DP No. 30)

4.4.19.10 Executive Engineer, Pasrur Link Division, Sialkot neither deducted the 1/5th portion of total GST at source from suppliers on account of various supplies nor invoices for balance 4/5th GST were produced by contractor.

Violation of the Finance Department's instructions resulted in loss of Rs 105,546.

Audit pointed out non-recovery in July 2016. The department replied that the Contractor's bills would be reviewed in detail and the action would be taken as required accordingly. The reply was not tenable because General Sales Tax was due to be recovered from the suppliers.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to effect recovery of total amount involved in the para within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 630)

4.4.20 Non-recovery on account of shrinkage allowance- Rs 5.49 million

As per provision of Market Rate System under Chapter No.3 "Earth Work", 3% to 6% shrinkage was required to be deducted as "settlement allowance" when the work is done by machine.

4.4.20.1 Executive Engineer, Bahawalpur Canal Division, Bahawalpur made payment on account of an item of work "*Earth work excavation outside borrowpit undressed lead upto 01 and 1.75 mile*" for a quantity of 7360802 cft but did not deduct shrinkage allowance @ 6% for a quantity of 441648 cft there from.

Violation of regulations resulted in non-recovery of Rs 2,576,166, from the contractors.

Audit pointed out non-recovery in October 2016. The department replied that in one case, 553851 Cft quantity was used for prism filling of channel, 347134 cft quantity used for bank filling and 363262 Cft quantity was used for diversion filling and whole 1264246 Cft quantity was compacted. In two cases, department replied that quantity of earth measuring 5312460 cft and 784096 cft was used for filling of main channels. Hence, shrinkage was not required to be deducted. The reply of the department was not accepted because as per book of specification under specification No.17.1(A)(17-viii), recording of measurements of deadman or other distinct mark provided will be basis for measurement of average height of borrowpits. Whereas no measurements on account of

deadman or other distinct marks were recorded in MB in absence of which measurement recorded in MB was not authentic.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee directed to effect the recovery and get it verified from Audit within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 878)

4.4.20.2 Executive Engineer, Burala Division LCC(E) Circle, Faisalabad made payment for the item "*Earthwork lead 1 mile*" after deduction of 5% to 10% shrinkage for a quantity 4539265 cft @ Rs 3,700% cft Further, in the overall measurement, the shrinkage was reduced to 3% instead of 10% which was not justified.

Violation of regulations resulted in non-recovery of Rs 1,175,669.

Audit pointed out the non-recovery in September 2016. The department replied that as per MRS Chapter No.3 of earth work, when the work was done by machinery, the deduction ranging between 3% to 6% should be agreed to with the contractor subject to approval of Engineer in Charge. Hence, the deduction made i.e 3% of shrinkage was justified as per instruction of Engineer in Charge. The reply was not tenable because once shrinkage allowance was deducted it could not be released. Recovery was required to be made.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee directed to effect the actual recovery of Rs 251,929 @ 4.5% shrinkage and get it verified from Audit within

30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 637)

4.4.20.3 Executive Engineer, UJC Division, Jhelum awarded three works of protecting and strengthening of bank of Upper Jhelum Canal. During execution of work, the item of work "*Borrowpit excavation from outside source with different leads*" the department did not deduct shrinkage @ 10% from the quantity of item earth work of bank measurement.

Violation of regulations resulted into non-recovery due to non-application of shrinkage factor @ 10% to the contractor amounting to Rs 654,690.

Audit pointed out non-recovery in August 2016. The department did not reply in spite of issuance of reminder.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department stated that the compaction upto 90% was made, therefore no shrinkage was involved.

The Committee did not agree with the departmental reply and directed to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the concerned.

(DP No. 879)

4.4.20.4 Executive Engineer, Dallas Canal Division, Rahim Yar Khan deducted shrinkage @ 3% for a quantity of 70,877 cft instead of 10% for a quantity of 236,235 cft for the item of work "*borrowpit excavation in ordinary soil lead upto ¾ miles*".

Violation of regulations resulted in overpayment due to less deduction of shrinkage amounting to Rs 939,676.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department admitted the recovery.

The Committee directed to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 846)

4.4.20.5 Executive Engineer, Dallas Canal Division, Rahim Yarhan paid an item of work "*Borrowpit excavation in ordinary soil lead upto 3 miles*" for a quantity of 3,305,917 cft @ Rs 3,889.82 ‰ cft and shrinkage was deducted @ 3% instead of @10% for a quantity of 207227 cft

Violation of regulations resulted in overpayment due to less deduction of shrinkage amounting to Rs 562,137 (207,227 cft – 62,712=144515 cft x 3889.82‰ cft).

Audit pointed out the non-recovery in September 2016. The The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department admitted the recovery.

The Committee directed to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 849)

4.4.20.6 Executive Engineer, Rahim Yar Khan Canal Division, R.Y. Khan paid a quantity of 953687.50 cft under the item “*Earthwork borrowpits excavation undressed lead upto two miles*” @ Rs 5308.69% cft but 10% shrinkage for a quantity of 95368.75 cft was not deducted.

Violation of regulations resulted in non-recovery of Rs 506,283.

Audit pointed out non-recovery in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 28.10.2016 wherein the department explained that the quantity was used for filling of main channel and compacted 90% as per drawing/design.

The Committee did not agree with the departmental reply and directed to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends upon early recovery.

(DP No. 157)

4.4.21 Overpayment due to application or inadmissible loose factor on the carriage of crush bajri - Rs 3.33 million

As per Finance Department’s letter No. Rates/69/799/268/60 dated 30.6.1969 read with rule 7.28 of DFR, the excess quantity of loose stone 110 cft, 120 cft and 135 cft should be allowed for 100 cft carriage of stone to complete the dumping and pitching etc. respectively. The entries in bill of a work should be scrutinized by SDO and calculation should be checked, arithmetically under his supervision before making payments to the contractor.

Executive Engineer, Construction Division, D.G. Khan made payment for carriage of bajri @ Rs 1700 % cft for a quantity of 981541.48

cft (722188.48 cft + 129676 cft + 129677 cft) by applying the loose factor of 1.20 on the carriage of bajri.

Violation of the Finance Department's instructions resulted in overpayment due to application of loose factor on the carriage of crush bajri amounting to Rs 3.33 million (981541.48 x 20% =196308 x1700%)

Audit pointed out the Overpayment in August 2016. The department did not reply despite repeated verbal and written requests.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department stated that the payment of bajri was made on the basis of stock measurement at site. The Committee was not convinced with the departmental reply because the loose factor could not be applied under the rules on carriage of crush bajri.

The Committee directed to effect the full recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against the person(s) at fault.

(DP No. 809)

4.4.22 Non-recovery on account of Sales Tax on Services - Rs 3.19 million

As per para 4 & 5 of letter No.(Tax) 1-2/97 (withholding tax) Government of the Punjab Finance Department, all government departments are prescribed withholding agents under the Punjab Sales Tax on Services Rules 2012. They are required to acquire taxable services @ 16% vide 2nd schedule item No.38 of the rules ibid from the Firm registered with Punjab Revenue Authority.

Executive Engineer, UJC Division, Jhelum paid an amount of Rs 11,080,356 to a consultancy firm in June 2016 on account of feasibility study of remodeling of Upper Jhelum Canal Project. While making

payment to the consultant, Sales Tax at the applicable rates was not deducted. In this way, the consultant was made overpayment of Rs 3,194,336 (1597168+ 1597168).

Violation of the Finance Department's instructions resulted in non-recovery of Rs 3,194,336.

Audit pointed out the non-recovery in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department replied that recovery was made and paid to Punjab Revenue Authority Lahore.

The Committee was not convinced with the departmental reply and directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 301)

4.4.23 Loss due to allowing higher rate than input rates - Rs 2.11 million

According to the instructions issued by the Finance Department, vide No. RO(Tech)FD-18-23/2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer on the basis of input rate of relevant quarter placed at website of FD.

4.4.23.1 Executive Engineer, Khanpur Canal Division, Rahim Yar Khan got approved the non-standardized items of work "*P/L Bajri Spawl 1/8" to 1/2" and 1/2" to 2" on slopes and levels*" @ Rs 6,712, Rs 5,885, Rs 6,584 and Rs 5,757 respectively. In the rate analysis of all items of

work breaking charges of stone/brick ballast and carriage of 120 cft was allowed whereas as per input rates of 1st quarter 2011 for District Rahim Yar Khan rate of bajri of both sizes was Rs 1,000 % cft at quarry site. Actual rates of items calculated by the Audit with carriage of 100 cft along with lying charges were Rs 4,922.8, Rs 4,922.8, Rs 4,794.8 and Rs 4,794.8 respectively.

Violation of the Finance Department's instructions resulted in overpayment of Rs 1,051,768.

Audit pointed out overpayment in March 2016. The department replied that the rates were correctly sanctioned in the estimate and were paid accordingly. The reply of the department was not tenable as rate of finished item instead of breaking at site was required to be incorporated in the analysis of rates.

The matter was also discussed in SDAC meeting held on 28.10.2016. The Executive Engineer Khanpur Division did not attend the SDAC meeting.

The Committee directed that explanation of the Executive Engineer Khanpur be called for not attending the SDAC meeting. No further progress was reported till finalization of the report in January 2017.

Audit recommends early recovery.

(DP No. 169)

4.4.23.2 Executive Engineer Flood Bund Division Narowal made payment for the item "*Providing and laying graded bajri*" on slope and on level after preparation of rate analysis by including rate of P/L spawl filling vide item 30 of Chapter-16 and item 43 of Chapter-6 of MRS breaking of stone ballast screened and stacked. The rate of bajri in the finished form could have been obtained from quarry at lower rates getting stone/spawl broken from the contractor. Hence, the department provided expensive item in the TSE for laying of bajri.

Violation of the Finance Department's instructions resulted in overpayment Rs 735,499.

Audit pointed out overpayment in July 2016. The department replied that no overpayment was made. The rates had been approved by the competent authority in the estimate. The reply of the department was not correct because the rates of material in finished form at quarry site were to be incorporated in estimate similar to another scheme namely "Construction of Flood protection works along Rayya Flood bund".

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to refer the case to Finance Department for its clarification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery/compliance of SDAC directive.

(DP No. 653)

4.4.23.3 Executive Engineer Pasrur Link Division Sialkot made payment for the item of "*Providing and laying graded bajri*" on slope and on level after preparation of rate analysis by including rate of P/L spawl filling vide item 30 of Chapter-16 and item 43 of Chapter-6 of MRS "breaking of stone ballast screened and stacked". The bajri in the finished form could have been obtained from quarry at lower rates instead of getting stone/spawl broken form the contractor. Hence, the department provided expensive item in the TSE for laying of bajri.

Violation of the Finance Department's instructions resulted in overpayment Rs 321,215.

Audit pointed out lapse/excess rate in July 2016. The department replied that the rates had been approved by the competent authority in the estimate by incorporating the item of bajri 1/8" to 2". The reply of the

department was not correct because the rates of material in finished form at quarry site were to be paid instead of breaking of spawl into required sizes at site.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department sated that the input rate Rs 3,000 for supply of crush stone having size 3/8" to 1" was 10 time more than the supplying of spawl 4" to 6" i-e Rs 300 which was being used to become the same of specified size by breaking stone ballast. Audit contended that rate of finished item of bajri was required to be paid.

The Committee directed that recovery be made and got verified within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 625)

Internal Control Weaknesses

4.4.24 Non-obtaining of additional performance securities - Rs 1,897.04 million

According to Finance Department letter No.RO(Tech) FD 1-2/83 (vi) (P) dated 06.04.2005, in case the total tender amount is 5% or more below that approved estimate (DNIT), the lowest bidder will have to deposit additional performance security from a scheduled bank ranging from 5% to 10%, within 15 days of issuance of notice or within expiry period of bid whichever is earlier.

Executive Engineers of various Irrigation Divisions awarded works to different contractors more than 5% below the estimated cost. The department did not obtain additional performance securities in shape of bank guarantees from the contractors and provided undue financial favour to contractors. (Annexure-U)

Violation of the Finance Department's instructions resulted in undue financial aid due to non-obtaining of additional performance securities of Rs 1,897,037,901.

Audit pointed out the irregularities during the months of February-October 2016. In 11 cases (DP No. 122, 159, 263, 277, 299, 484, 578, 733, 838, 844 & 912), the department did not reply. In 12 cases (DP No. 131, 291, 307, 389, 393, 415, 433, 452, 564, 913, 945 & 966), the department replied that the contractor's had deposited additional performance securities. The reply given by the department was not tenable because no documentary evidence was provided to justify its stance.

In 5 cases (DP No. 360,479, 821, 928 & 963), the department replied that the contractor's had deposited partial amount on account of additional performance security. Reply was not convincing because additional performance security was required to be obtained for the full amount equal to the below quoted percentage.

In case of DP No. 911 & 917, the department replied that additional performance security would be received.

In case of DP No. 102, the department explained that additional performance security was required to be obtained upto 10% only as per PPRA rules 2014.

In case of DP No. 105, the department explained that recovery @ 5% was regularly deducted from each bill of the contractor. The reply was not tenable as additional performance security was required to be as per agreement.

The matter was also discussed in SDAC meetings held during October-December 2016. In 11 cases (DP No. 277, 307, 360, 389, 393, 479, 484, 578, 733, 821 & 928), the department explained that partial recovery had been made.

The Committee was not convinced with the departmental reply. The Committee directed that detailed verification of record be got completed.

In 6 cases (DP No. 122, 415, 433, 452, 564 & 966), the department explained that the performance security in question had been received.

The Committee was not convinced with the departmental reply and directed that additional performance security be got revalidated within 30 days.

In 7 cases (DP No. 159, 263, 838, 844, 911, 912 & 913), the department explained that recovery would be made from contractors' bills.

The Committee directed that total amounts involved in the paras be recovered and case be forwarded to finance department for condonation.

In 5 cases (DP No. 291, 299, 917, 945 & 963), nobody attended the SDAC process.

The Committee directed that the XEN concerned should explain the reasons along with the comments by the chief engineer concerned within 15 days and detailed verification of record be got completed within 30 days.

In 3 cases (DP No. 102 , 105 & 131) the XENs concerned did not attend the SDAC meeting.

The Committee directed to call explanation of XENs concerned with 7 days.

Audit recommends early compliance of SDAC's directions.

(DP No. 102,105,122, 131,159,263,277, 291,299, 307, 360, 389, 393, 415, 433, 452, 479, 484, 564, 578, 733, 821, 838, 844, 911, 912, 913, 917, 928, 945, 966, & 963)

4.4.25 Non-recovery of rent - Rs 530.18 million

As per rule 4.1 PFR Vol-I, the departmental controlling officer should accordingly see that all sums due to government are regularly received, checked against demands, and that they are paid into treasury.

4.4.25.1 Executive Engineer, Lower Bari Doab Canal Division Khanewal, could not recover rent from occupants of 32 government residences as the Supreme Court of Pakistan had dismissed the petition of illegal occupants who filed petition against the department regarding recovery of rent and vacation of government residences.

Violation of rules resulted in non-recovery of rent amounting to Rs 480 million.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 13.12.2016. The department replied that the state land under the possession of Irrigation Department at Khanewal had been resumed by the Punjab Government. The matter was subjudice in court of law.

The Committee was not convinced with the departmental reply and directed that a probe by the Superintending Engineer be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of rent and vacation of government land.

(DP No. 719)

4.4.25.2 Executive Engineer, CBDC Division, Lahore is maintaining 4 canal irrigation residential colonies in Lahore having 328 residences. The Sub-Divisional Officer Building / Estate Officer was not

up keeping the allotment files etc. Even a single file was not produced to Audit. Moreover, rent of Rs 24,283,330 was lying outstanding against the illegal/unauthorized occupants.

Violation of rules resulted in non-recovery of rent of Rs 24.283 million.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department replied that all relevant record for allotment of houses was under the jurisdiction of Administrative Department.

The Committee was not convinced with the departmental reply and directed to get the record of recovery verified from Audit within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of rent besides production of requisite record.

(DP No. 764)

4.4.25.3 Executive Engineer, Lower Bari Doab Canal Division, Khanewal could not recover rent of 48 acres of agricultural land and 13Shops / Khokhas constructed on departmental land. As per register of Property Rent Receipts for the period of one year from 01.04.2003 to 31.3.2004 of the Lower Bari Doab Canal Division, Khanewal rent of this agricultural land / shops had been received amounting to Rs 687,221 but rent for 12 years from 01.04.2004 to 30.06.2016 was still outstanding against the occupants.

Violation of rules resulted in non-recovery amounting to Rs 16,165,299.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 13.12.2016. The department replied that due to ban on lease of land since 2003, the land could not be leased out by the department. The Revenue Department was authorized for any legal proceeding for assessment of price of surplus land. The letter had been written to District Coordination Officer for price assessment of this land.

The Committee was not convinced with the departmental reply and directed to conduct a probe by the Superintending Engineer within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of rent and vacation of Government residences.

(DP No. 720)

4.4.25.4 Executive Engineer, Marala Division UCC, Marala handed over the sub rest house to the Project Director Punjab Power Management Unit (PPMU) with the approval of Secretary Irrigation on 25.10.2013 for Temporary Facilities to the Consultants, Contractor and the Employer's Staff for a period of 3 months on usual rent. A period of about 3 years elapsed but neither the rest house was got vacated nor any rent was received from the Consultant, Contractors and the Employer's Staff as required under the rules.

Violation of rules resulted in non-recovery of rent of Rs 6,000,000.

Audit pointed out non-recovery in July 2016. The department replied that Project Director, Punjab Power Management Unit was requested vide office letter No. 1216/25-W dated 27.08.2016 for recovery from the consultants engaged for Marala Hydro Power Project on account of rent for Sub Rest House (Rest House #2) at Marala for the period from 01.11.2013 to 31.07.2016. As soon as the recovery of above mentioned

amount was actualized, the same would be verified from Audit. The reply of the department was not tenable as recovery was required to be made immediately after handing over the rest house.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover total amount within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1038)

4.4.25.5 Executive Engineer, Lower Gugera Division, Faisalabad did not recover rent charges from the illegal employees of Police Department for the period 01.01.2015 to 31.01.2016 @ Rs 1,500 per day worth Rs 1,170,000.

Violation of rules resulted in non-recovery of room rent charges amounting to Rs 1,170,000 and non-vacation of Rest House since long.

Audit pointed the non-recovery in March 2016. The department stated that Police Department had been written time and again for recovery and getting the Rest House vacated. Reply was not satisfactory as no efforts appeared to have been made at higher level.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that total amount be recovered within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides getting the Rest House vacated.

(DP No. 49)

4.4.25.6 Executive Engineer, Qadirabad Barrage Division, Qadirabad neither made recovery of rent amounting to Rs 11,520,000 from illegal occupants of 17 Government residences of irrigation colony Qadirabad nor got the residences vacated.

Violation of rules resulted in non-recovery from the illegal occupants amounting to Rs 1,152,000.

Audit pointed out non-recovery in October 2016. The department replied that notices had already been issued to illegal occupants of Govt. residences to vacate the quarters and deposit the rent as per law for occupation period. The matter was under investigation and detailed reply would be submitted very soon. But no progress towards recovery was reported.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 490)

4.4.25.7 Executive Engineer, Qadirabad Balloki Link Division, Farooqabad did not recover house rent from 2 persons residing in Canal Rest House Farooqabad from 01.01.2014 to 30.6.2014 un-authorizedly.

Violation of rules resulted in non-recovery of house rent charges of Rs 810,000.

Audit pointed out the non-recovery in February 2016. The department admitted the recovery and stated that some rent had been received and efforts were under way to receive the balance rent. Reply was not satisfactory because no documentary evidence in support of reply was produced.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that the detailed verification of record of recovery be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery of admitted amount besides production of requisite record and action against the defaulters.

(DP No. 6)

4.4.25.8 As per register of Yielding Property Produce Executive Engineer, Sulemanki Headworks Division, 42 Nos. shops existed, and rent of these shops on the departmental land was being received at the rate of Rs 680 per year upto 30.06.2005. Audit observed that rent for 11 years i.e. from 01.06.2005 to 30.06.2016 had not been received and taken on the register of Yielding Property Produce/Monthly Account of the Division. Moreover, 40 shops were constructed on the departmental land by different private persons from 2005 to 2016 but record of these shops or recovery of rent was not produced/recovered from concerned persons.

Violation of rules resulted in non-recovery of rent of Rs 600,468.

Audit pointed out non-recovery in September 2016. The department replied that reply would be submitted after detailed verification of site and record. The department gave interim reply despite availability of all the record.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department replied that matter of recovery had been taken up; as soon as recovery was effected, the same would be got verified by Audit.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 606)

4.4.26 Non-recovery of mobilization advance - Rs 416.23 million

As per Para-5 of notification issued by the Finance Department vide No.RO(Tech)F-D.18-44/2006 dated 07.12.2007 recovery of mobilization advance shall commence after the lapse of 20% of contract period or after the execution of 20% of the work (in financial terms) whichever is earlier. The rate of recovery shall be 25% of the value of work done in each interim payment certificate (running bills).

4.4.26.1 Executive Engineer, Small Dams Division, Islamabad paid mobilization advance of Rs 202.870 (171.340+31.530) million to two contractors (through 1st&2nd running bills dated 09.04.2015 & 23.04.2015 in one case and 4th running bill dated 21.05.2015 in second case) during 2015-16 without bank guarantee and the contractors were paid up to 14th running bill dated 22.06.2016 and 11th running bill dated 24.05.2016 respectively.

Violation of Finance Department's instruction resulted in non-recovery of Rs 202.870 million.

Audit pointed out the non-recovery in July 2016. The department stated that Rs 162,372,000 (40,807,000+121,565,000) had been recovered and balance amount of Rs 81,373,000 (31,598,000+49,775,000) would be

recovered in the next bill. Reply was not tenable due to violation of the obligations of contract agreement

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that balance amount of Rs 81.373 million (49.775+ 31.598) would be recovered from next payment.

The Committee was not convinced with the departmental reply. The Committee directed that a technical probe by the Project Director concerned be got completed and amount may be recovered within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of mobilization advance along with interest for delayed period besides fixing responsibility for the lapse.

(DP No. 456)

4.4.26.2 Executive Engineer, Small Dams Division, Chakwal paid mobilization advance of Rs 119,196,070 (46,703,465 + 72,492,605) to the contractors (through 1st&2nd bills in one case and 5th running bill in second case) during 2015-2016 without bank guarantees and the contractors were paid up to 11th running bill dated 23.06.2016 and 7th running bill dated 22.06.2016 respectively.

Violation of Finance Department's instruction resulted in non-recovery of Rs 119,196,070 (46,703,465+72,492,605).

Audit pointed out the non-recovery in July 2016. The department stated that recovery was being made from the contractors as per work done and balance Rs 119,196,070 would be recovered in the next bills. Reply was not tenable because bank guarantees were not produced/ obtained from some scheduled bank and recovery was not made in subsequent running bills after granting mobilization advance.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that recovery of Rs 41,821,479 had

been effected and balance would be recovered soon. The Committee was not convinced with the departmental reply.

The Committee directed that recovery be made and detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of mobilization advance, recovery of interest for delayed period and verification of original bank guarantee besides fixing responsibility for this lapse.

(DP No. 416)

4.4.26.3 Executive Engineer, Dallas Canal Division, Rahim Yar Khan made payment of mobilization advance to the contractor for Rs 32,000,000 @ 10% of contract cost of Rs 323,243,377. The recovery of advance was required to be made after 20% work done or after expiry of 20% contract period i.e. 7 months. The contractor did not start the execution of the work whereas a period of 8 months had elapsed since payment of mobilization advance. However, the department neither recovered mobilization advance from the contractor nor took action regarding encashment of mobilization advance, guarantee.

Violation of Finance Department's instruction resulted in non-encashment of mobilization advance guarantee worth Rs 32,000,000.

Audit pointed out non-encashment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department replied that deduction would be made from the coming bills as per rules. The Committee was not convinced with the departmental reply.

The Committee directed that mobilization advance be recovered at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of advance along with interest for delayed period besides fixing responsibility for this lapse.

(DP No. 256)

4.4.26.4 Executive Engineer, Dallas Canal Division, Bahawalnagar made payment of mobilization advance to the contractor for Rs 28,000,000 @ 10% of contract cost i.e. Rs 287,368,840. The recovery of advance was required to be made after 20% work done or after expiry of 20% contract period i.e 7 months. The contractor only executed the work amounting to Rs 9,326,105 upto 3rd running bill paid vide MB No. 239 at page 13 to 27. The department neither recovered mobilization advance from the contractor nor took an action regarding encashment of mobilization advance guarantee.

Violation of Finance Department's instruction resulted in non-encashment of mobilization advance guarantee worth Rs 28,000,000.

Audit pointed out the irregularity in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department replied that recovery was not effected due to non-execution of work at site. The committee was not convinced.

The Committee directed that recovery be made and detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of mobilization advance along with interest for delayed period besides fixing responsibility for this lapse.

(DP No. 271)

4.4.26.5 Executive Engineer, Dallas Canal Division, Rahim Yar Khan granted mobilization advance @ 10% of Rs 163,788,599 to the contractor. Recovery of Rs 3,637,083 was made upto 4th & running bill

leaving Rs 12,762,917 as unrecovered. Payment for work done was made in the 5th & running bill for Rs 13,810,060 without recovery of mobilization advance.

Violation of Finance Department's instruction resulted in undue financial benefit due to non-recovery of mobilization advance worth Rs 12,762,917.

Audit pointed out the irregularity in March 2016. The department replied that the recovery of mobilization advance was being made from payment of running bills. The reply of the department was not tenable as recovery was required to be made as per agreement.

The matter was also discussed in SDAC meeting held on 21.11.2016. The XEN concerned did not attend the SDAC meeting.

The Committee directed that explanation of the XEN R.Y. Khan be called for non-attending the SDAC meeting within 7 days. No further progress was reported till finalization of report in January 2017.

Audit recommends early recovery besides fixing responsibility for this lapse.

(DP No. 97)

4.4.26.6 Executive Engineer, Dallas Canal Division, Rahim Yar Khan awarded the work "Construction of Flood Embankment & Protection work N-5 at Arbi Tibba" to M/S Muhammad Athar at 26.47% below estimated cost of Rs 222,752,913. Mobilization advance of Rs 16,400,000 was paid to the contractor during 1st running bill but it was not recovered upto 6th running bill except amount of Rs 6.249 million.

Violation of Finance Department's instruction resulted in non-recovery of mobilization advance amounting to Rs 10,150,415.

Audit pointed out the non-recovery in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department admitted the recovery.

The Committee directed to recover the mobilization advance as per contract agreement within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and condonation from the Finance Department besides fixing responsibility for this lapse.

(DP No. 843)

4.4.26.7 Executive Engineer, Burala Division LCC(East), Circle Faisalabad did not recover the mobilization advance of Rs 6,036,900 @ 25% of the value of work done in each interim payment certification/running bill as per terms and condition of the agreement.

Violation of Finance Department's instruction resulted in undue benefit to the contractor worth Rs 6,036,900

Audit pointed out the non-recovery in September 2016. The department replied that the viewpoint of Audit regarding recovery of interest @ 12% was not correct and against Finance Department's instructions. The recovery of mobilization advance was being made properly/regularly prior to expiry period of bank guarantee and the balance amount would be recovered from the bills in future. The reply was not tenable because recovery was required to be made as per terms and conditions of the agreement and in case of delay, the interest for the delayed period was also required to be recovered.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department admitted the recovery.

The Committee directed that the recovery be made within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of mobilization advance along with interest for delayed period besides fixing responsibility for this lapse.

(DP No. 633)

4.4.26.8 Executive Engineer, Burala Division LCC(East) Circle, Faisalabad made payment of mobilization advance of Rs 5,216,000 against Package-IV. The date of completion of the work was 24.08.2016 but the contractor did not start the work despite expiry of the completion period of the work. The recovery of Mobilization Advance was required to be made through cash/encashment of bank guarantee, but it was not done.

Violation of Finance Department's instruction resulted in non-encashment of bank guarantee worth Rs 5,216,000.

Audit pointed out the irregularity in September 2016. The department replied that the recovery of Mobilization Advance would be adjusted / recovered on submission of bill by the contractor in due course of time. The reply was not tenable because recovery was required to be made as per terms and conditions of the agreement.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The committee was not convinced with the departmental reply. The Committee directed that a technical probe by the Superintending Engineer be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of mobilization advance besides fixing responsibility for this lapse.

(DP No. 636)

**4.4.27 Non-taking over of land from Wild Life Department -
Rs 414.10 million**

As per para 2.33 of Punjab Financial Rules Volume-I every Government official would be held personally responsible for loss sustained due to negligence at his part.

Executive Engineer, Islam Headworks Division, Pallah had total pond area of 9989 acres at the time of its construction which was handed over to Wild Life Department vide notification issued in July 2008. This notification was withdrawn by the Irrigation Department in June 2015. But out of total area, only 4068 acres land was taken back from Wild Life Department and land measuring 2000 acres was sold out by the Wild Life Department. The rest of the land measuring 3921 acres was still to be taken back by the department.

Violation of rules resulted in non-possession of land of Rs 414.103 million.

Audit pointed out the irregularity in April 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department stated that land measuring 2232 acres had further been taken over by irrigation department.

The Committee directed to make efforts to get possession of balance acres of land from Wild Life department along with detailed verification.

Audit recommends early taking over of land and recovery of cost of crops from Wild Life Department.

(DP No. 238)

4.4.28 Non-recovery of Secured Advance - Rs 397.47 million

According to Para 2.98 (a) of B&R Department Code and C&W Department letter vide No. So-III (C&W) 2-14/97, dated 29.05.1997, recovery of secured advance so made shall not be postponed until whole of the work entrusted to the contractor is completed under normal circumstances, the secured advance has to be recovered within three months.

4.4.28.1 Executive Engineer, Small Dams Division, Chakwal, granted secured advance on supply of M.S. Bars, MS Pipe 42" and MS pipe 6" during 2015-2016 and the contractors were made payment up to 9th bill and 11th running bills till 6/2016 @ 75% of the value of material but no recovery was made.

Violation of rules resulted in undue financial benefit to contractor amounting to Rs 284,332,541 (42,382,568+ 239,857,473+2,092,500).

Audit pointed out the irregularity in July 2016. The department stated that recovery would be made after utilization of material. Reply was not tenable as the proportionate recovery was not made from the contractors in violation of the instructions *ibid*.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that out of Rs 284.335 million, recovery of an amount of Rs 2.192 million had been effected and verified.

The Committee reduced the para to Rs 282.143 million and directed to effect the balance recovery. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides getting condonation from Finance Department.

(DP No. 417)

4.4.28.2 Executive Engineer, Small Dams Division, Islamabad, granted secured advance on supply of M.S. Pipe 30", 36" and 42" in 3rd, 6th, 8th and 10th bills dated 29-04-2015 to 08-01-2015 and MS pipe 24" & 30" in 4th running bill dated 21.05.2015 during 2015-2016. The contractors were made payment @ 75% of the value of material up to 14th bill and 11th running bills up till June 2016 respectively but no recovery was made.

Violation of rules resulted in undue financial benefit to contractor amounting to Rs 104,531,650 (94,590,000+ 9,941,650).

Audit pointed out undue financial benefit in July 2016. The department stated that recovery would be made after utilization of material. Reply was not tenable as the proportionate recovery was not made from the contractors despite payment up to 14th and 11th running bills respectively in violation of the instructions.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee directed to conduct technical probe by the Project Director concerned and effect the actual recovery with @ 12.50% interest thereon within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides getting condonation from Finance Department.

(DP No. 457)

4.4.28.3 Executive Engineer, Small Dams Division, Jhelum awarded a work "Construction of Pandori Dam" on 10.06.2014. The contractor was granted secured advance of Rs 8,726,703 on material i.e M.S Bars brought at site but secured advance was not recovered despite the fact that period of more than three months had elapsed.

Violation of rules resulted in non-recovery of secured advance Rs 8,726,703.

Audit pointed out the non-recovery in August 2016. The department replied that the contractor brought the material in bulk to avail the economical price. Secured advance was granted to the contractor as admissible under relevant clause of contract agreement and recovery of the advance was being made in the order of the consumptions of material at site. The reply was not tenable because secured advance was required to be recovered after expiry of three months.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee directed to effect recovery of total amount involved in the para with @ 12.50% interest thereon within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of the secured advance and condonation from Finance Department.

(DP No. 329)

4.4.28.4 Executive Engineer, Small Dams Division, Jhelum awarded a work "Construction of Mohra Shera Dam" on 17.01.15. The contractor was paid secured advance on M.S sheet 6mm for 42 i/d pipe but neither M.S Sheet 6mm for 42 i/d had been installed nor recovery was made as yet, though a period of three months had expired.

Violation of rules resulted in non-recovery of Rs 2,065,000 (32.456 ton @ Rs 63,624/60 per ton).

Audit pointed out non-recovery in August 2016. The department replied that the contractor carted and brought the material in bulk to avail economical price. Secured advance granted to the contractor was admissible under relevant clause of contract agreement and recovery of the advance was being carried out in the order of the consumptions of material at site. The department further stated that availability of the material at site was necessary for smooth progress of work. The reply was not tenable because recovery was required to be made upon expiry of three months.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee directed to effect recovery of total amount involved in the para with @ 12.50% interest thereon within 30 days. The

compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from concerned besides condonation from Finance Department.

(DP No. 328)

4.4.29 Loss due to encroachment on Irrigation Land - Rs 300.63 million

As per Para 1.55 of B & R code, read with section 70 of Canal and Drainage Act, 1873 amended 1975, the Divisional Officer is responsible to keep the Government land safe from encroachers/illegal occupants and to eject the encroachers by law besides making fines by confiscating their properties.

4.4.29.1 Under the supervision of Superintending Engineer Nili Bar Circle, Sahiwal, 701.97 marla Irrigation land occupied by 285 Illegal occupants could not be got vacated for the last 20 years. Due to non-vacation, the number of encroachers was increasing day by day.

Violation of rules resulted in estimated loss of Rs 280.809 million.

Audit pointed out the loss in April 2016. Department stated that hectic efforts were made to eject the encroachers but no fruitful results were achieved due to non-cooperation of civil authorities (Police) and there was no specific policy introduced by government for recovery of rent. Reply was not tenable because no action under para 1.55 of B&R Code was taken by the concerned officers against the encroachers. The circle office also did not take notice of encroachment for the last 20 years. Further, no action was taken against officers responsible for this negligence under rule 2.33 of PFR Vol-I.

The matter was also discussed in SDAC meeting held on 21.11.2016. The department stated that serious efforts were being made to vacate the Government lands.

The Committee directed to make efforts to get the Government lands vacated. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery of the loss along with ejection of encroachers.

(DP No. 80)

4.4.29.2 Executive Engineer, Qadirabad Balloki Link Division, Farooqabad failed to get vacated sizeable illegal encroachment on Government land along RD 65-66, 211-212 and 212-213 which was occupied by $(24+7) = 31$ illegal occupants for the last 20 years. Neither the illegal occupation was vacated nor any recovery of lease/rent was made from the encroachers.

Violation of rules resulted in estimated loss of Rs 17.208 million due to encroachments on Irrigation land.

Audit pointed out the loss in February 2016. The department replied that encroachers had been served notices and efforts were under way to eject the encroachers. Reply was not tenable as no recovery of illegal occupation period of 20 years was made.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply. It was decided that the detailed verification of record relating to vacation of land be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of loss besides ejection of encroachers.

(DP No. 2)

4.4.29.3 Executive Engineer, Small Dams Division, Islamabad did not recover water charges for drinking and Irrigation purpose from users on account of raw water supplied from Khokher Zer Dam and Kot Raja Dam from January 2015 to June 2016.

Violation of rules resulted in non-recovery of Rs 2,043,026.

Audit pointed out the non-recovery in July 2016. The department admitted the recovery. However, recovery was not effected and got verified.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that out of Rs 2,043,026, an amount of Rs 700,317 had been credited to the Govt. Revenue and verified.

The Committee reduced the para upto Rs 1,342,709 with the direction to effect balance recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 924)

4.4.29.4 In the jurisdiction of Executive Engineer, Qadirabad Barrage Division, Qadirabad fifty three (53) plots/sites were encroached by public. The encroachers constructed buildings, houses and godowns on it. But the department neither made any efforts to get the encroached land vacated nor recovered any amount on account of lease/rent. The amount recoverable was worked out to be Rs 1,272,000 (53 sites @ 2000 P.M x 12) considering temporary lease.

Violation of rules resulted in loss of Rs 1,272,000.

Audit pointed out the loss in October 2016. The department replied that the list of encroachers was issued on 12-11-2012 to D.C.O Hafizabad. After that, SDO (C&W) and Executive Engineer Qadirabad Barrage Division Qadirabad issued a certificate on 27.11.2012 that there was no

encroachment on river side. The reply of the department was not tenable. The presented letter was an old one i.e. of 2012. But Audit had pointed out encroachments pertaining to year 2016. Further, there were so many illegal fish shops and fish farms constructed on the land of irrigation department along with barrage.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its early reply. The committee was not convinced with the departmental reply.

The Committee directed that responsibility be fixed against the defaulters within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends that matter be inquired and recovery be made from the concerned.

(DP No. 491)

4.4.30 Undue financial benefit to the contractor due to imbalance rates - Rs 147.77 million

According to clause 47(A) of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in the TSE, the payment of items whose tender rates are lower than the T.S rates, will be made at tender rate (s) in full on the execution of items (s). The payment of items whose quoted rates are higher than the T.S rates shall be made at the rates depicted in TSE. On the execution of such items, the balance payment shall be withheld by the engineer in-charge till the completion of the work of items for which low rates have been quoted.

4.4.30.1 Executive Engineer, Small Dams Division, Islamabad awarded 2 works to the contractors and made payments through running bills during 2015-16 on quoted rates which were higher than TSE rates which was violation of the rules *ibid*.

Violation of contractual obligations resulted in irregular payment of Rs 138,604,104 (138,282,939+321,165) to the contractors.

Audit pointed out the irregularity in July 2016. The department admitted the irregularity/recovery of Rs 138.2583 million in one case and in 2nd case stated that the work was almost completed and there was no violation of agreement. Reply was not tenable because 2nd work was not finalized and payment of running bills was required to be made at the estimated rates.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that no undue financial benefit was involved as contractor executed all items of work according to approved scope of work at site.

The Committee did not agree with the view point of the department and directed to effect the actual recovery on final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and condonation from the Finance Department.

(DP No. 463)

4.4.30.2 Executive Engineer, Rahim Yar Khan Canal Division, R.Y Khan awarded the work at 18.2% below the estimated cost for Rs 67.10 million. The contractor executed the work upto October 2012 amounting to Rs 56.790 million against contract cost of Rs 67.10 million which was 10 % below the estimated cost. But the contractor neither executed the balance work nor the accounts of the work was finalized by the department. The department made payment of items on higher rates quoted by the contractor during execution of work instead of estimated rates.

Violation of contractual obligations resulted in overpayment of Rs 5,148,905.

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of department and directed to effect the due recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against responsible(s).

(DP No. 161)

4.4.30.3 Executive Engineer, Rahim Yar Khan Canal Division, R.Y Khan awarded the work 28.72% below the estimated cost for Rs 63.020 million. The contractor executed the work upto August 2015 amounting to Rs 57.36 million against contract cost of Rs 63.020 million which was 23.25 % below the estimated cost. The contractor neither executed the balance work nor the accounts of the work was finalized by the department. The department made payment of items on higher rates quoted by the contractor instead of estimated rates.

Violation of contractual obligations resulted in overpayment of Rs 4,014,000.

Audit pointed out the overpayment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the view point of department and directed to effect the due recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against responsible(s).

(DP No. 158)

4.4.31 Un-authentic balance due to non-accountal of material worth - Rs 124.84 million

As per rule 15.1 and 15.7 Punjab Financial Rules (PFR) Vol-I, the departmental officers entrusted with the care, use or consumption of store should maintain suitable accounts and inventories of stores in their charge. For securing this object, all quantities received in or issued from stores are entered in the stock accounts strictly in accordance with the rules and in order of occurrence on the dates the transaction takes place so that to check actual balances with book balances.

Executive Engineer, Store & Workshop Division, Sheikhpura did not prepare / maintain stock accounts, reserve limit of stock and stock registers and half yearly stock returns to verify or check stock balances appearing in Form PWA-29 under head “others” for the month 06/2014 in violation of rules *ibid*.

Violation of rules resulted in un-authentic balance due to non-accountal of material and non-maintaining stock account worth Rs 124.837 million.

Audit pointed out the irregularity in February / March 2016. Department replied that stock accounts, stock registers and T&P registers were available. Reply was not tenable because no record was produced till last day of scheduled inspection.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that physical verification may be got completed at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early physical verification of stock.

(DP No. 14)

4.4.32 Undue financial benefit due to non-obtaining of Performance Security - Rs 83.65 million

As per clause 7 of the contract agreement, the contractor is required to provide performance security in the form of cash, bank draft or guarantee from a scheduled bank @ 5% of the accepted tender price in the case of tenders with cost exceeding Rs 50 million, within 15 days of receipt of acceptance letter. If amount of performance security is not furnished within the specified period, the tender already accepted shall be considered as cancelled.

Executive Engineer of various Irrigation Divisions awarded works to different contractors but 5% performance securities were not obtained. Thus, undue financial benefit was extended to the contractors. (Annexure-V).

Violation of contractual obligations resulted in undue financial benefit to contractor due to non-obtaining of Performance Security worth Rs 83,651,169.

Audit pointed out the irregularities in 2016. In three (03) cases, (DP No. 123, 173 & 270), the department did not reply. In other three cases, (DP No. 348, 401 & 944), the department replied that contractors had produced requisite performance securities. In case of DP No. 232, the department replied that the recovery would be made from the contractor. The replies were not tenable because no record was produced for verification.

The matter was also discussed in SDAC meeting held on 28.10.2016, 21-22.11.2016 & 07.12.2016. In case of DP No.123, 270, 401 & 348, the department stated that 5% performance securities had been obtained, but no documentary proof was provided in support of the contention. The Committee directed to obtain performance securities and get it verified from Audit within 30 days. In case of DP No. 173, the Executive Engineer Khanpur did not attend the SDAC meeting. The Committee directed to call for explanation of the Executive Engineer concerned for not attending SDAC meeting. In case of DP No. 944, the concerned division did not attend the verification process. The Committee directed that the detailed verification of record be got completed within 30 days. In case of DP No. 232, the department explained that out of Rs 4.192 million, an amount of Rs 1.000 million had been recovered and verified. The para was reduced to Rs 3.192 million with the direction to make balance recovery along with fixation of responsibility. The Committee directed that probe be also conducted through concerned SE within 15 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC's directives.

(DP No. 123, 173, 232, 270, 348, 401,944)

4.4.33 Undue benefit to the contractors due to payment of secured advance on composite item rate instead of 75% of material rate - Rs 26.33 million

According to Para 2.98 of Building and Roads Code, secured advance will be granted to the contractor on imperishable material brought at site @ 75% of the supplied material.

Executive Engineer, Small Dams Division, Chakwal awarded two works to different contractors in March 2015. During execution of work the contractors were paid secured advances against material brought at site at 75% of composite rate of Rs 14,000 per rft and Rs 93 per kg instead of admissible material rate of Rs 12,255 per rft and Rs 90.50 per kg.

Violation of rules resulted in an undue benefit to the contractors amounting to Rs 26,326,899.

Audit pointed out undue benefit in July 2015. The department replied that payment was made on approved rate and recovery would be made on the execution of relevant item. The reply of the department was not tenable because undue benefit was given to contractors in violation of prevailing rules as well contract agreement.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply.

The Committee directed to effect actual recovery along with @ 12.50% interest thereon and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery (with due interest) besides getting condonation from Finance Department.

(DP No. 424)

4.4.34 Loss due to non-utilization of available material - Rs 15.76 million

As per para 2.33 of Punjab Financial Rules Volume-I every Government official would be held personally responsible for loss sustained due to negligence at his part.

4.4.34.1 Chief Engineer, Irrigation Zone Bahawalpur accorded sanction to the estimate for Rs 111.764 million. In Sub Head "Concrete lining" approved item of work "*Borrowpit excavation undressed lead 1 mile*" for quantity 2575000 cft @ Rs 6,042.60‰ cft. The department also approved an item of work "*Earthwork excavation in channel drains*" for quantity 2140522 cft @ Rs 3,512.25 ‰ cft but the department did not deduct the available earth from quantity brought from outside.

Violation of rules resulted in loss of Rs 5,416,269.

Audit pointed out loss in April 2016. The department replied that the item of earth work excavation borrowpit from outside had been carried out for prism filling and the quantity of earth received of prism cutting had been utilized in filling. Reply was not tenable as no documentary evidence for utilization of earth was produced.

The matter was also discussed in SDAC meeting held on 21.11.2016. However, the XEN concerned did not attend the SDAC meeting.

The Committee directed that explanation of the concerned XEN be called for not attending the SDAC meeting within 7 days. No further progress was reported till finalization of report in January 2017.

Audit recommends early recovery as the earth obtained from excavation was required to be deducted from the quantity brought from outside.

(DP No. 115)

4.4.34.2 Executive Engineer, UCC Division, Sheikhpura paid borrowpit excavation with transportation of earth for 3 mile @ Rs 5,400% cft (2000+3400) which could have been saved by using the available earth of 782205 cft obtained from prism cutting which was being wasted whereas the same could have been used on these RDs by giving transportation of 1000 ft @ Rs 1,917 % cft instead of borrowpit excavation with transportation.

Violation of rules resulted in loss due to non-use of available earth of Rs 2,724,420.

Audit pointed out the loss in October 2016. The department replied that the work was carried out under the supervision of M/S NESPAK Consultants. As per record entry as well as cutting filling statement, the available earth had already been used and balance earth was not useable as

the same was not of good quality and its transportation was more costly. The reply of the department was not correct as the earth obtained from the prism cutting could have easily been used in the next RD on lesser cost than paid for new earth brought from outside within 3 mile lead.

The matter was also discussed in SDAC meeting held on 07.12.2016. The Division did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1034)

4.4.34.3 Chief Engineer, Irrigation Zone, Bahawalpur accorded sanction of the estimate for Rs 457.525 million in Sub Head Strengthening Of Chachran Link Bund:6+000 to 16+650. In the estimates removing of stone 53035 cft was allowed. But the department did not make provision for reuse of stone in work.

Violation of rules resulted in loss due to allowing carriage of new stone and cost of stone valuing Rs 1,961,008.

Audit pointed out loss in April 2016. The department replied that neither item of removing and stacking of stone had been executed nor paid to the contractor. The reply was not tenable as the work was required to be executed as per TS estimate and material obtained after removing was required to be re-used.

The matter was also discussed in SDAC meeting held on 21.11.2016. The XEN concerned did not attend the SDAC meeting.

The Committee directed that explanation of the XEN Khanpur be called for non-attending the SDAC meeting within 7 days. The

compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of loss and probe into the matter to fix responsibility against responsible(s).

(DP No. 108)

4.4.34.4 Executive Engineer, Dallas Canal Division, R.Y Khan got executed quantity of 254094 cubic feet of item of work "Earthwork excavation in irrigation channels" and paid @ Rs 1,956.17‰ cft The department also executed a quantity of 1467183 ‰ cft of item "Earthwork embankment with 1 mile lead" @ Rs 5,222.15‰cft The department did not deduct the available earth from the quantity of earth brought from outside.

Violation of rules resulted in loss of Rs 1,326,916.

Audit pointed out loss in April 2015. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department replied that the earth was wet/slush and could not be used for embankment.

The Committee was not convinced with the departmental reply. The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 260)

4.4.34.5 Executive Engineer, UCC Division, Sheikhpura paid 222213 cft quantity for borrowpit excavation with transportation of earth for 3 mile @ Rs 5,400‰ cft(2000+3400) and did not deduct the quantity of available earth excavated form bank unloading and from excavation in irrigation channel at RD 809+800 to 96+000.

Violation of rules resulted in loss due to non use of available earth of Rs 1,199,950

Audit pointed out the loss in October 2016. The department replied that the work was carried out under the supervision of M/S NESPAK Consultants. As per record entry as well as cutting filling statement, the available earth had already been used and balanced earth was not useable as the same was not of good quality and its transportation was more costly. Hence the same was not used. The reply of the department was not correct as the earth obtained from bank unloading and from excavation in irrigation channel was required to be re-used.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply. The Division did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and verification of record.

(DP No. 1035)

4.4.34.6 Executive Engineer, UCC Division, Gujranwala executed the item of work "*Borrowpit excavation*" for a quantity of 79328 cft and made payment of Rs 627,447 without utilization of available quantity of 632,667cft of earth.

Violation of rules resulted in loss of Rs 627,447.

Audit pointed out the loss in August 2016. Department replied that payment was made as per estimated provision. Reply was not tenable because the available earth as per x-sections was not utilized.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department replied that the excavated earth was converted into slush and daldul and the same was not suitable for compaction. Audit contended that the rate of ordinary soil was paid instead of execution through machinery for all kind of soil.

The Committee was not convinced with the departmental reply. The Committee directed that a technical probe be got completed by the Superintending Engineer concerned within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends completion of probe at the earliest and effect recovery.

(DP No. 370)

4.4.34.7 Executive Engineer UJC Division Gujrat awarded a work "Lining of Nihal Sunghwalaminor from RD 0-24000 tail" to a contractor in August 2015. The department executed an item of work "*Earth work excavation in irrigation channels drains etc design section within 50ft lead in ordinary soil*" and made payment of quantity 282737 cft. The department also made payment of item of "earth work excavation from outside borrowpits undressed lead up to 1 mile" and made payment of quantity 1132074 cft @ of Rs 2,550.25 per %o cft. The department did not utilize the earth obtained from earth work excavated from irrigation channel 282737 cft which resulted in over payment due to excessive measurement. (282737 cft x Rs 2,550.25 = Rs 721,050 – 13.86% below of Rs 721,050 = Rs 621,112)

Violation of rules resulted in loss of Rs 621,112.

Audit pointed out loss in September 2016. The department replied that the quantity of earth work from outside borrowpit was utilized as the balance quantity was required for filling over cutting. The department did not make total filling but only the quantity of earth filling was measured that was required after utilizing the earth received from cutting. The reply

of the department was not tenable because reply was not supported with detailed data/record entries and cross section.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department stated that the work was in running condition.

The Committee directed that recovery be made and got verified along with final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 413)

4.4.34.8 Executive Engineer, Khanpur Canal Division, Rahim Yar Khan measured and paid item of work "*Earthwork excavation in irrigation channels*" for quantity 120850 cft @ Rs 1,840.11 % cft The department also executed item of work "*Earthwork embankment with 1.5 mile*" for quantity 4496785 % cft @ Rs 3,522.22 % cft The department did not deduct the available earth from the quantity of earth brought from outside.

Violation of rules resulted in loss of Rs 425,660.

Audit pointed out loss in March 2016. The department replied that earth could not be utilized for construction of embankment and the same was used to protect the edges of the stone apron. The reply of the department was not correct because the available earth was required to be deducted from the quantity of earth work embankment.

The matter was also discussed in SDAC meeting held on 28.10.2016. The XEN Khanpur did not attend the SDAC meeting.

The Committee directed that explanation of the XEN Khanpur be called for non-attending the SDAC meeting within 7 days. No further progress was reported till finalization of report in January 2017.

Audit recommends early recovery.

(DP No. 171)

4.4.34.9 Executive Engineer, Khanwah Division, DCC Depalpur measured and paid an item of work “*Excavation foundation of building, bridges and other structure etc.*” for a quantity of 190625 Cft @ Rs 4,667.58 % cft. The department also made payment on account of another item of work “*Earth work excavation from outside borrowpit lead upto 100 ft in ordinary soil undressed*” made for a quantity 1293989 Cft @ Rs 3,101.87 % Cft. Audit observed that 2/3rd quantity of 127083 Cft earth available at site as a result of excavation in foundation was required to be deducted / utilized from the quantity brought from outside source which was not done.

Violation of rules resulted in non-utilization of available earth and overpayment amounting to Rs 394,195 to the contractor.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department replied that the scheme was in progress and 2/3rd quantity of earth would be utilized accordingly. The Committee was not convinced with the departmental reply.

The Committee directed that total amount involved in the para be recovered within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery of loss.

(DP No. 683)

4.4.34.10 Executive Engineer, Khanwah Division, DCC Depalpur made payment for the item “*Earthwork from outside borrowpit lead up to 2 miles undressed*” for a quantity of 244757 cft @ Rs 6,607.73 per % cft

but did not deduct / utilize 2/3rd earth having quantity 56524 cft available at site as a result of “Excavation in foundation of building bridges and other structure” and after refilling 1/3rd quantity in the foundation.

Violation of rules resulted in loss of Rs 373,495 to the contractor due to excess measurements.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department stated that the work was in running condition.

The Committee directed that recovery be made and got verified along with final bill. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 678)

4.4.34.11 Executive Engineer, UCC Division, Sheikhpura made payment for the item “*Borrowpit excavation with transportation of earth*” @ Rs 2,300 % cft for a quantity of 149470 cft and Rs 1,800 per % cft for 58481 cft which could had been saved by using the available earth of 207951cft obtained from prism cutting which could have been used on these RD by giving transportation of 1000 ft @ Rs 500 % cft because contractor quoted in his bid instead of borrowpit excavation with transportation.

Violation of rules resulted in loss due to non-use of available earth of Rs 344,771

Audit pointed out the loss in October 2016. The department replied that as per record entry as well as cutting and filling statement the available earth had already been used and balance earth was not useable as the same was not of good quality and its transportation was costly. Hence

the same was not used. The reply of the department was not correct as the earth obtained from the prism cutting could easily be used in the next RD on lesser cost than paid for new earth brought from outside.

The matter was also discussed in SDAC meeting held on 07.12.2016. The Division did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 1033)

4.4.34.12 Executive Engineer, Khanwah Division, DCC Depalpur measured and paid 75265 Cft "*Excavation in foundation of building bridges and other structure including dagbelling, dressing, refilling around structure with excavation earth*" @ Rs 4,005.80 per ‰ cft Audit observed that 2/3rd quantity of earth i.e.50177 Cft was available against this item of work which was required to be utilized for filling of prism of distributary but the department utilized only quantity of 10313 Cft. Thus department did not utilize quantity of 39864 cft of earth obtained as a result of excavation of foundation.

Violation of rules resulted in loss of Rs 186,253 to the contractor.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department replied that the recovery would be effected from next payment to the contractor. The Committee was not convinced with the departmental reply.

The Committee directed that total amount involved in the para be recovered within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 674)

4.4.34.13 Executive Engineer, DCC Division, Khanwah, Depalpur got executed item of work "*Excavation in Foundation in buildings and bridges and other structure*" for quantity of 59202 cft but did not reuse this earth and deduct it from the item of earthwork for making embankment measured / paid.

Violation of rules resulted in loss of Rs 158,101 due to non-usage / non-deduction of available earth.

Audit pointed out the loss in April 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. Recovery was admitted by the department.

The Committee directed that the recovery be made within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 224)

4.4.35 Overpayment due to enhancement of lead - Rs 11.42 million

As per note-I under rule 7.28 of Department Financial Rules read with PAC directives dated 05.12.1994 and 16-4-2007 the contractor would be paid for the item of work at the rate, agreed with the department at the time of award of work and lead cannot be changed after the sanction of estimate.

4.4.35.1 Executive Engineer, UCC Division, Sheikhpura provided lead for earthwork in the original estimate for 1000 to 2000 ft. which was changed upto 1 mile in revised estimate and rate was enhanced from Rs 4,202.85 to Rs 5,408.05 for 3554711 cft quantity. Due to enhancement of lead an excess rate of Rs 1,205.20% cft was paid to the contractor.

Violation of rules resulted in overpayment of Rs 4,284,137 due to enhancement of lead.

Audit pointed out the overpayment in October 2016. The department replied that work was initially awarded to the Contractor M/S Rana Traders after fulfilling of all codal and procedural formalities. During execution of work Chief Engineer, Irrigation Lahore inspected the site and proposed further components for safety of the structures as well as allied valuable agriculture land, abadies and infrastructures. Furthermore, Departmental Expert Committee as well as 3rd Party Monitoring Consultants Lahore Zone also inspected the site and agreed upon the proposals, due to which the revised estimate was framed and sanctioned by the Chief Engineer, Irrigation Zone, Lahore also enhancing the agreement. Due to revision of the estimate and including other components the lead was increased. The reply of the department was not tenable as the payment to the contractor was required to be made as per actual lead provided in the TSE and agreement which cannot be changed as per PAC directives.

The matter was also discussed in SDAC meeting held on 07.12.2016. The Division did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 952)

4.4.35.2 Executive Engineer, UCC Division, Sheikhpura provided lead for earth work excavation in the original estimate for 100 ft. which was changed / enhanced to 3 mile in revised estimate and paid for 860175 cft @ Rs 6,425.35‰ cft instead of Rs 2,550.25 per ‰ cft. Due to enhancement of lead an excess rate of Rs 3,875.10 per ‰ cft was paid to the contractor.

Violation of rules resulted in overpayment of Rs 3,333,264 due to enhancement of lead.

Audit pointed out the overpayment in October 2016. The department replied that initially the contract awarded to the Contractor M/S Chaudhery Enterprises vide acceptance letter No. 1529/20-A dated 17.06.2014 after fulfilling of all codal and procedural formalities. During execution of work the Zamindars of area as well as residents of the villages i.e. Chak No.06/UCC stopped the work forcibly and did not allow carriage of earth within admissible lead of 100ft the earth within admissible lead provided in the original estimate. The situation was brought to the notice of the M/s NESPAK Engineers as well as S.E. UCC and Chief Engineer, Irrigation, Lahore who inspected the site and directed that the estimate may be got revised. Revised estimate was sanctioned by the competent authority after wetting by the NESPAK Engineers and payment was made according to revised T.S. Estimate. The reply of the department was not correct as payment to the contractor was required to be made as per actual lead provided in the TSE and agreement which cannot be changed as per PAC directives

The matter was also discussed in SDAC meeting held on 07.12.2016. The Division did not attend the verification process.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 953)

4.4.35.3 Executive Engineer, Flood Bund Division, Narowal measured and paid an item of work “*Earthwork excavation in ordinary soil for 3.25 miles*” @ 7,421.90 for the quantity of 496388 per ‰ cft instead of one mile @ Rs 6,342.50 per ‰ cft and in other case for one mile for quantity of 332130 cft @ Rs 3,547.80 against which no lead was provided in the Technical Sanctioned Estimates.

Violation of rules resulted in overpayment of Rs 1,778,132

Audit pointed out the overpayment in August 2016. The department replied that enhancement was made as per site requirement and payment was made after approval of Chief Engineer and Consultant. The reply of the department was not tenable because lead could not be changed after sanction of the estimate.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply. The Committee directed the department to get the record in support of its reply verified from Audit. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 652)

4.4.35.4 Executive Engineer, Sulemanki Headworks Division, Sulemanki made provision of an item of work “*Earthwork excavation from outside borrowpit lead upto 200’ undressed*” for a quantity of 4440820 cft @ Rs 2,615.05 per ‰ cft. It was observed that in the revised estimate, quantity of this item had been decreased to 205820 cft and a new item of work “*Earthwork excavation from outside borrowpit lead upto ½ mile undressed*” for a quantity of 205820 cft was included @ Rs 4,380.75 per ‰ cft. Audit observed that as the agreement with the contractor was made for “Earthwork excavation from outside borrowpit lead upto 200 ft therefore, only 200 ft lead was to be paid instead of allowing new item of earthwork with lead of ½ mile. Moreover, as per rule, only quantity of an

item can be increased or decreased in the revised estimate but rate cannot be increased.

Violation of rules resulted in unjustified provision of excess lead in the revised estimate which resulted in overpayment of Rs 901,646.

Audit pointed out the overpayment in August 2016. The department replied that due to change in alignment of channel, scope of work was changed so revised PC-I was framed which was approved by competent authority and revised administrative approval was issued including earthwork with ½ mile lead. Reply furnished by the department was not tenable because as per PAC directive lead once provided in estimate cannot be changed. Moreover, in the revised TS estimate only the quantities of the items can be increased or decreased but rate cannot be increased.

The matter was also discussed in SDAC meeting held on 15.12.2016. The department replied that the said item was executed at site. The Committee directed that detail verification of record be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery of overpayment on account of excess lead.

(DP No. 605)

4.4.35.5 Executive Engineer, Small Dams Division, Jhelum awarded a work "Construction of Pandori Dam" to a contractor in June 2014. During execution of item of work "*Excavation in rock dressed design*" was measured and paid with lead 1000' instead of agreed/bid lead of 450'. The increase of lead was against the contract.

Violation of rules resulted in overpayment due to excess lead of Rs 763,523.

Audit pointed out overpayment in August 2016. The department replied that the area initially selected for disposal of excavated earth from stripping is adjoining to the original water way and any sort of mud sliding could have choked the Nullah. So the site engineers recommended to change the site of haul area to save possible threats to the structure. The revised lead chart was got approved from competent authority vide V.O #1 dated 13.04.2015. The same lead has been duly provided in the revised PC-I and payment was made as per provisions however the typographical error of writing 1000 ft in place of 715 ft in M.B had since rectified hence there was no overpayment. The reply of the department was not tenable because as per contract Clause contractor was bound to bring earth as per agreement with agreed lead. The clause of contract agreement could not be changed without approval of Finance Department.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department replied that the lead chart had been approved by the competent authority.

The Committee directed that detail verification of record be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from concerned.

(DP No. 315)

4.4.35.6 Superintending Engineer, LJC Circle, Sargodha approved the item "*Borrowpit excavation undressed lead 100 ft in ordinary soil*" in the original estimate of the work @ Rs 2,735.05 per %o cft. But at the time of revision of estimate, the lead of earth was increased from 100 ft to 1(one) km.

Violation of rules resulted in unjustified sanction of additional lead worth Rs 362,439.

Audit pointed out the overpayment in April 2016. The department replied that in the approved PC-I, the earth work was provided from a

distance of one mile but in the technically sanctioned estimate, it was omitted and provided as 100 ft. Reply given by the department was not tenable because terms of contract once agreed upon cannot be materially changed.

The matter was also discussed in SDAC meeting held on 28.10.2016. The department pleaded that new item of work was included in the contract agreement of the contractor and got approved by the authority.

The Committee directed for regularization of the matter from Finance Department. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery / regularization from Finance Department.

(DP No. 189)

4.4.36 Non-recovery due to non-execution of items having zero rates - Rs 9.85 million

As per general direction No. 9(iii)&(iv) for the guidance of the tenderer read with clause 10 of agreement, there will be no curtailment of items having below rates or required to be completed as free of cost. Further, the contractor is bound to complete each component of the work. If contractor does not complete the full quantity, the recovery on account of difference of cost between T.S Estimate rates and quoted rates shall be recovered from him.

Executive Engineer, Taunsa Barrage Division, Kot Adu did not recover the cost of items of work "*Supplying and filling of stone in wire crates stone boulder and Providing & Weaving G.I wire netting for wire crates with G.I wire*" against which contractor quoted no rates.

Violation of contractual obligations resulted in non-recovery due to non-execution of items having zero rates worth Rs 9,850,000.

Audit pointed out the non-recovery in September 2016. Department replied that account of the contractor for the instant work had not so far been closed. The point would be kept in view before making final payment and facts thereof would be got verified from Audit. The department admitted the recovery.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department reiterated its earlier reply.

The Committee directed to effect the full recovery and get verified from audit within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification from Audit.

(DP No. 475)

4.4.37 Non-recovery on account of lease money - Rs 9.25 million

As per rule 2.33 of PFR Volume-I, any loss sustained by government will be recovered from the person(s) responsible.

Executive Engineer, Islam Headworks Division, Pallah leased out E-I plot situated in pond area measuring 845 acres to Syed Makhdoom Hussain Shah for the period from Kharif 2000 to Rabi 2002-03 @ Rs 9,21,000 per annum excluding government taxes. The lessee deposited Rs 12,74,050 to the Irrigation Department as first installment for one year and later he did not deposit the remaining 2nd and 3rd installments and went into appeal which was decided against him. After decision of arbitrator, he deposited Rs 1,136,100 in addition to his call deposit of Rs 400,000. Balance amount of Rs 398,000 was still recoverable from him. Furthermore, the lessee retained possession illegally upto Kharif 2006 and cultivated crops un-authorizedly. The Department imposed penalty of Rs 8,850,000 for the illegal period of occupation of Government land but did not recover it.

Violation of rules resulted in non-recovery of Rs 9,248,000.

Audit pointed out non-recovery in April 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department replied that the lessee was again in litigation in a court of Bahawalpur. However, efforts were being made for recovery.

The Committee was not convinced with the departmental reply and directed to pursue the court case vigorously. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends pursuance of court case and early recovery.

(DP No. 278)

4.4.38 Loss due to execution of below specification work - Rs 7.43 million

As per agreement clause No.7 read with Third Party Monitoring (TPM) Consultants letter No.TPM/RE-BWP/339 Dated 19.8.2015, payment to contractor on full rate should be allowed only if the quality of work done is up to the stipulated specification.

4.4.38.1 Executive Engineer, Dallas Division, Rahim Yar Khan got executed a work on emergency basis situation under para 2.89 PWD Code/rule 59 of PPRA Rules but the following items of work were executed below specification.

Sr No.	Name of item	Qty paid cft	Rate paid Rs per % cft	Amount
1	P/W wire crates 9"x9"/8"x8" against 6"x6" mesh	160614	2,040.30	3,277,007
2	Dumping of stone in Crates having 15 cft against 27 cft	134936	1,039.53	1,402,700
			Total	4,679,707

Violation of contractual obligations resulted in loss due to execution of work below specification amounting to Rs 4.68 million

Audit pointed out the loss in September 2016. The department did not reply.

The matter discussed in SDAC meeting held on 22.12.2016. The department admitted the recovery.

The Committee kept the para pending with the direction to effect the due recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) at fault.

(DP No. 841)

4.4.38.2 Executive Engineer, Dallas Division, Rahim Yar Khan got executed a work on emergency basis under para 2.89 PWD Code / rule 59 of PPRA Rules but quantity of the item of work "Dumping of stone in Crates was taken as 15 cft against standard quantity of 27 cft for a total quantity of 171872 cft including allied components.

Violation of contractual obligations resulted in loss of Rs 2,748,019.

Audit pointed out the loss in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department admitted the recovery.

The Committee directed to effect the due recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) responsible.

(DP No. 842)

4.4.39 Non-recovery of penal rent - Rs 5.53 million

As per letter No.EO(S&GAD)policy/2002-1942 dated 16.10.2002 of S&GAD department Government of Punjab, a government servant occupying a house unauthorizedly and illegally will be charged penal rent @ 60% of his basic salary.

4.4.39.1 Executive Engineer, Hafizabad Division LCCW, Faisalabad did not charge penal rent to 7 officers/officials because these were transferred from Faisalabad to other stations and they did not vacate their residences after expiry of admissible period. Therefore, the recovery of penal rent @ 60% of basic pay was required to be made from the concerned officer/official but neither any recovery was made nor these residences were got vacated from unauthorized and illegal occupants.

Violation of rules resulted in non-recovery of Rs 2,926,460 on account of penal rent.

Audit pointed out non-recovery in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 13.12.2016. The department replied that concerned District Accounts Officer had been asked to deduct penal rent from the pay of concerned officers.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 986)

4.4.39.2 Executive Engineer, Store & Workshop Division, Sheikhpura did not deduct the penal rent @ 60% of the basic pay from 02 officials/officers transferred to other stations.

Violation of rules resulted in non-recovery of penal rent amounting to Rs 1,128,000.

Audit pointed out the non-recovery in March 2016. The department replied that efforts were being made to recover the amount. Reply was not tenable because no documentary proof in support of reply was provided.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that the total amount involved in the para be recovered within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of penal rent besides vacation of residences from illegal occupants.

(DP No. 22)

4.4.39.3 Executive Engineer, Qadirabad Balloki Link Division, Farooqabad did not deduct the penal rent @ 60% of the basic pay from 02 officers transferred to other stations. The officers illegally occupied the Government residences for last two to three years.

Violation of rules resulted in non-recovery of penal rent amounting to Rs 924,480.

Audit pointed out the non-recovery in February 2016. The department replied that the occupants were the employees of irrigation department serving in Lahore zone and final reply regarding deduction of rent charges would be made after verification of record. Reply was not tenable as the residences had neither been vacated nor penal rent @ 60% had been recovered.

The matter was also discussed in SDAC meeting held on 10.08.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that total amount involved be recovered within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of penal rent besides vacation of residences from illegal occupants.

(DP No. 09)

4.4.39.4 Executive Engineer, Lodhran Canal Division, Lodhran could not get government residence vacated from Mr. Arif Mumtaz, Ex-Sub Divisional Officer, Mahmood Canal Sub Division, who was transferred on 13.09.2008. As per rule, the officer/official can retain government accommodation up to three months from the date of relieving. But it was noticed from the record of the Division that the officer concerned had not vacated the government accommodation till February 2015.

Violation of rules resulted in non-recovery of penal rent @ Rs 6107 per month from the outgoing officers amounting to Rs 439,704.

Audit pointed out non-recovery in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department explained that the concerned officer had been directed to deposit penal rent for 63 months @ of Rs 6,107 per month.

The Committee directed to recover total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early vacation of government residence, besides recovery of penal rent and its verification.

(DP No. 612)

4.4.39.5 Executive Engineer, Lodhran Canal Division, Lodhran, did not recover 60% penal rent of government residence designated for Deputy Collector (BPS-17) Lodhran which was illegally occupied by Mr. Zubair Latif, Tracer of BPS-5 with effect from 01.04.2015. Audit observed that although a considerable period of about two years from the issuance of letter dated 09.09.2014 was elapsed but neither the residence in question was got vacated nor penal rent was recovered.

Violation of rules resulted in non-recovery of Rs 109,926.

Audit pointed out non-recovery in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department explained that as soon as recovery effected, the record thereof would be verified from Audit.

The Committee directed to recover total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of penal rent and its verification.

(DP No. 610)

4.4.40 Overpayment due to arithmetical mistake - Rs 5.12 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held personally responsible for any loss sustained by government due to negligence on his part.

4.4.40.1 Executive Engineer Pasrur Link Division Sialkot made payment of 3rd running bill to the contractor against total value of work

done amounting to Rs 20,650,297. The total value of work done of 2nd running bill was paid for Rs 7,639,437 but during payment of 3rd running bill, the total value of work done of 2nd running bill was recorded in the memorandum of payment for Rs 5,000,000 instead of Rs 7,639,437.

Violation of rules resulted in overpayment due to arithmetical mistake amounting to Rs 2,639,437.

Audit pointed out overpayment in July 2016. The department replied that Audit observation was based on misconception because the total value of work done as per 2nd Running Bill was Rs 7,639,437 but due to non-availability of funds the amount of Rs 2,639,437 was withheld and bill was pre-audited and passed for Rs 50,00,000. The withheld amount was released to the Contractor in the 3rd Running Bill after receipt of funds. Hence no overpayment was made to the Contractor. The reply of the department was not correct as value of work done was Rs 20,650,297 and payment of Rs 23,289,734 was made to the contractor, which was excess.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department replied that due to misconception, overpayment was made to the contractor which would be recovered from next running bill of the contractor.

The Committee directed that total amount involved in the para be recovered within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 623)

4.4.40.2 Executive Engineer, Dallas Canal Division, Rahim Yar Khan awarded the work "Construction of Flood Embankment & Protection work N-5 at ArbiTibba" to M/s Muhammad Athar and made payment for quantity of 6,031,389 cft instead of actual quantity of 5,756,152 cft for borrowpit excavation.

Violation of rules resulted in overpayment due to incorrect calculations amounting to Rs 939,676.

Audit pointed out the overpayment in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.12.2016. The department admitted in reply that amount would be recovered from next running bill of the contractor.

The Committee directed to effect recovery within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 845)

4.4.40.3 Executive Engineer, UCC Division, Sheikhpura made an arithmetical mistake by calculating quantity of item earthwork excavation in irrigation channel at page 19 to 21 of MB # 35/386 for 168448 cft @ Rs 2,700 per ‰ cft

Violation of rules resulted in overpayment of Rs 454,810

Audit pointed out the overpayment in October 2016. The department replied that the work was carried out under the supervision of M/S NESPAK Engineers Consultants. The payments were made after necessary verification by the M/S NESPAK Engineers Consultant. However the matter will be sorted out and difference will be adjusted / corrected in the next bill. The reply of the department was not correct because overpayment was made due to wrong calculation to the contractor which needs recovery.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply. The division did not attend the verification process.

The Committee directed that detailed verification of record regarding recovery be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommend early recovery besides disciplinary action against the person(s) found responsible.

(DP No. 947)

4.4.40.4 Executive Engineer, Dallas Canal Division, Rahim Yar Khan in 5th & running bill of the work carried forward quantity of 1407173 cft of item of work "*Borrowpit excavation from outside borrowpit in ordinary soil lead upto 3 miles*" instead of actual quantity of 1296361 cft as made in 4th and running bill and paid @ Rs 4029.20 % cft, which resulted in overpayment.

Violation of rules resulted in overpayment of Rs 446,484.

Audit pointed out overpayment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department admitted in reply that recovery would be made in 6th running bill of the contractor.

The Committee directed that detailed verification of record regarding recovery be produced within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 249)

4.4.40.5 Executive Engineer, UCC Division, Sheikhpura made arithmetical mistake by calculating quantity of item earthwork borrowpit excavation lead 3 miles for quantity of 201971cft at page-11 to 17 and 19 to 21 of MB # 35/386 and out of this quantity 63312 cft paid for barrow pit excavation with transportations @ Rs 5400 ‰ cft (2000+3400) and compaction of the total quantity of 201971cft was paid @ Rs 250 ‰ cft due to wrong calculation of the item of earth work.

Violation of rules resulted in overpayment of Rs 392,278

Audit pointed out the overpayment in October 2016. The department replied that the work was carried out under the supervision of M/S NESPAK Consultants. As per record entry as well as cutting filling statement the available earth had already been used and balance earth was not useable because the same was not of good quality and its transportation was costly. The reply of the department was not correct as due to wrong calculation an overpayment was made to the contractor which was required to be recovered.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply. The division did not attend the verification process.

The Committee directed that detailed verification of record regarding recovery be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against the person(s) found responsible.

(DP No. 946)

4.4.40.6 Executive Engineer, Flood Bund Division, Narowal measured and made payment the item carriage of bajri from quarry to site of work at p-174 of MB # 523 for a quantity of 11526 cft. The same quantity was carried forwarded at p 187 in 2nd running bill as 16426 cft instead of 11526 cft and paid @ Rs 5,067.35% cft.

Violation of rules resulted in overpayment of Rs 248,300.

Audit pointed out the overpayment in August 2016. The department replied that the record was under verification and recovery would be effected after verification of record if applicable. The reply was not tenable because all record was available and recovery was required to be made after verification of record.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee directed to effect the recovery and get it verified from Audit within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 657)

4.4.41 Non-recovery of cost of old material - Rs 4.10 million

As per specification of chapter No. 18.1-9 for execution of Work (Volume-II), the cost of old dismantled material retrieved during execution of work/repair was to be recovered from the contractor.

4.4.41.1 Executive Engineer, Khanpur Canal Division, Rahim Yar Khan got executed item of work "*Dismantling of dry brick work*" for quantity of 47520 cft @ Rs 187.6 per % cft. The department did not recover the cost of old bricks from the contractor.

Violation of regulations resulted in non-recovery of Rs 1,283,040.

Audit pointed out non-recovery in March 2016. The department replied that the bricks were not useable for other masonry work. The reply was not tenable as recovery of dismantled material was required to be made from the contractor.

The matter was also discussed in SDAC meeting held on 28.10.2016. However the XEN Khanpur did not attend the SDAC meeting.

The Committee directed that explanation of the XEN Khanpur be called for non-attending the SDAC meeting within 7 days. No further progress was reported till finalization of report in January 2017.

Audit recommends early recovery.

(DP No. 170)

4.4.41.2 Executive Engineer, UCC Marala Division, Sialkot made payment for the item “*Supplying steel wire rope of 6 x 37 size*” for a quantity of 10738 rft for replacement of old wire but credit of old material was not made.

Violation of regulations resulted in overpayment due to non-credit of old material amounting to Rs 1,073,800.

Audit pointed out the matter of non-crediting of old material in August 2016. The department replied that the old material/ Scrap received from the works was taken on scrap register. The reply was not tenable because no record in support of reply was produced.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that detailed verification of record be got completed within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early production of record for verification and disposal of old material.

(DP No. 1010)

4.4.41.3 Executive Engineer, UCC Division, Gujranwala made payment for the item “*Dismantling of brick work*” but did not make recovery of bricks of 19667 cft for Rs 953,850 during the year 2015-16.

Violation of regulations resulted in non-recovery of Rs 953,850.

Audit pointed out the non-recovery in August 2016. The department admitted the recovery but did not effect any recovery.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department admitted the recovery.

The Committee directed that recovery be made within 60 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 497)

4.4.41.4 Executive Engineer, Faisalabad Drainage Division, Faisalabad made payment for item “*Dismantling of RCC 1:2:4*” and made nominal recovery on account of cost of steel obtained after dismantling of RCC 1:2:4 instead of @ 6.75 Lbs steel per cft of the quantity of RCC as in another case as per standard formula for using the steel in RCC Work. Further the recovery was made @ Rs 30 per kg instead of Rs 40 per Kg.

Violation of regulations resulted in less-recovery of Rs 389,490

Audit pointed out less-recovery in September 2016. The department replied that that as per previous practice of the department, the scrap weight of old fabrication was credited to the work. The slab etc, of the bridges were damaged as the life of bridge had expired. Thus the scrap of fabrication received from old bridges was of low quality and its weight was very much reduced due to lapse of about 30 years. And in other case 50% credit was given as approved by the competent authority and Audit

calculated the scrap weight as per formula used at the time of preparation of estimate for construction of new bridge. The reply of the department was not tenable because steel does not lose its quantity and weight after a lapse of 30 years as calculated by the department. Actual quantity obtained from dismantling should have been calculated by the department. Therefore, recovery was required to be effected.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that actual recovery be made and detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 620)

4.4.41.5 Executive Engineer, Bahawalpur Canal Division, Bahawalpur did not make recovery on account of credit of old material from payment made to various contractors

Violation of regulations resulted in non- recovery of Rs 293,525

Audit pointed out non-recovery in October 2016. The department replied that relevant record will be scrutinized and further action regarding credit of old material would be taken and informed to Audit accordingly. The reply of the department was not accepted because recovery of old material was not got verified from Audit.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that the work was in progress.

The Committee directed to effect recovery before final bill. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 698)

4.4.41.6 Executive Engineer Bahawalpur Canal Division Bahawalpur made provision for deduction of old dismantled material amounting to Rs 102,408 in the technically sanctioned estimate of a work but did not make recovery while making payment through 4th running bill.

Violation of regulations resulted in non-recovery of Rs 102,408 from the contractor's running payments.

Audit pointed out non-recovery in October 2016. The department replied that an amount of Rs 28,000 had been recovered from the contractor and balance recovery on account of credit of old material would be deducted as & when work would be done at site. The reply of the department was not tenable because recovery was not made.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department stated that the material has been taken on old material register which will be auctioned in future.

The Committee was not convinced with the departmental reply. The Committee directed that auction process may be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction & verification of complete record.

(DP No. 694)

4.4.42 Loss due to provision of incorrect item in estimate - Rs 3.95 million

According to rule 2.10(a)(i) of PFR Vol-I every Govt. servant should exercise the same vigilance for incurring expenditure from Govt.

revenue / funds as a person of ordinary prudence would exercise in respect of expenditure incurred from his own money.

4.4.42.1 Executive Engineer, Khanwah Division, DCC Depalpur made provision for an item of work "*Pacca Brick work 1:4 cement sand mortar other than building*" 250052 cft in the TS Estimate of the work @ Rs17341.90 per % Cft. Audit observed that "*Pacca brick work in foundation and plinth 1:4*" @ Rs 16,870 per % Cft (MRS Feb 2015 to 31st July 2015 for Okara District, Chapter No.7 item No.4(i)) was required to be provided in the TS Estimate instead of "*Pacca brick work other than building 1:4*" @ Rs17341.90 (MRS Feb 2015 to 31st July 2015, Chapter No.7 item No.7(i)). Thus excess rate to the extent of Rs 471.50 % Cft was provided in the estimate.

Violation of rules resulted in loss of Rs 1,178,995 due to provision of irrelevant item of work.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department explained that the item was not treated as building work, it was approved as other than building and paid according to Public Works specification 21.1 to 21.5.

The Committee did not agree with the view point of the department and directed to refer the case to Finance Department for its clarification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends compliance of SDAC's decision.

(DP No. 686)

4.4.42.2 Executive Engineer, Khanwah Division, DCC Depalpur made provision for an item of work "*Pacca brick work in 1:4 cement sand mortar other than building*" having quantity of 130169 cft in the

estimate of the work. Audit observed that as per X-section, brick work was to be executed under earthen bed of distributary as toe wall. Therefore the relevant item "*Pacca Brick work in foundation and plinth 1:4*"@ Rs17121.76 (MRS 2nd annual 2015 District Okara, Chapter No 07, item No.04 (i)) was required to be provided in the estimate instead of "*Pacca brick work other than building 1:4 ratio*" @ Rs 18021.60 % cft

Violation of rules resulted in loss of Rs 1,171,313 due to provision of irrelevant item of work.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department explained that the item was not treated as building work, it was approved as other than building and paid according to P.W. specification 21.1 to 21.5.

The Committee did not agree with the view point of the department and directed to refer the case to Finance Department for its clarification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 676)

4.4.42.3 Executive Engineer, Khanwah Division, DCC Depalpur made provision for an item of work "*Pacca brick work in 1:4 cement sand mortar other than building*" for a quantity of 28227cft @ Rs 17,593 % cft (MRS 1st August 2015 to 31 January 2016 Chapter No.07, item No.07 (I)) in the estimate of the work. Audit observed that as per X-section, brick work was to be executed under earthen bed of distributary as toe wall. Therefore the relevant item "*Pacca Brick work in foundation and plinth 1:4*" @ Rs 17,121.70 per % cft (MRS 1st August 2015 to 31 January 2016) was required to be provided in the estimate instead of "*Pacca brick work other than building 1:4 ratio*" @ Rs 17,593.20% cft

Thus excess rate of Rs 471.50 % cft was provided in the estimate.

Violation of rules resulted in loss of Rs 745,249 due to provision of irrelevant item of work.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department explained that the item was not treated as building work, it was approved as other than building and paid according to P.W. specification 21.1 to 21.5.

The Committee did not agree with the view point of the department and directed to refer the case to Finance Department for its clarification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 1017)

4.4.42.4 Executive Engineer, Khanwah Division, DCC Depalpur made provision for an item of work "*Pacca brick work in 1:4 cement sand mortar other than building*" for a quantity of 132230cft @ Rs 17,593 % cft (MRS 1st August 2015 to 31 January 2016 Chapter No.07, item No.07 (I) in the estimate of the work. Audit observed that as per X-section, brick work was to be executed under earthen bed of distributary as toe wall. Therefore the relevant item "*Pacca Brick work in foundation and plinth 1:4*" @ Rs 17121.70 per% Cft as per (MRS 1st August 2015 to 31 January 2016) was required to be provided in the estimate instead of "*Pacca brick work other than building 1:4 ratio*" @ Rs 17,593.20% cft Thus excess rate of Rs 471.50 % cft was provided in the estimate.

Violation of rules resulted in loss of Rs 623,464 due to provision of irrelevant item of work.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department explained that the work was not a building work, the correct site was approved/paid according to P.W Specifications 21.1 to 21.5.

The Committee was not convinced with the departmental reply and directed to move the case to Finance Department for clarification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 1018)

4.4.42.5 Executive Engineer, Khanwah Division, DCC Depalpur made provision for an item of work "*Pacca brick work in 1:4 cement sand mortar other than building*" having quantity of 58102 Cft in the estimate of the work. Audit observed that as per X-section, brick work was to be executed under earthen bed of distributary as toe wall. Therefore the relevant item "*Pacca Brick work in foundation and plinth 1:4*" @ Rs16293.10 (MRS 2nd annual 2014 District Okara, Chapter No 07, item No.04 (i)) was required to be provided in the estimate instead of "pacca brick work other than building 1:4 ratio" @ Rs 16,779.75 % cft.

Violation of rules resulted in loss of Rs 233,601 due to provision of irrelevant item of work.

Audit pointed out the loss in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 07.12.2016. The department explained that the item was not treated as building work, it was approved as other than building and paid according to P.W. specification 21.1 to 21.5.

The Committee did not agree with the view point of the

department and directed to refer the case to Finance Department for its clarification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC directives.

(DP No. 675)

4.4.43 Overpayment due to payment of excess quantity of admixture - Rs 3.91 million

As per rule 2.33 of PFR Vol-I, every government servant is personally responsible for any loss sustained by the government due to fraud or negligence on his part

Executive Engineer, Construction Division, D.G khan awarded the work and made payment of the quantity 817757.27 cft for an item of work "R.C.C 1:2:4" and another item of work "Admixture for Rcc 141540.83 liter @ Rs 90 per lit. The department was required to sanction and pay 35981 liters of admixture (250 ml per bag of cement) for quantity of 817757.27 cft "RCC 1:2:4". Thus making payment of excess quantity of admixture for 105560 liters (141540-35981) resulted in overpayment amounting to Rs 9,500,400 (105560 x Rs 90).

Violation of rules resulted in overpayment of Rs 9.50 million due to use of excess quantity of admixture.

Audit pointed out the Overpayment in August 2016. The department did not reply despite repeated verbal and written requests.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department stated that out of Rs 9.50 million an amount of Rs 5.523 million had been accepted or recovered and verified.

The Committee reduced the para upto Rs 3.907 million for detailed verification within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of balance amount.

(DP No. 802)

4.4.44 Loss due to non-recovery of Sale Price from the tenants - Rs 3.48 million

As per rule 4.7(1) of Punjab Financial Rule, Vol-I , it is the responsibility /primary duty of the department/authority to watch that all revenue due to Government are correctly assessed realized and credited to Government account.

Director, Land Reclamation, Lahore did not recover the sale price of crops/farm's produce at the time of sale from various tenants from different farms. Various crops /sorghum, vegetables, jantar, berseem, javai, wheat bhusa etc. were cultivated on huge portion of these reclamation farms during 2014-15 and same were sold to tenants. A considerable amount of Rs 3,478,145 was recoverable from the tenants.

Violation of rules resulted in non-recovery of Rs 3,478,145.

Audit pointed out loss due to non-recovery in April 2016. The department did not submit reply.

The matter was discussed in SDAC meeting held on 10.08.2016. The department replied that recovery of Rs 1,262,309 out of Rs 3.478 million had been made. The Committee was not convinced with the departmental reply.

The Committee directed that a technical report be got obtained from the Director Land Reclamation Punjab within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 61)

4.4.45 Loss due to inadmissible payment of rent for office - Rs 3.47 million

According to CE. Letter No.works/2009/1513-18 dated 07.02.2009, Taunsa Barrage rest house was declared office for providing

facility to the M/S MM consultants for smooth working of consultancy services for construction of Management of Hill Torrents.

Executive Engineer, Construction Division, DG Khan made payment on account of office accommodation for Rs 3.465 million for six years during 2015-16 to M/S MM consultant despite providing Taunsa Barrage rest House as office.

Violation of regulation resulted in loss of Rs 3.465 million due to provision of double office facility to the consultants.

Audit pointed out the loss in August 2016. The department did not reply despite repeated verbal & written requests.

The matter was also discussed in SDAC meeting held on 19.12.2016. The department replied that although rest house of Chashma Right Bund Canal Tounsa Sharif was declared office for MM consultant but the rest house could not be completed.

The Committee was not convinced with the departmental reply and directed that verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 447)

4.4.46 Non-forfeiture of earnest money - Rs 2.73 million

As per Condition No. 2 of the Acceptance Letter, "the work must be started at site within two days from the date of issuance of acceptance letter. Otherwise, it will be rescinded automatically with forfeiture of earnest money without assigning any reason thereof.

4.4.46.1 Executive Engineer, UCC Division, Sheikhpura awarded the works "Procurement Reserved stock (Stone) for Mangtanwala sub

division UCC during the financial year 2015-16” and “Restoration of DEG Diversion Channel Bund (DCC) at RD: 80+000 as well as RD: 67+000 to 68+00 & Prong RD: 66+750/R/Bund” to M/s. Rana Traders and M/s. Mian Abdul Razaq respectively. The contractors failed to start the works but the department did not take any action against the contractors to forfeit their earnest money of Rs 1,173,452 (Rs 325,000 + Rs 848,452) as required under the terms and conditions of acceptance letter.

Violation of contractual obligations resulted in non-forfeiture of earnest money of Rs 1,173,452.

Audit pointed out the matter of non-feiture of earnest money in October 2016. The department replied that the earnest money for the work of “Procurement Reserved stock (Stone) for Mangtanwala sub division UCC during the financial year 2015-16” had already been deposited into treasury through Challan Form BM 32 during 04/2016. The same would be credited in to proper Head of Account i.e. C 03434 in the next Monthly Account and as far contractor M/S Abdul Razzaq Government Contractor, he had neither started the work nor deposited the additional performance security therefore, his CDR (Earnest Money) forfeited and credited to the proper Head of Account C 03434. The reply of the department was not tenable as no documentary evidence regarding forfeiture of earnest money was produced to Audit for verification.

The matter was also discussed in SDAC meeting held on 07.12.2016. The division did not attend the verification process.

The Committee directed to forfeit the earnest money and got it verified from Audit within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early forfeiture of earnest money and its verification.

(DP No. 941)

4.4.46.2 Executive Engineer, Trimmu Barrage Division, Jhang did not rescind the contract and got executed the work at risk and cost of original contractor as the contractor failed to complete the work despite the lapse of 16 months. Moreover, department did not forfeit the security.

Violation of contractual obligations resulted in non-forfeiture of security deposits of contractor amounting to Rs 1,119,444.

Audit pointed out the non-forfeiture of security deposits in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department replied that the honorable court had directed that Chief Engineer Irrigation Zone would decide the matter within one month which was under process.

The Committee directed to decide the case under the direction of honourable court and record be got verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 574)

4.4.46.3 Executive Engineer, UCC Division, Sheikhpura awarded the work "Procurement of Reserve Stock Flood Fighting Material (Pitching stone in Sikhanwali Sub Division UCC)" to M/s. Arian Brothers, Government contractor for supplied of 415516 cft stone at cost of Rs 22,595,010. The contractor supplied only 49120 cft stone for Rs 2,646,335 and due to non-supply of the stone the funds under this head of account had also been lapsed. The contractor failed to fulfill his contractual obligations and his securities were required to be forfeited under clause 60 and 61 of the contract agreement and execution of balance work at his risk and cost but no action was taken by the department against the contractor under the relevant clause of agreement.

Violation of contractual obligations resulted in non-forfeiture of security deposits of Rs 264,633.

Audit pointed out the non-forfeiture of security deposits payment in October 2016. The department replied that Pitching stone as per specified weight was not available at the approved quarry site resultantly contractor was allowed to provide the Pitching stone from Sikhanwali quarry due to which the assignment could not be completed by the Contractor. However this office directed the contractor to complete the assignment during the financial year 2016-17 otherwise his security deducted from his bills would be forfeited accordingly. The reply of the department was not tenable as no documentary evidence regarding non-availability of stone was produced to Audit for verification. Further, due to non-supply, the funds have also been lapsed therefore action should be taken against the contractor under terms and conditions of agreement.

The matter was also discussed in SDAC meeting held on 07.12.2016. The division did not attend the verification process.

The Committee directed to forfeit the security deposit and record be got verified within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommend early forfeiture of security deposit.

(DP No. 942)

4.4.46.4 Executive Engineer, B.S. Link Canal Division, Lahore awarded the work to a contractor on 23.07.2015 with completion period of 15 days for the item "*Carriage of 100 Cft of all material like stone aggregates, spawl, kankars, line (Unslaked) etc. bajri by truck or by other means owned by the contractor*" from Sikhanwali Quarry to site of work lead 237 km" for a quantity of 50,000 Cft @ Rs 5,043.72%cft with contract cost of Rs 25,21,860, whereas, the contractor did not complete the work uptill 30.06.2016 despite lapse of more than period of 327 days (342 – 15). A quantity of 20427 cft stone was provided by the contractor on 16.11.2015 as per measurement book. The remaining quantity of stone

was not provided by the contractor and taking up the case with the Superintending Engineer for rescinding of the contract under clause-60 of the Agreement and forfeiture of the earnest money and security deposits. The contractor was at fault, however neither the contract was terminated nor the earnest money and security deposits were forfeited by invoking clause-60 and 61 of the agreement.

Violation of contractual obligations resulted in Non forfeiture of earnest money and security deposits amounting to Rs 173,028

Audit pointed out the irregularity in July 2016. The department replied that the contract fell under the competency of Superintending Engineer, Link Circle Lahore. The case was reported to the authority for taking necessary action. The reply was not tenable because the contractor was required to provide the full quantity of stone within 15 days upto 07.08.2015, whereas, the quantity of the stone had not yet been supplied uptill July 2016.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee directed to effect total amount involved in the para within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of the SDAC's decision.

(DP No. 927)

4.4.47 Loss to Government due to less collection of Toll Tax - Rs 2.58 million

As per Rule 2.33 of PFR Vol-I, every Govt. servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by Govt. due to negligence on his part.

Executive Engineer, Sulemanki Headworks Division, Sulemanki collected toll tax amounting to Rs 4,252,490 by deploying departmental labour (contract for collection of toll tax could not be awarded due to non-participation of any bidder) for the year 2015-16 against the reserve price of Rs 6,836,697 fixed by the Chief Engineer Irrigation, Multan Zone.

Violation of rules resulted in loss to government due to less collection of toll tax amounting to Rs 2,584,207.

Audit pointed out the loss in September 2016. The department replied that for the year 2015-16 total toll collection was Rs 6,913,900 against reserve price of Rs 6,836,697. Out of toll tax collection of Rs 6,913,900 department collected Rs 4,252,490 from civil vehicles passing from bridge and Rs 2,661,410 was the amount recoverable from M/S SYNO HYDRO Pvt. Limited, for company vehicles. SYNO HYDRO Pvt. Limited had admitted this amount and was going to deposit the same. After receipt of recovery from SYNO HYDRO Pvt. Limited it would be produced to the Audit for verification. The reply of the department was not tenable because as per letter from Superintending Engineer, Nili Bar Circle, Sahiwal vide No.118-20/332M dated 06.01.2016 and letter from Executive Engineer to District Collector, Okara vide No.820-23/14-W dated 24.03.2016 an amount of Rs 244,460 and Rs 938,980 respectively was recoverable from M/s Syno Hydro (Pvt.) Limited (M/s Nissan Engineering) instead of Rs 2,661,410. If the recoverable amount of Rs 1,183,440 (244,460 + 938,980) was deducted from the less collection of toll tax as pointed out by the Audit, even then the department made less departmental collection amounting to Rs 1,400,767 (2584207 – 1183440).

The matter was also discussed in SDAC meeting held on 15.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover total amount involved in the para within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery of loss and fixing responsibility.
(DP No. 597)

4.4.48 Unjustified payment of price variation due to wrong record entry - Rs 2.16 million

As per clause 55 of the agreement read with Finance Department notification No.RO (Tech)F.D1-/83Vil(vi)(Prov.) dated 03.04.2204 in case of any price variation (increase / decrease) to the extent of 5% or more in the price of any of the items take place after acceptance of tender and before the completion of contract, the amount payable / recoverable shall be adjusted to the actual variation in the cost of items concerned on the notified rate by the Finance Department on its website.

Executive Engineer, Dallas Canal Division, Rahim Yar Khan allowed price variation of Rs 39,960,785 calculated at page 4 to 55 of M.B No. 1391. As per calculation price variation of Rs 16,209 was calculated for the period 01.05.2010 to 02.05.2010 and no work was got executed during the next (09) months whereas day to day measurements were to be recorded. No entry was made to allow benefit of the higher rates and the dates of measurement were written with different ink and price variation of Rs 697,828 calculated for the period 11.02.2011 to 28.02.2011 showing a gap of nine (09) months and 01.12.2011 to 31.12.2011 amounting to Rs 1,462,478 also showing a gap of 8 months.

Violation of contractual obligations resulted in unjustified payment due to wrong record entry Rs 2,160,306.

Audit pointed out irregularity in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department replied that payment of price variation was made as per agreement. The Committee was not convinced with the departmental reply.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against responsible(s).

(DP No. 267)

Others

4.4.49 Non-finalization of inquiry cases -Rs 5.96 million

As per rule 2.10 of PFR volume-I same vigilance should be exercised in respect of expenditure from public money as a person of ordinary prudence would exercise in respect of his own money.

4.4.49.1 Executive Engineer, UJC Division, Jhelum made payment to various parties through RQ link sub division for Rs 2.240 million. During checking of cash book of said sub division, it was observed that counter foils of cheques were not available in sub-division which were reported to Superintending Engineer, U.C.C Circle, Lahore for inquiry in respect of transaction made.

Violation of rules resulted in unjustified payment of Rs 2,240,032.

Audit pointed out un-justified payment in August 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department stated that an enquiry was under process.

The Committee directed to vigorously pursue the enquiry and kept the para pending for early decision within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends that cash book along with counter foils of cheques and inquiry report of Superintending Engineer may be got verified by Audit.

(DP No. 304)

4.4.49.2 Executive Engineer, Lower Chenab Canal Division, Faisalabad made payment to the contractor against item No. A2 "*Earth excavation in irrigation channel*" Record entries at pages 03, 10 and 19 of M.B No 30/L revealed that cross sections prepared for estimation were reproduced in the measurement book and paid accordingly instead of actual measurement showing exact length, width, depth thickness with exact location.

Violation of rules resulted in unjustified payment of Rs 2,233,438 due to incorrect measurement.

Audit pointed out the irregularity in March 2016. The department replied that the actual measurement for earth work was recorded in MB for payment purpose. Reply was not tenable because without record measurement of the earthwork in M.B, payment was irregular.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department stated that an enquiry in this regard was already under process.

The Committee directed to vigorously pursue the enquiry and kept the para pending for early decision within 60 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early compliance of SDAC's directive.

(DP No. 292)

4.4.49.3 Executive Engineer, Shujabad Division, Multan did not recover Rs 1,488,400 on account of pay and allowances drawn fraudulently by the Head clerk during the period 2003-04.

Violation of rules resulted in non-recovery of Rs 1.488 million on account of pay and allowances drawn fraudulently by the Head clerk. Further, no enquiry was finalized against the accused.

Audit pointed out the non-recovery in October 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department stated that the case was under process in a Civil Court.

The Committee directed the department to vigorously pursue the case for early decision. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of enquiry and recovery from the responsible.

(DP No. 766)

4.4.50 Loss due to theft of equipment - Rs 5.49 million

As per rules 2.34 of Punjab Financial Rules Volume-I read with para 4.33 of B&R Code, all cases of theft, losses and shortage of material be reported to government and higher authority of the department immediately after its occurrence. When the matter has been fully inquired into, a complete report should be submitted of the nature and extent of loss showing the errors or neglect of rules by which such loss was rendered possible and the prospects of effecting recovery.

4.4.50.1 Executive Engineer, LCC (W) Division, Faisalabad made advance payment of Rs 2,537,952 to the Executive Engineer Irrigation Bhalwal Workshop Division Bhalwal for the item of "*Manufacturing and erection of 13 wench machines and allied parts*" which were stolen about an year ago. As per rules, the losses were required to be reported to Audit and head of the Department immediately after its occurrence. But no such procedure was adopted by the department and FIR was not lodged against the culprits.

Violation of rules controls resulted in loss of Rs 2,537,952

Audit pointed out the loss in September 2016. The department replied that the theft case had been reported. The reply was not tenable because no record regarding report of theft of government asset was produced for verification. The responsibility against the persons was required to be fixed and loss be recovered from persons as fault.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to hold a probe by the Superintending Engineer within (30) days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of enquiry besides recovery of loss and its verification.

(DP No. 617)

4.4.50.2 In Qadirabad Barrage Division, Qadirabad three persons took away earth from site of Qadirabad valuing Rs 2,371,247 by damaging the government property but Executive Engineer, Qadirabad Division neither made recovery of cost of stolen earth nor took any legal action against culprits to make good the loss.

Violation of rules resulted in loss due to theft of earth valuing Rs 2,371,247.

Audit pointed out the loss in October 2016. The department replied that office had taken serious action against the persons involved. The matter was also taken up with District Police Officer Hafizabad for registrations of FIR against the culprits on 23.8.2016. The loss of Govt. would be recovered soon. The department admitted the recovery but no progress was reported.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed to recover the loss at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery from the concerned and technical probe to calculate actual loss after visiting the site.

(DP No. 487)

4.4.50.3 Executive Engineer, Store & Workshop Division, Sheikhpura did not make good the loss sustained by Government due to incidence of dacoity of cash / store material on 03.12.1998 in store. Neither any enquiry was conducted / finalized nor responsibility was fixed to recoup the loss despite lapse of a period of more than 17 years.

Violation of rules resulted in loss of Rs 577,533 due to incidence of dacoity.

Audit pointed out the loss in February / March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 10.08.2016. The department explained that the case had already been taken up in similar advance para. The police authorities had failed to trace out the material.

The Committee was not convinced with the departmental reply. It was decided that the case be forwarded to the Finance Department for write off sanction at the earliest. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides production of requisite record.

(DP No. 13)

4.4.51 Non-auction of dead and fallen trees- Rs 5.46 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence at his part.

4.4.51.1 Executive Engineer, Balloki Head-works Division Balloki did not auction dead and fallen trees of different girth available with the Division.

Violation of rules resulted in loss due to non-auction of trees amounting to Rs 1,742,000.

Audit pointed the loss in August 2016. The department replied that according to Delegation of Financial Power Rules, Divisional Officer could sale/auction of dead and fallen trees upto Rs 0.100 million during the financial year. Therefore, the report regarding dead and fallen trees had been prepared and submitted to the higher authority for obtaining approval. As soon as the approval would be granted, the auction would be done accordingly. The reply furnished by the department was not accepted as no auction was held so far to safeguard government interest.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply. The Committee directed that auction process be got completed within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit advises early auction of the government property and its verification.

(DP No. 591)

4.4.51.2 Executive Engineer, Rajanpur Canal Division Rajanpur made payment of Rs 234,938 to contractor for removal of 240 trees of 2.50-6' girth but whereabouts of these valuable trees were not on record. Payment of Rs 634,480 was also made to District Forest Officer vide cheque No. 808473 dated 15.12.2014 on account of replenishment and compensation but new plants/ trees were not planted.

Violation of rules resulted in loss due to non-accountal/ auction of trees valuing Rs 1,440,000.

Audit pointed out the loss/ non-accountal in November 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 19.12.2016. The department replied that the trees were the property of Forest Department and Irrigation department could not auction the property of other department and planting of trees was the responsibility of the Forest Department. The Committee was not convinced with the departmental reply.

The Committee directed to produce record for accountal/auction of trees within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early accountal/auction of trees.

(DP No. 1048)

4.4.51.3 Executive Engineer, Islam Head Works Pallah Division, Vehari did not auction several old material/components lying in store despite lapse of considerable period. The material was deteriorating & losing its value day by day.

Violation of rules resulted in non-auction of material valuing Rs 1,264,594.

Audit pointed out non-auction in April 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 22.11.2016. The department replied that old material would be auctioned on completion of auction process. The Committee was not convinced with the departmental reply.

The Committee directed that auction process be got completed within 90 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction of stores besides action against responsible(s).

(DP No. 236)

4.4.51.4 Executive Engineer, Rahim Yar Khan Canal Division, R.Y Khan got executed item of work "*Uprooting stumps & removing within 100 ft from 2ft to 6 ft girth*" for 200 No @ Rs 683.10 each and "*Cutting and removing trees within 100 ft above 6 ft girth*" for 230 No" @ Rs 1057.65 each. The department did not make recovery on account of cost of trees from the contractor. Thus, undue benefit was granted to the contractor.

Violation of rules resulted in overpayment of Rs 860,000.

Audit pointed out overpayment in March 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 28.10.2016. The department replied that recovery of stumps would be made from next running bill of contractors. As regards the cost of trees, these were the property of Forest department and would be handed over to them accordingly.

The Committee directed that detailed verification of record be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery.

(DP No. 155)

4.4.51.5 Executive Engineer, Multan Canal Division, Multan, could not auction a huge quantity of dead & fallen trees of different girth since long. Moreover, theft of these trees could not be ruled out. Had the fallen and dead trees auctioned timely, government would have been saved from possible loss of Rs 149,500 (299 Trees x Rs500 estimated rate).

Violation of rules resulted in loss due to non-auction of dead and fallen trees amounting to Rs 149,500.

Audit pointed out the loss in September 2016. The department did not reply.

The matter was discussed in SDAC meeting held on 15.12.2016. The department replied that auction of fallen trees was under process.

The Committee was not convinced with the departmental reply. The Committee directed that auction process be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early auction.

(DP No. 703)

4.4.52 Wasteful expenditure - Rs 3.71 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part and as per clause 60 and 61 of contract agreement, on default of a contractor, his work will be rescinded and remaining work will be completed at risk and cost of original contractor, besides forfeiting his securities.

Executive Engineer UCC Marala Division, Sialkot rescinded the contract due to non-completion of the work by the contractor. The total value of work done upto 4th running bill was Rs 3,709,636 against the contract cost of Rs 17.544 million. The remaining work had not been executed. The incomplete work was more prone to damage due to flood. The previous stud of 200 ft length constructed in 2011 was totally washed away during flood with the direct hit of flood water.

Violation of rules resulted in wasteful expenditure of Rs 3,706,936

Audit pointed out the wasteful expenditure in July 2016. The department replied that contractor stopped the work and ultimately the contract was rescinded on 07.05.2016. The departmental expert committee decided to curtail the scope of previous work and the work already executed was considered sufficient. Since the previous contract was finalized, therefore fresh estimate was prepared on the recommendation of departmental expert committee and got sanctioned by the Chief Engineer, Lahore. The fresh T.S Estimate was similar to top level of previously executed Stud No-2 and scope of work was considered most suitable and economical for this problem. The reply was not tenable because the new work should have been got executed on the risk & cost of the original contractor and the status of old work may also indicated in the revised estimates.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that detailed verification of record be got completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early verification of record and recovery at risk and cost of the original contractor.

(DP No. 1073)

4.4.53 Non-recovery on account of NOC for construction of road - Rs 2.58 million

As per Chief Engineer letter No.Works-1/2014/5850/42/75 dated 31.03.2014, the recovery on account of NOC for construction of metalled road from RD 87+184 to RD 92+350 @ Rs 0.5 million per 1000 feet on main line UCC canal was to be made from M/S Master City Housing Scheme before construction of the road.

Executive Engineer, Upper Chenab Canal Division, Gujranwala did not recover the NOC fee for construction of road and 2 bridges on the banks of the canal from the owners of the housing society during 2014-15

Violation of regulations resulted in non-recovery of Rs 2,583,000.

Audit pointed out the non-recovery in August 2016. Department replied that the owner reduced the area of the road and Rs 1,500,000 had been deposited. Reply was not tenable as no documentary evidence was produced for verification and fee was not deposited for the area mentioned in the NOC. The structure constructed illegally was also not demolished.

The matter was also discussed in SDAC meeting held on 07.12.2016. The department reiterated its earlier reply.

The Committee was not convinced with the departmental reply and directed that detailed verification of record be completed within 30 days. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery and its verification.

(DP No. 493)

4.4.54 Irregular expenditure due to purchase of new vehicle - Rs 2.13 million

According to clause 5.4 of consultancy agreement with AAB – MEGA (JV) ,the Client shall make available to the Consultant, for the

purpose of the services and free of charge, the services, facilities and property described in Appendix F of the contract. As per Appendix F vehicle rent including POL, repair maintenance will be provided to the consultants instead of providing new vehicles to him.

Executive Engineer, Small Dams Division, Islamabad paid Rs 2,130,418 for purchase of 1500 CC Honda City Aspire car for the consultant during September 2015 in violation of consultancy agreement of “Feasibility study of Qutil Bandi Dam”.

Violation of contractual obligations resulted in irregular expenditure due to purchase of new vehicle for Rs 2,130,418.

Audit pointed out the irregular expenditure in July 2016. Department replied that provision for purchase was included in the PC-II approved by the competent authority (P&D) and vehicle was purchased by the consultants as per agreement. Reply was not tenable because the agreement allowed only rent of vehicle, repair and maintenance to the consultant.

The matter was also discussed in SDAC meeting held on 22.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that a technical probe by the Project Director concerned may be completed within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early finalization of probe.

(DP No. 455)

4.4.55 Irregular expenditure of minor works - Rs 1.16 million

As per Rule 2.33 of PFR Vol-I, every government servant shall realize fully and clearly that he would be held responsible personally for any loss sustained by government due to negligence on his part.

Executive Engineer, Burala Division LCC(E) Circle, Faisalabad made payment of Rs 1,157,170 to M/s.Right Way Builder through work orders and charged to the different main ADP schemes of “Providing River Training Works Over River Ravi” The expenditure was required to be recovered from the original contractor as any kind of defect work/repair work was the responsibility of the original contractor during execution of original work.

Violation of the Finance Department’s instructions resulted in irregular expenditure of Rs 1,157,170.

Audit pointed out the irregularity in September 2016. The department replied that the component of said scheme i.e Contingency was not included in the original BOQ of contractor M/S Simcon Construction Company. There was site requirement to carry out the work i.e Bench marks to control the proper execution of work and supply of Flood material to face any emergency was taken. The said materials had been procured observing all codal rules under PPRA Rules 59 (b) “petty purchases”. The reply was not tenable because the purchase of flood material from ADP funds was unjustified.

The matter was also discussed in SDAC meeting held on 13.12.2016. The department reiterated its earlier reply. The Committee was not convinced with the departmental reply.

The Committee directed that a technical probe by the Superintending Engineer be got completed within 30 days. The compliance of the Committee’s directive was not reported till finalization of the report.

Audit recommends early finalization of enquiry besides taking action against the responsible.

(DP No. 640)

CHAPTER - 5

DAANISH SCHOOLS AND CENTERS OF EXCELLENCE AUTHORITY

5.1 Introduction of Authority

The Daanish Schools and Centers of Excellence Authority was established under “The Punjab Daanish Schools and Centers of Excellence Authority Act 2010”. The purpose of the Act was to make provisions for the establishment and efficient management of the Daanish Schools and Centers of Excellence in Punjab with a view to provide quality in elementary, secondary and higher secondary education to unprivileged segments of the society. Directorate General Audit Works (Provincial), Lahore conducted audit to evaluate the financial performance, achievements of the project objectives and the desired benefits as envisaged in the Act, 2010. This report is based on audit of construction of buildings of Daanish Schools and Centers of Excellence in various Districts of the Punjab. The Punjab Daanish Schools and Centers of Excellence Authority has 16 formations out of which 02 were audited.

5.2 Comments on Budget and Accounts (Variance Analysis)

The Punjab Daanish School and Centre of Excellence Authority is corporate body established under Act V of 2010. Sources of income of the Authority are grants from Provincial and Federal Governments, donations, charity and other obligatory funds besides its own sources including income from agricultural land and fee from self-finance students. The detail of budget and expenditure is as under:

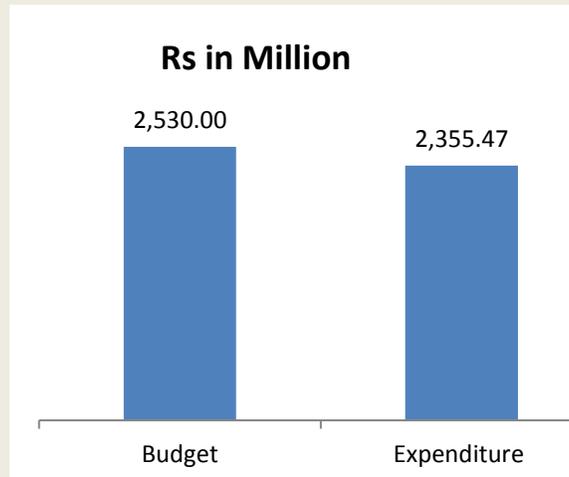
(Rupees in million)

Grant/Fund	Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
PC 21015	1,780.00	1,755.16	(24.84)	(1.40)
PC 22036	750.00	600.32	(149.68)	(19.96)
Grand Total	2,530.00	2,355.47	(174.53)	(6.90)

Source: Budget Book and Financial Statements (FY-2015-16)

Budget/Expenditure

Against the total budget (Provincial Government Funds) of Rs 2,530.00 million an expenditure of Rs 2,355.47 million was incurred by the Authority resulting in saving of Rs 174.53 million (6.90%).



As per section 12 of the Act, all the grants, loans, donations and other incomes are part of the Authority's fund and are not lapsable to the government.

5.3 Brief comments on the status of compliance with PAC directives

Status of compliance of PAC directives over the years is tabulated as under:

Sr. No.	Audit Report Year	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance
1	2013-14	22	-	22	-

Source: PAC Digest and PAC Compliance Cell data base

5.4 AUDIT PARAS

Non Production of Record

5.4.1 Non-production of record in respect of development expenditure - Rs 47.57 million

As per Section 14 (2&3) of Auditor General's (Functions, Powers, Terms & Conditions of Services) Ordinance 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection. Further, any person or authority hindering the auditorial functions of the Auditor General regarding inspections of accounts shall personally be responsible and dealt with under relevant Efficiency & Discipline Rules.

The District Coordination Officer and Project Director / Principal Daanish School (Boys) Rajanpur incurred an expenditure of Rs 47.574 million out of the funds of Rs 262.910 million released by the Finance Department, Government of the Punjab for development works (Danish School, Rajanpur + Center of Excellence, Rojhan) in Special Drawing Account (SDA) jointly operated by the DCO and Principal/Project Director, Daanish School, Rajanpur vide order No.SO (Budget)1-26/2011-Vol-IV dated 10.10.2014. The SDA was sanctioned by the Finance Department vide SO(TT)6-1/2013(036) dated 29.8.2013 to be jointly operated by the DCO and Principal / Project Director, Daanish School (Boys) Rajanpur. An expenditure of Rs 47,574,151 was incurred on development works however the record was not produced to Audit.

Weak supervisory and financial controls resulted in non-production of record of development expenditure valuing Rs 47,574,151.

Audit pointed out the non production of the record in May 2016. The authority did not reply.

The para was discussed in the SDAC meeting held on 26.12.2016. The Department explained that the required record related to this para was

in the District Coordination Officer (DCO) Office, because of which it could not be produced at the time of audit as the subject scheme was executed by DCO Rajanpur. Now the record was received from DCO Office and was ready for verification.

The Committee directed that the record related to this para might be checked during the next audit and responsibility for non-production of record be fixed.

Audit recommends disciplinary action along with provision of relevant record.

(DP No. 06)

Irregularity & non compliance

5.4.2 Loss due to irregular provision of procurement of machinery - Rs 6.30 million

According to instructions issued by the Finance Department vide No. RO (TECH) FD-18-29/2006 dated 08.08.2005, plant & machinery and other store items like generators, lifts, air conditioners, electric motors, turbines etc are required to be purchased as per procedure prescribed in purchase manual instead of through contactors by allowing 20% profit and overheads.

Executive Engineer, Provincial Building Division, Lodhran got the technically sanctioned estimates approved with a provision of item "Supplying and installation of 100 KVA, 200 KVA Transformers and 400 volt 3 phase four wire 50 hz skid mounted prime power DG sets" through contractors by allowing 20% contractor's profit and overhead along with premium and 20% on General Sales Tax. As per instructions of the Finance Department and guidelines of Purchase Manual, machinery was required to be procured by department directly from the manufacturers after competitive bidding.

Violation of Finance Department's instructions resulted in loss amounting to Rs 6,298,979.

Audit pointed out the loss in August 2016. The department replied that items of works were linked with civil work and other allied component comprising electric installation. Hence separate procurement of these items direct from its manufacturers as separate supply tenders was not practicable. Moreover, manufacturers/suppliers were reluctant to supply these items without 100% advance payment. Reply was not acceptable as the Finance Department's instruction dated 03.03.2005 was not followed.

The para was also discussed in the SDAC meeting held on 26.12.2016. The department reiterated its earlier reply.

The Committee did not agree with the contention of department and directed to get clarification from Finance Department in this matter. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends to make good the loss.

(DP No. 11)

Internal Control Weaknesses

5.4.3 Non-recovery due to use of substandard bricks - Rs 879,740

And as per remarks against item numbers 3,4 & 5 under chapter-7 (brick work) the composite rate is to be reduced by 7% and 14% if 2nd or 3rd class bricks are used. Moreover, compressive strength of bricks must be 2000 PSI. If the brick does not attain this strength, it will be considered substandard.

Executive Engineer, Provincial Building Division, Lodhran got the items of work "Pacca brick work in F&P and Pacca brick work in other than building" executed for a quantity of 33709 cft and 41051 cft and paid

@ Rs 14,875.40 per % cft and 18,400 per % cft respectively. Contractor used substandard bricks in the work as no test reports from the authorized laboratory were produced to Audit for scrutiny.

Violation of Finance Department's instructions and C&W specification resulted in non-recovery Rs 879,740.

Audit pointed out the non-recovery in August 2016. Department replied that the work was being executed under the full time residential Supervision of Consultants. All the construction material was used after getting Laboratory Tests as well as due satisfaction of the Consultants. No substandard materials were allowed to be used by the Departmental Engineers & Consultants. Lab. Reports along with consultant's bill and approvals were available for verification of the facts. Reply was not acceptable as no lab test reports were produced to Audit for verification in support of reply.

The para was also discussed in the SDAC meeting held on 26.12.2016. The department reiterated its earlier reply. The audit team pointed out that compression strength of bricks used varied from standard that was 2000 PSI. Audit referred towards the recent SDAC's direction to reduce the rate of bricks and made recovery @ 7% from the contractor. The department further argued that the strength of the bricks was calculated on the basis of average and it was not mandatory that each brick meet the standard of 2000 PSI.

The Committee directed for detailed verification of record from Audit. The compliance of the Committee's directive was not reported till finalization of the report.

Audit recommends recovery at the earliest.

(DP No. 10)

ANNEXURE-A: MFDAC PARAS**Annexure-A/1: Communication and Works Department****Highway**

S.N	DP	Amount
1	12	0.30
2	13	0.14
3	20	3.27
4	32	18.60
5	38	4.65
6	40	8.01
7	43	108.97
8	44	0.54
9	45	28.06
10	46	6.54
11	47	0.24
12	74	27.23
13	79	2.00
14	80	47.69
15	81	7.80
16	82	0.10
17	161	1.46
18	166	3.78
19	169	2.72
20	288	0.12
21	290	1.55
22	291	4.64
23	293	1.21
24	299	27.33
25	302	1.20
26	303	0.12
27	324	40.02
28	336	0.48
29	340	0.61
30	341	0.07
31	342	0.38
32	345	2.06
33	346	0.71
34	351	0.17
35	352	0.43
36	353	0.23
37	354	1.09

S.N	DP	Amount
38	355	9.86
39	356	0.41
40	357	0.24
41	363	2.48
42	364	0.56
43	365	27.80
44	366	0.00
45	367	1.00
46	369	0.02
47	371	0.03
48	376	0.05
49	377	0.89
50	382	2.64
51	424	0.43
52	428	5.76
53	429	0.10
54	431	1.42
55	434	8.60
56	435	3.89
57	437	1.41
58	439	2.33
59	440	2.36
60	442	1.36
61	444	0.08
62	445	10.73
63	446	0.43
64	454	1.45
65	458	1.28
66	459	29.66
67	465	19.39
68	466	13.70
69	468	17.80
70	469	10.38
71	528	0.03
72	529	12.32
73	538	0.74
74	543	32.81

Rs in million

S.N	DP	Amount
75	544	36.02
76	545	3.08
77	548	0.91
78	549	3.88
79	550	3.02
80	551	17.83
81	552	0.94
82	555	4.42
83	556	0.14
84	562	269.22
85	566	0.95
86	567	1.57
87	568	5.70
88	569	88.87
89	571	18.83
90	572	0.15
91	576	0.89
92	577	2.06
93	578	1.00
94	579	0.94
95	580	0.28
96	581	0.53
97	582	880.86
98	583	52.85
99	585	73.12
100	586	1.50
101	587	1.55
102	590	2.92
103	593	175.79
104	597	2.38
105	599	2.88
106	600	1.81
107	659	10.74
108	660	0.91
109	661	23.69
110	663	0.01
111	665	533.03

S.N	DP	Amount
112	666	89.09
113	674	7.49
114	675	491.51
115	681	6.54
116	682	4.19
117	683	27.03
118	685	11.71
119	689	0.05
120	691	0.04
121	694	0.10
122	697	0.21
123	698	1.73
124	699	0.79
125	701	35.15
126	705	0.12
127	751	5.03
128	754	2.98
129	755	13.10
130	762	0.29
131	763	2.33
132	764	9.18
133	769	29.58
134	770	4.68
135	771	0.34
136	772	82.96
137	773	9.70
138	775	6.20
139	781	55.94
140	785	23.88
141	786	4.88
142	787	1.77
143	793	5.47
144	797	0.14
145	801	0.47
146	809	0.34
147	811	29.77
148	813	8.46
149	890	7.80
150	896	48.45
151	904	22.85
152	907	8.05
153	909	3.93
154	910	7.10
155	911	1.05

S.N	DP	Amount
156	912	0.15
157	913	0.25
158	914	1.67
159	916	4.68
160	917	3.78
161	924	7.16
162	927	14.84
163	928	16.04
164	930	39.31
165	933	4.72
166	934	3.71
167	937	54.39
168	938	7.99
169	943	5.49
170	944	1.62
171	946	1.82
172	949	0.75
173	985	47.01
174	987	1.85
175	988	2.76
176	997	8.73
177	998	10.70
178	1000	1.07
179	1001	3.13
180	1004	2.83
181	1005	25.67
182	1007	4.60
183	1008	2.19
184	1014	2.91
185	1015	1.27
186	1024	2.55
187	1097	0.14
188	1098	4.29
189	1102	0.06
190	1103	6.05
191	1104	0.12
192	1107	0.18
193	1108	7.62
194	1109	0.22
195	1111	0.15
196	1112	3.96
197	1113	1.02
198	1117	4.32
199	1119	4.73

S.N	DP	Amount
200	1122	4.93
201	1123	1.04
202	1124	0.00
203	1125	11.54
204	1126	1.32
205	1127	0.96
206	1128	5.40
207	1131	9.48
208	1132	2.01
209	1133	9.24
210	1142	4.89
211	1143	4.34
212	1145	0.03
213	1150	0.03
214	1151	0.00
215	1156	2.20
216	1160	1.56
217	1162	4.39
218	1166	0.62
219	1168	8.56
220	1170	0.72
221	1174	2.83
222	1175	114.96
223	1178	1.47
224	1179	0.71
225	1180	3.44
226	1181	2.22
227	1182	2.17
228	1184	1.70
229	1185	0.20
230	1187	0.34
231	1188	6.29
232	1189	0.93
233	1190	0.20
234	1191	10.61
235	1192	6.67
236	1193	0.06
237	1194	0.04
238	1195	1.28
239	1196	2.18
240	1197	0.52
241	1199	8.59
242	1203	3.00
243	1204	2.29

S.N	DP	Amount
244	1255	0.30
245	1258	12.98
246	1262	6.44

S.N	DP	Amount
247	1263	13.60
248	1264	19.54
249	1272	0.34

S.N	DP	Amount
Total		4494.36

Buildings

S.N	DP	Amount
1	1	0.27
2	2	0.67
3	7	0.31
4	8	0.52
5	22	0.46
6	25	0.49
7	27	0.23
8	28	1.59
9	29	0.42
10	50	0.44
11	52	145.29
12	57	1.51
13	64	1.07
14	65	0.40
15	70	15.22
16	72	1.06
17	89	1.12
18	90	0.22
19	92	0.41
20	100	0.70
21	104	2.83
22	106	2.45
23	107	0.15
24	109	3.79
25	110	1.19
26	111	5.58
27	112	0.63
28	118	0.15
29	119	0.26
30	120	0.12
31	128	0.10
32	129	0.08
33	130	34.73
34	132	0.13
35	135	0.19
36	140	0.10

S.N	DP	Amount
37	149	0.50
38	158	1.11
39	171	0.59
40	173	0.02
41	179	0.59
42	181	1.12
43	182	0.38
44	183	0.34
45	185	0.24
46	186	3.15
47	187	3.10
48	188	6.04
49	189	0.32
50	190	9.82
51	192	0.13
52	205	0.49
53	208	4.76
54	215	0.00
55	216	0.41
56	218	0.52
57	222	1.65
58	229	0.13
59	232	3.30
60	233	0.30
61	234	1.41
62	243	0.25
63	248	2.10
64	249	33.27
65	251	0.25
66	253	0.22
67	254	18.34
68	263	0.16
69	266	2.90
70	268	0.77
71	270	0.39
72	271	0.78

Rs in million

S.N	DP	Amount
73	275	0.48
74	278	194.44
75	279	1.86
76	280	7.75
77	281	0.49
78	282	98.42
79	283	0.60
80	312	3.68
81	315	4.38
82	316	0.00
83	318	0.00
84	325	0.29
85	332	0.24
86	385	10.00
87	386	1.23
88	387	0.03
89	388	89.43
90	389	3.57
91	390	0.41
92	391	0.37
93	392	0.24
94	394	13.09
95	395	11.19
96	396	1.00
97	397	4.72
98	399	16.90
99	400	0.30
100	401	0.13
101	403	2.00
102	404	4.33
103	405	0.16
104	406	1.30
105	411	1.38
106	413	2.30
107	415	21.79
108	416	3.57

S.N	DP	Amount
109	418	3.01
110	473	0.45
111	476	1.16
112	477	0.44
113	478	0.29
114	479	0.31
115	480	0.30
116	481	1.55
117	484	1.43
118	486	1.80
119	489	1.79
120	490	0.71
121	491	10.67
122	493	1.75
123	496	0.59
124	497	4.70
125	498	0.62
126	499	2.99
127	501	0.70
128	503	0.11
129	505	0.25
130	507	0.39
131	508	0.36
132	509	0.04
133	604	9.36
134	605	1.40
135	615	1.66
136	616	0.47
137	617	4.41
138	619	0.49
139	622	1.31
140	624	0.51
141	625	1.93
142	628	0.94
143	629	2.20
144	630	2.52
145	631	1.16
146	632	5.03
147	633	2.09
148	634	2.17
149	635	0.21
150	637	1.22
151	638	22.91
152	639	0.86

S.N	DP	Amount
153	640	0.65
154	641	17.60
155	642	0.66
156	648	23.12
157	650	0.91
158	651	9.24
159	706	1.15
160	708	24.42
161	712	0.60
162	713	0.79
163	715	0.14
164	716	11.77
165	717	4.68
166	718	1.72
167	719	3.29
168	720	5.93
169	723	24.30
170	728	1.08
171	730	36.99
172	731	1.18
173	732	0.48
174	740	20.51
175	741	36.05
176	745	29.58
177	746	9.55
178	816	0.65
179	822	0.05
180	823	0.34
181	824	5.61
182	827	0.12
183	828	0.35
184	830	0.34
185	832	0.37
186	834	0.38
187	836	0.12
188	839	0.36
189	841	3.40
190	842	0.90
191	846	0.09
192	848	0.25
193	851	0.08
194	855	0.13
195	856	0.23
196	860	0.56

S.N	DP	Amount
197	864	0.33
198	866	0.09
199	867	0.11
200	875	0.03
201	877	1.87
202	879	0.72
203	882	0.20
204	934	3.71
205	953	14.32
206	954	62.48
207	955	19.93
208	956	0.92
209	957	0.73
210	958	170.95
211	959	24.84
212	961	9.26
213	962	72.10
214	963	45.94
215	964	45.94
216	968	2.19
217	971	24.06
218	973	10.04
219	975	1.64
220	981	7.14
221	983	3.52
222	1025	0.66
223	1029	1.95
224	1033	0.42
225	1036	0.35
226	1042	0.40
227	1043	0.11
228	1044	5.02
229	1047	0.74
230	1048	0.38
231	1052	0.21
232	1054	0.60
233	1055	0.12
234	1056	0.58
235	1057	0.11
236	1058	0.78
237	1059	0.11
238	1060	0.31
239	1061	0.16
240	1063	0.30

S.N	DP	Amount
241	1066	0.86
242	1067	1.19
243	1069	0.37
244	1070	0.98
245	1071	0.10
246	1075	11.46
247	1080	8.58
248	1082	78.71
249	1083	0.85
250	1089	0.44
251	1092	4.68

S.N	DP	Amount
252	1095	0.77
253	1210	3.67
254	1211	21.36
255	1212	0.11
256	1214	1.17
257	1217	5.36
258	1218	0.64
259	1219	12.15
260	1221	7.96
261	1223	16.24
262	1224	2.36

S.N	DP	Amount
263	1229	0.17
264	1230	1.14
265	1231	1.28
266	1233	1.29
267	1234	7.94
268	1235	16.99
269	1238	24.81
270	1239	27.57
271	1240	0.34
272	1242	0.00
Total		2,004.69

Annexure-A/2: HUD & PHE Department

Development Authorities/Agencies

Rs in million

S.N	DP	Amount
1	249	0.02
2	253	0.54
3	255	3.87
4	256	0.37
5	257	3.01
6	259	56.9
7	260	13.82
8	267	0.13
9	268	0.33
10	269	0.35
11	270	0.4
12	271	23.75
13	272	0.42
14	275	20.121
15	280	1.94
16	284	5.00
17	288	1.88
18	291	0
19	292	0
20	296	11.75
21	298	0.42
22	299	1.21
23	300	0.49
24	303	4.92
25	305	0.19
26	309	0.8
27	313	0.58
28	317	0.1
29	318	0.34
30	320	2.79
31	321	4.45
32	322	18.03
33	324	18.03
34	333	3.17
35	340	256.37
36	342	186.45
37	345	0.9

S.N	DP	Amount
38	348	9.4
39	349	479.79
40	351	2.35
41	355	21.65
42	370	67.24
43	371	15.87
44	372	0.56
45	384	3.66
46	386	504.63
47	391	0.14
48	392	2
49	394	1
50	399	0.48
51	410	0
52	411	0.44
53	412	0
54	415	0.5
55	422	0.32
56	427	7.84
57	428	387.75
58	429	29.08
59	434	106
60	436	0.29
61	437	0.36
62	440	26.85
63	447	2.24
64	450	2.82
65	451	166.8
66	455	0.68
67	456	51.29
68	459	2.12
69	460	0.42
70	461	240.7
71	462	0
72	463	0.5
73	466	0.2
74	467	1.91

S.N	DP	Amount
75	468	0.56
76	469	0.18
77	470	87.8
78	471	0.32
79	472	2,162.88
80	475	786.37
81	476	0.07
82	477	103.31
83	478	3.32
84	479	6,073.24
85	481	12,813.37
86	482	2.45
87	484	0.5
88	487	1,085.43
89	488	4,831.59
90	489	17,762.19
91	491	2,962.89
92	494	884.57
93	498	0.68
94	499	15.069
95	500	0.48
96	501	0.1
97	503	0.05
98	504	0.51
99	505	1.14
100	509	0.36
101	510	0.26
102	514	0.46
103	515	322.85
104	517	0.13
105	519	0.72
106	520	6.92
107	523	0.67
108	525	0.35
109	527	0.3
110	528	4.24
111	529	0.42

S.N	DP	Amount
112	534	0.24
113	535	65.22
114	542	26.77
115	544	4.65
116	547	5.08
117	548	26.85
118	549	560.44
119	550	0.2
120	551	2.88
121	552	5.37
122	554	32.3
123	555	15.66
124	556	0.64
125	558	24.17
126	561	3.07
127	563	239.9
128	564	228.55
129	565	7.39
130	566	5.19

S.N	DP	Amount
131	567	7.8
132	569	521.04
133	570	92.11
134	572	4.434
135	573	0.41
136	576	7.698
137	577	2.81
138	580	54.61
139	581	6.27
140	582	3.46
141	584	0.47
142	585	0.24
143	587	7.62
144	589	37.49
145	590	0.09
146	594	0.16
147	595	0.63
148	596	0.91
149	597	671.33

S.N	DP	Amount
150	599	1.3
151	600	216.06
152	601	0.47
153	602	0.62
154	603	0.24
155	604	0.32
156	605	16
157	606	0.06
158	607	84.51
159	608	106.97
160	609	0.17
161	610	14.21
162	611	1.81
163	612	3.49
164	613	0.35
165	614	11.92
166	615	0.07
Total		55,831.19

Punjab Housing & Town Planning Agency (PHATA)

Rs in million

S.N	DP	Amount
1	1	98.65
2	2	38.31
3	5	0.14
4	9	3.19
5	12	3.22
6	13	0.22
7	14	0.46
8	20	0.20
9	22	0.04
10	23	0.30
11	24	18.11
12	25	0.57
13	26	4.19
14	27	0.39
15	28	23.14

S.N	DP	Amount
16	30	2.23
17	38	0.40
18	40	3.80
19	41	33.05
20	42	0.40
21	44	0.05
22	46	0.62
23	48	0.24
24	49	0.12
25	50	0.15
26	51	0.24
27	56	0.20
28	57	21.70
29	58	0.41
30	60	0.35

S.N	DP	Amount
31	61	0.21
32	62	0.88
33	65	11.09
34	66	0.09
35	69	84.96
36	71	57.94
37	72	0.41
38	73	0.36
39	74	0.36
40	75	0.94
41	77	0.51
42	79	0.38
43	80	0.20
Total		413.42

Public Health Engineering (PHE)

S.N	DP	Amount
1	8	1.06
2	9	23.26
3	22	3.14
4	23	2.66
5	25	0.45
6	28	12.60
7	30	14.00
8	32	0.09
9	34	2.00
10	41	23.97
11	45	19.84
12	53	19.30
13	54	44.82
14	58	1.48
15	61	7.02
16	68	0.22
17	69	1.56
18	71	0.38
19	73	15.51
20	74	10.55
21	77	5.16
22	78	71.00
23	83	0.03
24	84	5.36
25	85	21.14
26	88	12.97
27	89	4.23
28	97	0.18
29	98	0.20
30	104	0.21
31	107	0.32
32	111	2.53
33	115	0.41
34	118	0.10
35	133	15.22
36	139	0.04
37	146	0.19
38	159	0.17

S.N	DP	Amount
39	168	0.87
40	170	0.39
41	171	9.34
42	173	2.76
43	176	0.63
44	177	2.57
45	181	182.16
46	183	0.36
47	185	1.39
48	188	0.24
49	189	0.11
50	190	0.16
51	193	15.43
52	200	0.13
53	201	0.36
54	205	1.65
55	213	0.05
56	220	0.05
57	225	0.11
58	227	0.17
59	228	0.19
60	229	0.23
61	230	0.23
62	231	0.31
63	235	0.08
64	240	2.98
65	241	0.24
66	243	0.13
67	246	3.72
68	249	1.14
69	250	0.65
70	252	0.00
71	256	1.13
72	259	0.02
73	260	0.39
74	270	0.35
75	272	0.11
76	273	0.26

S.N	DP	Amount
77	274	0.79
78	276	33.98
79	282	1.79
80	284	2.89
81	289	0.67
82	296	0.11
83	312	1.11
84	313	4.81
85	314	0.26
86	327	0.00
87	328	0.46
88	342	4.94
89	343	5.62
90	344	0.49
91	347	0.15
92	352	54.57
93	355	0.30
94	358	1.26
95	368	0.12
96	369	0.13
97	373	0.46
98	377	6.17
99	378	2.41
100	396	52.61
101	398	0.11
102	401	0.90
103	417	4.08
104	419	0.73
105	433	2.07
106	435	8.84
107	437	0.32
108	440	2.87
109	443	18.08
110	445	0.69
111	450	44.91
112	453	0.35
113	455	0.51
114	458	0.09

S.N	DP	Amount
115	460	7.23
116	462	0.19
117	463	13.88
118	464	8.11
119	465	9.46
120	467	2.17
121	469	2.33
122	470	0.28
123	473	0.21
124	478	0.92
125	479	0.53
126	480	0.02
127	485	1.89
128	487	0.12
129	489	1.92
	Total	884.37

Annexure-A/3: Irrigation Department

Rs in million

S.No	DP	Amount
1	1	12.94
2	3	21.60
3	4	0.88
4	5	1.04
5	7	0.40
6	8	2.04
7	10	0.50
8	11	3.47
9	12	46.69
10	15	127.52
11	16	42.67
12	17	0.45
13	20	362.00
14	23	0.37
15	28	20.67
16	33	0.34
17	35	3.23
18	38	0.42
19	39	0.91
20	41	1.14
21	42	15.01
22	43	1.81
23	45	3.09
24	46	0.00
25	48	11.47
26	50	13.90
27	51	0.14
28	52	1.51
29	53	0.90
30	54	12.46
31	55	0.51
32	56	0.52
33	57	5.47
34	58	10.01
35	59	12.26
36	60	149.67

S.No	DP	Amount
37	62	80.58
38	63	4.63
39	65	4.42
40	66	3.94
41	68	5.81
42	70	6.82
43	71	1.92
44	72	0.23
45	73	1.10
46	75	7.98
47	78	5.30
48	79	61.65
49	82	0.59
50	83	23.92
51	84	0.66
52	85	6.68
53	86	0.33
54	87	0.88
55	88	3.26
56	89	0.69
57	90	1.32
58	93	13.91
59	94	2.87
60	96	0.75
61	98	3.08
62	99	1.30
63	100	20.56
64	101	3.98
65	103	2.96
66	104	3.07
67	106	4.67
68	107	1.20
69	109	0.59
70	110	4.67
71	111	5.53
72	112	18.21

S.No	DP	Amount
73	113	1.03
74	116	910.71
75	117	5.24
76	118	410.65
77	119	0.69
78	120	3.16
79	124	0.09
80	125	5.18
81	126	158.77
82	127	0.26
83	128	0.40
84	129	6.17
85	130	0.70
86	140	12.42
87	142	15.13
88	145	131.91
89	146	4.92
90	151	2.45
91	153	1.26
92	156	1.46
93	166	0.37
94	167	55.01
95	168	2.60
96	174	0.15
97	175	0.32
98	177	5.23
99	178	2.18
100	180	0.18
101	181	0.49
102	182	0.17
103	183	0.28
104	184	0.21
105	185	0.13
106	186	7.86
107	187	0.14
108	191	7.00

S.No	DP	Amount
109	192	9.79
110	193	65.72
111	194	3.71
112	195	20.04
113	196	0.62
114	197	24.40
115	201	1.20
116	204	2.65
117	205	0.98
118	207	0.07
119	211	564.74
120	214	0.29
121	218	0.19
122	219	1.39
123	222	0.37
124	229	0.55
125	230	0.04
126	233	0.33
127	237	0.50
128	239	0.04
129	240	0.23
130	244	13.03
131	246	37.00
132	247	25.18
133	248	0.05
134	250	13.77
135	251	2.34
136	252	16.40
137	253	1.17
138	254	0.38
139	255	0.52
140	257	0.52
141	259	0.12
142	261	8.19
143	262	3.62
144	266	12.12
145	269	18.37
146	272	15.74
147	273	1.60
148	274	48.24

S.No	DP	Amount
149	275	50.50
150	276	0.36
151	280	4.04
152	281	65.99
153	282	12.25
154	284	0.21
155	285	2.17
156	286	2.90
157	288	0.11
158	290	0.46
159	296	2.21
160	297	6.06
161	298	0.57
162	300	1,737.77
163	302	12.57
164	305	357.75
165	306	4.90
166	308	3.10
167	310	0.76
168	311	1.00
169	312	0.07
170	325	17.07
171	330	0.96
172	331	0.76
173	340	15.20
174	343	0.40
175	344	2.25
176	345	1.25
177	349	1.05
178	351	7.05
179	352	2.46
180	353	1.83
181	355	25.07
182	358	0.12
183	362	0.50
184	363	5.91
185	364	6.96
186	366	0.85
187	374	68.78
188	375	2.23

S.No	DP	Amount
189	380	5.09
190	381	0.18
191	383	0.65
192	384	16.82
193	385	0.14
194	387	1.76
195	392	0.62
196	394	114.38
197	397	2.42
198	398	0.22
199	399	0.87
200	405	1.37
201	408	13.82
202	418	3.80
203	423	422.75
204	430	61.02
205	434	85.66
206	436	26.01
207	438	15.56
208	440	37.60
209	442	0.75
210	451	6.48
211	453	17.79
212	459	147.50
213	461	18.03
214	462	1.71
215	466	10.74
216	467	6.01
217	468	5.61
218	469	1.13
219	470	0.09
220	471	3.10
221	477	3.50
222	485	5.66
223	486	142.89
224	494	458.54
225	495	21.40
226	498	0.84
227	499	0.76
228	500	0.87

S.No	DP	Amount
229	501	0.37
230	503	0.23
231	505	0.26
232	506	10.74
233	508	4.92
234	509	1.87
235	511	0.54
236	512	1.72
237	516	0.08
238	519	0.09
239	523	0.32
240	525	2.22
241	532	0.52
242	536	0.37
243	537	56.02
244	540	0.42
245	543	0.16
246	550	3.92
247	551	2.39
248	553	38.06
249	555	2.28
250	561	6.29
251	572	6.48
252	579	74.63
253	581	0.72
254	592	3.00
255	593	4.91
256	594	1.07
257	595	0.11
258	596	0.09
259	598	0.77
260	599	21.28
261	600	3.11
262	607	1.20
263	611	0.00
264	613	2.23
265	614	0.48
266	616	2.44
267	618	2.02
268	619	12.73

S.No	DP	Amount
269	621	0.03
270	622	0.04
271	629	0.48
272	639	0.06
273	641	10.97
274	642	0.44
275	644	1.09
276	645	0.24
277	646	2.63
278	648	4.66
279	649	0.61
280	650	0.73
281	654	0.18
282	655	3.09
283	661	121.44
284	662	397.15
285	663	5.54
286	664	295.07
287	665	1.62
288	669	0.17
289	673	215.90
290	677	3.94
291	684	0.90
292	687	0.01
293	689	43.54
294	690	1.57
295	691	0.25
296	692	0.28
297	696	0.10
298	697	0.00
299	701	0.20
300	708	1.13
301	714	0.33
302	716	1.06
303	725	3.38
304	726	11.85
305	732	1.97
306	734	16.80
307	735	60.00
308	739	56.37

S.No	DP	Amount
309	748	3.76
310	749	6.35
311	751	0.83
312	753	0.63
313	769	0.97
314	770	17.53
315	771	3.68
316	773	3.80
317	775	0.40
318	776	6.16
319	777	145.16
320	778	3.94
321	784	1.75
322	790	51.04
323	791	351.30
324	801	69.17
325	803	19.07
326	814	52.85
327	818	2.61
328	824	1.13
329	826	0.71
330	831	2.00
331	832	16.14
332	833	1.00
333	835	0.55
334	837	13.39
335	840	31.18
336	848	0.43
337	851	16.38
338	853	2.54
339	854	34.99
340	855	11.73
341	858	6.55
342	859	1.58
343	861	164.36
344	862	319.63
345	863	4.74
346	864	8.71
347	866	1.32
348	868	0.12

S.No	DP	Amount
349	870	2.52
350	871	0.47
351	874	0.25
352	875	0.47
353	886	0.06
354	890	0.38
355	892	0.70
356	893	2.06
357	894	0.16
358	895	0.32
359	902	7.18
360	905	1.04
361	907	1.81
362	915	7.63
363	916	3.48
364	918	16.20
365	919	4.20
366	921	1.28
367	926	0.21
368	929	1.71
369	931	1.35
370	934	0.09
371	936	0.50
372	937	1,900.98
373	938	14.89
374	939	1.84
375	943	0.07
376	954	1.13

S.No	DP	Amount
377	956	0.67
378	957	0.64
379	958	4.72
380	959	0.79
381	960	0.61
382	961	2.28
383	962	0.44
384	964	27.40
385	965	0.00
386	967	29.37
387	968	50.15
388	970	0.20
389	971	1.32
390	973	1.27
391	974	0.08
392	976	35.39
393	978	0.68
394	980	0.77
395	981	0.10
396	984	1.14
397	987	1.38
398	988	0.10
399	989	4.86
400	990	0.90
401	991	4.86
402	992	0.05
403	993	0.06
404	995	0.19

S.No	DP	Amount
405	997	0.52
406	998	0.30
407	1000	0.62
408	1001	0.03
409	1003	0.29
410	1008	0.31
411	1009	0.55
412	1013	0.34
413	1015	18.83
414	1019	5.29
415	1021	0.26
416	1023	1.80
417	1028	1.14
418	1030	0.17
419	1037	7.21
420	1044	2.19
421	1045	0.00
422	1047	0.86
423	1049	6.39
424	1054	0.26
425	1055	1.43
426	1058	1.36
427	1061	525.46
428	1063	0.57
429	1065	0.50
430	1067	0.30
Total		13,597.21

Annexure-A/4: Daanish Schools

Rs in million

S.N	DP	Amount
1	5	228.63
2	7	47.69
3	8	0.15
4	9	82.47
5	12	9.18
Total		368.12

SIGNIFICANT ISSUES FOR PAC's NOTICE

This section invites PAC's attention to irregularities of recurring nature needing immediate intervention by the PAO. It highlights trends in audit findings of the past five years, followed by an analysis of the underlying issues to be addressed.

TREND OF AUDIT FINDINGS OVER PAST FIVE YEARS

A glance at the past five years printed audit reports of the Public Works Departments reveals three main clusters of irregularities:

- (i) Non-adherence to contract clause to obtain performance security.
- (ii) Making overpayment due to execution of works at higher/non standardized rates.
- (iii) Non-recovery on account of less use of bitumen contrary to Job Mix Formula (JMF).

YEAR WISE RECURRING IRREGULARITIES

(Rs in million)

Audit Year	Issues Pertaining to Performance Security	Execution of work at Higher /Non-standardized Rates	Non-recovery on account of Less use Bitumen contrary to JMF
2011-12	484.385	63.797	8.003
2012-13	510.06	355.83	403.89
2013-14	231.99	155.39	887.06
2014-15	173.19	296.53	279.40
2015-16	232.57	462.06	28.53
2016-17	2,505.92	430.92	325.66

FACTORS BEHIND RECURRENCE OF IRREGULARITIES

Analysis of the above table, depicting the statistics of Audit Report for last five years, reveals that most of these audit objections cropped up due to non-adherence to contractual obligations and non-compliance of financial rules by the departmental officers in particular and by the contractors in general, resulting in undue financial benefit to the contractors at the cost of public exchequer. Irregularities pointed out by audit with regard to non-obtaining of performance security recurred purely due to non-adherence to contractual obligations. As per contract clause, performance security had to be obtained before issuance of acceptance letter to the contractor for execution of work/project. This clause was not being complied with in spite of repeated pointation by Audit. This lapse involves a potential risk because in case of contractor's default, the executing departments have no security money to complete the project at the risk and cost of the contractor. Cases of overpayment on account of disregard to the JMF formula and approval of incorrect rates of non-standardized items were occurring time and again in violation of specific and unambiguous rules/procedure were available on these subjects.

Such errors have been recurring mainly either because of deficiencies in the design or ineffective implementation of the prescribed Internal Controls. Following major deficiencies in the design of internal controls were noticed which require immediate attention of the PAOs:

- Insufficient control consciousness within the departments/authorities, for example, top management does not insist on the adherence to the prescribed controls by middle and operational level managers.
- Inadequate design of monitoring controls used to assess the design and operational effectiveness of the department's internal controls.
- The absence of an internal process to report deficiencies in internal controls to the management on timely basis.
- Non- existence of an Independent Internal Audit Wing in the departments.

- Management's failure to assess the significance of deficiencies previously communicated by auditors.
- Lack of accountability process within the departments on repetition of the same irregularities.

PAOs' RESPONSIBILITIES

- i. The PAOs should ensure that the agreement clauses regarding provision of performance/additional performance bank guarantees are being complied with to safeguard the risk involved in the case of contractor's defaults.
- ii. The departments need to devise such a mechanism that the updated information relating to rates is timely available to the executives of all the formations and to ensure that the rates of non-standardized items are prepared and approved in accordance with material input rate available on the website of the Finance Department.
- iii. The PAO of the department should also issue clear direction that no payment should be made to the contractors without obtaining Job Mix Formula (JMF) from Roads Research and Material Testing Institute, Lahore.

PAC's INTERVENTION SOUGHT

The Public Works Departments, being executing authority of contracts, did not take notice of the recurrence of these irregularities despite repeated pointation by the audit. Lack of interest/leadership on part of successive PAO's in providing an overall direction to the financials management of the departments under their controls resulted in audit objections on the same themes, year after year, wasting PAC's valuable time. There is a need for a clear policy directive from PAC to address and resolve these chronic issues/problems to save public money and valuable time of all the tiers involved.

Annexure-C

**Para No. 2.4.1.8
Overpayment due to application of MRS rates of District Sargodha
instead of District Khushab - Rs 42.54 million**

(DP No.896 based on Paras 28)

Sr	Name of Items	Rate sanctioned based on 2 nd Bi-annual 2014 Sargodha (inclusive 4.16% mega)	Rate required to be sanctioned based on 2 nd Bi-annual 2014 Khushab (inclusive 4.16% mega)	Excess Rates	Qty Paid (50% in Distt Khushab)	Overpayment (Rs)
1	Fabrication of mild steel for RCC slab Grade-60 etc	12491.49	12434.62	56.87	229608.50 kg%kg (459217 kg/2)	130,578
2	Fabrication of heavy steel liner 8 mm thick in piles etc	12766.47	12609.34	157.12	30966%kg	48,653
3	RCC 1:1:2 with both shuttering etc	376.28	370.86	5.42	64792cft	351,170
4	RCC 1:1.5:3 with both shuttering etc	322.22	317	5.22	16965 cft	88,557
5	Fabrication of high tensile prestressing cables etc	33858.41	33534	324.41	87808%kg	284,858
6	Fabrication of mild steel for RCC bored pile Grade-60 etc	Rs. 13391.78 per %kg	Rs. 13207.20	Rs.184.58	356427%kg	657,892
7	Providing and casting in situ bored RCC Pile 78 inch dia etc	Rs.14858.30 rft	Rs.8130.29	Rs.6728	2405 rft	16,180,840
					Total	17,742,548

(DP No.896 based on Para No.29)

Sr	Name of Items	Rate sanctioned based on 2 nd Bi-annual 2014 Sargodha (inclusive 4.16% mega) (Rs)	Rate required to be sanctioned based on 2 nd Bi-annual 2014 Khushab (inclusive 4.16% mega) (Rs)	Excess Rates (Rs ‰ cft)	Qty Paid (50% in Distt Khushab) (cft)	Overpayment (Rs)
1	Excavation in foundation of buildings etc	4289.73	3992.76	296.97	2296111.50	681,876
2	Earthwork embankment 85% compaction with lead ¼ miles etc	3525.75	3321.95	203.80	15510225	3,160,984
3	Earthwork embankment 85% compaction with lead 3 kilometer etc(Clay)	3525.75	3321.95	203.80	175200	35,705
4	Earthwork embankment 95% to 100% compaction with lead ¼ miles etc	3768.05	3564.75	203.80	940301	191,633
5	Re-handling of earthwork ¼ miles etc	1367.50	1275.10	92.40	10388641	959,910
6	Earthwork excavation in ashes sand etc	2148.95	2003.75	145.20	5367648	779,382
7	1 st class pacca brick work 1:3 etc	18168.42	18077.85	90.57	17514% cft	15,862
8	Providing and laying sub-base course	2973	2893.80	79.20	122240% cft	96,814
					Total	5,922,166

(DP No.896 based on Para No.53)

Sr	Name of Items	Rate sanctioned based on 2 nd Bi-annual 2014 Sargodha (inclusive 4.16% mega) (Rs)	Rate required to be sanctioned based on 2 nd Bi-annual 2014 Khushab (inclusive 4.16% mega) (Rs)	Excess Rates (Rs % cft)	Qty Paid (50% in Distt Khushab) (cft)	Overpayment (Rs)
1	Earthwork excavation in trenches in open cutting for sewers 0 to 4 feet below sub-soil water	7323.44	6921.27	402.17	20891636	8,401,989
2	Earthwork excavation in trenches in open cutting for sewers 0 to 4 feet below sub-soil water	9232.64	8729.96	502.68	13103138	6,586,685
					Total	14,988,674

(DP No.896 based on Para No.59)

Sr	Name of Items	Rate sanctioned based on 2 nd Bi-annual 2014 Sargodha (Rs)	Rate required to be sanctioned based on 2 nd Bi-annual 2014 Khushab (Rs)	Excess Rates (Rs % cft)	Qty Paid (50% in Distt Khushab) (cft)	Overpayment (Rs)
1.	Providing and laying stone pitching dry hand packed on level etc	3252.46	3157.69	94.77	3672926	3,480,832
2.	Providing and laying stone single or spawl on slope etc	2619.74	2523.3	96.44	22280	21,487
3.	Providing and laying stone pitching on slope etc	4714.87	4458.54	256.33	150761	386,446
					Total	3,888,765

Annexure-D**Para No. 2.4.2.2.1****Overpayment due to application of incorrect rate - Rs 46.010 million****P/F Fair Face Gutka 9 x 2 1/4 x 2 1/4**

Sr. No.	DP	Name of Division	Amount Overpaid (Rs)
1	3	PBD, Muzaffargarh	99,231
2	6	PBD, Muzaffargarh	437,656
3	62	6th PBD, Lahore	547,692
4	85	PBD, Sargodha	519,524
5	93	PBD, Sargodha	629,443
6	99	PBD, Sargodha	699,600
7	114	PBD, Jhang	753,710
8	133	6th PBD, Lahore	725,945
9	138	4th PBD, Lahore	1,577,574
10	211	4th PBD, Lahore	4,712,000
11	241	PBD, Rawalpindi	475,575
12	259	5th PBD, Lahore	445,082
13	267	PBD, Rawalpindi	757,549
14	305	PBD, Faisalabad	2,352,023
15	417	PBD, Sialkot	502,154
16	419	PBD, Sialkot	1,046,000
17	482	PBD, Multan	223,235
18	606	PBD, Gujrat	6,063,074
19	627	PBD, Sialkot	402,342
20	653	PBD, Sialkot	2,032,971
21	714	PBD, Sahiwal	517,075
22	820	PBD, Jhelum	3,759,978
23	838	PBD, Muzaffargarh	436,094
24	871	PBD, Muzaffargarh	188,056
25	972	PBD, Sahiwal	566,300
26	1034	PBD, Bahawalpur	222,766
27	1037	PBD, Bahawalpur	145,452
28	1074	PBD, Bahawalpur	964,100
29	1076	PBD, Sargodha	6,894,713
30	1090	PBD, Gujranwala	6,063,079
31	1215	PBD, DG Khan	1,250,148
Total			46,010,141

Annexure-E**Para No. 2.4.2.2.2****Overpayment due to application of incorrect rate - Rs 95.17 million****P/L Pre-polished Porcelain Tile 16 x 16 x 3/8**

Sr. No.	DP	Name of Division	Amount Overpaid (Rs.)
1	61	6th PBD, Lahore	1,024,890
2	103	6th PBD, Lahore	83,460
3	126	6th PBD, Lahore	113,092
4	139	6th PBD, Lahore	728,271
5	151	5th PBD, Lahore	1,208,559
6	202	PBD, Rawalpindi	2,625,408
7	206	PBD, Rawalpindi	3,158,954
8	236	PBD, Rawalpindi	2,658,018
9	264	5th PBD, Lahore	695,118
10	273	PBD, Rawalpindi	546,423
11	410	PBD, Sialkot	3,491,000
12	420	PBD, Sialkot	1,657,000
13	475	PBD, Multan	153,962
14	482	PBD, Multan	223,235
15	487	PBD, Multan	482,616
16	494	PBD, Multan	4,424,054
17	504	PBD, Multan	326,924
18	609	PBD, Gujrat	3,936,637
19	626	PBD, Sialkot	1,569,513
20	725	PBD, Sahiwal	912,204
21	817	PBD, Sialkot	1,206,000
22	821	PBD, Jhelum	772,051
23	843	PBD, Muzaffargarh	302,899
24	976	PBD, Sahiwal	10,962,000
25	1031	PBD, Bahawalpur	266,972
26	1035	PBD, Bahawalpur	610,383
27	1038	PBD, Bahawalpur	709,022
28	1040	PBD, Bahawalpur	408,846
29	1076	PBD, Sargodha	6,894,713
30	1091	PBD, Gujranwala	3,768,674
31	979	PBD, Sahiwal	2,005,938
32	977	PBD, Sahiwal	425,196
33	262	5th PBD, Lahore	312,317
34	150	5th PBD, Lahore	430,161
35	409	PBD, Sialkot	1,166,377
36	980	PBD, Sahiwal	2,250,000
37	113	PBD, Sahiwal	650,261

Sr. No.	DP	Name of Division	Amount Overpaid (Rs.)
38	722	PBD, Sahiwal	12,697,000
39	88	PBD, Sargodha	1,148,831
40	212	4th PBD, Lahore	234,000
41	239	PBD, Rawalpindi	374,895
42	311	PBD, Faisalabad	1,453,968
43	319	PBD, Jhang	235,633
44	323	PBD, Jhang	428,334
45	608	PBD, Gujrat	3,936,637
46	265	5th PBD, Lahore	2,726,897
47	86	PBD, Sargodha	351,584
48	125	6th PBD, Lahore	177,790
49	143	6th PBD, Lahore	289,746
50	144	6th PBD, Lahore	203,476
51	146	6th PBD, Lahore	430,962
52	965	PBD, Sahiwal	2,890,000
53	123	6th PBD, Lahore	475,838
54	156	5th PBD, Lahore	430,161
55	721	PBD, Sahiwal	3,190,000
56	734	PBD, Sahiwal	333,000
Total			95,169,900

Annexure-F**Para No. 2.4.2.2.3****Overpayment due to application of incorrect rate - Rs 22.20 million****P/F Aluminum MS Frame Door**

Sr. No.	DP	Name of Division	Name of Item	Amount Overpaid (Rs.)
1	127	6th PBD, Lahore	P/F Aluminum Windows etc.	739,237
2	136	6th PBD, Lahore	P/F Aluminum Windows etc.	1,166,092
3	141	5th PBD, Lahore	P/F Aluminum Windows etc.	1,384,529
4	147	5th PBD, Lahore	P/F Aluminum Windows etc.	1,947,228
5	607	PBD, Gujrat	P/F Aluminum Windows etc.	8,850,334
6	844	PBD, Muzaffargarh	P/F Aluminum Windows etc.	613,704
7	857	PBD, Bahawalpur	P/F Aluminum Windows etc.	706,415
8	1039	PBD, Bahawalpur	P/F Aluminum Windows etc.	546,325
9	1041	PBD, Bahawalpur	P/F Aluminum Windows etc.	329,346
10	108	PBD, Jhang	P/F Aluminum Door	234,803
11	142	6th PBD, Lahore	P/F Aluminum Door	2,233,057
12	137	6th PBD, Lahore	P/F Aluminum MS Frame Door	167,569
13	154	5th PBD, Lahore	P/F Aluminum MS Frame Door	1,947,228
14	603	PBD, Gujrat	P/F Aluminum MS Frame Door	1,172,453
15	840	PBD, Muzaffargarh	P/F Door Chowkat	163,611
Total				22,201,931

Annexure-G

**Para No. 2.4.2.3
Non-recovery on account of de-escalation in price of diesel and
bitumen - Rs 71.12 million**

Sr. No.	DP	Name of Division	Name of Item	Amount Overpaid Rs.
1	49	5th PBD, Lahore	De-escalation on High Speed Diesel	1,240,111
2	60	6th PBD, Lahore	De-escalation on High Speed Diesel	156,400
3	87	PBD, Sargodha	De-escalation on High Speed Diesel	598,431
4	94	PBD, Sargodha	De-escalation on High Speed Diesel	592,776
5	98	PBD, Sargodha	De-escalation on High Speed Diesel	179,711
6	131	6th PBD, Lahore	De-escalation on High Speed Diesel	805,209
7	153	5th PBD, Lahore	De-escalation on High Speed Diesel	674,883
8	157	5th PBD, Lahore	De-escalation on High Speed Diesel	225,658
9	184	PBD, Rahim Yar Khan	De-escalation on High Speed Diesel	301,268
10	201	PBD, Rawalpindi	De-escalation on High Speed Diesel	3,083,776
11	221	4th PBD, Lahore	De-escalation on High Speed Diesel	5,511,000
12	255	5th PBD, Lahore	De-escalation on High Speed Diesel	2,545,144
13	308	PBD, Faisalabad	De-escalation on High Speed Diesel	1,247,052
14	313	PBD, Faisalabad	De-escalation on High Speed Diesel	1,453,968
15	414	PBD, Sialkot	De-escalation on High Speed Diesel	666,762
16	483	PBD, Multan	De-escalation on High Speed Diesel	2,069,000
17	511	PBD, Multan	De-escalation on High Speed Diesel	1,122,614
18	513	PBD, Multan	De-escalation on High Speed Diesel	325,109
19	514	PBD, Multan	De-escalation on High Speed Diesel	492,731
20	515	PBD, Multan	De-escalation on High Speed Diesel	109,779
21	516	PBD, Multan	De-escalation on High Speed Diesel	50,560
22	517	PBD, Multan	De-escalation on High Speed Diesel	149,102
23	518	PBD, Multan	De-escalation on High Speed Diesel	363,279
24	519	PBD, Multan	De-escalation on High Speed Diesel	851,697
25	613	PBD, Gujrat	De-escalation on High Speed Diesel	10,179,659
26	819	PBD, Jhelum	De-escalation on High Speed Diesel	2,597,199
27	850	PBD, Muzaffargarh	De-escalation on High Speed Diesel	272,067
28	853	PBD, Muzaffargarh	De-escalation on High Speed Diesel	233,868
29	854	PBD, Muzaffargarh	De-escalation on High Speed Diesel	125,650
30	861	PBD, Muzaffargarh	De-escalation on High Speed Diesel	264,723
31	868	PBD, Muzaffargarh	De-escalation on High Speed Diesel	111,996
32	874	PBD, Muzaffargarh	De-escalation on High Speed Diesel	112,584
33	1028	PBD, Bahawalpur	De-escalation on High Speed Diesel	602,561
34	1032	PBD, Bahawalpur	De-escalation on High Speed Diesel	591,450
35	1086	PBD, Gujranwala	De-escalation on High Speed Diesel	3,324,223
36	200	PBD, Rawalpindi	De-escalation on Steel	1,777,002
37	474	PBD, Multan	De-escalation on Steel	615,873
38	485	PBD, Multan	De-escalation on Steel	1,752,000
39	611	PBD, Gujrat	De-escalation on Steel	4,040,265
40	612	PBD, Gujrat	De-escalation on Steel	1,380,669
41	869	PBD, Muzaffargarh	De-escalation on Steel	515,853
42	1027	PBD, Bahawalpur	De-escalation on Steel	4,382,446

Sr. No.	DP	Name of Division	Name of Item	Amount Overpaid Rs.
43	1051	PBD, Bahawalpur	De-escalation on Steel	2,329,017
44	1073	PBD, Bahawalpur	De-escalation on Steel	198,392
45	1081	PBD, Sargodha	De-escalation on Steel	1,172,704
46	1087	PBD, Gujranwala	De-escalation on Steel	4,375,180
47	197	PBD, R Y Khan	De-escalation of Bitumen & Diesel	3,439,898
48	835	PBD, Muzaffargarh	De-escalation on Steel & Diesel	165,386
49	859	PBD, Muzaffargarh	De-escalation on Steel & Diesel	876,873
50	1045	PBD, Bahawalpur	De-escalation on Steel & Diesel	863,550
TOTAL				71,117,108

Annexure-H

**Para No. 3.4.8.1.1
Irregular sanction / non-sanction of rate analysis -
Rs 57.93 million**

Sr. No.	DP	Name of PHE Division	Amount
1	1	Attock	416,493
2	55	Bhakkar	167,850
3	63	Bhakkar	370,902
4	65	Bhakkar	125,084
5	100	Sahiwal	188,994
6	123	Sargodha	4,383,960
7	127	Mianwali	488,083
8	131	Mianwali	451,407
9	141	Gujranwala	140,500
10	143	Gujranwala	1,500,187
11	144	Gujranwala	1,672,726
12	160	Okara	5,004,353
13	162	Okara	8,787,879
14	180	Sialkot	2,789,677
15	210	Khanewal	1,074,275
16	216	Khanewal	1,905,552
17	221	Khanewal	1,761,032
18	226	Rajanpur	322,692
19	245	Multan	4,750,028
20	281	D.G. Khan	355,012
21	286	D.G. Khan	652,512
22	293	Lodhran	1,908,434
23	315	Kasur	2,268,798
24	316	Kasur	354,942
25	322	Kasur	1,439,307
26	340	Hafizabad	406,047
27	341	Shekhupura	3,188,253
28	367	Mandi Bahaud Din	122,377
29	371	Mandi Bahaud Din	1,193,665
30	372	Mandi Bahaud Din	568,222
31	375	Mandi Bahaud Din	498,431
32	376	Mandi Bahaud Din	382,679
33	383	Mandi Bahaud Din	107,780
34	384	Mandi Bahaud Din	246,073
35	405	Toba Tek Singh	414,475
36	410	Toba Tek Singh	1,571,900
37	413	Toba Tek Singh	2,319,848
38	414	Lahore	178,080
39	420	Lahore	255,060

Sr. No.	DP	Name of PHE Division	Amount
40	422	Lahore	141,106
41	423	Lahore	649,365
42	425	Lahore	661,168
43	431	Chiniot	1,316,367
44	451	Vehari	433,940
Total			57,935,515

Annexure-I**Para No. 3.4.8.1.2****Irregular sanction / non-sanction of rate analysis - Rs 39.88 million**

Sr. No.	DP	Name of PHE Division	Amount
1	120	Sargodha	95,555
2	121	Sargodha	214,359
3	147	Okara	126,837
4	148	Okara	295,864
5	156	Okara	1,484,212
6	157	Okara	3,180,718
7	197	Bahawalpur	973,301
8	217	Khanewal	611,018
9	223	Rajanpur	1,269,170
10	232	Rajanpur	1,768,766
11	235	Rajanpur	83,634
12	278	D.G. khan	405,157
13	279	D.G. khan	274,568
14	283	D.G. khan	1,258,943
15	285	D.G. khan	563,024
16	287	D.G. khan	23,184,405
17	300	Lodhran	1,369,260
18	386	Mandi Bahud Din	172,632
19	415	Lahore	273,568
20	447	Bahwalnagar	2,279,126
Total			39,884,117

Annexure-J

Para No. 3.4.8.1.3

Irregular sanction / non-sanction of rate analysis - Rs 13.99 million

Sr. No.	DP	Name of PHE Division	Amount
1	2	Attock	1,939,896
2	152	Okara	793,730
3	153	Okara	753,478
4	154	Okara	786,258
5	158	Okara	2,328,000
6	161	Okara	3,816,248
7	207	Khanewal	111,238
8	218	Khanewal	781,161
9	242	Multan	346,501
10	244	Multan	1,708,085
11	247	Multan	87,096
12	288	D.G. Khan	542,304
Total			13,993,995

Annexure-K**Para No. 3.4.8.5****Overpayment due to non-deduction of old material - Rs 18.88 million**

Sr. No.	DP	Name of PHE Division	Amount
1	166	Narowal	1,115,276
2	172	Narowal	3,077,144
3	215	Khanewal	115,200
4	349	Shekhupura	7,446,545
5	381	Mandi Bahud Din	267,162
6	388	Nankana Sahib	6,558,677
7	390	Nankana Sahib	171,745
8	446	Layyah	129,067
Total			18,880,816

Annexure-L

**Para No. 3.4.8.6.1
Non-recovery of general sales tax - Rs 15.61 million**

Sr. No.	DP	Name of PHE Division	Amount
1	13	Attock	2,427,158
2	31	Rawalpindi	260,474
3	142	Gujranwala	1,234,075
4	184	Bhakkar	253,946
5	364	Faisalabad	2,414,393
6	374	Mandi Bahaud Din	188,700
7	385	Mandi Bahud Din	118,422
8	416	Lahore	3,999,002
9	428	Lahore	4,279,285
10	477	Sargodha	431,188
Total			15,606,643

Annexure-M

Para No. 3.4.8.9

Undue financial benefit to the contractors due to non-obtaining of performance securities - Rs 105.61 million

Sr. No.	DP	Name of PHE Division	Amount
1	109	Khushab	6,499,835
2	124	Mianwali	2,863,122
3	126	Mianwali	3,567,897
4	130	Mianwali	2,576,869
5	164	Narowal	11,893,000
6	196	Sialkot	43,267,000
7	325	Hafizabad	8,480,000
8	326	Hafizabad	4,840,000
9	391	Nankana Sahib	9,676,000
10	481	Gujrat	11,950,000
Total			105,613,723

Para No. 3.4.8.10.1
Non-recovery of secured advance - Rs 96.30 million

Sr. No.	DP	Name of PHE Division	Amount
1	7	Attock	24,193,000
2	24	Jhelum	673,310
3	122	Sargodha	14,258,000
4	165	Narowal	9,602,220
5	174	Narowal	33,428,462
6	182	Narowal	6,975,000
7	471	Khushab	1,170,000
8	476	Sargodha	6,000,000
Total			96,299,992

Annexure-O

Para No. 3.4.8.11
Irregular payment due to non-reduction of disproportionate rates -
Rs 57.71 million

Sr. No.	DP	Name of PHE Division	Amount
1	86	Muzaffargarh	31,455,622
2	87	Muzaffargarh	1,069,384
3	91	Muzaffargarh	4,365,602
4	187	Bhakkar	2,161,426
5	403	Toba Tek Singh	3,790,861
6	411	Toba Tek Singh	6,666,666
7	412	Toba Tek Singh	8,200,270
Total			57,709,831

Annexure-P

Para No. 3.4.8.12

Non-recovery on account of POL de-escalation - Rs 42.51 million

Sr. No.	DP	Name of PHE Division	Amount
1	4	Attock	3,702,538
2	5	Attock	1,318,426
3	14	Jhelum	1,236,202
4	15	Jhelum	107,949
5	18	Jhelum	1,291,009
6	26	Rawalpindi	1,644,902
7	27	Rawalpindi	792,713
8	38	Gujrat	1,164,141
9	39	Gujrat	1,164,141
10	46	Chakwal	1,205,495
11	47	Chakwal	1,129,493
12	49	Chakwal	486,591
13	66	Bhakkar	304,233
14	70	Layyah	303,840
15	82	Lodhran	992,091
16	96	Sahiwai	370,797
17	103	Sahiwal	122,533
18	206	Bahawalpur	151,467
19	212	Khanewal	1,487,356
20	248	Multan	111,030

Sr. No.	DP	Name of PHE Division	Amount
21	251	R.Y.K	1,028,962
22	254	R.Y.K	3,846,977
23	257	R.Y.K	3,476,469
24	265	D.G. Khan	215,615
25	267	D.G. Khan	508,307
26	275	D.G. Khan	182,392
27	280	D.G. Khan	393,136
28	290	D.G. Khan	488,830
29	297	Lodhran	199,247
30	298	Lodhran	164,045
31	318	Kasur	812,610
32	319	Kasur	1,326,653
33	320	Kasur	2,257,520
34	338	Hafizabad	2,303,079
35	339	Hafizabad	180,948
36	430	Chiniot	4,999,586
37	441	Layyah	673,189
38	442	Layyah	365,407
Total			42,509,919

Annexure-Q

Para No. 3.4.8.14

Non-obtaining of additional performance securities - Rs 39.69 million

Sr. No.	DP	Name of PHE Division	Amount
1	204	Bahawalpur	1,063,396
2	264	D.G. Khan	10,819,875
3	277	D.G. Khan	17,631,300
4	444	Layyah	6,065,076
5	448	Bahawalnagar	4,112,985
Total			39,692,632

Annexure-R

Para No. 3.4.8.17
Overpayment due to arithmetical error/wrong measurement –
Rs 14.71 million

Sr. No.	DP	Name of PHE Division	Amount
2	169	Narowal	2,247,344
3	175	Narowal	1,427,983
4	178	Narowal	261,173
5	186	Bhakkar	168,850
6	194	Sialkot	138,199
7	202	Bahawalpur	544,028
8	208	Khanewal	808,147
9	237	Multan	395,680
10	268	D.G. Khan	210,355
11	346	Sheikhupura	648,774
12	392	Nankana Sahib	306,757
13	394	Nankana Sahib	4,272,543
14	399	Nankana Sahib	3,279,176
Total			14,709,009

Annexure-S

Para No. 3.4.8.19
Overpayment due to application of incorrect rate of RCC without shuttering - Rs 9.26 million

Sr. No.	DP	Name of PHE Division	Amount
1	179	Narowal	4,686,796
2	262	Rahim Yar Khan	3,064,566
3	292	Lodhran	473,066
4	295	Lodhran	245,520
5	387	Nankana Sahib	796,007
Total			9,265,955

Annexure-T

Para No. 4.4.5
Non-recovery on account of de-escalation in price of diesel –
Rs 35.57 million

Sr. No.	DP No.	Name of Division	Amount
1	121	XEN, Mianwali Canal Division	2,118,084
2	172	XEN Khanpur Canal Division R.Y. Khan	289,745
3	320	XEN, Small Dam Division, Jhelum	2,045,371
4	361	XEN, Kot Adu Canal Division, Kot Adu	573,404
5	382	XEN, Khanki Headworks Division, Khanki	426,799
6	383	XEN, Headworks Division, Khanki	646,773
7	400	XEN, Taunsa Barrage Div, Kot Adu	100,395
8	402	XEN, Taunsa Barrage Div, Kot Adu	1,728,937
9	404	XEN, Taunsa Barrage Div, Kot Adu	1,775,723
10	406	XEN, Taunsa Barrage Div, Kot Adu	155,662
11	407	XEN, Taunsa Barrage Div, Kot Adu	245,562
12	412	XEN, U.J.C Div, Gujrat	158,521
13	454	XEN, Small Dams Div, Islamabad	5,666,359
14	474	XEN, Canal Div, R.Y.Khan	393,660
15	492	XEN, UCC Div, Gujranwala	670,225
16	569	XEN, Jampur Costruction Div, D.G.Khan	1,807,958
17	570	XEN, Jampur Costruction Div, D.G.Khan	938,229
18	580	XEN, Rajanpur Canal Div, Rajanpur	1,113,573
19	688	XEN, Khanpur Canal Div, Khanpur	243,967
20	695	XEN, Bahawalpur Canal Div, B/pur	179,677
21	700	XEN, Bahawalpur Canal Div, B/pur	1,825,421
22	706	XEN, Multan Canal Div, Multan	106,727
23	724	XEN, CBDC Div, Lahore	1,614,883
24	867	XEN, Layyah Canal Div, Layyah	168,890
25	923	XEN, Small Dams Div, Chakwal	9,669,678
26	27	XEN, Mianwali Canal Div. Mianwali	802,551
27	36	XEN, Mankera Canal Div	107,508
		Total	35,574,282

Annexure-U

**Para No. 4.4.24
Non-obtaining of additional performance securities –
Rs 1,897.04 million**

Sr. No.	DP	Name of Division / Formation	Amount in Rupees
1	102	Chief Engineer Irrigation Zone Bahawalpur	75,879,000
2	105	Chief Engineer Irrigation Zone Bahawalpur	59,544,063
3	122	Executive Engineer Mianwali Canal Division Mianwali	124,570,476
4	131	Superintending Engineer Drainage Circle Sargodha	577,000
5	263	Executive Engineer Dallas Canal Division R.Y. Khan	43,371,221
6	291	Executive Engineer Q.B. Link Division Farooqabad	614,317
7	299	Executive Engineer Q.B. Link Division Farooqabad	274,145
8	307	Executive Engineer Canal Division Mianwali	31,031,476
9	360	Executive Engineer Canal Division KotAdu	22,401,749
10	389	Executive Engineer Drainage Division Sargodha	544,720
11	393	Executive Engineer Taunsa Barrage Div. KotAdu	276,435,000
12	415	Executive Engineer Small Dam Division Chakwal	105,463,527
13	433	Executive Engineer Jampur Const. Div. D.G. Khan	180,278,000
14	452	Executive Engineer Small Dam Div. Islamabad	453,983,000
15	479	Executive Engineer Khushab Canal Div. Khushab	7,921,176
16	484	Executive Engineer Rachna Drainage Div. Sheikhupura	68,910,000
17	564	Executive Engineer Jampur Const. Div. D.G. Khan	70,358,110
18	578	Executive Engineer Trimmu Barrage Div. Jhang	2,259,951
19	733	Executive Engineer CBDC Division Lahore	13,065,000
20	821	Executive Engineer Shujabad Canal Div. Multan	2,564,500
21	838	Executive Engineer Dallas Div. Rahim Yar Khan	20,817,000
22	911	Executive Engineer Kirana Div. LJC Sargodha	5,745,900
23	912	Executive Engineer Layyah Canal Div. Layyah	1,782,112
24	913	Executive Engineer D.G. Khan Canal Div. D.G. Khan	25,531,695
25	917	Executive Engineer Flood Bund Division Narowal	40,871,701
26	928	Executive Engineer B.S. Link Canal Div. Lahore	33,220,000
27	945	Executive Engineer UCC Division Sheikhupura	34,995,000
28	963	Executive Engineer UCC Division Sheikhupura	33,995,186

Sr. No.	DP	Name of Division / Formation	Amount in Rupees
29	966	Executive Engineer Burala Div. LCC East Faisalabad	73,565,708
30	159	Executive Engineer Canal Division R.Y. Khan	3,151,000
31	277	Executive Engineer Dallas Canal Div. Rahim Yar Khan	16,162,168
32	844	Executive Engineer Dallas Canal Div. Rahim Yar Khan	67,154,000
Total			1,897,037,901

Annexure-V

Para No. 4.4.32
Un-due financial benefit due to non-obtaining of Performance
Security - Rs 83.65 million

Sr. No.	DP	Name of Division / Formation	Amount in Rupees
1	123	Executive Engineer Canal Division Mianwali	11,681,955
2	173	Executive EngineerKhanpur Canal Div. R.Y. Khan	7,101,103
3	232	Executive Engineer DCC Division Khanwah	3,192,126
4	270	Executive Engineer Dallas Canal Div. Rahim Yar Khan	14,368,442
5	348	Executive EngineerKotAdu Canal Div. KotAdu	18,121,571
6	401	Executive EngineerTaunsa Barrage Div. KotAdu	20,586,972
7	944	Executive Engineer UCC Division Sheikhupura	8,599,000
Total			83,651,169