



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
NHA, CDA, MCI, CAA, PAK. PWD,  
ESTATE OFFICE,  
PHAF, NCL, FGEHA, HEC,  
SIDCL AND FBR**

**GOVERNMENT OF PAKISTAN**

**AUDIT YEAR 2024-25**

**AUDITOR-GENERAL OF PAKISTAN**

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



## PREFACE

Articles 169 and 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 7 to 15 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor-General of Pakistan to conduct audit of the accounts of the Federal and of the Provincial Governments and the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government.

The report is based on audit of the accounts of NHA, CDA, MCI, CAA, Pak. PWD, Estate Office, PHAF, NCL, FGEHA, HEC, SIDCL and FBR for the financial year 2023-24 and also contains a few audit observations from the previous financial years. The Directorate General of Audit Works (Federal), Islamabad conducted audit during 2024-25 on a test check basis to report significant audit findings to the stakeholders. The report includes only the systemic issues and audit findings carrying value of Rupee one million or more. Relatively less significant issues are listed in the Annexure-1, which shall be pursued with the Principal Accounting Officers at the Departmental Accounts Committee level and in cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the PAC in the next year's Audit Report. Sectoral analysis has been added in the report covering strategic review and overall perspective of audit results.

Thematic Audit has been made part of the report at Chapter-12. It is an attempt to improve organization's performance through critically reviewing its business processes to identify those risks which have been hindering it from achieving its intended objectives.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening the internal controls to avoid violation of rules and regulations.

Most of the audit observations included in the report have been finalized in the light of written responses of the management and discussions in the DAC meetings.

There are certain areas on which audit paras were also printed in Audit Reports for the financial years 2018-19, 2020-21, 2021-22 and 2022-23. Recurrence of such irregularities is a matter of concern and needs to be addressed.

The Audit Report has been prepared for submission to the President of Pakistan in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before the Parliament.

Islamabad  
Dated:

(Muhammad Ajmal Gondal)  
**Auditor-General of Pakistan**



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## **ABBREVIATIONS AND ACRONYMS**

AAR	Accommodation Allocation Rules
AIR	Audit Inspection Report
ACBC	Asphaltic Concrete Base Course
ADB	Asian Development Bank
ADP	Annual Development Program
AGPR	Accountant General Pakistan Revenues
AGR	Annual Ground Rent
AIAP	Allama Iqbal International Airport
AMP	Annual Maintenance Plan
APL	Attock Petroleum Ltd.
BCP	Border Crossing Point
BOQ	Bill of Quantities
BOT	Build-Operate-Transfer
BRT	Bus Rapid Transit
CAREC	Central Asia Regional Economic Corridor
CAA	Civil Aviation Authority
CCD	Central Civil Division
CDA	Capital Development Authority
CDL	Cash Development Loan
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CNS	Communications, Navigation and Surveillance
COC	Conditions of Contract
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
CSR	Composite Schedule of Rates

CZ	Central Zone
DAC	Departmental Accounts Committee
DDO	Drawing & Disbursing Officer
DDWP	Departmental Development Working Party
DLP	Defect Liability Period
DMA	Directorate of Municipal Administration
DP	Draft Para
DST	Double Surface Treatment
ECC	Economic Coordination Committee
ECNEC	Executive Committee of National Economic Council
EIA	Environmental Impact Assessment
EM	Electrical and Mechanical
EOT	Extension of Time
EPC	Engineering, Procurement and Construction
ETC	Electronic Toll Collection
FAP	Foreign-Aided Project
FBR	Federal Board of Revenue
FEC	Foreign Exchange Component
FGEHA	Federal Government Employees Housing Authority
FGS	Federal Government Servant
FIDIC	International Federation of Consulting Engineers (Fédération Internationale des Ingénieurs Conseils)
FWO	Frontier Works Organization
GCC	General Conditions of Contract
GFRs	General Financial Rules
GM	General Manager
GPA	Gwadar Port Authority
GPI	General Price Index
GST	General Sale Tax

GWL	General Waiting List
HEC	Higher Education Commission
HQs	Headquarters
HR	Human Resource
ICT	Islamabad Capital Territory
IEE	Initial Environmental Examination
IIAP	Islamabad International Airport
IPC	Interim Payment Certificate
ITS	Intelligent Transport System
JIAP	Jinnah International Airport
JMF	Job Mix Formula
JV	Joint Venture
KIBOR	Karachi Inter-bank Offered Rate
KIU	Karakoram International University
KKH	Karakorum Highway
km	Kilometer
LAC	Land Acquisition Collector
LOP	Layout Plan
M&I	Monitoring and Inspection
MB	Measurement Book
MCI	Metropolitan Corporation Islamabad
MFDAC	Memorandum for Departmental Accounts Committee
MORE	Motorway Operations & Rehabilitation Engineering (Pvt.) Ltd.
NCL	National Construction Limited
NHEB	National Highway Executive Board
NIT	Notice Inviting Tender
NLC	National Logistics Cell
NOC	No Objection Certificate

OMC	Operations and Management Contractor Oil Marketing Company
P&CA	Procurement & Contract Administration
PAC	Public Accounts Committee
Pak. PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
PAR	Performance Audit Report
PCAA	Pakistan Civil Aviation Authority
PCC	Particular Conditions of Contract
PC-I	Planning Commission (Proforma-I)
PC-IV	Planning Commission (Proforma-IV)
PC-V	Planning Commission (Proforma-V)
PEC	Pakistan Engineering Council
PEPA	Pakistan Environmental Protection Act
PHAF	Pakistan Housing Authority Foundation
PIACL	Pakistan International Airline Corporation Limited
PM	Periodic Maintenance
PMC	Project Management Consultant
PMU	Project Management Unit
PPP	Public-Private Partnership
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
PSO	Pakistan State Oil
RAMD	Road Asset Management Directorate
RCC	Reinforcement Cement Concrete
RMA	Road Maintenance Account
ROW	Right of Way
SAP	Sustainable Development Goals Achievement Programme
SAR	Special Audit Report

SBC	South Bound Carriageway
SIDCL	Sindh Infrastructure Development Company Limited
SoP	Standard Operating Procedures
TOC	Taking Over Certificate
TSE	Technically Sanctioned Estimate
TST	Triple Surface Treatment
VGF	Viability Gap Funding
VO	Variation Order
WBM	Water Bound Macadam



## **EXECUTIVE SUMMARY**

The Directorate General of Audit Works (Federal), Islamabad carried out audit of the Federal Government entities engaged in construction works, namely, National Highway Authority (NHA), Capital Development Authority (CDA), Metropolitan Corporation Islamabad (MCI), Civil Aviation Authority (CAA), Pakistan Public Works Department (Pak PWD), Estate Office, National Construction Limited (NCL), Pakistan Housing Authority Foundation (PHAF), Federal Government Employees Housing Authority (FGEHA), Higher Education Commission (HEC), Sindh Infrastructure Development Company Limited (SIDCL), and Federal Board of Revenue (FBR). These entities function under the administrative control of various Principal Accounting Officers (PAOs) and consume major portion of the funds provided under the Public Sector Development Programme (PSDP).

The Directorate General of Audit Works (Federal), Islamabad has human resource of 113 personnel including officers and staff, and has budget of Rs. 270.108 million for financial year 2024-25. The Directorate General is mandated to conduct Financial Attest Audit, Compliance with Authority Audit and Performance Audit of civil works including mega projects of Federal Government. Two hundred seventy-one (271) formations of fifteen (15) departments/autonomous bodies pertaining to nine (9) PAOs are under auditorial jurisdiction of the Directorate General. This Audit Report is based on the results of compliance audit of 104 formations and one Thematic Audit as a part of Audit Plan 2024-25 (Phase-I), conducted by deputing twenty-one (21) Field Audit Teams with an input of 5,150 person-days.

Significant audit observations raised during financial attest audit of nine foreign-aided projects have also been included in this Audit Report. Moreover, significant audit observations pertaining to audit of twenty-seven (27) formations conducted in Phase-II of Audit Plan of 2023-24, have been included in the Audit Report.

**a. Scope of Audit**

This office is mandated to conduct audit of 271 formations working under nine PAOs/Ministries. Total expenditure and receipts of these formations were Rs. 482,040.568 million and Rs. 321,600.550 million, respectively for the financial year 2023-24.

Audit coverage relating to expenditure for the current audit year, under compliance audit category comprises 104 formations of seven PAOs/Ministries having a total expenditure of Rs. 274,573.043 million for the financial year 2023-24. In terms of percentage, the audit coverage for expenditure is 56.96% of the auditable expenditure.

Audit coverage of receipts is Rs. 202,081.686 million for the financial year 2023-24. It comes out to be 62.84% of the total receipts.

This audit report also contains audit observations resulting from the audit of expenditure of Rs. 38,295.440 million and receipts of Rs. 61,583.752 million for the financial year 2022-23. It pertains to 27 formations of ten departments/authorities under seven PAOs/Ministries.

In addition to this compliance audit report, Directorate General of Audit Works (Federal), Islamabad conducted financial attest audits<sup>1</sup>. Under this category, Appropriation Accounts of Pakistan Public Works Department for an expenditure of Rs. 75,933.316 million and accounts of ten Foreign Aided Projects for an expenditure of Rs. 22,877.867 million were certified. Reports of these audits have been published separately.

**b. Recoveries at the instance of audit**

As a result of audit, a recovery of Rs. 16,920.509 million was pointed out in the report. Recovery effected during the audit year 2024-25 (up to January 2025) was Rs. 848.200 million, which has been verified by Audit.

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<sup>1</sup> One financial attest audit of Appropriation Accounts of Pakistan Public Works Department and ten financial attest audits of foreign-aided projects (including two CPEC related projects).

**c. Audit Methodology**

Desk audit was conducted to assess the systems, procedures, and control environment of the audited entities. Permanent files and Planning files were updated to understand the institutional framework. Audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and Financial Audit Manual issued by the Auditor-General of Pakistan. A structured methodology was adopted which included: updating business process knowledge with a focus on controls; identifying and prioritizing key controls based on risk; designing and executing audit programs; formulating audit observations and recommendations; evaluating results; reporting findings; and ensuring proper follow-up for improvement.

**d. Audit Impact**

There has been a positive change in the responsiveness of audited entities towards audit due to continuous functioning of Public Accounts Committee in the recent years. The viewpoint of Audit on financial/technical issues has been acknowledged by DAC/PAC and administrative departments which ensures financial and regulatory discipline in public sector. Following are instances of major audit impact:

- i. Recovery of Rs. 848.200 million has been effected and verified from July 2024 to January 2025. A recovery of Rs. 16,920.509 million was pointed out in the report.
- ii. DAC directed that the Pakistan Airport Authority (PAA), formerly CAA should issue directions to ensure minimum three quotations for transparency in estimates. (Para 7 of AIR of Communication, Navigation and Surveillance (CNS) Directorate, PAA, Karachi)
- iii. The DAC directed the Pakistan Airport Authority to issue advisory directions for formulation of the policy covering the timelines to avoid undue delay in process of approval of

schemes. (Para 7 of AIR of CNS Directorate PAA, Karachi)

- iv. On pointation of Audit regarding non-implementation of E-Pak Procurement Regulations, the management of PAA apprised that procurement for the year 2024-25 will be proceeded through E-Pak. (Para 10 of AIR of CNS Directorate PAA, Karachi)
- v. On pointation of Audit regarding non-evolving of proper fine imposition/collection mechanism, CDA apprised that a proposal of fixation of rate of fine of confiscated material during enforcement operations has been forwarded to the Finance Wing, CDA. (PDP 15/2024-25)
- vi. DAC in its meeting held on 14.02.2025 directed Estate Office Management to create a dedicated Internal Audit Wing within the Estate Office under supervision of Director General, Estate Office.

**e. Comments on Internal Controls and Internal Audit Department**

The present report has identified a range of irregularities, which have been recurring over the years. The recurrence of these irregularities indicates that systemic issues have cropped up either due to inadequate oversight mechanism or inappropriate design of internal controls.

Although NHA, CDA, CAA and Pak. PWD have an internal audit setup, but the financial irregularities observed during the current audit reflect that this function has failed to deliver effectively. The efficient functioning of internal audit would have helped the management in effective implementation of internal controls and strengthening the internal control environment in audited entities.

In case of SIDCL which does not have internal audit setup, we emphasize the need for establishing an internal audit regime in the organization, which should be directly reporting to the Principal Accounting Officer.

## **f. Key Audit Findings**

Major audit findings included in this Audit Report are:

- i. Overpayments of Rs. 1,337.708 million were made to the contractors due to excess measurement of items, violation of specifications, incorrect/inadmissible price escalation, etc., in nine cases. <sup>2</sup>
- ii. Revenue of Rs. 16,054.753 million on account of premium of plots, commercialization charges, access charges, license fee, space charges, rent, aeronautical charges, etc., was not realized/recovered in twenty cases. <sup>3</sup>
- iii. Works were awarded in violation of the Public Procurement Rules for Rs. 4,477.524 million in three cases. <sup>4</sup>
- iv. Payments were made without recording measurements in the Measurement Books in three cases against the work done for Rs. 7,138.689 million. <sup>5</sup>
- v. Deviations from provisions of PC-I in one case for Rs. 947.479 million were made without approval of competent authority. <sup>6</sup>

## **g. Recommendations**

- i. Contract and financial management may be strengthened to ensure that payments are made as per contract agreement and specifications. Recoveries of overpaid amounts may be effected and responsibility may also be fixed against the persons responsible for overpayments.

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<sup>2</sup> Paras 2.4.12, 2.4.15, 3.4.13, 3.4.14, 5.4.6, 5.4.12, 5.4.13, 5.4.14, 9.4.3

<sup>3</sup> Paras 2.4.3, 2.4.7, 3.4.3, 3.4.4, 3.4.17, 3.4.18, 3.4.20, 3.4.22, 3.4.24, 3.4.32, 4.4.7, 4.4.11, 4.4.12, 5.4.17, 5.4.18, 5.4.19, 5.4.20, 5.4.21, 7.4.1, 10.4.1

<sup>4</sup> Paras 2.4.2, 2.4.17, 2.4.25

<sup>5</sup> Paras 4.4.6, 5.4.11, 8.4.3

<sup>6</sup> Para 4.4.10

- ii. Internal controls may be strengthened to ensure realization of revenue receipts in timely manner.
- iii. Public Procurement Rules, 2004 may be adhered to in letter and spirit while making procurement of goods, services and works.
- iv. Rules for maintenance of basic accounting record for works execution and payments may be implemented in letter and spirit.
- v. Engineer's estimates may be prepared after detailed site surveys to avoid frequent changes in the scope of works during execution.

# CHAPTER 1

## PUBLIC FINANCIAL MANAGEMENT

### 1.1 Sectoral Analysis (Communication and Housing)

The Directorate General of Audit Works (Federal), Islamabad conducted audit of the Federal Government entities engaged in construction works, i.e., NHA, CDA, CAA, Pak PWD, PHAF, NCL, FGEHA, HEC (PSDP/Infrastructure development works executed by federally chartered universities/institutions), SIDCL and FBR. These entities spent 28.29% (Rs. 213.240 billion) of the total federal PSDP spending for financial year 2023-24 (Rs. 763.657 billion)<sup>7</sup>. Two major entities under auditorial jurisdiction are NHA and Pak PWD which spent Rs. 122.316 billion and Rs. 71.774 billion, respectively. Expenditure of NHA includes a sum of Rs. 33.788 billion on account of adjustment at source made by Finance Division against Foreign Aid-Cash Development Loan.

Ministry of Planning, Development and Special Initiatives, under Rules of Business, 1973, is responsible for preparation of comprehensive National Plan for the economic and social development of the country and formulation of an annual development programme. The Ministry is also responsible for monitoring the implementation of all major development projects and programmes. The Public Sector Development Programme (PSDP) prepared by the Ministry is an important part of public sector investment, which channels domestic and foreign resources to implement the development programmes and projects prepared by the federal, provincial and local agencies. PSDP funds are released to the executing departments/organizations through Ministry of Finance.

The PSDP allocations over the last five years reflect a mixed trend. They declined by 7.28 percent in 2020-21 compared to 2019-20,

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<sup>7</sup> Source: PSDP 2023-24, Ministry-wise summary - Ministry of Planning Development and Special Initiatives

followed by a further decline of 15.38 percent in 2021-22 compared to 2020-21. This was followed by a rise of 43 percent in 2022-23 and 19.40 percent in 2023-24, as shown in the following histograms.

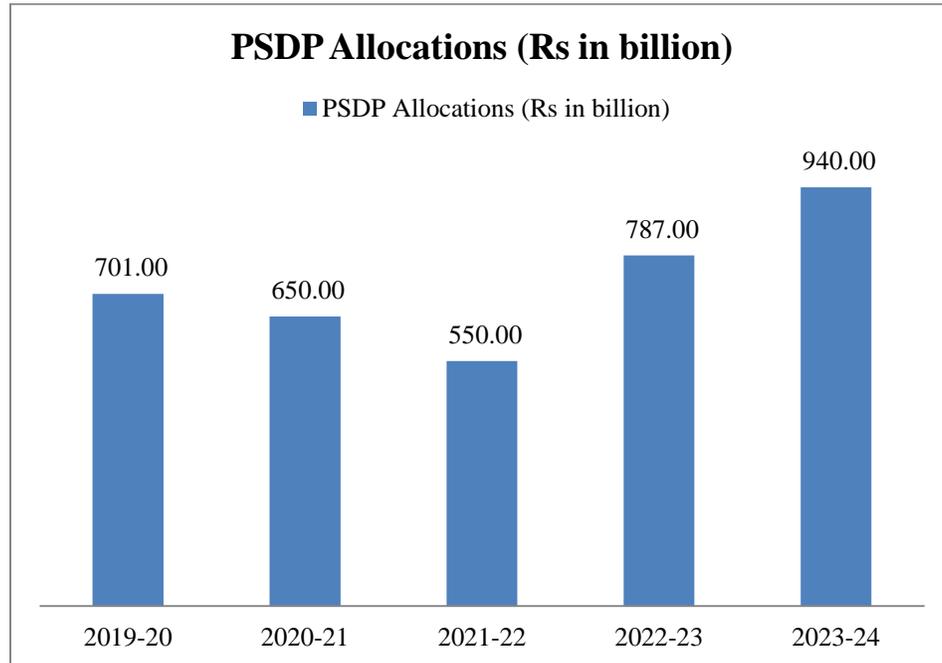


Figure: PSDP Allocations for last five years (Source: PSDP Archive and Year Books - Ministry of Planning, Development and Special Initiatives)

It is worth mentioning that original allocations for the year 2021-22 were Rs. 900 billion, which were subsequently revised to Rs. 550.00 billion. Moreover, original allocations for the year 2022-23 were Rs. 800 billion, which were revised as Rs. 787 billion.

Infrastructure development works of federal government are executed by specialized department, namely Pakistan Public Works Department, development authorities/agencies like National Highway Authority, Capital Development Authority, Civil Aviation Authority, Federal Government Employees Housing Authority, Pakistan Housing Authority Foundation, Higher Education Commission, Sindh Infrastructure Development Company Limited, Gwadar Port Authority, etc., and also by some ministries/departments concerned. The public sector autonomous organizations - such as CAA, CDA, FGEHA, PHAF,

etc. – generate their own resources for implementing development programmes. However, CDA and CAA also receive PSDP funds for certain projects. NHA, though generates its own resources, it also receives Cash Development Loan (CDL) from federal government and foreign loans through PSDP of Ministry of Communications for execution of development projects.

The development spending trend of the departments (including PSDP and self-generated financial resources) under auditorial jurisdiction of this office during last five years is as under:

#### **Year-wise Development Expenditure of Departments**

Department	Expenditure (Rs. in billion)				
	2019-20	2020-21	2021-22	2022-23	2023-24
NHA	155.119	98.147	81.269	94.168	90.518*
CAA	9.01	12.408	14.564	10.084	9.361
PPWD	5.52	24.397	21.532	102.103	71.774
PHAF	2.39	2.832	4.333	4.625	3.716
FGEHA	3.14	7.865	8.958	10.446	8.478
CDA/MCI	2.85	9.005	28.442	39.599	20.706
HEC	4.54	3.496	6.579	4.004	5.335
SIDCL	5.05	7.229	4.790	3.185	2.286
GPA	3.83	4.014	0.915	0.015	-
FBR	-	7.041	9.60	8.406	9.131
<b>Total</b>	<b>191.449</b>	<b>176.434</b>	<b>180.982</b>	<b>276.635</b>	<b>221.305</b>

Source: Expenditure statements/Financial statements for the years 2019-20 to 2023-24 of the departments concerned

\* Excluding expenditure of Rs. 33.788 billion on account of repayment of CDL.

The above table indicates that development expenditure of these departments has a mixed trend. Expenditure decreased in 2020-21 and then increased in 2021-22 and 2022-23. In the financial year 2023-24, it again decreased.

There are two main sectors under the Audit jurisdiction of Directorate General of Audit Works (Federal), Islamabad as follows:

1. **Communication and Transport** which includes National Highway Authority in Road Infrastructure Sector and Civil Aviation Authority in Aviation Sector.
2. **Housing & Physical Planning** which includes Pakistan Public Works Department, Pakistan Housing Authority Foundation, Federal Government Employees Housing Authority and Capital Development Authority/Metropolitan Corporation Islamabad.

Sector-wise analysis is as follows:

**i. Communication and Transport**

**Road Infrastructure**

Transport sector in general and road infrastructure in particular have an enduring effect on economic growth of Pakistan. NHA is responsible to plan promote, organize and implement construction, development, operation, repair and maintenance of 48 national highways, motorways, expressways and strategic roads (14,480 km)<sup>8</sup> which is 5% of total national road network (263,775 km). It supports 80% of commercial traffic.

Pakistan Vision 2025 envisages increase in road density from around 260,000 km to 358,000 km. NHA has aspired to double the road density till 2025 by increasing the Public-Private Partnership (PPP). It has been seeking for interested local, as well as, foreign firms for investment. Sambrial-Kharian, Kharian-Rawalpindi and Sukkur-Hyderabad Sections of National Highways have been awarded by NHA on PPP mode.

Through Medium Term Budgetary Framework (Performance Based Budget 2022-23 to 2024-25), the Government of Pakistan set and assign medium term priorities for development and improvement of

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<sup>8</sup> Pakistan Economic Survey 2023-24

various sectors. As per MTBF, NHA is responsible for development of road infrastructure, its expansion and maintenance. NHA has planned to embark on various programmes for construction of new roads/bridges and improvement/rehabilitation of the existing infrastructure.

Through China-Pakistan Economic Corridor, NHA is connecting Khunjerab to Gwadar. Short term projects of eastern alignment include Construction of Karakorum Highway Havelian-Thakot Section (118 km) and Sukkur-Multan Section of Peshawar-Karachi Motorway (392 km). These sections had been completed by NHA through foreign loan. CPEC Western alignment project Dera Ismail Khan-Hakla (285 km) had been substantially completed through Federal Government funding and was open to traffic from 05.01.2022.

Among other CPEC projects, “Construction of Eastbay Expressway at Gwadar Port” (financed through China loan) had been completed by Gwadar Port Authority (GPA) as a part of modernization of port facilities under CPEC and maritime linkage. This project will connect Gwadar Port with hinterland through M-8 and Makran Coastal Highway. The project has been completed and inaugurated in June 2022.

### Development portfolio of NHA

NHA development portfolio for the year 2023-24 is as under:

Description	No. of projects	Allocations (Rs. in million)		
		Foreign	Local	Total
Ongoing Projects	68	11,690.00	91,685.614	103,443.614
New Projects	51	1,400.00	42,724.386	44,124.386
<b>Sub-Total</b>	<b>119</b>	<b>13,090.000</b>	<b>134,410.00</b>	<b>147,568.000</b>
BOT/PPP Projects	03	0	10,000.000	10,000.000
<b>Grand Total</b>	<b>122</b>	<b>13,090.000</b>	<b>144,410.000</b>	<b>157,568.000</b>

Source: NHA PSDP Utilization Status Report for the year 2023-24

PSDP budget was revised as Rs. 122,500.456 million (Foreign Rs. 13,090.00 million and Local Rs. 109,410.456 million).

Overall utilization of PSDP funds was Rs. 122,302.82 million, which includes local component of Rs. 75,608.628 million, foreign component of Rs. 12,906.025 million and CDL adjustment of Rs. 33,788.167 million. The local component also includes BOT projects amounting to Rs. 1,016.334 million.

There were 51 new schemes with original allocation of Rs. 44,124.386 million. Only six of the new schemes could be initiated physically and expenditure of Rs. 8,115.850 million (18.39% of the allocation of Rs. 44,124.386 million) was incurred on civil works against new schemes. One out of 51 new projects involved foreign assistance, but the project could not be started. This indicates that new schemes could not be implemented as per planned targets. There were 68 ongoing projects but, no expenditure was incurred against 05 projects during the financial year 2023-24. As such, construction activity on ongoing projects was also not according to the planned targets.

### **Public-Private Partnership**

Allocation in original PSDP for 2023-24, included three BOT projects for Rs. 10,000.000 million as Viability Gap Funding (VGF). However, allocation was revised to Rs. 1,030.000 million. In two projects “Construction of Kharian-Rawalpindi Motorway” and “Sialkot (Sambrial)-Kharian Motorway” a sum of Rs. 1,010.448 million was utilized. Third project, “Hyderabad-Sukkur Motorway (M-6) could not be started despite execution of concession agreement in December 2022 and original allocation of Rs. 5,700.000 million during 2023-24. As such, investment opportunities through PPP mode have not been exploited optimally by NHA as no activity could be undertaken against most of the PPP projects.

## **Maintenance of road network**

As per performance indicator given in Medium Term Budgetary Framework (Performance Based Budget) road maintenance of 11,500 km was planned during 2023-24. Planned activities of current and previous years were not carried out accordingly which may result in deterioration of road network. Annual Maintenance Plan (AMP) prepared by NHA has not been implemented efficiently.

AMP (2023-24) was estimated at Rs. 72,851.100 million but, an expenditure of Rs. 8,216.642 million (11.27%) could be incurred. In addition to the current year's estimation, a sum of Rs. 139,661.671 million was provided in AMP for previous year's liabilities and only Rs. 73,023.358 million (52.29%) were spent on road maintenance activities, which indicated poor performance of the maintenance units of NHA all over Pakistan. Delay in implementation of AMP results in difficulties for road commuters, including life threats, and higher economic cost due to inflation. Further, delay in execution causes deterioration of road network and resultant enhancement of the scope of work.

## **Revenue Collection**

NHA has lawful authority to collect revenue for operation and maintenance of its road network. The collection broadly pertains to (i) Revenue from tolls and (ii) Revenue from commercialization of ROW.

### **a. Toll Revenue**

An analysis of toll collections shows that there was steady rise in 2020-21 and 2021-22, mainly due to increase in road network, however, it decreased during 2022-23 and 2023-24. The decrease in toll revenue in the year 2022-23 is due to award of toll collection contract of Lahore-Abdul Hakeem, Multan-Sukkur, Pindi Bhattian-Multan, Islamabad-Peshawar, Hassan Abdal-Havelian and Hakla-D.I Khan Motorways on

32.5% O&M cost causing decrease in net toll income. Comparative analysis is shown in the following table:

**NHA Toll Collection Analysis for the years 2015-16 to 2023-24**

<b>Year</b>	<b>Toll Collection (Rs. in million)</b>	<b>Increase/(Decrease) (Rs. in million)</b>	<b>Percentage Increase/ (decrease)</b>
2015-16	15,563.00	---	---
2016-17	18,504.00	2,941.00	18.89 %
2017-18	19,191.00	687.00	3.71 %
2018-19	23,052.00	3,861.00	20.12 %
2019-20	25,573.00	2,521.00	10.94%
2020-21	29,657.00	4,084.00	15.96%
2021-22	35,063.00	5,406.00	18.23%
2022-23	33,399.37	(1,663.63)	(4.74%)
2023-24	32,098.44	(1,300.93)	(3.89%)

Source: Financial statements for the years 2015-16 to 2023-24

**b. Revenue from commercialization of ROW**

Revenue generation through commercialization of Right of Way (ROW)/rent shows a visible increase in 2020-21. It decreased again to the previous level of 2019-20 with marginal increase in the subsequent years. In the year 2023-24, it was however 3% more than the estimated receipt of Rs. 2,143.753 million.

**NHA Right of Way Income for the years 2017-18 to 2023-24**

<b>Years</b>	<b>Total (Rs. in million)</b>
2017-18	1,912.914
2018-19	1,910.758
2019-20	1,938.077
2020-21	3,644.000
2021-22	2,164.260
2022-23	2,372.320
2023-24	2,215.814

Source: Financial statements and information provided by NHA for the years 2017-18 to 2023-24

## **Institutional sustainability**

Due to inefficient revenue management, NHA is unable to generate matching resources to rehabilitate/maintain the existing road network, as well as, repay the cash development loan from Federal Government. Due to non-payment of cash development loan by NHA, Ministry of Finance has made deduction at source from releases of PSDP during 2023-24 (Rs. 33,788.167 million i.e., 27.62% of total releases of Rs. 122,316.48 million). This has adversely affected the cash flows for development projects, resulting in hampering of physical progress and subsequent throw forward to the next financial year with resultant cost overrun.

NHA is facing financial deficit with varying trend (operating income versus operating expenses) mainly due to depreciation expense in Income and Expenditure Account/financial statements. Detail is as under:

### **NHA Financial Deficit Analysis**

**(Rs. in billion)**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24*</b>
Deficit after taxation	135.476	254.568	169.504	413.454	318.029

\* As per draft financial statements for the year 2023-24

Sharp increase in deficit for the year 2022-23 was mainly due to disclosure of “Finance Cost” on account of mark-up on long terms loans for Rs. 153.159 billion, which was shown as “Nil” in the year 2021-22.

Non-current and current liabilities i.e., long term loans (Cash Development Loan) also have a rising trend:

### **NHA’s Non-Current and Current Liabilities Analysis**

**(Rs. in billion)**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24*</b>
Local (GoP, Provincial Govt.)	1,012.360	1,112.887	1,170.016	1,244.124	1,351.274

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24*</b>
Foreign Loan	723.158	733.292	781.238	853.730	862.096
<b>Total</b>	<b>1,735.518</b>	<b>1,846.179</b>	<b>1,951.254</b>	<b>2,097.854</b>	<b>2,213.37</b>
Mark-up on long term loans	709.029	841.263	841.263	1,061.319	1,220.042

\* As per draft financial statements for the year 2023-24

The Authority has current liability of re-payment of mature long term loans of Rs. 511.433 billion and interest thereon amounting to Rs. 1,220.042 billion.

### **Governance issues**

From audit paras issued to National Highway Authority, Audit observed deviation from compliance processes i.e., faulty designing, non-implementation of Annual Maintenance Plan, inability to manage debt servicing, inadequate implementation of PSDP and delay in award of works, non-adherence to PPRA/Planning Commission's guidelines, mis-management in EPC/turnkey contract implementation/non-adjustment of cost of un-executed works, inadequate planning leading to a series of variation orders during execution, weak revenue management & accumulation of receivables, non-obtaining of performance security from toll contractors, non-encashment of bank guarantees, etc. (Paras 2.4.1, 2.4.2, 2.4.3, 2.4.6, 2.4.7, 2.4.8, 2.4.10, 2.4.12, 2.4.14, 2.4.16)

The analysis of observations revealed that major deviations are due to weak internal controls, non-adherence to contract spirit, late financial releases and improper planning, execution and monitoring.

The sector may witness improvement if internal controls are strengthened, proper planning, execution and monitoring is done diligently to ensure timelines and thus reduce cost overruns, escalation and change in scope during the execution.

## **Aviation Sector**

As per Pakistan Vision 2025 a key objective related to the aviation sector, will be enhancement of the cargo and passenger infrastructure and handling capacity at important airports to meet the delivery needs of a modern global supply chain. Further, a revised civil aviation policy will be formulated.

National Aviation Policy stipulates separation of regulatory and service provision functions in CAA, promotion of import and export through air cargo villages and upgradation of airports. Pakistan Civil Aviation Ordinance, 2021 and Pakistan Airports Authority, Ordinance 2021 have been promulgated in line with National Aviation Policy. Air cargo villages were not established by CAA. However, in DAC meeting held on 26.12.2024, the management apprised that development of Cargo Villages has been cancelled owing to outsourcing of the major airports in light of Federal Government decision. After discussion the DAC directed the Authority to share the new policy for cargo villages showing the scope in outsourcing of Airports (Para 17 of Commercial & Estate Directorate, PAA, Karachi). Further, adequacy of operation of air routes of politically and socially deprived locations was not determined so far.

On 31.12.2022, Government of Pakistan decided to outsource the operational management of the Jinnah International Airport Karachi, Allama Iqbal International Airport Lahore and Islamabad International Airport to international operators, in order to attract foreign investment. The same has not been finalized as yet.

## **Development portfolio**

Annual Development Programme of CAA contained allocation of Rs. 25,004.372 million for infrastructure development/upgradation of airports for the financial year 2023-24.

CAA has taken up the initiative of upgradation/extension of airports at Lahore, Faisalabad, Peshawar, Quetta and Karachi, as per

Aviation Policy. Work at Peshawar has been completed and works at other stations are in progress. Another project “Construction of New Gwadar Airport”, is also one of the performance indicators towards compliance of International Civil Aviation Organization standards. Construction of runway is complete, however, terminal building work is in progress (overall 75% physical progress). Airport at Skardu has been upgraded. Development/construction of Green Field aerodrome for general aviation activities at Muridke, near Sheikhpura, has also been initiated as a substitute of Walton Aerodrome.

### Revenue collection

CAA has a good stream of revenue on account of aeronautical and non-aeronautical activities. Analysis of revenue collections during last five years (shown below) indicates a steady rise except 2019-20, and 2020-21.

#### CAA’s Revenue Collection Analysis

Type of Revenue	Amount realized (Rs. in billion)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Aeronautical	57.181	38.936	75.552	124.195	149.057
Non-Aeronautical	9.174	10.401	12.322	14.360	19.106
<b>Total</b>	<b>66.355</b>	<b>49.337</b>	<b>87.874</b>	<b>138.555</b>	<b>168.163</b>

Source: Financial Statements for the years 2019-20 to 2023-24

Due to the spread of Covid-19, reduction in passenger and air traffic, the aeronautical revenue of the Authority in 2020-21 (Rs. 38.936 billion) decreased by 31% as compared to previous years realization of Rs. 57.181 billion and by 49% as compared with actual aeronautical revenue realized during 2018-19 (Rs. 77.148 billion), a Pre-Covid situation. However, in subsequent years during 2021-22, 2022-23 and 2023-24, it has raised tremendously.

### Governance issues

Audit has observed that major issues in this sector have been non-realization of due revenue, especially from Pakistan International

Airlines, non-maintenance of Measurement Books, non-resolution of land disputes & encroachment of CAA land, increasing trend of doubtful debts, inadequate implementation of Annual Development Plan, etc. (Paras 4.4.1, 4.4.3, 4.4.4, 4.4.16 4.4.18)

The analysis of the audit observations revealed that the deviations are due to weak internal controls.

## **ii. Housing and Physical Planning**

As per Rules of Business 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defense Division and Ministry of Foreign Affairs. Pak PWD, FGEHA, PHAF and Naya Pakistan Housing and Development Authority (NAPHDA) are the implementing arms of Housing and Works and Cabinet Division to discharge with the assigned responsibilities.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. The FGEHA is authorized to initiate, launch, sponsor and implement Housing Schemes for Federal Government Employees in major cities of Pakistan, to make and assist, as far as possible, each of them to have house at the time of retirement or earlier. PHAF is mandated to provide shelter and to reduce the housing shortfall in Pakistan.

CDA and MCI under the administrative control of Interior Division are responsible for development of new sectors, allotment and transfer of plots, maintenance of sectors, municipal services, provision of health and medical services in Islamabad and Federal Capital Territory, etc.

### **Governance Issues**

Audit observed that matters relating to private housing societies and construction activities for residential and commercial buildings have not been properly monitored. (Paras 3.4.1, 3.4.20)

## **1.2 Issues relating to Financial Attest Audit of Appropriation Accounts of Pakistan Public Works Department**

Pakistan Public Works Department (Pak. PWD) maintains its accounts as a self-accounting entity. Directorate General of Audit Works (Federal), Islamabad conducted Financial Attest Audit of the Appropriation Accounts of Pak. PWD as per Section 7 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The results of Financial Attest Audit were reported to the Department through Management Report. Compliance related significant issues have been included in Chapter 5 of the report.

## **CHAPTER 2**

### **NATIONAL HIGHWAY AUTHORITY (MINISTRY OF COMMUNICATIONS)**

#### **2.1 Introduction**

**A.** National Highway Authority (NHA) was established in 1991 through an Act of Parliament. The purpose and functions of the Authority are to plan, promote, organize and implement programmes for construction, development, operation, repair and maintenance of national highways and strategic roads specially entrusted to it by the Federal Government or by a Provincial Government or any other authority concerned.

NHA is under the administrative control of Ministry of Communications (Communications Division). As per Schedule II of the Rules of Business, 1973, business assigned to Communications Division includes national policy, planning, research and international aspects of roads and road transport; national highways and strategic roads; National Highway Council and Authority; administration of the Central Road Fund and Fund for Roads of National Importance.

NHA has its headquarters at Islamabad with regional offices at Peshawar, Abbottabad, Burhan, Gilgit, Kallar Kahar, Mianwali, Lahore, Multan, Karachi, Sukkur, Quetta, Khuzdar and Gwadar.

#### **B. Comments on Budget and Accounts (Variance Analysis)**

Following shows fund-wise position of budget allocation and actual expenditure (with reference to nature of fund) of NHA for the financial year 2023-24:

(Rs. in million)

Type of Funds	Budget	Actual Releases	Expenditure	Excess/ (Saving)
1	2	3	4	5 (3-4)
<b>Non-Development</b>				
Maintenance Grants (GoP)	10,000.000	10,000.000	9,998.859	(1.141)
Road Maintenance Account (AMP 2023-24)	72,851.100	8,216.642	8,216.642	-
Provision against previous years' AMP	139,661.671	73,023.358	73,023.358	-
Pay & Allowances and Operational Expenditure	11,912.592	10,762.364	10,762.364	-
<b>Sub-Total (Non-Development)</b>	<b>234,425.363</b>	<b>102,002.364</b>	<b>102,001.223</b>	<b>(1.141)</b>
<b>Development</b>				-
PSDP (Local)	109,410.456	75,622.289	75,608.628	(13.661)
Foreign Loans (Development)	13,090.000	12,906.025	12,906.025	-
PSDP CDL Adjustment	-	33,788.167	33,788.167	-
Deposit Works (Shatiyal Thor Nullah Bypass)	2,003.014	2,003.014	2,003.014	-
<b>Sub-Total (Dev)</b>	<b>124,503.470</b>	<b>124,319.495</b>	<b>124,305.834</b>	<b>(13.661)</b>
<b>Grand Total</b>	<b>358,928.833</b>	<b>226,321.859</b>	<b>226,307.057</b>	<b>(14.802)</b>

Source: Utilization Reports/Expenditure statements provided by NHA

Operating income of NHA for the financial year 2023-24 is as under:

(Rs. in million)

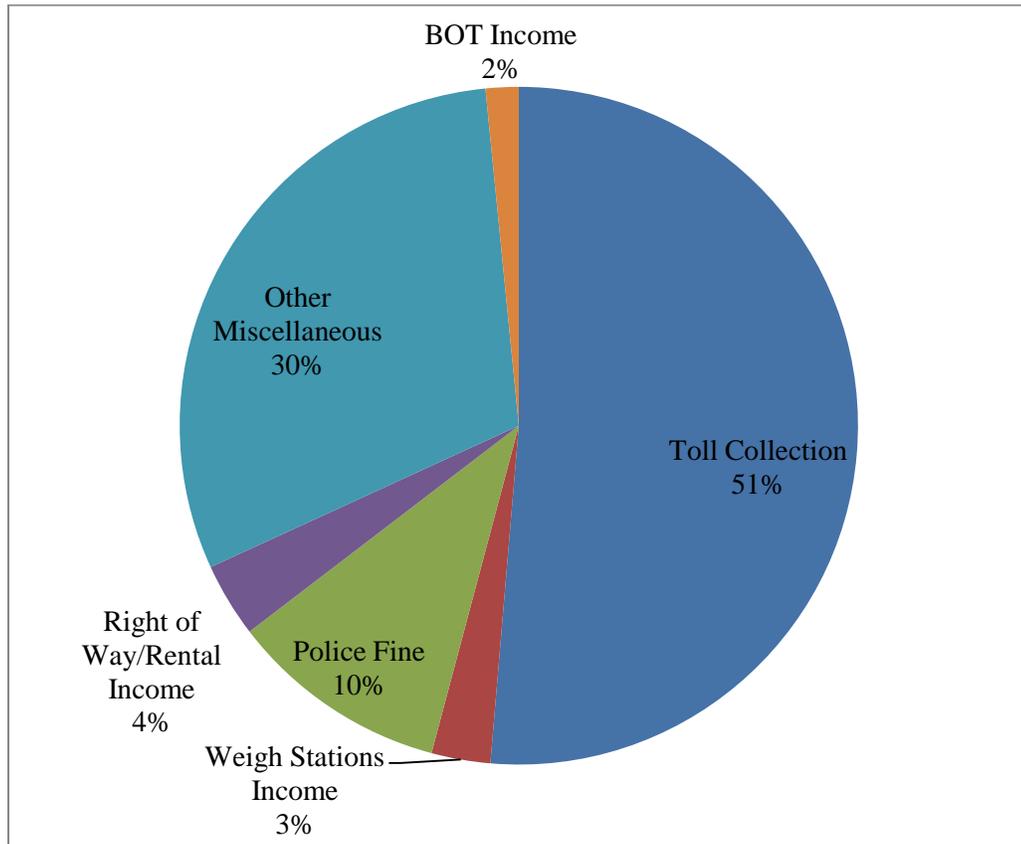
S. No	Head	Estimated Revenue	Actual Receipt Realized	Excess/ (Shortfall)	Percentage Excess/ (Shortfall)
1	Toll Collection	32,349.826	32,098.000	(251.826)	(0.78%)
2	Weigh Stations Income	1,315.511	1,755.848	440.337	33.47%
3	Police Fine	4,000.000	6,537.803	2,537.803	63.45

S. No	Head	Estimated Revenue	Actual Receipt Realized	Excess/ (Shortfall)	Percentage Excess/ (Shortfall)
4	Right of Way/Rental Income	2,143.753	2,215.834	72.081	3.36
5	Miscellaneous	12,799.911	18,932.244	6,132.333	47.91
6	BOT Income	982.638	982.638	-	-
<b>Total</b>		<b>53,591.639</b>	<b>62,522.367</b>	<b>8,930.728</b>	<b>16.66</b>

Source: Income statement provided by NHA

Percentage of head-wise revenue collection of NHA for the year 2023-24 is given in the following pie chart:

**Head-wise Percentage of Revenue**



Comments on 'Receipt and Expenditure Account' of NHA for the financial year 2023-24 are as under:

- NHA incurred expenditure of Rs. 81,240.000 million against allocation of Rs. 212,512.771 million for maintenance of roads, which constitutes 38.2% of the allocation. This expenditure is inclusive of Rs. 73,023.358 million for previous years' AMP. Thus, Annual Maintenance Plan was not implemented optimally.
- A sum of Rs. 33,788.167 million was adjusted by Finance Division from PSDP of NHA on account of repayment of Cash Development Loan (CDL) as NHA has not repaid matured liability against CDL to Federal Government from its own generated revenue. Deduction from the PSDP allocations would cause delay in completion of development projects and result in cost overruns.

### C. Audit Profile of NHA

(Rs. in million)

S. No.	Description	Total	Audited	Expenditure audited FY 2023-24	Revenue/ Receipts audited FY 2023-24
1	Formations	58	25	124,977.257	-
2	Assignment Accounts SDAs, RFAs (Excluding FAP)	132	132*	-	-
3	Foreign Aided Projects (FAP)**	08	08	13,746.707	-

\* Three Assignment Accounts for Maintenance Grants for national highways, KKH Thakot Khunjerab Road, KKH Skardu Road, Torkham-Jalalabad Road and Mianwali Road and 129 Assignment Accounts for Cash Development Loan under PSDP (including 08 Assignment Accounts of foreign-aided projects). Expenditure audited

shown against formations is inclusive of Assignment Accounts and own resources of NHA.

\*\* Financial Attest Audit Reports submitted to Economic Affairs Division and Development Partners concerned. Significant audit observations have been included in the report. This figure includes PSDP/non-PSDP loans, grants and counterpart Government funds. This also includes two CPEC related projects involving expenditure of Rs. 6,906.969 million.

Note: In addition to 25 audited formations indicated in the table above, four formations were audited during Phase II of 2023-24 involving an expenditure of Rs. 5,367.068 million and revenue of Rs. 40,345.348. Results of these audits have been incorporated in the report.

## 2.2 Classified summary of audit observations

Audit observations amounting to Rs. 33,639.082 million are raised in this audit report. This amount also includes recoverable of Rs. 8,491.553 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

### Overview of audit observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	
A	Procurement/award related irregularities	6,559.713
B	Execution of works, contract agreement	20,202.358
2	Revenue related issues	6,877.011
<b>Total</b>		<b>33,639.082</b>

## 2.3 Brief comments on the status of compliance with PAC's directives

Compliance position with PAC's directives on previous Audit Reports relating to NHA is as under:

<b>Year</b>	<b>Total Paras</b>	<b>Total No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of compliance</b>
1987-88	10	10	8	2	80
1989-90	3	3	2	1	66.67
1990-91	9	9	8	1	88.89
1991-92	31	31	25	6	80.65
1992-93	88	88	83	5	94.32
1993-94	117	117	26	91	22.22
1994-95	38	38	34	4	89.47
1995-96	25	25	23	2	92
1996-97	45	45	42	03	93.33
1997-98	468	468	358	110	76.50
1998-99	177	177	154	23	87.01
1999-00	185	185	130	55	70.27
2000-01	244	244	213	31	86.58
2000-01 PAR	2	2	-	2	0
2001-02	70	70	43	27	61.43
2002-03	21	21	10	11	47.62
2003-04	50	50	36	14	72
2004-05	27	27	19	08	70.37
2005-06	30	30	25	05	83.33
2006-07	65	65	50	15	76.92
2007-08	36	36	13	23	36.11
2009-10	71	71	40	31	56.34
2009-10 PAR	20	20	3	17	15
2008-09 SAR	120	4	-	4	0
2010-11	86	86	43	43	50
2010-11 PAR	16	16	1	15	6.25
2010-11 PAR	24	24	11	13	45.83

<b>Year</b>	<b>Total Paras</b>	<b>Total No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of compliance</b>
2010-11 PAR	36	36	18	18	50.00
2011-12	58	03	03	0	100
2013-14	45	45	14	31	31.11
2014-15	60	16	7	9	11.67
2015-16	117	10	02	08	20.0
2016-17	205	33	15	18	45.45
2017-18	95	27	10	17	37.00
2018-19	77	41	9	32	21.95
2019-20	110	42	30	12	71.42

Note: PAR stands for Performance Audit Report and SAR stands for Special Audit Report. Audit Reports for 2020-21, 2021-22, 2022-23 and 2023-24 were not discussed by PAC till the finalization of this Audit Report. Whereas Audit Reports for 1997-98, 2008-09 (Special Audit Report FY 2005-08), 2011-12, 2012-13, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were partially discussed.

## 2.4 AUDIT PARAS

### 2.4.1 Non-execution of remaining works - Rs. 4,284.475 million

Clause 13.3.1 (Employer's requirement) provides that the construction Firm is responsible for design quality. The Quality Management Plan will be submitted to the Employer with draft design plan for review and approval to confirm that design work complies with the requirement of the Contract documents prior to initiation of construction activities on the project.

Audit noted that contract of Improvement, Upgradation and Widening of Jaglot-Skardu Road was awarded to M/s Frontier Works Organization on 20.06.2017 on EPC (Engineering, Procurement and Construction) basis for lump sum amount of Rs. 31,000 million (42.86% above PC-I, EPC Cost of Rs. 21,699.970 million) in consideration of survey, design, execution, completion, maintenance and defects liability of the works as prescribed in the contract documents with a commencement date of 29.06.2017 and completion date of 28.06.2020 which was revised up to November 2022. The contractor was paid an amount of Rs. 23,656.023 million up to 11<sup>th</sup> Interim Payment Certificate (IPC).

Audit observed that as per contract agreement/Bill of Quantities (BOQ) the following items of work valuing Rs. 11,718.637 million were required to be executed but the Authority could not get executed the works leaving unexecuted works valuing Rs. 4,284.475 million despite elapse of completion period since November 2022, as detailed below:

(Rs. in million)

S. No.	Item of work	Value of work to be executed	Value of work executed	Cost of un-executed works
1	Retaining Wall/Toe Walls	10,316.800 126 km	6,720.149 91.54 km	3,596.651 34.46 km
	Triple Surface Treatment/Plain Cement Concrete Shoulders	382.065 164 km	248.344 107 km (65%)	133.723 57 km
2	Side Drains	353.059 126 km	247.142 57 km	105.917 69 km

<b>S. No.</b>	<b>Item of work</b>	<b>Value of work to be executed</b>	<b>Value of work executed</b>	<b>Cost of un-executed works</b>
3	Reinforced Cement Concrete (RCC) New Jersey Barriers	666.713 17.97 km	218.527 5.89 km	445.217 12.08 Km
	<b>Total</b>	<b>11,718.637</b>	<b>7,134.162</b>	<b>4,284.475</b>

Audit further observed that above-mentioned works were of protective nature but the management did not take any action against the contractor for not getting the said works executed in accordance with the contract clauses.

Audit pointed the non-execution in September 2024. The Authority did not reply.

The matter was discussed in DAC meeting held on 31.01.2025, wherein the management explained that balance works are included in punch list and contractor has been asked to complete the balance works. Further, revised PC-I is under process for approval by ECNEC. Audit contended that work was executed on EPC mode and contractor was bound to execute works as per employer's requirements. The contractor failed to execute the balance works but the works which were important to ensure commuters' safety and reduction of accidents as envisaged in PC-I were not got executed. DAC directed the Authority to take action in the light of provision of contract clause & revised PC-I, and ensure execution of balance work.

Audit recommends compliance of DAC directive regarding execution of balance work.

(AIR G.M Gilgit Baltistan, Paras 10, 12 & 13)

#### **2.4.2 Defective design which led to additional work through variation order without open competition - Rs. 4,080.00 million**

Para 56 of Chapter 2 of NHA Code (Vol-I) provides that Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. Technical sanction which is concerned with actual design and execution of the work and ensures that design and specifications are in accordance with sound engineering practices.

Rule 42 (I) (iv) of Public Procurement Rules 2004 provides that a procuring agency shall only engage in direct contracting if the repeat orders do not exceed fifteen percent (15%) of the original agreement.

The construction of four lane carriageway (11.8 Km) bypass including the existing Spina More was not included in the scope of original work “Dualization and Improvement of Indus Highway (N-55) Karak to Kohat (Package-II)”.

Audit noted that National Highway Authority awarded the work “Dualization and Improvement of Indus Highway (N-55) Karak to Kohat (Package-II) Length 73.86 Km to M/s ACG-Matracon for Rs. 11,946 million in February 2018. Date of commencement was 26.05.2018 with completion period 24 months. The contractor was paid through IPC No.10 with total value of work done for Rs. 12,305.586 million.

Audit observed that an additional work “Construction of four lane carriageway (11.8 Km) bypass including the existing Spina More” was added in the original contract as variation order-02. The cost of the additional bypass carriageway was added in V.O-02 for Rs. 4,080.00 million based on contract BOQ rate dated February 2018. It is pertinent to mention here that price adjustment in this Package on BOQ rate was paid 96.85% in August 2023. The actual cost of this additional bypass was more than Rs. 8,000.00 million. The design, alignment and scope of work of the additional bypass were entirely different from the original

work. Hence, the defective design led to award of additional work of Rs. 4,080.00 million to the existing contractor through variation order without fair competition.

Audit maintains that irregularity occurred due to violation of NHA Code and non-adherence to rule 42 (I) (iv) of Public Procurement Rules-2004.

Audit pointed out the issue of defective design and award of additional work in September 2024. The Authority replied that total length of N-55 Package-II was provided 66.56 Km including the existing Spina More area in original scope. Total length of Spina More was 6 Km, wherein 1.7 Km and 1.0 Km length had steep gradient of 6%, which was beyond the criteria specified in design standards. There were geometric deficiencies in tender drawings which were not met. NHA Executive Board in its 346<sup>th</sup> Meeting held on 11.01.2021, had approved the new alignment of Spina More Bypass.

The Authority admitted that 6% gradient was not considered during the design phase which indicates that original estimate/design was prepared without detailed survey, field tests, topography of site.

The matter was discussed in DAC meeting held on 31.01.2025. Audit contended that there were primarily design flaws which later on led to award of additional work through variation order and that too without fair competition. The management explained that revised PC-I is in process of approval and the matter is being inquired by Planning Commission. DAC directed NHA to provide revised PC-I and Planning Commission's inquiry outcome to Audit for evaluation.

Audit recommends that revised PC-I along with outcome of inquiry by Planning Commission be provided to Audit.

(AIR G.M Construction South NHA Peshawar, Para 12)

### 2.4.3 Accumulation of receivables on account of uncollected toll and weigh station income - Rs. 3,949.814 million

As per para 3 (Chapter-III) of Standard Operating Procedure for preservation and commercialization of Right of Way, 2002 (NHA Code Volume-II), the Authority shall be responsible for collecting/generating revenues either directly or through legally executed contracts for Corridor Management with Corridor Management Contractors. Further, as per Rule 6 of NHA Road Maintenance Account Rules, 2003, NHA shall ensure cost-effective, transparent, and accountable arrangements for the collection of the Road Maintenance Account revenues.

Audit noted during scrutiny of the accounts record (Trial Balance) of General Manager, RAMD NHA, Islamabad for the financial year 2023-24 that an amount of Rs. 3,949.813 million was shown as receivables, as detailed below:

**(Rs. in million)**

<b>Head of receipt</b>	<b>Total Dues</b>	<b>Amount Received</b>	<b>Outstanding</b>
Toll Collection	26,137.953	22,833.839	3,304.114
Weigh Station Collection	1,421.350	775.650	645.700
<b>Total</b>	<b>27,559.303</b>	<b>23,609.489</b>	<b>3,949.814</b>

This resulted in non-recovery of NHA dues on account of toll collection and weigh station collection of Rs. 3,949.814 million.

Audit maintains that the non-recovery of NHA dues was due to weak financial controls and lack of oversight.

Audit pointed out the matter in July 2024. The Authority replied that actual recoverable dues were Rs. 1,922 million as on 30.06.2024 which were subsequently reduced to Rs. 972.00 million after effecting the recovery. Authority admitted non-recovery of dues from operators/concessionaire. Reconciliation of effected recovery besides efforts towards realization of outstanding dues be shared with Audit.

The matter was discussed in DAC meeting held on 30.01.2025. Audit contended that accumulation of outstanding dues of the entity is a matter of concern in the wake of responsibility of maintenance of huge road network. The management explained that recovery of outstanding dues is being pursued. DAC directed the management to provide reconciled details of recovered amount and balance recovery along with aging and efforts for recovery to Audit.

Audit recommends compliance of DAC directive.

(AIR G.M RAMD, Para 05)

#### **2.4.4 Irregular payment without approval from competent authority - Rs. 1,869.882 million**

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

Audit noted that NHA awarded the project Construction, Rehabilitation and Widening of Chitral-Ayun-Bumborate & Bumborate to Kalash Valley Road Package-I to M/s HRK & Company - M/s Malik Abdul Qayyum Kakar & Company - M/s Shah Builders (JV) and Package-II to M/s HRK & Company - M/s Malik Abdul Qayyum Kakar & Company - M/s Sapna Builders (JV) at an agreed contract cost of Rs. 1,260.261 million and Rs. 1,756.459 million respectively. In Package-I, the contractor was paid Rs. 562.583 million up to IPC No. 05 and Price Escalation paid Rs. 309.299 million up to Escalation Payment Certificate (EPC) No. 02. In Package-II, the contractor was paid Rs. 1,045.467 million up to IPC No. 07 & Price Escalation paid for Rs. 539.177 million up to EPC No. 03.

Audit observed that item of work “Excavate/Disposed of Unsuitable/Surplus Unclassified (all types of excavated material)” was

executed and paid in excess of the provisions of contract agreement for Rs. 1,021.406 million without getting approval from competent authority, as detailed below:

**(Rs. in million)**

Package	Rate	Qty Paid	BOQ Qty	Excess Qty	Amount	Excess %
I	460	1,177,861	456,434	721,427	331.856	158%
II	465	2,248,318	765,414	1,482,904	689.550	193%
<b>Total</b>					<b>1,021.406</b>	

Audit also observed that the Authority made provisional payment on account of escalation amounting to Rs. 848.476 million for provisional work done Rs. 1,021.406 million. This resulted in irregular payment to the contractor without getting approval from competent authority for Rs. 1,869.882 million (Rs. 1,021.406 million + Rs. 848.476 million).

Audit pointed out the irregular payment without approval from competent authority in October 2024. The Authority replied that after Design Review by the supervisory consultant there is variation / changes in the quantities of some items with respect to Original Bill of Quantities. Such changes/variations were made strictly in accordance with the Site Requirements and justified on grounds. The excess quantities over the provisions in contract agreement were paid provisionally. The process of preparation of Revised PC-I is under progress. The reply was not agreed because the execution of work was carried out on the basis of defective estimation since inception of the work without revision of design from competent forum/PC-I.

The matter was discussed in DAC meeting held on 31.01.2025 wherein the management explained that changes in quantities of certain items were made by the supervisory consultant as a result of design review as per site requirement, however, revised PC-I is under process to regularize the variations. Audit contended that approval of competent authority was not obtained before making payment against revised quantities in violation of provisions of NHA Code. Further, Design Wing

of NHA failed to oversee the veracity of design prepared by design consultant. Action was also not taken against design consultant for unrealistic estimation. DAC directed NHA to take action against design consultant as per provision of consultant agreement besides approval of revised PC-I and strengthening of Design Wing of NHA to ensure proper oversight.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Report for the year 2023-24 vide para number 2.4.32, having a financial impact of Rs. 1,849.583 million. The recurrence of similar irregularity is a matter of serious concern.

(G.M Construction Chitral Para 14)

#### **2.4.5 Irregular payment without approval from competent authority - Rs. 914.821 million**

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

Audit noted that work of the project Improvement and Widening of Chitral-Booni-Mastuj-Shandur Road Package-IV (Shaidas-Shandur) was awarded to M/s Umer Jan & Co. at an agreed contract cost of Rs. 2,870.633 million on 09.09.2021 and formal agreement was signed on 25.11.2021. Date of commencement of the work was 25.08.2022. The contractor was paid up to IPC No. 03 and EPC No. 03 for up to date work done of Rs. 732.861 million. Price Escalation was paid for Rs. 258.430 million.

Audit observed that some items of work were executed and paid in excess of the provisions of contract agreement for Rs. 656.395 million without getting approval from competent authority, as detailed below:

**(Rs. in million)**

<b>Item Description</b>	<b>Rate (Rs per cu.m)</b>	<b>BOQ Qty (cu.m)</b>	<b>Qty Paid (cu.m)</b>	<b>Excess Qty (cu.m)</b>	<b>Amount</b>
Excavate surplus Common material	450	19,510	407,053	387,543	174.394
Excavate Surplus Hard Rock Material	520	15,858	134,482	118,624	61.684
Excavate Surplus Medium Rock Material	480	33,409	162,655	129,246	62.038
Excavate Surplus Soft Rock Material	480	21,169	599,629	578,460	277.661
Formation of Embankment from Roadway Excavation in Soft Rock material	530	12,678	164,787	152,109	80.618

Audit also observed that the Authority made provisional payment on account of escalation for specified material provided in appendix C to bid amounting to Rs. 258.430 million for provisional work done Rs. 732.860 million. This resulted in irregular payment of Rs. 914.821 million (Rs. 656.394 million + Rs. 258.430 million) to the contractor without getting approval from competent authority.

Audit pointed out the irregular payment to contractor without getting approval from competent authority in October 2024. The Authority replied that approval of variation order No. 01 for the work “Improvement and Widening of the Chitral-Booni-Mastuj-Shandur Road Package-IV (Shaidas-Shundur)” is currently in process. The contractor has been issued three Interim Payment Certificates (IPCs) and three Escalation Payment Certificates (EPCs), which were made as provisional

payments. All payments have been made in accordance with the provisions of the NHA Code, specifically Table XIII-3, and with the approval of the competent authority. The payments were executed in line with the established guidelines and procedures, ensuring compliance with the necessary financial controls.

The reply was not agreed because the execution of work was carried out on the basis of defective estimation since inception of the work without revision of design from competent forum and also without approval of work schedule.

The matter was discussed in DAC meeting held on 31.01.2025, wherein the Committee directed that a Fact Finding Inquiry be conducted at Ministry level and report be submitted to Audit within a month.

Audit recommends compliance of DAC directive.

(G.M Construction Chitral Para 4)

#### **2.4.6 Non-recovery of remuneration fee from consultant due to defective estimation - Rs. 82.894 million**

Clause 3.4 of the general conditions of the consultancy agreement states that the consultants are liable for the consequence of errors and omissions on their part or on the part of their employees in so far as the design of the Project is concerned to the extent and with the limitations that “if the Client suffers any losses or damages as a result of proven faults, errors or omissions in the design of a project, the Consultants shall make good such losses or damages, subject to the conditions that the maximum liability as aforesaid shall not exceed twice the total remuneration of the Consultants for design phase in accordance with the terms of the Contract.

During audit of the accounts of GM (Construction), Chitral, NHA, it was noted that NHA awarded two design consultancy agreements, as detailed below:

(Rs. in million)

Name of Project	Name of Consultant	Date of award	Consultancy Cost
Feasibility study and detailed design for improvement and widening of Chitral - Booni - Mastuj - Shandur Road (147 Km)	M/s Asif Ali & Associates (Pvt.) Ltd	31.08.2016	27.565
Feasibility study and detailed design for improvement and widening of Chitral- Ayun-Bumbrate	M/s ABM Engineers- Karachi	25.08.2016	13.882
		<b>Total</b>	<b>41.447</b>

Audit observed that during execution of project “Improvement and widening of Chitral - Booni - Mastuj - Shandur Road (147 Km)”, the quantities of earth work items were increased in four packages amounting to Rs. 1,205.266 million. It is worth mentioning that in package IV, Variation Order No.01 was initiated wherein earth work was increased to the extent of Rs. 678.314 million against estimated cost of Rs. 43.223 million which caused 1,569.335% enhancement than the original TS estimate.

Audit further observed that during execution of project “Improvement and widening of Chitral- Ayun-Bumbrate” the quantities of earth works items were increased in all packages than the quantities provided in the estimate amounting to Rs. 1,021.406 million.

Audit maintains that the consultants failed to fulfill their contractual obligations regarding preparation of estimates on accurate data/field survey and sound engineering practices which left sufficient room for the contractor to take maximum benefit in view of variations.

The consultants were liable to be penalized for faulty design in accordance with the contract clauses. The same was not complied with.

Non-adherence to contract/specification caused defective estimation and non-recovery of remuneration fee amounting to Rs. 82.894 million (Consultancy cost Rs. 41.447 million x 2) from consultants due to defective estimation.

Audit pointed out the matter of defective estimation and non-recovery of remuneration fees in October 2024. The project authorities replied that matter pertains to GM Design.

The Authority failed to respond to audit observation regarding defective estimation and recovery of amount involved from design consultant.

The matter was discussed in DAC meeting held on 31.01.2025 wherein the management explained that design was prepared in 2015-16, however, subsequently during execution, centerline shifted due to erosion of land following three floods. The matter was taken up with design consultant but final response is awaited. Audit contended that Design Wing of NHA failed to oversee the veracity of design prepared by the design consultant. Further, action was not taken against the design consultant for defective estimation. DAC directed that a fact finding inquiry be conducted by Ministry of Communications and report be submitted to Audit within a month.

Audit recommends compliance of DAC directive.

(Para 3, 15 GM Chitral)

#### **2.4.7 Non-recovery of outstanding dues against NOCs and leases - Rs. 2,927.198 million**

As per para 7 of Appendix-I of Chapter-IV of Regulatory Framework and Standard Operating Procedure for Preservation and Commercial Use of RoW 2002, in case the owner of commercial entity/amenity or any Government/Semi Government agency owning the

utility fails to pay the lease or ground or approach rental charges or fee in due course of time the owner shall be charged surcharge at the prescribed rates.

During scrutiny of the accounts record of GM ROW, NHA Headquarters Islamabad for the year 2022-23, Audit noted that as per details maintained in ROW Wing, an amount of Rs. 2,927.198 million (**Annexure-A**) was recoverable from different ROW users, as summarized below:

**(Rs in million)**

<b>Particulars of Item/area</b>	<b>Total Dues</b>	<b>Amount Received</b>	<b>Outstanding</b>
Filling stations & CNG	4,234.689	1,517.090	2,717.599
40 Leases	283.505	238.777	44.728
Amenities	451.489	286.618	164.871
<b>Total</b>	<b>4,969.683</b>	<b>2,042.485</b>	<b>2,927.198</b>

Audit observed that penal action was not taken against the defaulters as per provisions of rules. This resulted in non-recovery of Rs. 2,927.198 million.

Audit pointed out non-recovery in March 2024. The Authority replied that rates were revised by NHA in 2005 having increase of 500% which were challenged by PSO, Attock Petroleum Limited (APL) and their dealers in Islamabad High Court, Islamabad in 2020. The court decided that: “The petitioners shall continue to pay NHA rentals fee which they were paying previously and it is expected that NHA shall resolve the matter with the petitioners regarding payment of rentals fee amicably. The decision of Islamabad High Court (IHC) was challenged by Oil Marketing Companies through Intra Court Appeal (ICA) No. 344 of 2023 titled “PSO Vs Federation of Pakistan and another” and the same is pending adjudication before honourable Islamabad High Court. Further, an amount of Rs. 8.96 million was recovered against pointed out recovery of Rs. 44.728 million from lessees. The reply was not acceptable because efforts to resolve the issue regarding OMCs through amicable settlement as per rules were not shared with Audit.

The matter was discussed in DAC meeting held on 30.01.2025 wherein the management explained that reconciliation exercise is being carried out with OMCs and multiple meetings have been held wherein they were realized that rates are unreasonably low as compared to market and nature of business, however, matter is yet to be resolved. Further, due to shortage of field staff, desired results of recovery of dues from lessees and amenity holders are not achieved. Audit contended that NHA should improvise and review the process of recovery besides granting fresh NOCs to safeguard its financial interest and take up the matter with honourable court. DAC directed NHA to improve system of revenue collection and provide separate detail of previous and fresh NOCs with status of dues, efforts made to safeguard its financial interest to Audit for verification.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Report for Audit Year 2023-24 vide para number 2.4.41, having a financial impact of Rs. 858.140 million. The recurrence of similar irregularity is a matter of serious concern.

(G.M ROW NHA, Para 04)

#### **2.4.8 Irregular award of contracts without possession of land and payment of mobilization advance - Rs. 2,011.29 million**

Paras 2.44 (footnote 11) and 2.57 of Manual for Development Projects 2021, state that project implementation also suffers due to delay in land acquisition. Therefore, availability of land needs to be assured as a part of site selection process. Availability of land and time taken in its acquisition is an important consideration for project implementation period.

Clause 14.7 of GCC read with Clause 14.5 of Particular Condition of Contract provides that an interest free mobilization advance up to 10% of the Contract Price stated in the letter of acceptance shall be paid by the

employer to the contractor in two equal parts upon submission by the Contractor of Mobilization Advance Guarantee/Bond for the full amount of the Advance in the specified form from a scheduled bank in Pakistan, acceptable to the Employer. First part within 42 days after issuing of Acceptance letter or 21 days after receipt of the bank guarantee against the advance duty verified from the bank by the employer. Commencement letter will be issued within 42 days after issuance of letter of acceptance.

Audit noted that NHA opened bids of works on 09.03.2022 and awarded project “Construction of Additional Carriageway from Shikarpur to Rajanpur of N-55 Lot 01&02”. Mobilization Advance of Rs. 2,011.290 million was granted to the contractors, as detailed below:

**(Rs. in million)**

Package	Contractor	Date of Acceptance	Date of Commencement	Contract Amount	Mobilization Advance
Lot-I Shikarpur to Kandkot	M/s ZKB	25.08.2022	14.03.2024	8,848.101	883.710
Lot-II Kandkot to Kashmore	M/s CCECC	28.11.2022	13.03.2024	11,275.800	1,127.580
<b>Total</b>				<b>20,123.901</b>	<b>2,011.290</b>

Audit observed that:

- i. The road works were awarded without acquisition and clear possession of land.
- ii. Commencement letter issued after lapse of 22 to 26 months of opening of bids.
- iii. Mobilization Advance was paid to the contractors amounting to Rs. 2,011.29 million in April/October 2023 without issuance of Commencement letter. Further, no utilization of the same was forthcoming from the record as well as progress

report of the Consultant whether the Contractors were mobilized at site or not. So, the retention of Mobilization Advance for almost six to twelve months is unjustified.

- iv. Due to non-issuance of Commencement letter, recovery of Mobilization Advance was not made in time. The contractors retained the Mobilization Advance for a period of almost one year, resulting in blockage of public funds.
- v. Price of input items increased extra-ordinarily during the intervening period which could potentially result in price escalation due to poor contract management.

This resulted in irregular award of contracts amounting to Rs. 20,123.901 million without acquisition and clear possession of land and payment of mobilization advance before issuance of commencement.

Audit pointed out the irregularity in October 2024. The management replied that mobilization advance was paid to the contractors as per contract. The land acquisition was not involved in this project but as per ADB policy, before handing over site to the contractor, encroaches/displaced persons coming within ROW are to be compensated under LARP. Letter for possession of land was issued on 12.03.2024 and, accordingly, the letters of commencement were issued to contractors on 14.03.2024.

The reply is not tenable because mobilization advance was paid without issuance of commencement letter within 42 days after issuance of letters of acceptance on 25.08.2022 and 28.11.2022. Payment of mobilization advance was made despite the fact that the land was not cleared for acquisition. Further, physical progress was 0.28% till June 2024 which also caused non-recovery of mobilization advance against work done. Moreover, they did not respond to the audit objection regarding the extraordinary increase in the price of input items which could potentially result in price escalation. In addition, no insurance was obtained from the contractor despite issuance of letter of acceptance dated 25.08.2022 and 28.11.2022.

The matter was discussed in DAC meeting held on 30.01.2025. Audit contended that award of works without clear possession of land and grant of mobilization advance to the contractors was against the basics of sound project management, having financial implications. DAC directed NHA to submit a comprehensive report in chronological order explaining the loan covenants, development partner's requirements, efforts made by NHA for project implementation with supporting documents, etc. to Audit for verification.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.4.1, having a financial impact of Rs. 61,757.771 million. The recurrence of similar irregularity is a matter of serious concern.

(CAREC Tranche-II, FAP Paras 1 & 2)

#### **2.4.9 Non-recovery of Mobilization Advance within stipulated period - Rs. 482.504 million**

Clause 60.11 of the contract agreement provides that, an interest-free mobilization advance up to 15% of the contract price shall be paid by the employer to the contractor in two equal parts upon submission by the contractor of Bank Guarantee/Bond for the full amount of the advance in the specified form from a scheduled bank in Pakistan or an insurance company acceptable to the employer. This Advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of advance and the last installment two months before the date of completion of the works.

Audit noted that NHA awarded two contracts to different contractors during the financial years 2022-23 and 2023-24 and made payment of mobilization advance amounting to Rs. 532.800 million.

Audit observed that the Authority failed to recover the mobilization advances within the stipulated timeframe specified in the contract. The Authority recovered Rs. 50.296 million from the contractors against advance amount of Rs. 532.800 million.

This resulted in non-recovery of Rs. 482.504 million from the contractors on account of mobilization advance, as detailed below:

(Rs in million)

Name Of work	Date of start	Stipulated Date of completion	Mob. Advance paid	Recovered	Balance
Dualization of Rawalpindi - Kahuta Road including 4-Lane Bridge over Sihala Railway Pass, Sihala Bypass & Kahuta Bypass - Package-II	17.08.2022	16.10.2023	501.500	35.296	466.204
Periodic Maintenance (Rehabilitation) work No. RH-2019-20-SS-05 (Sindh South)	09.01.2023	04.07.2023	31.300	15.00	16.300
<b>Total</b>			<b>532.800</b>	<b>50.296</b>	<b>482.504</b>

Audit pointed out less recovery of mobilization advance in July to October 2024.

The Authority admitted less recovery of mobilization advance.

The matter was discussed in DAC meeting held on 30.01.2025. Audit informed the Committee that it is a matter of serious concern that mobilization advance is paid to the contractors but the same remained unadjusted due to less execution of work in violation of work schedule. Thus, public money is stuck with contractors without gaining the very purpose of timely execution of works.

After detailed discussion, DAC directed to recover the mobilization advance.

Audit recommends compliance of DAC directive.

(Rawalpindi-Kahuta Road Para 06, G.M Maintenance Sindh South  
Karachi Para 11)

**2.4.10 Non-obtaining of Toll Revenue Security from the contractor -  
Rs. 500.00 million**

As per clause 08 of Operations and Management Contract, the OMC will submit to the Employer, in form of Pay Order/Demand Draft or in shape of irrevocable, unconditional Bank Guarantee of Rs. 500 million (Rs. 250 million before commencement of Operations on 01.07.2022 and Rs. 250 million before commencement of O&M operation after, completion of installation of Electronic Toll Collection (ETC) System).

Audit noted that NHA awarded a contract for Operation, Management & Maintenance of toll plazas and toll collection through ETC System along with provision of allied services for the motorways M-1, E-35, M-14, M-3, M-4 and M-5 to M/s FWO dated 02.06.2022 at Equipment + Logistic cost of Rs. 12,200 million and O&M including allied services on revenue sharing @ 32.5% of toll revenue with effect from 01.07.2022 for a period of seven (7) years extendable up to another three (3) years subject to satisfactory performance.

During scrutiny of the accounts record of GM Revenue NHA for the year 2022-23, Audit noted that toll revenue of Rs. 9,611.900 million was earned during 2022-23 and M/s FWO was paid Operations, Management and Maintenance of Motorways and Allied Facilities share of Rs. 3,123.867 million.

Audit observed that the contractor did not submit toll revenue security amounting to Rs. 500 million.

Audit pointed out the non-obtaining of toll revenue security in February 2024. The Authority replied that directions have been conveyed to M/s FWO for deposit of toll revenue security. Compliance will be shared with Audit accordingly.

The matter was discussed in DAC meeting held on 30.01.2025 wherein the Committee directed NHA to take appropriate measures to obtain performance security as per contract or make adjustment/recovery from the contractors dues and compliance be shared with Audit.

Audit recommends compliance of DAC directive.

(G.M Revenue NHA, Para 09)

#### **2.4.11 Non-encashment of bank guarantee against Mobilization Advance - Rs. 378.116 million**

Clause 60.11 of the contract agreement provides that, an interest-free mobilization advance up to 10 % of the contract price shall be paid by the employer to the contractor in two equal parts upon submission by the contractor of unconditional, irrevocable Bank Guarantee for the full amount of the advance from a scheduled bank in Pakistan. This Advance shall be recovered at the rate of thirteen percent (13%) of the value of work done from each Interim Payment Certificate. Recovery of the full amount of Advance shall be ensured at least three months prior to expiry of the Time for Completion.

Audit noted that GM Construction (North-Balochistan) awarded the work, "Construction of Ziarat Mor-Kach-Harnai-Sanjavi Road, Package I & II" to M/s Umer Jan & Co at cumulative price of Rs. 4,956.022 million. The gross amount of work done collectively was Rs. 666.603 up to 3<sup>rd</sup> and 4<sup>th</sup> IPC respectively on Package-01 & 02. The above-mentioned contracts were terminated by the NHA on 06.08.2023.

Audit observed that Mobilization Advance amounting to Rs. 491.786 million was paid for both packages in two installments on 21.06.2021 & 31.12.2021. The Authority recovered an amount of Rs. 113.67 million (Package-I Rs. 86.658 million up to IPC No. 04 dated

12.01.2023 and Package-II Rs. 27.012 million up to IPC No. 03 dated 16.12.2022). Audit further observed that the Authority terminated the contracts in August 2023 but neither recovery was made nor bank guarantee encashed.

This resulted into non-encashment of bank guarantee against mobilization advance for Rs. 378.116 million.

Audit maintains that irregularity occurred due to weak financial & supervisory controls and inadequate oversight mechanism.

Audit pointed out non-encashment of guarantee in November 2024. The Authority did not reply.

The matter was discussed in DAC meeting held on 30.01.2025 wherein Audit informed the Committee that financial interest of the Authority was not safeguarded and bank guarantee was not encashed against outstanding mobilization advance while terminating the contractor. The management explained that both performance security and bank guarantees are available but the matter is under arbitration as per contractual mechanism. DAC directed NHA to provide details of arbitration to Audit and pursue the arbitration actively to safeguard the financial interest of the Authority and final outcome be shared with Audit.

Audit recommends compliance of DAC directive.

(AIR G.M Construction Quetta NHA, Para 15)

#### **2.4.12 Overpayment due to non-adjustment of excavated material - Rs. 459.501 million**

According to NHA General Specifications 106.2 & 106.3.1 all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment for widening of roadway for backfill or for other work included in the contract. According to Item No. 108.4.1 of the General Specifications, the measurement for “Formation of Embankment from

Borrow Excavation” should be based on the total quantities of embankment minus the structural excavation.

Special Provision 106 (Item No.106.3) of the contract agreement provides that only material which is surplus to the requirements of the project or is declared in writing by the Engineer to be unsuitable will qualify for payments under pay item 106. The pay items shall include the cost of obtaining the consent of the owner or tenant of the land where the disposal of surplus or unsuitable material is made. The cost of excavation of material which is used anywhere in the project shall be deemed to be included in the pay items relating to the parts of the work where the material used. Unsuitable or Surplus Material shall be measured in its original posting by taking joint cross section by Engineer and Contractor and its volume shall be calculated in cubic meters.

Audit noted that the Authority, in six (6) works, executed various items of earth work i.e. excavation of surplus unclassified all types of material, excavation of surplus hard rock material and structural excavation of common material.

Audit observed that the while making payment for above mentioned items of work NHA did not adhere to contract specifications and necessary deduction / adjustment on account of material available for use in other items of the work like stone masonry, retaining walls and formation of embankment from borrow material. This resulted into overpayment of Rs. 447.803 million, as detailed in **Annexure-B**.

Audit pointed out the matter in September-October 2024. The Authority admitted recovery in audit observations pertaining to GM Construction Chitral and GM CAREC Tranche-I. In Para 2 of Gwadar-Ratodero Road, the Authority replied that cutting of hard rock was in enormous quantum which cannot be used in embankment filling item and other protection works. The reply was not convincing as the available material was not utilized in effective and efficient manner by the project management. The Authority did not respond to the audit observations pertaining to GM Construction Quetta and GM Construction Khuzdar.

The matter was discussed in DAC meeting held on 30-31.01.2025. DAC directed GM CAREC and GM Construction Quetta to get the adjustment/recovery as well as lab test reports and disposal evidence verified by Audit. Furthermore, DAC directed GM Construction Chitral, GM Construction Khuzdar and GM Post-flood Rehabilitation Project to provide accountal of stacked material and utilization of the available stone to Audit for evaluation.

Audit recommends compliance of DAC directives.

(G.M CAREC NHA Tranche-I, FAP Para 12, G.M Construction NHA Quetta, Paras 2, 19, G.M Construction Chitral, Paras 6 and 16, G.M Construction (M-8) NHA Khuzdar, Para 02, G.M PNHRP, FAP Para 02)

#### **2.4.13 Overpayment due to allowing excess width for inner shoulder - Rs. 396.562 million**

Typical cross section included in revised PC-I and design review report of project “Widening & Improvement Chitral-Shandur Road” provides width of shoulder as 1.5 meter on each side of carriageway.

Audit noted that NHA awarded the four packages of the Project “Widening & Improvement Chitral-Shandur Road” to M/s Umer Jan & Co. at agreed cost Rs. 10,914.650 million. Total value of work done paid in all works was Rs. 3,083.029 million up to June 2024.

Audit observed that the Authority executed 3-meter inner shoulder in all packages for execution of earth work instead of 1.5 meter inner shoulder and paid Rs. 1,982.821 million. This resulted into overpayment of Rs. 396.562 million (Rs. 1,982.821 x 20%).

Audit pointed out the overpayment in October 2024. The Authority replied that the typical cross section for the project was revised in December 2023. However, prior to this revision, a significant portion of the road cuts had already been completed, as the project commenced in 2021. Therefore, the quantities paid to the contractor were based on the

work executed before the revision. The payment made was in accordance with the original approved design.

The reply was not acceptable because execution of work as per original design was not justified as the consultant had already recommended reduce width of shoulder 1.5 meter on both side of the road in typical cross sections as per its report submitted in year 2021. Therefore, allowing excess width beyond construction requirement after design review report caused extra burden on public exchequer.

The matter was discussed in DAC meeting held on 30.01.2025 wherein the management explained that in original PC-I width of shoulder was provided as 3.0 meter but subsequently revised PC-I was initiated based on requirement of land component. Shoulder width of 1.5 meter was provided in revised PC-I. Audit contended that once the design review was conducted in September 2021 whereby width of shoulders was reduced to 1.5 meter, execution of work should have been adjusted accordingly whereas the management continued with width of 3.0 meter resulting undue financial burden. After detailed discussion, DAC directed NHA to provide detailed working papers, minutes of CDWP for revision of PC-I and basis of rates in revised PC-I to Audit to verify whether these facts were duly placed before the respective forum or not.

Audit recommends compliance of DAC directive.

(AIR G.M Construction NHA Chitral, Para 05)

#### **2.4.14 Loss to Authority due to execution of project on faulty design - Rs. 377.129 million**

Para 56 of Chapter 2 of NHA Code (Vol-I) provides that Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. Technical sanction which is concerned with actual design and execution of the work and ensures that design and specifications are in accordance with sound engineering practices.

As per special stipulation 5 of Appendix-A to Bid and clause 41.1 of Particular Condition of Contract Part-II, the contractor shall commence the work within fourteen (14) days from the date of receipt of Engineer's Notice to Commence which shall be issued within fourteen (14) days after signing of contract agreement. Thereafter, the contractor shall proceed with the works with due expedition and without delay. The work programme shall be submitted by contractor within 42 days from the date of receipt of Letter of Acceptance.

As per clause 11.1 of GCC, the Contractor shall be deemed to have inspected and examined the site and its surroundings and information available in connection therewith and to have satisfied himself (so far as is practicable, having regard to considerations of cost and time) before submitting his tender, as to sub-surface conditions, hydrological and climatic conditions. Further, the contractor shall be deemed to have obtained all necessary information, subject as above mentioned, as to risks, contingencies and all other circumstances which may influence or affect his tender.

Audit noted that GM Construction (North-Balochistan) awarded the work, "Construction of Dera Murad Jamali Bypass on N-65 (11.190 KM)" to M/s Dynamic Constructors-HRK & Co (JV) at agreed cost of Rs. 1,465.532 million vide acceptance letter dated 02.02.2021. The gross amount of work done was Rs. 377.129 million up to IPC 05 & EPC 02.

Audit observed the following discrepancies:

- i. The notice to commence was issued on 02.08.2021 instead of 04.05.2021 i.e. 14 days from agreement signing date 19.04.2021, resulting in delay of 90 days. This delay reflects ill-planning and poor project management, severely affecting the project timeline.
- ii. No evidence of the contractor submitting a project programme in compliance with the contractual requirements. This omission compromised the proper scheduling and monitoring of project activities, which are essential for ensuring timely execution.

- iii. According to a report by M/s Asif Ali & Associates Engineering Consultant dated 26.05.2022, the contractor failed to adequately examine the soil investigation report and did not conduct a thorough physical inspection of the site. This negligence led to a hasty push for a variation order to increase the quantities of certain materials favorable to the contractor. This action was in direct violation of contract clause, which mandates that contractors, having reviewed hydrological and sub-surface conditions, should provide accurate estimates and avoid arbitrary adjustments. Such lapses by the contractor and the lack of proper assessment resulted in an unnecessary escalation in project costs without substantial progress on the actual works.

Audit is of the view that the cumulative result of these failures of the contractor/design issue is evident in the project's stalled status and the expenditure of Rs. 377.129 million up to IPC 05 and EPC 02, with no satisfactory project outcomes to justify the incurred costs. The sequence of delays, absence of due diligence, and non-compliance with stipulated requirements led to significant wasteful expenditure, undermining the project's viability.

Audit pointed out loss to public exchequer in November 2024. The Authority did not reply.

The matter was discussed in DAC meeting held on 29.01.2025 wherein the management explained that apprehension on embankment design and variations are under consideration for approval and further action. After detailed discussion, DAC directed that a fact finding inquiry be conducted by Ministry of Communications to examine the whole project in the light of audit observations and report be shared with Audit.

Audit recommends compliance of DAC directive.

(AIR G.M Construction NHA Quetta, Para 04)

#### **2.4.15 Extra payment due to non-exclusion of tax component from overheads - Rs. 316.355 million**

According to Para 2.4 (d) of the Preamble of the NHA Composite Schedule of Rates (CSR) 2022, tax is included in the rates as per government rules. In CSR, 25% is added on the estimated unit cost of the items which include overheads, taxes, preliminaries and profits.

Audit noted that NHA awarded project “Construction of 6 lane overhead bridge at Imamia Colony Lahore”, to M/s NLC at a contract cost of Rs. 3,379.452 million dated 14.04.2023 (subsequently revised to Rs. 3,958.188 million with completion period of 18 months commencing from 26.05.2023. The contractor has been paid for total gross work done amounting to Rs. 3,742.429 million up to IPC No. 08 till June 2024.

Audit observed from the rate analysis submitted by M/s NLC with bid document that 25% was added in the rates of each item of BOQ as per principle of NHA CSR on account of overheads, taxes and profit meaning thereby that each item of the priced BOQ contained an in-built component of income tax. The bid was also evaluated on the basis of CSR 2022.

On the other hand, withholding tax at source @ 8% was not deducted from any IPC on the ground that M/s NLC has obtained exemption from tax deduction. Being an exempted entity, tax component @ 8% should have been excluded from 25% overheads for each item of BOQ. Non-exclusion of tax component @ 8% from the item rates in BOQ resulted in extra payment of Rs. 316.355 million to the contractor. (Revised contract cost Rs. 3,958.188 million x 8%=Rs. 316.355 million).

Audit further observed that tax exemption available to NLC essentially gives it a discount of 8% that is not available to any other bidder from the private sector. Thus, any bidding process, that NLC participates in, will not be competitive at all and will defeat the very purpose of competitive bidding and related public procurement rules.

Audit pointed out extra payment due to non-exclusion of tax component from overheads in August 2024. The project management replied that the audit observation pertains to pre-award stage of the project. Therefore, General Manager (P&CA) NHA HQ has been requested for reply.

The matter was discussed in DAC meeting held on 30.01.2025. After detailed discussion, DAC decided to place the matter before PAC.

**Note:** The issue was also reported earlier in the Audit Report for the year 2019-20 vide para number 2.5.10, having a financial impact of Rs. 1,110.421 million. The recurrence of similar irregularity is a matter of serious concern.

(G.M Construction NHA Lahore, Para 16)

#### **2.4.16 Non-encashment of performance guarantees of the defaulting contractors - Rs. 288.969 million**

Clause 63.1 of the contract agreement provides that if the Contractor fails to complete the work within time, then the Employer may, after giving 14 days' notice to the Contractor, enter upon the Site and the Works and terminate the employment of the Contractor without thereby releasing the Contractor from any of his obligations or liabilities under the Contract, or affecting the rights and authorities conferred on the Employer or the Engineer by the contract, and may himself complete the works or may employ any other contractor to complete the works. The Employer or such other contractor may use for such completion so much of the contractor's equipment, temporary works and materials as he or they may think proper.

Audit noted that NHA awarded seven (7) works, having contract cost of Rs. 2,889.687 million. The contractors did not complete the assigned works and defaulted in the performance of their contractual obligations.

Audit observed that NHA terminated the contracts and performance guarantee of defaulting contractors was not forfeited/encashed. Further, works were also not completed on risk and cost of the defaulting contractors. This resulted into non-encashment of performance guarantees of defaulters amounting to Rs. 288.969 million. (**Annexure-C**).

Audit maintains that the irregularity of non-encashment of performance guarantee of defaulting contractors was due to weak contract management.

Audit pointed out the non-encashment in July/September 2024. The Authority replied that efforts towards encashment of performance guarantee are being made.

The matter was discussed in DAC meeting held on 30.01.2025. The project management of “Rehabilitation and Improvement of Mianwali-Muzaffargarh Package-8 & 10” explained that retendering of balance work on risk and cost of the defaulting contractor was initiated but the process was withheld due to court case. Further, GM Maintenance (Punjab-South) informed that matter is subjudice. DAC directed NHA to provide comprehensive report explaining the chronology of events, details of court case with date of notice for encashment and date of filing of case by the contractor, retendering process, blacklisting process, etc. to PAO and Audit for evaluation.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Reports for the year 2021-22, 2022-23 & 2023-24 vide para numbers 2.4.38 (2021-22), 2.4.14 (2022-23) & 2.4.22 (2023-24), having a financial impact of Rs. 6,367.13 million. The recurrence of similar irregularity is a matter of serious concern.

(GM RAMD Para 12, GM Maintenance Punjab South Para 2, Maintenance Punjab North Para 13, GM Muzaffarabad, Para 8)

#### **2.4.17 Irregular award of contract to ineligible bidder - Rs. 197.859 million**

Rule 29 of Public Procurement Rules, 2004 provides that procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criterion in the bidding documents shall amount to mis-procurement.

According to rule 31 (1) of Public Procurement Rules, no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid". Further, rule 38-A concerning bid discount stands omitted from Public Procurement Rules.

Audit noted that as per bidding documents for the contract "Provision of Technical Support to Upkeep Static, Mobile & Slow Speed Weigh-in-Motion (SSWIM) Weigh Stations on National Highways and Motorways (Package-I)" the bidders were required to furnish following documents along with their bids:

- a) Evidence of financial resources/Annual turnover of last three years
- b) Experience of similar nature works on NH& Motorways in last 10 years.
- c) General Experience relating to weigh stations.
- d) Satisfactory performance certificates of previous and on-going contracts.
- e) Commitment of the bidder for two years (including the current year).
- f) Information about litigation presently in process.

Audit also noted that the bids for the above contract were called on 25.05.2022. The bidder M/s Icon Engineering Solutions did not provide the above documents with his bid. The documents of one M/s

National Engineers were admitted as of M/s Icon Engineering despite of the fact that both were different firms.

Audit observed that despite the shortcomings in submission of required documents, the contract was awarded to M/s Icon Engineering Solutions for Rs. 197.859 million for the period from 01.08.2022 to 30.06.2025 by violating the evaluation criteria referred above. The contractor was paid Rs. 69.858 million.

This resulted in irregular award of contract to ineligible contractor for Rs. 197.859 million.

The Authority replied that bidder M/s Icon Engineering Solutions (IES) submitted documents as per prescribed evaluation criteria. The contention of the audit regarding acceptance of bidding documents of M/s National Engineers as M/s Icon Engineering is not correct. The name of firm i.e. National Engineers was changed to M/s Icon Engineering Solutions after granting approval from the worthy Chairman NHA with all contractual obligations and benefits.

The reply was not agreed because M/s National Engineers and M/s Icon Engineering were separate firms because both the firms participated as a Joint Venture in another contract (Supply of Laser Crack Measurement System). The name of firm i.e. National Engineers was changed to M/s Icon Engineering Solutions after approval by the Chairman NHA as conveyed vide letter dated 03.11.2021, whereas subsequently a work (Supply of Laser Crack Measurement System) has been awarded to a JV wherein M/s National Engineers came up with M/s Icon Engineering Solution as a JV vide acceptance letter dated 27.10.2022. Name of firm was changed in 2021 whereas a work has been awarded the same firm with original name as JV later in 2022. This cast serious doubt on the status of firm and entire bidding process.

The matter was discussed in DAC meeting held on 30.01.2025 wherein Committee directed that a fact finding inquiry be conducted by Ministry of Communications and report be shared with Audit.

Audit recommends compliance of DAC directive.

(G.M Revenue NHA, Para 18)

#### **2.4.18 Unauthorized access and commercial activities on Islamabad Murree Expressway (N-75)**

As per decision on agenda item No 17 of the 166<sup>th</sup> NHA Executive Board's Confirmed Minutes dated 19.01.2009, the Executive Board approved to declare 43 km Lower Topa-Satra Mile section of Islamabad-Murree Dual Carriageway (IMDC, N-75) as an access controlled Lower Topa-Satra Mile Expressway (E-75).

Audit observed that despite the clear mandate to ensure that the expressway remains an access-controlled route, NHA failed to take necessary measures to prevent unauthorized access and commercial activities along the roadway. This oversight is a direct contravention of the expressway's intended purpose, which was to facilitate safe and efficient transit by minimizing unauthorized interruptions and potential hazards.

Moreover, NHA did not enforce the penalties and fines stipulated in NHA Code. These measures are critical for maintaining order and safety on the expressway, ensuring that any violations are swiftly addressed to deter future infractions. Additionally, NHA failed to implement the decisions made by the Executive Board, further compounding the issue by allowing a lax approach to rule enforcement.

As a result of these failures, there has been a rapid and uncontrolled growth of kiosks (khokhas) and various commercial activities on both sides of the expressway. This uncontrolled proliferation not only undermines the integrity of the access-controlled expressway but also poses significant safety risks to motorists. The presence of unauthorized businesses and encroachments along the road

increases the likelihood of accidents, potentially endangering lives and causing disruptions to the flow of traffic.

Audit pointed out the matter during August 2024. The Authority replied that Islamabad Murree Dual Carriageway is an access controlled road thus NHA has never allowed any construction alongside road. Stoppage of construction outside the ROW is beyond the purview of NHA. Therefore, a number of times NHA has requested District Administration/Municipal Authorities to not process NOC cases along IMDC.

The reply was not tenable because owners of the amenities are using NHA road as approach but the Authority did not take corrective actions to ensure full compliance with the relevant standards and regulations.

The matter was discussed in DAC meeting held on 31.01.2025 wherein the Committee directed NHA to prepare a comprehensive report regarding amenities, encroachment, role of District Government concerned in the subject matter and place it before Executive Board for policy decision. Outcome be shared with Audit.

Audit recommends compliance of DAC directive.

(G.M Maintenance NHA Muzaffarabad, Para 10)

#### **2.4.19 Undue financial benefit to the contractors besides depriving NHA of asset due to non-procurement of vehicles - Rs. 160.049 million**

Special Provision Clause 708.3(iii) provides that on failure of the contractor to provide and of the services under this clause or even otherwise notwithstanding anything contained in any other clauses of the contract Documents, the “Engineer” shall have the authority to nominate/ sublet to any other agency on recommendation of the Resident Engineer for the Supply of services under this clause, the payment for which shall be made through this contract direct to the nominated agency out of

Provisional Sum provided in the contract or hire the good road worth vehicles and recover the cost with 100% penalty charges from contractor's IPC.

Audit noted that the procurement of vehicles through contractors was provided in six (06) contracts at agreed rates which were on much lower side as compared to the market rates.

Audit observed that despite provisions in the contracts, the Authority failed to obtain vehicles amounting to Rs. 234.600 million from the contractors because the quoted rates against vehicles by the contractors in BOQ were less than the market prices. Audit is of the view that contractor saved cost by first quoting the cheaper rates to win the bid and then ended up not providing the vehicles and depriving NHA of asset.

This resulted in undue benefit to the contractor of Rs. 160.049 million, as detailed in **Annexure-D**.

Audit pointed out the matter in September-October 2024. The Authority replied in Para 20, 9 & 21 that Government of Pakistan put a ban on purchasing of new vehicles which was implemented strictly in all departments of Federal Government. Due to ban by the Government of Pakistan, the contractor was unable to purchase new vehicles as per contract. However, as an alternative the contractor has provided rental vehicles at no additional cost. This arrangement ensures the effective supervision of the project activities and no payment made for these vehicles.

The replies were not acceptable because the contractors saved extra cost involved in procurement of vehicles besides depriving the employer of the ownership of asset. Further, even in one case (Construction of Chitral-Shandoor Road project), approval was also granted by the austerity measure committee for purchase of vehicle.

The matter was discussed in DAC meeting held on 29.01.2025. Audit contended that on the pretext of ban on purchase of vehicles/austerity measures, vehicles were not procured. After detailed deliberation, DAC directed to recover the differential cost and decided that Ministry of Communications shall take up the matter of procurement of vehicle with Cabinet Division and Ministry of Planning, Development and Special Initiatives with reference to provision in PC-I and austerity measures for policy decision.

Audit recommends compliance of DAC directive besides recovery of differential cost from the contractor.

**Note:** The issue was also reported earlier in the Audit Report for the Audit Year 2023-24 vide para number 2.4.47, having financial impact of Rs. 415.284 million. The recurrence of similar irregularity is a matter of serious concern.

**2.4.20 Payment in violation of technical provisions of the contract - Rs. 85.681 million**

Special and Technical provision, SP-117.4 states that on first time completion and approval of Granular Material Platform (GMP), only 75% payment for pay item SP-117a and SP 117b shall be made to the contractor. Balance 25% payment for pay item SP-117a and 117b shall be made to the contractor only when it has been approved by the Engineer’s representative and ready to receive oncoming layer of embankment.

Audit noted that NHA opened the bid of the project “Construction of Additional Carriageway from Shikarpur to Rajanpur of N-55 Lot-03&04”, on 09.03.2022. Status of project is as under:

**(Rs. in million)**

<b>Package No.</b>	<b>Contractor Name</b>	<b>Contract Amount</b>	<b>Commencement Date</b>	<b>Till date progress</b>
Lot-III Kashmor to Rojhan	M/s ZKB	6,414.199	14.03.2024	13.26%

Package No.	Contractor Name	Contract Amount	Commencement Date	Till date progress
Lot-IV Rojhan to Rajanpur	M/s ZKB	7,312.776	14.03.2024	13.26%
	<b>Total</b>	<b>20,123.901</b>		

Audit observed that the Authority executed an item under Special & Technical provision SP-117a for a quantity of 151,902 cu.m and made payment to the contractor. Audit further observed that as per Special & Technical Provision SP-117a, the Authority was required to make payment up to 75% of the item instead of 100%. This resulted in irregular payment of Rs. 85.681 million, as detailed below:

**(Rs. in million)**

Item SP 117a	Qty executed/ Paid (Cu.m)	75% of the executed Qty to be paid (Cu.m)	Excess paid (Cu.m)	Rate (Rs. per Cu.m)	Overpayment
Lot-III	54,614.25	40,961	13,654	2,000	27.308
Lot-IV	97,287.75	72,966	24,322	2,400	58.373
<b>Total</b>	<b>151,902</b>	<b>113,927</b>	<b>37,976</b>		<b>85.681</b>

Audit holds that the irregular payment was made due to weak financial controls.

Audit pointed out the irregularity in October 2024. The Authority replied that the payment was made in the true spirit of the contract clause. The contractor already laid successive layers of embankment, according to the given design of the pavement structure, (either improved subgrade or embankment) over the GMP after the due technical approval from engineer representative prior to 100% financial payment approval in this regard.

The reply was not acceptable because payment of item of work was made without preparing cross section to determine levels. Moreover,

quantity of GMP was also not deducted from subsequent layers of embankment.

The matter was discussed in DAC meeting held on 30.01.2025. DAC directed NHA to provide cross sections and check requests to Audit for verification.

Audit recommends compliance of DAC directive.

(G.M CAREC Tranche-II, FAP Para 3)

#### **2.4.21 Loss due to award of work at higher rates - Rs. 70.899 million**

Rule 4 of Public Procurement Rules, 2004 provides that Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Audit noted that GM Maintenance (Balochistan North) Quetta awarded Periodic Maintenance work (functional overlay) at KM 494+000 to KM 520+000 (NBC & SBC) on N-40 Contract No. PM-BN-2021-22-01 to M/s Abdullah Jan & Co on 16.05.2024 with agreement amount of Rs. 580.893 million 70% above from the estimate cost of Rs. 341.702 million. The total value of work done up to 2<sup>nd</sup> running bill paid to the contractor was Rs. 220.117 million.

Audit observed that financial bid of said work was opened on 05.07.2023 in which the contractor quoted bid price of Rs. 674.417 million against the estimated cost of Rs. 341.702 million. Later on, after opening the financial bid, the contractor offered discount/rebate of 24.38% on his quoted bid price of Rs. 674.417 million through undertaking. Audit further observed that after deduction of rebate the bid price become Rs. 509.994 million (Rs. 674.417 million – 24.38%) but Authority issued letter of award for Rs. 580.893 million by adding the 70% premium on estimate cost unauthorizedly. This resulted in loss due

to award of work at higher rates amounting to Rs. 70.899 million (Rs. 580.893 million - Rs. 509.994 million).

**(Rs. in million)**

<b>Estimate Cost</b>	<b>Bid Quoted by the Contractor</b>	<b>Rebate/Discount Offered by the contractor 24.38%</b>	<b>Reduced Bid Cost after rebate</b>
341.702	674.417	164.423	509.994
<b>Bid after rebate/discount</b>			<b>509.994</b>

Audit pointed out loss in September 2024. The Authority replied that contractor quoted bid amount of Rs. 674.417 million which was +97.38% above the Engineer Estimate of Rs. 341.702 million. It is further clarified that NHA bidding system is based on premium percentage (above/below) the engineer estimate & accordingly contractor offered volunteer rebate of 24.38% on the quoted premium of 97.38%. The Tender opening & evaluation committee considered the volunteer rebate of contractor and recommended bid cost of Rs. 591.144 million, having a premium of +73.0% on Engineer Estimate to tender Acceptance Committee of NHA HQ. All the cases were presented in NHEB meeting held on 16.12.2023. Wherein, NHEB approved the works at rate of 70% above CSR-2022 & accordingly letter of acceptance was issued.

The reply was not acceptable because different percentage of Premium against each sub-head and quoted bid price of the contractor was Rs. 674.417 million. After opening the financial bid the contractor gave 24.38% rebate on his quoted bid of Rs. 674.417 million through undertaking and reduced bid of the contractor came to Rs. 509.994 million whereas Authority accepted the bid for Rs. 580.893 million, which was Rs. 70.899 million in excess of his quoted bid.

The matter was discussed in DAC meeting held on 29.01.2025. DAC directed NHA to submit a comprehensive case to Public Procurement Regulatory Authority (PPRA) for clarification and outcome be shared with Audit.

Audit recommends compliance of DAC directive.

(G.M Maintenance Quetta NHA, Para 6)

#### **2.4.22 Overpayment of work done and price escalation - Rs 70.261 million**

According to Clause 70.1 (d) of particular conditions of contract Part-II, the base cost indices or prices shall be those prevailing on 28 days prior to the latest day for submission of bid. Current indices of prices shall be those prevailing on the day 28 days prior to the last day of the period to which a particular monthly statement is related.

Audit noted that NHA awarded a project “construction of 6 lane overhead bridge at Imamia Colony Lahore”, to M/s NLC at a contract cost of Rs. 3,379.453 million vide acceptance letter dated 14.04.2023 (subsequently revised to Rs. 3,958.188 million) with completion period of 18 months commencing from 26.05.2023. The contractor was paid for total gross work done amounting to Rs. 3,742.429 million up to IPC No. 08 till June 2024.

Audit observed that NHA management paid an amount of Rs. 392.015 million to M/s NLC for the above project based on the value of work done in IPC No. 01 to 08. The payment was unauthentic due to following reasons:

- i. According to the above clause, the work done was required to be bifurcated month wise for application of current rates 28 days prior to that period. On the contrary, the bill submission date/period was taken for application of current rates.
- ii. Date of measurement of work done was not recorded in Measurement Books.
- iii. Apparently EPC No. 04 relates to mid October 2023. Current rates should have been applied for September 2023 but price escalation was calculated on the rates prevailing in October 2023. Same was observed for IPC No. 03.

- iv. Revised Admn Approval, conveyed on 20.04.2023, contained a provision of price escalation amounting to Rs. 87.865 million whereas payment of Rs. 392.015 million was made.

This resulted in unauthentic payment of Rs. 392.015 million.

Audit maintains that irregularity occurred due to non-observance of contract clauses.

Audit pointed out the irregularity in August 2024. The management replied that price escalation was paid in accordance with clause 70.01 and appendix-C to bid. The reply was not accepted because no dates were mentioned in Measurement Books to ascertain the actual dates of work done in the specific period for the purpose of calculation of price adjustment. Further, no response was given against excess expenditure than the provision of PC-I.

The matter was discussed in DAC meeting held on 29.01.2025, wherein the management explained that an amount of Rs. 397 million has been incorporated against the price escalation component in the draft 2<sup>nd</sup> revised PC-I. Moreover, measurement dates are recorded in IPCs/Measurement Books. DAC directed NHA to provide detailed calculations of price escalation segregating the dates of work done and indices against each IPC to Audit for verification. Further, approved 2<sup>nd</sup> revised PC-I be also provided to Audit.

The management provided record in compliance of DAC directive on 31.01.2025, which indicates that an excess amount of Rs. 8.692 million has been made on account of price escalation. Moreover, actual work done was for Rs. 3,510.441 million whereas a sum of Rs. 3,572.010 million was paid resulting in excess amount of Rs 61.569 million.

Audit recommends recovery of overpaid amount besides verification of approved 2<sup>nd</sup> revised PC-I.

(GM Construction Punjab North, Lahore, Para 13)

**2.4.23 Unauthentic inclusion of item of work into BOQ for SP-17 for disposal of excavated hard rock material already included in original item of work - Rs. 16.137 million**

As per item 106.2 of NHA General Specifications, 1998, all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment, for widening of roadway, for backfill, or for other work included in the contract. Item 106.3.1 states that the cost of excavation of material which is used anywhere in the project shall be deemed to be included in the pay item relating to the part of the work where the material is used.

Audit noted that the General Manager, P&CA, NHA, Islamabad awarded the work Gwadar-Ratodero Road (M-8) Balance Works of Package-III (2.67 KM) to M/s Frontier Works Organization (FWO) at agreement cost of Rs. 971.315 million. The work was started on 10.07.2023 to be completed up to 09.01.2024 (06 months). The contractor was paid Rs. 313.877 million up to 4<sup>th</sup> IPC in April 2024.

Audit observed that General Manager Construction (Khuzdar) made payment for Rs. 7.09 million for item of work SP-17 “removal of excavated hard rock material with quantity of 17,293.42 Cu.m. But the item of work 106b&c (excavation) described that the rate of removal is included in the pay item relating to the part of the work where the excavated material is used. This aspect is also described in Specification 106.3.1. This resulted into unauthentic inclusion of an item of work already included in original item for Rs. 16.137 million and payment of Rs. 7.09 million there-against.

Audit maintains that irregularity occurred due to non-observance of specifications.

Audit pointed out the irregularity in October 2024. The management replied that excavated rock material was dumped at site by the previous contractor M/s Nazir-AM (JV) and the same was to be

removed for the commencement of further cutting/blasting of rock by the new contractor (M/s FWO). Accordingly, an item SP No. 17 (Removal of excavated Hard Rock Material) was included in the contract of M/s FWO. Removal of dumped material was carried out by M/s FWO and payment for its removal was made.

The reply was not admissible as separate payment was not admissible in the light of specifications.

The matter was discussed in DAC meeting held on 29.01.2025. After detailed discussion DAC directed that recovery of cost of removal of excavated material be made from the original contractor and get it verified by Audit.

Audit recommends compliance of DAC directive.

(GM Construction Balochistan South/M-8, Khuzdar, Para 3)

#### **2.4.24 Unjustified execution of favorable work items beyond Proposed Construction Schedule - Rs. 7,745.484 million**

As per Appendix-E to Bid, pursuant to Sub clause 43.1 read with 14.1 to 14.5 Particular conditions of contract, the work shall be completed on or before the date started in Appendix-A to Bid. The Bidder shall provide as Appendix-E to Bid, the Construction Schedule as specified herein showing the sequence of work items and the period of time during which he proposed to complete the work.

Audit noted that NHA awarded the work of the Project “Rehabilitation and Up-gradation of Jhaljao-Bela Road (79.89 Km)” to M/s JHCEC-ABD (V) at agreement cost of Rs. 7,208.206 million vide acceptance letter dated 02.02.2021. Date of commencement was 26.08.2021. Total value of work done was Rs. 8,020.265 million up to IPC No. 06.

Audit observed that the physical progress as per Monthly Progress Report/Contract Administration Report (May 2024) is 67.04% which is

lagging about -28.17% than the actual scheduled %age. Audit further observed that as per Monthly Progress Reports, the contractor failed to execute the work according the Construction Schedule and was far behind the completion. Most of the works executed comprise earth work i.e. excavation of unclassified material, formation of embankment from borrow, formation of granular material platform (Bill No. 1: Rs. 4,367.626 million) and retaining structures (Bill No. 4b: Rs. 3,377.858 million) whereas following works were yet to be started but NHA did not take any penal action in this regard.

- Aggregate Base Course
- Asphaltic Base Course
- Asphaltic Wearing Course

This resulted unjustified execution of favorable work items beyond the Construction Schedule valuing Rs. 7,745.484 million.

Audit maintains that non-observance of work schedule was due to weak planning.

Audit pointed out the irregularity in October 2024. The management replied that construction schedule was submitted by the contractor and works commenced accordingly in September 2021. The said programme/schedule was based on the original design. However, during execution, in January 2022, contractor encountered deviations / variations in the original design. Moreover, the law & order situation on project affected the work programme with repeated stoppage of work. Resultantly, time extension was recommended by The Engineer. The contractor, however, has been asked to resubmit the work programme as per the revised completion date based on the EOT.

The reply was not acceptable because whole original contract cost was exhausted in earthwork and retaining structures leading to substantial variations and question marks on the sanctity of competitive bidding and planning process.

The matter was discussed in DAC meeting held on 29.01.2025. DAC directed that a fact finding inquiry be conducted by Ministry of Communications and report be shared with Audit.

Audit recommends compliance of DAC directive.

(GM Construction, Khuzdar Para 1)

#### **2.4.25 Irregular award of work through negotiation with the first lowest bidder after opening of bids - Rs. 199.665 million**

Rule 40 (Limitation on negotiations) of Public Procurement Rules, 2004 provides that there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder: Provided that the extent of negotiation permissible shall be subject to the regulations issued by the Authority.

Audit noted that General Manager M-2, NHA, Kallar Kahar awarded contract for Special Maintenance work/Repair and Maintenance of service road on both sides on Islamabad Motorway link road between KM 0+000 to 07+000 (N-5) to (M-2/NBC) & KM 02-000 to 07 (M-1/M-2) SBC vide SM-2021-22-M-2-01 to M/s Javed Khan & Brothers at agreement cost of Rs. 199.665 million which was 69% above the engineer estimates/NIT. The work was started on 09.06.2023 which was required to be completed on 08.12.2023. The payment made to contractor up to 6<sup>th</sup> running bill dated 24.06.2024 was Rs. 167.060 million.

Audit observed the Authority awarded work to contractor about 69% above the engineer estimates/NIT cost for Rs. 118.145 million based on CSR-2014. The bidder M/s Javed Khan Brother originally quoted his bid rate @ 79.47% above the NIT cost for Rs. 212.035 million. The Authority negotiated the bid cost with bidder to reduce up to 69% above the engineer estimates with net reduced cost effect for Rs. 12.270 million. This resulted into irregular award of work through negotiation basis for Rs. 199.665 million.

Audit holds that irregularity occurred due to non-adherence to the Public Procurement Rules.

Audit pointed out the matter in December 2024. The management replied that procurement process was initiated in May 2022 and estimate was approved by Member (EC) amounting to Rs. 118.145 million. Financial bids were opened in June 2022. Due to higher bids, the Member (CZ) in capacity of the employer annulled the procurement process in light of decision of NHEB in 400<sup>th</sup> meeting dated 07.07.2022 due to improvement in the procurement process under rule 33(1) of Public Procurement Rules 2004. Procurement process was reinitiated and contract was awarded to M/s Javed Khan & Brothers at Rs. 199.665 million which was 69% above the engineer estimates/NIT based on CSR-2014. Acceptance committee at NHA HQ approved the lowest evaluated bidder with recommendation that if the bidder does not agree, the work may be re-tendered. The reply was not accepted because the lowest bidder was asked to accept the work at rates approved by acceptance committee, which is tantamount to negotiations.

The matter was discussed in DAC meeting held on 29.01.2025. DAC directed NHA to submit a comprehensive case to Public Procurement Regulatory Authority (PPRA) for clarification and outcome be shared with Audit.

Audit recommends compliance of DAC directive.

(GM Maintenance M-2, Para 4)

**2.4.26 Irregular payment of earth works without determination of its classifications - Rs. 1,773.538 million and excessive execution of earth works beyond the agreement/BOQ - Rs. 557.538 million**

As per item 106.3.2 of NHA General Specifications, 1998, excavation in road work shall be measured and paid as unsuitable material, surplus material and rock (soft, medium & hard). Further, NHA Schedule of Rates provides different rates for excavation of unsuitable

surplus material and rock. Further, item 106.2 of NHA General Specification states that all suitable material excavated shall be used in most effective manner for formation of embankment, for widening of roadway, for backfill, or for other works included in the contract. Item 105.3 states that no excavated material shall be wasted without permission from the Engineer.

Audit noted that the Project Director “Shatial-Thor Nullah Bypass” measured and paid earth works under item No. 106(c & d) as ‘unclassified excavated material’ for a quantity of 2,917,004 cu.m @ Rs. 608 per cu.m and paid Rs. 1,773.538 million in this regard against the agreed/BOQ provided quantity of 2,000,000 cu.m.

Audit observed that such item of earth work ‘unclassified excavated material’ was not available in the NHA specifications. But payment of earth works has been made without determining classifications of earth works contrary to provisions of the specifications as the excavated earth was required to be properly classified for its further usages etc.

Audit further observed that the quantity 917,004 cu.m was executed beyond the agreement / BOQ provided quantity causing excess expenditure of Rs. 557.538 million (917,004 cu.m x Rs. 608 per cu.m). This resulted in irregular excess payment of earth works without determination of its classifications as per specifications amounting to Rs. 1,773.538 million and excess expenditure of Rs. 557.538 million.

It is worth mentioning that the Authority executed an item 411b, ‘Stone Masonry with Mortar’ for the quantity of 66,386 cu.m and paid Rs. 198.530 million for construction of retaining walls. Audit is of the view that sufficient quantity of stone was already available on site from excavated/damaged structure and also from another item of work ‘unclassified surplus structural excavation’ for a quantity of 74,777 cu.m but the Authority neither calculated the quantity of available stone at site nor the same quantity was deducted from the stone masonry work. This

resulted in overpayment of Rs. 29.779 million (approximately 15% of amount paid Rs 198.530 million).

Audit pointed out the irregularity in November 2024. The management did not reply.

The matter was discussed in DAC meeting held on 30.01.2025. The management explained that the payment of the earth work was made to the contractor as per pay item under BOQ and no classification is required contractually. Audit contended that BOQ was prepared in violation of General Specifications which require classification of the material excavated. Further, suitable excavated material was required to be properly accounted for so as to ensure its utilization elsewhere in the works. DAC directed NHA to provide designer's assessment regarding classification of available rock, justification regarding inclusion of unclassified excavation in BOQ/estimates, account of suitable material and status of utilization to Audit for verification.

Audit recommends compliance of DAC directive.

(GM Construction GB, Paras 19 and 21)

**CHAPTER 3**  
**CAPITAL DEVELOPMENT**  
**AUTHORITY/METROPOLITAN CORPORATION**  
**ISLAMABAD**  
**(MINISTRY OF INTERIOR)**

**3.1 Introduction**

**A. Capital Development Authority**

Capital Development Authority (CDA), established under the CDA Ordinance, 1960 is governed by an Executive Board, constituted by the Federal Government.

Financial Advisor/Member (Finance), CDA is in charge of the Finance/Accounts Wing and is responsible for preparation of budget and allocation/distribution of funds to different Divisions/Formations.

Major resources of receipts of CDA include:

- Revenue generated from the sale of plots, municipal receipts, sanitation receipts, environmental/horticulture receipts, property tax, water charges, conservancy charges, interest/markup, commercial receipts (rent from shopping centers, bus stands), etc.,
- Grant-in-aid from the Federal Government for development purposes through the Public Sector Development Programme,
- Grant-in-aid from the Federal Government for maintenance of specified government buildings (Maintenance Grant).

The main functions of the Authority are:

- Acquisition of land and development of residential sectors;
- Sale of plots and recovery of their cost;
- Maintenance of federally-owned government buildings;

- Construction of federally financed government offices and residential accommodation;
- Management of Parliament Lodges.

### **Metropolitan Corporation Islamabad**

Metropolitan Corporation for Islamabad Capital Territory is the local government, constituted under Section 9 of The Capital Territory Local Government Act, 2015. Twenty-three (23) Directorates of CDA were placed under the administrative control of the Mayor of Metropolitan Corporation Islamabad (MCI) along with all rights, assets and liabilities. However, due to administrative reasons, financial arrangements are still under CDA and practical distribution of work is yet to be finalized.

MCI is responsible for performing the following functions in Islamabad:

- Regulate affixing of sign-boards and advertisements;
- Provide, manage, operate, maintain and improve the municipal infrastructure and services, sewage treatment and disposal, and storm water drainage.
- Sanitation and solid waste collection and sanitary disposal;
- Roads and streets;
- Street lighting;
- Playgrounds, open space graveyards and arboriculture;
- Slaughter houses;
- Collect approved taxes, fees, tolls, charged fines and penalties;
- Regulate markets and issue licenses, permits, grant permissions and impose penalties for violation thereof as and where applicable.

As per Schedule-II of Rules of Business 1973, CDA and MCI are under the administrative control of Ministry of Interior (Interior Division).

**B. Comments on Budget and Accounts (Variance Analysis)**

Comments on Receipt and Expenditure Account for the financial year 2022-23 are as under:

**(a) Expenditure:**

Budget allocation and expenditure for the financial year 2023-24 is shown in the table below:

**(Rs. in million)**

<b>S. No</b>	<b>Particulars</b>	<b>Budget Estimates</b>	<b>Release/ Receipts</b>	<b>Expenditure</b>
<b>A</b>	<b>Development</b>	<b>27,303.273</b>	<b>32,237.197</b>	<b>20,705.979</b>
(i)	PSDP (Federal Government)	1,453.273	459.563	459.563
(ii)	Self-Financing Account (CDA Own Source)	25,850.000	31,777.634	20,246.416
<b>B</b>	<b>Non-Development</b>	<b>29,930.403</b>	<b>22,044.226</b>	<b>33,869.687</b>
(i)	Maintenance Grant (Federal Government)	3,570.376	3587.818	3,587.818
(ii)	Revenue Account (CDA Own Source)	25,850.000	15966.381	27,791.842
(iii)	Deposits work	225.511	225.511	225.511
(iv)	Metro Bus Subsidy	20.000	2,000.000	2,000.000
(v)	Metro Bus system operation	264.516	264.516	264.516
<b>C</b>	<b>Non-Budgetary</b>			
(i)	<b>Other Debt &amp; Deposits</b>	<b>9,584.768</b>	<b>9,584.768</b>	<b>7,666.743</b>
	<b>Total (A+B+C)</b>	<b>66,818.444</b>	<b>63,866.191</b>	<b>62,242.409</b>

Source: Information provided by Accounts Directorate and Finance Wing of CDA.

Comments on 'Receipt and Expenditure Account' of CDA for the year 2023-24 are as under:

1. CDA did not prepare and submit to the Federal Government, a certified Balance Sheet together with the Financial Statements of the Authority in violation of the provisions of the CDA Ordinance 1960.
2. Funds of Rs. 3,587.818 million were received against the Maintenance Grant, during the year 2023-24. Expenditure of Rs. 3587.818 million was incurred.

**(b) Receipts:**

The receipts of CDA from its own resources are as follows:

**(Rs. in million)**

<b>Description</b>	<b>2023-24</b>
Estimated Receipts	85,886.480
Actual Receipts	49,939.010
(Shortfall)/Excess	35,947.47
(Shortfall)/Excess in %age	41.85%

In addition to the above, MCI receipts for the year 2023-24 were as under:

**(Rs. in million)**

<b>Description</b>	<b>Receipt</b>
Municipal Receipts	1,343.159
Environment Receipt	28.057
Property Tax Residential	1,480.348
Property Tax Commercial	986.673
Water and Conservancy Charges	850.364
<b>Total</b>	<b>4,688.601</b>

Source: Information provided by CDA/MCI

MCI did not prepare estimates of receipts for the year 2023-24. Therefore, efficiency towards achievement of revenue targets could not be ascertained and commented on.

### C. Audit Profile of CDA & MCI

(Rs. in million)

S. No.	Description	Total	Audited	Expenditure audited FY 2023-24	Revenue/ Receipts audited FY 2023-24
1	Formations	56	17	30,237.695	1,434.050
2	Assignment Accounts				
i	PSDP	05	05	459.563	-
ii	Maintenance Grant	08	08	3,587.818	-

Note: Expenditure audited indicated against formations is inclusive of assignment accounts. In addition to the above, 08 formations audited during Phase-II of 2023-24 involving expenditure of Rs. 1,681.749 million and revenue of Rs. 9,752.523 and results incorporated in the report.

### 3.2 Classified summary of audit observations

Audit observations amounting to Rs. 10,681.192 million were raised in this audit report. This amount also includes recoveries of Rs. 1,237.748 million, as pointed out by the Audit. The summary of the audit observations classified by nature is as under:

#### Overview of audit observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	
A	Execution of works, contract agreement	3,412.102
B	Revenue management	1,079.319
2	Others	6,189.771
	<b>Total</b>	<b>10,681.192</b>

### 3.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to CDA is as under:

Year	Audit Paras		Compliance		
	Total	Discussed	Made	Awaited	percentage
1988-89	07	07	04	03	57.14
1989-90	04	04	04	-	100
1990-91	21	21	21	-	100
1990-91 (SAR)	9	9	8	1	88.89
1991-92	17	17	12	05	70.59
1992-93	37	37	37	-	100
1993-94	57	57	07	50	12.28
1994-95	15	15	09	06	60
1995-96	28	28	01	27	3.57
1996-97	32	32	27	5	84.38
1996-97 SAR	05	05	05	-	100
1996-97 PAR	01	01	-	01	-
1997-98	312	312	214	98	68.58
1998-99	79	79	63	16	79.75
1998-99 SAR	2	2	1	1	50.00
1999-00	86	86	57	29	66.28
1999-00 SAR	1	1	1	-	100
1999-00 PAR	2	2	2	2	-
2000-01	73	73	58	15	79.45
2000-01 SAR	184	184	108	76	58.69
2001-02	45	45	42	03	93.33
2002-03	14	14	10	04	71.43
2003-04	27	27	16	11	59.26

Year	Audit Paras		Compliance		
	Total	Discussed	Made	Awaited	percentage
2003-04 SAR	22	22	19	03	86.36
2003-04 PAR	05	05	04	01	80.0
2004-05	29	29	18	11	62.06
2005-06	57	57	44	13	77.19
2006-07	39	39	19	20	48.72
2007-08	33	33	17	16	51.52
2009-10	54	54	39	15	72.22
2005-08 SAR (2009-10)	94	94	54	40	57.45
2010-11	77	77	22	55	22.57
2010-11 PAR	36	36	36	00	100
2010-11 PAR	18	18	18	0	100
2010-11 PAR	29	29	0	29	0
2011-12	59	59	09	50	20.34
2012-13	87	87	6	81	6.89
2013-14	53	53	13	40	24.53
2014-15	42	33	10	17	30.30
2015-16	64	12	08	04	66.67
2016-17	127	86	43	43	50.0
2017-18	69	60	33	27	50.82
2018-19	35	20	03	17	15.00
2019-20	48	48	17	31	35.42
2021-22	70	1	0	1	-

Note: SAR stands for Special Audit Report and PAR stands for Performance/Project Audit Report. Audit Reports for 1985-86, 1987-88, 2020-21 and 2022-23 and five Special Audit Reports for the year 2017-18 were not discussed by PAC till the finalization of this Audit Report.

### **3.4 AUDIT PARAS**

#### **3.4.1 Non-mortgage and non-transfer of public amenities of Bahria Paradise Commercial Schemes in the name of Authority - Rs. 47,860.30 million**

Sr. No. 9 (Annex-G) of Regulation for Planning and Development of Private Housing/Farm Housing, Apartments/Commercial Schemes/Projects in Zone-2, 4 & 5 of Islamabad Capital Territory, 2023 provides that the sponsor will mortgage 20% of saleable land areas or bank guarantee/Insurance guarantee from AA rating company of 10% of the development cost of project to be determined by Chartered Accountant Firm, in the name of DDO (Planning), CDA and as per Sr. No. 29 of Parameters under clause 34 of Regulations, the area other than residential apartments and commercial blocks, including roads, parking, public buildings (50%) shall be transferred in the name of CDA in order to avoid its unauthorized use at any stage.

Audit noted that Housing Societies Directorate, Planning Wing, CDA Islamabad approved Layout Plans of Bahria Paradise Commercial Schemes-I, II, III and IV in Zone-V Islamabad measuring 250 kanal, 173.66 kanal, 226.91 kanal and 243.34 kanal vide No. CDA/PLW-HS(364)/2022/1056 and even No.1059, 1057 & 1058 dated 29.08.2023 respectively in light of provisions of Gazette Notification issued vide SRO 886(1) 2023 dated 07.07.2023.

Audit observed that the Authority approved layout plans of following Bahria Paradise Commercial Schemes in Zone-V, Islamabad on land measuring 893.91 kanals but the sponsor has neither mortgaged 20% saleable commercial areas measuring 81.20 kanals and non-transferred of public land areas measuring 397.40 kanal in favour of CDA nor provided bank guarantee/insurance guarantee from AA rating company of 10% of the development cost of the project, warranting the development of infrastructure, as required under the Regulation for Planning and Development of Private Housing/Farm Housing, Apartments/ Commercial Schemes/Projects in Zone-2, 4 & 5 of

Islamabad Capital Territory, 2023 framed under ICT Zoning Regulations, 1992. This resulted in non-mortgage of 20% saleable commercial area and non-transferred of Public amenities valuing Rs. 47,860.30 million, warranting the development of infrastructure by the sponsor of Bahria Paradise Commercial Schemes in favour of CDA.

**(Rs. in million)**

Particulars	Total Area (Kanal)	Area to be Mortgaged/ Transferred	Rate per Kanal (Rs. million)	Cost of Land
Land required to be Mortgage in the favour of CDA (20%)	893.91	81.20	100.00	8,119.87
Land (Roads, Parks, Public amenities) transferred in the name of CDA	893.91	397.40	100.00	39,740.43
<b>Total</b>				<b>47,860.300</b>

Audit maintained that non-transferred of Public Land and mortgage in the name of CDA due to violation of Zoning Regulations and lack of oversight mechanism for implementation of financial & internal controls by the Housing Societies Directorate.

Audit pointed out the irregularity in July 2024 but the management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that due to non-fulfillment of formalities, the no objection certification has not been issued to Bahria Paradise Commercial Schemes-I, II, III, IV, Zone-5, Islamabad. DAC directed to ensure implementation of conditions of LOP regarding mortgage and transfer of public amenities land in the name of CDA and get the same verified by Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 01&08)

### 3.4.2 Protracted delays and failure of CDA in allotment of 984 plots despite receiving installments - Rs. 11,297.757 million

As per condition No. 3 of the offer of allotment of residential plot in Park Enclave Scheme, Phase-III, Islamabad, the allotment letter will be issued on full payment of price and all the applicable taxes.

During audit, it was found that CDA issued provisional offer of allotment of 984 plots of different sizes in Park Enclave Housing Scheme (Phase-III) through balloting held on 24.09.2020. The successful applicants were intimated and offered allotment of the residential plots vide letter dated 11.11.2020 alongwith payment schedules for payment of balance price within 12 months up to November 2021. Later on, CDA Board in its meeting held on 16.02.2022 revised and extended the payment schedule up to 30.09.2022.

Audit observed that CDA could not complete the requisite steps of allotment and failed to allot the plots to the applicants despite receiving a sum of Rs. 11,297.757 million (99.80%) out of the due amount of Rs. 11,319.920 million, on account of price of plots of Park Enclave-III up-till 04.04.2024 as detailed below:

**(Rs. in million)**

Size of Plot	No. of plots	Area in Kanal	Cost of plot	Amount
25x50	271	61	7.700	2,086.700
35x70	546	269	15.100	8,244.600
40x80	103	73	19.800	2,039.400
50x90	64	63	27.800	1,779.200
<b>Total</b>	<b>984</b>	<b>466</b>		<b>14,149.900</b>
Amount due up to 30.09.2022				11,319.920
Actual receipt up to 04.04.2024				11,297.757
Balance amount receivable				22.163

Audit holds that it is an administrative failure and CDA has been negligent in its role as a civic body and capital development agency.

Audit pointed out the matter in April 2024. The Authority replied that Project Director of Park Enclave CDA announced the possession of

386 plots out of 984 in Park Enclave Phase-III on 19.05.2023 and same was conveyed to the allottees to deposit the remaining installments on or before 30.06.2023. Subsequently, the allottees have deposited the remaining installments along with delayed payment charges.

The reply of the Authority does not address the matter raised in the audit observation as the allotment letters had not been given to the allottees for construction of houses despite payment of price of the plots. Furthermore, infrastructure such as grid station transformers, electric poles and electric cables for Electricity power supply had not been installed/laid in Phase-III. The site for installation of grid station had not been decided and handed over for construction of the facilities/services.

The matter was discussed in DAC meeting held on 18.12.2024, wherein the management apprised that civil work of Park Enclave Phase-III has been completed whereas IESCO has demanded a land of 10 to 13 kanal for construction of Grid station. Furthermore, CDA has applied to M/s SNGPL for provision of Re-gasified Liquefied Natural Gas (RLNG) in October 2022, the demand notice for the same is awaited. DAC directed the management that all relevant record be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends that allotment of plots be ensured besides explaining the delays and compliance be shared with Audit.

(Estate Management Dte-I, Para 01)

### **3.4.3 Non-recovery of premium/cost of residential plots despite revision of payment schedule - Rs. 210.160 million**

Para-4 of the intimation/offer of allotment of residential plot of Park Enclave Scheme, Phase-III, Islamabad provides that if any of the installments of the premium is not paid as per given payment schedule, the offer shall stand cancelled, with immediate effect, without any notice. 10% of the premium of the plot shall stand forfeited in favour of the Authority. The Authority will be at liberty to use/sell/dispose of such property as it deems appropriate.

Audit noted that CDA launched Park Enclave Housing Scheme Phase-III, Islamabad for allotment of residential plots in September 2020 with 10% down payment through balloting held on 24.09.2020. The successful applicants were issued intimation/offer letters after balloting and were advised to pay the balance price of plot, as per the following schedule:

<b>S. No.</b>	<b>Premium</b>	<b>Amount (Rs)</b>	<b>Due date</b>
1	20%	3,020,000	Within 3 months from the date of issuance of intimation letter
2	25%	3,775,000	Within 6 months from the date of issuance of intimation letter
3	25%	3,775,000	Within 12 months from the date of issuance of intimation letter
4	20%	3,020,000	At the time of possession

Audit further noted that the CDA Board in its meetings held on 02.06.2021, 02.11.2021 and 16.02.2022 revised the payment schedule for the allottees of Park Enclave, Phase-III Islamabad, as under:

<b>S. No.</b>	<b>No. of Installment</b>	<b>Existing Due Date</b>	<b>1<sup>st</sup> Revision</b>	<b>2<sup>nd</sup> Revision</b>
1	1 <sup>st</sup> Installment 20%	10.02.2021	30.06.2021	-
2	2 <sup>nd</sup> Installment 25%	10.05.2021	30.09.2021	30.06.2022
3	3 <sup>rd</sup> Installment 25%	10.11.2021	10.11.2021	30.09.2022
4	Final Installment 20%	At the time of possession	At the time of possession	At the time of possession

Audit observed that the Director Estate Management-I, CDA was unable to recover outstanding installments of premium/cost of plots due from the allottees even in the revised payment schedule. The allottees neither deposited the outstanding premium/ installments of plots nor were the plots cancelled by the Estate Management Directorate as per the terms & conditions of the offer letters issued to the allottees. This

resulted into non-cancellation/ non-recovery of outstanding premium/cost of plots for Rs. 210.160 million.

Audit pointed out the non-recovery in April 2024. The Authority replied that notices have been served to the allottees to deposit the remaining installments on or before 28.04.2024. In case of failure, process for cancellation of the plots will be initiated.

The Authority admitted that the allottees have not paid remaining installments.

The matter was discussed in DAC meeting held on 18.12.2024, wherein the management apprised that in all cases (23 plots), the allottees have deposited due amounts and remaining amount will be deposited by them at the time of possession. Furthermore, revised payment schedule has been issued. DAC directed the management to get the relevant record verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 02)

#### **3.4.4 Non-recovery of corner and extra charges for main boulevard plots - Rs. 323.230 million**

Condition No. 1 of the offer of allotment letter No. CDA/EM-I/P.E/Phase-III/291 dated 11.11.2020 of plots in Park Enclave Housing Scheme, Phase-III, Islamabad, states that in case of corner plot and Main Boulevard Plot, the allottee will pay corner charges @ 10% and extra charges @ 10% of the total price of the plot for main boulevard plots.

Audit noted that as per layout plan of the Park Enclave Housing Scheme Phase-III, Islamabad issued by the Regional Planning Directorate, Planning Wing CDA vide letter No. CDA/PLW-RP-1(916)/2020 dated 16.09.2020, one hundred and three (103) plots were

corner plots and one hundred and seven (107) plots were located on main boulevard.

Audit observed that Director Estate Management-I, CDA Islamabad did not recover the corner charges and main boulevard charges, in violation of terms & conditions of allotment letters, from the allottees of the corner plots and main boulevard plots in Park Enclave Housing Scheme, Phase-III, Islamabad. This resulted into non-recovery of Rs. 323.230 million as detailed in **Annexure-E**.

Audit pointed out the non-recovery in April, 2024. The Authority replied that notices have been served to the allottees of the Park Enclave Phase-III to deposit the corner and main boulevard charges and in case of failure, delay charges will be imposed as per CDA rules/policy.

The Authority admitted that corner and main boulevard charges of not even a single plot have been recovered from the allottees.

The matter was discussed in DAC meeting held on 18.12.2024. DAC directed the management to make due recovery and get the same verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para-03 &05)

#### **3.4.5 Non-accounting of excavated rock material and non-usage of available excavated stones/earth - Rs. 364.978 million**

According to item 106.2 of NHA General Specifications, 1998 (adopted by CDA for road/infrastructure development projects), all suitable material excavated within the limits and scope of the project shall be used in the most effective manner for the formation of the embankment, for widening of roadway, for backfill, or for other work included in the contract.

For disposal of excavated rock material, same procedure shall be followed as described above for the “Common Excavation” specified in sub item No.105.4.1 (a) which provides that “the unit of measurement for

common excavation shall be in cubic meter and be computed by average end area method based on cross-sections duly approved by the Engineer prior to commencement and completion of required excavation. The excavated material approved for fill under any item of the Bill of Quantities shall be used in the manner as described under the relevant item of work, irrespective of haulage distance”.

Audit noted that the Director, Sector Development, CDA, Islamabad awarded different projects and paid an item of work “excavate surplus hard rock material” for a quantity of 375,012.81 Cu.m.

Audit observed that excavated rock material was neither stacked nor was accounted for in the stock register for issuance / disposal and non-usage avails earth item of formation of embankment from borrow material to another work. This resulted in non-accountal/disposal of hard rock material valuing Rs. 364.978 million, as detailed below:

**(Rs. in million)**

<b>S. No.</b>	<b>Name of Contractor</b>	<b>Contract Cost</b>	<b>Qty in Cu.m</b>	<b>Rate (Rs)</b>	<b>Amount</b>	<b>AIR Para No.</b>
1	M/s Origin Enterprises	579.628	91,445.47	973.22	88.996	20
2	M/s Zafar & Co	778.977	182,765	973.22	177.870	20
3	M/s National Logistic Cell (NLC)	1,574.960	100,802.37	973.32	98.112	5
	<b>Total</b>	<b>2,933.565</b>	<b>375,012.84</b>		<b>364.978</b>	

Audit was of the view that non-accounting and non-usage of rock material was due to violation of NHA General Specifications, 1998 adopted by CDA.

Audit pointed out the matter in July 2024. The Authority did not reply.

The matter was discussed in DAC meeting held on 26.12.2024. The management apprised that the excavated surplus hard rock material for quantity is stacked at site and is measured / recorded in the stock

register which could be verified on demand. Furthermore, during execution of the project, it was observed that, the site conditions required cutting and removal of huge quantity of materials to attain the required Sub-grade levels of majority of roads and streets. The topography of the sector C-14 is quite evident that quantum of surplus common material, soft rock, medium and hard rock is much more as compared to quantum of filling/embankment on different roads streets. Audit contended that extra available stone was required to be utilized in Sector C-15 as cost of disposal of material up to 7 kilometer was already included in item rate. DAC directed the management that all relevant record be got verified from Audit within 03 days or effect recovery. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

#### **3.4.6 Non-recovery of Mobilization Advance - Rs. 545.399 million**

Clause 60.12 of contract agreement provides that an interest-free mobilization advance up to 10% of the contract price shall be paid by the employer to the contractor in two equal parts upon submission by the contractor of a mobilization advance guarantee for the full amount of the advance in the specified form from a scheduled bank in Pakistan acceptable to the employer. The advance shall be recovered in equal installments starting from 1<sup>st</sup> IPC and the last installment two months before the date of completion of the works as per Clause 43 hereof. In case of delay in project, contractor will bound to return the amount to authority within two years from the date of payment 1<sup>st</sup> part.

Audit noted that the Management of Capital development Authority, Islamabad awarded (05) works to different contractors in various Directorates. The Authority paid Rs. 910.421 million on account of mobilization advance to the contractors, as detailed in **Annexure-F**.

Audit observed that the authority failed to recover Mobilization Advance fully from the contractors within stipulated period and an amount of Rs. 545.399 million was outstanding. The validity of

mobilization advance guarantee is also not forthcoming on record. This resulted into non-recovery of mobilization advance amounting to Rs. 545.399 million.

Audit holds that non-recovery of advance was due to non-adherence to contract clause.

Audit pointed out non-recovery in July 2024. Sector Development Directorate did not reply whereas Works Directorate and Metro Bus Directorate management replied that delay in recovery of mobilization advance was due to slow release of PSDP fund and delay in possession of site.

The matter was also discussed in DAC meeting held on 26.12.2024 and 02.01.2025. The management apprised that the recoverable amount on account of mobilization advance has been recovered in their last running bills. Audit contended that recovery pertaining to Metro Bus Directorate and Works Directorate is still outstanding, whereas recovery claimed to have been effected by Sector Development Directorate is yet to be verified. DAC directed the management that amount recovered be got verified from Audit within three days and recovery of balance amount be expedited. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 2 (Metro Bus), 5 (Works Dte), 10 (Sector Development))

### **3.4.7 Irregularities in award and execution of work - Rs. 248.625 million**

As per technical evaluation criteria No. 02 of the tender documents, firms must have completed 03 works of similar nature during last 05 years having minimum worth of Rs. 200 million each (08 marks for each project) and current commitment/works in hand during last 03 years of similar nature for at least 03 projects having minimum worth of Rs. 150 million.

Clause 21 of contract provides that contractor shall insure the work for contract cost plus 15%. Clause 10 requires the contractor to provide performance security @10% of contract cost. Further, as per SP-1 of the contract, the contractor was required to provide site facilities to the employer without any additional cost.

Audit noted that the work “Rehabilitation/Improvement/Up-gradation of Nai Abadi and Huzaifa town road internal road of Bhara Kahu 03 Km road of union council Malpur, was awarded to M/s Pearl Construction Co at a contract cost of Rs. 248.625 million, against an NIT amount of Rs. 150.819 million with a completion period of 03 months. The total value of work done up to the 2<sup>nd</sup> IPC dated 13.06.2024 was Rs. 39.075 million.

Audit observed the following:

- i. M/s Pearl did not complete 03 works during past five years of similar nature /cost and 03 projects in were also not in hand having value of Rs. 150.00 million each at the time of award of work as required under evaluation criteria but the authority ignored this aspect and awarded the work to the firm without full filling eligibility criteria.
- ii. The Contractor neither provided insurance policy for contract price plus 15% (Rs. 285.915 million), as required under contract clause 21.1 nor insurance premium amounting to Rs. 2.859 million (Rs. 285.915 million x 1%) was recovered.
- iii. The contractor did not provide facilities as per SP-1 of the contract i.e. one latest model computer core I.7 with colored printer, one brand new apple MAC-Book Pro 16 inch with latest mode printer, one motor cycle Honda CD-70 latest model with monthly POL up to Rs. 30,000 and site office facility with fully furnished offices for the engineer supervisory staff within 15 days after issuance of Notice to commence the work.

- iv. The contractor also failed to complete the project within the designated period i.e. 03 months as per approved work schedule. The contractor rendered himself liable to pay Liquidated Damages worth Rs. 24.862 million (248.625 x 10%).

This resulted into irregularities in award and execution of work amounting to Rs. 248.625 million.

Audit holds that irregularities occurred due to non-adherence to rules and technical qualification criteria.

Audit pointed out the irregularity in July 2024 but the management did not reply.

The matter was discussed in DAC meeting held on 26.12.2024. DAC directed the management that all relevant record be provided to Audit within one day, otherwise FIR be lodged against the official(s) responsible. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 13, Sector Dev.)

### **3.4.8 Non-revalidation of insurance policy worth Rs. 542.788 million and non-imposition and recovery of liquidated damages - Rs. 6.504 million**

Clause 47.1 of special stipulation of conditions of contract provides that the contractors shall pay at the rate 0.1% of contract price for each day of delay in completion of the works subject to a maximum of 10% of Contract Price stated in the Letter of Acceptance.

Audit noted that Director, Sector Development (Division-I) CDA Islamabad awarded work "Development of Sector I-12 Islamabad (S.H: Streets, Drainage & Sanitary Sewerage System in Sub-Sector I-12/2 & I-12/3) to M/s Zarak Construction Company-JK & Co. (JV) with

agreement amount of Rs. 542.788 million on 18.03.2022 with completion period of 15 months. The total value of work done paid to the contractor up to 10<sup>th</sup> running bill was Rs. 477.749 million.

Audit observed that the contractor did not complete the work within stipulated period. The Authority did not impose liquidated damages. Audit further observed that validity of insurance policy dated 20.09.2022 expired and was not revalidated.

This resulted in non-revalidation of insurance policy for Rs. 542.78 million and non-imposition/non-recovery of liquidated damages for Rs. 6.504 million (Rs. 542.788 million - Rs. 477.749 million = Rs. 65.039 × 10%).

Audit maintains that the liquidated damages were not imposed due to non-adherence to the contractual provisions.

Audit pointed out the irregularity in July 2024. The management did not reply.

The matter was also discussed in DAC meeting held on 26.12.2024. The management apprised that contractor could not complete work within stipulated time period due to adverse possession of land. Audit contended that the contract was awarded without clear possession of land in violation of project management guidelines. Moreover, the contractor was bound to get the insurance policies re-validated till expiry of defect liability period as per contract. DAC directed to conduct a fact-finding inquiry. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 18)

### **3.4.9 Non-invoking contract clauses regarding risk & cost, encashment of bank guarantee and blacklisting of the defaulting contractor - Rs. 77.351 million**

Clause 63.5 of the contract agreement states that in case of termination of contract upon default of contractor under clause 63.1, the employer may en-cash the full amount of bank guarantee for mobilization advance and performance security and may debar the contractor from participation in future works of CDA up to three years/ or to recommend PEC for blacklisting of the firm/contractor as per PEC bylaws. Clause 63.7 grants the employer the right to mobilize any other person to the site to execute balance work at the risk and cost of the contractor.

Audit noted that the work “Construction of service road (North) E-12, Islamabad” was awarded to M/s Shabbir Ahmed at a contract cost of Rs. 97.107 million on 11.10.2019. The work was required to be completed in 09 months. The contract cost was subsequently revised to Rs. 124.421 million, against which the contractor was paid Rs. 110.704 million up to 06<sup>th</sup> IPC dated 22.06.2021.

Audit observed the following:

1. The contractor did not complete the work within the stipulated period i.e. 09 months but liquidated damages were not imposed.
2. The contract was terminated. CDA failed to encash the performance security of the contractor amounting to Rs. 9.710 million.
3. The remaining work amount of Rs. 77.351 million was not executed at the risk and cost of the defaulting contractor.
4. Secured advance amounting to Rs. 4.010 million is still outstanding.

5. The case of blacklisting with Pakistan Engineering Council (PEC) was not taken up by the Authority.

This resulted in non-invoking contract clauses regarding risk & cost, encashment of bank guarantee and blacklisting of the defaulting contractor.

Audit holds that irregularity occurred due to non-adherence to contract provisions.

Audit pointed out the irregularity in July 2024 but the management did not reply.

The matter was also discussed in DAC meeting held on 26.12.2024. The management apprised that the work awarded to M/s Shabbir Ahmed with date of start 13.12.2019 and 9 months given for completion. The Authority granted EOT up to 30.05.2021. Furthermore, the Margallah crushing plant remained closed upon orders of Supreme Court of Pakistan & the same is still closed due to which the road construction material could not be available / reached at site in time from Margallah Crushing Plant. The contractor, therefore, has to shift to another crushing plant for availability of said material which resulted in delay of work. The contractor left the work incomplete after that the Authority took action under clause 63.1, 63.5 & 63.7 of the contract agreement approved by Employer, therefore, it is not justified to impose the liquidated damages to contractor after termination of contract. Risk and cost has been recovered from previous contractor. DAC directed the management that all relevant record be got verified from Audit within three days. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 14 of Sec. Dev.)

### **3.4.10 Non-obtaining insurance coverage - Rs. 552.454 million and non-recovery of premium @ 1% of contract cost - Rs. 5.524 million**

Clause 21.1-25 of the agreement provides to insure the works together with materials and plant by the contractor. An additional sum of 15% of such replacement cost to cover any additional cost. He was also required to get third party insurance (including Employer's property) against liabilities for death of or injuries to any person or loss or damages to the property arising out of the performance of the contract and provide such evidence to the Employer prior to start of work. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance. In case of failure of the contractor to keep enforced any of the insurances required, the Employer was to effect and keep enforced the insurances by paying premium and recovery from the payments due to the Contractor.

Audit noted that the Deputy Director Special Project-II CDA awarded a work "Establishment of Waste Transfer Station (WTS) adjacent to Sewerage Treatment Plant Sector I-9/1, Islamabad" to M/s Rawail Builders on 20.10.2023 at an agreement cost of Rs. 480.395 million against the NIT cost of Rs. 225.538 million which was 113% above. The work was started on 20.03.2024 which was required to be completed on 19.09.2024 (completion period was six months).

Audit observed that the Authority did not obtain the required insurance policies from the contractor. Insurance was not invoked which was not only tantamount to undue benefit to the contractor, but also put the entire work, equipment, property and labour at risk. This resulted into non-obtaining of insurance coverage for the work valuing Rs. 552.454 million and non-recovery of inbuilt cost of premium of Rs. 5.524 million.

Audit holds that non-obtaining of insurance coverage is the violation of the contractual obligations which occurs due to weak internal

and financial control and inadequate oversight mechanism to enforcing the relevant rules and regulations.

Audit pointed out the issue in July 2024. The Authority replied that in order to fulfill the contractual obligations, the contractor has submitted the insurance guarantees as per contract agreement. The relevant record will be verified to Audit when required.

The reply is not acceptable as said guarantees were requisitioned by Audit to the Authority, they could not produce during audit. The relevant record regarding contractor's all risk policy (CAR policy) alongwith recovery of uninsured period may be produced to Audit for verification.

The matter was also discussed in DAC meeting held on 26.12.2024. DAC directed the management that contractor's all risk policy along-with the recovery of uninsured period be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 05)

#### **3.4.11 Delay in execution of project depriving authority of envisaged benefits - Rs. 14.00 billion**

Para 3.01 of Manual for Development Projects, 2021 states that appraisal of a project includes technical feasibility, commercial viability, institutional management capability, environmental sustainability, social acceptability, risk management, and sensitivity analysis. Comprehensive estimates of project benefits and cost during the appraisal allow decision-makers to assess the project's economic and financial viability.

PC-I of the project "Development of low-cost housing scheme Farash Town" construction of 3960 apartments for Rs. 15,307.174 million was approved, it was decided that vertical construction may be carried out on the land, planned by CDA to settle the residents of

displaced Katchi abadies at Ali Pur Farash, named as Model Urban Shelter Project (MUSP). Furthermore, it was decided that the construction work will be carried out by FWO on EPC mode/turn-key basis and CDA will be the executing agency. As per decision of Prime Minister of Pakistan, the FWO prepared plan for construction of 3960 apartments along with commercial area, open spaces/parks, public building, graveyard, hospital, masjid, Grid Station and Roads/streets etc., over an area of 672.08 kanals.

Audit noted that the Director, Special Project Directorate CDA awarded the project “Development of low cost housing scheme Farash Town” construction of 3960 apartments to M/s FWO through direct contracting at lump sum cost of Rs. 14,776.00 million (EPC basis) on 13.07.2021 with completion period of 24 months. The total value of work done up to 13<sup>th</sup> running bill was Rs. 6,859.019 million. The project was required to be completed within 24 months up to 30.06.2023 to achieve the approved targets/goals. Audit further noted that year-wise financial phasing of capital cost of Rs. 13,270.199 million was approved as Rs. 2,659.210 million for 1<sup>st</sup> year, Rs. 3,039.097 million for 2<sup>nd</sup> year, Rs. 1,899.436 million for 3<sup>rd</sup> year.

Audit observed that total funds of Rs. 8,295.190 million were released against approved cost of Rs. 13,270.097 million up to 30.06.2024 during three years from 2021-22 to 2023-24 which was 62% against the approved cost. Non-implementation of financial phasing of Rs. 4,974.907 million has resulted a delay in completion of the project and non-achievement of objectives approved in the PC-I.

Audit is of the view that had the Authority completed the said project within implementation period of approved PC-I, then the Authority would have been able to get the benefit/revenue of Rs. 14.000 billion, as envisaged in PC-I.

Audit pointed out the irregularity in July 2024. The Authority replied that after observing non-fulfillment of due responsibility by Naya Pakistan Housing and Development Authority (NAPHDA) regarding the

subsidy and mode of payment, the CDA Board in its 2<sup>nd</sup> meeting held on 16.02.2022, decided to complete the project through its own resources. Later, CDA Board in its meeting held on 31.03.2022 decided to re-plan the CDA portion from G+4 to High-rise luxury flats, to meet the modern requirement of market and earn revenue. Furthermore, it was decided by the Authority that the land allocated for Commercial, Public Buildings will be outsourced/leased to be developed by the allottees as per approved design by CDA.

The management conceded that design changes have been made from G+4 to High Rise luxury apartments by the Authority. Moreover, financial obligations were not fulfilled by NAPHDA which resulted in envisaged benefits being delayed.

The matter was discussed in DAC meeting held on 26.12.2024. DAC directed Fact Finding Inquiry at the level of Ministry of Interior and Cabinet Division. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 06)

#### **3.4.12 Non-recovery due to non-provision of employer's facilities - Rs. 135.00 million**

As per Special Provisions clause 24 of contract agreement, the contractor shall procure following for the project within one month after receiving mobilization advance and or / bill; in case of failure client shall procure and deduct from contractor's IPC, the running and other appropriate cost shall also be deducted accordingly. All mentioned machinery shall be property of the client. No separate payment shall be made to the contractor, he shall incorporate in his rates.

1. Asphalt Paver Machine, Cold Milling Machine.
2. Hino Mazda Dumper Truck.
3. Tractor along with Jack Trolley

4. ISUZU Water Tanker
5. Photocopier for Representative of The Engineer office.
6. Three (3) Containers 10x40 including bath facility.
7. Conference Room (30'X40') Fully Furnished with Projector and furniture etc.
8. Latest Laptops (3 No), Apple Mac book Pro and Desktop with Printers (3 No), HP Latest Model
9. Latest Drone with HD camera (1 No), and HD Cameras (2 No), Sony

Audit noted that Director, Road (South) Directorate, CDA, Islamabad awarded a work “Development of Islamabad Expressway from PWD underpass to GT Road including Bandhar Bridge, Japan Road underpass soan Bridge” to M/s FWO at an agreement cost of Rs. 10,990.001 million on 03.08.2022, commencement was reckoned as 21.09.2022 and the time was allowed (18 months). The total value of work done up to IPC No. 05 for total work done was Rs. 4,140.614 million.

Audit observed that the contractors did not provide facilities to the employer whereas the cost of Rs. 135.000 million (Approx) items was already included in their bid cost being anticipated expense. This resulted in non-recovery of Rs. 135.000 million from the contractor.

Audit holds that the non-recovery occurred due to weak contract and assets management.

Audit pointed out the issue in July 2024. The Authority replied the Audit contention is agreed in principle. M/s. FWO has been repeatedly requested to provide the items as per Special Provisions -24 of the contract agreement. M/s. FWO has not provided the items however; they are not refusing officially so the case will be taken up again with M/s. FWO for early provisions of the SP items. Moreover, to secure the

interest of the Authority partial amount has been withheld against SP items from M/s. FWO IPCs.

The department agreed with the audit observation.

The matter was discussed in DAC meeting held on 31.12.2024 wherein DAC directed CDA that the amount of Rs. 120.00 million withheld by the management be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 01)

### **3.4.13 Overpayment due to execution of the item beyond the specification - Rs. 13.268 million**

Item 203.3.6 of NHA General Specifications 1998, provides that before spreading materials, the surface of base or existing pavement on which the mix is to be placed shall be conditioned by application of a prime or tack coat as specified. After a prime coat is applied, it shall be left undisturbed not less than twenty-four (24) hours. The contractor shall maintain the primed surface until the mix material has been placed.

Audit noted that Deputy Director, Road South (Div-III), CDA, Islamabad awarded a work “Rehabilitation and widening of Park Road from Taramri to Rawal Chowk Islamabad” to M/s NLC at an agreement cost of Rs. 1,917.087 million on 24.02.2023, and the time was allowed (06 months) i.e. 07.12.2023. The total value of work done up to IPC No - 03 was Rs. 845.631 million

Audit observed that Authority paid an item Cut-Back Asphalt for Bituminous Prime amounting to Rs. 22.036 million for quantity of 152,786.98 Sqm @ Rs. 144.23. Audit further observed that the contractor executed Asphaltic Base Course Plant Mix(Class-B) amounting to Rs. 118.575 million for quantity of 12,758.64 cu.m @ Rs. 19,937.59 whereas as per NHA specification the contractor was required to execute the item on the prime coat quantity of 12,222.96 cu.m. This resulted in

overpayment due to execution of item asphalt base course beyond the NHA Specification amounting to Rs. 13.268 million (Rs. 19,937.28 x(12758.64-12,222.96)+24.23%).

Audit pointed out the overpayment in July 2024. The Authority replied that the quantity executed and measured for Asphaltic Base Course (Class-B) i.e. 12,758.64 cu.m. The quantity measured for an item Cut-Back Asphalt bituminous prime amounting to Rs. 22.036 million for quantity of 152,786.98 sqm. In line with Asphalt Base Course (Class-B) quantity 12,758.64 cu.m, the quantity of an item Cut-Back Asphalt bituminous prime will be 159,482.37 sqm (12,758.64 x 0.08 = 159,482.37 sqm), while the paid quantity is 152,786.98 sqm, hence a quantity of 6,695.39 sqm is paid less to contractor and will be adjusted in the upcoming IPC.

The reply of the department is not tenable. As per NHA specification the Asphaltic Concrete Base Course (ACBC) was required to be laid according to the cut-back Asphaltic bituminous prime.

The matter was discussed in DAC meeting held on 31.12.2024 wherein the management apprised there was an error in calculation of quantity of prime coat which will be adjusted in upcoming IPC. Audit contended that item of asphaltic concrete base course was paid without execution of allied item of prime coat in violation of specifications. DAC directed CDA to get the exact calculation verified from Audit besides recovery. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 03)

#### **3.4.14 Overpayment by taking excessive area of items of work - Rs. 25.169 million**

As per item 201.4.1 of NHA General Specifications (as adopted by CDA for execution of road infrastructure works), no allowance will be

given for materials placed outside the theoretical limits as shown on the cross-sections.

As per as-built drawing, the contractor laid 0.25 meter of aggregate base course, 0.20 meter of aggregate sub-base course and 0.10 meter of Asphaltic concrete base course layers.

Audit noted that the Director Road North CDA, Islamabad awarded the work “Grade Separation Facility at Intersection of 7<sup>th</sup> Avenue with Khayaban-e-Suherwardy and Srinagar Highway and Underpass” to M/s National Logistic Cell (NLC) on 09.08.2021 with the agreement cost of Rs. 1,696.321 million against the PC-I cost of Rs. 2132.41 million approved by DWP on 27.10.2020 and T.S estimate was approved for Rs. 1,615.59 million. Time of 364 days was allowed for completion of the work. The revised contract as per VO-2 was Rs. 2,149.024 million. The contractor was last paid 5<sup>th</sup> running bill for Rs. 100,000,000 in 16.01.2024 with up to date payment of Rs. 2,084.481 million.

Audit observed that CDA paid excess quantities of aggregate base course, aggregate sub-base course and asphaltic base course than provided in the design. This resulted in overpayment of Rs. 25.169 million, as detailed below:

(Rs. in million)

Item description	Qty Paid (cu.m)	Qty to be paid (cu.m)	Excess quantity paid	Rate (Rs. cu.m)	Excess amount
Aggregate Sub- Base Course	32,323	30,060	2,263	2,003	4.531
Aggregate Base Course	31,870	29,639	2,231	2,127	4.746
Asphaltic Base Course	12,150	11,299	851	18,686	15.892
				<b>Total</b>	<b>25.169</b>

Audit maintains that execution of excess quantities and payment thereof was due to non-observance of specifications.

Audit pointed out the issue in July 2024. The Authority replied that due recovery will be made from the upcoming IPC.

The Authority admitted recovery and same will be verified in Audit office.

The matter was discussed in DAC meeting held on 31.12.2024 wherein DAC directed CDA that recovery be made and shared with Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 06)

### **3.4.15 Excess expenditure on account of repair and maintenance of sixteen houses beyond their entitlement - Rs. 85.386 million**

Para 3 (i) of Finance Wing letter No. CDA/FW(B)-42(3)MG/2023-24/11 dated 29.08.2023 provides that budget allocation ceiling for civil & electrical works for various category of houses will be as under:

(Rs)

<b>S. No.</b>	<b>Category of Houses</b>	<b>Civil Works Limit</b>	<b>Electrical Work Limit</b>
01	A, B & C	500,000	200,000
02	D & E	1,000,000	300,000
03	F & G	1,500,000	400,000
04	H & I	2,000,000	500,000

Further, Para 3 (ii & iii) provides that all estimates shall be prepared by the Maintenance Directorate for repair works as per above ceiling so as to ensure that more houses/government officials are accommodated. All old cases of repair work already approved may also be re-examined and rationalized on the basis of the above budgetary

ceiling so that maximum number of houses may be accommodated within the budgetary provision for the financial year.

Audit noted that Maintenance Directorate CDA, Islamabad awarded sixteen (16) repair & maintenance works of different category houses amounting to Rs. 103.436 million during the financial year 2023-24. The total value of work done up to 30.06.2024 made to the contractors was Rs. 56.105 million.

Audit observed that as Authority issued work order amounting to Rs. 103.436 million for repair & maintenance of said sixteen (16) houses which was Rs. 85.386 million (71% to 1800%) excess from their entitlement of Rs. 18.00 million. Audit further observed that excess expenditure on individual houses left many other houses unmaintained.

This resulted in excess expenditure on account of repair and maintenance of sixteen (16) houses beyond their entitlement amounting to Rs. 85.386 million. **(Annexure-G)**

Audit holds that excess expenditure on repair and maintenance of houses was due to non-implementation of SOP issued by Finance Wing of CDA.

Audit pointed out excess expenditure during August 2024 but the management did not reply.

The matter was discussed in DAC meeting held on 02.01.2025 wherein DAC directed CDA to formulate policy within one month. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Paras 01&08)

### **3.4.16 Unjustified expenditure due to execution of new construction work from maintenance grant - Rs. 25.898 million**

Para 3 (iv) of Finance Wing letter No. CDA/FW(B)-42(3)MG/2023-24/11 dated 29.08.2023 provides that it should be ensured that only repair and maintenance works may be included in the estimates and all new construction work should be excluded from all the new and old estimates prepared in maintenance divisions.

Audit noted that Maintenance Directorate CDA, Islamabad (Division-1) awarded repair and maintenance work of House No. 10 F-7, Islamabad to M/s M. Asif Construction Co. on 09.06.2023 with agreement cost of Rs. 25.896 million and revised cost of Rs. 37.333 million with completion period of six months. The total value of work done up to 3<sup>rd</sup> running bill paid to the contractor was Rs. 25.898 million.

Audit observed that the aforesaid work was a new construction work which was not covered under maintenance grant and that too without approved design/drawings from the competent forum/wing. Audit is of the view that aforementioned execution of work deprived lower category houses as well as ignored a huge area from essential repair & maintenance. This resulted in unjustified expenditure due to execution of new construction work from maintenance grant amounting to Rs. 25.898 million.

Audit holds that irregularity occurred due to non-adherence to the policy/procedure.

The matter was discussed in DAC meeting held on 02.01.2025 wherein DAC directed CDA to demolish the new construction and recover the cost from officer responsible. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 03)

**3.4.17 Loss due to non-recovery of delayed payment charges -  
Rs. 109.589 million**

As per condition 9 (mode of payment) described in brochure for auction of Commercial Plots dated 24.01.2023, in case, the bidder fails to pay balance / particular installment(s) for six months along with delay charges, the plot's allotment shall be liable to cancellation.

Audit noted that Estate Management-II, CDA issued 32 provisional bid acceptance letters for commercial property on 28.02.2023, after approval of auctions executed in the Month of January by CDA Board on 20.02.2023.

Audit observed that 11 bidders failed to pay due installments on time after payment of token money and down payment. Audit observed that bidders made payment with an average delay of 3 months. The Authority accepted these late payments without calculation of delayed charges and recovery from them. This resulted into loss due to non-recovery of delayed payment charges for Rs. 109.589 million.

Audit maintains that loss occurred due to weak financial controls.

Audit pointed out the irregularity in July 2024 but the management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that in some cases plots have been cancelled and token money forfeited whereas in some cases recoveries have been made and final notices issued prior to cancellation. DAC directed the management that all relevant record including recoveries effected be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 01)

### **3.4.18 Non-recovery of Annual Ground Rent from NUST - Rs. 573.912 million**

As per clause 2 of chapter 19, CDA Property Manual, the allottees have to pay Annual Ground Rent (AGR) during the lease period as per schedule given. CDA may revise this schedule from time to time without prior notice and information to the allottees.

As per condition No.4 of allotment letter No.2405 dated 25.07.2002, for NUST University, amount of Rs. 2 per Sq. Yard will be charged as Annual Ground Rent to be paid in advance in first week of every year. The AGR will be increased 15% after every 03 years. Further, the rates of AGR for institutional areas, Sector I & H series, were revised as Rs. 6 per Sq. Yard per annum w.e.f 04.07.2014.

Audit noted that Estate Management-II, CDA allotted different pieces of land to NUST in the year 2003. By the end of year i.e. 24.10.2003, a total of 706.61 Acres of land had been allotted to NUST. Audit further noted that on the request of NUST management, CDA changed the rate of AGR from Rs. 2 per Sq. yard to Re. 1 per Acre for the first piece of 175 acre of land allotted vide letter No. 4634 dated 16.11.2002.

Audit observed that after being given discount by CDA, the management of NUST paid AGR of complete 33 years of lease period for Rs. 51,571 on 20.10.2009. Whereas, there is no provision in CDA Property manual that a waiver/concession could be given by any officer. The defaulter should be charged at the current rate of AGR or compound interest formula be applied.

Audit further observed that the current applicable rate of AGR since 2014 is Rs. 6 per sq. yard per annum which was subject to increase of 15% after every 3 years so the rates increased to the tune of Rs. 9.13 per sq. yard per annum at close of F.Y 2023-24.

This resulted into non-recovery of actual amount for Rs. 573,912,033) ( $706.61 \text{ acre} \times 4,448 \text{ Sq. Y per Acre} = 3,143,001 \text{ sq. yard} \times \text{Rs. } 9.13 \text{ per Sq. Y per annum} = \text{Rs. } 28,695,602 \times 20 \text{ years since } 2003 \text{ up to } 2023 = \text{Rs. } 573.912 \text{ million}$ )

Audit maintains that non-recovery occurred due to mismanagement and weak financial controls.

Audit pointed out non-recovery in July 2024 but the management did not reply.

The matter was discussed in DAC meeting held on 11.12.2024 wherein CDA apprised that the matter is being taken up with the NUST University for outstanding dues. DAC directed the management to vigorously pursue the recovery. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 12)

#### **3.4.19 Unjustified cancellation of commercial plot / withdrawal of acceptance letter despite competitively considerable bid and depositing the 25% premium - Rs. 1,700.300 million**

As per condition 02 of Provisional Bid Acceptance letter dated 21.06.2023, the bidder was required to deposit sum of Rs. 405.075 million as 25% of bid price excluding token money of Rs. 20.000 million within 30 days (on or before 20.07.2023).

Audit noted that Director, Estate Management-II CDA accepted the bid of plot No. 13-X, F-7 Markaz, Islamabad measuring 700 square yards, highest bid of Rs. 2,429,000 per square yard (Total Cost Rs. 1,700,300,000) was received in auction held on 29.05.2023 which was 42.89% above the reserve price/GPI of Rs. 1,699,948 per Square Yard and letter of acceptance was issued to highest bidder on 21.06.2023.

Audit observed that the allottee of the plot submitted 25% of premium amount in the shape of pay orders, CDRs and crossed cheques on 20.07.2023 but the authority withdrew provisional offer letter vide letter dated 22.08.2023 without any reason despite fulfillment of provisional bid acceptance letter.

Audit holds that the cancellation was made just to deprive the highest bidder from allotment of the prime located plot which resulted in loss to Authority of Rs. 1,700.300 million.

Audit pointed out the unjustified cancellation of plot in July 2024 but the management did not reply.

The matter was discussed in DAC meeting held on 11.12.2024 wherein the management apprised that the Bid acceptance letter was withdrawn due to violation of terms and conditions of auction brochure as the bidder failed to deposit full amount of 25% of total price. It is pertinent to mention here that as per terms and conditions of auction brochure, there is no relaxation in time period fixed for 25% down payment. Audit contended that the allottee fulfilled all the conditions of provisional bid acceptance letter i.e. submission of 25% down payment. DAC directed the management that revised reply with supporting documents be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 19)

#### **3.4.20 Non-receipt of commercialization charges - Rs. 1,842.27 million**

S. No. 07 of clause 34-Parameters under the regulations issued vide SRO 886(1)/2023 dated 26.06.2023 regarding Regulation for Planning and Development of Private Housing/Farm Housing, Apartments/Commercial Schemes/ Projects in Zone-2, 4 & 5 of Islamabad Capital Territory, 2023 framed under ICT Zoning Regulation,

1992, provides that commercialization charges @ Rs. 7,500 per Sq. yard on commercial area of commercial plots only shall be charged.

Audit noted that Housing Societies Directorate, Planning Wing, CDA Islamabad approved Layout Plans of Bahria Paradise Commercial Schemes-I, II, III and IV, in Zone-V Islamabad measuring 250 kanal, 173.66 kanal, 226.91 kanal and 243.34 kanal vide No. CDA/PLW-HS(364)/2022/1056 and even No. 1059, 1057 & 1058 dated 29.08.2023 respectively.

Audit observed that commercialization charges @ Rs. 7,500 per sq. yard of the saleable area measuring 406.01 kanal for Rs. 1,842.27 million (as per the actual size of the plot) as per land use analysis of LOP were not obtained from the sponsor of the Commercial Schemes as required under the regulation. This resulted in non-receipt of commercialization charges of Rs. 1,842.27 million, as detailed below:

**(Rs. in million)**

Name of Scheme	Area (kanal)	Commercial Area	Commercial Area Kanal	Area (Sq. yd)	Rate	Commercialization Charges
Bahria Paradise Commercial Scheme-I	250.00	54.91%	137.28	83,054	7,500	622.91
Bahria Paradise Commercial Scheme-II	173.66	42.14%	73.19	44,280	7,500	332.10
Bahria Paradise Commercial Scheme-III	226.91	40.05%	90.88	54,982	7,500	412.37
Bahria Paradise Commercial Scheme-IV	243.34	43.01%	104.66	63,319	7,500	474.89
<b>Total</b>	<b>893.91</b>		<b>406.01</b>	<b>245,636</b>		<b>1,842.27</b>

Audit maintains that non-receipt of commercialization charges was due to violation of Zoning Regulations of CDA.

Audit pointed out the non-receipt of commercialization charges in February 2024 but the management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that due to non-fulfillment of formalities, the No Objection Certificate (NOC) has not been issued to the commercial schemes. Furthermore, the management of the commercial schemes has deposited Rs. 36.38 million on account of commercialization charges. DAC directed the management to pursue the remaining recovery and recovery effected be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 04)

**3.4.21 Illegal conversion and sale of plots/land reserved for amenities measuring 200 Kanals in Jinnah Garden Phase-I - Rs. 2,000.000 million**

Claus-13(v) of Regulation issued vide SRO 886(1)/2023 dated 26.06.2023 for Planning and Development of Private Housing/Farm Housing, Apartments/Commercial Schemes/Projects in Zone-2, 4 & 5 of Islamabad Capital Territory, 2023 framed under ICT Zoning Regulation, 1992, regarding Transfer and Mortgage of land in favour of CDA, provides that after the approval of Layout Plan of the Scheme/Project the sponsor shall transfer to the Authority in the form annexed as Annex-C and free of charge, the land reserved for Parks/Open Spaces, Play Grounds, Graveyard, land under Right of Way (ROW) of roads/streets and 50% of land earmarked for Public Buildings, etc. in the Scheme/Project, within 45 days of the approval of the layout Plan of the Scheme/Project.

A scrutiny of the record of Housing Societies Directorate, CDA Islamabad revealed that management of Federal Employees Cooperative Housing Society (Jinnah Gardens) illegally converted plots/land reserved for parks, playgrounds, schools and other amenities of the scheme, measuring 200 kanals (approx.) worth Rs. 2,000.00 million (200 kanals @ Rs. 10.00 million per kanal) and also sold in violation of CDA Ordinance 1960, ICT Zoning Regulations 1992 (as amended) and

Revised Modalities & Procedures (2023) for development of Private Housing/ Farm Housing Schemes in Zones 2, 4 & 5 of ICT Zoning Plan.

Audit further observed that the development works were also taken up without obtaining NOC from the Authority in contravention of the approved layout plan along with sale of mortgaged plots in the name of the authority. The Authority neither imposed nor recovered penalty as per provision of zoning regulations for carrying out development works without obtaining NOC. This resulted in illegal conversion and sale of plots/land reserved for Parks, Playground, School and other amenities measuring 200 Kanals worth Rs. 2,000.00 million and non-recovery of penalty of Rs. 25.486 million (Rs. 2,548.6 x 10,000 = Rs. 25.486 million).

Audit maintains that unauthorized conversion of Plots/Land reserved for parks, playgrounds, schools and other amenities of the Housing Schemes occurred due to violation of Zoning Regulations and lack of oversight mechanism.

Audit pointed out the irregularity in February 2024 but the management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that the case of Jinnah Garden is pending in the Islamabad High Court, Islamabad. The last hearing was on 22.10.2024 and the same was adjourned without any proceeding. DAC directed the management to provide the report, already submitted in the court, to Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Report for the year 2022-23 vide para number 3.4.28, having a financial impact of Rs. 509.525 million. The recurrence of similar irregularity is a matter of serious concern.

(Para 03)

### 3.4.22 Non-recovery of pending fee/dues/charges/penalties from Naval Anchorage Housing Schemes - Rs. 132.375 million

According to Annexure-F Schedule of Fees and Penalties (Housing & Farm Housing Schemes), fees and penalties are charged as per following rates:

Description	Rate	Remarks
Scrutiny fee for Layout Plan of Housing/Farm Housing Scheme	Rs. 3,000 per kanal	To be charged on entire scheme area
Fee for Inspection and Monitoring	Rs. 500 per kanal	To be charged on the entire area with 50% in Advance and 50% in succeeding years
Start of Development of Scheme prior obtaining NOC without approval of Eng. Design	Rs. 10,000 per kanal	Fee to be charged on entire area of scheme
Access Charges per month	Rs. 800,000 per year	Housing Society with 801+ kanals (SRO.576(1)/2015 dated 09.06.2015)

During scrutiny of record of Housing Societies Directorate Planning Wing CDA, pertaining to Naval Anchorage Housing Schemes Zone-V, Islamabad, Audit observed that revised scrutiny fee, penalty for development without prior issuance of NOC, fee for inspection & Monitoring and direct Access charges from the 2014 to 2023 were not paid by the sponsor of the Schemes since 2014. This resulted in non-recovery of Rs. 132.375 million on account of fee, penalty and charges, as detailed below:

(Rs. In million)

Sr. No.	Description	To be paid	Paid	Outstanding
1.	Revised Scrutiny fee @ 3,000 per kanal	11.108	4.012	7.096
2.	Penalty for development prior issuance of NOC @ 10,000 per kanal	37.027	-	37.027

<b>Sr. No.</b>	<b>Description</b>	<b>To be paid</b>	<b>Paid</b>	<b>Outstanding</b>
3.	Fee for Inspection & Monitoring @ Rs. 500 per kanal	1.851	-	1.851
4.	Direct Access Charges @ Rs. 800,000 per month from 2014 to 2023 (108 months)	86.400	-	86.400
	<b>Total</b>	<b>136.386</b>	<b>4.012</b>	<b>132.374</b>

Audit maintains that the non-recovery of dues was due to weak internal and financial controls.

Audit pointed out the non-recovery in February 2024. The management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that the sponsor of the scheme approached CDA in September 2023, for approval of revised & extended Layout Plan of Naval Anchorage Housing Scheme, over an area measuring 5170 Kanals, and submitted the scrutiny fee amounting to Rs. 13.801 million. The Fee for Inspection and Monitoring and penalty for starting development of scheme prior to NOC and without approval of Engineer Designs will be obtained once the revised/ extended layout plan is approved. The scheme was approved with approach/ abutting from Japan Road Zone-V on which access charges are not applicable. As such, access charges are to be levied from Naval Anchorage Housing Scheme. DAC directed the management that all relevant record alongwith recovery effected be got verified from Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 05)

### **3.4.23 Illegal conversion/sale of plots and construction of residential buildings on the Green Strip of Tele Garden Housing Scheme, Sector F-17, Zone-2, Islamabad**

Claus-13(v) of Regulation issued vide SRO 886(1)/2023 dated 26.06.2023 for Planning and Development of Private Housing/Farm Housing, Apartments/Commercial Schemes/Projects in Zone-2, 4 & 5 of Islamabad Capital Territory, 2023 framed under ICT Zoning Regulation, 1992, regarding Transfer and Mortgage of land in favour of CDA, provides that after the approval of Layout Plan of the Scheme/Project the sponsor shall transfer to the Authority in the form annexed as Annex-C and free of charge, the land reserved for Parks/Open Spaces, Play Grounds, Graveyard, land under Right of Way (ROW) of roads/streets and 50% of land earmarked for Public Buildings, etc. in the Scheme/Project, within 45 days of the approval of the layout Plan of the Scheme/Project.

Audit noted during scrutiny of the record of Housing Societies Directorate, CDA Islamabad that management of Multi Professional Co-operative Housing Society co-sponsor of Tele Garden Housing Scheme, Sector F-17, Fateh Jang Road, Zone-2 Islamabad illegally created residential plots on Green Strip 150 feet of the Scheme in violation of approved LOP, NOC, ICT Zoning Regulations 1992 (as amended) and Revised Modalities & Procedures (2023) for development of Private Housing/ Farm Housing Schemes in Zones 2, 4 & 5 of ICT Zoning Plan.

Audit observed that the management of the society started development and construction of residential plots on Green Strip of 150 feet in violation of Layout Plan and NOC issued on 30.01.2008. The land under Roads/Streets, Parks/Green Area, Graveyard, Public Buildings etc. including green strip of 150 feet in the North of the scheme was transferred to CDA but the sanctioned mutations of land transferred to CDA was not available in the record produced to Audit. This resulted in illegal conversion/sale of residential plots and construction of buildings on the Green Strip of the scheme.

Audit maintains that unauthorized conversion/sale of residential plots and construction of buildings on the Green Strip of the scheme occurred due to violation of Zoning Regulations, LOP and lack of oversight mechanism.

Audit pointed out the irregularity in February 2024 but the management did not reply.

The matter was discussed in DAC meeting held on 11.12.2024. The management apprised that the development and construction of residential plots on Green Strip of 150 feet is not based on facts. The scheme is fully developed as per the approved Layout Plan on land measuring 1757.65 Kanals, in Mouza Doora and the infrastructure is laid as per the approved Engineering Designs & specifications. DAC directed Director Audit (CDA) to visit the site and submit report. DAC further directed the management that all correspondence of CDA with Society be shared with Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 07)

#### **3.4.24 Non-recovery of Direct Access Charges from the Sponsors of Housing Societies - Rs. 398.546 million**

According to SRO 576(10/2015 dated 09.06.2015, the CDA notified with immediate effect and till further orders following access and Right of Way (ROW) charges from Major Roads of Islamabad i.e. GT Road, Islamabad Highway, Kashmir Highway, IJP Road and Park Road:

<b>S. No.</b>	<b>Category</b>	<b>Rate/Amount</b>
1.	Petrol Pump/CNG Station/Amenities	0.5% of Market value up to a Maximum of Rs. 50,000 per month
2.	Housing Societies up to 400 kanals	Rs. 266,000 per month
3.	Housing Societies from 401 to 800 kanals	Rs. 562,000 per month

S. No.	Category	Rate/Amount
4.	Housing Societies with 801+ kanals	Rs. 800,000 per month

Audit noted that Housing Societies Directorate, Planning Wing CDA Islamabad approved Layout Plans and NOCs of the Housing Societies in Zone 2, 4 & 5 ICT Islamabad and allowed direct access on the major roads of Islamabad.

A scrutiny of the record of the Housing Societies Directorate, CDA revealed that eight housing societies had been given the direct access of the CDA Road but the direct access charges as levied through CDA Board's decision dated 24.12.2014 were not being charged from the housing societies. An amount of Rs. 398.546 million on account of direct access charges was outstanding as on 30.06.2023 against various Housing Societies. This resulted into non-recovery of Direct Access Charges of Rs. 398.546 million from various Housing Societies.

Audit pointed out the irregularity in February 2024 but the management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that Rs. 149 million have been recovered from various societies/ schemes on account of direct access charges. Moreover, the cases of defaulters have been forwarded to Sr. Special Magistrate, CDA, for recovery. DAC directed the management that recovery effected be got verified from Audit besides vigorously pursuing the remaining recovery. Moreover, details of cases referred to Sr. Special Magistrate may be shared with Audit. Compliance of DAC directive was not made.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Reports for the year 2019-20 and 2023-24 vide para numbers 3.5.12 (2019-20), 3.4.85 (2023-24), having a financial impact of Rs. 678.400 million pertaining to

Petrol Pumps, CNG Stations and Housing Societies. The case at hand exclusively involves housing societies. The recurrence of similar irregularity is a matter of serious concern.

(Para 09)

#### **3.4.25 Unjustified issuance of NOC for installation of electric poles for Park View City Housing Scheme on right of way of project specific service Simly Dam road**

According to Planning Wing CDA letter No CDA/PLW/RP-Zone-4(94)/2021/197, dated 11.09.2023, NOC has been issued to the concerned IESCO Office for Installation of Electric Poles in respect of Park View City Housing Scheme Mouza Malote Zone IV Islamabad, from 220 KV Grid Station Bhara Kahu to Athal Chowk and Athal Chowk to Malote Chowk Simly Dam/Murree Road, Islamabad.

A scrutiny of the case file revealed that Simly Dam road was constructed exclusively for the inspection, operation and Repair/Maintenance of Simly Main Conduction Pipelines laid along its both sides. The ROW of the subject road was acquired just to accommodate the pipelines and service road. The record further disclosed that additional pipe lines against the abandoned 02 pipelines; which is being planned to be laid under the umbrella of Planning Commission, Government of Pakistan. The Director General Water Management Wing, CDA vide letter No. CDA/DG/WMW/21(9)/2023/1355 dated 19.09.2023 also recommended not to install electric poles in its ROW as they will not only get damaged during repair/maintenance works of the pipelines but will also make it impossible to lay the additional pipe lines against the abandoned 02 pipelines. The record showed that the Water Management Wing (WMW) responsible for operation and Repair/Maintenance of Simly Main Conduction Pipelines laid along its both sides was not consulted while processing and issuance of the subject NOC. In the light of afore-mentioned facts, the issuance of NOC by the Planning Wing CDA was unjustified.

Audit pointed out the irregularity in February 2024 but the management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that following conditions were made part of NOC issued on 11.09.2023; conveyed to all concerned on 17.11.2023:

- a) It was decided to remove the electric poles on the already laid down water supply lines causing overlapping and other lines also be accommodated on 50 feet high poles proposed for the alignment.
- b) If at any stage, the Authority decides to re-locate the poles same will be done at the cost of the sponsor of Park View Housing Scheme. The society has given its commitment in the form of affidavit that in future, if the poles are to be re-located the same will be done at the cost of society.

DAC directed CDA to submit a report to Ministry explaining the RoW of water conduction lines and installation of electric pole with its implications, if any. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 21)

#### **3.4.26 Non-sharing of allotment letters with CDA by the Housing Societies/High Rise Apartments due to absence of Digital Platform**

Clause 40 (7) of Regulation for Planning and Development of Private Housing/Farm Housing, Apartments/Commercial Schemes/Projects in Zone-2, 4 & 5 of Islamabad Capital Territory, 2023 framed under ICT Zoning Regulation, 1992 provides that all allotment letters, in case of Housing/Farm Housing Scheme, Commercial Scheme, Vertical Housing Project and Standalone Commercial Project, issued by Sponsors

shall be shared with CDA through a Digital Platform i.e. Management Information System (MIS)/ERP at the cost of Sponsor, for regulating the Saleable Area within approved Layout Plans and Building Plans, respectively, of such Schemes/Projects.

Audit noted that Housing Societies Directorate, Planning Wing, CDA, Islamabad issued No Objection Certificates (NOCs) to 25 Housing Societies over an area of 72,110.22 kanals in different Zones of ICT and one tower of High Rise Apartments over an area of 15 kanal (Capital Resort) in E-11/1 Islamabad upto 2023 under ICT Zoning Regulations 1992. Further, after issuance of NOC, the sponsors of the Housing Societies/High Rise Apartments were allowed to advertise, sale/transfer the plots as per approved layout plans.

Audit observed that the sponsors of the schemes started marketing/sale & transfer of plots/flats/apartments after issuance of the NOC but the Housing Societies Directorate, Planning Wing, CDA has not framed any mechanism for Marketing/Sale & Transfer of Flats/Apartments as required under clause 40(7) and 40(8) of the Regulation for Planning and Development of Private Housing/Farm Housing, Apartments/ Commercial Schemes/Projects in Zone-2, 4 & 5 of Islamabad Capital Territory, 2023 for regulating the Saleable Area within approved Layout Plans and Building Plans, respectively, of the Schemes/Projects.

Audit further observed that the allotment letters of the Plots/Flats/Apartments issued by Sponsors are not being shared with CDA through a Digital Platform i.e. Management Information System (MIS)/ERP at the cost of Sponsor, for regulating the Saleable Area within approved Layout Plans and Building Plans, respectively, of the projects. This resulted into non-sharing of allotment letters to the Authority by the sponsor due to absence of Digital Platform i.e. Management Information System (MIS)/ERP and non-devising of Monitoring Mechanism by the Housing Societies Directorate, Planning Wing, CDA.

Audit maintains that irregularity occurred due to violation of Zoning Regulations and lack of oversight mechanism.

Audit pointed out the irregularity in February 2024. The management did not reply.

The matter was discussed in the DAC meeting held on 11.12.2024. The management apprised that digitization process was started in 2019 and letters have been issued to all the sponsors of the societies/schemes for development of Management Information System (MIS)/ERP. DAC directed the management to share the progress of Management Information System (MIS) with Audit in 90 days. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

**Note:** The issue was also reported earlier in the Audit Report for the year 2022-23 vide para number 3.4.54. The recurrence of similar irregularity is a matter of serious concern.

(Paras 13&20)

#### **3.4.27 Non-obtaining of performance security of works from contractors - Rs. 13.303 million**

As per particular condition of contract clause 4.4, contractor shall provide the to the employer within fourteen days after receipt of Letter of Acceptance a performance security at the option of the bidder, in the form of Bank Draft or Bank Guarantee or an insurance company having at least AA rating from PACRA/JCR for the amount and validity specified in Contract Data @ 10% (also available in Public Procurement Rules rule-39).

Audit noted that the Management of Capital Development Authority Islamabad awarded 10 repair / renovation /maintenance works amounting to Rs. 133.035 million to contractors during 2023-24.

Audit observed that the works were awarded to contractors and agreements of works were executed on Form-7 instead of PEC contract documents for smaller works as per directions of Planning Commission. Furthermore, the authority was required to obtain the performance security of works from contractors as per clause 4.4 of the contract documents of PEC and as per PPRA rules, which was also not taken. This resulted into non-obtaining of performance security from contractors of Rs. 13.303 million as detailed in **Annexure-H**.

Audit holds that the irregularity occurred due to non-implementation of technical and internal controls.

Audit pointed out the issue in August 2024. The authority replied in this regard, it is stated that the works were awarded to the contractors and agreements of requisite works were executed on CDA form-W-7 as envisaged in CDA practice after obtaining the approval of competent authority. According to CDA Form W-7, there is no such provision of obtaining the performance security from the contractors. In additions, the contractors have also completed the work at site satisfactory without fails.

The reply is not acceptable as per criteria referred above as PEC has separate contract documents for smaller works below Rs. 25 million and that documents has the clause of performance security.

The matter was discussed in DAC meeting held on 07.01.2025 wherein DAC directed CDA to conduct fact finding inquiry at ministry level for using form 7 in spite of PEC documents besides obtaining performance security. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 02,05&10)

### **3.4.28 Irregular/unauthorized installation of water connections of four (4) inches dia in hotels**

According to Notification No.MCI-1(1)/Notification-4/2024 dated 23.01.2024, water connection of ½" dia to 2" dia for commercial consumers could be installed and there is no provision for water connection over 2" inches dia water connection for commercial consumer.

Audit noted during scrutiny of water connection Register/ledger being maintained in Water Supply Directorate (Water Distribution South), CDA, Islamabad allowed and installed two water connections of 4" inches dia each, SR East in addition to other Two water connections of 1" dia on SR South from 2" dia Foreign Office Line in Serene Hotel Sector G-5, Islamabad and two connection of 4" dia and one connection of 3" dia in Marriot Hotel, Sector F-5, Islamabad as commercial consumers.

Audit observed that water connection of ½" dia to 2" dia for commercial consumer was allowed to be installed and there were no provision for water connection for commercial consumer over two inches dia water connection. Thus, installation of 4" dia two water connections in Serena Hotel, Sector G-5, Islamabad and two connection of 4" and one connection of 3" dia in Marriot Hotel Sector F-5, Islamabad was irregular and unauthorized. This resulted into irregular/unauthorized installation of water connections over and above the authorized dia of water connection.

Audit pointed out the issue in July 2024. The Authority replied that, the Head of States/ Foreign Delegations from all over the world stay at both hotels during their visit to Pakistan. It is further added that the International Teams also stay during their tour to Pakistan. To avoid embarrassing situations, connections are installed on the instructions of higher ups, however, water charges have been charged by the Revenue Directorate, CDA as per covered area and water consumption.

The reply is not tenable as not supported with any rule provision. Installation of two water connections of 4" inches and 3" dia in the same premises, over & above the authorized dia of maximum 2" inches connection was unauthorized and illegal.

The matter was discussed in DAC meeting held on 07.01.2025 wherein DAC directed CDA to recover the amount for provision of connection of excessive dia 2 inches and approval of the authority for excess connections. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 02)

#### **3.4.29 Non-initiation of action against contractor for delay in execution of project - Rs. 321.926 million**

Clause 63.1 (e) of contract agreement provides that the Employer may after giving 14 days' notice to the contractor, enter upon the site and the works and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or effecting the rights and authorities conferred on the Employer or the Engineer by the contract and may himself complete the work.

Sub-clause 10.1 of contract agreement states that the contractor shall provide a Performance security in the prescribed form within 07 days after the receipt of letter of acceptance. The Performance security shall be of an amount equal to 10% of the Contract Price. Such security shall, at the option of the bidder, be in the form of either (a) Bank Guarantee from any scheduled Bank in Pakistan or from a Bank located outside Pakistan duly counter-guaranteed by a scheduled bank in Pakistan or an insurance Company having at least AA rating from PACRA/JCR.

Audit noted that Market and Road Maintenance Directorate, CDA Islamabad awarded a contract "Construction of Bicycle Lane Project (BLP) Making Islamabad Sustainable City" to M/s Railway Construction

Pakistan Limited (RAILCOP) on 23.02.2024 with agreement cost of Rs. 2,438.850 million with completion period of 18 months. Audit further noted that contractor provided the performance security amounting to Rs. 243.880 million vide guarantee dated 01.03.2024, valid up to 01.10.2025. In this connection following audit points needs to be attended:

- i. The date of commencement of the work was 18.03.2024 and stipulated time period for completion of work was 18 months (17.09.2025) but progress of the work is “Nil” till date against 25% planed progress. The contractor has not been served with any notices for slow progress as per record produced.
- ii. More than four months had elapsed but the Authority did not obtain the insurance policy from the contractor amounting to Rs. 2,804.677 million as required under agreement clause 21.1 to 25.
- iii. The contractor was required to provide the employer facilities for enquiry offices within one month after issuance of letter of start without any additional cost. The letter of start was issued on 18.03.2024 but contractor failed to provide the employer facilities so far.

In the light of above audit observed that the contractor could not execute the work according to work schedule and also fail to provide the insurance policy and employer facilities as required under contract clauses. Audit further observed that the authority did not take any action against the contractor according to contract clause because no such record was available in office record. This resulted in non-recovery from the contractor on account of encashment of performance security/ insurance premium/ Employer facilities amounting Rs. 321.926 million as detailed below:

(Rs. in million)

S. No.	Description	Amount
1	Performance Security	243.88
2	Insurance Premium	28.046
3	Non-provision of Facilities	50.00
<b>Total</b>		<b>321.926</b>

Audit pointed out the irregularity in August 2024. The management did not reply.

The matter was discussed in DAC meeting held on 07.01.2025 wherein DAC directed CDA to conduct inquiry at ministry level under intimation to Audit. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 05)

#### **3.4.30 Non-imposition of penalty on Design Consultant due to defective estimation - Rs. 25.490 million**

According to Clause 3.4 of the consultant agreement, “Liability of the consultants”- Para-2 provides “if the client suffers any losses or damages as a result of proven faults, errors or omissions in the design of a project, the Consultants shall make such losses or damages subject to the conditions that the maximum liability as aforesaid shall not exceed twice the total remuneration of the consultants for design phase in accordance with the terms of the contract”.

Audit noted that Director Works CDA, Islamabad (Works- I Division) awarded a contract “Construction of Parking Plaza near Saviour Blue Area Islamabad” to M/s NLC at an agreement cost of Rs. 1,274.548 million on 10.01.2022 with completion period of one year. The contractor was last paid for Rs. 1,095.298 million up to June 2024.

Audit observed that during execution, scope of work was enhanced to Rs. 1,876.804 million (excess of Rs. 602.256 million i.e. 47% beyond the original contract cost) and enhanced scope of work was

also awarded to the same contractor through variation orders (VO-1, VO-2 & VO-3). The scope of work extra-ordinarily enhanced due to defective estimation on part of the Consultant but the management did not take any penal action against the consultant for the huge variations as the consultant was liable to be penalized.

This resulted in non-imposition of penalty on Design Consultant due to defective estimation amounting to Rs. 25.490 million (2% of contract cost).

Audit pointed out the issue in July 2024. The Authority admitted that deficiency in design was at the part of consultant and also informed that penalty @10% of consultant remuneration was imposed on consultant for defective estimation.

The reply was not accepted because penalty imposed by the Authority @10% of consultant remuneration fee instead of twice of the remuneration as per contract.

The matter was discussed in the DAC meeting held on 26.12.2024. DAC directed the management to recover the amount, submit departmental review of the consultant work and initiate case regarding blacklisting of consultant firm. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 01)

#### **3.4.31 Loss due to award of work at higher rate without obtaining competitive rates - Rs. 296.411 million**

Rule 42 (f) (iv) of Public Procurement Rules, 2004 provides that the procuring agency shall devise a mechanism for determining price reasonability to ensure that the prices offered by the state owned entities are reasonable for award of the contract.

Audit noted that the Director Works CDA, Islamabad awarded a contract for “Construction of Boundary Wall & Allied Works in Diplomatic Enclave, Islamabad” to National Logistic Cell (NLC) at an agreement cost of Rs. 973.864 million on 03.04.2023. The work was started on 06.04.2023 which was required to be completed within six (06) months i.e. 05.10.2023.

Audit further noted that another work, “Construction of Litigant Facilitation Centre for Litigants and Lawyers at G-10/1 Islamabad” was awarded to M/s United Engineers at agreement cost of Rs. 1,397.892 million on 19.01.2023.

Audit observed that work awarded to M/s NLC was 106.94% above the MES Schedule of Rates 2021 and 21.55% above non-scheduled item rates, whereas the work awarded to M/s United Engineers was 35.47% above MES Schedule of Rates 2021 and 18% above the non-scheduled item rates.

This resulted in loss of Rs. 296.411 million due to award of work at higher rates. (Rs. 255.721 million (Estimated cost on MES-2021 Rs. 357.803 x 71.47% premium + Rs. 188.821 million x 21.55%= Rs. 40.690 million).

Audit pointed out the loss in July 2024. The Authority replied that work was awarded to M/s NLC due to security reasons after getting approval from the competent authority.

The reply is not tenable because the work was firstly awarded without any tendering/competitive bidding process secondly due to not having any competitions extra-ordinary higher rate offered by the single contractor was accepted without any assessment of reasonability of rates.

The matter was discussed in the DAC meeting held on 26.12.2024. DAC directed to place the matter before PAC. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

(Para 06)

### **3.4.32 Less deduction of Income Tax, Sales Tax and ICT Tax from contractors - Rs. 98.585 million**

As per Section-153(1)(b) of Income Tax Ordinance 2001, “Every prescribed person making a payment for rendering or providing of services is liable to deduct Income Tax from the gross amount of the bills at prescribed rates”.

According to Section 3(2)(3) of “The Islamabad Capital Territory (Tax on services) Ordinance, 2001”, provides that services tax @ 16% of the value of services provided will be charged.

Audit noted that management of CDA, Islamabad awarded various contracts of repair, supplies and services during the financial year 2023-24, for different works/ supplies.

Audit observed that the Authority failed to deduct the Income Tax, General Sales Tax and ICT Tax on services from the contractor. This resulted into non-deduction of tax amounting to Rs. 98.585 million, as detailed in **Annexure-I**.

The Government was put in to loss due to less-deduction of income tax and non-deduction of ICT tax and Sales Tax.

Audit pointed out the issue in July 2024. The Authority replied in one case that Sales Tax was not deducted as the firm was an active Sales Tax payer.

The reply is not tenable as the sales tax on services was to be deducted from the service provider as per provision of Islamabad Capital Territory (Tax on Services) Ordinance, 2001. In remaining cases, the Authority did not reply.

The matter was discussed in DAC meeting held on 31.12.2024, 02.01.2025 and 07.01.2025 wherein DAC directed CDA to recover due amount from the contractors. Compliance of DAC directives was not made.

Audit recommends compliance of DAC directive.

### **3.4.33 Non-imposition of penalty/recovery on account of cost of unauthorized utilization of excessive space - Rs. 15.008 million**

Terms & Conditions No. i & ii of Offer Letter No. MCI/DMA/A&C-18(14)/2017/2164 dated 01.01.2018 provide that size of logo will be as per the sizes submitted in your application if at any time it appeared that the display of media has exceeded the measurements as specified in the application as per detail given below without intimation to DMA office and seeking its approval, same shall be got immediately removed at the risk and cost of the permission holder by authority without any notice. In addition to appropriate action/penalty (either one or both) will be imposed as approved by the authority.

Audit noted that Directorate Municipal Administration MCI, Islamabad issued a license to M/s Adsell's Lahore for "Display of Ufone Logo at Pakistan Telecommunication Authority (PTA) Tower Blue Area, Islamabad" vide offer letter dated 01.01.2018, measuring 8,901.97 square feet for Rs. 1,615,340 per annum.

Audit observed during the review of the record that the management of M/s Adsell's is utilizing space/area of 21,667.6 square feet against approved space of 8,901.97 square feet which is 12,765.63 square feet in excess of the approved space as evident from site visit carried out by the Deputy Director DMA, MCI. In this case, neither the Authority imposed the penalty against the concessionaire nor charges of excessive utilization of space/area were demanded.

This resulted into non-imposition of penalty or less recovery of Rs. 15.008 million, as detailed below:

(Rs in million)

S. No	Site	Actual Area square feet	Area as per Re-measurement	Excessive area	Rate per sqf. Rs. per annum	Amount
1.	1 <sup>st</sup> Tower U-Fone	3,660	6,880	3,220	250 x 5 years	4.025
2.	2 <sup>nd</sup> Tower U-Fone	4637.12	10,389	5,751.88	250 x 5 years	7.189
3.	Illuminated Logo-01	382.25	4,176	3,793.75	200 x 5 years	3.794
	<b>Total</b>	<b>8,679.37</b>	<b>21,445</b>	<b>12,765.63</b>		<b>15.008</b>

Audit maintains that less recovery occurred was due to weak internal and financial controls of the authority.

Audit pointed out the loss of revenue in September 2024. The Authority did not reply.

DAC was not convened till finalization of the report.

Audit recommends recovery of the amount involved.

(Para 1)

#### **3.4.34 Irregular/unjustified expenditure due to award of works/contracts on quotation basis instead of open tendering/competition - Rs. 40.702 million**

As per to Rule-12 (1&2) of Public Procurement Rules, 2004 as amended, Procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Audit noted that Directorate of Municipal Administration, MCI, Islamabad awarded four (04) contracts to selected contractors/ suppliers for "Security Arrangements, Decorative Arrangements Fireworks etc. on

different occasions at Islamabad” on single quotation basis instead of open competition at an agreement cost of Rs. 40.703 million during 2023-24, as detailed below:

**(Rs. in million)**

<b>S. No.</b>	<b>Description</b>	<b>Name of Contractor (M/s)</b>	<b>Amount</b>
1.	Security Arrangement through FC	Mauz Khan & Brothers	7.390
2.	Arrangements of Pak Monument on the occasion of Shuhhada Conference in May, 2023	Mauz Khan & Brothers	25.400
3.	Firework on the occasion of 14 <sup>th</sup> August, 2023	Allied Firework International	6.300
4.	Decorative arrangements on Palestine Rally on 5 <sup>th</sup> November, 2023	Waqas International	1.613
		<b>Total</b>	<b>40.703</b>

A review of the record indicated that the said contracts were awarded on the basis of urgent issues which were subsequently approved by the competent authority. Moreover, the Authority neither compares the rates with the same nature of work/contractor adopted the preferable option of retendering for healthy competition in violation of PPRA Rules.

Audit is of the view point that the Authority was required to advertise the bid for healthy competition instead undue favor to single bidder. This resulted into irregular/unjustified expenditure due to award of contracts on quotation basis instead of open competition for Rs. 42.623 million.

Audit maintains that irregularity occurred was due to weak internal and financial controls of the authority.

Audit pointed out the irregularity in September 2024. The Authority did not reply.

DAC was not convened till finalization of the report.

Audit recommends inquiry into the matter for fixing responsibility.

(Para 2)

### **3.4.35 Illegal Collection of Parking Fee at Faisal Mosque by private persons**

As per Rule-72 to 76 of CDA Procedure Manual Part-III, every officer of the Authority will be held personally responsible for any loss sustained by the Authority through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud or negligence on the part of any other employee of the Authority to the extent to which it may prove that he contributed to the loss by his own action or negligence.

During audit of the accounts of Maintenance Division-V (Maintenance Directorate, CDA), Audit Team performed a site visit of car parking area on 25.07.2024. It was noticed that private persons were charging car parking fee illegally from the visitors @ Rs. 100 for Car/Bus and Rs. 30 for motor bike on printed Faisal Mosque Parking Fee receipt.

Audit observed that car parking fee was being collected illegally through private persons. It is worth mentioning that in the year 2022, Directorate of Municipal Administration, MCI announced to provide the free car parking facility for the visitors of Faisal Mosque but some private persons established their temporary arrangements at car parking area and were charging parking fee from the bikers, cars, and buses unauthorizedly. Metropolitan Corporation Islamabad failed to implement its decision as it did not take any action against unauthorized activity causing undue burden on general public/visitors besides loss to public exchequer amounting to Rs. 14.400 million, as calculated below:

<b>S. No.</b>	<b>Description</b>	<b>No of Vehicle per day</b>	<b>Rate</b>	<b>Amount (Rs.)</b>
1	Car/Buses	250	100	25,000
2	Motor Bike	500	30	15,000
Per day Collection approximately				40,000
Per Month Collection (40000 X 30)				1,200,000
Per Annum Collection (1,200,000 X 12)				<b>14,400,000</b>

Audit pointed out the issue in July 2024. The management replied that audit observation relates to Directorate of Municipal Administration, MCI and the same has been forwarded for reply at their end.

The matter was discussed in DAC meeting held on 02.01.2025 wherein the Committee directed the management to take strict action against the persons collecting parking fee and lodge FIR.

Audit recommends compliance of DAC directive.

(Para 17)

## CHAPTER 4

### CIVIL AVIATION AUTHORITY (AVIATION DIVISION)

#### 4.1 Introduction

A. Pakistan Civil Aviation Authority is a public sector autonomous body working under the Federal Government of Pakistan through Aviation Division, Cabinet Secretariat. CAA<sup>9</sup> was established on 07.12.1982 through Pakistan Civil Aviation Authority Ordinance 1982. As per Schedule-II of Rules of Business, 1973 (amended up to January 2019) Aviation Division is responsible for administration of Civil Aviation Ordinance and development of civil aviation in Pakistan.

The purpose of establishing CAA is to provide for the promotion and regulations of Civil Aviation activities and to develop an infrastructure for safe, efficient, adequate, economical and properly coordinated Civil Air Transport Service in Pakistan. CAA not only plays role of the aviation regulator of the country but also performs as service provider of Air Navigation Services and Airport Services. The core functions of CAA are therefore, 'Regulatory', 'Air Navigation Services' and 'Airport Services'. These core functions are fully supported by various corporate functions of the organization.

The general direction and administration of CAA and its affairs is with CAA Board which exercises all powers, performs all functions and

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<sup>9</sup>At the time of finalization of the report Civil Aviation Authority has been bifurcated by Federal Government through Acts of Parliaments vide SRO 1216(I)/2024 dated 09.08.2024, SRO No.F. 22(47)/2021-Legis. Dated 08.08.2023 and SRO 1215(I)/2024 dated 09.08.2024 into following:

- 1) Pakistan Civil Aviation Authority (PCAA)
- 2) Pakistan Airports Authority (PAA) and
- 3) Bureau of Aircraft Safety Investigation (BASI).

However, the report contains the result of audit of the accounts of CAA for the year ended 30.06.2024 before its administrative bifurcation.

does all acts and things that need to be exercised, performed or done by the Authority. The Chairman CAA Board is the Secretary of Division to which the affairs of the Authority are allocated. Presently, it is the Secretary Aviation. CAA Executive Committee is the highest decision-making body of the Organization. It exercises such administrative, executive, financial and technical powers as delegated to it by the Authority. Director General CAA is the Chairman of CAA Executive Committee. The Federal Government appoints the Director General who is the Executive head of CAA and exercises such powers and performs such functions as may be specified in CAA Ordinance or delegated to him by the CAA Board from time to time. The CAA Board is assisted by CAA HR (Human Resources) Committee and CAA Audit Committee. The Director General is assisted by the Additional Director General, Deputy Director General, Directors and Additional Directors, Director (Finance) controls the budget and enforces internal financial controls/checks. Internal Audit Department is headed by an Additional Director under direct supervision of the Director General. The Headquarters of the CAA are situated at Karachi.

#### **B. Comments on Budget and Accounts (Variance Analysis)**

Financial Statements of Pakistan Civil Aviation Authority for the financial year 2023-24 (unapproved) disclosed the figures of budget, revenue and expenditure as follows:

##### **Revenue**

**(Rs. in million)**

Description	Target	Actual	Excess/ (Shortfall)	Excess/ (Shortfall) %
Aeronautical	149,822	149,057	(765)	(0.51%)
Non-Aeronautical (Rent & Allied)	18,634	19,106	472	2.53%
Inspection & Services	599	611	12	2.00%
Return on Bank Deposits	26,148	27,236	1,088	4.16%
Others	207	225	18	8.70%
<b>Total</b>	<b>195,410</b>	<b>196,235</b>	<b>825</b>	<b>0.42%</b>

Audit noticed that:

- i. The Aeronautical revenue for the year 2023-24 was Rs. 149,057 million against target of Rs. 149,822 million. There was a shortfall of Rs. 765 million which constitutes (0.51%) of the targeted revenue.
- ii. The Non-Aeronautical revenue for the year 2023-24 was Rs. 19,106 million against target of Rs. 18,634 million. There was an excess of Rs. 472 million which constitutes 2.53 % of the targeted non-aeronautical revenue.
- iii. The Return on Bank Deposits for the year 2023-24 was Rs. 27,236 million against target of Rs. 26,148 million. There was an excess of Rs. 1,088 million which constitutes 4.16 % of the targeted Return on Bank Deposits.
- iv. Overall excess in revenue was Rs. 825 million, which constitutes 0.42% of the targeted revenue.

#### **Budget & Expenditure 2023-24**

**(Rs. in million)**

<b>Description</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Excess/ (Shortfall)</b>	<b>Excess/ (Shortfall) %age</b>
Establishment Charges	25,591	24,948	24,284	(664)	(2.66%)
Admin. Expenses	16,268	15,318	14,271	(1,047)	(6.84%)
Provision for Doubtful Receivables	21,597	20,250	19,473	(777)	(3.84%)
Provision for Pensioners	6,176	6,176	5015	(1,161)	(18.80%)
Repairs and maintenance	4,988	2,753	2,307	(446)	(16.20%)
Depreciation/ Provision for impairment/ Amortization	12,178	13,153	14,047	894	6.80%

Description	Original Budget	Revised Budget	Actual	Excess/ (Shortfall)	Excess/ (Shortfall) %age
Exchange Loss	35	220	199	(21)	(9.55%)
Bank Charges	7	4	3	(1)	(25.00%)
<b>Total Non-Development</b>	<b>86,840</b>	<b>82,822</b>	<b>79,599</b>	<b>(3,223)</b>	<b>(3.89%)</b>
<b>Development</b>					
Federal Government Fund (PSDP)	5,000	2,500	1,951	(549)	(21.96%)
Annual Development Program (ADP)	32,514	10,857	7,410	(3,447)	(31.75%)
<b>Total Development</b>	<b>37,514</b>	<b>13,357</b>	<b>9,361</b>	<b>(3,996)</b>	<b>(29.92%)</b>
<b>Grant Total</b>	<b>124,354</b>	<b>96,179</b>	<b>88,960</b>	<b>(7,219)</b>	<b>(8%)</b>

Audit noticed that:

- PSDP funds (Government funds) amounting to Rs. 549 million remained unutilized representing 21.96% of the revised budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for PSDP projects.
- In Annual Development Program Budget (CAA funds), there was a saving of Rs. 3,447 million representing 31.75% of the revised budget allocation. This suggests that the Authority was not able to fully utilize its allocated budget for development projects.

### Assets & Liabilities

(Rs. in 000)

A. Assets	Amount
<b>A1. Non-current assets</b>	
Property, plant and equipment	803,400,771
Intangible asset	23,163

Investment property	163,755,696
Long-term loans	2,053,878
Long-term deposits	22,630
Deferred taxation – net	3,099,968
<b>Sub-Total non-current assets</b>	<b>972,356,106</b>
<b>A2. Current assets</b>	
Stores and spares	290,142
Trade debts	10,614,978
Loans and advances	24,056,453
Prepayments	30,320
Interest accrued	9,283,459
Other receivables	766,785
Taxation – net	22,395,147
Cash and bank balances	130,565,957
<b>Sub-Total current assets</b>	<b>198,003,241</b>
<b>Total assets</b>	<b>1,170,359,347</b>
<b>B. Fund and liabilities</b>	
<b>B1. Fund and reserves</b>	
Civil Aviation Authority Fund	475,433,102
Surplus on revaluation of fixed assets	639,391,300
<b>Sub-Total Funds</b>	<b>1,114,824,402</b>
<b>B2. Non-current liabilities</b>	
Retirement and other Services benefits	23,668,591
Government grants	14,013,814
Deferred income	671,071
<b>Sub-Total non-current liabilities</b>	<b>38,353,476</b>
<b>B3. Current liabilities</b>	
Trade and other payables	9,093,657
Retention money and security deposits	8,087,812
<b>Sub-Total current liabilities</b>	<b>17,181,469</b>
<b>Sub-Total liabilities</b>	<b>55,534,945</b>
<b>Grand total fund and liabilities</b>	<b>1,170,359,347</b>

### C. Audit Profile of PCAA

(Rs. in million)

S. No.	Description	Total	Audited	Expenditure audited FY 2023-24	Revenue/ Receipts audited FY 2023-24
1	Formations	68	14	38,656.259*	196,235.145
2	Assignment Accounts SDAs, RFAs (Excluding FAP)	04	04	2,369.408*	-

\*Expenditure audited indicated against formations (S. No. 1) is inclusive of assignment accounts mentioned against S. No. 2

Note: In addition to 18 formations audited during Audit Year 2024-25, one (1) formation was audited during Phase-II of Audit Year 2023-24, involving expenditure of Rs. 1,293.17 million & revenue of Rs. 3,212.018 million and results incorporated in the report.

#### 4.2 Classified summary of audit observations

Audit observations amounting to Rs. 20,462.842 million were raised in this audit report. This amount also includes recoverable of Rs. 4,170.512 million as pointed out by the Audit. Summary of the audit observations classified by nature is as follows:

##### Overview of audit observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	
A	Procurement/award related irregularities	97.305
B	Execution of works, contract agreement	15,637.090
C	Revenue management	4,170.512
2	Others	557.935
<b>Total</b>		<b>20,462.842</b>

### 4.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Civil Aviation Authority is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1985-86	3	3	-	3	-
1986-87	3	3	-	3	-
1988-89	6	6	-	6	-
1989-90	01	01	01	-	100.0
1990-91	12 (09 PCAA+ 3 Ex-ADA)	12	09	3 Ex ADA+ 1 PAR	75.0
1990-92 (PAR)	10	-	-	-	-
1991-92	26	26	10	16	38.46
1992-93	38 (33 PCAA+ 5 Ex-ADA)	38	26	07+Ex_ ADA	68.42
1992-93 PAR	14	-	-	-	-
1993-94	49	49	21	28	42.85
1994-95	08	08	06	02	75
1995-96	14	14	07	07	50.0
1996-97	20	20	16	04	80.0
1997-98	91	91	82	09	90.10
1997-98 (SAR)	2	2	-	2	-
1998-99	46	46	36	10	78.26
1999-00	63	63	37	26	58.73
2000-01	83	83	62	21	74.69
2001-02	14	14	12	02	85.71
2002-03	10	10	04	06	40.00
2003-04	21	21	16	5	76.42
2004-05	10	10	08	02	80.0
2005-06	13	13	12	01	92.30
2006-07	09	09	05	04	55.55
2007-08	06	06	03	03	50.0
2008-09	17	17	10	07	58.82
2009-10	14	14	12	02	85.71
2010-11	56	56	26	30	53.57

<b>Year</b>	<b>Total Paras</b>	<b>No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of Compliance</b>
2010-11 (PAR)	25	25	22	3	88.0
2010-11 (PAR)	16	16	14	2	87.5
2010-11 (PAR)	33	33	19	14	57.57
2012-13	38	10	01	09	2.63
2013-14	38	38	16	22	42.10
2014-15	25	15	-	15	-
2015-16	51	50	15	36	29.42
2016-17	41	41	16	25	39.02
2016-17 Spl study	2	2	01	01	50.0
2017-18	32	12	1	11	8.33
2018-19	38	10	-	10	-
2019-20	53	10	-	10	-

Note: ADA stands for Airport Development Agency. SAR stands for Special Audit Report and PAR stands for Performance/Project Audit Report. Audit Reports for 2020-21, 2021-22, 2022-23 and 2023-24 were not discussed by PAC till the finalization of this Audit Report.

## 4.4 AUDIT PARAS

### 4.4.1 Increasing trend of doubtful debts of aeronautical/non-aeronautical dues - Rs. 133,260 million

Para 4.2 of the DG directive No. 05/2021 (establishment/revamping of recovery cell) dated 31.08.2021 describes for old outstanding cases where the dues have exceeded 75% of security deposit/advance, recovery cell shall immediately report such cases to DG CAA and Addl. DGCAA for approval of final recovery action. Para 5.1 describes the procedure to follow up on recovery process including disconnecting utilities/sealing of space/cancellation of license/Air operating certificate/ Ground operating certificate, etc.

During audit of accounts record (Financial Statement item-12.1&2) for the financial year 2023-24) maintained by Finance Directorate, (HQ) Civil Aviation Authority it was noted that position of the trade debts for the year 2023-24 was as under:

12.1. Aeronautical-net	
Consider good	Rs. 9,845.959 million
Considered doubtful	Rs. 129,455.981 million
Trade debt-gross	Rs. 139,301.940 million
12.2. Non-aeronautical –net	
Considered good	Rs. 769.019 million
Considered doubtful	Rs. 3,804.029 million
Trade debt-gross	Rs. 4,573.948 million

Audit observed that Recovery Cell of Directorate of Finance (HQ) CAA Karachi has not taken effective steps for recovering Aeronautical dues amounting Rs. 129,455.981 million which was 92.98% of gross trade debts and non-aeronautical dues amounting to Rs. 3,804.029 million which was 83.16% of gross non-aeronautical debts. This resulted in substantial increasing trend of doubtful debts of aeronautical/non-aeronautical dues of Rs. 133,260 million.

Audit holds that Recovery Cell has not taken effective steps for immediately reporting to DG CAA and Addl. DGCAA on massive increasing trend of doubtful debts of aeronautical and non-aeronautical.

Audit maintains that due to inadequate mechanism of enforcing administrative & financial controls, the trend of doubtful debts aeronautical and non-aeronautical was increasing abnormally.

Audit pointed out irregularity in December 2024. The Authority replied that the Recovery Cell complies with the DG Directives to recover outstanding dues by employing a result-oriented approach. Thus, it has achieved promising results in a very short time since its revamping. In compliance with DG Directive, the Cell reported cases of outstanding dues where amounts exceed 50% of available security deposits to DG CAA in the Significant Outstanding Report (SOR) for final recovery action against defaulters. Furthermore, the Recovery Cell recovered 99% of aeronautical dues and 97% of non-aeronautical dues for current dues during the financial year 2023-24.

The reply was not convincing because no response regarding effective steps taken to minimize doubtful debts i.e. Aeronautical which was 92.98% of gross trade debts and non-aeronautical which was 83.16% of gross non-aeronautical trade debts.

DAC meeting was not convened by PAO despite request made by Audit.

Audit recommends that matter may be reviewed and effective measures be adopted to minimize the doubtful debts.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para number 4.4.2 having a financial impact of Rs. 113,853.187 million. The recurrence of similar irregularity is a matter of serious concern.

(Dir. Finance AIR Para-22)

#### **4.4.2 Unauthorized transfer of extra 23.8 Acres Commercial Land - Rs. 57,099.00 million**

Federal Cabinet on 15.06.2021 approved transfer of CAA land at Walton, Lahore measuring 52 Acres to the Government of the Punjab (GoPb)/Lahore Central Business Development Authority in return for 480 Acres of land on deferred payment basis at Muridke, District Sheikhpura and revenue sharing arrangement out of net profits of the Authority between CAA and Government of Punjab.

During scrutiny of Estate record maintained at Allama Iqbal International Airport, Lahore, Audit took a note of an agreement between GoPb, Punjab Central Business District Development Authority (PCBDDA) and PCAA on 16.02.2023. As per agreement, CAA transferred possession and ownership of its land measuring 606 Kanals, 6 Marlas, and 154 Sqft to GoPb at Walton Airport Lahore.

Audit observed that, PCCA was required to transfer only 52 Acres (416 Kanal) of land as per Federal Cabinet approval. Whereas, it transferred 76 Acres (606 Kanals, 6 Marla, 154 Sqft) to Punjab Central Business District Development Authority (PCBDDA)/Government of Punjab which was 190.33 Kanals (23.8 Acres) excess land and handed over possession on 27.01.2022.

Audit further observed that after taking possession of Walton Airport land, the Punjab Central Business District Development Authority (PCBDDA) auctioned 23-Kanal land @ Rs. 300 million per Kanal and gained Rs. 6,900.00 million. This resulted in unauthorized transfer of extra 23.8 Acres commercial land amounting to Rs. 27,099.00 million (190.33 Kanals @ Rs. 300 million per Kanal).

Audit pointed out loss in July 2024. The Authority replied that action for transfer of additional land to Punjab Central Business District Development Authority (PCBDDA) had been taken after approval from BoR under intimation to Cabinet Secretariat and the same was also acknowledged by CAA Board in its 206<sup>th</sup> Meeting held on 30.05.2023.

The reply was not tenable because CAA transferred ownership of its land and handed over the possession in February 2022, even before agreement dated 16.02.2023 whereas, in support of reply Working Paper dated 22.05.2023 was produced to Audit indicating that the matter regarding transfer of extra land was not even decided by the CAA Board at the time of transfer and handing over of possession of extra land. Furthermore, CAA Board is not empowered to transfer possession and ownership of CAA land over and above the approval of the Federal Government/Cabinet.

DAC meeting was not convened by PAO till the finalization of the report.

Audit recommends that the matter may be investigated and position be justified besides fixing responsibility.

(AIIAP-AIR Para-16)

#### **4.4.3 Non-achievement of targets due to non-utilization of development funds - Rs. 21,656.648 million**

Para 2.1 of Guidelines for Project Management issued by Planning Commission provides that policy of the Government of Pakistan is to efficiently utilize natural and economic resources of the country for socio-economic welfare of the people. This objective may be achieved only when development projects are planned and executed with vigilant management. Objective of development planning is to have projects implemented for the benefit and social uplift of the society. For achievement of stipulated targets and tangible returns, it is imperative to entrust management and supervision of the project during implementation stage to capable and competent persons of required qualifications, experience and caliber.

During audit of the accounts of Planning & Development Directorate, Civil Aviation Authority HQ Karachi, it was noted that CAA Board approved Annual Development Program in its 207<sup>th</sup> meeting held

on 30.05.2023 for Rs. 32,514 million, comprising 135 on-going and 50 new schemes for various Directorates of CAA, for the financial year 2023-24.

Audit observed that an amount of Rs. 10,857.352 million (33.39%) could only be utilized by the Directorates of CAA out of approved ADP of Rs. 32,514 million during the financial year 2023-24. The development funds of Rs. 21,656.648 million (66.61%) were not utilized. This showed that development targets envisaged in the Annual Development Plan (ADP) for the financial year 2023-24 were not achieved. Detail is given at **Annexure-J**.

Audit maintains that the non-achievement of the targets was due to non-adherence to the rules/regulations and weak internal controls.

Audit pointed out the irregularity in September 2024. The management of PAA apprised that the unforeseen procedural delays occurred due to the transitional governance changes which affected the overall work flow and commencement of procurement processes.

The matter was discussed in DAC meeting held on 26<sup>th</sup> -27<sup>th</sup> December, 2024 wherein, the DAC directed the Authority to streamline the approving process, make in-house monitoring system and revise the PAA functional and administrative powers and got it approved by PAA Board at the earliest. DAC further directed to speed up the progress of projects for timely utilization of ADP.

Audit recommends the Authority should streamline the approving process and achieve the development targets in compliance of the DAC directives.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para number 4.4.7 having a financial impact of Rs. 23,174.510 million. The recurrence of similar irregularity is a matter of serious concern.

(P&D AIR Para-01, ES-AIR Para-01 & 06)

#### **4.4.4 Non-recovery of Aeronautical Charges from M/s PIAC - Rs. 19,013.601 million**

Pakistan CAA Revenue Accounting Manual- Revenue Recognition and recovery explains that at the end of each month, bank reconciliation and the outstanding report along with age analysis (showing the outstanding balances of operators/airlines) shall be sent to the AT Directorate HQCAA after approval by Additional Director Billing Branch HQCAA for further necessary action to recover the dues from operators/airlines. On submission of the said report, it shall be the responsibility of the AT Directorate for recovery of the outstanding dues which shall be authorized to take punitive action against defaulters in case of continuous default. The AT Directorate shall submit a status of the recovery made to the Billing Branch HQCAA within ten working days of the receipt of the outstanding balance position from the Billing Branch HQCAA. PCAA levies 5% surcharge on the amount payable to PCAA by the operators/airlines when they fail to credit in PCAA accounts their dues within the due date as per the invoice. For outstanding dues, longer than thirty (30) days PCAA shall levy additional surcharge @ six (06) months KIBOR + 2% of the outstanding dues per annum.

During audit of the accounts record of Finance Directorate, (HQ) Civil Aviation Authority, Karachi it was noted that an amount of Rs. 19,013.601 million on account of Aeronautical Charges was recoverable from Pakistan International Airline up-to 30.06.2024.

Audit observed that efforts for recovery of outstanding dues were not made effectively. This resulted in non-recovery of aeronautical charges from PIACL amounting to Rs. 19,013.601 million.

Audit holds that non recovery of outstanding dues was due to non-enforcement of internal controls.

Audit pointed out the irregularity in December 2024. The authority replied that despite hectic efforts / a series of correspondence

from PAA (Erstwhile CAA), none of the decisions of the meetings of ECC/Aviation Division has been complied with by M/s PIACL whereas, outstanding PAA dues has now been piled up / raised up to the tune of Rs. 207,039 million as on 30.11.2024 (including freeze dues). The Authority admitted in its reply that recovery against M/s PIACL could not be recovered so far.

DAC meeting was not convened by PAO till the finalization of the report.

Audit recommends that the authority may take up the matter of recovery with Aviation Division to resolve the issue.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2019-20, 2021-22 and 2023-24 vide para number 4.4.51(2019-20), 4.4.1(2021-22), 4.4.1(2023-24). The recurrence of similar irregularity is a matter of serious concern.

(Dir. Finance AIR Para-07)

#### **4.4.5 Irregular acceptance of bid beyond the approved limit - Rs. 5,877.798 million**

According to decision of CAA Board in 191<sup>st</sup> meeting held on 25.03.2022, PC-I for extension of Terminal Building and Allied Facilities at AIIAP, Lahore was approved at a cost of Rs. 17,923 million including foreign currency component US\$ dollar 21.02 million.

According to Planning Commission's instructions (Guideline for Project Management), no work can be awarded in excess of 15% of the approved cost.

Para 4.05(ii) of the Manual for Development Projects 2021 states that "If the cost of the project exceeds 15% of the approved budget at the time the contract is being awarded, PC-I will be revised immediately and should be submitted for approval of the competent forum."

Audit noted that Project Director awarded the project titled “Expansion of Terminal Building and Allied Facilities at AIIAP, CAA, Lahore” to M/s CCECC-HCS(JV) on 19.09.2023 at a cost of Rs. 26,488.798 million. (Comprising local currency of Rs. 20,135.445 million and foreign currency component of US\$ 26.573 million).

Audit observed that the cost of the Project approved by the CAA Board was Rs. 17,923 million (including foreign currency component). While bid was accepted for Rs. 26,488.798 million which was 47.79% excess from the approved project cost. Therefore, the authority was required to revise the PC-I from the Competent forum before award of the contract which was not done. This resulted in irregular award of contract due to acceptance of bid beyond the permissible limit with an extra cost of Rs. 5,877.798 million (Rs. 17,983 million + 15% - Agreement Cost).

Audit holds that irregularity occurred due to non-compliance of directions issued by CAA Board and the Planning Commission.

Audit pointed out the irregularity in July 2024. The Authority replied that M/s NESPAK has already been advised to prepare revised PC-1 and the same shall be presented to CAA Board once the CAA Board is composed in accordance with the recent legislative development i.e. PCAA Act and PAA Act.

Authority’s reply was not tenable because it was trying to shift the responsibility for non-submission of revised PC-I to the non-availability of the CAA’s Board due to recent legislative developments, but even if this stance is accepted, it only relates to approval of revised PC-I and not to the preparation and submission of revised PC-I, which was the responsibility of the Project Authorities.

DAC meeting was not convened by PAO despite repeated requests made by Audit.

Audit recommends that authority explain the reason that the work was awarded without revision of PC-I besides fixing the responsibility against the person (s) at fault.

(ETB-AIR Para-03)

**4.4.6 Unauthentic payment without recording detailed measurement of works in Measurement Books - Rs. 4,148.791 million**

Para 208 of Central Public Works Accounts Code, payments for all work done are made on the basis of measurements recorded in the Measurement Book (Form-23) in accordance with the rules in Para 209 of CPWA Code. The Measurement Books should, therefore, be considered as very important accounting record. Para 209(b) states that all measurements should be neatly taken down in a Measurement Book.

Audit noted that CAA made payments for three projects against work done and mobilization advance for Rs. 4,148.791 million during the financial year 2023-24, as detailed below:

(Rs. in million)

<b>DP. No.</b>	<b>Name of Project</b>	<b>Work-done</b>
NIIAP AIR-04	Safeguarding the Acquired land around Kasana Dam Project Site Near Islamabad International Airport Project (IIAP)	108.615
E/S AIR-02	Reconstruction of main runway (25R/07) at JIAP Karachi	622.929
NGIAP AIR-13	“Power Supply System along Fence, Security Control & Monitoring System and Watch Tower (Package-I)”	1,906.545
	Construction of CAA residential Complex Cargo Building, and External Services at NGIAP (Package-II)”	1,510.702
	<b>Total</b>	<b>4,148.791</b>

Audit observed that payments of work done, mobilization advance were made to the contractors without recording detailed

measurements in the Measurement Books. Audit further observed that veracity/authenticity of payment could not be verified due to non-maintenance of Measurement Books. The Authority adopted an irregular method of work measurement by dispensing with an approved and established method of permanent record keeping for all public sector infrastructure works and mandatory oversight of 100% work done certification by the Engineer In-charge and 10% test check by the Supervisory Engineer. This resulted in unauthentic payment without detailed measurement in the measurement books for Rs. 4,148.791 million.

Audit pointed out the irregularity in July-October 2024. The Authority replied that the matter has been taken up with the Ministry of Planning, Development and Special Initiatives through Aviation Division vide Section Officer (PAC), Aviation Division letter dated 13.05.2023 for candid opinion on the matter.

The reply was not tenable. Audit emphasized that the requirement of maintenance of Measurement Books in the prescribed format is as per rule being a permanent record and it should, therefore, be considered a very important record and be maintained very carefully and accurately as the same may have to be produced as an evidence in a Court of Law.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup> December, 2024. Wherein, the DAC pended the para for want of opinion from the Ministry of Planning & Development and Pakistan Engineering Council (PEC).

Audit recommends that the matter may be pursued in compliance of DAC directives and output be shared with Audit.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2023-24 vide para number 4.4.4(2021-22) and 4.4.5(2023-24) having a financial impact of Rs. 36,414.308 million. The recurrence of similar irregularity is a matter of serious concern.

(NIIAP-AIR Para-04, ES AIR Para-02 & NGIAP-AIR Para-13)

#### **4.4.7 Non-recovery of outstanding non-aeronautical dues from licensees - Rs. 4,112.716 million**

As per para D.14.1 of policy and procedure regarding grant of business (concession) at Airports (CAAO No.004-11-4 dated 15.01.1990), It is the personal responsibility of the COO/APM concerned to ensure that all charges on account of license fee etc. are realized from the licensees, as soon as they become due. Further, para D.13 states that if licensee is found in default of payment of licensee fee or contravening the conditions of the license, the licensee shall be removed from the licensed premises after following a procedure defined in para D.14.

During audit of accounts record of Civil Aviation Authority for the financial year 2023-24, it was noted that several concessionaires and license holders operating at various airports had accrued significant outstanding dues on account of space rental charges, license fees, and utility payments of Rs. 4,112.716 million remained recoverable from these licensees up-to June 2024.

**(Rs. in million)**

<b>AIR No</b>	<b>Location</b>	<b>Outstanding Amount</b>
01	APM-JIAP	3,898.914
04	APM-IIAP	121.065
04	APM-MIAP	60.662
08	APM, IIAP	27.895
05	APM-MIAP	4.180
<b>Total</b>		<b>4,112.716</b>

Audit observed that despite substantial overdue amounts, the management could not initiate the action of terminating the license in light of Clause D.13 of the policy. This resulted in neither non-recovery of Rs. 4,112.716 million non-aeronautical dues nor non-termination of the license of the licensees.

Audit holds that non-recovery of these dues occurred due to non-enforcement of internal financial controls.

Audit pointed out the non-recovery in July-November, 2024. The Authority apprised that the efforts are being made to recover outstanding dues from the defaulters.

DAC meeting was not convened by PAO till the finalization of the report.

Audit recommends that authority should prioritize the recovery of the dues payable by concessionaires, licensees/lessees and take action as per clause D.13.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para number 4.4.1. The recurrence of similar irregularity is a matter of serious concern.

(AIIAP-AIR Para-08, MIAP-AIR Para-04 & 05, JIAP-AIR Para-01,  
IIAP-AIR Para-04)

#### **4.4.8 Non-achievement of planned physical progress of work - Rs. 2,204.490 million**

As per contract the contractor provided estimated progress payments (Appendix-J of Bid) @ 3.333% per month.

Audit noted that Project Director, New Gwadar International Airport Project CAA awarded the work titled “Construction of CAA residential Complex Cargo Building, and External Services at NGIAP (Package-II)” to M/s SCEGCL – N&B (J. V) on 24.11.2022 at a bid cost of Rs. 5,866.596 million having completion period of 33 months

Audit observed that the Authority paid gross payments to the contractor for Rs. 1,510.702 million up to the 5<sup>th</sup> Interim Payment Certificate (IPC) up-to June 2024, which does not correspond to a payment rate of 3.333% per month as outlined in Appendix-J of the Bid. Over a span of 19 months, the contractor's financial progress amounts to

25.750% (Rs. 1,510.702 million/Rs. 5,866.596 million\*100) of the contract value. In contrast, the estimated progress as per the contract stands at 63.327% for the same period. The significant deviation of 37.577% (63.327% estimated – 25.750% actual) raises concerns about the contractor's performance. The slow rate of progress has potential implications for project timelines and costs.

Audit further observed that physical achievement was 34.39% against the cumulative planned progress for the entire project (as evident from progress report for the month of June 2024). If the current pace of work continues, it is anticipated that the project will experience both time and cost overruns. Additionally, price adjustments may further inflate costs, exacerbating the financial burden on the project. This resulted in lack of achievement due to slow progress of work involving Rs. 2,204.490 million (Rs. 5,866.596 million x 37.577%).

Audit pointed out the irregularity in October 2024. The management of PAA apprised that imposition of penalties is applicable if the contractor is found liable to delay of the work which was under its control.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup>, December, 2024, wherein, the DAC directed the Authority to take action in light of relevant instructions. i.e. to grant the Extension of Time (EOT) if contractor is not at fault due to force majeure, otherwise impose liquidated damages charges if the contractor is found at default in completion of work within stipulated completion time. Final outcome be shared with Audit and Aviation Division.

Audit recommends the Project Management team to takes decisive steps to ensure compliance of DAC directives and outcome be shared with Audit.

(NGIAP-AIR Para-01)

#### **4.4.9 Execution of works without Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) -Rs. 2,198.605 million**

Section 12 of Pakistan Environmental Protection Act, 1997 (PEPA 1997) states that no proponent of a project shall commence construction or operation unless he has filed with the Federal Agency an initial environmental examination (IEE) or, where the project is likely to cause an adverse environmental effect, an environmental impact assessment (EIA), and has obtained from the Federal Agency approval in respect thereof.

Audit noted that Authority awarded the work “Construction of Greenfield Aerodrome for General Aviation Activities at Muridke” to M/s Shaanxi Construction Engineering Group Corp Ltd – Umer Jan & Co. JV on 26.10.2021 at contract price of Rs. 1,784.624 million with completion period of 12 months. The value of total work done paid up to IPC No. 20 dated 20.06.2024 was Rs. 2,198.605 million and second extension of time granted up to 28.02.2024 also expired while project progress was 98.534% as of May 2024.

Audit observed that execution of aforementioned project was commenced without obtaining IEE / EIA from Pakistan Environment Protection Agency as required by the above mentioned law, even though the project was under construction for last two and a half years as of June 2024. This resulted in irregular execution of works involving Rs. 2,198.605 million.

Audit holds that the irregularity occurred due to failure of management of the Civil Aviation Authority to submit IEE/EIA to PEPA for its approval being a pre-requisite to commence works/ operations as required by PEPA 1997.

Audit pointed out lapse in July 2024. The Authority replied that the Para 11[a] of approved PC-I states that the project and its activities shall not have adverse environmental impact on people, flora, fauna, soil water, air, landscape, culture, heritage etc. It was also appraised that

Punjab government/cabinet, being the supreme authority over the province including PEPA itself allotted this land for the sole purpose of development of this aerodrome. Since no adverse environmental effect would have been caused as result from development of an aerodrome, therefore the same was not filed with PEPA.

Authority's reply is untenable because it is unreasonable to claim that a project approved by Punjab Government / Cabinet exempts CAA from complying with its obligations under Pakistan Environmental Protection Act, 1997 (PEPA 1997).

DAC meeting was not convened by PAO till the finalization of the report.

Audit recommends that appropriate action against the officer(s) responsible may be taken and outcome be shared with Audit.

(Muridke-AIR Para-03)

#### **4.4.10 Irregular expenditure beyond the PC-I provision - Rs. 947.479 million**

As per Project Management Guidelines Para 9.1 after the approval of the project, the executing agency implements the Project according to the provisions of PC-I. There is no need for revision of PC-1 if completion cost is within the permissible limit of 15% of the approved cost and scope of the project as approved in the PC-I. Para 9.2 during the implementation of project, if it is felt that there will be major change in the scope of work or increase in the approved cost by more than 15%, then the project has to be revised and submitted for approval by the competent authority. It is essential that the revised cost estimates are prepared in a realistic manner. 9.3 The revised PC-I should provide reasons and justifications for revision in cost/scope of work.

Audit noted that CAA awarded a work, "Reconstruction & Up-gradation of Main Runway (18L/36R) at Allama Iqbal International Airport (AIIAP) Lahore" at agreement cost of Rs. 6,450.568 million

which was 8.41% above from the approved PC-I cost of Rs. 5,950.00 million.

Audit observed that the payment made to the contractor up-to 30.06.2024 was Rs. 6,897.173 million which was 15.92% excess over from the approved PC-I cost but authority could not revise the PC-I and Admn Approval from the competent forum so far. This resulted into irregular expenditure beyond the PC-I provision of Rs. 947.479 million.

Audit holds that non adherence to the project guidelines resulted in over and above expenditure from the PC-I cost which needs to be regularized from the competent forum.

Audit pointed out the irregularity in September 2024. The Authority apprised that the revised PC-I based on the bid cost is under preparation and, will be submitted to the Competent Authority for its approval. Similarly, Admin approval will accordingly be revised and got approved.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup> December, 2024 wherein, the DAC directed the Authority to get the revised PC-I and Admin Approval regularized from the PAA Board at the earliest. It was further directed to streamline the approving process and revise the PAA functional and administrative powers at the earliest.

Audit recommends to the matter may be pursued vigorously in compliance of DAC directives and update Audit.

(P&D-AIR Para-02)

#### **4.4.11 Non-deposit of Government Airport Tax - Rs. 468.755 million**

As per para 35.2.8 of CAA Revenue Accounting Manual, Treasury and Investment Branch shall pay foreign travel tax (FTT) and government airport tax (GAT) into government treasury. Further, Billing Branch, (HQ)CAA shall forward the information (copy of ERP generated Cash Book) regarding GAT & FTT collected from Airlines on monthly

basis and process the case for approval of Director Finance after deduction of 5% service charges for release of funds to Government Treasury.

During audit of Finance Directorate, (HQ) Pakistan Airports Authority Karachi it was noted from the financial statements for the year 2023-24 that Government Airport Tax Payable (item-19) collected during the financial year 2023-24 was Rs. 468.755 million.

Audit observed that the authority did not deposit the Tax in Government Treasury during the financial year 2023-24. This resulted in non-deposit of Airport Tax with Govt. Treasury amounting to Rs. 468.755 million.

Audit maintains that non-deposit of Govt. Airport Tax was due to weak financial control mechanism.

Audit pointed out the irregularity in December 2024. The Authority replied that recovery efforts of the Government Airport Tax (GAT) are under way by Recovery Cell, HQCAA. As soon as amounts recovered the same will be deposited in Government Treasury and status will be updated accordingly. The Authority admitted in its reply that efforts for recovery are underway by Recovery Cell.

DAC meeting was not convened by PAO till the finalization of the report.

Audit recommends that concrete efforts be taken to recover the Government Airport Tax on priority basis.

(Dir. Finance-AIR Para-09)

#### **4.4.12 Non-recovery of dues from M/s Vorson - Rs. 57.796 million**

As per job summary, "Director Commercial & Estate directs the Airport's revenue producing activities and programs for developing and expanding the Airport's revenue base through new revenue initiatives,

improving existing programs and activities, and recommending new policies or changes to existing policies that would improve revenue performance and airport services. Develop & pursue sustainable strategies that maximize the organization's earning capabilities and create new avenues for enhanced business; provide effective leadership to the Commercial & Estates (C&E) Directorate for optimization of non-aeronautical revenues through licensing, leasing and Cargo operations and development. He is responsible to oversee land record management function of C&E Directorate”.

Audit noted that Authority executed five (05) license agreements with M/s Vorson during the financial year 2020 & 2021 at JIAP Karachi.

Audit observed that authority could not recover monthly license fees along-with surcharge/additional surcharge up-to June, 2024 and authority did not take any action against the defaulter according to agreement clause. This resulted in non-recovery of dues from M/s Vorson of Rs. 189.028 million.

Audit holds that non-implementation of contract clause, weak internal and administrative control caused non-recovery of the defaulted dues from the licensee.

Audit pointed out the outstanding dues against the licensee in July, 2024. The authority replied that the licensee agreement of M/s Vorson as per policy was terminated vide letter dated 01.04.2024 along with confiscation of inventory and after termination the security deposit of the party has been adjusted against CAA dues, however, M/s Vorson filed a court case against CAA and the matter is still under litigation for recovery of remaining amount and after adjustment of security deposit, current dues against licensee as on 25.07.2024 was Rs. 57.796 million.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup> December, 2024 and after detailed deliberation and verification by Audit the DAC reduced the amount of para to Rs. 57.587 million with direction to pursue the case vigorously for early recovery of remaining balances.

Audit recommends recovery of balance amount be pursued vigorously and update status with Audit.

(C&E-AIR Para-27)

#### **4.4.13 Non-imposition of penalty due to default - Rs. 173.221 million**

Para-1 of Schedule-I License Agreement (Assigned Services) defines the deployment, operation and maintenance of systems including CUPPs and Kiosk. Para 2(2.1.13) defines the Assigned Services including deployment, operation and maintenance of system. The system must provide mobile clients solution. 2.4 Kiosk- The Common User Self Solution (CUSS), part of CUPPS platform, for fast passenger processing. The self-service kiosk should include the option of self-tagging. As per clause 4.16.2 the licensee was to be penalized up to 10% of the monthly charges for default.

During scrutiny of the accounts record of Finance Directorate, PAA (HQ), Karachi for the financial year 2023-24 it was noted that CAA executed the License Agreement with M/s Reliance Aviation Tech Services Pvt. Ltd. (RATSPL) on 01.02.2019 for a period of five years from the date of commencement for Deployment, Operations and Maintenance of CUPPS & BRS facility at PCAA airports, the agreement was further extended for another period of five years. The Licensee was paid monthly charges during the financial year 2023-24 amounting to Rs. 1,732.217 million.

Audit observed that the licensee failed to provide Kiosk- The Common User Self Solution (CUSS), part of CUPPS platform, for fast passenger processing. The self-service kiosk should include the option of self-tagging as provided in the assigned services but authority could not penalize the licensee due to non-implementation of contractual obligations as clearly defined in the contract agreement. This resulted in non-imposition of penalty amounting to Rs. 173.221 million (10% of 1,732.217 million).

Audit holds that due to non-compliance of contractual obligations, the licensee was liable to be penalized under agreement clause 4.16.2.

Audit pointed out the irregularity in December 2024. The authority did not furnish the reply till the finalization of the report.

DAC meeting was not convened by PAO till the finalization of the report.

Audit recommends that penalty should be imposed on the licensee due to non-fulfillment of contractual obligation.

(Dir.Finance AIR Para-10)

#### **4.4.14 Loss to Authority due to non-holding the open bidding for Flight Kitchen Facility - Rs. 97.305 million**

Rule 20 of Public Procurement Rules 2004, regarding principal method of procurement, provides that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Audit noted that the authority executed license agreement with M/s Gate Gourmet for Flight Kitchen with Custom Bounded Warehouse and other related facilities at JIAP Karachi which was valid from 01.03.2019 to 30.06.2021. The premises of M/s Gate Gourmet were sealed on 30.06.2021. Audit further noted that CAA Board, in its 189<sup>th</sup> meeting held on 15.09.2021 and 22.09.2021, did not approve allotment of land on lease basis to M/s Gourmet Pakistan (Pvt) Ltd as recommended and directed to invite open tenders. Later on, CAA Board in its 194<sup>th</sup> meeting held on 02.09.2022 again decided under item-12 that open tendering be adopted for the flight kitchen on license basis to ensure transparency and maximum benefits for CAA”.

Audit observed that Commercial & Estate Directorate HQ CAA Karachi did not invite open tenders for disposal of flight kitchen on license basis in compliance of Public Procurement Rules and decision of

above Board meetings. This resulted in loss to CAA of Rs. 97.305 million (Approx.)

Audit holds that the irregularity occurred due to non-implementation of CAA Board decisions and Public Procurement Rules, 2004.

Audit pointed out the irregularity in July 2024. The Authority replied that after discussion with DGCAA on the matter regarding disposal of premises on tender for taking up the matter with CAA Board to avoid complications and non-homogeneous treatment, working paper was prepared for presentation in CAA Executive Committee and CAA Board in September 2023 and as and when meeting for CAA Executive Committee will be convened, the same will be presented for perusal prior to presentation in CAA Board.

The reply was not tenable because license Agreement executed with M/s Gate Gourmet for Flight Kitchen with Custom Bounded Warehouse and other related facilities at JIAP Karachi was valid w.e.f. 01.03.2019 to 30.06.2021. Commercial & Estate Directorate HQ CAA Karachi did not place for disposal through open tenders for the flight kitchen on license basis to ensure transparency and maximum benefits for CAA in compliance of aforesaid CAA Board meetings.

The matter was discussed in DAC meeting held on 26<sup>th</sup> -27<sup>th</sup> December, 2024 wherein, the management of PAA apprised that as per policy, spaces / areas for Flight Kitchen was allotted directly. However, meeting of PAA Executive Committee was not scheduled owing to which working paper referred earlier in the reply could not be presented and in compliance of PAA Board's decision, tenders were invited twice but no one participated. After detailed deliberation, the DAC directed the Authority to review the matter in light of market study and if open tendering for flight kitchen is not feasible, then proposal to be put up before PAA Board for obtaining approval regarding alternate use of this space as the purpose is to utilize this space for generating revenue.

Audit recommends that measures be taken in compliance of the DAC directives and outcome be shared with Audit.

(C&E-AIR Para-12)

#### **4.4.15 Excess expenditure incurred on excess quantities - Rs. 86.706 million**

General condition of contract 51.2-Instructions for Variations defines that the Contractor shall not make any such variation without an instruction of the Engineer in writing. Provided that no instruction shall be required for increase or decrease in the quantity of any work where such increase or decrease is not the result of an instruction given under this Clause, but is the result of the quantities exceeding or being less than those stated in the Bill of Quantities.

Audit noted that the management of Civil Aviation Authority awarded different works/projects to different contractors at New Islamabad International Airport Project and New Gwadar International Airport Project at agreement cost of Rs. 8,314.423 million during the financial year 2022-23.

Audit observed that Project Directors of the respective projects measured and paid quantities of certain items of works in excess from the approved BOQ quantities/provision without prior approval of the competent authority. This resulted in excess expenditure of Rs. 86.706 million as detailed below:

**(Rs. in million)**

<b>S. No.</b>	<b>Project/Work</b>	<b>Excess Amount</b>
NIIA Project-AIR-01	Safeguarding the Acquired land around Kasana Dam Project Site Near Islamabad International Airport Project (IIAP).	19.669
NGIAP-AIR-06	Construction of CAA residential Complex Cargo Building, and External Services at NGIAP (Package-II)	28.764
NGIAP-	Power Supply System along Fence, Security	38.273

<b>S. No.</b>	<b>Project/Work</b>	<b>Excess Amount</b>
AIR-07	Control & Monitoring System and Watch Tower (Package-I)	
<b>Total</b>		<b>86.706</b>

Audit maintains that the irregularity occurred due to non-enforcement of the prescribed operational, supervisory and pre-audit controls.

Audit pointed out the excess expenditure during July and October, 2024. The Authority replied that the contracts were based on FIDIC conditions, where the quantities in the Bill of Quantities were estimated and may vary during execution, and that payments will be based on actual quantities measured at the site, with variations evaluated at the time of the contractor's "Statement at Completion", as per Contract Clauses 55.1 and 51.1.

The Authority's reply was unconvincing as deviations from the contract agreement and approved scope of work were made without formal approval.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup> December, 2024 wherein, after detailed deliberation the DAC directed the Authority in case of NGIAP to issue directions for authorization by the Engineer in writing prior to execution of quantities of items in excess than BOQ. The DAC further directed that the matter may also be referred to PEC for clarification.

Audit recommends that DAC directives be pursued and outcome be shared with Audit.

(NIIA Project-AIR Para-01 & NGIAP-AIR Para-06 & 07)

#### **4.4.16 Non-resolving land disputes and non-transfer of land measuring 89.18 Acres in the name of CAA**

Additional Director Estates & Land Record is responsible to provide adequate Land for the purpose of airport etc. he must ensure that the Land is secure, mutated in the name of CAA, and free of litigation. In order to perform his duties, he must ensure proper acquisition of Land as per Land Acquisition Act 1894 or otherwise ensure proper processing of purchase of Land through Private negotiation. He must ensure, through his representatives, that there is no encroachment of CAA Land. As permitted by CAA Ordinance XXX of 1982, Addl. D. Estates & Land Record. Develop strategies focusing on optimizing non-aeronautical revenue through large-scale exploitation/ utilization of land under CAA Land Lease Policy

During audit of the Commercial & Estate Directorate HQ CAA Karachi, it was noted from the letter of the Director (ACM&IR) Dash Tech Askari-X Lahore dated 18.04.2024, that land measuring 89.18 acres at AIIAP Lahore will be transferred to CAA upon the resolution of specific cases: a) transferring the title of 47.44 acres held in the name of CAA to the Army located at Walton Airport (Askari-V Lahore), and b) transferring 26.27 acres from state land to the Army located at Walton Airport (Askari-V Lahore). Audit further noted that neither Board of Officers recommendation been implemented nor has any response been received so far.

Audit observed that no documentary evidences were available in office record to demonstrate the resolution of these land issues. This resulted into non-resolving land disputes and non-transfer of land measuring 89.18 acres in the name of CAA.

Audit pointed out the land issues in July 2024. The Authority replied that the matter is being actively pursued with the relevant Army Authorities. In this regard, several meetings have been held in HQs 4 Corps Lahore. Necessary update shall be provided to Audit authorities in due course. Authority has admitted the audit observation.

The matter was discussed in DAC meeting held on 26<sup>th</sup> -27<sup>th</sup> December, 2024 wherein, after detailed deliberation the DAC directed the Authority to pursue the case vigorously and share the updated status of unresolved land.

Audit recommends compliance of DAC directives.

(C&E AIR-16 & 23)

#### **4.4.17 Non-removal of illegal occupation on CAA land and non-stoppage of Construction in Structure Free Zone (SFZ)**

Additional Director Estates & Land Record is responsible to provide adequate Land for the purpose of airport etc. he must ensure that the Land is secure, mutated in the name of CAA, and free of litigation. In order to perform his duties, he must ensure proper acquisition of Land as per Land Acquisition Act 1894 or otherwise ensure proper processing of purchase of Land through Private negotiation. He must ensure, through his representatives, that there is no encroachment of CAA Land. As permitted by CAA Ordinance XXX of 1982, Addl. D. Estates & Land Record. Develop strategies focusing on optimizing non-aeronautical revenue through large-scale exploitation/ utilization of land under CAA Land Lease Policy.

Audit noted that CAA owned land measuring at Rawalakot Airport 40 kanals and 07 marlas lying outside the airport boundary was under illegal occupation. Airport Manager PCAA Islamabad International Airport Islamabad was apprised to Deputy Common on the aforesaid issue requested him to accord priority to the matter.

Audit further noted that a house and a school within the 600 feet area beyond boundary wall of Islamabad International Airport was being constructed in violation of Structure Free Zone (SFZ). The said area fall under the jurisdiction of Rawalpindi Development Authority (RDA) and cannot be constructed without issuance of NOC by the Building Control Authority

Audit observed that removal of illegal occupation CAA owned land measuring at Rawalakot Airport 40 kanals and 07 marlas lying and illegal construction of a house and a school in violation of structure free zone (SFZ) around Islamabad International Airport was not forthcoming on the record provided to audit. The construction within SFZ is strictly prohibited and may result in security risk to the aircrafts/passengers. This resulted in non-removal of illegal occupation on CAA land and non-stoppage of Construction in Structure Free Zone (SFZ).

The matter was pointed out in July 2024. The management of PAA apprised that matter is being vigorously pursued with concerned District Government and Rawalpindi Development Authority (RDA) is continuously being approached for removal of the said structures on priority.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup> December, 2024 wherein, after detailed deliberation, the DAC directed the Authority to pursue the matter for early removal of illegal occupation of PAA land and further directed that the case be filed in court of law and case of illegal construction structure free zone (SFZ) be referred to Aviation Division for taking up matter with Punjab Government for necessary action.

Audit recommends to take remedial measures in compliance of the DAC directives.

(C&E-AIR Para-09 & 10).

#### **4.4.18 Non-mutation of 1,313 Acres land in the name of CAA**

According to Land Acquisition Rules, Director/DD (Land) shall be responsible for timely mutation of land in the name of CAA. The commencement of mutation process will be ensured by the CAA officers and LAC within thirty days of the announcement of Award by LAC/LAO and shall keep the land acquisition and mutation record of each

village/Deh in separate form and maintain scanned copies of land acquisition and mutations.

During review of the Estate Records for the financial year 2023-2024 maintained at Jinnah International Airport (JIAP), Civil Aviation Authority (CAA), it was noted that out of a total of 3,465.26 acres of land acquired at various locations in Karachi, only 2,152.26 acres had been formally mutated in the name of the PAA. The remaining area of 1,313 acres has not been mutated as of June 2024, contrary to the provisions of Land Acquisition Rules.

Audit is of the view that the absence of mutation of land exposes CAA to potential legal disputes, challenges to ownership, encroachments and compromising the security. This resulted in non-mutation of 1,313 Acres land in the name of Civil Aviation Authority.

Audit pointed out the irregularity in December 2024. The Authority did not reply.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends that PAA should develop a comprehensive action plan with a defined timeline to ensure mutation of the remaining 1,313 acres of land and establish a task force to monitor progress of mutation process and report regularly to senior management.

(APM JIAP AIR Para-13)

#### **4.4.19 Non-implementation of E-Pak-Procurement Regulations - 2023**

Para-3 of S.R.O.296(I)/2023, dated 27.02.2023 issued by Pakistan Public Procurement Regulatory Authority states that ‘all Procuring Agencies and bidders including prospective bidders shall use the system starting from planning to the close out of contracts in case of public

procurement of goods, works, services and commercial transactions and shall also cover all the aspects of Regulatory Framework as well’.

During audit of the accounts record of Engineering Services (South) and CNS Civil Aviation Authority, Karachi it was noted that procurement of works conducted for the period 2023-24 was based on conventional tender processing through press advertisements.

Audit observed that E-Pak-Procurement Regulations, 2023 as implemented w.e.f 27.02.2023 were not complied with, in its true spirit. This resulted into non-implementation of E-Pak-Procurement Regulations, 2023.

Audit pointed out the irregularity in July 2024. The management of PAA apprised that the EPADS system is now implemented within PAA.

It is evident from the reply that the Authority has not adopted EPADS. The matter may be taken up on priority to make the procurements more transparent.

The matter was discussed in DAC dated 26<sup>th</sup>-27<sup>th</sup> December, 2024, wherein, the DAC directed the Authority to ensure compliance and share updated status with audit.

Audit recommends that the Authority should issue directives for early compliance of the DAC directives.

(ES AIR Para-10, CNS AIR Para-10)

#### **4.4.20 Non-provision of documents regarding performance of Consultant as per contractual obligations**

Para 3.1- for work executed by the Chinese incorporated in Appendix-A prescribes that The consultant, as outlined in Appendix A of the Consultant’s Agreement, is required to act as the Engineer’s

Representative for the works executed by the Chinese side. Specifically, the consultant's responsibilities include:

- a. Ensuring the quality of construction for works executed by the Chinese side.
- b. Monitoring project progress and assisting the Pakistan Civil Aviation Authority (PCAA) in reviewing the Monthly Progress Report.
- c. Assisting PCAA in witnessing the testing and commissioning of various project components.
- d. Conducting quality testing of materials, equipment, and work items as per specifications and drawings provided by the Client, with inspections conducted based on notifications from the Chinese Project Management Committee (PMC) in line with the supplementary work summary between PCAA and the China Airport Construction Group Corporation (CACC).

During audit of the of the accounts record of Project Director, New Gwadar International Airport Project, it was noted that, the Consultancy work regarding "Project Management Consultancy (PMC) Services for NGIAP" was awarded to "National Engineering Services Pakistan (Pvt) Limited (NESPAK)" on 30.06.2022. Audit further noted that the management paid Rs. 77.556 million during the Financial Year 2023-24.

Audit observed that the necessary documentary evidence to substantiate the consultant's fulfillment of these responsibilities under clause 3.1 was not available. This absence of documentation indicates that the consultant has not performed its contractual obligations as stipulated. This failure of the consultant to meet contractual obligations has compromised the integrity of project oversight.

Audit holds that due to this non-compliance with contractual requirements, the consultant may be subject to penalties for default.

Audit pointed out failure of the consultant in October, 2024. The management of PAA apprised that the Consultant played a crucial role in major activities related to the Chinese works. This includes oversight of quality assurance, coordination, and the witnessing of testing and commissioning of key utilities, such as Electrical systems, power systems, communication systems, firefighting systems, sewerage, roads, and storm water drains.

The matter was discussed in DAC meeting held on 26<sup>th</sup>-27<sup>th</sup> December, 2024, wherein, after detailed deliberation the DAC directed the Authority to provide documented compliance of clause 3.1(a) of the consultant agreement by the consultant (M/s NESPAK). In case of non-compliance of agreement clause related to Chinese work, recovery to be made on account of work not done.

Compliance of the DAC directives has not been reported till finalization of the report.

Audit recommends that the matter may be pursued vigorously and necessary action be initiated against the consultant under the contractual obligation.

(NGIAP-AIR Para-14)

#### **4.4.21 Non-rectification of defects despite expiry of defect liability period**

According to clause 13.1 of General Condition of Contract, unless it is legally or physically impossible, the Contractor shall execute and complete the Works and remedy any defects therein in strict accordance with the Contract to the satisfaction of the Engineer. The Contractor shall comply with and adhere strictly to the Engineer's instructions on any matter, whether mentioned in the Contract or not, touching or concerning the Works. The Contractor shall take instructions only from the Engineer (or his delegate).

Audit noted that CAA HQ awarded a work “Reconstruction &

Up-gradation of Main Runway (18L/36R) at Allama Iqbal International Airport (AIIAP) Lahore” to M/s China Civil Engineering Construction Corporation (CCECC)–Matracon Pakistan (Pvt.) Ltd.-Habib Construction Services (JV) at an agreement cost of Rs. 6,450.568 million on 07.08.2020 with completion period of 455 days. The contractor was last paid 28<sup>th</sup> IPC for Rs. 25.003 million (up-to date payment Rs. 6,897.174 million). TOC of the project effective from 29.07.2022 was issued with one year of defect liability period (DLP).

Audit observed that the TOC of the project was issued on 29.07.2022 with a punch list showing 30 numbers defects/ observations to be rectified within defect liability period of one year. A period of more than two years since 29.07.2022 has been lapsed but the rectification works and replacement of AFL items as pointed out in the punch list are still pending to be completed by the contractor as conveyed by the consultant M/s Umar Munshi Associates vide his letter dated 04.06.2024. This resulted into non-rectification of defects pointed out in the punch list despite of expiry of defect liability period.

Audit holds that non-rectification of defects pointed out in the punch list despite expiry of defect liability period needs to be explained, besides rectification of defects and replacement of the AFL items as per Punch List of the work under verification to audit.

Audit pointed out the irregularity in July 2024. The management of PAA replied that the punch list clearance report will be submitted to audit as complied by the contractor and ‘The Engineer’ issued the defect liability certificates under clause 62.1 of general conditions of contract.

The matter was discussed in DAC held on 26<sup>th</sup>-27<sup>th</sup> December, 2024 wherein, the DAC directed the Authority to get the punch list clearance report and defect liability certificate verified from audit.

Compliance of the DAC directives was not made till finalization of the report.

Audit recommends to get complete outstanding works and rectify defects pointed out in the punch list at the earliest.

(P&D AIR Para-07)

## **CHAPTER 5**

### **PAKISTAN PUBLIC WORKS DEPARTMENT AND ESTATE OFFICE (MINISTRY OF HOUSING AND WORKS)**

#### **5.1 Introduction**

##### **A. (i) Pakistan Public Works Department**

Pakistan Public Works Department (Pak PWD) is an attached department of the Ministry of Housing and Works (Housing and Works Division). As per Rules of Business 1973, Housing and Works Division is responsible for the development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division and Ministry of Foreign Affairs. Exemption is also allowed to Ministry of Foreign Affairs for the maintenance of Foreign Office and its allied buildings.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. It is headed by a Director General. The Director General is assisted by a Chief Administrative Officer who deals with administrative matters. There are four Chief Engineers for North, South, West and Central Zones in the country. They are assisted by Superintending Engineers and Executive Engineers/Assistant Executive Engineers. The matters relating to planning are dealt by the Chief Engineer (Planning). The accounts of the Pak PWD are departmentalized. The Budget and Accounts matters are dealt with by the Director Budget and Accounts, who prepares the annual Appropriation and Finance Accounts. Divisional office is the basic accounting unit of the department and is headed by the Executive Engineer. All payments related to work done and supplies are made in the divisional offices.

Detailed estimates are prepared at the sub-divisional level and technically sanctioned by the Executive Engineers, Superintending Engineers or the Chief Engineers according to their competency. Pre-audit is carried out by the Divisional Accounts Officers on behalf of the Director Budget and Accounts, who is responsible for maintaining the accounts of the department. Divisional Accounts Officers are also co-signatory of the cheques with the Executive Engineers.

**(ii) Estate Office**

Estate Offices situated at Islamabad, Lahore, Karachi, Quetta and Peshawar are under the administrative control of the Ministry of Housing and Works. These offices deal with allotment of government-owned accommodations, properties, recovery of rent, etc., from the allottees/occupants. The Estate Office management includes Director General assisted by Director, Deputy Director and Joint Estate Officers at the four provincial offices. Budget of Estate Offices is also part of Grant 50 administered by Ministry of Housing and Works.

**B. Comments on Budget and Accounts (Variance Analysis)**

**(i) Pakistan Public Works Department**

**Grant 50- Civil Works**

The Grant includes establishment budget for the regular employees of the Pak PWD and maintenance budget for office/residential buildings of the Federal Government. In addition, the expenditure on annual/special repair, utility charges of these buildings are met from this Grant. The Department also maintains V.I.P buildings such as Prime Minister’s House, Prime Minister’s Secretariat, State Guest House, etc. The position of the Grant for the last two years is summarized below:

**(Rs. in million)**

	<b>2023-24</b>	<b>2022-23</b>
Final Grant	6,230.043	5,221.433
Actual Expenditure	7,356.056	6,154.790
Excess/Saving(-)	1,126.013	933.357
Percentage	18.07%	17.87%

Source: Appropriation Accounts for the year 2023-24

Supplementary Grant amounting to Rs. 532,486,000 sanctioned after 15.5.2024 has not been accounted for in the printed Appropriation Accounts. A sum of Rs. 609,169,302 was added through re-appropriation of funds, during the year. After taking into account the said amounts, the Final Grant worked out to Rs. 7,371,698,302 and excess converted into saving of Rs. 15,642,742 which is 0.21% of the Final Grant.

### **Grant 50 Federal Lodges**

The Department is also responsible for the maintenance and running of Federal Lodges all over the country. At present, thirteen Federal Lodges located at Islamabad/Rawalpindi, Lahore, Quetta, Karachi and Peshawar are being maintained by the Department. These Lodges provide economical and quality lodging facilities to the officers of the Government and Members of the Parliament. Expenditure relating to the operation of these lodges is met from this Grant. The allotment and the expenditure for the last two years under this Grant is given below:

**(Rs. in million)**

	<b>2023-24</b>	<b>2022-23</b>
Final Grant	159.663	144.565
Actual Expenditure	154.162	132.784
Excess/Saving (-)	5.500	(11.781)
Percentage	3.57%	8.15%

Source: Appropriation Accounts for the year 2023-24

A sum of Rs. 25,934,115 was added and Rs. 31,434,629 withdrawn through re-appropriation of funds. After taking into the account the said amount, the Final Grant worked out to Rs. 154,162,486 against which the expenditure amounting to Rs. 154,162,486 had been incurred.

### **Grant No. 130 Capital Outlay on Civil Works**

The Grant is meant for original works financed through PSDP of the Works Division. In addition to Housing & Physical Planning Sector, Development Schemes of other Ministries/Divisions are included in this

Grant. During the year 210 Schemes pertaining to 03 Sectors and 5214 Schemes pertains to SAP Programme were executed by the Department. Position of allotment and expenditure of this Grant for the last two years is as under:

	<b>(Rs. in million)</b>	
	<b>2023-24</b>	<b>2022-23</b>
Final Grant	78,548.839	74,681.336
Actual Expenditure	68,423.098	101,280.304
Excess/Saving (-)	10,125.741	26,598.968
Percentage	12.89%	35.61%

Source: Appropriation Accounts for the year 2023-24

A sum of Rs. 2,284,920,000 was surrendered after target date. An amount of Rs. 6,189,763,300 was with- held during the year. After taking into account the said amount, the Final Grant comes to Rs. 70,074,155,700 against which the expenditure amounting to Rs. 68,423,098,404 has been incurred and saving reduced to Rs. 1,651,057,296 which is 2.36% of the Final Grant.

#### **Deposit Works (Other than Grant Capital Outlay)**

	<b>2023-24 (Rs. in million)</b>
Deposit Receipt	6,490.921
Expenditure	3,351.094

Source: Expenditure statement provided by Pak PWD

#### **(ii) Estate Office**

Budget allocation and expenditure of Estate Offices for the year 2023-24 is tabulated below:

<b>(Rs. in million)</b>			
<b>Final Grant</b>	<b>Expenditure</b>	<b>Excess/(Saving)</b>	<b>%</b>
135.741	133.793	(1.948)	(1.4%)

## Receipts

(Rs. in million)

Head & Description	Estimated Receipt	Actual Receipt	Excess/ (Shortfall)	%
C 02701 – Works Building Rent	1,000.000	934.035	(65.965)	(6.59%)

### C. Audit Profile of Pak PWD

(Rs. in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2023-24	Revenue Audited FY 2023-24
1	Formations	58	31	71,011.407	35.740

Note: In addition to 31 formations audited during Audit Year 2024-25, seven formations were audited during Phase-II of Audit Year 2023-24, involving expenditure of Rs. 10,933.274 million and results incorporated in the report.

### Audit Profile of Estate Office

(Rs. in million)

Sr. No.	Description	Total	Audited	Expenditure audited FY 2023-24	Revenue/ Receipts audited FY 2023-24
1	Formations	05	03	284.544	934.035

## 5.2 Classified summary of audit observations

Audit observations amounting to Rs. 8,114.268 million were raised in this audit report. This amount also includes recoveries of Rs. 791.303 million, pointed out by the Audit. Summary of the audit observations classified by nature is as under:

### Overview of audit observations

S. No.	Classification	Amount (Rs. in million)
1	Irregularities	
A	Execution of works, contract agreement	7,312.302
B	Revenue management	634.447
2	Value for money	167.519
<b>Total</b>		<b>8,114.268</b>

### 5.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Pakistan Public Works Department/Estate Offices are as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
1985-86	06	06	01	05	16.67
1986-87	02	02	01	01	50
1987-88	09	09	01	08	11.11
1987-88 SAR	1	1	-	1	0
1988-89 (PAR)	1	1	1	-	100
1989-90	37	37	13	24	35.13
1989-90 PAR	1	1	-	1	0
1990-91	17	17	15	2	88.24
1990-91 PAR	1	1	-	1	0
1991-92	63	63	18	45	28.57
1991-92 PAR	1	1	-	1	0
1992-93	50	50	45	05	88.23
1992-93 PAR	1	1	-	1	0
1993-94	64	64	31	33	48.44

<b>Year</b>	<b>Total Paras</b>	<b>No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of Compliance</b>
1994-95	24	24	15	09	62.5
1995-96	24	24	15	09	62.5
1996-97	69	69	50	19	72.46
1997-98	176	176	128	48	72.72
1997-98 SAR	35	35	33	02	94.29
1998-99	175	175	89	86	50.85
1999-2000	106	106	69	37	65.09
2000-01	60	60	48	12	80
2001-02	32	32	28	04	87.50
2002-03	9	9	3	6	33.33
2003-04	21	21	14	07	66.66
2004-05	18	18	07	11	38.89
2005-06	38	38	19	19	50
2006-07	45	45	17	28	37.77
2007-08	27	27	10	17	37.03
2008-09	29	29	21	08	72.41
2009-10	09	09	04	05	44.44
2010-11	64	64	27	38	42.18
2013-14	77	77	16	61	20.77
2014-15	18	08	01	17	5.55
2015-16	39	39	04	35	10.25
2016-17	146	146	03	143	02
2017-18	82	18	0	18	0
2018-19	38	12	02	10	5.55
2019-20	57	11	1	10	9.09
2021-22	52	1	1	-	-

Note: SAR stands for Special Audit Report and PAR stands for Performance Audit Report. Audit Reports for 2011-12, 2012-13, 2020-21, 2023-24 and Special Audit Reports for 2017-18 were not discussed by PAC till the finalization of this Audit Report. Audit Reports for 2014-15, 2017-18, 2018-19, 2019-20 and 2021-22 have been partially discussed.

## **5.4 AUDIT PARAS**

### **Pakistan Public Works Department**

#### **5.4.1 Unauthorized payment due to execution of excess quantities without approval - Rs. 1,589.697 million**

According to Conditions 2 and 7 of the acceptance letters, no excess quantities over and above the quantities given in the BOQ shall be executed in respect of all items of work and additions/alterations are not allowed without prior approval of the competent authority, and that the work must be carried out strictly in accordance with the approved drawings/design.

Audit noted that various divisions of Pak PWD awarded infrastructure projects relating to construction/rehabilitation of buildings, roads, sewerage and water supply schemes during the financial year 2023-24.

Audit observed that various Pak PWD divisions paid for quantities of certain items of works in excess of the approved PC-I estimate and BOQ of concerned works amounting to Rs. 1,589.697 million without approval of the competent authority. This resulted in an excess payment of Rs. 1,589.697 million (**Annexure-K**).

Audit maintains that the irregularity occurred due to weak enforcement of the prescribed operational, supervisory and pre-audit controls.

Audit pointed out the excess payment during October-November 2024. The Department replied that the extra items were cropped up as per site requirements and payments were made as per actual work done at site. The deviations from the estimates will be regularized after completion of works. It is pertinent to mention here that, out of 20 divisions, only 9 divisions submitted their replies.

The reply was not accepted because major deviations in the agreed scope of work depicted that planning and estimation process was made without actual site surveys.

The matter was discussed in DAC meeting held on 08.01.2025, 15.01.2025 and 13.02.2025 wherein the Department was directed to get the record/approval of competent authority verified from Audit. In case of CCD-III Peshawar, the DAC directed the Department to provide structural design alongwith justification/ reason of change of design and approval of design to Audit for verification.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22, 2022-23 and 2023-24 vide para numbers 5.4.1 (2020-21), 5.4.4 (2021-22), 5.4.4 (2022-23), 4.4.17 (2023-24) having a financial impact of Rs. 4,386.212 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-II Peshawar Para 01, CCD-Sialkot Para 13 CEM-II-Karachi Ph-II Para 09, CCD-Bahawalpur Paras 04,06 CCD-III Quetta Para 04, CCD-D.I.Khan Para 07 CCD-M.garh Paras 01,07, CCD-I-Lahore Para 13, CCD-Faisalabad Para 12, CCD-I-Karachi Para 01, PCD-Sahiwal Paras 01,03,15, CCD-III Peshawar Para 13, CCD-Multan Paras 06,10, S&W Islamabad Para 01, CCD-Islamabad Para 06)

#### **5.4.2 Unauthentic payments to contractors without lab test reports - Rs. 1,813.101 million**

According to Clause 19.3 of Specification - Special Provisions titled "Testing Laboratory Certificates", the Engineer may accept a certificate from a commercial testing laboratory, satisfactory to him, certifying that the product has been tested within the period acceptable to the Engineer and that it conforms to the requirements of this specification.

According to Instructions of Pakistan Standards & Quality Control Authority (PSQCA), all public sector organizations at Federal and Provincial levels were to entertain only those steel bar manufacturers in their tendering process of PSDP projects of the Government of Pakistan which are PSQCA certified.

Audit noted that various Executive Engineers of Pak PWD Divisions awarded works to different contractors under the Sustainable Development Goals Achievement Programme (SAP) and made payment of Rs. 1,813.101 million against different items during the financial year 2023-24 (**Annexure-L**).

Audit observed that these payments were made without obtaining lab test reports of such items of works as PCC, Tuff Paver, Steel, RCC works, etc. This resulted in an unauthentic payment of Rs. 1,813.101 million without lab test reports.

Audit maintains that the irregularity occurred due to weak internal controls for sanctions and pre-audit of contractors' bills.

Audit pointed out the unauthentic payment in September-November 2024. CCD D.I. Khan replied that neither specification nor description of item impose strength test requirements, however proportion of mix has been specified which has vigilantly been maintained at site. CCD Gwadar replied that all the relevant record is available for verification. Remaining 07 divisions did not reply.

The reply was not accepted because the department submitted reply without any documentary evidence.

The matter was discussed in DAC meeting held on 08.01.2025 wherein the Department was directed to provide lab test reports and relevant record to Audit for verification.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para numbers 5.4.6 (2023-24), having a financial impact of Rs. 11,561.03 million. The recurrence of similar irregularity is a matter of serious concern.

(PCD-II Islamabad Para 06, CCD Quetta Para 08, PCD Sahiwal Para 11, CCD-VI Karachi Para 07, CCD-IX, Karachi Para 05, CCD Gujranwala Para 05, CCD-III Islamabad Para 07, CCD Gwadar Para 04)

### **5.4.3 Non-revalidation of performance securities - Rs. 1,162.349 million**

Clause 10.1 of the Conditions of Contract, Part-II provides that the Contractor shall provide Performance Security to the Employer in the prescribed form. The said Security shall be furnished or caused to be furnished by the Contractor within 28 days after the receipt of the Letter of Acceptance. The Performance Security shall be of an amount equal to 10% of the Contract Price stated in the Letter of Acceptance. Such Security shall be in the form of (a) bank guarantee from any Scheduled Bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan.

Audit noted that Executive Engineers of various Pak PWD divisions awarded several works to different contractors without revalidation of performance securities.

Audit observed that management did not obtain revalidated performance securities from the contractors. It resulted into violation of contract clause and undue favour was extended to the contractors amounting to Rs. 1,162.349 million.

This resulted in non-revalidation of performance securities worth Rs. 1,162.349 million (**Annexure-M**).

Audit maintains that performance bonds were not obtained due to weak enforcement of the prescribed operational oversight and regulatory controls.

Audit pointed out the irregularity in September-November 2024. The Department replied in case of CCD, Gwadar that the performance securities were closely monitored and obtained within the specified period of the completion schedule, including the defect liability period. However, in certain instances, delay in completion was due to erratic funding, site disputes, or law and order challenges in Balochistan. This has led to the expiry of performance securities. The other ten 10 divisions did not reply.

The reply was not accepted because required performance guarantees with expiry date till the defect liability period were not obtained and verified from Audit.

The matter was discussed in DAC meeting held on 08.01.2025 and 15.01.2025 wherein the Department was directed to submit revalidated performance security to Audit Further, in case of CCD-II Peshawar, the DAC directed the department to submit a comprehensive reply including progress report along with performance security status.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23 and 2023-24 vide para numbers 5.4.11 (2021-22), 5.4.39 (2022-23), 5.4.10 (2023-24) having a financial impact of Rs. 3,181.261 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-II Peshawar Paras 06,09, KCE/M-I Karachi Para 08, CCD Nawabshah Para 08, CCD Larkana Paras 01,12, PCD-I Karachi Paras 11,12, CCD Multan Para 02, S&WD Islamabad Para 02, CEM Peshawar Para 14, CCD Gwadar Para 07, PCD-II Islamabad Para 11)

#### 5.4.4 Irregular change in approved scope of work - Rs. 609.765 million

Planning & Development Division's letter dated 22.06.1980 provides that if the total estimated cost as sanctioned increased by a margin of 15% or more or if any significant variation in the nature of the scope of the project was made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/Competent Authority shall be obtained in the same manner as in the case of the original scheme without delay.

Audit noted that Executive Engineers awarded the following works with different cost of works pertaining to different items:

S. No.	AIR Para No	Formations/Divisions	No of Works	Amount (Rs. in million)
1	05	CCD-III PWD Quetta	01	83.232
2	02 &03	CCD-I PWD Quetta	02	317.57
3	02	CCD PWD Sargodha	01	208.963
		<b>Total</b>	<b>4</b>	<b>609.765</b>

Audit observed that the department executed the items in violation of approved scope of work as detailed below:

(Rs in million)

Item	Approved scope	Executed scope	Division
Road	7 km	2.5 km	CCD Sargodha
RCC Road	39.589	Nil	
Building	3.024	5.563	
Tuff paver	22.045	43.708	
Nullah	5.514	26.645	
Earth work for embankment	width 31 feet and height 2 feet	18 feet and height 3.05 feet	CCD-I, Quetta
Side drain	4.747	20.906	CCD-III Quetta

In the light of above discrepancies, Audit holds that works were not executed according to approved specifications and methodology.

Audit further observed that abnormal change in approved design/scope of work showed that the estimate of the work was not properly prepared which resulted into deviation beyond the approved design/X-section and such deviation was made without approval from the competent authority. This resulted into irregular payment of Rs. 606.765 million without approval of competent authority.

Audit pointed out irregular change in approved scope of work during August to October 2024. CCD-III, CCD-I Quetta did not reply. Central Civil Division Sargodha replied that the work was awarded on 26.03.2024 for Rs. 270.256 million to contractor. Funds to the tune of Rs. 206.256 million were released. Against the released funds, the most required and beneficent quantum of work to facilitate the public at large was executed and paid to the contractor. Balance funds amounting to Rs. 188 million were required to complete the remaining scope of work against approved cost. However, any deviation will be approved by the competent authority on completion of project.

The reply is not tenable because deviation from the original scope was not approved from the competent authority. Further, CPWD Code does not permit deviations without approval.

Audit holds that due to weak internal, supervisory/monitoring and pre-audit controls caused irregular execution of work.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends obtaining of required approval of change in scope of work/deviation from competent forum.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 5.4.16 (2021-22), 5.4.11 (2022-23) having a financial impact of Rs. 435.276 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-II Quetta Para 05, CCD-I Quetta Paras 02 & 03 and CCD Sargodha Para 02)

#### **5.4.5 Irregular payment without approval of Job Mix Formula (JMF) - Rs. 422.348 million**

As per Standard Specification/Engineering practice, a Job Mix Formula (JMF) for the asphaltic hot mix bitumen concrete pavement, mixture or mixtures to be used for the project shall be established jointly by the Engineer and the Contractor. Prior to final approval, the proposed job mix, with a bitumen content at the permissible upper percentage limit determined in JMF, shall be compacted and air voids in the mix shall not be less than 2%. The Contractor shall prepare a trial section before the start of work in light of the prescribed procedure.

Audit noted that Executive Engineers of three (03) divisions of Pak PWD awarded different contracts for Metaled Roads works during financial years 2022-23 and 2023-24.

Audit observed that the department measured and paid item of work i.e. "Providing and laying Hot mix bituminous concrete runway pavement ....." without preparation and approval of Job Mix Formula (JMF) by the competent authority and source of bitumen and invoices were also not available in office record and not a single test for bitumen was carried out from the approved laboratories which was against the Pak PWD specification. This resulted in irregular payments of Rs. 422.348 million due to execution of bituminous item without approval of Job Mix Formula.

Audit maintains that irregular expenditure without preparation of Job Mix Formula and tests of the items was made due to weak internal and technical controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out irregular/unauthentic payment during December 2023 and July, August 2024. Executive Engineers, KCCD-I Karachi and CCD Bahawalpur did not reply.

Para relating to CCD, Bahawalpur was discussed in DAC meeting held on 13.02.2025 wherein the Committee directed that matter may be inquired and responsibility be fixed against the officer/official concerned who executed work without preparation of job mix formula. DAC meeting was not convened to discuss remaining para.

Audit recommends that department may explain the reasons for execution of bituminous item without approval of JMF and required tests.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2023-24 vide para numbers 5.4.28 (2021-22), 5.4.14 (2023-24), having a financial impact of Rs. 1,198.273 million. The recurrence of similar irregularity is a matter of serious concern.

(KCCD-I Karachi Ph-II Para 11 & CCD Bahawalpur Para 03)

#### **5.4.6 Unjustified payment on account of price escalation - Rs. 373.819 million**

As per para 6.11 of Manual for Development Projects (Revised 2019), issued by Planning Commission of Pakistan, after the approval of the project, the executing agency is required to implement the project according to the provision of PC-I. No expenditure may be undertaken beyond the approved scope and cost of the project, and if done, it would be considered as illegitimate expenditure.

According to clause 70.1 of contract agreements, only variable items provided in appendix-C, shall be escalated/de-escalated.

According to approved PC-I, price escalation was admissible from 2<sup>nd</sup> year of work.

Audit observed that:

- i. The XEN, CCD, Sialkot, PPWD paid price escalation amounting to Rs 134.907 million against provision of Rs 110.00 million Revised PC-I. Further, price escalation

amounting to Rs 3.341 million was paid against 'Bitumen' which was not originally part of variable items.

- ii. In one case, the XEN, CCD-III, Karachi, PPWD could not complete the work in time which resulted a payment of price escalation amounting to Rs 127.471 million (para 13). In other case, price escalation amounting to Rs 29.989 million was paid in 1<sup>st</sup> year of work which was not admissible (para 02).
- iii. The XEN, CCD, Gujranwala, PPWD enhanced weightages of variable items from 0.56 to 0.75 without change in scope and specification (para 09) which resulted in unjustified payment of Rs 29.898 million. In case of para 06, weightages of variable items were enhanced from 0.53 to 0.75 without change in scope and specification which resulted in unjustified payment of Rs 27.368 million. In case of para 13, Price escalation amounting to Rs. 18.831 million was paid against PC-I provision of Rs. 6.084 million. Further, price escalation was paid in 1<sup>st</sup> year of work.
- iv. The XEN, CCD, Muzaffargarh, PPWD paid price escalation amounting to Rs 26.846 million against Rs 7.00 million provided in Revised PC-I.

Audit maintains that irregularity occurred due to weak contract management.

Audit pointed out the irregularities in October-November 2024. CCD, Pak PWD, Sialkot replied that the payment of price escalation was paid as per agreement and work done at site. The other three divisions did not reply.

The reply was not accepted as no documentary evidence was provided regarding revision of escalation against provision. Further Factor-C was calculated as per estimate/NIT while payment was made

against the revised project which required revision of Factor-C weightages as per actual consumption of material.

Audit para relating to CCD Muzaffarabad was discussed in DAC meeting held on 13.02.2025 wherein the department apprised that the project has been completed within approved cost of revised PC-I and project has been handed over to the sponsoring department. Audit contended that price escalation amounting to Rs 26.848 million was paid against provision of Rs 7 million in the revised PC-I. Thus, excess from revised PC-I was unjustified. DAC directed that Chief Engineer, Central Zone to submit a report justifying payment of escalation amounting to Rs. 26.846 million within two weeks and financial closure be submitted to Audit. DAC meeting was not convened on remaining paras.

Audit recommends recovery of Rs. 373.819 million from contractors for undue payments of price escalation.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2022-23 and 2023-24 vide para numbers 5.4.16 (2022-23), 5.4.29 (2023-24) having a financial impact of Rs. 329.024 million. The recurrence of similar irregularity is a matter of serious concern.

(AIR Paras CCD Sialkot 10, CCD Muzaffargarh 06, CCD Gujranwala 06, 09, 13, CCD-III Karachi 02, 13)

#### **5.4.7 Unauthorized payments for extra items - Rs. 228.739 million**

Para 6.09 of Pak PWD Code, 1982 states that a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. This sanction was known as the Technical Sanction to the estimate and must be obtained before the construction of work was commenced. As its name indicates, it amounts to no more than a guarantee that the proposal is structurally sound, and that the estimates are accurately calculated and based on adequate data.

Audit noted that the various divisions of Pak PWD executed infrastructure projects/ works relating to construction of buildings, roads, street lights and solar during the financial year 2023-24.

Audit observed during the scrutiny of the accounts record that extra items of works were measured and paid to the contractors beyond the provision in TSE/BOQ without prior approval of the competent authority. This shows that detailed estimates of the works were not prepared after proper survey and keeping in view the requirement of the sites. Execution of extra/substitute items beyond the provision of TSE/BOQ resulted in unauthorized payment of Rs. 228.739 million **(Annexure-N)**.

Audit maintains that the irregularity occurred due to weak enforcement of the operational, supervisory and pre-audit controls.

Audit pointed out the matter in September-November 2024. CCD-I, Lahore replied that according to Clause 51.1 of Terms & Conditions of Contract agreement, variations / extra / substituted that happen during execution of work shall be subject to approval by the competent authority. The extra / sub-items cropped up on the direction of client department i.e. National School of Public Policy (NSPP) and Civil Services Academy. The same would be submitted to office of the Chief Engineer (CZ), Pak PWD, Lahore for accord of approval by the competent authority. Out of nine divisions, seven divisions did not furnish reply.

The reply was not accepted as the estimation of the projects/ works was always based on adequate data and prepared after proper survey and keeping in view the requirement of the sites. Execution of extra/substitute items showed non-compliance with agreement scope of work.

The matter was discussed in DAC meeting held on 08.01.2025 and 15.01.2025 and 13.02.2025 wherein the Department directed to:

- i. Provide final bill for verification from audit (CCD-V, Islamabad).
- ii. Provide the approval of substitute/extra items, site inspection report to Audit Department. (CCD-III, Islamabad, CCD, Faisalabad).
- iii. Conduct a Fact finding inquiry and fix responsibility and recover the overpayment made to the contract (PCD-II, Islamabad).
- iv. Provide the record as per audit observation mentioned in previous verification dated 26.12.2024 (CCD-II, Islamabad).
- v. Provide rate analysis and Engineer instructions for change of items to audit for verification (CCD-II, Islamabad).
- vi. The DAC directed that rate analysis be submitted to Chief Engineer who will inquire the matter and will submit a report to DG PWD for onward submission to M/o Housing and Works (CEM-I Peshawar).

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23 and 2023-24 vide para numbers 5.4.6 (2021-22), 5.4.24 (2022-23), 5.4.16 (2023-24) having a financial impact of Rs. 1,912.254 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD Faisalabad Para 04, PCD Sahiwal Para 02, CCD-II Islamabad Paras 01, 08, PCD-II, Islamabad Para 12, CCD-III Islamabad Paras 04,09,10, CEM Peshawar Para 08, CCD-I Lahore Para 12, CCD-V Islamabad Para 04)

#### **5.4.8 Non-recovery of Mobilization Advance - Rs. 181.335 million**

Clause 60.11 of contract agreement states that interest free mobilization advance up to 15% of the contract Price stated in the letter of Acceptance shall be paid by the employer to the contractor in two equal parts upon submission by the contractor of a mobilization advance Guarantee for the full amount of the advance in the specified form from the scheduled Bank in Pakistan or an insurance company acceptable to the Employer. This advance shall be recovered in equal installments;

first at the expiry of third month after the date of payment of first advance and the last installment two months before the date of completion of the works as per clause 43 hereof.

Audit noted that Executive Engineers of CCD Pak PWD Bahawalpur, PCD-II, Islamabad and CCD I &II, Quetta awarded works to the contractors and paid mobilization advances amounting to Rs. 181.335 million.

Audit observed that an amount of Rs. 181.335 million was outstanding against the works despite expiry of stipulated completion period. This resulted in non-recovery of mobilization advance of Rs. 181.335 million (**Annexure-O**).

Audit maintains that the irregularity occurred due to weak enforcement of the prescribed supervisory and contract management controls.

Audit pointed out the excess payment during October-November 2024. The Department in one case replied that work is still in progress and the completion period will be extended. The recovery of outstanding mobilization advance would be completed accordingly. In the other case department replied that the timeline of deduction of mobilization advance coincides with the stage wise completion of the work. Out of 04 divisions, 03 divisions did not furnish reply.

The reply was not accepted because deduction of mobilization advance was not made according to contractual provisions. Also, in one case the clause for grant of mobilization advance was not part of the contract agreement.

Para relating to PCD-II, Islamabad was discussed in DAC meeting held on 08.01.2025 wherein the Department was directed to submit revised reply to Audit alongwith supporting documents. Para relating to CCD, Bahawalpur was discussed in DAC meeting held on 13.02.2025, wherein the Committee directed the department to recover

the mobilization advance from bank guarantee/ security deposit of the contractors and recovery report be submitted to Audit within three weeks.

Paras relating to other Divisions were not discussed in DAC meeting despite requests made by Audit.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 5.5.6 (2020-21), 5.4.10 (2021-22), 5.4.31 (2022-23) having a financial impact of Rs. 244.365 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-Bahawalpur Para 05, PCD-II Islamabad Para 01, CCD-I Quetta Para 07, CCD-II Quetta Para 02)

#### **5.4.9 Defective and risky work due to non-adoption of required specification - Rs. 167.519 million**

As per General condition 1.1 of schedule of rates 2022 for Electrical & Mechanical Works, execution of works shall be carried out as per Pak PWD specifications, electricity rules 1937 and in accordance with latest edition of I.E.E. regulations issued by Institute of Electrical Engineers (London).

Audit noted during scrutiny of accounting records of the Executive Engineer, Electrical & Mechanical Division-I, Pak PWD, Peshawar that Administrative Approval and Technical Sanction were accorded for Rs. 200.000 million by Housing & Works in DDWP meeting. Works were awarded to six contractors and an amount of Rs. 167.519 million was paid during financial year 2023-24.

Audit observed that all the above noted works related to solar energy and electrical works that required the item No.3.08 of Schedule of Rates 2022 for Electrical & Mechanical work i.e. "Earthing and Lightning Arrestor". The Executive Engineer made payment of Rs.

167.519 million against the solar energy related works but the necessary items relating to Earthing and Lightning arrestor were neither provided in Technical Sanction Estimate nor executed at site. This resulted in defective and risky work worth Rs. 167.519 million due to non-adoption of required specification.

Audit pointed out defective and risky work due to non-adoption required specification in August 2024. The department did not furnish reply.

Audit maintains that defective work was executed due to lack of technical control.

The matter was discussed in DAC meeting held on 15.01.2025, wherein, the department was directed to obtain the technical certificate from the concerned government department whether the earthing and lightning arrestor was required or not.

Audit recommends compliance to DAC directives.

(E/M-I Peshawar Para 05)

#### **5.4.10 Non-coverage and non-recovery of Insurance Premium - Rs. 107.565 million**

Clause 21.1.25 of the Agreement provides for insuring the works together with materials and plant by the contractor, who was also required to get third party insurance (including Employer's property) against liabilities for death of or injuries to any person or loss or damages to the property arising out of the performance of the contract and provide such evidence to the Employer prior to start of work. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance. In case of failure of the contractor to keep enforced any of the insurances required, the Employer was to effect and keep enforced the insurances by paying premium and recovering from the payments due to the Contractor.

Audit noted that the Pak PWD awarded various project/works to different contractors involving agreement cost of Rs. 11,207.626 million **(Annexure-P)**.

Audit observed that the department did not obtain the required insurance policies from the contractors, which not only resulted in undue benefit to the contractors but also put the entire works, equipment, property and labour at risk. This resulted in non-obtaining of insurance coverage for the works valuing Rs. 11,207.626 million and non-recovery of inbuilt cost of premium of Rs. 107.565 million.

Audit pointed out the irregularity in September-November 2024. The Department replied that insurances were obtained as required. Out of 08 divisions, 07 divisions did not furnish reply.

The reply was not accepted because original insurance cover with evidence of insurance premium payments was not produced in support of reply.

The matter was discussed in DAC meeting held on 15.01.2025, wherein the department was directed to obtain the insurance of work and recovery of the premium as per provision of the agreement (CCD-II, Peshawar). Audit paras of other Divisions were not discussed in DAC meeting despite requests made by Audit.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23 and 2023-24 vide para numbers 5.4.5 (2021-22) 5.4.40 (2022-23), 5.4.35 (2023-24) having a financial impact of Rs. 99.742 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-II Peshawar Paras 07,08, CCD Hyderabad Para 13, CCD-VI Karachi Para 09, CCD-I Karachi Para 07, CCD-IX Karachi Para 08, CCD Nawabshah Para 12, PCD Sahiwal Para 06, S&W Islamabad Para 03)

**5.4.11 Irregular payment without recording detailed measurements - Rs. 121.463 million**

As per Para 209 (d) of CPWA Code, all payment for work done or supplies are made on the basis of quantities recorded in the Measurement Book. It is incumbent upon the person taking measurements to record the quantities clearly and accurately. He would also work out and enter in the measurement book the figure for the contents or area column.

Para 5 of preface of measurement book (instruction) provides that all measurements should be recorded neatly and directly in the measurement book at the site of the work. The recording of measurement book elsewhere and copying them into measurement book is forbidden.

Audit noted that Executive Engineers of two (02) divisions of Pak PWD awarded following development schemes during the financial year 2023-2024.

**(Rs. in million)**

<b>S No.</b>	<b>AIR. No.</b>	<b>Formation/Division</b>	<b>No of Works</b>	<b>Contract Cost</b>	<b>Up-to-date Exp</b>
1	3	KCE/M-I, Karachi	1	49.820	21.261
2	5	CCD-I Quetta	1	487.299	100.202
		<b>Total</b>		<b>537.119</b>	<b>121.463</b>

Audit observed that the department measured and paid items of work on lump sum basis instead of measurement of quantities of each item as required, which indicates that payment was made without recording detailed measurement of items in violation of approved estimate / plan/design, etc.

This resulted in unjustified payment of Rs. 121.463 million due to execution of works without detailed measurements.

Audit pointed out the unjustified payment in September 2024. The department did not reply.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends recovery/justification and approval from the competent authority.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2020-21 vide para numbers 5.5.5 (2020-21) having a financial impact of Rs. 81.443 million. The recurrence of similar irregularity is a matter of serious concern.

(CE/M-I Karachi Para 03 & CCD-I Quetta Para 05)

#### **5.4.12 Overpayment due to excess thickness and extra quantity of items than corresponding items - Rs. 79.319 million**

Para 95 of CPWD Code provides that Divisional Officer is strictly prohibited from making or permitting any deviation from any sanctioned design in the course of execution except under any specific authority.

As per approved X-Section of the work, the thickness of item of work i.e. “S/L machine crushed 2-1/2” to ¾” Stone Ballast of approved grade and quality in sub-base or Base course” was provided as 0.375 inch.

Audit noted that Executive Engineer, CCD-III, Pak PWD, Quetta awarded the works for “Construction of Black Top Road Porana Duki and Rabbat village District Duki (length 25 Km)” and “Construction of 19 KM Black Top Road Chingee to Kankoo Kakar Khurasaan District Zhob” to contractors on 28.01.2022 and 05.12.2022 with agreement cost of Rs. 447.544 million and Rs. 438.869 million, respectively. 9<sup>th</sup> & final & 5<sup>th</sup> bills were Rs. 356.405 million and Rs. 233.859 million, respectively.

Audit observed in the first work that the department measured and paid quantity for item S/L machine crushed 2-1/2" to 3/4" Stone Ballast in sub-base or Base course" for 647,734.05 cft. by taking the thickness of 0.75 inch in 9<sup>th</sup> & final bill, whereas same was required to laying by taking the approved X-section thickness of 0.375 inch, which caused 323,867.025 cft. quantity as extra paid to the contractor. Audit further observed that another item, asphalt macadam was measured and paid for 1,477,054 sft. Whereas, according to corresponding item stone ballast, the actual quantity of asphalt macadam comes to 884,923.80 sft. (Road  $323,867.025 \times 2.6666 = 863,623.80$  sft. and Shoulders 21,300 sft.) and same was required to be paid to the contractor.

Audit further observed in second work that department measured and paid item of work i.e. S/L screen grade bajri 19 mm to 4.8 mm of approved grade and quality in sub-base or base etc. for 600,386.40 cft. @ Rs. 9,998.13 % cft. up to 5<sup>th</sup> running bill. Moreover, as per detailed record measurement recorded, the actual quantity of sub base came to 118,108.80 cft. but recorded as 206,690.40 cft. and same was paid. Due to wrong/incorrect calculation, 88,581.60 cft. quantity was extra paid to the contractor.

Audit is of the view that non-execution of work according to approved design/X-section caused payment for extra quantities to the contractors.

This resulted in overpayment due to allowing excess thickness and extra quantity of items then correspondence items amounting to Rs. 79.319 million.

Audit pointed out overpayment during August and September 2024. The department conceded the audit point of view in its reply.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends that overpayment may be recovered from the contractor.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 5.4.38 (2021-22), 5.4.23 (2022-23) having a financial impact of Rs. 69.463 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-III Quetta Paras 02, 01)

#### **5.4.13 Overpayment due to installation of lead acid batteries instead of required dry batteries - Rs. 49.126 million**

As per contract agreement/BOQ, the item of work “Providing/installation, testing & commissioning of Dry Battery 12 Volt including making connection with suitable flexible wire (5 meter approx.) thimbles, including making connections etc. complete in all respect as approved by the Engineer In-charge” was provided at the rate of Rs. 70,662 each.

Audit noted that Executive Engineer, Central E/M Division Quetta awarded five schemes pertaining to SAP and PSDP for Community Home Solar Energy System amounting to Rs. 355.654 million during the financial year 2023-24.

Audit observed that, as per contract agreement, Dry Battery 12 Volt was required to be installed for Community Home Solar Energy System whereas department installed and measured Lead Acid Battery 12 Volt 1,086 Nos. against said five schemes but payment made to the contractor for dry battery. Audit further observed that the department was required to execute the item of work according to agreement provision which was not done and installed lead acid batteries instead of dry batteries. This resulted in overpayment of Rs. 49.126 million.

Audit pointed out the recovery during August 2024. The department replied that lead acid battery instead of dry battery was mistakenly recorded in MBs.

Audit holds that weak internal and supervisory controls caused contractors to save their costs through installation of lead acid batteries instead of required dry batteries.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends that matter be investigated for fixing responsibility.

(CE/M Quetta Para 02)

#### **5.4.14 Overpayment due to excavated stone at a higher rate item - Rs. 17.172 million**

In the detailed measurement sheet/Technical Sanction Estimate/BOQ/PC-I, item No. 01, "Dismantling of Stone Metalling from existing road", was provided with the quantity of 284,408 cft. (21320 x 21' x 0.667') @ Rs 5,940.00 per % cft; item no 05, "Spreading of excavated/Dismantled available material" was provided with the quantity of 284,408 cft. (21320'\*21'\*0.667') @ 4546.53 per % cft., which was to be utilized for Sub Base or Base; item no 04, "S/L Machine crushed stone ballast 2" to 1/2" (Sub base)" was to be executed 142,012 cft. @ 12,565.52 %; and item no 07, "S/L Machine crushed stone ballast 2" to 1/2" (Base)" was to be executed 284,409 cft. @ 12,298.02 %

Audit noted that Executive Engineer, Central Civil Division, Pak PWD, Sialkot awarded the work "Rehabilitation/Improvement from Main G.T Road Gujrat Lala Musa (Chakhari Stop) To Gujrat Dinga Road (Chakohri Bhallovala Stop) Via Paswal, Kotla Sarang and Paswal To Thama Phatak Lala Musa Tehsil Kharian District Gujrat-III, (Phase-I)" to M/s Dhugal & Co. on 27.10.2022 with the agreement cost of Rs. 419.643 million including varied premium above/below on different components/items against the NIT cost of Rs. 305.175 million with completion time of 12 month. Contractor was paid Rs. 465.344 million up to 6<sup>th</sup> running bill.

Audit observed that the divisional officer measured and paid a BOQ item, "Dismantling of Stone Metalling from existing road" with the quantity 269,699 cft. and obtained the sub base/base material as quantity 269,699 cft. from the excavation, which was to be utilized for sub base or base course under the item no 5/5 @ 4546.53 % cft. item as spreading rate only as per BOQ/TSE. Scrutiny of 6<sup>th</sup> & final bill revealed that only quantity of 28,609 cft. was paid @ Rs. 4546.53 per % cft. out of excavated stone 269,699 cft. Audit further observed that left over quantity of excavated material/stone of 241,090 cft. (269,699 cft-28609 cft.) was paid under the items no 4/4 S/L Machine crushed stone ballast 2" to 1/2" and item no 7/7 Machine crushed stone ballast 2-1/2" to 3/4" @ 12,565.52 % cft. and 12,298.02 % cft. respectively by increasing the quantity of both items (4/4 & 7/7) from the actual provision showing payment of excavated material was paid under both items on high rate causing undue benefit to the contractor. This has resulted in overpayment of Rs. 17.173 million.

Audit pointed out irregularity in August-September 2024. The department replied that the items were paid as per agreement and, as per agreement rate, no over payment was made to the contractor. The contention of the department was not as per actual position because excavated stone with a quantity of 269,699 cft. was available but only a quantity of 28,609 cft. was utilized while as per detailed estimate total excavated quantity was required to be utilized.

Audit held that irregularity occurred due to weak internal and monitoring controls.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends recovery from the contractor.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para numbers 5.4.34 (2021-22) having a financial impact of Rs. 18.783 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD Sialkot Para 08)

#### **5.4.15 Non-recovery of inbuilt cost of vehicles, site offices and generators - Rs. 8.00 million**

Special Provision 20 of the contract agreement provides that the contractor shall provide two camp offices for engineer in-charge and officers of executing agency fully furnished for their daily routine works having covered area size not less than 1200 sft. each with all utilities and facilities. Contractor shall also equip camp offices for Engineer in-charge and officers of executing agency with all utilities and facilities free of cost furniture, tables, chairs, air conditioner, stationary, telephone, generator inclusive of their routine monthly bills. Contractor will supply/provide 03 No brand new project vehicles of 1300 CC for daily routine inspection to Engineer/ Employer/Executing agency free of cost considering the said amount in all items listed in BOQ and will supply necessary stationary for office use. No extra payment will be made to the contractor. All facilities provided by the contractor under SP 20 will be property of engineer in-charge/Employer after successful handing taking over of project and expiration of defect liability period.

Audit noted that Executive Engineer, Central Civil Division-VI, Pak PWD, Karachi awarded the work “Construction of New Building for Supreme Court Branch Registry at Karachi” to M/s Habib Rafiq (Pvt) Ltd on 04.05.2021 at agreement cost of Rs. 3,781.355 million. Payment of Rs. 465.536 million was made up to 13<sup>th</sup> running bill.

Audit observed that the contractor could not provide the vehicles, site offices, generators, stationery and furniture under Special Provision 20 of the contract agreement whereas the cost of two (2) Vehicles 1300 CC Rs. 4,000,000 x 02 = Rs. 8,000,000 was already included in the bid being anticipated expense. This resulted into non-recovery of Rs. 8.00 million.

Audit pointed out non-recovery in December 2023. The department conceded audit point of view.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends recovery from the contractor.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para number 5.4.40 (2023-24) having a financial impact of Rs. 50.000 million. The recurrence of similar irregularity is a matter of serious concern.

(CCD-VI Karachi Ph-II Para 11)

#### **5.4.16 Unauthentic expenditure without approval of lead chart - Rs. 545.265 million**

According to BOQ, excavation or cutting in gravelly soil to a required grade, camber and side slopes including dressing top and disposal of excavated stuff within the a lift of 5ft and lead up to 100 feet.

Audit noted that Executive Engineer CCD-II Pak PWD Peshawar paid an item of work “excavation or cutting in gravelly soil to a required grade for a quantity of 34,643,370 Cu.m amounting to Rs. 545.265 million against approved quantity i.e. 5,452,934 Cu.m @ Rs. 1573.94 per %cft to different contractors for various work.

Audit observed that no lead chart approved by the competent authority was provided to Audit. It is further observed in absence of approved lead chart the expenditure of Rs. 545.265 million, as detailed in **Annexure-Q**, was irregular and unauthentic.

Audit maintains that irregular expenditure without approval lead charts of the items due to weak internal & technical controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out un-authentic expenditure in 2024. The department did not reply.

The matter was discussed in DAC meeting held on 15.01.2025, wherein the department was directed to conduct a fact finding inquiry and recover the amount of lead.

Audit recommends compliance to DAC directives.

(CCD-II Peshawar Para 04)

## **Estate Offices**

### **5.4.17 Non-eviction of unauthorized occupants and non-recovery of outstanding dues - Rs. 540.834 million**

Rule 15(2) of the Accommodation Allocation Rules, 2002, describes that an allottee on his retirement or expiry of contract period shall be entitled to retain the accommodation under his occupation for a period not exceeding six months, on payment of normal rent and this facility will be available to Federal Government Servant (FGS) once only. Rule 11 (9C) explains that where a pensioner who is allowed to retain the accommodation after his retirement, defaults and the matter shall be referred to AGPR, DBA or CAO as the case may be for recovery of dues from his pension. Rule 25(4)(a) states that in case of unauthorized retention of house beyond legally allotted period, rent equivalent to five rental ceiling of the category of his entitlement or the category of the house under occupation, whichever is more, shall be charged for each month for the entire period of unauthorized occupation.

Audit noted that Estate Offices did not recover an amount of Rs. 540.834 million as outstanding rent from unauthorized occupants **(Annexure-R)**.

Audit observed that Estate Offices, Islamabad, Lahore and Karachi could not vacate government accommodations as per PAC directives and an amount of Rs. 540.834 million was recoverable from retired/un-authorized occupants for the period 2023-24. However, no strenuous efforts were made to pursue the recovery of outstanding dues from retired/ unauthorized occupants.

This resulted in non-eviction of government accommodations and non-recovery of outstanding dues/rent of Rs. 540.834 million from the unauthorized occupants of government accommodations.

Audit holds that unauthorized occupation of government accommodations and non-pursuing the recovery against ex-allottees was

due to non-adherence to the government rules and ineffective implementation of monitoring and corrective controls.

Audit pointed out the recovery in 2024. Estate Office, Karachi replied that efforts are being made to recover outstanding dues from rent defaulters/retired government employees. Further, no NOC/ NDC has been issued without receiving vacation report except death during service cases. Estate Office Islamabad replied that recovery process has been initiated and detail will be provided to Audit on case to case basis.

The matter was discussed in DAC meetings held on 12.12.2024 and 14.02.2025. The DAC directed the Department to ensure recovery and initiate action against the illegal occupants.

Audit recommends recovery of Rs. 540.834 million as outstanding dues from unauthorized occupants and vacation of government accommodations from unauthorized occupants.

(Estate Office Islamabad Para 01 & 04, Estate office Karachi Para 03 & 08)

#### **5.4.18 Non-recovery of outstanding rent from the allottees - Rs. 40.565 million**

Rule 25(4)(b) of the Accommodation Allocation Rules, 2002, provides that in case of unauthorized retention of house beyond legally allotted period, rent equivalent to two rental ceiling of the category of his entitlement or the category of the house under occupation, whichever is more, shall be charged for each month for the entire period of unauthorized occupation. Rule 25(4)(c) provides that a FGS against whom action is taken under this rule shall be liable to disciplinary proceedings under the relevant rules or laws.

As per condition of allotment letter of government owned residential accommodation, the allottee shall be responsible for the payment of monthly rent at the rate of maximum of BPS-18.

Audit noted that Estate Offices did not recover an amount of Rs. 40.565 million as outstanding dues from the allottees. (**Annexure-S**)

This resulted in non-recovery of outstanding dues/rent of Rs. 40.565 million from the allottees of government accommodations/shops.

Audit holds that irregularity occurred due to non-adherence to accommodation allocation rules as well as weak financial and internal controls.

Audit pointed out the irregularity in 2024. The Department replied in that efforts are being made to recover outstanding dues from rent defaulters. The department conceded audit contention. In some cases partial recovery has been made. However, Audit recommends full recovery.

Response of Estate Offices Karachi and Lahore were discussed in DAC meeting held on 12.12.2024. The DAC directed the Department to recover the amount and get the record verified from Audit. In para 2 (Estate Office, Lahore), DAC was informed that the matter is sub-judice in the Lahore High Court. The Committee directed that court case may be pursued vigorously and updated status be shared with Audit.

Response of Estate Office Islamabad was discussed in DAC meeting held on 14.02.2025. The department explained that an amount of Rs 3.5 million has been recovered and efforts are being made for recovery of balance amount. Further, the matter has already been taken up with the Pak. PWD for categorization of houses. DAC directed to include these houses in the AAR Rules 2025 under intimation to Audit. DAC further directed to ensure recovery of remaining amount within 3 months under intimation to Audit. In one case, the department apprised that only one accommodation was occupied by the officer. The DAC directed to provide occupation and vacation reports of both the accommodations under Audit observation.

Audit recommends recovery of outstanding dues and pursuance of DAC directives.

(Estate Office Karachi Para 01, Estate Office Islamabad Paras 02, 03 & 10, Estate Office Lahore Paras 02, 05 & 06)

**5.4.19 Non-vacation of quarters occupied by Punjab Police and non-recovery of double ceiling rent - Rs. 36.420 million**

Rule 25(2) of Accommodation Allocation Rules (AAR) 2002, provides that the ejection of trespassers from the Government or hired accommodation shall be carried out by the concerned Estate Office, immediately without serving any notice on the trespasser and First Information Report shall be lodged against the trespasser by the Estate Office.

Audit noted that Ministry of Housing and Works Islamabad constructed 1,665 quarters/houses for residential accommodation of federal government employees in Wafaqi Colony, Lahore. On completion, 10 FG type quarters were illegally occupied by the Punjab Police through trespassing in 1990. Moreover, as per General Waiting List (GWL), 1401 federal government employees are waiting for allotment of accommodation of said category since long.

Audit observed that quarters were under illegal occupation of the police authorities without payment of any rent. Audit further observed that Department could not take concrete steps for vacation of the quarters from Punjab Police despite order by the Provincial Ombudsman (Mohtasib), Lahore dated 26.11.2004 for vacation of said premises and payment of rent. Audit also observed that outstanding amount on account of double ceiling rent of houses was also not recovered till date.

This resulted in non-vacation of quarters and non-recovery of rent of Rs. 36.420 million.

Audit holds that illegal occupation of flats was due to non-serious attitude of the Department for vacation of flats through an appropriate forum.

Audit pointed out illegal occupation of quarter in August 2024. The Department replied that 10 FG type quarters in Wafaqi Colony Lahore are under unauthorized occupation of Punjab Police. These quarters were constructed by the Pak PWD, Lahore which were not yet handed over to Estate Office Lahore. So the matter lies on the part of Pak PWD, Lahore. Moreover, the Estate Office will be responsible for recovery of rent if the accommodations are taken over by the Estate Office Lahore. Reply was not accepted because the quarters are unauthorizedly occupied by the Punjab Police since 1990 as evident from estate office letter dated 07.03.2006. Order of Honorable Ombudsman (Mohtasib) dated 26.11.2004 has also not been implemented. Neither the Department made any strenuous efforts to vacate the said premises nor recovery of rent from illegal occupant.

The matter was discussed in DAC meeting held on 12.12.2024 wherein the Committee directed that the Deputy Secretary (Estate), M/o Housing and Works may issue reminder to Chief Secretary and IG Punjab and a meeting may be arranged within 15 days.

Audit recommends compliance of DAC directives.

(Estate Office Lahore Para 01)

#### **5.4.20 Irregular execution of lease agreement and non-recovery of dues - Rs. 11.638 million**

Condition 02 of lease agreement explains that lease shall remain in force for a period of 20 years commencing from the date of occupation of the said site @ Rs. 801,000 per month (Rupees Eight Hundred One Thousand Only) subject to enhancement of rent @ 30% rent on expiry of every (03) years and thereafter may be renewed for a further term as the lessor approves. This lease can be terminated on one-month notice in writing by the either side. Condition No.05 explains that the lessee shall have to deposit one-year advance rent regularly within ten days of the commencement of the preceding year and remain strictly bound to the TORs of lease agreement. Condition No.07 explains that the allottee/Lessee of petrol pump site if in arrears of rent for 2 (two) consecutive months, the allotment/lease of petrol pump site shall be liable for

cancellation and the allottee/lessee shall be evicted thereafter: provided that such allottee shall be given 14 days' notice before eviction as per Federal Government Land & Building (Recovery of Possession) Ordinance, 1965.

Audit noted that Estate Office, Karachi executed agreements with different parties for installation of petrol pumps and CNG stations at different locations w.e.f. 30.06.2010 and 01.07.2022 at monthly rent of Rs. 801,000 and Rs. 80,000, respectively.

Audit observed that the lessees failed to deposit the outstanding rent and security deposit equivalent to one month rent. Audit further observed that, as per contract terms, the lease agreement was liable to cancellation due to non-payment. However, there was no evidence forthcoming from the records that the lease agreement was cancelled. Further, no record was found regarding security deposit and one month advance rent as security.

This resulted in irregular execution of lease agreement and non-recovery of rent amounting to Rs. 11.638 million.

Audit holds that non-cancellation of lease agreement was due to non-adherence to the conditions of the lease agreement as well as weak internal controls.

Audit pointed out irregularity in 2024. The Department replied that efforts are being made to recover possession from the lessee and action will be initiated for leasing out of the premises and recovery of outstanding dues from defaulters. The Department admitted the audit viewpoint.

The matter was discussed in DAC meeting held on 12.12.2024. The Committee directed the Department to recover the outstanding amount or cancel the lease agreement.

Audit recommends compliance of DAC directives.

(Estate Office Karachi Paras 04, 05 & 10)

#### **5.4.21 Non-recovery of rent - Rs. 4.990 million**

Rule 21 of Accommodation Allocation Rules, 2002, provides that where an allottee is in arrears of rent for four consecutive months, the allotment of accommodation shall be liable to cancellation and the allottee shall be evicted thereafter, provided that such allottee shall be given one month's notice before eviction.

Audit noted that Estate Office, Lahore allotted the House No.8-B to Mr. Shaban Bhatti, Commissioner, Income Tax Department Lahore vide allotment letter dated 18.11.1998 on payment of standard rent. On introduction of Accommodation Allocation Rule, 2002, the standard rent was converted into ceiling rent.

Audit observed that allottee was neither depositing ceiling rent nor vacating the house due to non-payment. The outstanding rent has accumulated to Rs. 5,551,811 for the period 31.10.2002 to 30.06.2024, out of which only Rs. 561,621 has been recovered. Audit further observed that the allottee occupied the house for twenty-two (22) years but the Estate Office Management has failed to make any strenuous efforts towards cancellation and recovery of rent.

This resulted in non-recovery of rent of Rs. 4.990 million.

Audit holds that non-cancellation of allotment and non-recovery of rent was due to non-implementation of AAR 2002.

Audit pointed out non-recovery in August 2024. The Department replied that efforts are being made for recovery of rent but the allottee has filed a civil suit against the payment of ceiling rent in the court of law and got status quo. It is further stated that the allottee has been transferred to the entitled department w.e.f 26.08.2021. The reply was not accepted because the allottee occupied the house since 1998 and recovery is also outstanding against him from 2002 to 2021.

The matter was discussed in DAC meeting held on 12.12.2024 wherein the Committee was informed that the matter is sub-judice in the Lahore High Court. The DAC directed that court case may be pursued vigorously and updated status be shared with Audit.

Audit recommends compliance to DAC directives.

(Estate Office Lahore Para 04)

#### **5.4.22 Non-demarcation and non-utilization of vacant land near Lyari Expressway Toll Plaza**

Rule 286 of General Financial Rules (Volume-I) provides that, except as expressly provided otherwise in any rule or order made by Government, no land belonging to Government may be sold or made over to a local authority, private party or institution for public, religious, educational or any other purpose, except with the previous sanction of government.

Audit noted that a piece of land at Pakistan Quarters near Lyari Expressway Toll Plaza, Karachi, was lying vacant and being utilized as dumping site as evident from letter dated 16.09.2022. The Director General, Estate Office has desired to make demarcation and actual measurement of the said land/plot so that the said plot may be utilized for commercial purpose and to avoid any unethical / unauthorized activity on the said plot.

Audit observed that the demarcation and actual measurement of the said piece of land was not made and the same piece of land was also not utilized for commercial purpose.

This resulted in non-demarcation and non-utilization of land.

Audit holds that non-demarcation and non-utilization of land was due to weak internal controls.

Audit pointed out the matter in 2024. The Department replied that the case of leasing out plots has been initiated and forwarded to Estate Office, Islamabad for concurrence.

The matter was discussed in DAC meeting held on 12.12.2024, wherein the Committee directed that the proper utilization of the vacant property may be ensured and outcome be shared with Audit.

Audit recommends compliance of DAC directives.

(Estate Office Karachi Para 07)

#### **5.4.23 Non-vacation of government residential accommodation from CDA on abolishment of pool-accommodation**

Rule 4 (1&2) of AAR, 2002 provides that the Estate Office shall not place its accommodation at the pool of any other department except the ISI and Ministry of Foreign Affairs and the houses already placed on the pool of Ministry of Foreign Affairs and the ISI shall be restricted to their present number. If funds are provided by the Government to an eligible department for constructing its own residential colony or accommodation, its employees shall cease to be eligible until that colony or accommodation is surrendered to the pool of the Estate Office. Rule 24 provides that the Government may, at any stage, cancel the allotment made in violation of the rules in favor of a Federal Government Servant including those made to the employees of non-entitled departments.

Audit noted in Estate Office Islamabad that 1,083 Government Residential Accommodation of various classes and categories were placed at CDA pool since the establishment of authority. All accommodation pools of other departments were abolished/withdrawn after enforcement of the AAR 2002 except the pool of ISI and Ministry of Foreign Affairs.

Audit observed that despite abolishment of pool accommodation in the year 2002, the CDA employees were still in occupation of govt. accommodations. But the Estate Office Management did not cancel these

accommodations under Rule 24 of AAR 2002 and got vacated for further allotments to eligible employees. Further, the original allottees of government accommodation were retired from CDA service but most of employees succeeded to get the allotments for their serving children under Rule 15(1)b of AAR 2002. Further, CDA was not depositing 5% normal rent deducted from their employees in FTO since the allotment of pool.

This resulted in non-vacation of government accommodations from CDA on abolishment of pool-accommodation.

Audit holds that non-vacation of residential accommodations occurred due to non-adherence to the rules and regulations and weak internal controls.

Audit pointed out the matter in 2024. The Department replied that the pool accommodations were abolished except ISI and Ministry of Foreign Affairs as defined in Section-4 (1) of AAR-2002. The accommodations pointed by the Audit were in possession of CDA before the enactment of AAR-2002. The allotments, occupations, and vacations of the said quarters were made by CDA itself. The matter was taken up with the CDA authorities (Director Estate) vide letter dated 05.12.2021 and 10.01.2021 with the request to provide the complete detail of govt. accommodation along with particular of the occupants/their date of retirement and rent recovery status.

The matter was discussed in DAC meeting held on 14.02.2025 wherein the Committee directed to constitute a committee under the Chairmanship of Joint Secretary (Estate), M/o Housing & Works and Director General, Estate Office to work out the ownership of the said residential accommodation pointed out by the Audit within thirty days' time.

Audit recommends compliance of DAC directives.

(Estate Office Islamabad Para 07)

**CHAPTER 6**  
**PAKISTAN HOUSING AUTHORITY FOUNDATION**  
**(MINISTRY OF HOUSING AND WORKS)**

**6.1 Introduction**

**A.** Pakistan Housing Authority Foundation (PHAF) is a Public Company registered with Securities and Exchange Commission of Pakistan under Section 42 of the Companies Ordinance, 1984. Secretary Housing and Works Division is the Principal Accounting Officer of PHAF. The major objectives/services entrusted to PHA Foundation are as under:

- i. Being one of the implementing arms of the Ministry of Housing and Works, PHA Foundation is mandated to provide shelter and to reduce the housing shortfall in Pakistan.
- ii. PHA Foundation provides low cost housing units to low and middle income groups of Pakistan on ownership basis. Since its inception in 1999, PHA Foundation has built several housing units for general public and Federal Government Employees in Federal and Provincial capitals to provide high quality and state-of-the-art buildings at low and affordable price.
- iii. In addition to Ground plus 3 building apartments, PHA Foundation has undertaken to construct high rise buildings. Construction of PHA-Maymar Towers in Karachi is first endeavor in this respect.

Regional offices have also been established in Lahore and Karachi to provide services to the allottees of the respective areas.

## B. Budget and Accounts

The table below shows the position of budget and expenditure of PHA Foundation for the financial year 2023-24:

**(Rs. in million)**

Nature	Original Budget	Final Budget	Expenditure	Excess/ (Saving)	%age
Non-Development (Operational)	858.662	858.662	684.171	(174.491)	(20.32)
Development	18,442.899	18,442.899	3,488.290	(14,954.609)	(81.09)
<b>Grand Total</b>	<b>19,301.561</b>	<b>19,301.561</b>	<b>4,172.461</b>	<b>(15,129.100)</b>	<b>(78)</b>

Source: Financial Statements 2023-24

### Revenue for the Year 2023-24

**(Rs. in million)**

Description	Estimated Receipts	Actual	Surplus/ (Deficit)	% age
Project receipts	18,329.802	3,849.741	(14,480.061)	(78.99)
Operational receipts	921.500	823.997	(97.503)	(10.581)
<b>Total</b>	<b>19,251.302</b>	<b>4,673.738</b>	<b>(14,577.564)</b>	<b>(75.72)</b>

The estimated receipt from allottees was Rs 18,329.801 million during the financial year 2023-24. However, the foundation could collect Rs 3,849.741 million (21.01%). Audit holds that it is a matter of serious concern and a question mark on foundation's efficiency in collecting receipt against the set target which adversely affects the execution of projects. (AIR Para 4)

### C. Audit Profile of PHAF

(Rs. in million)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2023-24	Revenue/ Receipts audited FY 2023-24
1	Formations	1	1	4,172.461	4,673.738

Note: Audit report also contains audit observation based on previous year (2023-24 Phase-II) audit involving expenditure of Rs. 5,237.373 million and revenue of Rs. 4,256.013 million.

#### 6.2 Classified summary of audit observations

Audit observations amounting to Rs. 16,031.343 million were raised in this audit report. Summary of the audit observations classified by nature is as under:

#### Overview of audit observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	
A	Works, Contract management	16,031.343
2	Others	-
<b>Total</b>		<b>16,031.343</b>

#### 6.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to PHAF is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of compliance
2003-04	01	01	-	01	0

<b>Year</b>	<b>Total Paras</b>	<b>No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of compliance</b>
2007-08	01	01	-	01	0
2009-10	04	04	-	04	0
2010-11	02	02	01	01	50
2011-12	04	04	-	04	-
2013-14	08	07	01	07	12.5
2015-16	18	09	-	09	-
2019-20	05	01	-	01	-

Note: Audit report for the year 2012-13, 2014-15, 2016-17 (SAR), 2017-18, 2018-19, 2020-21 and 2023-24 are yet to be discussed by PAC.

## **6.4 AUDIT PARAS**

### **6.4.1 Imprudent decision by PHAF which caused cost overrun - Rs. 7,084 million**

PC-I of work “development of housing schemes at Kuchlak Road, Quetta” was approved by PHAF DWP at cost of Rs. 7,945 million in November 2019 and revised PC-I was approved by the forum at cost of Rs. 15,029 million on 02.08.2023. Cost estimates of the project were based on Pak PWD Schedule of Rates 2012.

During scrutiny of accounts record of PHAF for the FY 2023-24, Audit observed the following irregularities:

- i. PC-I cost was revised and enhanced from Rs. 7,945 million to Rs. 15,029 million but Technical Sanction was not got revised as required by Pak PWD Code.
- ii. According to design review report, average filling of more than 5 feet was to be required above Natural Surface Level (NSL). Normally, construction of house where earth fill was more than 5 feet was neither feasible nor liked by the general public.
- iii. Basement was added to the commercial units which also showed that terrain was terribly uneven and not suitable for construction, which increased cost manifold.
- iv. Provision for river training/protection works outside of the boundary wall up to dam, of the site/project was to be kept for Rs. 107.897 million, which not only increased the cost but also a permanent threat to the house/shops. This led to conclusion that PC-II was not prepared/got approved properly.
- v. The housing project was designed for 1,350 units. 164 applicants have withdrawn their consent to the project and got refund and significant number of allottees delaying their installments which showed disinterest of public and carrying of such project was unwise.

- vi. Provision of price escalation was made for Rs. 530.34 million which was enhanced to Rs. 3,258.849 million in revised PC-I.
- vii. Accounts of the design consultant M/s JV CIV Tech & EPAC Consultant, Peshawar, were not finalized after imposing recovery of Rs. 8.563 million as penalty due to faulty design.
- viii. Minutes of meeting PHAF DWP dated 02.08.2023, who approved revised PC-I were not signed by the Senior Joint Secretary, Expenditure whereas according to minutes he attended the meeting.

Audit maintains cost overrun were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the cost overrun in December 2024. The Authority replied that revised TS shall be made after completion of works cut and fill is common phenomenon in construction projects, provision of basement was proposed in order to utilize maximum space, river training works were incorporated in revised PC-I, the reason for non-booking was suspension of construction work, provision of price adjustment was as per revised BOQ, the amount of Rs. 8.563 million has been deducted from the Consultant payments who prepared original design.

The Authority admitted non-revision of TS Estimates, huge cut and fill in housing area, provision of basement in commercial areas and increasing the NSL of housing area which ultimately led to non-economical/non-feasible construction of residential area, incorporating of huge amount on account of river training works and did not meet the objective of low cost housing, disinterest of public and allottees, provision of price escalation proportionally higher than original PC-I, non-finalization of penal actions against the Consultant M/s JV CIV Tech & EPAC. Further, copy of signed minutes of all member of PHAF DWP dated 02.08.2023 was not provided with reply.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends investigation into the matter at higher level and fixing responsibility against persons at fault.

(Para 37)

#### **6.4.2 Delay in development works due to non-recovery of outstanding dues from the allottees - Rs. 4,039.106 million**

As per clause 4.3 & 4.4 of the terms & condition of allotment, apartments shall be cancelled in case of non-payment of 03 consecutive installments, and cancellation notices will be issued after the default of three quarterly installments and after the issuance of third notice, allotment will be cancelled if the allottee fails to deposit the requisite amount within given date of third and final notice.

Audit noted that Pakistan Housing Authority Foundation, Islamabad allotted B, D and E Type apartments/flats to general public in Kuchlak, I-12 and I-16, Islamabad.

Audit observed that allottees did not pay installments regularly as per schedule of payment from the date of allotment and action towards recovery of outstanding dues or cancellation of these allotments after forfeiture of 10% of the price of the houses / apartments was not initiated. The act of negligence resulted in delay of development of work and deprived PHAF of Rs. 4,039.106 million, as detailed below:

**(Rs. in million)**

<b>Sr. No</b>	<b>Name of Project</b>	<b>Outstanding dues</b>
1	Kuchlak	1,597.370
2	I-12	1,576.651
3	I-16	865.085
<b>Total</b>		<b>4,039.106</b>

Audit maintains that recovery of installments and delayed payment charges was not made due to non-observance of agreed payment schedule.

Audit pointed out the delay in development works due to non-recovery of outstanding dues in December 2024. The Authority replied that the allottees delayed payments due to delay in completion of works.

In reply PHAF admitted that due to poor performance in completion of works on time the public is showing disinterest and as per Audit the actual cause was selection of sites too which were without proper survey.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends appropriate measures for recovery of outstanding dues alongwith delayed payment charges.

(Para 19)

#### **6.4.3 Loss to allottees due to time overrun and cost overrun of I-12 Project - Rs. 2,398.933 million**

According to Memorandum of Association of PHA Foundation the object of the company was to eliminate shelterlessness through development and construction of apartments for low income groups, employees of the PHA Foundation and other specified groups of people as decided by the foundation from time to time on ownership basis and at affordable cost.

As per contract agreements/PC-I, various packages of I-12 project were to be completed in year 2021 to 2023.

Audit noted that the PHAF management awarded the 10 packages of project I-12 to different contractors in FY 2016-17, 2017-18 & 2020-21 which were to be completed in year 2019 to 2023.

Audit observed that the contractors failed to complete these projects up to June 2024, rather imposing penalties on contractors multiple EoTs were granted by PHAF to contractors. Further, record/

reasons/justifications of these EoT were not shared with audit for scrutiny. Delay in completion of works from 18 to 49 months not only resulted in cost overrun of Rs. 649.505 million but also loss of revenue/rental income to the low income allottees worth Rs. 2,398.933 million.

Audit hold that the delay incompletion of work and cost overrun is against the company's purpose to provide affordable accommodation to low income groups/employees.

Audit maintains non-completion of the project were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out loss to allottees due to time overrun and cost overrun of I-12 Project in December 2024. The Authority replied that project was delayed due to adverse weather conditions, political sit-ins, Covid-19 Pandemic, variation in quantities, IJP road reconstruction, price hike and establishment of cattle market during Eid-ul-Azha.

The reply was not acceptable as numerous civil works project worth billions of rupees were completed by the CDA in same years. Furthermore, allowing of EoT of more than 40 months, while the original contract was for 30 months is not in interest of poor/low paid allottees. EoTs and contractual clauses which support such extension were not provided to Audit.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends investigation into the matter at higher level and fixing responsibility against persons at fault.

(Para 38)

#### **6.4.4 Non-imposition of Liquidated Damages due to non-completion of works in time - Rs. 1,522.034 million**

According to clause-47.1 of the contract agreement, liquidated damages 0.1 % of contract price for each day of delay in completion of the work subject to maximum of 10% of contract price was to be charged for delay in completion of the work within stipulated period.

Audit noted that Pakistan Housing Authority Foundation awarded the project I-12 & Kuchlak in 10 packages each to different contractors in the Financial Year 2021-22 & 2022-23.

Audit observed that the contractors failed to complete the works in stipulated time period and after granting of EoTs physical progress was 70% to 95% in I-12 Project and 35 to 60% in Kuchlak Project against planned 100%. But the Authority neither granted further EOT for completion of works nor impose/recover liquidated damages. This resulted in non-imposition/recovery of liquidated damages for Rs. 1,522.034 million (**Annexure-T**).

Audit maintains irregularities were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the non-imposition of liquidated damages due to non-completion of work in December 2024. The Authority replied that projects were delayed due to adverse weather conditions, Covid-19 Pandemic, variation in quantities, price hike and litigation with the contractor. Further EOTs of I-12 project has been submitted to the Consultant for scrutiny & recommendation. It is pertinent to mention here that the project is in the critical phase of execution and is approaching the conclusion phase, thus in order to complete the project within the stipulated time frame, the progress has to be enhanced and disputes and contradictions must be avoided.

The reply was not acceptable as period of more than one year has been elapsed but EoTs were not recommended by the consultant. Further, current rates of February 2024 are being applied for calculating price escalation as pointed out in para No. 15 of the report. So, stance that current rates are frozen as per clause 70.1, is not correct. Furthermore, allowing of EoT of more than 40 months, while the original contract was for 30 months is not interest of poor/low paid allottees.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends provision of the record/documents of EoTs, grounds/reasons for grant of EoT, relevant clauses of contract agreement which allow such EoT, authority/powers to grant 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> EoT to contractor, to Audit for scrutiny and imposition of LD for the period for which EoT was not yet granted by the Consultant.

(Para 01 & 17)

#### **6.4.5 Irregular construction due to non-approving building plans from CDA which may cause imposition of fine - Rs. 578.355 million**

According to para 5.7(a) of ICT Building Control Regulations 2014/2020, the plot owners and the architects are advised to start construction only after the plans have been approved by the Authority, as starting of construction without approval is a serious violation, subject to penalty and/or removal of unauthorized construction. According to Annex-B to ibid rules, there is fine/penalty of Rs. 200 per sft on construction without approval of building plans from CDA.

According to contract agreement for I-12 project, consultant i.e. M/s Meinhardt, will be required to prepare the Master Plan, Architectural Design, & by-law drawing and submit to CDA for approval.

Audit observed during scrutiny of accounts record of PHAF for the FY 2023-24 that approved building plans from CDA was not on

record. Despite several verbal and written requisitions, the same could not be produced to audit for scrutiny. Thus it is safely transpired that the plans were not got approved from CDA and construction was started without approval, which may result in removal of unauthorized construction or penalty. This resulted in irregular construction which may cause penalty for Rs. 578.355 million (Rs. 200 × 2,891,776 sft).

Audit maintains irregularities were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the irregularity in December 2024. The Authority replied that matter is being pursued with CDA and necessary coordination with CDA is also underway.

Audit recommends that matter be justified besides getting approval of Master Plan of project I-12 and its Building Plans from CDA. Further, it may be ensured that this cost of negligence of PHAF/Consultant may not be transferred to allottees in shape of additional cost.

(Para 09)

#### **6.4.6 Irregular advance payment beyond contract agreement - Rs. 123.868 million**

According to clause 60.11 of General Conditions of Contract agreement, the Contractor shall be entitled to receive from the Employer Secured Advance in respect of non-perishable materials brought at site but not yet incorporated in the Permanent works.

Audit observed during scrutiny of accounts record of PHAF for the FY 2023-24 that an amount of Rs. 123.868 million (as below) was paid to various contractors of I-12 project in the cover of above referred clause, whereas no material was brought at site of work.

**(Rs. in million)**

<b>Package</b>	<b>BOQ Qty</b>	<b>Full rate</b>	<b>Cost of BOQ item</b>	<b>Advance payment (55%)</b>
01 (Block A, D & E)	06	9.800	58.800	32.340
02 (Block H & J)	04	17.373	69.493	38.220
03 (Block N & P)	04	2.835	11.340	6.237
06 (Block B, C & F) 12 stops	06	8.300	49.800	27.390
Additional floor (13 <sup>th</sup> stop)	06	0.692	4.150	2.283
07 (Block G & K) 12 stops	04	7.300	29.200	17.398
Additional floor (13 <sup>th</sup> stop)	04	2.433	2.433	
			<b>Total</b>	<b>123.868</b>

Further, as per indemnity bond submitted by the contractor that in event of our infringement/non-performance, the Employer will be entitled to forfeit all the such material. In instance case, where there is no material at site, advance is beyond contract agreement/BOQ. This resulted in irregular advance payment beyond contract agreement for Rs. 123.868 million.

Audit maintains irregularities were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the irregularity in December 2024. The Authority replied that the advance was given to facilitate the contractors because the economic conditions were not stable.

The Authority admitted irregular advance payments.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends investigation into the matter to fix responsibility for non-contractual payments.

(Para 10)

**6.4.7 Unauthentic payment of price escalation due to lump-sum payment despite calculating as per formula/weightages - Rs. 80.000 million**

PHAF made amendment in contract agreements of Kuchlak Project on 29.02.2024. According to amendment;

- i. The weightages as described in Appendix C To Bid are hereby revised as per recommendations of The Engineer according to clause 70.1 (f) of the Particular Conditions of the Contract due to the variation in the quantities occurred in the project.
- ii. The amendment No-01 will be implemented from the first Interim Payment Certificate of the Contractor.
- iii. The revised weightages as recommended by The Engineer of the project and approved by The Employer listed below shall be implemented for the calculation of price adjustment.
- iv. Employer shall have the provision to add or delete and increase or decrease, weightages of any element as deemed appropriate to the project.
- v. Employer can recover/adjust the amount paid against price adjustment as per revised Weightages of any element in IPCs.
- vi. The difference amount from the IPC 01 to latest IPC will be paid Rs. 20 million per IPC.
- vii. The future escalation will be paid in each IPC as per revised weightages.

Audit noted that PHAF awarded the following 04 packages of Kuchlak project to M/S NLC in the Year 2020. The scrutiny of accounts record of Kuchlak Project disclosed that the contractors failed to complete the work in stipulated time period and 1<sup>st</sup> EOT granted but as achieved physical progress was 43 to 62% against 100%.

**(Rs. in million)**

Pack No	Name of Contractor	Date of Start	Prog	IPC No	Upto date payment (IPC)	Upto date payment (EPC)	Undue benefit
1	M/S NLC	09.07.2020	62%	14	516.703	124.359	20.000
2	M/S NLC	29.07.2020	51%	11	407.784	95.416	20.000
3	M/S NLC	23.06.2020	47%	13	385.396	117.663	20.000
4	M/S NLC	04.06.2020	43%	08	306.859	80.236	20.000
					<b>1616.742</b>	<b>417,673,392</b>	<b>80.000</b>

Audit observed that the PHAF made amended (clause-F) in the contract agreements and allowed Rs. 20.000 million as lump-sum payment in each IPC, in addition of regular price escalation being paid with each IPC, rather than calculating amount of price escalation as per actual work done and monthly rates. This resulted in unauthentic payment of price escalation for Rs. 80.000 million.

Audit maintains irregularities were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the unauthentic payment of price escalation in December 2024. The Authority replied that lump sum payment of price adjustment @ Rs. 20 million was paid from IPC-01 to the latest IPC.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends investigation into the matter, vetting of this amendment from PEC/ECNEC, detailed verification of calculation of factor-C, vetting/approving of amendment in contract agreement from competent forum and payment of price escalation after actual calculation.

(Para 26)

#### **6.4.8 Unjustified execution & payment of excess quantity of 1.13 kg steel per cft for RCC - Rs. 71.588 million**

According to BOQ & contract agreement, 3.45 kg of steel was to be used for 01 cft of RCC in the buildings.

Audit noted that Package-07 of Housing Scheme at Kuchlak Road-Quetta was awarded to M/s Zarif Khan Hussainzai & Bros. at agreed cost of Rs. 446.839 million. Date of start of project was 02.01.2020 with completion time of 1095 days i.e. up to 01.30.2023.

Audit observed that during execution of the work this ratio was exorbitantly enhanced to 4.57 kg steel to 01 cft of RCC. This resulted in payment of excess quantity of steel for Rs. 71.588 million (BOQ quantity 560,159.61 kg – paid quantity 949,405.85 kg x Rs. 123.02 x 49.5% premium).

Further, reasons/justification for enhanced quantity, reasons for change in design, justification for extra rich specification of RCC, contract agreement, Revised PC-I, Revised TS, Revised AA, detailed calculation of factor-C, detailed measurements in MBs, etc. were not produced to audit despite various verbal and written requests.

Audit maintains irregularity was due to weak internal controls.

Audit pointed out the unjustified payment in December 2024. The Authority replied that as a result of design review and site conditions, the quantities of BOQ items were enhanced.

The reply was not accepted because increase in proportionate use of steel & concrete, was not attended. Further, deduction of quantity of concrete equal to volume of steel was also not made.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends that matter be justified and substantiated with reference to above referred documents besides fixing responsibility against responsible for this huge extra expenditure.

(Para 27)

#### **6.4.9 Unjustified payment of price escalation beyond contract period/EoT - Rs. 40.577 million**

According to Director Engg-II, PHAF letter dated 03.07.2023, 3<sup>rd</sup> EoT for the project/package was granted for 731 days from 23.06.2022 to 22.06.2024 without any extra/cost to the Employer relating to preliminaries or overheads or any other losses claim by the contractor.

Audit observed during scrutiny of accounts record of PHAF for the FY 2023-24 that price escalation amounting to Rs. 24.355 million was paid by applying current rate for the month of Nov-2023 and Rs. 16.222 million was paid by applying current rate for the month of Feb-2024, whereas the EoT was allowed without any extra cost to the Employer, hence, current rates should be frozen on May-2022. This resulted in unjustified payment of price escalation for Rs. 40.577 million.

Audit pointed out the unjustified payment of price escalation beyond contract period in December 2024. The Authority replied that EoT and price escalation are separate phenomena and are dealt with separate contract clauses.

The reply was not acceptable because the Authority replied in case of Para No. 01 of the same project that EoT was granted without price escalation.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends recovery of unjustified payment of price escalation from all packages of project I-12.

(Para 15)

#### **6.4.10 Non-encashment of Bank Guarantee against Mobilization Advance - Rs. 39.002 million**

Clause 63.5 (Failure in Mobilization) of contract agreement, failure of the Contractor to mobilize at site in accordance with program of works shall lead to discharge of both the parties from further performance except as to Employer's rights under this clause to en-cash the full amount of the Bank Guarantee from Mobilization Advance and Performance Security together with utilization of insurance policies furnished by the Contractor in respect of Contract as compensation against damages incurred upon Employer due to such failure to mobilize at site the employer shall have the further right of debarring the contractor from participation in future works in up to three years and / or to recommend Pakistan Engineering Council for blacklisting as per PEC bylaws.

Audit noted that the Authority awarded the contract "Construction of Multistory Apartments under Package-1 at Sector I-12, Islamabad" to M/s Makson. The contract was terminated by PHAF on 03.02.2020. In this regard Managing Director/CEO PHAF intimated and instructed to JS Bank Limited to immediately en-cash the said bank guarantee and pay to the Employer (PHAF) for the sum of Rs. 39,002,015 for completion of the balance work vide letter No.PHA-F/MD/CEO/BG/P-1/I-12/ISL/2020/54 dated 12.02.2020.

Audit observed that despite grant of Mobilization Advance of Rs. 39.002 million, the Contractor failed to mobilize and start the work at site but the management did not initiate any action towards recovery of Mobilization Advance, encashment of Bank Guarantee and forfeiture of Performance Security. This resulted in non-encashment of Bank Guarantee of Rs. 39.002 million.

Audit maintains that the bank guarantee of Mobilization Advance was not en-cashed due to poor contract management and weak internal controls.

Audit pointed out the irregularity in December, 2024. The Authority request to the JS Bank encashment of the guarantee but the bank did not entertain the request. The matter was referred to Civil Court, West-Islamabad and next date of hearing is 16.01.2025.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends recovery of mobilization advance, encashment of Mobilization Advance Guarantee besides backlisting the bank from PHAF approved list of financial institutions and action be taken against the bank as per terms and conditions of the guarantee.

(Para 21)

#### **6.4.11 Unjustified execution & payment of excess quantity of 1.04 kg steel per cft for RCC - Rs. 36.508 million**

According to BOQ & contract agreement, 3.45 kg of steel was to be used for 01 cft of RCC in the buildings.

Audit noted that Package-08 of Housing Scheme at Kuchlak Road-Quetta was awarded to M/s Shahid Builders.

Audit observed that during execution of the work 4.57 kg of steel was used for 01 cft of RCC, whereas as per contract agreement/BOQ, 3.45 kg of steel was to be used for 01 cft of RCC. This resulted in unjustified payment of excess quantity of steel for Rs. 36.508 million (quantity of RCC 198,240 cft x Rs. 123.02 x 49.7% premium).

Further, reasons/justification for enhanced quantity, reasons for change in design, justification for extra rich specification of RCC, contract agreement, Revised PC-I, Revised TS, Revised AA, detailed calculation of factor-C, detailed measurements in MBs, etc. were not produced to audit despite various verbal and written requests.

Audit maintains irregularities were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out unjustified execution & payment of excess quantity of 1.04 kg steel per cft for RCC than 3.45 kg steel per cft for RCC as provided in BOQ & contract agreement in December, 2024. The Authority replied that as a result of design review and site conditions, the quantities of BOQ items were enhanced.

The reply was not accepted because increase in proportionate use of steel & concrete, was not attended. Further, deduction of quantity of concrete equal to volume of steel was also not made.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends that matter be explained/justified and substantiated with reference to above referred documents besides fixing responsibility against responsible for this huge extra expenditure.

(Para 35)

#### **6.4.12 Unauthentic payment of supply of huge quantity of earth within one chain of project site - Rs. 13.273 million**

According to Para-209 (d) of CPWA Code all payments for work done or supplies are made on the basis of quantities recorded in the Measurement Book. It is incumbent upon the person taking measurements to record the quantities clearly and accurately.

Audit noted that Package-10 of PHAF Housing scheme Kuchlak, Quetta, was awarded to M/s Zarak Const company at agreed cost of Rs. 916.315 million.

Audit observed that a quantity of 538,056.33 cft earth was supplied by the contractor within a lead of one chain. If it was done to

increase the levels, then how the excavated area was to be filled. Construction requirement of such a huge quantity of non-BOQ item, Natural Surface Level (NSL) and Finished Surface Level (FSL) of the area, drawing and design of the site, detailed measurement of the item, etc, were not provided to Audit despite various verbal and written request. This resulted in unjustified payment of Rs. 13.273 million (538,056.33 cft x Rs. 24.67 per cft).

Further, a non-scheduled item “P/F barbed wire...” was executed and paid for quantity of 29,859 rft against BOQ quantity of 6,900 rft. This resulted in excess payment of Rs. 2.925 million (22,959 rft x Rs. 127.4). Furthermore, rate analysis of the item was not available on record.

Audit maintains irregularities were due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the unauthentic payment of supply of huge quantity of earth within one chain of project site in December 2024. The Authority replied that surplus material obtained from the cut was used for the purpose of fill at sites.

The reply was not accepted because NSL and FSL of the area, drawing and design of the site, detailed measurement of the items and rate analysis of the items, were not produced for scrutiny.

DAC meeting was not convened by PAO despite request by Audit.

Audit recommends that matter be justified and substantiated with above mentioned documents.

(Para 34)

#### **6.4.13 Non-adherence of Special provisions of contract agreement by non-provision of Project Vehicle - Rs. 4.100 million**

Item No.G-1 of General Items of Contract Agreement for the work, “Construction of 336 No’s of E Type Apartments in 07 Blocks of Multi storey Apartments under Package-09 at site No.09, Sector I-16/3, Islamabad” provides that it shall be the sole responsibility of the contractor to provide 1300 cc one (01 No) AC fitted vehicles as inspection vehicle. Ownership of the vehicle will be in the name of PHAF and will remain the property of PHAF after completion of the project along with maintenance of 01 No. 1300 CC vehicles, including drivers, repairs, maintenance, fuel/lubricants in 24 hours/7 days a week, in running condition during the contract period.

As per the Special Provisions of the contract agreement of the work “Construction of Multi Story Apartments under Package-09 at Sector I-12, Islamabad” the construction company is under the obligation to provide one 1300 CC latest model car including all fuel, lubricants, maintenance of the vehicle including the wages of the driver -1 Nos and CG 125 motor bike including all fuel, lubricants, maintenance of the vehicle. These vehicles are to be the property of PHA Foundation.

Audit noted that Managing Director/CEO, Pakistan Housing Authority Foundation, Islamabad awarded works/contract for “Construction of 336 No’s of E Type Apartments in 07 Blocks of Multi storey Apartments under Package-09 at site No.09, Sector I-16/3, Islamabad” and “Construction of Multi Story Apartments under Package-09 at Sector I-12, Islamabad to M/s SMC-ACE (JV) and M/s Malik Construction Company at an agreement cost of Rs. 933.198 million & Rs. 1,313.43 million respectively.

Audit observed that contractors in both projects have not provided any vehicle. The vehicles were to be the property of employer at the start of the project, as the cost of same were deemed to be incorporated in the rates of the items of BOQ. Audit is of the view that as the cost of vehicles is now increased therefore, the contractor is reluctant to provide the vehicle to Authority under the provisions of contract agreement for

effective supervision of construction activities. This resulted in unjustified payment of maintenance charges and non-provision of vehicles involving Rs. 4.100 million.

Audit pointed out non-provision of project vehicle during December 2023.

The matter was discussed in DAC meeting held on 22.05.2024. The DAC directed to get the pending vehicle from the contractor and in case of non-compliance the amount be deducted from contractor's payment in one month. The matter was again discussed in DAC meeting held on 12.12.2024, wherein, the Committee reiterated the previous direction dated 22.05.2024 and directed to expedite the recovery within 15 days.

Audit recommends compliance of DAC directive.

(DP. 11/2023-24 Ph-II)

#### **6.4.14 Analysis of PHAF's overall impact**

According to Memorandum of Association of PHA Foundation, the object of the foundation was to eliminate shelterlessness through development and construction of apartments for low income groups, employees of the PHA Foundation and other specified groups of people as decided by the foundation from time to time on ownership basis and at affordable cost.

Audit carried out an analysis of overall impact of the PHAF which revealed that PHAF planned 12,037 accommodation units since its inception in 1999. Audit observed that PHAF has been able to complete 6,362 accommodation units through 20 projects in four major cities of Pakistan i.e. Islamabad, Lahore, Karachi and Peshawar. There are three major ongoing projects, two at Islamabad and one at Quetta. These projects envisage provision of 5,675 accommodation units with 2,286 parking units. PHAF's success is 53%. While the organization has completed some housing projects, its overall impact on Pakistan's

housing crisis is negligible. The ongoing projects are marred by chronic delays, significant cost overruns, questionable planning decisions, and a worrying level of allottee's disengagement. Audit also observed regional disparities in access to housing and the disproportionate impact of the housing crisis on economically weaker segments.

Audit maintains that the key deficiencies are systemic, pointing to a need for fundamental reform within PHAF. The organization's current approach is demonstrably inadequate to address the scale and complexity of Pakistan's housing needs.

Audit pointed out the matter in December 2024.

Audit recommends that PHAF may adopt a larger vision, involving strategic partnerships with significantly increased government support. PHAF may prioritize projects in underserved regions and address the specific housing needs of different income groups within each region, actively combating the disparities.

**CHAPTER 7**  
**NATIONAL CONSTRUCTION LIMITED**  
**(MINISTRY OF HOUSING AND WORKS)**

**7.1 Introduction**

A. National Construction Limited (NCL) was incorporated on 16.11.1977 under the Companies Act, 1913 later on replaced with Companies Ordinance, 1984 as unlisted public company. As per Schedule-II of Rules of Business, 1973 (amended up to January 2019), Housing and Works Division is responsible for matters relating to NCL.

The principal activities of the Company are to carry out the business of construction as consultant, advisor, structural engineer, builder, architect, contractor, job contractor and designer and to engage in other allied activities. The authorized share capital of the Company is Rs. 200.00 million.

**B. Comments on Budget and Accounts (Variance Analysis)**

Receipt and expenditure for the financial year 2022-23 is tabulated below:

	<b>Amount (Rs. in million)</b>
<b>Receipt/Income</b>	
Contract Revenue	389.995
Other income	37.362
<b>Total</b>	<b>427.357</b>
<b>Head-wise Expenditure (Development)</b>	
Salaries & wages	92.376
Material (Steel, Cement, Sand, Bricks, Crush, Pipes, Electrical Goods, Doors, Hardware, etc) Consumed	135.308
Sub-Contractors Services	90.693

Other Expenses (overheads etc)	13.237
<b>Total Development Expenditure</b>	<b>331.614</b>
<b>Head-wise Expenditure (Non-Development)</b>	
Salaries	41.491
Operating Expense	30.000
Retiring benefits, Subsidies, Transfer	1.890
Repair And Maintenance	0.400
Physical Assets	8.220
<b>Total Non-Development Expenditure</b>	<b>82.000</b>
<b>Grand Total (Expenditure)</b>	<b>413.614</b>

### C. Audit Profile of NCL

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2022-23	Revenue/ Receipts audited FY 2022-23
1	Formations	1	1	413.614	427.357

Note: Audit conducted during Phase-II of Audit Year 2023-24.

### 7.2 Classified summary of Audit observations

Audit observations amounting to Rs. 21.263 million were raised in this audit report. Summary of the audit observations classified by nature is as under:

#### Overview of Audit Observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	
A	Works execution, contract management	21.263
<b>Total</b>		<b>21.263</b>

### 7.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to National Construction Limited is as under:

<b>Audit year</b>	<b>Total Paras</b>	<b>No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of Compliance</b>
1990-91	1	1	1	-	100%
1991-92	1	1	1	-	100%
1992-93	5	5	5	-	100%
1993-94	3	3	2	1	67%
1995-96	1	1	1	-	100%
1996-97	2	2	2	-	100%
1999-00	7	7	3	4	
2000-01	1	1	1	-	100%
2001-02	1	1	1	-	100%
2003-04	5	5	4	1	
2005-06	5	5	5	-	100%
2006-07	8	8	6	2	
2007-08	2	2	0	2	-
2008-09	4	4	3	1	-
2009-10	5	5	5	-	100%
2010-11	1	1	1	-	100%
2013-14	6	2	0	2	-

Note: Audit Reports for the year 2011-12, 2012-13, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2020-21, 2021-22, 2022-23 and 2023-24 are yet to be discussed in PAC.

## **7.4 AUDIT PARAS**

### **7.4.1 Non-remittance of income tax deducted at source from the contractors/suppliers to the concerned income tax authorities -Rs. 21.263 million**

As per Rule 43 of Income Tax Rules 2002, the Income Tax deducted at source under Section 152 (A1) of Income Tax Ordinance 2001, was required to be deposited in the Government treasury within seven days.

Audit noted that National Construction Limited (NCL) deducted an amount of Rs. 28.553 million on account of income tax from the sub-contractors and suppliers for procurement of construction material and execution of different construction activities on the ongoing projects for the financial year 2022-23.

Audit observed that NCL did not remit the deducted amount of income tax to the concerned income tax authorities. Further, the project Construction of Ex-Patriate Town (Phase-I) at K-2 Project, Karachi was finally closed and handed over to client department but an amount of Rs. 9.296 million withheld from different contractors and suppliers of the said project was also not deposited into Government Treasury.

Audit holds that irregularity occurred due to weak financial controls.

This resulted into non-remittance of income tax of Rs. 28.553 million.

Audit pointed out non-remittance of income tax in April 2024. The management replied that out of total amount of Rs. 28.55 million, NCL had deposited Rs. 7.29 million to tax authorities.

The matter was discussed in DAC meeting held on 20.11.2024 wherein the DAC reduced the para to Rs. 21.263 million and directed to remit the amount.

Audit recommended the remittance of remaining amount involved at the earliest.

(Para 16)

**CHAPTER 8**  
**FEDERAL GOVERNMENT EMPLOYEES HOUSING**  
**AUTHORITY**  
**(MINISTRY OF HOUSING AND WORKS)**

**8.1 Introduction**

A. Federal Government Employees Housing Authority (FGEHA) was originally established as Foundation in 1989, registered as a Public Company with the Securities and Exchange Commission of Pakistan under Section 42 of the Companies Ordinance, 1984. It gained the status of an Authority under Ordinance No. VIII of 2019 dated 16.07.2019. Subsequently, Act No. IV of 2020 dated 15.01.2020 was passed to establish the Authority.

FGEHA is an autonomous body, headed by Director General with an Executive Board for general administration, supervision and control of the affairs of the Authority. It is under the administrative control of Ministry of Housing and Works. The Secretary of the Ministry is the Principal Accounting Officer of the Authority.

Objective of the Authority is to plan and develop housing schemes to eradicate shelterlessness for federal government employees, serving and retired, to have a house at the time of retirement or earlier and his dependents in case of his/her death before retirement, on such terms as the Authority may determine for serving and retired Federal Government employees and other specified groups.

**B. Comments on Budget and Accounts (Variance Analysis)**

Budget allocation, expenditure and receipts of FGEHA for the financial year 2022-23 is as follows:

## Expenditure

(Rs. in million)

Nature	Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	2,251.139	1,720.407	(530.732)	23.58
Development	53,264.263	10,446.039	(42,818.224)	80.39
<b>Total</b>	<b>55,515.402</b>	<b>12,166.450</b>	<b>(43,348.956)</b>	<b>78.08</b>

## Receipts

(Rs. in million)

Description	Estimated Receipts	Actual Receipts	Variation Excess/ (Shortfall)	Variation in %
Operating income	2,610.600	4,526.819	1,916.22	73.40
Project revenue	55,730.230	4,036.181	(51,694.05)	(92.76)
<b>Total</b>	<b>58,340.83</b>	<b>8,563</b>	<b>(49,777.83)</b>	<b>(85.32)</b>

The comments are as under:

- i. According to Section 11(4) of the Act, Authority was required to make regulations for budget and accounts preparation and utilization of funds. But the Authority did not devise any regulations on this account. Allocations are made without any need assessment. That's why considerable variance could be seen under non-development and development heads.
- ii. A sum of Rs. 2,251.139 million was allocated for operational expenses for the financial year 2022-23 whereas actual expenditure of Rs. 1,720.407 million was incurred involving saving of Rs. 530.732 million which constitutes 23.58 % of the budget allocation.
- iii. A sum of Rs. 53,264.263 million was allocated for development activities for the financial year 2022-23 against

which an expenditure of Rs. 10,446.039 million was incurred involving saving of Rs. 42,818.224 million, which was 80.39 % of the budget allocation. This indicated that the physical progress of development projects was considerably slow (Para No. 10 of AIR).

- iv. Authority realized development receipts for Rs. 4,260.517 million only against the estimated amount of Rs. 2,608.64 million which is 63.32 % above than the provision of the estimate. This shows that response from allottees was good.

### C. Audit Profile of FGEHA

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2022-23	Revenue/ Receipts audited FY 2022-23
1	Formations	1	1	12,166.45	4,260.517

Note: Audit conducted during Phase-II of Audit Year 2023-24.

### 8.2 Classified summary of Audit observations

Audit observations amounting to Rs. 19,938.575 million were raised in this audit report. This amount also includes recoveries of Rs. 2,027.906 million as pointed out by the Audit. Summary of the audit observations classified by nature is as follows:

#### Overview of Audit Observations

(Rs. in million)

S. No.	Classification	Amount
<b>1</b>	<b>Irregularities</b>	
A	Procurement/award of works related irregularities	4,774.956
B	Execution of works and contract management	13,135.713
2	Others	2,027.906
<b>Total</b>		<b>19,938.575</b>

Note: Amount of audit observations exceeds audited outlays due to issues like award of works which involve future spending, amounts receivables/losses, etc.

### **8.3 Brief comments on the status of compliance with PAC's directives**

Compliance position of PAC's directives is as under:

<b>Year</b>	<b>Total Paras</b>	<b>No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of Compliance</b>
2013-14	10	07	02	05	71.42
2014-15	04	02	-	02	-
2015-16	05	05	-	05	-
2017-18	15	05	-	05	-
2018-19	4	4	4	-	100

Note: Audit Reports for the year 2011-12, 2012-13, 2016-17, 2020-21, 2021-22 and 2022-23 have not been discussed by PAC.

## **8.4 AUDIT PARAS**

### **8.4.1 Non-imposition and non-recovery of liquidated damages - Rs. 9,240.028 million**

As per condition 8 of Special Stipulations (Appendix A to bid) of the contract agreement, amount of liquidated damages shall be 0.1% for each day of delay in completion of work subject to a maximum 10% of the contract price stated in the Letter of Acceptance.

Audit noted that FGEHA awarded their various projects to contractors at a total agreement cost of Rs. 92,400.278 million.

Audit observed during examination of the Progress Report for the month of June 2023 that none of the works awarded was completed up to 30.06.2023 even though the completion date of every single project was prior to this date. This made the contractors liable to pay liquidated damages of Rs. 9,240.028 million (10% of total cost of Rs. 92,400.278 million). However, the department has taken no action to recover the liquidated damages against any of the contractors in any of the projects. **(Annexure-U)**

Audit maintains that non-recovery of liquidated damages was due to weak internal control system of the Authority.

Audit pointed out the matter in January 2024. The Authority replied that the Infrastructure Development work of Sector G-14/2 and 3 faced challenges, including encroachments and resistance from local residents. Due to land unavailability, eight Extensions of Time (EOTs) were granted. Similarly, Skyline Apartments encountered delays with the contractual completion date set for 01.05.2023. An Amicable Settlement Agreement was signed on 24.07.2023, which nullified the claim for liquidated damages as per Clause 67.2 of the Contract Agreement. For Park Road Housing Scheme, the matter remains under investigation by the FIA.

The departmental reply is not tenable as it failed to provide adequate justifications for delays or measures to recover liquidated damages.

The matter was discussed in DAC meeting held on 03.12.2024. The DAC directed that a detailed, project-wise and scheme-wise record of Extensions of Time (EOTs), along with justifications and the steps undertaken to ensure the timely completion of schemes, be shared with the Audit department.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 7.4.17 (2021-22), 8.4.3 (2022-23) having a financial impact of Rs. 4,919.392 million. The recurrence of similar irregularity is a matter of serious concern.

(Para 13)

#### **8.4.2 Ill-planned award of works and launching of a housing project without possession of entire land - Rs. 4,774.956 million**

Paras 2.44 (footnote 11) and 2.57 of Manual for Development Projects 2021, state that project implementation also suffers due to delay in land acquisition. Therefore, availability of land needs to be assured as a part of site selection process. Availability of land and time taken in its acquisition is an important consideration for project implementation period.

During scrutiny of the accounting record of Director (Technical) Federal Government Employees Housing Authority, Audit noted that a work, “Infrastructural Development of FGEHA/SCBAP Housing Scheme, at Mauza Tamma and Mohrian, Park Road Islamabad (Package-I)” was awarded to M/s HRK for Rs. 4,774.956 million and total payment of Rs. 817.923 million was made. The work was started on 20.04.2023, to

be completed on 15.10.2025. The physical progress was 4.87% up to December 2023.

Audit further noted that 8194 kanals 15 Marla land stands acquired for FGEHA/SCBAP Park Road Scheme vide LAC as per ICT award dated 17.08.2018. The said land has also been mutated in the name of FGE Housing Authority and LOP of said scheme has also been approved.

Audit observed that as per Executive Board meeting dated 02.11.2022, the Authority acquired 4500 kanals of land in Mouza Tamma and Mohrian Park Road, Islamabad but as per the land record the Authority has a possession of 1047 kanals 12 marla only, in which 455 kanals and 3 marla for SCBAP and 592 kanals 8 marla for FGEHA.

Audit further observed that the progress report for the month of December 2023 showed that the project management did not handover complete site to the contractor and the work was stopped due to land issues. Project of Gate & Guard room and Boundary wall of housing scheme was delayed/ stopped due to land possession problems and only 60% and 3% progress achieved, respectively.

This resulted in an irregular award of work for Rs. 4,774.956 million without availability of 100% clear construction site.

Audit maintains that the irregularity occurred due to non-adherence to the government rules and weak internal controls.

Audit pointed out the matter in January 2024. The Authority replied that FGEHA acquired 8194 Kanal 15 Marla land for the Park Road Scheme through the award dated 17.08.2018, with the land duly mutated in its name and the LOP approved. With all legal requirements met, there are no obstacles to initiating development work. FGEHA emphasizes its rightful ownership and has effectively addressed similar challenges in other sectors through anti-encroachment operations.

The reply is not tenable as it fails to provide concrete evidence or specific actions taken to resolve local resistance and ensure possession of the acquired land.

The matter was discussed in the DAC meeting held on 03.12.2024. The DAC directed the Authority to submit a revised reply, supported by documentary evidence and detailed action plan, with timelines, for the execution of development works to Audit.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para numbers 8.4.2 & 8.4.17 (2022-23) having a financial impact of Rs. 9,946.080 million. The recurrence of similar irregularity is a matter of serious concern.

(Para 15)

#### **8.4.3 Irregular payment due to non-maintenance of measurement book - Rs. 2,868.435 million**

Paras 208-209 of CPWA Code provide that payments for all works done and for all supplies are made on the basis of measurements recorded in Measurement Book (MB). The MB should, therefore be, considered very important accounts record. As all payments for work or supplies are based on the quantities recorded in the MB, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

Audit noted that Federal Government Employees Housing Foundation awarded works of infrastructure development for different Housing Schemes amounting to Rs. 2,868.435 million, as detailed in **Annexure-V**.

Audit observed that Green Enclave-I, Sky Garden, Park Road scheme, and Sector G-14/2 & 3, Islamabad project of FGEHA could not maintain their respective detailed measurement books and made

payments to the contractors without verifying the quantities from the measurement book.

Audit maintains that without recording detailed measurements in the measurement books payments stand irregular amounting to Rs. 2,868.435 million. Without verification of quantities, the financial and physical progress of the projects cannot be ascertained.

Audit is of the view that the irregularity occurred due non-adherence to the rules.

Audit pointed out the matter in January 2024. The Authority replied that as per the Contract Agreement Volume-I, Clause 5-2, Priority of Contract Documents, payments are made based on the yardstick specified in the contract rather than measurement sheets. The method of measurement, as per Clause 57.1, is excluded from the contract for payment purposes. The matter regarding Park Road Housing Scheme is under investigation by FIA, which has taken possession of related records. The Measurement Book for the project “Infrastructure Development Work of Sector G-14/2,3 Islamabad” has been prepared and is available for presentation in hard copy if required.

The departmental reply is not tenable as it does not justify the non-maintenance of MBs.

The matter was discussed in DAC meeting held on 03.12.2024. The DAC directed the Authority to ensure the preparation of MBs and all payments be based on MBs and share the same with Audit department for verification.

Audit recommends compliance to DAC directives.

(Para AIR- 09)

#### **8.4.4 Non-recovery of loan and interest on loan receivable from EHFPRO - Rs. 1,991.406 million**

Rule-26 of General Financial Rules (Vol-I) provides that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

As per section 5(2) (b) of FGEHA Act 2020, power for the approval of budget of the Authority rests with the Executive Board.

The Authority paid a loan of Rs. 1,826.648 million to EHFPRO in July 2020 to keep the pace of construction works and meet the approved timeline for bridge financing. Due to non-repayment of loan within 6 months, the Authority shall charge interest at the rate of KIBOR+2%.

Despite the lapse of the loan duration i.e. 6 months after the payment of loan, the authority failed to recover the loan from EHFPRO, creating a huge liability for the Authority. The Authority also failed to recover the interest accrued on the loan which was KIBOR+2% which makes the total interest amounting to Rs. 234.7588 million for the FY 2022-2023. As per financial statements for the year 2022-23, as sum of Rs 1,991.406 million is to be recovered from EHFPRO.

Audit is of the opinion that the non-recovery occurred due to weak internal controls.

Audit pointed out the matter in January 2024. The Authority replied that a letter dated 23.10.2024 was forwarded to the CEO, EHFPRO, for recovery of the principal amount of bridge financing alongwith interest accrued thereon.

The departmental conceded audit point of view.

The matter was discussed in the DAC meeting held on 03.12.2024. The DAC directed recovery of the principal amount along with interest thereon.

Audit recommends compliance to DAC directives.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para number 7.4.6 (2021-22) having a financial impact of Rs. 1,497.758 million. The recurrence of same irregularity is a matter of serious concern.

(Para 40)

#### **8.4.5 Irregular payment and non-recovery of mobilization advance - Rs. 756.250 million**

As per clause 60.12 of the contract agreement (a) An interest-free Mobilization Advance up to 15% of the Contract Price stated in the Letter of Acceptance shall be paid by the Employer to the Contractor in two/one upon submission by the Contractor of a Mobilization Advance Guarantee for the full amount of the Advance in the specified form from a Scheduled Bank in Pakistan acceptable to the Employer subject to the state of mobilization advance of the contractor in accordance with the minimum requirement of plant, equipment and manpower as deemed appropriate by the Engineer. The advance shall be recovered in equal installments from 2<sup>nd</sup> running bill, one month prior to the time of completion.

Audit noted that the Project Director of Sector F-14 & 15, Islamabad, paid mobilization advance to M/s FWO amounting to Rs. 756.250 million in year 2017.

Audit observed that mobilization advance was paid to the contractor without signing of the contract agreement. The amount of Rs. 756.250 million on account of advance payment is still outstanding despite expiry of the stipulated time period.

Audit maintains that non-recovery occurred due to weak financial controls and poor contract management.

Audit pointed out the matter in January 2024. The Authority did not reply.

The matter was discussed in the DAC meeting held on 03.12.2024. The DAC directed that a fact-finding inquiry may be conducted by the FGEHA and report be shared with Audit within 15 days.

Audit recommends compliance of DAC directive regarding inquiry for fixing responsibility besides recovery of the Mobilization Advance from the contractor.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 8.4.9 (2022-23) having a financial impact of Rs. 756.250 million. The recurrence of similar irregularity is a matter of serious concern.

(Para 26)

#### **8.4.6 Failure of management to take punitive action against the defaulting contractor - Rs. 271.00 million**

As per particular condition of contract 39.2, in case of default on the part of contractor in carrying out such instruction within the time specified therein or, if none, within a reasonable time, the Employer shall be entitled to employ and pay other persons to carry out the same and all costs consequent thereon or incidental thereto shall, after due consultation with the employer and the contractor, be determined by the engineer and shall be recoverable from the contractor by the Employer, and may be deducted by the Employer from any monies due or to become due, to the Contractor and the Engineer shall notify the contractor accordingly, with a copy to the Employer.

Contract clause 63.1 states that ‘the Employer may also refer the case of default of the contractor to Pakistan Engineering Council for punitive action.’

Audit noted that the work “Infrastructure development of Mauve area, sectors G-13/G-14 Package-2” was awarded to M/s Kundi Development Corporation Pvt. Ltd. at a contract cost of Rs. 370 million on 17.08.2020, against an NIT amount of Rs. 475.432 million with a completion period of 301 days. The total value of work done up to the 4<sup>th</sup> IPC dated 29.04.2022 was Rs. 98.720 million.

Audit observed the following:

1. The contractor failed to complete the project within the designated period i.e. 301 days. They failed to execute the works as per approved work schedule. The contractor rendered themselves liable to pay Liquidated Damages worth Rs. 37.00 million.
2. Performance security for the project was Rs. 74 million. FGEHA failed to recover the performance security despite failure of the contractor to finish the project.
3. The remaining work was not awarded further to another contractor at the risk and cost of the original contractor i.e. M/s Kundi Development Corporation Pvt. Ltd, for the amount of Rs. 271 million.
4. The contractor was not reported to the Pakistan Engineering Council (PEC) for punitive action and blacklisting as per contract clause 63.1.

Audit of holds that non-award/completion of remaining work occurred due to non-adherence to contract provisions.

Audit pointed out the matter in January 2024. The Authority did not reply.

The matter was discussed during the DAC meeting held on 03.12.2024. The DAC directed that the detailed reply may be shared with Audit department.

Audit recommends compliance of the DAC directives.

(Para 25)

#### **8.4.7 Non-imposition of fine on non-conforming use of residential buildings - Rs. 36.500 million**

According to Section 2.17 of CDA Zoning (Building Control) Regulations, 2005, (as adopted by FGEHA) no land or building shall be put to a non-conforming use. A non-conforming use of a residential building may render the owner and occupant of the building liable on 1st conviction to pay a fine of Rs. 500,000 and in case of failure to discontinue the non-conforming use within fifteen (15) days of conviction to an additional fine Rs. 5,000 for every day up to three (03) months. The owner or the occupant, as the case may be, shall be liable to be evicted from the building and the allotment deed of the plot be cancelled.

Audit noted that as per record of Revenue Directorate FGEHA, Islamabad, 73 residential buildings in sectors G-13 & G-14/2 of Islamabad were being used as Guest Houses, Hostels, Schools, Academies, Offices, Restaurants, and Clinics on a commercial basis.

Audit observed that FGEHA could not initiate action either to remove non-conforming use of residential properties or to recover fine amounting to Rs. 36.500 million (73 x 500,000) as per section 2.17.

Audit maintains that the violation occurred due to poor monitoring system and weak internal controls.

Audit pointed out the matter in January 2024. The Authority replied that notices had been issued to the owners of the non-conforming properties, with several non-conforming activities stopping as a result. However, some occupants, including those running schools and hostels,

obtained court orders to prevent further action until the cases were decided.

The Authority admitted the audit observation.

The matter was discussed in DAC meeting held on 03.12.2024. The DAC directed the Authority to conduct a fresh survey, take remedial action against the occupants in accordance with the rules, and share the report with Audit.

Audit recommends compliance to DAC directives.

(Para 50)

## **CHAPTER 9**

### **HIGHER EDUCATION COMMISSION**

#### **(INFRASTRUCTURE DEVELOPMENT EXPENDITURE OF FEDERALLY CHARTERED UNIVERSITIES)**

##### **9.1 Introduction**

**A.** Higher Education Commission (HEC), formerly University Grants Commission, was established through Higher Education Commission Ordinance 2002, for improvement and promotion of higher education, research, and development. The Commission is a corporate body having perpetual succession and a common seal with power, subject to the provisions of the Ordinance, to acquire, hold and dispose of property, both moveable and immovable. The Headquarters of the Commission is located at Islamabad. The Executive Director, HEC is the Principal Accounting Officer.

Directorate General of Audit Works (Federal), Islamabad is responsible for audit of infrastructure development (PSDP) expenditure of federally chartered universities/institutions under Higher Education Commission. Further, as per Auditor-General of Pakistan policy decision, issued vide letter No. AP&SS/C/Audit Jurisdiction/2015/106 dated 20.03.2015, the Directorate General of Audit Works (Federal), Islamabad has also been assigned the responsibility to comment upon the overall status of Federal Government Grants utilization by HEC on infrastructure development projects.

##### **B. Comments on Budget and Accounts (Variance Analysis)**

Budget allocation and expenditure relating to 169, Infrastructure Development Projects of PSDP of Universities/Institutes under Higher Education Commission, Islamabad for the financial year 2023-24 is as under:

**(Rs. in million)**

<b>Type of Funds</b>	<b>Original Allocation</b>	<b>Revised Allocation</b>	<b>Funds Released</b>	<b>Actual Expenditure</b>	<b>Excess/ (Saving)</b>
Federal PSDP (HEC)	69,700	46,636.443	46,636.443	46,601.318	(35.125)

Source: PSDP Utilization Report

The figures relating to 23 infrastructure development projects of federally chartered universities under Higher Education Commission for the financial year 2023-24 is as under:

**(Rs. in million)**

<b>Original Allocation</b>	<b>Revised Allocation</b>	<b>Funds Released</b>	<b>Actual Expenditure</b>	<b>Excess/ (Saving)</b>
5,920.890	5,352.026	5,352.026	5,334.983	(17.043)

Audit evaluated overall performance of HEC with reference to utilization of development budget. Audit observed as follows:

- i. A sum of Rs. 69,700.00 million was allocated for Federal and Provincial universities all over Pakistan and Rs. 46,601.318 million released and expended for 169 projects/ schemes.
- ii. An amount of Rs. 30,661.995 million was allocated for the projects executed by HEC itself and Rs. 17,951.271 million released and Rs. 17,947.075 expended for 44 projects.
- iii. During 2023-24, funds were not released to twenty-one (21) projects despite allocation of Rs. 15,160.926 million against projects. An expenditure of Rs. 3,890.382 million on seven (07) out of twenty-one (21) projects was incurred up to June 2023. Reasons for non-release of funds were not provided to Audit. Audit is of the view that the projects were left incomplete which may result either in wasteful expenditure/non-achievement of intended objectives and would result in cost escalations. Matter needs justification.

- iv. During 2023-24, funds of Rs. 2,465.871 million were released for twenty-nine (29) projects against allocation of Rs. 10,772.938 million. This showed slow progress in execution of projects.
- v. During 2023-24, the funds of Rs. 17,442.284 million were released for twenty-six (26) projects against the allocation Rs. 7,634.343 million. Justification for excess release was not provided to Audit.
- vi. There are thirteen (13) Projects having approved cost of Rs. 55,832.548 million (approved by CDWP/DDWP/Pre-CDWP/ECNEC during 2018 to 2023) but HEC failed to implement these projects till June 2024, even a sum of Rs. 13,150 million was allocated in 2023-24 but no amount was released against those approved projects.
- vii. Re-appropriation of funds Rs. 12,936.983 million was made against allocation Rs. 4,641.530 million for 15 projects, without detailed justification.
- viii. Non-utilization of funds, as detailed below, was observed:
  - i. There are an allocation of fund amounting to Rs. 39,587.520 million against 93 projects out of which Rs. 22,863.557 million was surrendered.
  - ii. A sum of Rs. 10,000.00 million was allocated against Prime Minister's Laptop scheme 2023-24 amounting to was allocated but no expenditure was made and the whole amount was surrendered. The matter needs justification.

### C. Audit Profile of HEC

(Rs. in million)

S. No.	Description	Total Nos	Audited	Expenditure audited FY 2023-24	Revenue/ Receipts audited FY 2023-24
1	Formations	18	08	3,423.11	-

Note: in addition to 8 formations audited during Audit Year 2024-25, one formation was audited during Phase-II of 2023-24, involving expenditure of Rs. 369.96 million and results incorporated in the report.

#### 9.2 Classified summary of audit observations

Audit observations amounting to Rs. 51.789 million were raised in this audit report. This amount also includes recoveries of Rs. 7.389 million, as pointed out by the Audit. Summary of the audit observations classified by nature is as follows:

#### Overview of audit observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	
A	Procurement related irregularities	29.473
B	Execution of works, contract agreement	22.316
<b>Total</b>		<b>51.789</b>

### 9.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives is as under:

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance Awaited	Percentage of Compliance
2012-13	51	13	7	6	53.84
2013-14	14	14	02	12	14.29
2014-15	08	08	02	06	25.00
2015-16	09	09	01	08	11.11
2016-17	12	04	04	-	100
2017-18	11	11	09	02	81.81
2018-19	11	11	09	02	81.81

Note: Audit Reports for 2012-13, 2016-17 and 2018-19 were partially discussed while Audit Reports for the year 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 are yet to be discussed by PAC.

## **9.4 AUDIT PARAS**

### **9.4.1 Irregular award of work without open competitive bidding - Rs. 29.473 million**

Rule 4 of the Public Procurement Rules, 2004 procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Audit noted that the Director PMO, NUST/Project Director, Establishment of NUST Campus, Quetta, called for tenders for the surveillance system for the establishment of the new Balochistan Campus in Quetta. In response to the tender, nine (09) vendors/firms purchased the tender documents, and five (05) firms submitted their bids. Technical bids were opened on 02.12.2021. After technical evaluation, only one (01) firm, M/s. Matologix, was technically qualified. The financial bid was opened on 23.12.2021.

Audit observed that M/s. Matologix quoted a rate of Rs. 20.829 million. However, the management did not issue the work order, citing that the quoted amount exceeded the approved budget of Rs. 15.300 million. Furthermore, another firm, HEC Solution, which did not participate in the bidding, was added for comparison with the rates quoted by M/s. Matologix. Consequently, Rector Office (NUST) approved a payment of Rs. 8.921 million to M/s. Matologix and Rs. 6.342 million to M/s. HEC Solution. This indicates that the scope of work for M/s. Matologix was either reduced or work worth Rs. 29.473 million was awarded to M/s. HEC Solution without a proper tendering process, which is held irregular.

Audit is of the view that the procurement was made without observing open competitive bidding process as the principal method of procurement. Thus, procurement of equipment of Rs. 29.473 million is held irregular.

Audit pointed out award of work without competition in August, 2024. The management replied that highlighted work has been executed through Higher Education Commission Pakistan not by any private firm / company. Therefore, under Public Procurement Rule 42F, Government to Government execution does not require any tendering process.

The reply was not tenable because HEC Solution quoted higher rates with lower specifications for the work, awarding the work to HEC Solution does not comply with rule 42(f) of Public Procurement Rules.

The matter was discussed in the DAC meeting held on 16.12.2024. DAC directed that a comprehensive/detailed report on the subject matter may be prepared by the Director General (IT), HEC & Deputy Director (IT), NUST and report be presented to Executive Director-HEC.

Audit recommends compliance of DAC directive.

(Para. 01 of NUST)

#### **9.4.2 Non-rectification and completion of defective work - Rs. 14.927 million**

According to Clause 49.2 of CoC Part-I/II the contractor shall complete the work, if any, outstanding on the date stated in the Taking-Over Certificate as soon as practicable after such date, and execute all such work of amendment, reconstruction, and remedying defects, shrinkages or other faults as the Engineer may, during the Defects Liability Period or within 14 days after its expiration, as a result of an inspection made by or on behalf of the Engineer prior to its expiration, instruct the Contractor to execute.

Audit noted that the PC-I of the project titled “Expansion & Upgradation of International Islamic, University, Islamabad” Rs. 2,524.358 million and Foreign Currency Component Rs. 398.852 million was approved by CDWP on 15.09.2017. In which implementation period of the project was given as 48 months w.e.f. January 2017 to December 2020, as per implementation schedule.

Audit observed that the contractor could not rectify the defective work and complete the outstanding work as per punch list, even after issuance of the reminders by the consultant and notice under clause 67.1 of condition of contract. Under such circumstances the Engineer/ Executing Agency/ Project Management was required to invoke the clause 49.4 of the contract agreement and take necessary action towards rectification of defect work and execution of remaining work and adjust the cost thereof from the contractor claims, which was also not pursued (as detailed below):-

**(Rs. in million)**

Sr. No	Description	Contractor	Completion Cost	Handing/ Taking Over	Defect Liability Period	Withheld Amount
1	Library Block	M/S Sarhad Engineering & Electric Company	242.074	15.05.24	15.05.25	10.556
2	Hostel for Shariah Academy	Do	142.56	15.05.24	15.05.25	2.252
3	Medical Center for Students	Do	85.349	30.11.23	30.05.24	2.118
<b>Total</b>						<b>14.927</b>

Audit maintains that the non-rectification of defective work / non completion of outstanding work occurred due to non-adherence to contractual provisions by the contractor.

Audit pointed out the matter in October 2024. The management replied that as per clause 60.5 of GCC, the work was documented in statement at completion. As per clause 60.5 (a) the work was paid and as per clause 60.5 (b) the work was withheld and would be paid after elimination of the anomalies.

Audit emphasizes that such payments are not delayed beyond the stipulated timelines. The compliance with clauses 60.5 (b) and 60.6 should be ensured by adhering to the specified period for releasing

withheld amounts, till due payments are processed within the legal time span.

The matter was discussed in the DAC meeting held on 29.01.2025. DAC discussed the para in detail and shown serious concerns on non-preparation of substantial reply and given illogical reasons, which create ambiguity at this forum. DAC referred the para to Public Accounts Committee (PAC) and directed the university management that para will be presented before the honorable PAC members.

Audit recommends compliance of DAC directive.

(Para. 03 of IIUI)

#### **9.4.3 Overpayment on account of price escalation on steel - Rs. 3.979 million**

According to Standard Procedure and Formulae for Price Adjustment, clause 8 of part –II (Procedure) Applicability, there shall be no Price Adjustment for the elements which the Employer has either supplied free of cost or at fixed prices as well as for those elements for which an umbrella exgratia or escalation cover is provided by the Government through an Executive Order or Statutory Regulatory Order (SRO).

Audit noted that the Director (Works) KIU Gilgit has awarded the work “Establishment of Engineering Faculty at KIU (Construction of Academic Block, Civil, Electrical, Plumbing & HVAC Works)” to M/s Shoukat Khan & Co (SKC) at agreement cost of Rs. 372.352 million with date of start as 07.03.2018. The work was required to be completed within (18 months).

Audit observed that the management has paid an amount of Rs. 7.767 million on account of price escalations to the contractor which includes Rs. 3.979 million as escalation on steel. This inadmissible as Rs. 19.878 million was paid to contractor as an advance on steel.

Payment of price escalation paid due to mismanagement and inadequate oversight mechanism and financial controls.

Audit pointed out matter in August 2024. The management replied that the secured advance is financial assistance to the contractor as per contract clause 60.11 on material brought at site which is already been recovered from contractor's IPC. Whereas, the escalation is a remaining amount paid to the contractor from the actual material consumed in different IPCs.

As stated in the reply, a secured advance was paid against steel, therefore, the subsequent escalation payment for steel is unjustified.

The matter was discussed in the DAC meeting held on 06.11.2024. DAC directed the university management that overpaid amount may be recovered from the contractor and verified to Audit.

Audit recommends compliance of DAC directive.

(Para. 04 of KIU)

#### **9.4.4 Non-imposition of liquidated damages - Rs. 3.410 million**

Clause - 47.1 - Appendix A to Bid - Special Stipulations of the contract agreement provides that if the contractor fails to complete the work within the stipulated time period, he shall render himself liable to pay liquidated damages equal to 0.10% of contract price for each day delayed in completion of work subject to maximum of 10% of the contract price stated in letter of Acceptance.

Audit noted that Director Planning & Development (P & D) National Skills University, Islamabad awarded a work "Establishment of National Skills University Islamabad Muridke Campus (Phase-I)" on 08.06.2023 to M/s Siddique contractor at an agreement cost of Rs. 43.735 million. The work was started on 08.06.2023 with completion period of six months i.e. to be completed on 07.12.2023.

Audit observed that the contractor was required to achieve the planned financial progress of 100% up to 07.12.2023, whereas, the contractor achieved progress of 40% which was lagging behind 60% of the planned schedule even after lapse of four (04) months. Audit further observed that the contractor failed to complete the work within stipulated, but the management did not initiate punitive action.

Non-adherence to the clause of the contract caused non-imposition of liquidated damages on the contractor due to delay in completion of work for Rs. 3.410 million.

Audit pointed out the non-imposition of liquidated damages in March & April 2024. The management replied that the Contractor submitted the case for extension of time (EOT) due to unexpected rates, delay on lab test results and stoppage of main Gate work at employer direction

The reply of the department is not acceptable since there was no officially recognized disaster of torrential rains in the country for two continuous months. The contractor could not complete the work up to 10.05.2024 as the progress was lagging behind more than 50%.

The matter was discussed in the DAC meeting held on 06.11.2024. DAC directed the university management that liquidated damages (LD) may be deducted from the contractor's final bill within 10 days and shown to Audit for verification.

Audit recommends compliance of DAC directive.

(Para. 04 of NSU)

**CHAPTER 10**  
**SINDH INFRASTRUCTURE DEVELOPMENT**  
**COMPANY LIMITED**  
**(MINISTRY OF PLANNING DEVELOPMENT &**  
**SPECIAL INITIATIVES)**

**10.1 Introduction**

**A.** Pursuant to the approval of PSDP Scheme i.e., “Green Line Rapid Transit System Karachi” by ECNEC on 04.12.2014, under the Prime Minister’s Directives, Ministry of Communications established Special Project Management Unit (SPMU) on 24.12.2014 to execute the project according to provision of the PC-I. Subsequently, the unit was changed into Karachi Infrastructure Development Company Limited (“the Public Sector Company”) incorporated under Companies Ordinance, 1984 on 02.06.2015 with the approval of the Prime Minister. The name of Company was further changed to Sindh Infrastructure Development Company Limited under section 32 of Companies Act-2017. It is based in Karachi to carry on the Business of Infrastructure Development, Expansion and Improvement, in line with Government Policy for Planning, Designing, Implementing, Constructing and Executing Infrastructure Development Projects in Karachi and Adjoining Areas and working under the Ministry of Planning Development & Special Initiatives.

**B. Comments on Budget and Accounts (Variance Analysis)**

The working results of the Company for the year 2023-24 are given below:

**(Rs. in million)**

<b>Particular</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
Service revenue net	30.449	47.957	136.806	42.983
Administrative expenses	(249.859)	(183.254)	(180.373)	(172.827)
Operating Profit/(loss)	(219.409)	(135.297)	(43.567)	(129.844)
Other income	335.922	209.374	162.765	139.553

<b>Particular</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
Profit/(loss) after taxation	115.920	74.078	119.199	9.709

(Source: Annual Audited Accounts)

- SIDCL engaged M/s Riaz Ahmad & Company Chartered Accountants for third party audit of the Financial Statements of SIDCL for the year ended 30.06.2024 without concurrence of the Auditor-General of Pakistan as required.

Final budget allocation and expenditure incurred for the financial year 2023-24 of SIDCL was as under:

(Rs. in million)

	<b>Development</b>	<b>Revenue</b>
Budget	2,286.360	699.201
Actuals	2,286.302	699.201

### C. Audit Profile of SIDCL

(Rs. in million)

<b>S. No.</b>	<b>Description</b>	<b>Total Nos</b>	<b>Audited</b>	<b>Expenditure audited FY 2023-24</b>	<b>Revenue/ Receipts audited FY 2023-24</b>
1	Formations	01	01	2,286.302	699.201

## 10.2 Classified summary of audit observations

Audit observations amounting to Rs. 30,908.405 million were raised in this audit report. Summary of the audit observations classified by nature is as follows:

### Overview of audit observations

<b>S. No.</b>	<b>Classification</b>	<b>Amount (Rs. in million)</b>
1	Irregularities	
A	Execution of works, contract agreement	285.082
<b>Total</b>		<b>285.082</b>

### 10.3 Brief comments on the status of compliance with PAC's directives

Compliance position of PAC's directives on Audit Reports relating to Sindh Infrastructure Development Company Limited is as under:

<b>Year</b>	<b>Total Paras</b>	<b>No. of Paras Discussed</b>	<b>Compliance Made</b>	<b>Compliance Awaited</b>	<b>Percentage of Compliance</b>
2016-17	05	02	01	04	20
2017-18	04	04	03	01	75

Note: Audit Reports for the years 2018-19, 2020-21, 2021-22, 2022-23 and 2023-24 are yet to be discussed in PAC.

## **10.4 AUDIT PARAS**

### **10.4.1 Non-deduction of Income Tax from the Joint Venture firm - Rs. 194.098 million**

According to Federal Board of Revenue instructions and Income Tax Ordinance, deduction of income tax at source is applicable on all payments made to the contractor on account of work done. The applicable rate of income tax deduction at source was 8% during the year 2023-24.

Audit noted that Sindh Infrastructure Development Company Ltd. Karachi awarded the contract for Design Delivery, Installation, Operation and Maintenance and Transfer of Integrated Intelligent Transport System (IITS) Package-A and Package-B on 10.03.2021 to M/s NRTC and Kentkart (JV) at agreement cost of Rs. 2,477.550 million and made payment to the contractor up to financial year 2023-24 for Rs. 1,819.909 million and for Package-B on 10.03.2021 and work was awarded to M/s NLC-MGH-Wavetech (JV) for evaluated bid cost of Rs. 774.253 million and payment was made for Rs. 606.312 million up to June 2024.

Audit observed that at the time of payment of Rs. 2,426.221 million (Rs. 1,819.909 + Rs. 606.312), to the contractor, M/s NLC provided Income Tax Exemption Certificate and the amount was paid without deduction of Income Tax to the contractor. Audit is of the view that there was a consortium of four firms i.e. M/s NRTC-Kentkart, M/s NLC, M/s MGH and M/s Wavetech, therefore, other three firms were not exempted from the deduction of income tax. As the amount paid to the joint venture contractors is Rs. 2,426.221 million and the applicable tax @ 8% comes to Rs. 194.098 million. Audit therefore recommends that the income tax be deducted from the JV according to their share in JV. This resulted in non-deduction of Income Tax amounting to Rs. 194.098 million from JV firm.

Audit holds that non-deduction was due to weak internal controls.

Audit pointed out non-deduction of income tax in November 2024. The management replied that SIDCL has deducted income tax against MGH and Wave tech, whereas NLC is exempted from income tax. SIDCL has sought guidance from FBR. As soon as response is received from SIDCL, further action will be taken accordingly.

The reply is not tenable because the deduction of income tax from M/s NRTC-Kentkart was not forthcoming in the record.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends recovery of income tax as per rules.

(Para 2)

#### **10.4.2 Non-imposition/recovery of liquidated damages from the contractor due to delay in completion of work - Rs. 88.766 million**

Clause - 47.1 - Appendix A to Bid - Special Stipulations of the contract agreement provides that if the contractor fails to complete the work within the stipulated time period, he shall render himself liable to pay liquidated damages equal to 0.10% of contract price for each day delayed in completion of work subject to maximum of 10% of the contract price stated in Letter of Acceptance.

Audit noted that Sindh Infrastructure Development Company Limited (SIDCL), Karachi award a work “Re-construction of Manghu Pir North Bound Carriage Way Road from Jam Chowk to Banaras Chowk” to M/s Jianguo Haitong Construction Engineering Co Ltd. - M/s Kaim Khani & Brothers Joint Venture (JV) at an agreement cost of Rs. 887.664 million on 28.12.2020. The work was started on 16.03.2021 which was required to be completed within 18 months on 13.09.2022 (final approved EOT up to September 2024). The total value of work done up to IPC No.13 was Rs. 955.874 million.

Audit observed that the contractor was required to achieve the planned progress of 100% up to 30.09.2024, whereas, the contractor achieved progress of 84% which was lagging behind 16% of the planned progress. Audit further observed that the contractor failed to complete the work as per planned progress, but the management did not initiate punitive action. Thus the contractor rendered him to be penalized as required under the provisions of the contract. This resulted into non-recovery/ imposition of interim delay damages from the contractor due to delay in completion of work for Rs. 88.766 million.

Audit maintains that liquidated damages were not imposed due to weak internal controls and inadequate oversight mechanism.

Audit pointed out non-imposition/recovery of liquidated damages in November 2024. The management replied that Extension of Time till September-2024 was already granted to the contractor as per condition of the contract. Furthermore, till June-2024, 95% work was completed.

The reply is not convincing that Extension of Time granted till September 2024 by the Procurement Committee which was not empowered to grant the EOT. Only Board is empowered to grant the EOT which was not produced to audit. Board approval along with complete justification may be produced to audit for verification. Moreover, the Engineer issued a letter on 29.02.2024, wherein, despite various warnings/commitments to complete the work, but the contractor failed to complete the work within EOT-4 which was granted up to 31.05.2024 with remarks that said EOT was required to be considered as final, whereas, procurement committee granted EOT-05 up to September, 2024. The Engineer rejected the claim for further extension in time regarding EOT-05 and contractor found committed corrupt and fraudulent practices, which was serious issue as evident from the letter dated 29.02.2024. Hence, the Employer was required to impose penalty against the contractor due to intentional delay in completion of the work at the part of contractor.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends that fixing of responsibility against the person(s) at fault who fails to watch the progress of the work.

(Para 7)

#### **10.4.3 Unjustified payment due to non-accountal/recovery of dismantled material - Rs. 2.218 million**

Item No. 510.2 of General Specifications NHA provides that salvaged pipe culverts or other structures shall be stored at designated and accessible points on the project as approved by the Engineer and shall be the property of the Client. Dismantling shall be carried out either manually or with approved equipment. Structures to be dismantled may include plain or reinforced concrete, brick, stone masonry or any other such construction item.

Audit noted that Sindh Infrastructure Development Company Limited (SIDCL), Karachi award a work “Construction of BRT Common Corridor, Underground Facility at Numaish M.A Jinnah Road (Contract Package No.KAR/BRTS/GL-16)” to M/s Zahir Khan & Brothers- M/s Usmani International Associates (Pvt.) Limited Joint Venture (JV) at an agreement cost of Rs. 3,129.459 million on 12.06.2018. The work was started on 06.09.2018 which was required to be completed on 05.09.2019 (extended EOT up to 31.10.2021). The total value of work done up to IPC No.35 was Rs. 3,510.500 million.

Audit observed during the review of the Interim Payment Certificates and measurement books that an item of work “510-Dismantling of Structures & Obstruction” was measured to the extent of 1,624.670 Cu.m and paid @ Rs. 950 for Rs. 1,543,437 and “Dismantling of existing RCC retaining Walls” was also measured to the extent of 290.64 and paid @ Rs. 2,322.81 for Rs. 675,101 respectively. But no serviceable material like steel and stone was found accounted for to become the property of the Employer and its disposal through auction by

crediting the revenue to the work. Non-accounting the dismantle material despite incurring the expenditure indicated that either the contractor would use said material in the new work or material may likely to be mis-appropriated.

Non-adherence to NHA specification caused non-accountal of the dismantled material Rs. 2,218,538 (Rs. 1,543,437 + Rs. 675,101) in the absence of which the payment thus made stood unjustified.

Audit maintains that irregularity occurred due to weak contract management.

Audit pointed out the irregularity in November 2024. The management replied that contractor executed the work on Numaish Underpass which is 40ft below the road level and completed multiple storey underpass. Furthermore, during executing the item for dismantling of structures, no useable material was found. Hence, there was no need to re-use or auction the unsuitable material.

The reply is contrary to the fact that the management made payment on account of execution of two items of work “Dismantling of Structures & Obstruction and Dismantling of RCC Retaining Walls, but no serviceable material like steel and stone was found accounted for. Accountal/recovery on account of dismantling of RCC Retaining Walls may be made from the contractor and got it verified from audit.

DAC meeting was not convened by PAO despite requests made by Audit.

Audit recommends accountal/recovery from the contractor.

(Para 3)

**CHAPTER 11**  
**FEDERAL BOARD OF REVENUE (FBR)**  
**(CENTRAL ASIA REGIONAL ECONOMIC COOPERATION**  
**REGIONAL IMPROVING BORDER SERVICES (RIBS)**  
**PROJECT)**

**11.1 Introduction**

A. The proposed project will remove the key bottleneck for movement of goods and people through Torkham, Chaman, and Wagha in Pakistan. As part of Central Asia Regional Economic Cooperation (CAREC) initiative for trade facilitation, the project will help CAREC countries take advantage of more efficient trade routes through Pakistan, and reciprocally, encourage Pakistan to play a strategic role in creating a larger regional market for intra-CAREC and inter-CAREC trade. The expected impact of the project will be an increased value of export, import, and transit trade. The expected outcome will be reduced cross-border processing time for goods and cargos in Torkham, Chaman, and Wagha.

The output will be (i) border crossing point infrastructure and facility at Torkham, Chaman, and Wagha improved to the standard that meets users' demand for quality border crossing services; (ii) governance structure of national border point management regime and organizational design, management structure, financial and administrative procedures, and financial modeling for the Pakistan Land Port Authority (PLPA) produced and adopted; and (iii) knowledge and skills of border point operating agencies enhanced. ECNEC in its meeting dated 04.09.2015, approved PC-I of the project for Rs. 31,686.2 million including Rs. 26,049.7 million (i.e., US\$ 250.54 million) of loan from ADB.

**Execution**

FBR, awarded the Engineering Procurement and Construction (EPC) contract of "Central Asia Regional Economic Cooperation

Regional Improving Border Services (RIBS) Project” for Torkham Border Crossing Point (BCP) to M/s National Logistics Corporation (NLC) at an agreement amount of Rs. 16,471.574 million (Rs. 12,281.393 million & USD 31,335,483 @ 133.72 = Rs. 4,190.181 million) on 18.12.2018 and for Chaman BCP for Rs. 18,610.201 million (Rs. 12,576.501 million & USD 36,807,908 @ 163.924 =Rs. 6,033.700 million) on 19.08.2019.

Construction works for Torkham Border Crossing Point contract commenced on 21.02.2019 with anticipated completion date 19.07.2022 (1,245 Calendar days). Construction works for Chaman Border Crossing Point are ongoing. Wagah BCP construction’s contract is yet to be awarded.

### **B. Comments on Budget and Accounts (Variance Analysis)**

Expenditure during the year 2023-24 is as under:

**(Rs. in million)**

<b>Description</b>	<b>Budget</b>	<b>Expenditure</b>
Asian Development Bank Loan 3344	560.601	560.601
Asian Development Bank Loan 3345	8,255.354	8,255.354
GoP (Establishment charges, land, etc.)	315.623	315.204
<b>Total</b>	<b>9,131.578</b>	<b>9,131.159</b>

Source: Financial Statement of the project

### **C. Audit Profile of FBR Project**

Audit scope in monetary terms for the year 2023-24 was as under:

**(Rs. in million)**

<b>S. No.</b>	<b>Description</b>	<b>Total Nos</b>	<b>Audited</b>	<b>Expenditure audited FY 2023-24</b>
1	Foreign Aided Project	01	01	9,131.159

## 11.2 Classified summary of audit observations

Audit observations amounting to Rs. 39,567.122 million and USD \$ 3,984,623 were raised in this audit report. Summary of the audit observations classified by nature is as under:

### Overview of audit observations

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities (Execution of works, contract agreement)	39,567.122

Note: Amount of audit observations exceeds audited outlays due to issues like award of works which involve future spending, amount covering multiple previous years of spending, multiple reckoning of monetary impact in different audit observations pertaining to same transaction, etc.

## 11.3 Brief comments on the status of compliance with PAC's directives

Audit of the infrastructure project of FBR was conducted first time for the year 2021-22. Audit Reports for 2021-22, 2022-23 and 2023-24 were not discussed by PAC till the finalization of this Audit Report.

## **11.4 AUDIT PARAS**

### **11.4.1 Non-revalidation of insurance coverage - Rs. 35,494.199 million**

According to clause 18.2 of General Conditions of Contract, the insuring party shall insure the Works, Plant, Materials and Contractor's Documents for not less than the full reinstatement cost including the costs of demolition, removal of debris and professional fees and profit. This insurance shall be effective from the date by which the evidence is to be submitted under sub-paragraph (a) of Sub-Clause 18.1 [General Requirements for Insurances], until the date of issue of the Taking-Over Certificate for the Works. General Condition of Contract, Sub Clause 18.3 and 18.4 (Insurance against injury to persons and damage to property and for Contractor's personnel) The Contractor is required to extend this Insurance Policy up to 22.01.2025.

Audit noted that the Project Director Regional Improving Border Services Project Torkham Peshawar (FBR-ADB Loan), Integrated Transit Trade Management System (ITTMS), awarded the EPC contract of work to M/s NLC at agreement cost of Rs. 16,471.574 million including US\$ 31,335,483 @ Rs. 133.72 per US \$ on 18.12.2018 and time was allowed 1,245 days for completion with original date of completion on 20.07.2022 which was revised up to 06.09.2024 (after 3<sup>rd</sup> EOT). Value of work done was paid up to 25<sup>th</sup> IPC Rs. 13,857.458 million. Contract cost of work was revised after the variation order for Rs. 16,483.897 million. The contractor was last paid IPC No.21 for Rs. 598.177 million in June 2024 and progressive work done certified on the project was Rs. 14,147.697 million up to June 2024.

Audit further noted that another EPC contract of Regional Improving Border Services Project, Chaman was awarded to M/s NLC (National Logistics Cell) for Rs. 18,610.210 million (Rs. 12,576.501 million and US\$ 36,807,908 @163.924) on 19.08.2019 for a completion period of 1,034 days. The contract was signed on 20.08.2019, notice to commence was served on 24.09.2019 and work was commenced on 30.09.2019. Original completion date was 30.07.2022 which was revised

up to 09.06.2023 (After 2<sup>nd</sup> EOT). Value of work done was paid up to 25<sup>th</sup> IPC Rs. 13,857.458 million.

Audit observed that the contractor failed to revalidate the insurance policy for the work Regional Improving Border Services Project, Torkham-Peshawar, which was expired on 20.07.2022, to cover the extended project period up to 06.09.2024. Similarly, the contractor did not revalidate the insurance policy for the work Improving Border Services Project, Chaman, which expired on 30.06.2023, to cover the extended period ending on May 2024. This resulted into non-revalidation of insurance policy of Rs. 35,494.531 million (Rs. 16,884.332 million + Rs. 18,610.199 million) up to revised completion period or defect liability period (DLP).

Audit pointed out the non-revalidation of insurance in October 2024. In two cases management replied that:-

Para 09: The contractor produced/submitted extended insurance policy up to 28.02.2025, for construction, plant and machinery. The revalidation of insurance pertaining to works and third party is under process of revision.

Para 18: NLC has provided evidence for extension of insurance policies up to 30.11.2024. The Contractor has now been instructed to extend these policies further up to 28.02.2026, the expected date for issue of Performance Certificate.

Department has accepted the audit observation. The insurance policies, on having been extended till the issuance of performance certificate to the contractor be got verified from Audit.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that insurance policy be got extended till issuance of performance certificate and recovery for the un-insured period be made.

(Para 09 & 18)

#### **11.4.2 Unauthentic payment of price escalation - Rs. 2,635.973 million**

Clause 13.8 of General Conditions of Contract states that if the Contract Price is to be adjusted for rises or falls in the cost of labour, Goods and other inputs to the Works, the adjustments shall be calculated in accordance with the provisions in the Particular Conditions of contract. Particular Conditions Part-B however contains Table-A showing weightages assigned to specified items against 51% variable portion. This Table shows that value of work done (VOW) for escalation purpose shall be value of permanent works (excluding Provisional Sum).

Audit observed that PMU made payment of Rs. 2,685.973 million on account of price escalation based on value of work done from IPC No.01 to IPC No.24. This payment was unauthentic due to the following reasons:

- i) The absence of provisions in the Particular Conditions, payment for escalation was invalid.
- ii) Only permanent work was to be taken for price adjustment but temporary work was also taken into account like design cost, consultancy cost etc.
- iii) Security charges, EMP charges pertained to provisional sum but these also appear to have been included in value of work done for price adjustment.
- iv) The value of work done contained in each IPC was not matching with the value of work done taken for price adjustment.
- v) The current rates of HSD were applied for Hi-Octane against the provisions.

All these resulted in un-authentic payment of price escalation amounting to Rs. 2,685.973 million.

Audit pointed out the unauthentic payment of price escalation in October 2024. The management replied that:

- i) Price adjustments are being calculated and paid according to the formula outlined in Sub-Clause 13.8 of the General Conditions of Contract (FIDIC Yellow Book, First Edition 1999).
- ii) The contract does not contain any clause excluding price adjustments for consultancy services (design fees).
- iii) No payments have been made against any provisional sum items.
- iv) The cost of works certified in price adjustment claims aligns with the amounts certified in the issued IPCs.

The current fuel rates being applied are based on the PSO's notification for Hi-Stane Diesel Euro 5, rather than Hi-Octane. The base contract rate, which reflects the rate 28 days prior to bid submission, is also derived from PSO's Hi-Stane Diesel Euro 5 rates, in accordance with contractual provisions.

The reply is not tenable because value of work (VOW) to be taken for price adjustment was the value of permanent work as stated in Table A of the contract. Therefore, all temporary work needs to be excluded from the VOW. Further, the rates of HSD are not as per provision of Table-A. Due recovery be made.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that matter be looked into and entire amount of price escalation be reviewed in accordance with the relevant provisions and make due recovery.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para number 10.4.6 having a financial impact of Rs. 1.490.939 million. The recurrence of similar irregularity is a matter of serious concern.

(Para 12)

### **11.4.3 Execution of additional work without provision in the scope of original contract - Rs. 297.727 million**

According to clause-5, sub-clause-5.1 of the contract agreement that the Contractor shall be deemed to have scrutinized, prior to the date of signing the Contract, the Obligations the Employer's Requirements (including design criteria and calculations, if any). The Contractor shall be responsible for the design of the Works and for the accuracy of such Employer's Requirements (including design criteria and calculations. The Contractor prior to the signature of Contract has prepared the detailed engineering documentation, drawings and technical specifications in accordance with the Employer's Requirements. Contractor's detailed design has been validated by the Engineer.

Audit observed that department made payment to contractor M/s National Logistic Cell for Rs. 297.727 million up to IPC-21 paid in June 2024. The work done consists of different type of elements relating to the work without the employer/engineer requirement, provision in the scope of EPC contracts. The department allowed to execute the additional work to contractor without in the scope/milestone of original contract i.e. RCC retaining wall, DRC building works and slope protection work etc. This resulted into execution of additional works without provision in the scope of original contract for Rs. 297.727 million.

Audit pointed out the issue in October 2024. The management replied that construction of state-of-the-art border trade terminals is a first in Pakistan, with the original scope of Works mutually agreed upon by the Employer, Contractor, and relevant agencies. During execution, additional requirements from agencies like Military Intelligence and NNDA led to variations instructed by the Engineer with Employer approval. To prevent delays, provisional payments for these additional Works, such as the DRC building's extra floor and slide protection measures at Torkham BCP, were made pending formal variation orders, which are under process. All payments align with Sub-Clauses 13.3 and 3.3 of the GCC, ensuring compliance with contractual obligations.

As stated in reply, the detail of the cost estimates for this work be provided to Audit for verification.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that matter regarding execution of work to be justified as per contract agreement.

(Para 21)

#### **11.4.4 Non-imposition of recovery due to delay - Rs. 257.818 million**

According to clause 20.1 of the General Conditions of Contract, If the Contractor considers himself to be entitled to any extension of the Time for Completion and/or any additional payment, , the Contractor shall give notice to the Engineer, describing the event or circumstance giving rise to the claim. The notice shall be given as soon as practicable, and not later than 28 days after the Contractor became aware of the event or circumstance. If the Contractor fails to give notice of a claim within such period of 28 days, the Time for Completion shall not be extended, the Contractor shall not be entitled to additional payment, and the Employer shall be discharged from all liability in connection with the claim.

Clause 8.7 & 14.15(b) Section V of Contract Agreement provides that the contractor shall be liable to pay delay damages at the rate of 0.01% of the final contract price for each day of delay and maximum up to 5% of the contract price.

Audit observed that the contractor applied for extension of time No.03 (EOT) for 151 days with a revised completion date of 07.11.2023 due to the events beyond control like imposition of passport and visa requirement at Pak-Afghan Border, continued Sit-in by locals, delayed clearance of imported equipment and delay in opening of L.C. The request of the contractor being non-complaint with the requirements of clause 20.1 of the general conditions of contract remained un-acceded.

The contractor re-submitted request for EOT No.03 enhancing the period from 151 days to 356 days commencing from 09.06.2023 to 31.05.2024 on the basis of almost same grounds. After deliberations, EOT No.03 was granted for 356 days till 31.05.2024. The EOT was unjustified on following grounds:

- i) Extension of Time three (3) initially contained 151 days. The period was enhanced to 356 days almost on the same grounds without taking into consideration the delay caused due to non-compliance of the procedures.
- ii) The contractor was required to submit notice for EOT within 28 days failing which he was not entitled to EOT. But in this case, the notice was served very late.
- iii) Progress report for June 2024 shows that as per ER conclusion, lack of proper management of resources and supervision by contractor's own staff was a major contributor to slow progress. This was not taken into account while considering EOT and all events were considered to be beyond control.
- iv) Proper quantification of all delay events was required to be made by the consultant to arrive at real time required for extension. Same was not done.

Audit maintains that the contractor was entitled to only 151 days EOT and for the rest of delay of 205 days (356 days – 151 days), the contractor was liable to pay delay damages @ 0.01% per day of the contract cost which comes to Rs. 257.818 million. This resulted in non-recovery of Rs. 257.818 million (Rs. 12,576.501 x 0.01% x 205) due to improper evaluation of delays events.

Audit pointed out the non-recovery in October 2024. The management replied that contractor initially requested an extension of 151 days to revise the completion date to 07.11.2023, citing delays due to floods, security issues, and supply chain disruptions. However, the Employer rejected the claim due to non-compliance with contractual

procedures and issued a notice for liquidated damages. Amid ongoing disputes, the Contractor reported additional delays caused by local protests, security concerns, and procedural issues in equipment import. Following discussions, an amicable settlement was reached, granting an extension up to 31.05.2024 without cost claims, formalized through Addendum No. 3 with ADB's approval.

The reply is not tenable because the actual progress of the work was already far less from the approved programme submitted by the contractor under clause 8.3 of the contract before the occurrence of unforeseeable events stated above. This was also highlighted by the ADB in its aide memoir besides ER progress report. On occurrence of subsequent impediments stated in the reply, the delay previously occurred because of the fault of contractor was also covered under these unforeseeable events un-justifiably which needs to be reviewed for due recovery.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that matter be reviewed afresh and work out actual delay for each event considering the reports of Engineer Representative, provision of clause 20.1 and make due recovery.

(Para 01)

#### **11.4.5 Accrual of liabilities involving potential extra costs - Rs. 274.599 million and USD 303,715**

Attachment schedule -3 of Loan Agreement (Special Operations) Loan No.3345-PK (SF) dated 26.10.2016 shows that the withdrawals from the loan account for Turnkey (Civil Works, Buildings and Equipment) will be @ 91% of the total expenditure claimed. The remaining 9% share will be met from GoP funds.

Audit observed that the PMU (FBR) did not pay 9% counter part of expenditure in Pak and USD as GoP share from IPC 20 to 25.

Resultantly, an amount of Rs. 274.596 million and USD 303,715 was lying outstanding during the year 2023-24 which will likely to add another cost in the form of interest charges. Non-payment of 9% counterpart GoP funds resulted in accrual of liabilities amounting to Rs. 274.599 million and USD 303,715.

Audit pointed out the matter in October 2024. The management replied that financial position of Government of Pakistan is well known to audit. PMU FBR is making utmost efforts to obtain the requisite funding to clear the liabilities against 9% GOP share, payment against Duties/Taxes against imported equipment and other costs payable by GOP. These liabilities will be cleared as soon as funds are made available by GOP.

Interim reply was given. The financial commitments agreed in the loan agreement needs to be adhered to avoid potential financial liabilities.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that the liabilities be cleared to avoid extra expense and other implications.

(Para 10)

**11.4.6 Unjustified payment on account of prolongation cost - Rs. 237.275 million resulted into excess payment to the contractor for Rs. 12.279 million**

According to clause 20.1 of the General Conditions of Contract, If the Contractor considers himself to be entitled to any extension of the Time for Completion and/or any additional payment, under any clause of these conditions or otherwise in connection with the Contract, the Contractor shall give notice to the Engineer, describing the event or circumstance giving rise to the claim. The notice shall be given as soon as practicable, and not later than 28 days after the Contractor became aware, or should have become aware, of the event or circumstance. If the

Contractor fails to give notice of a claim within such period of 28 days, the Time for Completion shall not be extended, the Contractor shall not be entitled to additional payment, and the Employer shall be discharged from all liability in connection with the claim.

Audit observed that PMU approved extension of time (EOT) 1 and 2 for 257 days and 126 days respectively with revised date of completion of 09.06.2023. Based on these EOTs, variation order Nos 4 and 5 were approved for payment of prolongation cost to the contractor amounting to Rs. 208.352 million and Rs. 28.923 million due to extended time. The payment was unjustified because of following reasons: -

- a) Prolongation cost has been approved for payment on the assumption that all delay events were beyond control, whereas ADB Aide Memoire issued on 02 to 05.05.2023 indicates that slow progress at Chaman was mainly due to poor planning, non-optimal utilization of available resources, and inability to mobilize required resources by the contractor. So the contractor was, in fact liable to pay delay damages instead of making him entitled for prolongation cost.
- b) Extension of Time 1 & 2 were required to be evaluated with reference to the parameters given in the clause.
- c) Contract clause 3.5 was invoked which did not pertain to prolongation cost.

Based on the above reasons, claim for prolongation cost was not to be considered. This resulted in unjustified payment of Rs. 237.275 million.

Audit further observed during scrutiny of the account of the Project Director Regional Improving Border Services Project Torkham Peshawar paid an amount of Rs. 257.863 million to the contractor on account of prolongation charges as per extension of time-1 against the approved/ recommended claim by the employer/engineer for Rs. 245.584 million. The project management did not recover/adjust the excess payment made to the contractor for Rs. 12.279 million up to IPC No.21.

This resulted into overpayment made to contractor on account of promulgation charges for Rs. 12.279 million beyond the approved rate of payment for the extension of time.

Audit pointed out the issue in October 2024. The management replied that extensions of time (EOT) were granted only for delays beyond the Contractor's control, as per contract provisions. Delays were categorized as Excusable (not the Contractor's fault) and Inexcusable (due to Contractor's fault), with EOT and Prolongation costs awarded exclusively for the excusable delays.

The reply is not tenable because inexcusable delay (due to Contractor's own fault) was required to be charged upon the contractor in the shape of liquidated damages for adjustment against the cost emerged from excusable delay (where Contractor was not at fault). Contrarily, claim of prolongation cost was admitted and paid for excusable delay without recovery/adjustment for inexcusable delay.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that payment of prolongation cost needs to be reviewed for due recovery or necessary adjustment be made under intimation and verification to Audit.

**Note:** The issue was reported earlier also in the Audit Report for Audit Year 2023-24 vide para number 10.4.1 having a financial impact of Rs. 573.987 million. The recurrence of similar irregularity is a matter of serious concern.

(Para. 03 & 23)

#### **11.4.7 Excess payment on account of additional works - Rs. 183.303 million**

According to clause 4.12(b) of Particular Conditions of Contract, Part-B, payment of 50% of any such cost (Variation) shall be included in the contract price for infrastructure or buildings (otherwise the contractor shall not be entitled to the cost).

Audit observed from IPC No.25 that an amount of Rs. 366.605 million have been added in the contract price as additional works like Transit Trade, NNDA, Subway, External Services. According to above clause, contractor was entitled to 50% of the cost of this work which comes to Rs. 183.303 million but 100% amount was added in the contract price.

This resulted in excess payment of Rs. 183.303 million to the contractor.

Audit pointed out the excess payment in October 2024. The management replied that scope of works awarded to NLC was agreed during contract negotiations on the basis of input from stakeholders and the preliminary design. Subsequent to award of Contract, the Employer instructed some additional Works to be carried out as required by Transit Trade Directorate and NNDA which were not included in the original scope of work. These additional works form part of variations to the Contract pursuant to Clause 13 of the GCC. Sub-Clause 4.12 pertains to Contractor's entitlement for additional payment due to unforeseeable physical conditions at site during execution of Works but it does not apply to additional Works instructed by the Employer/Engineer under Clause 13. The cost of additional Works is to be computed under Sub-Clause 13.3 of the GCC which has been done.

Position be got verified from the final design and the variation orders on this account.

The DAC meeting was not convened despite request made by Audit.

Audit recommends that excess payment be adjusted/recovered as per above clause.

(Para. 14)

**11.4.8 Non-rectification and non-recovery of substandard work - Rs. 138.575 million**

According to Clause 7.6 of the General Conditions of Contract, the Engineer may instruct the Contractor to: (a) remove from the Site and replace any Plant or Materials which is not in accordance with the Contract, (b) remove and re-execute any other work which is not in accordance with the Contract, and (c) execute any work which is urgently required for the safety of the Works, whether because of an accident, unforeseeable event or otherwise. The Contractor shall comply with the instruction within a reasonable time, which shall be the time (if any) specified in the instruction, or immediately if urgency is specified under sub-paragraph (c).

Audit observed that PMU(FBR) made a total payment for the gross value of work done up to IPC 25 amounting to Rs. 13,857.458 million to the contractor for the above cited project. However, the reports of the ADB contained in Aide memoire for 02.05.2023 to 05.05.2023 and 19.02.2024 to 15.05.2024 and monthly progress report of June 2024. Consecutively, highlighted quality issues in the work executed by NLC and directed for early rectification but the same appeared to be unattended. The ADB report dated 02.05.2023 to 05.05.2023 indicated serious implications in case of non-rectification like:

- a) Possibility of radiation leakage which may hamper operation of scanners.
- b) Possibility of warranty void by Original Equipment Manufacturer (OEM) due to structural/civil works deficiencies.

- c) X-Ray scanners may not produce output of required quality image.

The ADB Mission advised withholding of payment in case of non-compliance. Subsequent Mission Report of May 2024 again indicated the issue of quality of executed work and advised to take up the matter with DG NLC. Monthly progress report June 2024 also re-iterated serious quality issues. Apparently, this was a persistence non-compliance by the contractor which requires withholding of amount at least 1% of the completed work Rs. 138.575 million (Rs. 13,857,458,328 x 1%) till completion of all work as per contract specification. But nothing has since been done. This resulted in non-rectification and non-recovery of Rs. 138.575 million on account of substandard work.

Audit pointed out the non-recovery in October 2024. The management replied that contractor has rectified the defects noted previously. CSC site staff has been issued strict instructions not to approve any request for information (RFIs) unless the works are executed in accordance with approved design and specifications. It is agreed that there is a provision in the Contract for employment of other persons/contractors for rectification of defective work but practically, it is not possible to resort to this option as no other contractor is allowed to work inside the BCP without NLC supervision in view of the security situation at the border with Afghanistan. The scanner buildings will be inspected by the Pakistan Nuclear Regulatory Authority for any radiation leakages before operationalization of the facility as part of the taking-over process at completion of Works.

This is serious quality issue which is persistently being ignored by the contractor as well as by the Employer despite pointing out by the ADB. The management released full amount against the substandard or incomplete work without any deduction. Expiry of warranty is another issue. The executed work needs to be got inspected afresh from the ADB team in collaboration with CSC and PMU and recovery be made for the deficiencies in the work.

The DAC meeting was not convened despite request made by Audit.

Audit recommends withholding an appropriate amount until rectification of all works and equipment, with quality re-tested by a committee including PMU (FBR)/ER, consultants, ADB Mission, and NLC

(Para. 11)

#### **11.4.9 Excess payment due to allowing premium on non-scheduled items - Rs. 35.374 million**

According to clause-5, sub-clause-5.1 of the contract agreement that the Contractor shall be deemed to have scrutinized, prior to the date of signing the Contract, the Obligations the Employer's Requirements (including design criteria and calculations, if any). The Contractor shall be responsible for the design of the Works and for the accuracy of such Employer's Requirements (including design criteria and calculations. The Contractor prior to the signature of Contract has prepare the detailed engineering documentation, drawings and technical specifications in accordance with the Employer's Requirements. Contractor's detailed design has been validated by the Engineer.

Audit observed that the project management unit paid different items of work under slope protection measures from provisional sums for Rs. 201.428 million up to IPC No. 21. The project management allowed higher premium on market rates/non-schedule about 25% on items executed in the work. It is further added that contractor provide the rate analysis of market items whereas the Market items were not analyzed on prevailing market price including contractor profit. Therefore, acceptance of higher premium up to 25% as contractor premium on the market items/non-schedule item seems not justified. This resulted into excess payment of Rs. 35.374 million to the contractor.

Audit pointed out the excess payment in October 2024. The management replied that Government departments like MES and NHA

allow a 25% premium for Contractor's overheads and profit, a practice also followed in finalizing the original Contract rates. Similarly, for additional Works instructed under Sub-Clause 13.3 of the GCC, a 25% premium was negotiated and deemed justified by the Engineer as per standard practices. Provisional payments for slope protection works were made based on agreed rates between the Employer, Engineer, and Contractor. Formal variation orders are under finalization for the Employer's approval, after which payments will be certified accordingly.

The DAC meeting was not convened despite request made by Audit.

The audit recommends recovery of the premium on market items.  
(Para. 25)

## **CHAPTER 12**

### **THEMATIC AUDIT**

#### **EVALUATING TIME AND COST OVERRUNS IN PROJECTS EXECUTED BY PAK PWD**

Thematic Audit of time and cost overruns in major projects executed by Pakistan Public Works Department has been conducted by Directorate General of Audit Works (Federal), Islamabad during 2024-25.

The main purpose of the thematic audit is to improve organization's performance through critically reviewing its business processes to identify those risks which are hindering it from achieving its intended objectives. Results of thematic audits are as under:

#### **1. Introduction**

Pakistan Public Works Department (Pak PWD) is an attached department of the Ministry of Housing and Works (Housing and Works Division). As per Rules of Business 1973, Housing and Works Division is responsible for the development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division and Ministry of Foreign Affairs. Exemption is also allowed to Ministry of Foreign Affairs for the maintenance of Foreign Office and its allied buildings.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government with certain exception of corporations, autonomous bodies and departments authorized to execute development works itself. Sectoral share of Pak PWD in Public Sector Development Programme for the year 2023-24 is 9.52%. Pak PWD is headed by a Director General. The Director General is assisted by a Chief Administrative Officer who deals with administrative matters. There are four Chief Engineers for North, South, West and Central Zones

in the country. They are assisted by Superintending Engineers and Executive Engineers/Assistant Executive Engineers. The matters relating to planning are dealt by the Chief Engineer (Planning). The accounts of the Pak PWD are departmentalized. The Budget and Accounts matters are dealt with by the Director Budget and Accounts, who prepares the annual Appropriation and Finance Accounts. Divisional office is the basic accounting unit of the department and is headed by the Executive Engineer. All payments related to work done and supplies are made in the divisional offices.

## **1.2 Background**

The legally prescribed life cycle of public sector development projects, including those executed by Pak PWD, comprises the following major stages, in order: feasibility study, design and planning, award of contract, release of funds, land acquisition and commencement of works, monitoring of execution, finalization of accounts and completion of projects and post-completion evaluation of projects.

Since this sector involves huge and variable amounts of spending of public funds at the option of the political government, each of the aforementioned stages has been historically marred by political, technical, financial and legal shortcomings. These shortcomings, in turn, eventually manifest themselves in the form of time and cost overruns for the project as a whole. Therefore, evaluating time and cost overruns for a sizeable sample of development projects executed by Pak PWD would identify specific systemic shortcomings at each stage of the project life cycle.

## **1.3. Establishing the Audit Theme**

### **1.3.1. Reasons of selection**

The topic of this Thematic Audit is also related to Goal 9 of the Sustainable Development Goals (SDGs) of the United Nations, i.e., “Build resilient infrastructure, promote inclusive and sustainable

industrialization and foster innovation”. Specifically, the following targets under this goal are relevant:

- Target 9.1: “Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all”;
- Target 9.a: “Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States”.

It was necessary to evaluate the overall performance of Pak PWD in meeting its objectives so as to learn lessons for the future.

### **1.3.2. Purpose/ Objectives**

The purpose of this Thematic Audit is to:

- (a) measure time and cost overruns suffered by Pak PWD in the past five years and identify the causes thereof; and
- (b) draw lessons and recommendations for all federal planning, funding, sponsoring, executing and monitoring agencies to avoid time and cost overruns in public sector development projects.

This Thematic Audit will be useful:

- (a) for the Parliament in passing new laws to ensure high-quality, timely and cost-effective public infrastructure development that serves the long-term socio-economic needs of the people of Pakistan;
- (b) for the Federal Government in proposing, designing and funding infrastructure developments projects that are completed within their time and cost estimates;

- (c) for successive political governments to avoid the negative effects of change in government over the continuity of necessary public development projects;
- (d) for the federal sponsoring agencies in securing timely possession of sites through land acquisition and timely award of contracts without rendering initial time and cost estimates ineffective;
- (e) for the federal executing agencies in securing timely funding and maintaining better accounts of the projects so as to eliminate corruption, misappropriation, and incompetence from project execution;
- (f) for the federal monitoring agencies (Planning Commission and Pakistan Engineering Council) in ensuring high-quality construction through physical site inspections and periodic monitoring reports; and
- (g) for the Public Accounts Committee to ensure better oversight of public spending on infrastructure development projects;
- (h) for the people of Pakistan in achieving and benefitting from high-quality, timely and cost-effective public infrastructure development that serves their long-term socio-economic needs.

### **1.3.3 Scope**

The scope of this Thematic Audit originally covered all major development projects completed or under execution by all four zones of Pak PWD, i.e., North, Central, South and West Zones, during the last five years, i.e., from FY 2019-20 to 2023-24. However, the data provided by auditee formations to field audit teams on the pro-forma questionnaire during Phase I of Audit Year 2024-25 was found to be unreliable as all formations reported time and cost overruns as nil. Thereafter, the pro-forma questionnaire was revised in consultation with Chief Engineer, Central Zone (Lahore) so as to seek specific information from which Audit itself could calculate time and cost overruns, and so as to exclude projects that were part of Sustainable Development Goals Achieving Programme (SAP) because of their lack of materiality. Even then, only

Central Zone provided information/data that could be used for further analysis in this Thematic Audit. The data provided by South Zone (Karachi) and West Zone (Quetta) was again found to be incomplete and unreliable, while North Zone (Peshawar) did not provide any data at all. Thus, the scope of this Thematic Audit is limited to Central Zone, Pak PWD only.

The data collected on the revised proforma questionnaire covered the following areas:

- i. Availability of feasibility study;
- ii. Date of approval of PC-I along with time and cost estimates;
- iii. Date of approval of revised PC-I, if any, along with time and cost estimates;
- iv. Date of award of contract along with contract price;
- v. Date of notice of commencement;
- vi. Completion date and cost; and date of handing over certificates and PC-IV; and
- vii. Annual Budget approved, released, spend and lapsed/surrendered.

## **2. Legal frame work governing the Theme**

Public sector infrastructure development in Pakistan involves a number of law and organizations and that are detailed as under:

- i. *Constitution:* Article 156 of the Constitution establishes National Economic Council (NEC) to serve as the apex inter-provincial economic coordination body Chaired by the Prime Minister and including the provincial chief ministers as its members, among others. NEC is responsible for approving the vision statements, long-term perspective plans, 5 years plans,

annual plans, and the Public Sector Development Programme (PSDP).

- ii. *Parliament:*
  - a. Public Finance Management Act, 2019 (Chapter 3, sections 13 to 20) provides the legislative framework governing development projects;
  - b. Land Acquisition Act, 1894 provides the procedures for acquisition of land for public purposes;
- iii. *Federal Government:* Rules of Business, 1973 (Rule 13) provide for the establishment of the Planning Commission of Pakistan as the apex planning and coordination body under the Chairmanship of the Prime Minister and using the Planning, Development and Special Initiatives Division as its secretariat.
- iv. *Planning Commission:* Detailed instructions for public sector development projects are provided by the Planning Commission of Pakistan through their Guidelines and Manuals issued from time to time. The latest document is Manual for Development Projects 2024. As per this Manual:
  - a. Federal sponsoring agencies/project owners are responsible for proposing projects and preparing feasibility studies of all projects costing Rs. 500 million or more on PC-II proforma;
  - b. Special fora to approve projects on PC-I proforma are as under:
    - Executive Committee of the National Economic Council (ECNEC) for projects costing more than Rs. 7.5 billion;
    - Central Development Working Party (CDWP) – chaired by Deputy Chairman of the Planning Commission - for projects costing more than Rs. 01 billion and up to Rs. 7.5 billion;

- Divisional Development Working Party (DDWP) – chaired by Secretary/Principal Accounting Officer of an administrative division – for projects costing up to Rs. 01 billion; and
  - Development Working Party (DWP) for all self-financed projects of the public sector autonomous organizations.
- v. *PPRA*: Federal Public Procurement Regulatory Authority regulates the awards of contracts for public procurement of works, goods and services under the PPRA Ordinance, 2002 and the various rules and regulations framed thereunder, especially, Public Procurement Rules, 2004 and Procurement of Consultancy Services Regulations, 2010;
- vi. *PEC*: Pakistan Engineering Council (PEC) is responsible for the registration and regulation of engineers, constructors and operators in Pakistan as well as prescription of standard contracts for utilizing their services under the PEC Act, 1976.
- vii. *PEPA*: Pakistan Environmental Protection Act, 1997 (Section 12) requires all development projects to obtain approval of the Federal Environment Protection Agency before commencement of construction or operation through Initial Environment Examination (IEE) or Environmental Impact Assessment (EIA).
- viii. *Pak PWD*: Pak PWD itself is governed by two main codes: Pak PWD, 1982 and Central Public Works Account Code. As per these codes, Pak PWD executes four types of works:
- a. PSDP works;
  - b. SAP works;
  - c. Deposit works (minor non-PSDP government works); and
  - d. Maintenance works.

### **3. Stakeholders and governmental organizations identified as directly/indirectly involved**

Following governmental organizations and stakeholders are relevant to the scope and recommendations of this Thematic Audit:

- i. Parliament
- ii. National Economic Council
- iii. Planning Commission
- iv. Federal Public Procurement Regulatory Authority
- v. Pakistan Engineering Council
- vi. Pakistan Environmental Protection Agency
- vii. Pakistan Public Works Department
- viii. Autonomous organizations

### **4. Role of the organization**

Public Works Department was established in 1854 by Governor General Lord Dalhousie. It has to its credit a wide spectrum of infrastructure and building works across the Indo-Pak sub-continent. After independence, it performed the gigantic task of rehabilitation of refugees and establishment of offices and official residences in Karachi. Pak PWD has also played its vital role in construction of roads, bridges and airports, including re-modelling of Jacobabad Airport; Dhok Matcal Bridge, Pirwadhai; Carriageway from Zero Point to Faizabad, Islamabad; Renovation of Flag Staff House, Karachi; Renovation of GPO, Lahore; Construction of Custom House, Karachi, etc.

Main functions of Pak PWD are as follows:

- i. Execution of all federally funded works, except those funded from Defence budget;

- ii. Acquisition and development of federal government lands;
- iii. Maintenance of all federally owned government buildings and their furnishing, including maintenance of P.M. Secretariat, P.M. House, Ministers' Enclave, Supreme Court Judges' Enclave, State Guest House, Lahore, Karachi and other prestigious buildings, except those financed from Defence budget;
- iv. Construction of federally financed government offices and residential accommodations;
- v. Management of Federal Lodges; and
- vi. To act as technical adviser to Federal Government in Engineering matters.

## **5. Organization's Financials**

Being an attached department of the Housing and Works Division, Pak PWD is financed entirely through government budgetary grants (except deposit works financed by local governments), which include the following:

- i. *Grant 130 - Capital Outlay on Civil Works:* This Grant is meant for original works financed through Public Sector Development Programme of the Works Division and is directly related to the theme of this audit. In addition to Housing and Physical Planning Sector, Development Schemes of other Ministries/Divisions are included in this Grant. In financial year 2023-24, actual expenditure against this grant was Rs. 68,423.098 million.
- ii. *Grant 50 - Civil Works:* This Grant includes establishment budget for the regular employees of the Department and maintenance budget for office/residential buildings of the Federal Government. In addition, the expenditure on annual/special repair, utility charges of these buildings are met from this Grant. The Department also maintains V.I.P buildings such as Prime Minister's House, Prime Minister's

Secretariat, State Guest House, etc. In Financial Year 2023-24, actual expenditure against this grant was Rs. 7,356.055 million.

- iii. *Grant 50 - Federal Lodges:* The Department is also responsible for the maintenance and running of Federal Lodges all over the country. At present, thirteen Federal Lodges located at Islamabad/Rawalpindi, Lahore, Quetta, Karachi and Peshawar are being maintained by the Department. These Lodges provide economical and quality lodging facilities to the officers of the Government and Members of the Parliament. Expenditure relating to the operation of these lodges is met from this Grant. In Financial Year 2023-24, actual expenditure against this grant was Rs. 154.162 million.

## **6. Field Audit Activity**

### **6.1. Methodology**

Audit methodology included data collection, determination of objectives and audit criteria, analysis/consultation of record, discussion with staff, site visits, etc. Following steps were involved:

- i. Understanding the auditee/activities;
- ii. Defining audit objectives;
- iii. Developing audit procedures;
- iv. Conducting audit as per audit procedures; questionnaire, performance measurement;
- v. Evaluating results;
- vi. Reporting.

## **6.2. Audit Analysis**

### **6.2.1. Review of Internal Controls**

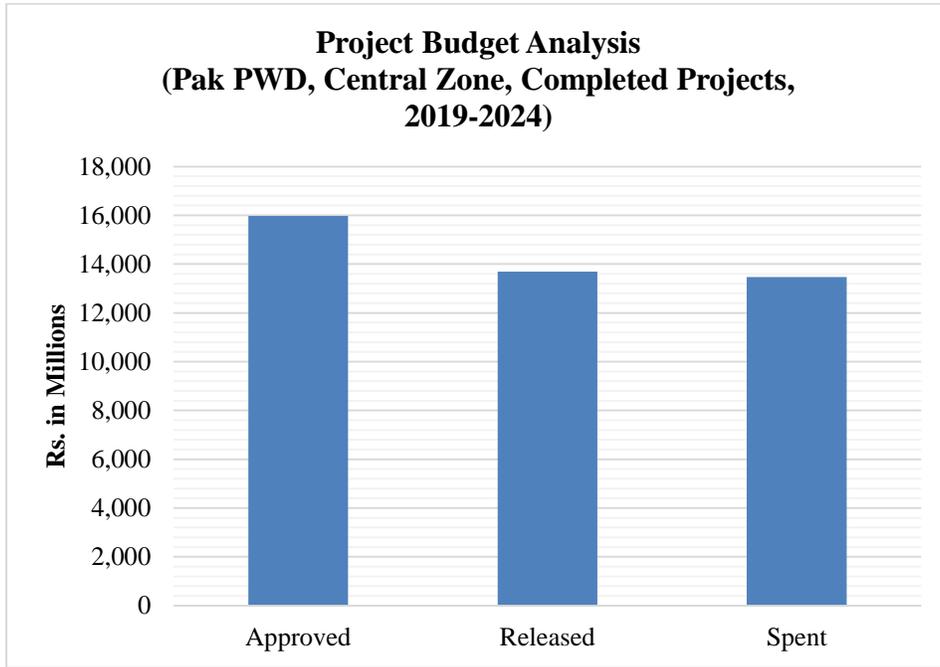
For the purposes of this Thematic Audit of Pak PWD, the most important internal control was readily available of project information at a central location, which was found to be absent. Pak PWD Director General in Islamabad or even Zonal Chiefs did not have a readily available register or database containing important managerial and financial information related to each project. Instead, the said information had to be obtained from sub-Zonal Divisional offices. Moreover, even these Divisional offices did not have a central information register or database and retrieved the requisite information from source documents. This shows:

- i. severe lack of systematic management control within Pak PWD and reliance instead on *ad hoc* and passive management.
- ii. lack of a systematic external reporting mechanism to the governing division and ministry concerned (Housing and Works) and corresponding lack of external administrative and political accountability and performance evaluation.

### **6.2.2. Critical Review**

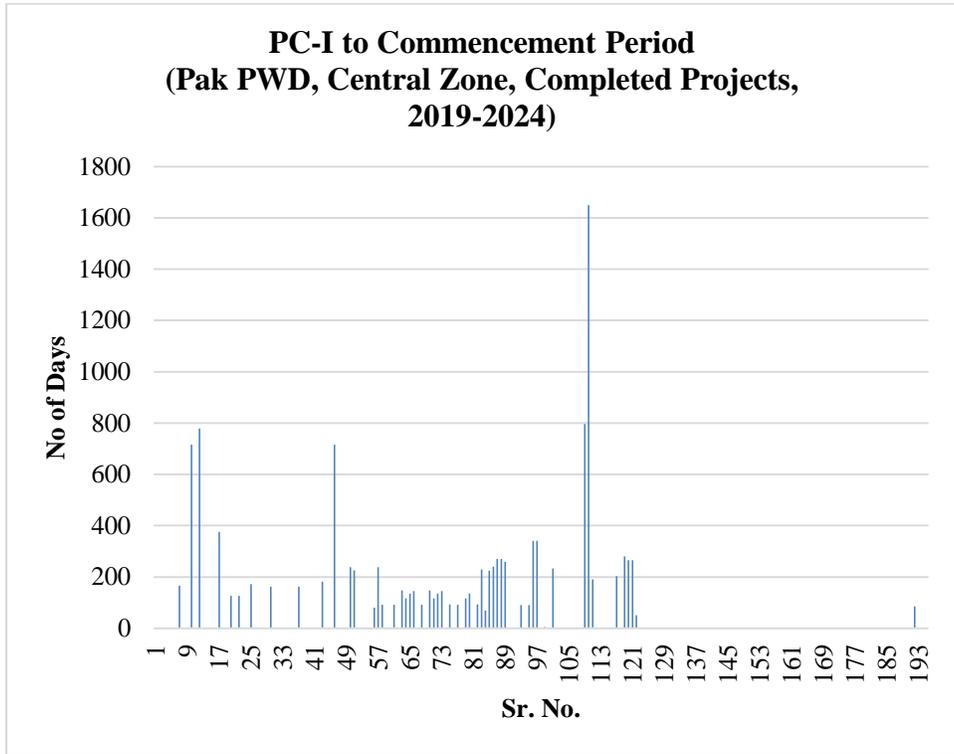
Based on the analysis of the data provided by Central Zone (Lahore) of Pak PWD, Audit noted that, overall, Central Zone had completed 121 projects during the last five years and had 82 projects on-going as of 30.06.2024, adding up to a total of 203 projects. However, even in this case, complete data corresponding to these 203 projects was not provided. Therefore, the total number of projects analyzed below under different heads of information is often less than the aforementioned figures. Accordingly, with regards to specific areas of project management, Audit observed as follows:

1. *Feasibility Study:* Among the 203 completed and on-going projects in the Central Zone, only two (02) projects were based on feasibility studies: namely, “Rehabilitation of road from Lahore Road (Ada 10 mile to Faisalabad Road (46 Ada) via 29 Jhall, 36 Pull, 41/SB & 45 SB with Link Road 35 SB and Chaks, District Sargodha” (completed on 30.06.2021 with cost of Rs. 936.874 million against PC-I cost of Rs. 500 million) and “Construction of Hajj Complex, Lahore” (on-going, with PC-I cost of Rs. 1,971.787). The total number of projects with PC-I cost of Rs. 500 million or more and thus requiring PC-II was 46 (30 completed and 19 on-going), with compliance ratio of 4.08%. Thus, the requirement of PC-II is practically ignored in almost all cases.
2. *Revised PC-I:* Among the 121 completed projects, revised PC-I was approved for 17 projects (14.05%). In the 82 on-going projects, revised PC-I has already been approved for 18 projects (21.95%).
3. *Budget:* Data was available for 88 completed projects during the last five years, which showed that:
  - a. The total budget released was short of the annual approved budget by Rs. 2.278 billion, with an average shortfall of Rs. 25.890 million per project. Overall, the annual budget released was 89.67% of the budget approved.
  - b. The total annual expenditure by Pak PWD short of the budget released by Rs. 223.428 million, with an average shortfall/saving of Rs. 2.54 million. Overall, Pak PWD utilized 95.78% of the budget released and saved the remaining.
  - c. The above findings are graphically represented below:

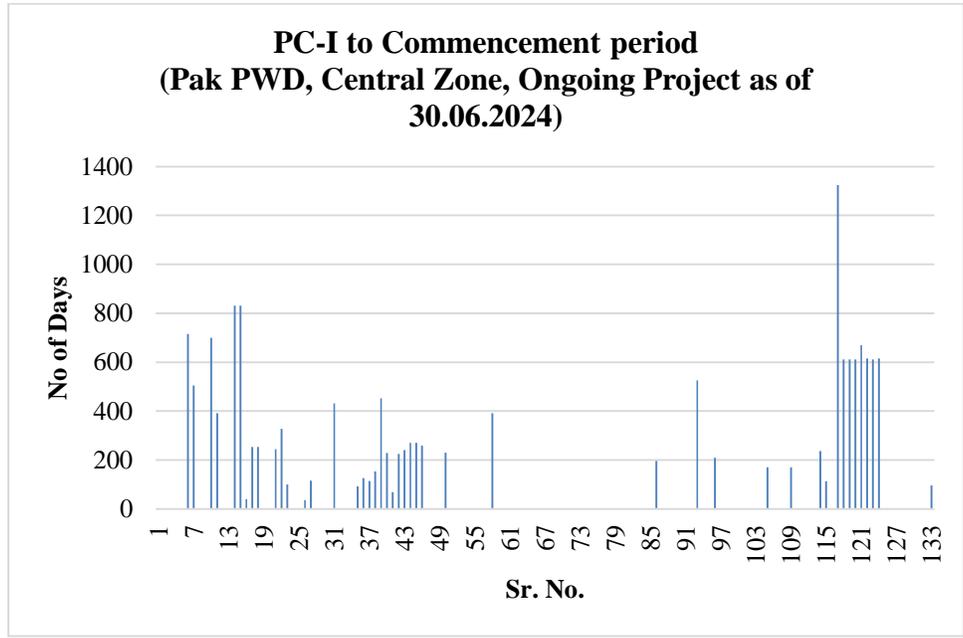


4. *Delay in commencement of operations:*

- a. Data was available for 53 completed projects, which showed an average delay of 242 days (almost 8 months) between the approval of PC-I and commencement of operations, with a delay of more than 365 days in six cases. In terms of percentage, these projects commenced operations after 61% of the time estimated in PC-I had already lapsed in awarding the contract and handing the site to the contractor, exacerbating the time and cost overruns after commencement of operations. The greatest delay was 1,649 days (almost four and a half years) in “Establishment of Inland Revenue Office at Chiniot”. The data is graphically represented below.

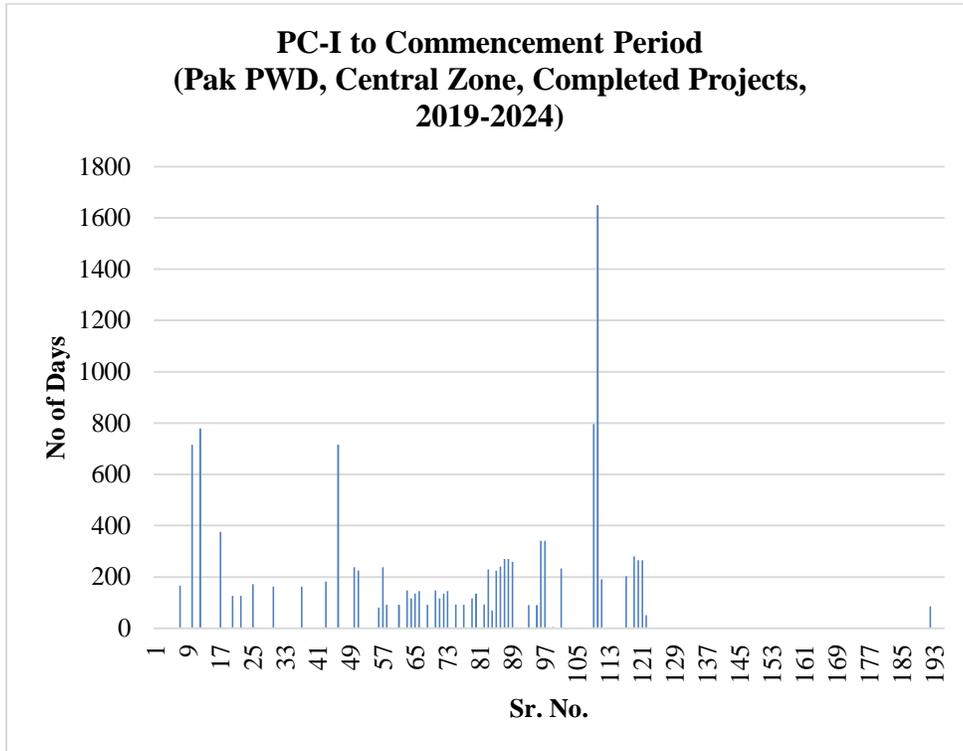


b. Similarly, clean data was available for 45 on-going projects, which showed an average delay of 362 days (almost one year) between the approval of PC-I and commencement of operations, with a delay of more than 365 days in 17 cases. In terms of percentage, these projects commenced operations after 73% of the time estimated in PC-I had already lapsed in awarding the contract and handing the site to the contractor, exacerbating the time and cost overruns after commencement of operations. The greatest delay was 1324 days (more than three and a half years) in “Installation of Weather Surveillance Radar at Multan”. The data is graphically represented as follows:



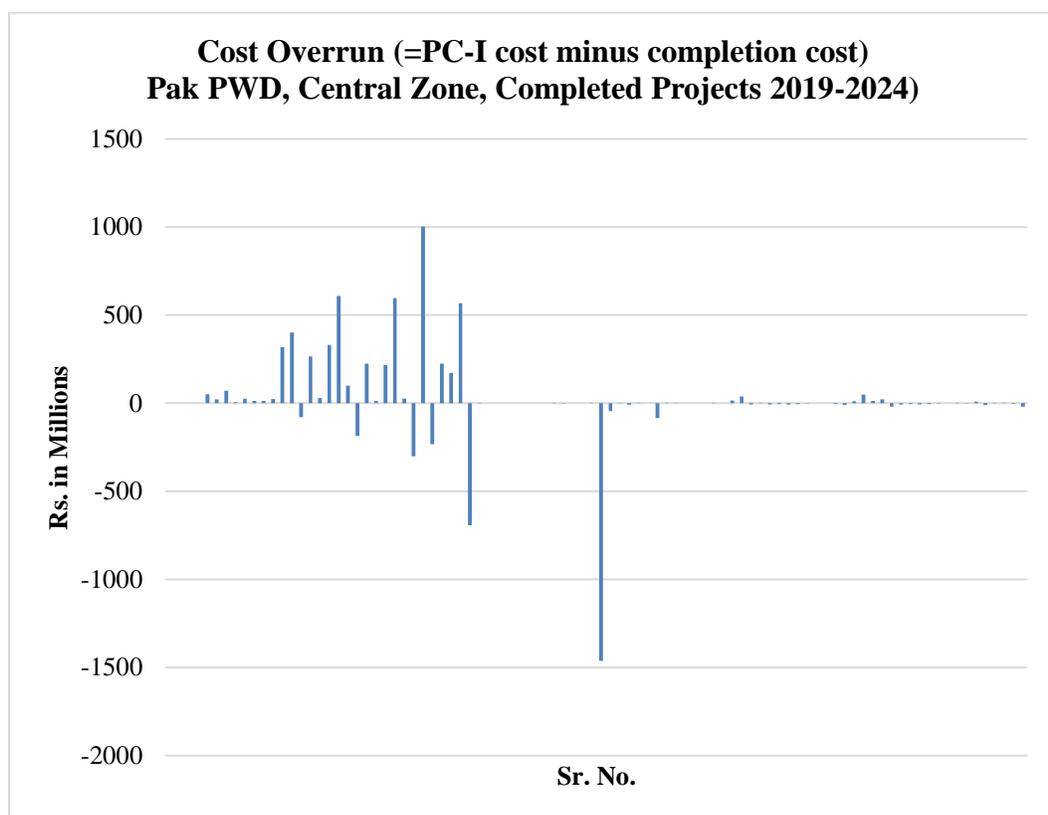
5. *Time overruns for completed projects:*

Data was available for 88 completed projects for which time overrun was calculated by first calculating completion time as the period between notice of commencement and completion date and then subtracting this period from the time estimated in original PC-I. The analysis showed that there was an average time overrun of 100.15 days per project, with the total number of days as time overrun being 8,813 days. In terms of percentage, total net time overrun for these 88 projects was 127.98% (= [total completion time / total PC-I time] \*100). The greatest time overrun was 1,540 days (more than four years) in “Construction of Office, Laboratory and Quarantine House of Animal Quarantine Station at Multan”. However, some projects were completed well before time as well. The data is graphically represented as follows:



6. *Cost overruns for completed projects:*

Data was available for 88 completed projects for which cost overrun was calculated by subtracting completion cost from the cost estimated in original PC-I. Surprisingly, the analysis showed that, on average, there was an average cost saving of Rs. 26.083 million per project, with the total savings being Rs. 2,295.321 million. In terms of percentage, total cost saving for these 88 projects was 14.47%, i.e., these projects were completed at 85.63% of their estimate cost (= [total completion cost / total PC-I cost] \*100). The greatest cost overrun was Rs. 1,461.610 million (against cost estimate in original PC-I of Rs. 400 million) in “Construction of Road / Tuff Paver/Nallah/Soling/Drain/Culverts/ Sewer Pipe / bridge in Tehsil Malikwal, Phalia and Mandi Bahauddin, District Mandi Bahauddin”. The data is graphically represented as follows:



## **7. Departmental Responses**

Just like Audit has frequently raised observations with regards to specific areas of concern in this Thematic Audit, the Department, in reply, has also frequently raised the issue of lack of timely release of funds and timely acquisition of land as factors causing time and cost overruns and delay in commencement of operations, respectively.

## **8. Conclusion**

In light of the analysis above, Audit reached the following conclusions:

1. The requirement of feasibility study (PC-II) is practically ignored in almost all cases. In the absence of correct and strong foundation of the feasibility study, all projects are bound to suffer from time and cost overruns during the execution stage, frequently creating the need to revise PC-I. Primary responsibility be substituted; in this regard; falls on project approving authorities, i.e., DWPs, DDWPs, CDWP, and ECNEC etc.
2. Necessary budget allocation and its timely release is also found deficient in most cases, again emphasizing the importance of approving correct and strong feasibility studies before approving the project for execution. Primary responsibility in this regard; falls on the Finance Division.
3. Significant delays in commencement of operations point towards deficient land acquisition methods, the primary cause of which is the inadequate cost of acquisition and relocation paid to the affectees under Land Acquisition Act, 1894.

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<sup>13</sup> Annual Report 2022-23: 5.4.10 (Rs. 200.462 million), 5.4.11 (Rs. 192.394 million), 5.4.24 (Rs. 56.485 million); AR 2021-22: 5.4.19 (Rs. 139.536 million), 5.4.33 (Rs. 19.374 million); AR 2020-21: 5.5.1 (Rs. 1,172.308 million), 5.5.3 (Rs. 378.321 million).

4. Most projects suffer time overruns during execution stage, not because of incompetence or corruption on the part the executing agency/project management unit, but because of deficient planning by avoiding feasibility studies (PC-II), obsolete land acquisition methods and delayed release of funds, as discussed above.
5. Cost overruns are frequently found in regularity audit of the public works but are not reported by the executing agencies due to unreliable accounting of projects by the executing agencies and lack of credible external monitoring and reporting mechanisms. Primary responsibility in this regard; falls on the Planning Commission and the Pakistan Engineering Council.

## **9. Recommendations**

In light of the analysis above, Audit proffers the following recommendations to prevent time and cost overruns in the execution of development projects by Pak PWD/its successor organization as well as all other federal executing agencies of development projects, including autonomous organizations:

- i. *Feasibility study:*
  - a. Parliament should amend the Public Finance Management Act, 2019, to provide that a proper feasibility study is mandatory for all development projects regardless of their size and that no funding shall be issued by the Finance Division to projects that are not based on such feasibility study or have not been cleared by the Environmental Protection Agency through IEE or EIA.
  - b. Planning Commission should revise the PC-II proforma for feasibility study to incorporate the requirements of a detailed baselines survey and needs assessment of intended beneficiaries as well as a credible survey of market price of land and structures that would need to be acquired for the project.

- c. Political governments should be advised to avoid announcing the projects for which proper feasibility studies have not been completed yet.

ii. *Funding:*

- a. Public Finance Management Act, 2019 should be amended to provide that, upon change of political government, the new Government may apply to Court to seek cancellation of pending projects approved or initiated by previous government by giving cogent reasons, like challenging its technical feasibility or needs assessment. Conversely, contractors and beneficiaries of such pre-existing projects should also be entitled to approach the Court to force new government to release funds for their execution.

iii. *Land acquisition and timely commencement of operations:*

- a. To ensure timely and peaceful site possession for public projects within a year of approval of PC-I, Land Acquisition Act, 1894 should be amended to provide for a purchase price based on: (a) market price of both land and structures estimated during the feasibility study, and (b) a premium of at least 10% as costs of persuasion and transition/relocation.
- b. PPRA Ordinance/Rules should be amended to provide that contracts for public works should only be awarded after the site has been fully secured and possessed so that notice to commence operations can be issued within the standard period of 14 days after signing of contract.
- c. Planning Commission should amend its instructions to provide that if a contract has not been awarded within one year of the approval of PC-1, the entire project should be halted and sent back for review of competent authority (NEC, CDWP, DDWP or DWP) to issue revised PC-I based on review of time and cost estimates.

IV. *Execution and monitoring:*

- a. Public Finance Management Act, 2019 should be amended to provide that all executing agencies of development projects, including autonomous bodies, should prominently display on their website all interim payment certificates (IPCs), along with all supporting documents, within seven (07) days of their payment.
- b. Planning Commission and the Pakistan Engineering Council should ensure regular site inspections of development projects by their engineers as already provided in their respective governing laws.
- c. Planning Commission should issue fresh instructions to clearly state that all self-financed autonomous bodies are also subject to its monitoring mechanisms, just like other federal executing agencies.
- d. Every completed project (post-PC-IV) should be subjected to performance audit by Auditor General of Pakistan. The human, financial and technical resources of the relevant field.

### Annexure-1: MFDAC

1,392 Paras of under-mentioned departments/organizations have been placed in MFDAC for further follow up and compliance on the part of Principal Accounting Officers which are to be complied through Departmental Accounts Committee/ verification within a year. In case of non-compliance and after further improvement, paras deemed appropriate will be included in next Audit Report.

S. No.	Name of Department/ Organization	Paras in MFDAC
1.	National Highway Authority	403
2.	Capital Development Authority/ Metropolitan Corporation Islamabad	255
3.	Civil Aviation Authority	202
4.	Pakistan Public Works Department	390
5.	Estate Office	18
6.	Pakistan Housing Authority Foundation	25
7.	National Construction Ltd.	7
8.	Federal Government Employees Housing Authority	35
9.	Higher Education Commission	39
10.	Sindh Infrastructure Development Company Limited	4
11.	Federal Board of Revenue	14
	<b>Total</b>	<b>1,392</b>

**Detail of MFDAC Paras  
National Highway Authority**

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
1.	General Manager (Maintenance), Punjab-North, NHA Lahore	1	Non recovery of dues from the owners of business operating on ROW of NHA – Rs. 996.56 million
2.	General Manager (Maintenance), Punjab-North, NHA Lahore	3	Undue benefit to contractor due to non-obtaining of additional performance security of the work Rs. 60.400 million
3.	General Manager (Maintenance), Punjab-North, NHA Lahore	4	Unjustified payment to the defaulter contractor of Rs. 21.386 million
4.	General Manager (Maintenance), Punjab-North, NHA Lahore	5	Unjustified acceptance of bid on unworkable below% beyond the directions of the NHA Executive Board Rs. 238.169 million
5.	General Manager (Maintenance), Punjab-North, NHA Lahore	6	Overpayment due to execution of Asphalt Wearing Course on shoulder beyond the specification/RAMS Rs. 11.349 million
6.	General Manager (Maintenance), Punjab-North, NHA Lahore	7	Overpayment due to excessive measurement of Asphalt Base Course beyond the construction requirement Rs. 61.048 million
7.	General Manager (Maintenance), Punjab-North, NHA Lahore	8	Doubtful/Unjustified payment of item due to inbuilt components of labour, Man Days, Tractor, Trolley, Excavator, etc. included in quoted BOQ items for Rs. 30.900 million
8.	General Manager (Maintenance), Punjab-North, NHA Lahore	11	Overpayment of price escalation due to incorrect calculation after allowing escalation on bitumen without utilization Rs. 14.204 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
9.	General Manager (Maintenance), Punjab-North, NHA Lahore	12	Unjustified expenditure on execution of Emergency work by NHA instead of District Govt. Rs. 21.023 million
10.	General Manager (Maintenance), Punjab-North, NHA Lahore	16	Overpayment due to execution of excessive work beyond the agreement/BOQ- Rs. 37.353 million
11.	General Manager (Maintenance), Punjab-North, NHA Lahore	17	Overpayment due to execution of items beyond the construction requirement with excessive width Rs. 17.086 million
12.	NHA R&F Rawalpindi-Kahuta Road	1	Irregular Award of Work with a Delay of more than 04 Years after the Tendering Process – Rs. 3,650.00 Million
13.	NHA R&F Rawalpindi-Kahuta Road	2	Excess Payment of Rs. 98.422 Million due to Excess Quantities
14.	NHA R&F Rawalpindi-Kahuta Road	4	Unauthentic Quality of Steel without Evidence of Invoices – Rs. 116.641 Million
15.	NHA R&F Rawalpindi-Kahuta Road	5	Excess Payment of Price Variation beyond PC-I Provision - Rs. 643.996 Million
16.	NHA R&F Rawalpindi-Kahuta Road	7	Non-Adjustment/Submission of Vouched Accounts of Land Acquisition Advances Paid to LAC and Shifting of Utilities - RS. 50.264 Million
17.	General Manager, (Maintenance) M-I & E-35, NHA Burhan	1	Unjustified payment of price escalation beyond contract provisions - Rs. 140.216 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
18.	General Manager, (Maintenance) M-I & E-35, NHA Burhan	2	Unjustified payment of price escalation against cost of Bitumen due to non-substantiation of use of bitumen – Rs. 25.540 million
19.	General Manager, (Maintenance) M-I & E-35, NHA Burhan	3	Irregular/unauthentic execution of previous years maintenance works amounting - Rs. 1,220.379 million due to non-implementation of Annual Maintenance Plan 2022-23
20.	General Manager, (Maintenance) M-I & E-35, NHA Burhan	4	Non-imposing of liquidated damages for delay in completion of remaining work - Rs. 1.136 million
21.	General Manger RAMD NHA HQ, Islamabad	1	Wasteful expenditure on repair and maintenance of road due to non-achieving RMA objectives Rs. 60,687.192 million
22.	General Manger RAMD NHA HQ, Islamabad	2	Unjustified payment without conducting roughness test - Rs. 28,952.00 million
23.	General Manger RAMD NHA HQ, Islamabad	3	Non-obtaining of vouched account against advance payment for relocation of utilities - Rs. 367.928 million
24.	General Manger RAMD NHA HQ, Islamabad	4	Less deduction of Sales Tax on services - Rs. 11.838 million
25.	General Manger RAMD NHA HQ, Islamabad	6	Abnormal delay in execution of works valuing Rs. 1,713.88 million
26.	General Manger RAMD NHA HQ, Islamabad	8	Non-recovery/imposition of Liquidated Damages for delay in completion of work - Rs. 304.486 million
27.	General Manger RAMD NHA HQ, Islamabad	9	Defective Engineer's Estimation caused in increase in the work amounting to Rs. 247.565 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
28.	General Manger RAMD NHA HQ, Islamabad	10	Irregular & unjustified payment for disposal of unsuitable material Rs. 6.407 million
29.	General Manger RAMD NHA HQ, Islamabad	11	Overpayment due to unauthentic execution of earth work - Rs. 5.180 million
30.	General Manger RAMD NHA HQ, Islamabad	13	Irregular enhancement in contract cost due to Defective estimation through variation order – Rs. 1268.736 million
31.	General Manger RAMD NHA HQ, Islamabad	14	Non-imposition/recovery of Liquidated Damages for delay in completion of work – Rs. 900.720 million
32.	General Manager (Const) NHA, Multan	1	Non-rescission of contract at the risk and cost of the defaulting contractor Rs. 1,553.364 million
33.	General Manager (Const) NHA, Multan	2	Non-adjustment / submission of vouched accounts of advances – Rs. 118.894 million
34.	General Manager (Const) NHA, Multan	3	Non-rescission of contract at the risk and cost of the defaulting contractor Rs. 3,833.878 million
35.	General Manager (Const) NHA, Multan	4	Non-deduction of cost for revised PC-I from consultant invoices – Rs. 2.757 million
36.	General Manager (Const) NHA, Multan	5	Unjustified release of GST against contract requirement – Rs. 22.059 million
37.	General Manager (Const) NHA, Multan	6	Non-recovery of income tax as per FBR notification – Rs. 5.515 million
38.	General Manager (Const) NHA, Multan	7	Irregular payment due to change in key personnel of the consultant – Rs. 47.934 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
39.	General Manager (Const) NHA, Multan	8	Undue favour to the consultant about Rs. 1.877 million due to non-obtaining insurance policies from the consultant
40.	General Manager (Const) NHA, Multan	9	Unjustified/excess payment to consultant without execution of civil work at site Rs. 74.010 million
41.	General Manager (Const) NHA, Multan	10	Unauthentic payment without audit of accounts record of consultant – Rs. 137.869 million
42.	GM Maintenance (Punjab South) NHA Multan	1	Non-compliance of Inspection Report for rectification/recovery of defective work from the contractor – Rs. 17.000 million
43.	GM Maintenance (Punjab South) NHA Multan	3	Non provision of missing fence – Rs. 310.650 million
44.	GM Maintenance (Punjab South) NHA Multan	4	Non recovery of dues from the owners of business operating on ROW of NHA – Rs. 155.022 million
45.	GM Maintenance (Punjab South) NHA Multan	5	Unjustified payment of ACBC as a crack relief layer without requirement - Rs. 52.85 million
46.	GM Maintenance (Punjab South) NHA Multan	6	Unjustified execution of DST as crack relief layer – Rs. 43.419 million
47.	GM Maintenance (Punjab South) NHA Multan	7	Unjustified execution of DST as crack relief layer – Rs. 41.977 million
48.	GM Maintenance (Punjab South) NHA Multan	8	Overpayment due execution of item beyond construction requirement - Rs. 4.774 million
49.	GM Maintenance (Punjab South) NHA Multan	9	Overpayment due to payment of inbuilt component - Rs. 3.526 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
50.	GM Maintenance (Punjab South) NHA Multan	10	Overpayment due to application of incorrect base rate – Rs. 3.183 million
51.	GM Maintenance (Punjab South) NHA Multan	11	Overpayment due to incorrect measurements - Rs. 2.973 million
52.	GM Maintenance (Punjab South) NHA Multan	12	Overpayment due to execution of item without requirement –Rs. 2.653 million
53.	GM Maintenance (Punjab South) NHA Multan	13	Overpayment due execution of item beyond construction requirement - Rs. 1.622 million
54.	GM Maintenance (Punjab South) NHA Multan	14	Overpayment due to incorrect measurements - Rs. 1.236 million
55.	GM Maintenance (Punjab South) NHA Multan	15	Overpayment due to incorrect measurements - Rs. 1.427 million
56.	GM Maintenance (Punjab South) NHA Multan	16	Overpayment due to execution of item beyond construction requirement – Rs. 1.338 million
57.	GM Maintenance Sindh (South) Karachi	1	Non-procurement of works due to non-implementation of Annual Maintenance Plan for the financial year 2023-24 - Rs. 3,449.4 million
58.	GM Maintenance Sindh (South) Karachi	2	Execution of below specification pavement work and non-determination of recovery of less thickness of asphaltic layers than design thickness
59.	GM Maintenance Sindh (South) Karachi	3	Irregular award of work through negotiation with the successful bidder by changing the cost of work in violation of public procurement rules –Rs. 458.601 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
60.	GM Maintenance Sindh (South) Karachi	5	Loss to authority due to non-utilization of cheaper item recycling of Asphaltic Concrete - Rs. 152.325 million
61.	GM Maintenance Sindh (South) Karachi	7	Unauthentic payment due to incorrect measurement of item of work -Rs. 6.319 million
62.	GM Maintenance Sindh (South) Karachi	8	Loss to authority due to non-utilization of cheaper item recycling of Asphaltic Concrete - Rs. 35.636 million
63.	GM Maintenance Sindh (South) Karachi	9	Installation of Solar Street lights without Calibration through Pakistan National Accreditation Council approved calibration laboratories - Rs. 61.608 million
64.	GM Maintenance Sindh (South) Karachi	10	Non-determination of recovery of less thickness of asphaltic layers than design thickness
65.	GM Maintenance Sindh (South) Karachi	12	Unjustified payment due to incorrect measurement of item of work -Rs. 2.638 million
66.	GM Maintenance Sindh (South) Karachi	13	Non-handing over of Housing facilities for Supervisory staff and Labour of the PM Works to the Employer – Rs. 6.736 million
67.	GM Maintenance Sindh (South) Karachi	14	Non-provision of third party insurance by the contractor as per condition of contract – Rs. 3.075 million
68.	General Manager, (Maintenance) M-I & E-35, NHA Burhan	8	Wasteful expenditure due to non-monitoring plants/species through contractors and non-obligation of the construal provision. Rs. 18.976 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
69.	General Manager (Maintenance) NAs NHA Abbottabad	1	Non-deduction of income tax/inbuilt cost of income tax in the CSR for Rs. 20.105 million and non-deduction of retention money from contractor's payment - Rs. 12.566 million
70.	General Manager (Maintenance) NAs NHA Abbottabad	2	Unjustified payment due to non-considering the economical item of hot recycling in violation of NHA code and CSR - Rs. 84.227 million
71.	Maintenance (Sindh North) Sukkur	2	Overpayment due to less execution of work on shoulders for Rs. 6.256 million
72.	Maintenance (Sindh North) Sukkur	3	Overpayment made to contractor due to double measurement for Rs. 99.383 million
73.	Maintenance (Sindh North) Sukkur	4	Non-recovery from the contractor on account of balance/defective work for Rs. 41.027 million
74.	Maintenance (Sindh North) Sukkur	5	Non-imposition/recovery of interim delay damages from the contractor due to delay in completion of work Rs. 126.993 million
75.	Maintenance (Sindh North) Sukkur	6	Inordinate delay in implementation of Annual Maintenance Plan for the year 2015-16, 2017-18, 2018-19, 2019-20 and 2020-21 Rs. 4,234.695 million
76.	Maintenance (Sindh North) Sukkur	7	Non-implementation of Annual Maintenance Plan and non-award of contracts in due course of time for the year 2022-23 and 2023-24 for Rs. 4,791.71 million
77.	Maintenance (Sindh North) Sukkur	10	Overpayment made to contractor due to double measurement of work in detail measurement for Rs. 1.902 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
78.	Maintenance (Sindh North) Sukkur	11	Overpayment made to contractor due to less execution of work on shoulders for Rs. 2.233 million
79.	Maintenance (Sindh North) Sukkur	12	Unauthorized payment made to contractor without provision in BOQ/detailed estimates and genuine requirement for Rs. 9.063 million
80.	Maintenance (Sindh North) Sukkur	14	Unjustified approval of variation order Rs. 21.559 million
81.	Maintenance (Sindh North) Sukkur	15	Unauthentic payment of Rs. 7.738 million
82.	General Manager Maintenance (Baluchistan North) NHA, Quetta	1	Non-achievement of objectives due to non-procurement of works under Annual Maintenance Plan 2023-24 Rs. 1,727.80 million
83.	General Manager Maintenance (Baluchistan North) NHA, Quetta	2	Loss to Authority due to reduction in approved scope of works duly approved under AMP 2022-23 & 2023-24 by applying the higher rates in revised estimates amounting Rs. 1,930.701 million.
84.	General Manager Maintenance (Baluchistan North) NHA, Quetta	3	Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed works Rs. 2,104.637 million
85.	General Manager Maintenance (Baluchistan North) NHA, Quetta	4	Undue financial benefit to the contractors due to accepting the performance security of insurance company instead of Scheduled Bank as required under contract clause - Rs. 628.002 million
86.	General Manager Maintenance (Baluchistan North) NHA, Quetta	5	Overpayment due to execution of Non-BOQ items beyond the approved scope of work amounting Rs. 30.179 million.

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
87.	General Manager Maintenance (Baluchistan North) NHA, Quetta	7	Loss due to duplicate award of structural overlay work in the same reaches amounting Rs. 190.834 million
88.	General Manager Maintenance (Baluchistan North) NHA, Quetta	9	Irregular construction of three service areas for Zaireen at Quetta-Taftan Road (N-40) outside the ROW from Road Maintenance Account (RMA) amounting Rs. 895.059 million.
89.	General Manager Maintenance (Baluchistan North) NHA, Quetta	11	Overpayment due to execution of cut back asphalt instead of emulsified for tack coat -Rs. 5.956 million
90.	General Manager Maintenance (Baluchistan North) NHA, Quetta	12	Overpayment due to allowing costly item DST as crack relief layer beyond the specification Rs. 16.383 million
91.	General Manager Maintenance (Baluchistan North) NHA, Quetta	13	Un-due Financial benefit to the Contractors due to Non-deduction /Less-deduction of Income Tax Rs. 159.154 million
92.	General Manager Maintenance (Baluchistan North) NHA, Quetta	15	Overpayment due to execution of excessive width for asphaltic items than correspondence items amounting Rs. 14.00 million
93.	General Manager Maintenance (Baluchistan North) NHA, Quetta	16	Overpayment due to execution of excessive width against ACBC & ACWC items amounting Rs. 1.840 million
94.	G. M (Const.) KPK Peshawar	1	Loss to Government exchequer due to Mis-management Rs. 552.207 million.
95.	G. M (Const.) KPK Peshawar	2	Overpayment due to violation of General Specification Rs. 8.805 million.

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
96.	G. M (Const.) KPK Peshawar	3	Un-authorized and undue financial aid to contractor Rs. 93.515 million.
97.	G. M (Const.) KPK Peshawar	4	loss to Government Exchequer due to mismanagement of Rs. 61.759 million and excess payment of Rs. 24.547 million.
98.	G. M (Const.) KPK Peshawar	5	Overpayment due to violation of General specification Rs. 4.039 million.
99.	G. M (Const.) KPK Peshawar	7	Un-reliable payment regarding filling un-suitable area Rs. 3.329 million.
100.	G. M (Const.) KPK Peshawar	8	Overpayment due to violation of specification Rs. 1.686 million.
101.	G. M (Const.) KPK Peshawar	9	Un-due financial benefit to contractor due to over plus measurement Rs. 10.889 million.
102.	G. M (Const.) KPK Peshawar	10	Non-recovery of premium of Rs. 130.592 million due to non-obtaining of insurance guarantees - Rs. 13059.558 million
103.	G. M (Const.) KPK Peshawar	11	Un-authorized and undue financial aid to contractor Rs. 699.253 million.
104.	G. M (Const.) KPK Peshawar	13	Incorrect payment of Price Adjustment due to wrong source of Price Rs. 773.567 million.
105.	G. M (Const.) KPK Peshawar	14	Overpayment due to execution of excessive quantities than provision in variation order Rs. 626.761 million.
106.	G. M (Const.) KPK Peshawar	15	Overpayment due to over lapping of measurement of item Rs. 1.977 million.
107.	G. M (Const.) KPK Peshawar	16	Overpayment due to violation of specification Rs. 1.382 million.
108.	G. M (Const.) KPK Peshawar	17	Un-authentic payment due to incorrect record entries in Measurement Book Rs. 8.052

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			million
109.	G. M (Const.) KPK Peshawar	18	Overpayment due to abnormal and incorrect record entries in Measurement Book Rs. 17.835 million.
110.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	1	Non-carrying out inspection of ongoing construction projects/works to assure quality of executed work valuing Rs. 4,691.35 million
111.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	2	Unauthentic payment of earth works without classification – Rs. 1,982.821 million
112.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	7	Un-due financial benefit to contractor due to payment of item without actual execution -Rs. 118.710 million
113.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	8	Non recovery due to non-utilization of available stone in base material – Rs. 116.113 million
114.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	10	Overpayment on account of price adjustment on un-utilized items and without actual work done executed as per monthly progress report – Rs. 99.728 million
115.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	11	Non recovery of inbuilt component cost – Rs. 99.141 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
116.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	12	Loss due to insertion of quantities in variation order over and above the backup calculations – Rs. 78.277 million
117.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	13	Award of road work without acquisition and clear possession of land –Rs. 3,016.72 million
118.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	17	Overpayment due to non-deduction of stacking charges component - Rs. 158.728 million
119.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	18	Non fulfillment of contractual obligations and non-imposition of liquidated damages –Rs. 140.867 million
120.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	19	Overpayment on account of price adjustment on un-utilized items and without actual work done executed as per monthly progress report – Rs. 115.787 million
121.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	20	Non recovery of inbuilt component cost – Rs. 79.364 million
122.	General Manager Construction, KPK, Chitral Including Gilgit - Shandur Road Project	22	Unjustified payment on account of adjustment of rates - Rs. 106.223 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
123.	GM Construction Khuzdar	1	Inadmissible payment on account of borrow earth for item No. 108-c without following NHA specification for Rs. 1,426.89
124.	GM Construction Khuzdar	4	Overpayment due to allowing inadmissible excavated material used in formation of embankment for Rs. 31.233
125.	GM Construction Khuzdar	6	Non deduction of trimming charges from the formation of embankment for Rs. 71.839 million
126.	GM Construction Khuzdar	7	Inadmissible payment on account of Escalation due to non-execution of bituminous item of work for Rs. 63.107 million
127.	GM Construction Khuzdar	9	Overpayment to the contractor due to non-adjustment of the downward spray rate for Rs. 45.423 million
128.	GM Construction Khuzdar	10	Loss to public exchequer due to non-deduction of income tax from the contractor's IPCs for Rs 23.541 million
129.	GM Construction Khuzdar	11	Irregular payment of mobilization advance to the contractors due to non-obtaining of Bank Guarantee for Rs. 145.697 million
130.	GM Construction Khuzdar	12	Non-deduction of income tax from the payment made to the consultant for Rs. 7.256 million
131.	GM Construction Khuzdar	13	Non-adjustment of Advances for acquisition of land for Rs. 200
132.	GM Construction Khuzdar	14	Unjustified/unauthorized payment on account of Security Guards/FC Hiring for Rs. 51.437 million
133.	GM Construction Khuzdar	15	Non-adjustment of Advances for acquisition of land for Rs. 50 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
134.	G. M (Const.) Quetta	1	Non- recovery on account of less thicknesses of asphalt wearing course despite expiry of DLP of work valuing Rs. 7.169 million
135.	G. M (Const.) Quetta	2	Non-preparation of PC-IV of the project and non-finalization/closure of project accounts –Rs. 13,758 million
136.	G. M (Const.) Quetta	3	Unauthorized issuance of DLC without compliance of M&I observations – Rs. 3,047.994 million
137.	G. M (Const.) Quetta	4	Non-conducting Inspection by M&I Wing and TOC despite completion of the project since 2021- Rs. 13,758 million
138.	G. M (Const.) Quetta	5	Improper Assets Management /Non-handing over of project vehicles to NHA H/Q after completion of the project - Rs. 82.00 million
139.	G. M (Const.) Quetta	6	Unjustified/extra expenditure on price adjustment due to delay in commencement of work – Rs. 170.220 million
140.	G. M (Const.) Quetta	8	Non-accountal/recovery of dismantled material - Rs. 4.492 million
141.	G. M (Const.) Quetta	9	Non-recovery due to non-conducting of tests – Rs. 16.201 million
142.	G. M (Const.) Quetta	10	Non-deduction of bend deduction during calculation of rebar length- Rs. 3.055 million
143.	G. M (Const.) Quetta	11	Overpayment due to non-deduction of area of other item of road work – Rs. 7.359 million
144.	G. M (Const.) Quetta	12	Non-accountal/recovery of dismantled material - Rs. 5.440

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			million
145.	G. M (Const.) Quetta	13	Loss due to non-procurement of vehicles and incurring expenditure on rental vehicles more than the vehicles to be procured – Rs. 4.440 million and unjustified increase in bill No. 07 amount - Rs. 34.560 million
146.	G. M (Const.) Quetta	14	Unjustified/extra expenditure on price adjustment due to delay in commencement of work – Rs. 102.464 million
147.	G. M (Const.) Quetta	15	Non-adjustment / non-submission of vouched accounts of advance payments and non-mutation of land – Rs. 5,218.142 million
148.	G. M (Const.) Quetta	16	Non-provision of additional and original performance security causing undue favor to the contractor – Rs. 12.626 million
149.	G. M (Const.) Quetta	19	Unjustified/extra expenditure on price adjustment due to delay in commencement of work – Rs. 308.919 million
150.	G. M (Const.) Quetta	21	Non-provision of additional and original performance security causing undue favor to the contractor – Rs. 12.573 million
151.	G. M (Const.) Quetta	22	Over payment due to execution of inadmissible item for - Rs. 18.069 million
152.	G. M (Const.) Quetta	23	Unjustified/overpayment on account of general items-Rs. 69.824 million
153.	G. M (Const.) Quetta	24	Over payment due to execution of inadmissible item for - Rs. 14.893 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
154.	G. M (Const.) Quetta	25	Overpayment due to excessive measurement – Rs. 4.555 million
155.	G. M (Const.) Quetta	26	Non-provision/revalidation of performance security causing undue favor to the contractor – Rs. 8.750 million
156.	G. M (Const.) Quetta	27	Non recovery due to non-utilization of available stone in base material – Rs. 42.353 million
157.	G. M (Const.) Quetta	28	Unjustified/excess payment of escalation without execution of relevant item – Rs. 124.430 million
158.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	1	Non-recovery of 4 <sup>th</sup> & 5 <sup>th</sup> installment of Staggered Guaranteed Payment with interest from the Concessionaire
159.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	3	Non recovery on account of cost of construction of work from concessionaire
160.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	5	Non-imposition/recovery of liquidated damages from the contractor due to slow progress/delay in completion of work
161.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	7	Unjustified payment to the contractor on account of maintenance of Material Testing Laboratory (Settled by the worthy Director General)
162.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	8	Expected loss due to non-recovery of NHA Revenue Share (concession year 11 to 20) millions of Rupees
163.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	10	Overpayment due to excessive measurement of item of work asphalt wearing course than tack coat

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
164.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	11	Inordinate delay in implementation of Annual Maintenance Plan by non-completion of contract
165.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	12	Overpayment due to double measurement of routine maintenance works
166.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	13	Non-preparation of the Engineer Estimates of the routine maintenance works on the basis of accurate data
167.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	14	Unjustified creation of re-appropriation of items of work beyond the provisions of NHA Code
168.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	15	Undue benefit to the contractor in the advance payment without recording of detail measurement
169.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	16	Overpayment due to excessive measurement of item of work prime coat than item of asphalt base course
170.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	17	Undue benefit to the contractor in the shape of unnecessary inclusion/execution of non-schedule items and acceptance of premium thereon
171.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	18	Un-justified payment to contractors/operators on account of Patrolling Contracts for stolen of fence
172.	G. M (Maint) Motorways (M-2 & M-4) Kalarkahar	19	Undue benefit to the contractor due unjustified payment on account of execution of item of work beyond the RMA Rules

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
173.	G.M (Maint) Gwadar	2	An act to compromise transparency in award of work.
174.	G.M (Maint) Gwadar	3	Overpayment due to execution of items of work beyond the actual requirement.
175.	G.M (Maint) Gwadar	4	Likely compromise quality of the work due to execution of work without work programme.
176.	G.M (Maint) Gwadar	5	Un-authentic execution of items of work.
177.	G.M (Maint) Gwadar	6	Unauthentic expenditure.
178.	G.M (Maint) Gwadar	7	Overpayment due to execution of inadmissible item.
179.	G.M (Maint) Gwadar	8	An act to compromise transparency in award of work.
180.	G.M (Maint) Gwadar	9	Unauthentic execution of work without preparation of X-section.
181.	G.M (Maint) Gwadar	10	Overpayment due to execution of inadmissible item.
182.	General Manager (Maintenance), Muzaffarabad	1	Unauthentic payment on account of execution of item of work due to non-availability of test reports - Rs. 41.775 million
183.	General Manager (Maintenance), Muzaffarabad	2	Loss of Rs. 54,508,073 due to damaging NHA road
184.	General Manager (Maintenance), Muzaffarabad	3	Irregular Award of Work Amounting to Rs. 62.087 Million without Possession of Site/Land
185.	General Manager (Maintenance), Muzaffarabad	4	Non Recovery of Mobilization Advance Rs. 54.886 Million
186.	General Manager (Maintenance),	5	Non-deduction of Income Tax amounting to Rs 3,842,032

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Muzaffarabad		
187.	General Manager (Maintenance), Muzaffarabad	6	Loss to Authority due to non-recovery of cost of defective work from the contractor - Rs. 33.05 million
188.	General Manager (Maintenance), Muzaffarabad	9	Overpayment to the contractor due to non-execution of roughness survey Rs. 30.913 million
189.	General Manager (Maintenance), Muzaffarabad	11	Loss due to acceptance of single tenders – Rs. 15.387 million
190.	GM Construction Khuzdar NHA Projects	2	Un-authentic payment of Diesel component without obtaining sales tax invoices, verification of source and quality of supply of Diesel of standard specification valuing Rs. 882.229 million
191.	GM Construction Khuzdar NHA Projects	3	Irregular payment due to imbalance Rates beyond CSR 2014 on execution of Plum Concrete Rs. 1540.506 million
192.	GM Construction Khuzdar NHA Projects	4	Non- recovery due to non-provision and maintenance of furnished site office– Rs. 27.240 million
193.	GM Construction Khuzdar NHA Projects	6	Non- recovery due to non-provision and maintenance of furnished site office– Rs. 27.240 million
194.	GM Construction Khuzdar NHA Projects	7	Non-completion of the project as per PC-1 implementation period for an amount of Rs. 28,835.22 million
195.	GM Construction Khuzdar NHA Projects	8	Non- recovery due to non-provision and maintenance of furnished site office– Rs. 32.820 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
196.	GM Construction Khuzdar NHA Projects	9	Unauthentic execution of plum concrete works – Rs. 39.060 million
197.	GM Construction Khuzdar NHA Projects	10	Non-recovery of income tax from the contractor - Rs. 9.00 million
198.	GM Construction Khuzdar NHA Projects	11	Unauthentic payment of Rs. 4.086 million and non-recovery on account of cost difference for trainee engineers - Rs. 2.050 million
199.	GM Maintenance KPK Peshawar	1	Irregular payment on account of previous year's liabilities without specific budget in the year of payment Rs. 10,156.000 million
200.	GM Maintenance KPK Peshawar	2	Abnormal delay due to non-execution of awarded works-Rs. 344.931 million
201.	GM Maintenance KPK Peshawar	5	Non-imposition and recovery of liquidated damages from the contractor – Rs. 176.371 million
202.	GM Maintenance KPK Peshawar	6	Non-obtaining of vouched account against advance payment to LAC and Mutation in the Name of NHA- Rs. 63.015 million
203.	GM Maintenance KPK Peshawar	7	Non-observance of PEC instructions for gauging previous performance of the contractors while evaluating/awarding the contracts - Rs. 2,093.73 million
204.	GM Maintenance KPK Peshawar	8	Irregular/unauthentic acceptance of bids on the basis of un-workable rates offered and accepted by the NHA for Maintenance Work Rs. 57.898 million
205.	GM Maintenance KPK Peshawar	9	Non-conducting of inspection of the completed works-Rs. 269.055

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			million
206.	GM Maintenance KPK Peshawar	10	Unauthentic execution of plum concrete works – Rs. 32.068 million
207.	GM Maintenance KPK Peshawar	11	Excessive expenditure due to execution of expensive item - Rs. 12.343 million
208.	GM Maintenance KPK Peshawar	12	Non-insurance of work costing of Rs. 678.280 million and recovery of premium of Rs. 6.782 million
209.	GM Maintenance KPK Peshawar	13	Overpayment due to excessive measurement - Rs.45.325 million
210.	GM Maintenance KPK Peshawar	14	Non-revalidation/renewal of Performance Security - Rs. 20.474 million
211.	G M Yarik - Sagu Motorway (M-14)	1	Irregular execution of the project without feasibility study (PC-II) from the competent forum Rs. 76,486.231 million
212.	G M Yarik - Sagu Motorway (M-14)	2	Irregular execution of item of work and payment made to the contractor without the approval of borrow pits for formation of embankment for Rs. 605.146 million
213.	G M Yarik - Sagu Motorway (M-14)	3	Irregular execution of work without the approved cross section of road from the competent authority for Rs. 605.146 million
214.	G M Yarik - Sagu Motorway (M-14)	4	Non-achievement goals/benefits due to delay in execution of project Rs. 76,486.231 million
215.	G M Yarik - Sagu Motorway (M-14)	5	Un-authorize extension in execution period of the development project Rs. 76,486.231 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
216.	G M Yarik - Sagu Motorway (M-14)	6	Delay in execution of work leads to increase the project cost and possible price escalation and imposition of penalty Rs. 2,170.555 million
217.	G M Yarik - Sagu Motorway (M-14)	7	Non-adjustment/submission of vouched accounts of advances - Rs. 13.443 million
218.	G M Yarik - Sagu Motorway (M-14)	11	Non-mutation of land in the name of NHA – Rs. 156.291 million
219.	G M Yarik - Sagu Motorway (M-14)	12	Retention of funds in excess of award amount – Rs. 257.289 million
220.	G M Yarik - Sagu Motorway (M-14)	13	Likely extra burden on public exchequer due to delayed disbursement of compensation of land - Rs. 257.289 million
221.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	1	Overpayment due to non-deduction of cost of available stone – Rs. 1.469 million
222.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	2	Unjustified expenditure on account of removal of debris for Rs. 1,000,000 and overpayment due to higher cost against general items/contingencies - Rs. 5.998 million
223.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	3	Non-accountal/recovery of dismantling of steel from the old bridge - Rs. 5.293 million
224.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	4	Non-obtaining insurance coverage of RCC Bridge constructed at Hassanabad Nullah at KKH – Rs. 3.425 million.
225.	General Manager (GB), Gilgit NHA including Jaglot	5	Unjustified inclusion of withholding tax in exempted area- Rs. 21.023 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Skardu Project		
226.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	6	Loss due to award of routine maintenance works on KKH on terms & length basis at higher rate - Rs. 683.18 million
227.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	7	Double payment / overpayment on KKH from Sost to Khunjrab – 409.693 million and payments without detailed measurements.
228.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	8	Irregular award/execution of snow clearance works at Khunjrab – Rs. 680.317 million and non-deduction of security deposit – Rs 68.031 million.
229.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	9	Irregular payment of price adjustment by fixing of lessor base rates of items due to delay in start of work – Rs. 4.764 million
230.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	11	Loss due to less installation of metal guard rails at various dangerous bends/hilly roads - Rs. 132.703 million
231.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	14	Unauthorized execution of stone masonry works in violation of original design - Rs. 2,810.246 million
232.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	15	Irregular award of additional work/bridge work without fresh tenders - Rs. 96.777 million
233.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	16	Unjustified expenditure for restoration of damaged works – Rs. 10.324 million and overpayment of Rs. 5.162 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
234.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	17	Non-recovery of insurance claim of damaged roads due to suspension of works – Rs. 10.324 million
235.	General Manager (GB), Gilgit NHA including Jaglot Skardu Project	18	Irregular expenditure due to execution of non-schedule item without any detailed estimate and detailed measurement - Rs. 10.324 million
236.	G. M, (Maintenance) South Khuzdar	1	Overpayment payment of price escalation due to applying in-correct current rate of iron bars for IPC-02 – Rs. 2.694 million
237.	G. M, (Maintenance) South Khuzdar	2	Unjustified payment due to non-conforming ratio of material used – Rs. 4.138 million
238.	G. M, (Maintenance) South Khuzdar	4	Wasteful expenditure due to execution of un-necessary work - Rs. 16.409 million
239.	G. M, (Maintenance) South Khuzdar	5	Non-imposition of Liquidated Damages - Rs. 120.354 million
240.	G. M, (Maintenance) South Khuzdar	7	Non-Procurement of 11 works due to Non-implementation of Annual Maintenance Plan for the financial year 2022-23 & 2023-24 - Rs. 1,868.523 million
241.	G. M, (Maintenance) South Khuzdar	8	Irregular award of works without detailed quantities in BOQ – Rs. 121.910 million
242.	G. M, (Maintenance) South Khuzdar	9	Non-handing over / taking over of Laboratory material & Furniture Fixture - Rs. 19.00 million
243.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	1	Unauthorized/excess payment made to contractor on account of Price adjustment for Rs. 250.059 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
244.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	2	Unauthorized payment of the final bill without the execution of the balance work of the project for - Rs. 107.697 million
245.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	3	Unjustified payment of delayed payment claims to the contractor for - Rs. 11.832 million
246.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	4	Irregular functional/opening of motorway without the installation of Intelligent Transport System for - Rs. 3,839.00 million
247.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	5	Overpayment due to less reduction of offered rebate by the contractor – Rs. 25.669 million
248.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	6	Unauthorized payment of price adjustment to contractor beyond the revised deadline for completion for - Rs. 104.279 million
249.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	7	Non-imposition and recovery of liquidated damages due to non-completion of work in due course of time for - Rs. 704.486 million
250.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	8	Irregular execution of work without the revision of PC-I of the project for Rs. 124,00.007 million
251.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	9	Non-accountal/disposal of trees and un-authentic payment - Rs. 3.644 million
252.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	10	Loss to authority due to allowing higher rates of item of work - Rs. 5.375 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
253.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	11	Unjustified payment of Rs. 1,094.257 million due to non-revision of rates
254.	Construction of Motorway Burhan Hakla (on M-1) to D.I. Khan	12	Overpayment due to less reduction of offered rebate by the contractor – Rs. 42.285 million
255.	GM Const. Lahore	1	Unauthorized delay in completion of work and non-imposition of liquidated damages of Rs. 21.899 million
256.	GM Const. Lahore	2	Financial indiscipline due to splitting of contractor claims/bills to avoid the approval/sanction of higher authority Rs. 77.347 million
257.	GM Const. Lahore	4	Non-submission of PC-III proformas for project monitoring to the Planning Commission for Construction of 2.25 Km Missing Link Road on Okara side to connect Rai Mansab Ali Khan Kharal Bridge approach Road
258.	GM Const. Lahore	5	Non-preparation of feasibility study (PC-II) for project worth more than Rs. 500 million
259.	GM Const. Lahore	6	Non-submission of PC-III proformas for project monitoring to the Planning Commission for Construction of link Highway 04 Lines Connecting LSM link at Umerkot to Narowal via Narang Mandi Package-III KM 48+000 to Km 62+000
260.	GM Const. Lahore	7	No provision of transport and extra charging of repair & maintenance cost Rs. 3.637 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
261.	GM Const. Lahore	8	Non provision of 05 Nos Vehicles by the contractor and non-accountal/non-taking over in the Stock Register of Rs. 52.846 million
262.	GM Const. Lahore	9	Non-obtaining of insurance policy to cover work, contractor's equipment and third party insurance- Rs 103.590 million
263.	GM Const. Lahore	10	Non-provision of site facilities Rs. 10.750 million
264.	GM Const. Lahore	11	Un-authorized expenditure of Rs. 3,847.352 million due to non-obtaining of approval for 2 <sup>nd</sup> revised PC-I.
265.	GM Const. Lahore	12	Non-implementation of PM directives for the execution of project amounting to Rs.3379.452 million.
266.	GM Const. Lahore	14	Excess payment of Rs.92.248 million due to excess measurement
267.	GM Const. Lahore	15	No provision of 05 Nos Vehicles by the contractor and non-accountal/non-taking over in the Stock Register of Rs. 38.760 million
268.	GM Construction-North Quetta	1	Overpayment to contractor due to allowing price escalation without usage of specified material and payment of escalation beyond PC-I – Rs. million
269.	GM Constructio-North Quetta	3	Non-imposition and recovery of liquidated damages - Rs. 146.553 million
270.	GM Constructio-North Quetta	5	Failure to obtain additional performance security and abandoning of project due to unrealistically low bidding – Rs. 293.10 Million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
271.	GM Constructio-North Quetta	6	Non-encashment of performance Security, non-termination of Contract and not-referring the case of default to PEC for punitive action – Rs. 146.5 million
272.	GM Constructio-North Quetta	7	Non-observance of contractual obligations due to non-obtaining of insurance of works for Rs. 1,684.865 million and non-recovery of 1% premium – Rs. 14.651 million
273.	GM Constructio-North Quetta	11	Undue Financial Benefit and Overpayment to Contractor due to Allowing Price Escalation without Usage of Specified Material – Rs. 53.424 million
274.	GM Constructio-North Quetta	12	Failure of Project by Contractor due to Mismanagement by the Authority in Awarding Contracts to a Single Contractor beyond Capacity – Rs. 4,956.023
275.	GM Constructio-North Quetta	13	Unjustified Payment in Violation of NHA Specification on Account of Disposal of Unsuitable Material – Rs. 500.499 million
276.	GM Constructio-North Quetta	16	Overpayment due to non-deduction of cost/volume of trial section – Rs. 12.737 million
277.	GM Constructio-North Quetta	18	Excess payment beyond approved escalation provision and non-compliance with budgetary procedures - Rs. 562.684 million
278.	GM Constructio-North Quetta	19	Overpayment due to non-deduction of structural excavation material - Rs. 11.411

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
279.	GM Constructio-North Quetta	21	Non-implementation of ESMP causing non-addressing of environmental negative impact – 100 million
280.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	5	Non-recovery of cost of stolen vehicles from the officer for Rs. 2.098 million
281.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	6	Improper maintenance of log books of vehicles
282.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	7	Improper Maintenance of GPF accounts for the employees Rs. 142.571 million
283.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	8	Unjustified payment on account of legal expenses due to lack of proper monitoring & Inspection of legal matters - Rs. 31.155 million
284.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	9	Irregular procurement of IT equipment and incurred expenditure without approved comprehensive procurement plan for - Rs. 34.893 million
285.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	10	Un-authentic expenditure on procurement of MIS/IT items without pre-delivery inspection-Rs. 25.596 million
286.	General Manager,(Establishment), NHA,	11	Irregular procurement of (13-Nos) of laptop by alteration of approved specification and brand for Rs.

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Islamabad (Phase-II)		2.6665 million
287.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	12	Un-authorized Disposal of IT Assets
288.	General Manager,(Establishment), NHA, Islamabad (Phase-II)	13	Irregular extension/hiring of services of NHA on board (Financial and IT Analyst with allied staff) for Rs. 16.447 million
289.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	1	Irregular award of contract of Rs. 230.400 million in violation of evaluation criteria and loss of revenue - Rs. 11.200 million
290.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	2	Irregular award of contract of Rs. 1,188.000 million in violation of evaluation criteria and loss of revenue - Rs. 66.000 million
291.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	3	Non-obtaining insurances in violation of contract provisions – Rs. 1000.00 million
292.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	5	Non-implementation of Supreme Court Orders besides revenue pilferage

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
293.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	6	Loss of revenue due to award of contract at lesser rate without assessment of revenue potential/reserve price of Mansehra Service Area – Rs. 761.880 million
294.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	7	Non recovery of dues from the owners of businesses operating on ROW of NHA – Rs. 97,548.457 million
295.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	8	Irregular award of contracts in violation of conditions provided in press advertisement – Rs. 347.406 million
296.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	9	Non-reconciliation of revenue receipts with the bank statements/cash books – Rs. 2,380.628 million
297.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	10	Irregular award of BOT contracts without engineer estimates and without financial model details – Rs. 9,420.900 million
298.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	11	Non-observance of provisions of contract and non-recovery of lease money - Rs. 192.00 million
299.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	12	Obtaining of lesser amount of performance security – Rs. 582.453 million
300.	General Manager (Row) National	13	Non-recovery of outstanding dues against advance income tax and

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Highway Authority HQ Islamabad (Ph-II)		revenue installments – Rs. 1,086.978 million
301.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	14	Non-obtaining insurances in violation of contract provisions – Rs. 8,000.00 million
302.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	15	Irregular grant of NOCs for laying of optical fiber cable from Multan to Pindi Bhattian on M-4
303.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	16	Irregular grant of NOCs for Construction of Marine International Liquid Terminal (Milt, Bulk of Storage) Deh Gond Pass Tapo Gabpat Sub Division Maripur, District Keamari Karachi on M-10
304.	General Manager (Row) National Highway Authority HQ Islamabad (Ph-II)	17	Unjustified and unauthentic expenditure on departmental operation of Service Areas & Rest Areas – Rs. 148.156 million
305.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	1	Unauthentic revenue collected figures of Rs. 9,611.900 million and payment against Operations, Management and Maintenance of Motorways and Allied Facilities – Rs. 3,123.868 million
306.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	2	Overpayment due to payments against unexecuted/unperformed scope of services – Rs. 154.174 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
307.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	10	Loss of revenue due to award of contract of revenue collection of Motorways with higher Operation and Maintenance cost – Rs. 2,078,589 million
308.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	11	Excessive and unauthentic expenditure on departmental operation of Lowari Tunnel – Rs. 57.918 million
309.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	12	Non-obtaining of insurance covers against toll operations from ETTM toll operators for Rs. 3,041.809 million and non-recovery of insurance premium – Rs. 30.418 million
310.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	13	Award of contracts of ETTM toll collection at lower rates than reserve price assessed through NTRC – Rs. 535.156 million
311.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	14	Loss to public exchequer due to non-deduction of taxes - Rs. 252.823 million
312.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	16	Unauthentic payment on account of Technical Support to Upkeep Static, Mobile & SSWIM Weigh Stations - Rs. 261.371 million
313.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	17	Unauthentic payment of Rs. 38.483 million and payment of sales tax to the contractor without evidence of deposit into government treasury – Rs. 5.308 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
314.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	19	Unauthentic payment of Rs. 69.859 million and payment of sales tax to the contractor without evidence of deposit into government treasury – Rs. 9.636 million
315.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	20	Unauthentic payment of Rs. 98.030 million and payment of sales tax to the contractor without evidence of deposit into government treasury – Rs. 13.521 million
316.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	23	Accumulation of receivables on account of toll collection and weigh station collection – Rs. 29,808.096 million
317.	General Manager (Revenue) National Highway Authority Hq Islamabad (Ph-II)	24	Less collection of toll through departmental collection – Rs. 56.726 million
318.	General Manager Admin National Highway Authority Islamabad (Ph-II)	1	Non-recovery due to theft of Vehicles Rs. 4.668 million and accidental charges
319.	General Manager Admin National Highway Authority Islamabad (Ph-II)	2	Irregular appointment of fake/tempered documents and payment of pay and allowances
320.	General Manager Admin National Highway Authority Islamabad (Ph-II)	3	Irregular promotion of LDC to Stano typiest
321.	General Manager Admin National Highway Authority Islamabad (Ph-II)	4	Irregular appointment on tempered documents

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
322.	General Manager Admin National Highway Authority Islamabad (Ph-II)	5	Un-authorized appointment on deputation more than 05 years without approval of competent authority and un-due payment of deputation/NHA allowance Rs. 4.992 million
323.	General Manager Admin National Highway Authority Islamabad (Ph-II)	6	Irregular promotion of 31 Gazetted officer considering work charge service
324.	General Manager Admin National Highway Authority Islamabad (Ph-II)	7	Irregular induction of work charge employee into regular establishment of NHA
325.	General Manager Admin National Highway Authority Islamabad (Ph-II)	8	Irregular promotion to higher scale without observing length of service
326.	General Manager Admin National Highway Authority Islamabad (Ph-II)	9	Irregular induction of contract employee into regular establishment of NHA
327.	General Manager Admin National Highway Authority Islamabad (Ph-II)	11	Fraudulent appointment in NHA
328.	General Manager Admin National Highway Authority Islamabad (Ph-II)	12	Irregular appointment of disqualify person BS-18
329.	General Manager Admin National Highway Authority Islamabad (Ph-II)	13	Irregular appointment of office assistant BS-14 without codal formalities

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
330.	General Manager Admin National Highway Authority Islamabad (Ph-II)	14	Irregular appointment in BS-20
331.	General Manager Admin National Highway Authority Islamabad (Ph-II)	16	Irregular Premature increment on Time Scale & PC-I promotion without policy of NHA
332.	General Manager Admin National Highway Authority Islamabad (Ph-II)	17	Irregular time scale promotion in BS- 17 from back date
333.	General Manager Admin National Highway Authority Islamabad (Ph-II)	18	Non-recovery due to theft of Vehicles Rs. 1.129 million and accidental charges
334.	General Manager Admin National Highway Authority Islamabad (Ph-II)	19	Irregular up-gradation in violation of NHA Service Rule, 1995 and loss to NHA millions of Rupees
335.	Multan Sukkur Motorway Project, FAP	1	Unauthentic/doubtful valuation of contractor's extra claims without auditable accounts record - Rs. 20,871.460 million
336.	Multan Sukkur Motorway Project, FAP	2	Non-Recovery of liquidated damages due to non-completion of work- Rs. 60.846 million
337.	Multan Sukkur Motorway Project, FAP	3	Unauthenticated and doubtful accounting of Income Tax due to improper record maintenance and lack of reconciliation with FBR - Rs. 30,342.886 million
338.	Multan Sukkur Motorway Project, FAP	4	Unjustified/Excess Withdrawal Request to Chinese Bank – US \$2.057 million (equivalent to Rs. 591.691 million)

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
339.	Multan Sukkur Motorway Project, FAP	5	Overpayment due to already withdrawn claim of the contractor and lack of proper supporting documentation – Rs. 988.109 million
340.	Improvement of Thakot-Havelian Project, FAP	1	Non-remittance of deducted income tax/sales tax – Rs. 157.568 million
341.	Improvement of Thakot-Havelian Project, FAP	2	Non-preparation of PC-IV of the project and non-finalization/closure of project accounts – Rs. 133,281.183 million.
342.	Improvement of Thakot-Havelian Project, FAP	3	Unjustified expenditure charged to the project on account of establishment charges/salaries – Rs. 8.904 million
343.	Improvement of Thakot-Havelian Project, FAP	4	Irregular payments to consultant without audit of accounts record – Rs. 905.782 million
344.	Improvement of Thakot-Havelian Project, FAP	5	Unjustified/superfluous expenditure on ‘planting grass’ for Rs. 362.939 million and release of withheld amount on account of planting grass without details – Rs. 557.176 million.
345.	Improvement of Thakot-Havelian Project, FAP	6	Release of 2nd Half of Retention Money without M&I Report/Implementation status of M&I survey - Rs. 3,312.505 million
346.	Khyber Pass Economic Corridor Project FAP	1	Extra ordinary delay in start of Project resulting in time overrun/cost overrun - Rs. 77,907.96 million
347.	Khyber Pass Economic Corridor Project FAP	2	Unjustified expenditure charged to the project on account of salaries of environmental specialists before initiation of project works at site – Rs. 8.904 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
348.	Improvement and widening of Chakdara -Chitral road project (N-45), Section -III: Kalkatak - Chitral (48 Km)	1	Financial loss resulting in time and cost overrun due to delayed execution by the Consultant – Rs. 12,057.038 million
349.	Post-flood National Highways Rehabilitation Project (PNHRP)	1	Defective estimation caused undue enhancement in scope of work due to delay in implementation in PC-I in violation of TS estimate through variation order - Rs. 850.303 million
350.	Post-flood National Highways Rehabilitation Project (PNHRP)	3	Overpayment due to excessive measurement of item of work asphalt wearing course than tack coat - Rs. 7.40 million
351.	Post-flood National Highways Rehabilitation Project (PNHRP)	4	Unauthentic payment on account of execution of item of work due to non-availability of test reports - Rs. 269.940 million
352.	Post-flood National Highways Rehabilitation Project (PNHRP)	5	Irregular charging expenditure of land acquisition to contingency, non-obtaining of vouched account and non-mutation of land in the name of NHA - Rs. 2.534 million
353.	Post-flood National Highways Rehabilitation Project (PNHRP)	6	Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed projects
354.	Post-flood National Highways Rehabilitation Project (PNHRP)	7	Non deduction of Provincials Sale Tax from contractors Payment Rs. 556.908 million
355.	CAREC Tranche-II	4	Non revalidation of Mobilization Advance bank guarantee - Rs. 2,257.508 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
356.	CAREC Tranche-II	5	Non obtaining of performance securities upto maintenance period Rs-1372.696 million
357.	CAREC Tranche-II	6	Non-remittance of deducted income tax/sales tax – Rs. 134.481 million
358.	Rakhi Gaj Bewata Project NHA	1	Non-accountal/recovery of available stone material – Rs. 42.532 million
359.	Rakhi Gaj Bewata Project NHA	2	Unjustified expenditure due to non-handing over / taking over of office furniture, survey/laboratory equipment and vehicles and non-maintenance of assets register/stock register - Rs. 159.422 million
360.	Rakhi Gaj Bewata Project NHA	3	Non-remittance of deducted sales tax – Rs. 3.310 million
361.	Rakhi Gaj Bewata Project NHA	4	Overstatement of civil account head in financial statement - Rs. 15.694 million
362.	Rakhi Gaj Bewata Project NHA	5	Slow utilization of loan resulted in extra burden on Government exchequer in the form of accrued commitment charges amounting to JP ¥ 0.660 million
363.	General Manager (CAREC Tranche-I)	1	Irregular/overpayment to the contractor due to non-revision of Appendix-C for Price adjustment due to reduction in scope/contract cost as per variation orders for Rs. 217.645 million
364.	General Manager (CAREC Tranche-I)	2	Non-imposition/recovery of delay damages due to slow progress of work Rs. 132.336 million and unjustified grant of extension of time to the contractor
365.	General Manager (CAREC Tranche-I)	3	Non-finalization of accounts of completed work Rs. 1,362.149

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			million
366.	General Manager (CAREC Tranche-I)	4	Irregular/unjustified incorporation of Bill No.06 General items after post bid amendment and variation order for Rs. 68.008 million
367.	General Manager (CAREC Tranche-I)	5	Irregular/unjustified incorporation of item without requirement and specification for Rs. 18.00 million
368.	General Manager (CAREC Tranche-I)	6	Invalid extension and Irregular release of mobilization advance guarantee Rs. 301.984 million
369.	General Manager (CAREC Tranche-I)	7	Defective estimation caused undue reduction in scope of work in violation of TS estimate through variation order for Rs. 1,020.790 million
370.	General Manager (CAREC Tranche-I)	8	Overpayment due to excessive measurement than the provisions - Rs. 199.707 million
371.	General Manager (CAREC Tranche-I)	9	Overpayment due to excessive measurement than the corresponding item of work - Rs. 25.348 million
372.	General Manager (CAREC Tranche-I)	10	Irregular execution of item of work and payment made to the contractor without the approval of borrow pits for formation of embankment for Rs. 13.320 million
373.	General Manager (CAREC Tranche-I)	11	Overpayment to the contractor due to application of higher rates for Rs. 6.551 million
374.	General Manager (CAREC Tranche-I)	13	Extra expenditure on account of Price adjustment beyond the PC-I provision - Rs. 2,460.68 million due to poor planning

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
375.	General Manager (CAREC Tranche-I)	14	Irregular/excess expenditures incurred beyond the provision in approved PC-1
376.	General Manager (CAREC Tranche-I)	15	Non-remittance of sales tax to Sindh Government - Rs. 53.003 million
377.	General Manager (CAREC Tranche-I)	16	Irregular payment made to the consultant without revision of contract cost for Rs. 591.965 million
378.	General Manager (B & A)	1	Non-recovery of income tax from the contractor - Rs. 32.188 million
379.	General Manager (B & A)	2	Non-adjustment/submission of vouched accounts of advances and non-mutation of land - Rs. 416.127 million
380.	General Manager (B & A)	3	Non-revalidation of bank guarantee - Rs. 870.868 million
381.	General Manager (B & A)	4	Non-recovery of mobilization advance despite expiry of contract period - Rs. 481.696 million
382.	General Manager (B & A)	5	Excess payment to the contractor due to excessive quantities beyond the TS Estimate/BOQ - Rs. 406.605 million
383.	General Manager (B & A)	6	Irregular Provision of vehicles in the tender documents in violation of Austerity Measures – Rs. 20.800 million
384.	General Manager (B & A)	8	Unjustified payment of interest on account of delayed payment - Rs. 64.153 million
385.	General Manager (B & A)	9	Excess payment to the contractor due to excessive quantities beyond the TS Estimate/BOQ - Rs. 1417.21 million
386.	General Manager (B & A)	10	Undue benefit to the contractor due to non-procurement of vehicles – Rs.

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			21.600 million
387.	General Manager (B & A)	11	Overpayment on account of non-revision of price adjustment Factor-C due to decrease in scope of work – Rs. 439.765 million
388.	General Manager (B & A)	12	Non-adjustment/submission of vouched accounts of advances and non-mutation of land -Rs. 50.264 million
389.	General Manager (B & A)	13	Non-recovery of mobilization advance despite expiry of contract period - Rs. 438.812 million
390.	General Manager (B & A)	14	Non-revalidation of bank guarantee - Rs. 501.500 million
391.	General Manager (B & A)	15	Excess payment to the contractor due to excessive quantities beyond the TS Estimate/BOQ - Rs. 117.321 million
392.	General Manager (B & A)	16	Undue benefit to the contractor due to non-procurement of vehicles – Rs. 14.300 million
393.	General Manager (B & A)	17	Overpayment on account of price adjustment on un-utilized items and without actual work done executed as per monthly progress report – Rs. 190.00 million
394.	General Manager (B & A)	18	Loss due to non-imposition and recovery of liquidated damages - Rs. 365.00 million
395.	General Manager (B & A)	19	Non finalization of accounts and non-conduction of Monitoring and Inspection of completed schemes Rs. 148,654.427 million
396.	General Manager (B & A)	20	Non-remittance of deducted income tax/sales tax – Rs. 777.372 million

<b>S. No.</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
397.	General Manager (B & A)	21	Non-adjustment/submission of vouched accounts of advances and non-mutation of land -Rs. 658.588 million
398.	General Manager (B & A)	22	Wasteful expenditure due to non-completion of the project as per PC-1 implementation period - Rs. 63.448 million
399.	General Manager (B & A)	23	Unauthorized/Irregular transfer of funds from NHA Retention Money Account to NHA Project Account for utilization towards Establishment expenditure – Rs. 859.456 million
400.	General Manager (P & CA)	1	Non-revision of PC-I due to expiry of implementation period-Rs. 63,601.56 million
401.	General Manager (P & CA)	2	Provision of excess quantities of earth work in PC-I – Rs. 8,515.596 million
402.	General Manager (P & CA)	3	Irregular award of work with imbalanced rate of formation of embankment from unclassified road way excavation including rock material – Rs. 261.870 million
403.	General Manager (P & CA)	5	Irregular Provision of vehicles in the tender documents in violation of Austerity Measures – Rs. 153.452 million

#### **Capital Development Authority**

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
1.	Works Directorate CDA, Islamabad,	2	Irregular award of additional works/items without obtaining competitive rates beyond agreement provision Rs. 169.842 million causing overpayment/loss due to

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
			market price variations - Rs. 50.095 million (approximately)
2.	Works Directorate CDA, Islamabad,	3	Undue payment of secured advance in addition of mobilization advance for Rs. 221.876 million, without consuming previous quantities for Rs. 62.020 million and excess payment of secured advance Rs. 44.375 million.
3.	Works Directorate CDA, Islamabad,	4	Undue payment of price escalation on steel - Rs. 24.339 million
4.	Works Directorate CDA, Islamabad,	7	Overpayment due to application of incorrect CSR Rs. 4.543 million
5.	Works Directorate CDA, Islamabad,	8	Undue inclusion of Sales Tax in the Estimate of Non Schedule Items for Rs. 2.660 million and non-recovery of already included 24% sales tax in the Engineer Estimate – Rs. 1.243 million
6.	Works Directorate CDA, Islamabad,	9	Loss to authority due to allowing premium on Non-scheduled items Rs. 16.277 million.
7.	Works Directorate CDA, Islamabad,	10	Unauthentic provision/execution of stone masonry work at the cost of Rs. 163.051 and execution of work without lay out plan showing clear dimensions, soil classification reports, lab tests – Rs. 339.404 million.
8.	Works Directorate CDA, Islamabad,	11	Non-depositing of earnest money of participant bidders in CDA Account due to non-compliance of Chairman CDA approved tendering process policy – Rs. 142.143 million
9.	Works Directorate CDA, Islamabad,	12	Unauthentic payment on account of installation of passengers lifts Rs. 39.000 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
10.	Special Project Dte, CDA,	1	Loss to public exchequer due to non-deduction of income tax from the contractor's IPCs – Rs 514.426 million
11.	Special Project Dte, CDA,	2	Unauthentic and defective execution of work without detailed measurements in the MBs – Rs 6,859.019 million
12.	Special Project Dte, CDA,	3	Un-authentic payment and measurement of items of work without rectification of defects - Rs. 23.982 million
13.	Special Project Dte, CDA,	4	Irregular calling and acceptance of tender without provision of funds – Rs 480.395 million
14.	Special Project Dte, CDA,	7	Unjustified payment due to execution of work by the sub-contractors without prior approval from the Employer and appointment without competition-Rs 6,859.019 million
15.	Special Project Dte, CDA,	8	Unjustified inclusion of contingencies, establishment charges & escalation in the Construction Cost - Rs 2,441.300 million
16.	Special Project Dte, CDA,	9	Non-recovery on account of Mobilization Advance due to non-execution/commencement of work by the contractor - Rs 1,450.00 million
17.	Special Project Dte, CDA,	10	Non-crediting the saving by making downward adjustment due to non-provision of employer's facilities by the contractor

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
18.	Special Project Dte, CDA,	11	Unjustified /Irregular provision of security charges into the contract agreement and its payment
19.	Special Project Dte, CDA,	12	Undue burden on the Authority's exchequer due to unjustified provision in the contract for vetting and review of design
20.	Special Project Dte, CDA,	13	Unjustified payment on account of procurement of Provisional Sum items due to non-maintenance of accounts of fixed assets and non-insurance/registration of vehicles in the name of Authority
21.	Sector Development CDA, Islamabad	2	Overpayment due to fictitious measurements of the items twice of Rs. 142.432 million
22.	Sector Development CDA, Islamabad	3	Non-appointment of independent Project Director/Consultant - Rs. 6,495.164 million
23.	Sector Development CDA, Islamabad	4	Undue financial aid to the contractor due to less deduction of Security deposit -Rs. 2.130 million
24.	Sector Development CDA, Islamabad	6	Non- recovery due to non-provision and maintenance of site office, transport and staff – Rs. 40.845 million
25.	Sector Development CDA, Islamabad	7	Overpayment due execution of item without construction requirements - Rs. 3.003 million
26.	Sector Development CDA, Islamabad	8	Unauthentic execution of earth works – Rs. 954.137 million
27.	Sector Development CDA, Islamabad	9	Non-imposition and recovery of liquidated damages - Rs. 158.704
28.	Sector Development CDA, Islamabad	11	Non observance of contractual obligations in execution of work – Rs. 36.703 million
29.	Sector Development	12	Irregular acceptance of insurance

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
	CDA, Islamabad		guarantees without verification and proof of premium
30.	Sector Development CDA, Islamabad	15	Overpayment due to excess measurement than allied item – Rs. 9.626 million
31.	Sector Development CDA, Islamabad	16	Non-appointment of independent Project Director/Consultant - Rs. 2,357.645 million
32.	Sector Development CDA, Islamabad	17	Award of works on the basis of unauthentic estimated cost – Rs. 2,357.645 million
33.	Sector Development CDA, Islamabad	19	Non-imposition and recovery of liquidated damages - Rs. 93.50 million
34.	Sector Development CDA, Islamabad	22	Non issuance of TOC and non-compliance of Inspection Report for rectification/recovery of defective work from the contractor
35.	Sanitation Dte, MCI, Islamabad	1	Unauthorized payment and misclassification and charging of expenditures for - Rs. 11.926 million
36.	Sanitation Dte, MCI, Islamabad	4	Doubtful/unauthentic payment made to contractor without recording of the exact location/detailed measurement in measurement book (2 <sup>nd</sup> R/Bill) for Rs. 10.645 million
37.	Sanitation Dte, MCI, Islamabad	5	Unauthorized premium allowed on non-schedule items of work for Rs 6.898 Million
38.	Sanitation Dte, MCI, Islamabad	7	Unauthorized premium allowed on non-schedule items of work for - Rs 6.531 million
39.	Sanitation Dte, MCI, Islamabad	8	Non-imposition and recovery of liquidated damages due to delay in completion of work - Rs. 13.956 million
40.	Road Dte North,	1	Award of work at higher cost without

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	CDA, Islamabad		revision of PC-I -
41.	Road Dte North, CDA, Islamabad	2	Mis-procurement due to award of work through direct contracting instead of open tendering – Rs. 3,983.982 million
42.	Road Dte North, CDA, Islamabad	3	Irregular award of work due to unbalanced bid Rs. 3,983.982 million
43.	Road Dte North, CDA, Islamabad	4	Irregular recording and maintenance of measurement book of Project Rs. 6,515.079 million
44.	Road Dte North, CDA, Islamabad	5	Execution of Project without proper feasibility and Project Director – Rs. 2,669.297 million,
45.	Road Dte North, CDA, Islamabad	7	Overpayment due to non-deduction of area of box culvert - Rs. 2.104 million
46.	Road Dte North, CDA, Islamabad	8	Overpayment of specification items granular sub base and aggregate base course – Rs. 55.500 million
47.	Road Dte North, CDA, Islamabad	9	Overpayment of specification item Formation of Embankment – Rs. 139.000 million
48.	Road Dte North, CDA, Islamabad	10	Irregular award of work without approval in PC-I Rs. 149.646 million
49.	Road Dte North, CDA, Islamabad	12	Loss due to award of underpass instead of bridge for pedestrians Rs. 109.646 million
50.	Road Dte (South), CDA, Islamabad	2	Loss due to non-deduction of Water Charges Rs. 7.320 million
51.	Road Dte (South), CDA, Islamabad	5	Non-imposition of Liquidated Damages - Rs. 46.370 million
52.	Road Dte (South), CDA, Islamabad	7	Irregular/unauthorized utilization of 3% contingencies on the works – Rs. 17.659 million
53.	Road Dte (South), CDA, Islamabad	8	Irregular / unjustified payment to the contractor beyond contract agreement and non-achieving the

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
			social benefits amounting to Rs. 36.913 million
54.	Road Dte (South), CDA, Islamabad	9	Non-obtaining of vouched account against advance payments for shifting of utilities - Rs. 155.133 million
55.	Road Dte (South), CDA, Islamabad	10	Un-authentic payment of bituminous items without obtaining sales tax invoices, verification of source and quality of supply of standard specification valuing Rs. 23.576 million
56.	Parliament Lodges & Hostels, CDA, Islamabad	1	Irregularities in award and execution of work – Rs. 22.118 million
57.	Parliament Lodges & Hostels, CDA, Islamabad	2	Non-auctioned of Store/Assets and recovery of old dismantled material
58.	Parliament Lodges & Hostels, CDA, Islamabad	3	Overpayment due to non-deduction of Sales Tax @ rate of 16% - Rs. 1.369 million.
59.	Parliament Lodges & Hostels, CDA, Islamabad	4	Irregularity in procurement process of Rs. 430.232 million and non-deposit of bid Security of bidders - Rs. 28.869 million
60.	Parliament Lodges & Hostels, CDA, Islamabad	5	Irregularities in execution of contract – Rs. 7.520 million
61.	Parliament Lodges & Hostels, CDA, Islamabad	7	Non-recovery of outstanding dues – Rs. 3.149 million
62.	Parliament Lodges & Hostels, CDA, Islamabad	8	Irregularities in execution of contract – Rs. 14.668 million
63.	Parliament Lodges & Hostels, CDA, Islamabad	9	Overpayment due to allowing extra premium than admissible premium – Rs 2.175 million

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64.	Parliament Lodges & Hostels, CDA, Islamabad	10	Overpayment due to less deduction of water charges – Rs. 1.672 million
65.	MPO Dte, MCI, Islamabad	4	Non-preparation of Proforma Accounts to review the financial results of the organization
66.	MPO Dte, MCI, Islamabad	9	Irregular expenditure due to execution of work without Technical Sanction
67.	Metro Bus Dte, CDA, Islamabad	1	Excess payment due to execution of additional item in violation of TS estimates without change in drawing & design and approval of competent authority – Rs. 13.981 million
68.	Metro Bus Dte, CDA, Islamabad	4	Non-crediting of lease payment being recovered from the Metro Bus Operator to “Operator Purchase of Vehicles” – Rs. 20.732 million
69.	Metro Bus Dte, CDA, Islamabad	5	Unjustified payment of Rs. 1,000.00 million on account of subsidy
70.	Metro Bus Dte, CDA, Islamabad	8	Overpayment on account of EOBI contribution to the contractor due to charging higher rates – Rs. 0.727 million
71.	Metro Bus Dte, CDA, Islamabad	11	Non-completion of project despite lapse of approved PC-I Time frame – Rs. 2,613.73 million
72.	Metro Bus Dte, CDA, Islamabad	12	Non-insurance of work and non-deduction of inbuilt cost of insurance premium from the contract price - Rs. 1.076 million
73.	Maintenance Dte, CDA, Islamabad	4	Execution of Maintenance Works through piece meal contracts instead of Annual Maintenance plan – Rs. 206.510 million
74.	Maintenance Dte, CDA, Islamabad	6	Unjustified advance payment without execution of work at site –

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			Rs. 17.788 million
75.	Maintenance Dte, CDA, Islamabad	7	Irregular award of work through negotiation and made payment to the contractor without execution of work at site – Rs. 6.541 million
76.	Maintenance Dte, CDA, Islamabad	9	Execution of Maintenance Works through piece meal contracts instead of Annual Maintenance plan – Rs. 206.752 million
77.	Maintenance Dte, CDA, Islamabad	10	Financial indiscipline due to rush of expenditure – Rs. 90.062 million
78.	Maintenance Dte, CDA, Islamabad	11	Irregular award of work through negotiation and made payment to the contractor without execution of work at site – Rs. 6.536 million & Rs. 3.000 million
79.	Maintenance Dte, CDA, Islamabad	12	Irregular extension in janitorial services contract and overpayment – Rs. 33.851 million & Rs. 6.039 million
80.	Maintenance Dte, CDA, Islamabad	13	Unjustified expenditure on salaries of idle Enquiry staff – Rs. 302.218 million
81.	Maintenance Dte, CDA, Islamabad	14	Irregular award of work on negotiation basis – Rs. 4.997 million
82.	Maintenance Dte, CDA, Islamabad	15	Irregular enhancement of contract period without approval from the competent authority and non-floating the fresh tenders of janitorial works – Rs. 26.498 million
83.	Maintenance Dte, CDA, Islamabad	16	Doubtful/Overpayment to the Contractor – Rs. 1.539 million
84.	Maintenance Dte, CDA, Islamabad	18	Non-recovery of fine due to delay in depositing the monthly lease – Rs. 1.290 million
85.	Maintenance Dte, CDA, Islamabad	19	Non-deduction of sale tax on services from the payment made on

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
			account of Janitorial/Cleaning Services – Rs. 3.291 million
86.	Aiwan-e-Sadr Dte, CDA, Islamabad	1	Non-imposition/recovery of liquidated damages due to non-completion of works within stipulated time - Rs. 2.696 million
87.	Aiwan-e-Sadr Dte, CDA, Islamabad	2	Overpayment due to higher rate and defective engineer estimates - Rs. 1.658 million
88.	Aiwan-e-Sadr Dte, CDA, Islamabad	3	Un justified procurement of standing DC inverter Air Conditioner – Rs. 30.696 million
89.	Aiwan-e-Sadr Dte, CDA, Islamabad	5	Non availability of verified Call Deposits of the bidders for 81 No. of Schemes
90.	Aiwan-e-Sadr Dte, CDA, Islamabad	6	Un justified award of works by splitting, to avoid the approval from higher authority-Rs. 115.744 million.
91.	Aiwan-e-Sadr Dte, CDA, Islamabad	7	Overpayment due to defective engineer estimates - Rs. 4.071 million
92.	Aiwan-e-Sadr Dte, CDA, Islamabad	9	Doubtful supply of store items/ materials without proper delivery challans & sale invoices Rs. 75.311
93.	Aiwan-e-Sadr Dte, CDA, Islamabad	10	Unauthentic payment to Janitorial Services firms Rs. 15.722 million
94.	Aiwan-e-Sadr Dte, CDA, Islamabad	12	Overpayment due to allowing excess quantities of lean concrete and PCC with 3000 psi than admissible – Rs. 2.066 million
95.	Aiwan-e-Sadr Dte, CDA, Islamabad	13	Unjustified acceptance of bids of items of work based on market rates involving Rs 114.402 million.
96.	Aiwan-e-Sadr Dte, CDA, Islamabad	14	Un justified creation of liability without availability of funds - Rs. 12.036 million
97.	Aiwan-e-Sadr Dte,	16	Doubtful tendering of 116 contracts

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
	CDA, Islamabad		in un-fair and non-transparent manner – Rs. 439.67 million
98.	Aiwan-e-Sadr Dte, CDA, Islamabad	19	Acceptance of premium on market rate items in addition to admissible provision of overhead and profit for Rs 66.804 million
99.	Aiwan-e-Sadr Dte, CDA, Islamabad	21	Unauthentic payment of operation/maintenance charges to the contractor without availability of proof of work done Rs. 8.568 million
100.	Market & Road Maintenance Directorate, CDA, Islamabad	1	Doubtful Execution of Work
101.	Market & Road Maintenance Directorate, CDA, Islamabad	2	Unjustified clearance of liabilities of the previous years by charging to the maintenance grant allocated for the year 2023-24
102.	Market & Road Maintenance Directorate, CDA, Islamabad	3	Overpayment due to application of higher rates by converting the Schedule Item into Non-Schedule Item
103.	Water Supply Directorate	1	Non-carrying out of water test from ISO certified Labs in respect of water supplied from Simly Dam reservoir and Alum Sulphate – Rs. 74.690 million
104.	Water Supply Directorate	4	Un-authentic payment of electricity charges of various tube wells on estimated basis without actual readings due to defective energy meters -Rs. 48.993 million
105.	Water Supply Directorate	5	Irregular award of work to an ineligible contractor – Rs. 26.185 million
106.	Water Supply Directorate	6	Unjustified payment due to execution of superfluous item of excavation –

S. No.	Formation	AIR Para No.	Subject of Para
			Rs. 2.052 million
107.	Water Supply Directorate	7	Unauthentic execution, measurement and payment of items of work – Rs. 2.00 million
108.	Water Supply Directorate	8	Doubtful Expenditure on replacement of parts of water tankers – Rs. 5.608 million
109.	Water Supply Directorate	9	Unjustified payment due to execution of superfluous item of excavation – Rs. 1.081 million
110.	Water Supply Directorate	11	Non-recovery of liquidated damages for non-completion of supply of material in stipulated completion of time – Rs. 0.992 million
111.	Water Supply Directorate	12	Unauthentic execution and payment of items of repair work – Rs. 8.931 million
112.	Water Supply Directorate	13	Unjustified payment due to execution of superfluous item of excavation – Rs. 0.535 million
113.	Water Supply Directorate	14	Non-insurance of works valuing Rs. 18.157 million and non-deduction of inbuilt cost of insurance premium of Rs. 0.183 million from the contractors
114.	Water Supply Directorate		
115.	Water Supply Directorate	15	Non-remittance of General Sale Tax withheld/deducted at source – Rs. 1.078 million
116.	E&M Street Light Maintenance Directorate, MCI, Islamabad	1	Loss to CDA due to non-replacement of conventional lights to LED lights Rs. 192.00 million
117.	E&M Street Light Maintenance Directorate, MCI, Islamabad	2	Non-obtaining of vouched account against the advance payment and non-completion of work against advance payment made for installation of energy meters &

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
			transformers Rs. 190.354 million
118.	E&M Street Light Maintenance Directorate, MCI, Islamabad	3	Non-recovery/excess payment made beyond the genuine requirement against advance payment made for installation of energy meters & transformers –Rs. 20.792 million
119.	E&M Street Light Maintenance Directorate, MCI, Islamabad	4	Non-obtaining of final completion certificate from contractor and handing taking over of completed contract Rs. 347.267 million
120.	E&M Street Light Maintenance Directorate, MCI, Islamabad	5	Un-authentic payment made to contractors without fulfillment of contractual obligation Rs. 347.267 million
121.	E&M Street Light Maintenance Directorate, MCI, Islamabad	8	Overpayment made to contractor due to non-deduction of sales tax for Rs. 17.596 million
122.	E&M Street Light Maintenance Directorate, MCI, Islamabad	10	Loss due to award of works at higher rates – Rs. 1.721 million
123.	E&M Street Light Maintenance Directorate, MCI, Islamabad	11	Non-accountal/disposal of dismantled equipment installed at solar energy plant for Rs. 76.600 million
124.	E&M Street Light Maintenance Directorate, MCI, Islamabad	12	Unauthorized payment made to M/s IESCO due to unmetered billing Rs. 59.380 million
125.	E&M Street Light Maintenance Directorate, MCI, Islamabad	13	Unauthentic payment due to doubtful execution of work without the approval of technical submittals for Rs. 74.469 million
126.	E&M Street Light Maintenance Directorate, MCI, Islamabad	14	Non-obtaining of final completion and taking over certificate from contractor for completed contract Rs.

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
	Islamabad		148.134 million
127.	E&M Street Light Maintenance Directorate, MCI, Islamabad	15	Non preparation of annual comprehensive maintenance plan caused irregular charge of capital expenditure by incurring expenditure from maintenance/revenue grant on repair/ maintenance for Rs. 145.590 million
128.	Coordination Islamabad CDA	1	Unjustified execution of work without approved maintenance policy worth Rs. 390.850 million
129.	Coordination Islamabad CDA	2	Unjustified execution of works without availability of funds resulting into liability - Rs. 359.207 million
130.	Coordination Islamabad CDA	3	Unauthentic expenditure due to improper maintenance of stock/store accounting system – Rs. 37.299 million
131.	Coordination Islamabad CDA	4	Irregularities in procurement process - Rs. 78.499 million
132.	Coordination Islamabad CDA	5	Non-disposal of dismantled material approx cost Rs. 7.000 million
133.	Coordination Islamabad CDA	6	Unauthentic expenditure due to non-maintenance of asset register worth rupees in millions
134.	Coordination Islamabad CDA	8	Overpayment due to non-deduction of sales tax from the payments of suppliers Rs. 6.235 million
135.	Coordination Islamabad CDA	9	Irregular award of work without obtaining detailed unit prices of items – Rs. 363.165 million
136.	Coordination Islamabad CDA	11	Non-disposal of dismantled material approx cost - Rs. 8.511 million
137.	Coordination Islamabad CDA	12	Irregular award of work without open tendering – Rs.16.000 million
138.	Coordination Islamabad CDA	13	Unjustified expenditure without

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
	Islamabad		proper budget estimates – Rs. 787.749 million
139.	Coordination CDA Islamabad	14	Non-recovery of liquidated damages due to non-completion of work as per construction schedule- Rs. 2.273 million
140.	Capital Development Authority Hospital Islamabad	1	Undue favour to contractor due to enhancement of contract for supply of food items for indefinite period - Rs. 15.533 million
141.	Capital Development Authority Hospital Islamabad	2	Non-preparation of inspection report of procurement of medicines, medical equipment and surgical items Rs. 68.557 million
142.	Capital Development Authority Hospital Islamabad	3	Non-adjustment/recovery of advances paid to other Hospitals/Institutions for treatment of CDA Employees – Rs. 10.095 million
143.	Capital Development Authority Hospital Islamabad	4	Un-justified payment on account of reimbursement of medical claims in violation of procedure of reimbursement and referral rules – Rs. 1.499 million
144.	Capital Development Authority Hospital Islamabad	6	Unjustified expenditure on account of Purchase of Medicines and Reimbursement medical claimed Rs. 90.976 million
145.	Capital Development Authority Hospital Islamabad	7	Rush of expenditure in last month of financial year resulted in irregular purchase of medicine and surgical items in bulk instead of need basis Rs. 147.187 million
146.	Capital Development Authority Hospital Islamabad	8	Unjustified payment due to enhancement of contract agreement with a sitting contractor without fair competition and re-tendering process

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
			Rs. 7.245 million
147.	Capital Development Authority Hospital Islamabad	9	Improper maintenance of monthly accounts and expenditure statement showing extra expenditure than booked in monthly accounts – Rs. 26.607 million
148.	Estate Management Directorate-I (PH-II)	4	Irregular transfer of property/plot possessed by owner on the basis of sale deed registered in the office of Joint Sub-Registrar Islamabad without actual mutation of property in the name of CDA – Rs. 162.500 million
149.	Estate Management Directorate-I (PH-II)	6	Non-cancellation of plots in CDA Park Enclave-I, due to non-payment of remaining amount of premium/cost – Rs. 52.500 million
150.	Estate Management Directorate-I (PH-II)	8	Non-cancellation of plots of Park Enclave Housing Scheme Phase-II due to non-payment of remaining amount of premium/cost–Rs. 51.250 million
151.	Estate Management Directorate-I (PH-II)	9	Non-recovery of outstanding receivables due to non-encashment/credit of cheques received in favour of self but not cashed – Rs. 605.556 million
152.	Estate Management Directorate-I (PH-II)	10	Less realization of receipt than target fixed for the financial year 2022-23 – Rs. 22,450.239 million
153.	Estate Management Directorate-I (PH-II)	11	Irregular transfer of plot without actual receipt/credit of transfer fee in CDA Bank Account – Rs. 42,000
154.	Estate Management Directorate-I (PH-II)	12	Loss to Government Exchequer due to Board decision for transfer of property/plot where Conveyance/lease deed was

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			executed, through CDA instead of transfer through Joint Sub-Registrar – Rs. 6.500 million
155.	Estate Management Directorate-I (PH-II)	13	Non-finalization of departmental inquiry and disciplinary action against the responsible for unauthorized withdrawal of cancellation letter of property in violation of Property Manual without approval of Competent Authority
156.	Revenue Directorate CDA Islamabad (PH-II)	1	Non-recovery of Property Tax from residential property owners – Rs. 83.687 million-
157.	Revenue Directorate CDA Islamabad (PH-II)	2	Non-recovery of Property Tax from residential property owners – Rs. 100.312 million
158.	Revenue Directorate CDA Islamabad (PH-II)	5	Non-recovery of Ilink service charges/fee from the customers –Rs. 5.304 million
159.	Revenue Directorate CDA Islamabad (PH-II)	6	Non-recovery of Property Tax from commercial properties – Rs. 93.022 million
160.	Revenue Directorate CDA Islamabad (PH-II)	7	Loss of millions of rupees due to non-compliance of cases forwarded to recovery section for recovery
161.	Revenue Directorate CDA Islamabad (PH-II)	8	Loss of billions of rupees due to non-notification of rates & non-recovery on account of Property Tax from 56 Private Housing Societies of located within limit of ICT
162.	Revenue Directorate CDA Islamabad (PH-II)	9	Non-recovery of Property Tax from Motel – Rs. 16.530 million
163.	Revenue Directorate CDA Islamabad (PH-II)	10	Non-recovery of Property Tax from I and H sectors – Rs. 44.986 billion
164.	Revenue Directorate	11	Non-recovery of water and

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	CDA Islamabad (PH-II)		conservancy charges – Rs. 28.346 million
165.	Revenue Directorate CDA Islamabad (PH-II)	12	Non-reconciliation of revenue realized amounting to Rs. 3231.339 million and shortfall, of Revenue Collection – Rs. 168.657 million
166.	Revenue Directorate CDA Islamabad (PH-II)	14	Non remittance of government receipt and closing balance of bank account to authority approved main account for Rs. 107.090 million
167.	Revenue Directorate CDA Islamabad (PH-II)	15	Non remittance of government receipt and closing balance of Dormant/inactive bank account to authority main account for Rs. 1.823 million
168.	Revenue Directorate CDA Islamabad (PH-II)	16	Non-recovery of Property Tax, water and allied charges from Centaurus Mall, Islamabad for Rs. 128.669 million
169.	Revenue Directorate CDA Islamabad (PH-II)	17	Non-conducting of survey of Islamabad Zonal areas and sectoral areas for potential revenue increases on account of property tax collections
170.	Accounts Directorate CDA Islamabad (PH-II)	1	Excess payment of advances to the employees of CDA beyond the progressive receipts - Rs. 337.774 million
171.	Accounts Directorate CDA Islamabad (PH-II)	2	Incorrect booking of revenue receipts /short of revenue on account of residential and commercial properties /plots and Non-reconciliation of revenue receipts with treasury – Rs. 43,372.391 million
172.	Accounts Directorate CDA	3	Non-consultation of Finance Division prior to payment of

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	Islamabad (PH-II)		Executive Allowance @ 150% for 550 CDA Officers – Rs. 660.000 million
173.	Accounts Directorate CDA Islamabad (PH-II)	5	Non-approval of final accounts 2022-23 by the CDA Board and non-preparation of balance sheet/financial statements - Rs. 74,884.815 million
174.	Accounts Directorate CDA Islamabad (PH-II)	6	Non execution of mortgage deed/evidence of plots resulted irregular payment of house building advance for Rs. 808.624 million and authority is also put on risk of loss
175.	Accounts Directorate CDA Islamabad (PH-II)	7	Incurrence of expenditure in excess over budget allocation/releases by the Federal Government and self-finance schemes – Rs. 121,387.023 million
176.	Accounts Directorate CDA Islamabad (PH-II)	8	Irregular payment due to non-consultation of Finance Division prior to payment of dearness allowance worth Rs. 392.850 million (approximately)
177.	Accounts Directorate CDA Islamabad (PH-II)	9	Unjustified retention of heavy closing balances with DDOs - Rs. 983.631 million
178.	Accounts Directorate CDA Islamabad (PH-II)	10	Overpayment to officer due to payment of inadmissible dearness allowance Rs. 0.102 million
179.	Accounts Directorate CDA Islamabad (PH-II)	11	Overpayment to supporting staff due to payment of inadmissible design allowance Rs. 1.067 million
180.	Accounts Directorate CDA Islamabad (PH-II)	12	Overpayment to officials due to payment of inadmissible professional allowance Rs. 5.940 million
181.	Accounts Directorate CDA Islamabad (PH-II)	13	Overpayment to officer due to payment of double design allowance Rs. 0.448 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
182.	Accounts Directorate CDA Islamabad (PH-II)	14	Irregular payment due to non-consultation of Finance Division prior to payment of professional allowance worth Rs. 17.280 million
183.	Accounts Directorate CDA Islamabad (PH-II)	15	Doubtful / fictitious payment to employees – Rs. 36.036 million
184.	Accounts Directorate CDA Islamabad (PH-II)	16	Non-verification/non-reconciliation of cash balance - Rs. 11,198.080 million
185.	Accounts Directorate CDA Islamabad (PH-II)	17	Irregular expenditure on repair of vehicles from private workshops instead of MPO Workshops and stationary items without tendering process –Rs. 5.412 million
186.	Aiwan.e.Sadr Directorate (PH-II)	1	Un-justified payment on account of previous year's liabilities (2011-12 to 2017-18) due to irregular enhancement in contract period amount involving Rs. 39.080 million
187.	Aiwan.e.Sadr Directorate (PH-II)	2	Mis-Procurement due to award of works by make splitting to avoid the approval from higher authority.
188.	Aiwan.e.Sadr Directorate (PH-II)	3	Loss to Govt. due to abnormal delay in procurement of works amounting Rs. 60.110 million
189.	Aiwan.e.Sadr Directorate (PH-II)	4	Un-necessary burden on public exchequer due to un-necessary replacement of working condition stand flooring AC Units amounting Rs. 36.202 million
190.	Aiwan.e.Sadr Directorate (PH-II)	5	Irregular award of work to selective contractors without healthy competition.
191.	Aiwan.e.Sadr Directorate (PH-II)	7	Non-adoption of PEC Standard Bidding Documents for award of contracts valuing Rs. 21.625 million

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192.	Administration Directorate CDA (PH-II)	2	Loss due to encroachment of CDA Flats occupied by Police situated in G-6 Aabpara
193.	Administration Directorate CDA (PH-II)	4	Irregular allotment of Bank space to single bidder – Rs. 9.561 million and Non-recovery of dues by the Askari Bank Ltd – Rs. 6.472 million
194.	Administration Directorate CDA (PH-II)	6	Non-recovery of outstanding dues by the Askari Bank Ltd – Rs. 6.472 million
195.	Enforcement Directorate CDA, Islamabad (PH-II)	1	Extra burden over Authority's Exchequer due to non-evolving of proper fine imposition/collection mechanism - Rs. 548.614 million
196.	Enforcement Directorate CDA, Islamabad (PH-II)	4	Non-recovery of ICT tax on rent of machinery - Rs. 0.635 million
197.	Enforcement Directorate CDA, Islamabad (PH-II)	5	Non-reconciled data of fuel consumption with MPO Directorate on Monthly basis amounting to Rs. 15.819 million (approximately)
198.	Enforcement Directorate CDA, Islamabad (PH-II)	6	Unauthentic payment due to doubtful execution of work beyond the approved specification for Rs. 3.299 million
199.	Enforcement Directorate CDA, Islamabad (PH-II)	7	Un-justified expenditure on account of Change of Parts (repair & maintenance) of vehicles from private/local workshops in presence of CDA well equipped MPO Directorate - Rs. 3.269 million
200.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	2	Unauthorized/Illegal conversion and sale of plots/land reserved for Parks, Playgrounds, Schools and other Amenities measuring 270 Kanals - Rs. 2.70 billion

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
201.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	6	Irregular approval of Layout Plan of already developed Behria Paradise Commercial Scheme measuring 893.91 Kanals by splitting the scheme into four schemes keeping the area of the schemes 250 Kanals or below
202.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	10	Irregular approval of Layout Plan of Commercial Scheme measuring 126.15 kanal in the name of an individual without ownership of land in the name of registered company with SECP and receipt of commercialization fee – Rs. 286.906 million
203.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	11	Irregular approval of Layout Plan of Apartment Project “Glade Vista Residence” at Angori Road, Zone-IV, Islamabad in violation of Regulation without Access to Major/Arterial Road and receipt of land use conversion fee – Rs. 57.172 million
204.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	14	Loss of revenue due to non-regularization of unapproved and illegal schemes
205.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	15	Irregular approval of Layout Plan of Tele Town, Zone-V, Islamabad without Access to Major/Arterial Road and transfer & mutation of land under amenities and ROW in violation of Zoning Regulation
206.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	16	Irregular issuance of No Objection Certificate for Petrol Pump without ownership/availability of required Land on Islamabad Highway
207.	Housing Societies	17	Revenue loss to authority due to non-

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
	Dte., Islamabad, Islamabad (PH-II)		conduction of survey and preparation of inventory of illegally constructed standalone commercial projects on Major Roads for regularization in ICT Islamabad
208.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	18	Non-revalidation/credit of Pay Orders received in Planning Wing but expired due to non-removal/deposit in the Bank Account – Rs. 30.062 million
209.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	19	Non-reconciliation of receipts and improper maintenance of accounting record - Rs. 539.383 million
210.	Housing Societies Dte., Islamabad, Islamabad (PH-II)	22	Non-imposition/recovery of penalty for starting development of commercial scheme prior obtaining NOC and without approval of engineering design and inspecting & monitoring fee – Rs. 53.63 million
211.	Estate Management-II, CDA (PH-II)	2	Unjustified delay / loss due to non-auctioning of plots after default of auctioneers – Rs. 5,630.571 million
212.	Estate Management-II, CDA (PH-II)	4	Unauthentic / doubtful auction without plot number and violating of master plan on ROW of nullah - Rs. 619.914 million
213.	Estate Management-II, CDA (PH-II)	5	Loss due to auction of plot on lesser rate in same series of sector - Rs. 385.331 million
214.	Estate Management-II, CDA (PH-II)	7	Unauthorized/doubtful allotment of commercial plot to private hospital on children's park and within residential area
215.	Estate Management-II, CDA (PH-II)	8	Unauthentic/doubtful auctions due to unavailability of details and unrealistic reserved price worth - Rs. 43,616.528 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
216.	Estate Management-II, CDA (PH-II)	9	Loss due to non-maintenance of proper accounting record for ascertaining recovered amount against lease extension fee and AGR approximately - Rs. 1,348.190 million
217.	Estate Management-II, CDA (PH-II)	11	Doubtful/fictitious auction process due to numerous internal control weaknesses - Rs. 66,539.670 million
218.	Estate Management-II, CDA (PH-II)	14	No-action on violation of offered letter by Shifa International Hospital by using the plot/hospital for commercial purpose instead of intended usage for welfare and non-recovery on commercial basis – Rs. 16,637.451 million
219.	Estate Management-II, CDA (PH-II)	15	Loss due to acceptance of lesser auction bid of commercial plot at I-8 Markaz by reducing the reserved price without any justifications - Rs. 454.662 million
220.	Estate Management-II, CDA (PH-II)	16	Unjustified extension of Blue area for residential purpose on green belts of G-8 & G-9 in violation of symmetrical design of sectors as per Master Plan
221.	Estate Management-II, CDA (PH-II)	20	Non-recovery due to non-payment of cost of land and delay charges – Rs. 619.460 million
222.	Estate Management-II, CDA (PH-II)	21	Unauthorized allotment / restoration of land measuring 25 Acres in National Park Area in violation of CDA bye laws/rules Rs. – 20.575 million
223.	Estate Management-II, CDA (PH-II)	22	Unauthorized/illegal occupation of CDA Land measuring 23.591 Acres (188.728 Kanals) by Guns &

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
			Country Club/Pakistan Sports Board worth - Rs. 3,397.104 million
224.	Estate Management-II, CDA (PH-II)	23	Non-cancellation of lease of land measuring 145 Acres due to non-deposit/non-recovery of AGR and Delay Charges by Pakistan Sports Board/Complex - Rs. 1,942.475 million
225.	Estate Management-II, CDA (PH-II)	24	Non-cancelation of accepted bids after default of bidders and non-forfeiture/recovery of 10% of total premium cost – Rs. 130.447 million
226.	Estate Management-II, CDA (PH-II)	25	Less recovery of installment due to improper consideration of dollar rate – Rs. 4.770 million
227.	Estate Management-II, CDA (PH-II)	26	Unjustified acceptance of installments without proof/recovery of tax payment – Rs. 35.798 million
228.	Estate Management-II, CDA (PH-II)	27	Non-reconciliation and closing of accounts with treasury – Rs. 37,945.044 million
229.	Estate Management-II, CDA (PH-II)	29	Non-cancelation of plots due to running of schools and Bakery in Industrial Area
230.	Estate Management-II, CDA (PH-II)	31	Loss of billions of rupees due to ambiguous allotments of land for P&V, agro and orchard schemes without quantification of output and site survey clause
231.	Estate Management-II, CDA (PH-II)	34	Non-cancellation of plot due to non-deposit of government taxes within prescribed time limit - Rs. 25.525 million
232.	Estate Management-II, CDA (PH-II)	35	Non-recovery of Delay Charges due to late deposit of installment amount - Rs. 10.004 million
233.	Estate Management-	36	Non-cancellation of plot due to non-

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
	II, CDA (PH-II)		deposit of premium amount - Rs. 616.239 million
234.	Estate Management-II, CDA (PH-II)	38	Non-recovery of charges on account of usage of site for establishment of material storage site – Rs. 115.025 million
235.	Estate Management-II, CDA (PH-II)	39	Non-recovery of AGR and restoration charges - Rs. 22.153 million
236.	Estate Management-II, CDA (PH-II)	40	Non-recovery of extension charges and non-cancellation of plot due to non-approval of building plans – Rs. 43.203 million
237.	Estate Management-II, CDA (PH-II)	41	Non-cancellation of Plot allotted to OEC due to non-conforming commercial use and illegal enhancement in stories in violation of offered letter
238.	Capital Hospital CDA Islamabad (PH-II)	1	Loss of revenue due to non-auction of condemned ambulances - Rs. 22.20 million
239.	Capital Hospital CDA Islamabad (PH-II)	2	Non imposition of Ligated damages due to non-provision of ambulances - Rs. 11.868 million
240.	Capital Hospital CDA Islamabad (PH-II)	3	Non deduction of GST from supplier - Rs. 9.124 million
241.	Capital Hospital CDA Islamabad (PH-II)	4	Irregular procurement of specialized works through engagement of ineligible bidders -Rs. 4.338 million
242.	Capital Hospital CDA Islamabad (PH-II)	5	Irregular Purchase of medicine in excess than requirements amounting to Rs. 41.550 million
243.	Capital Hospital CDA Islamabad (PH-II)	7	Overpayment due to payment of house rent ceiling besides having Government accommodation –Rs. 5.431 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject of Para</b>
244.	Capital Hospital CDA Islamabad (PH-II)	8	Un-authentic payment to the supplier without carrying out drug tests - Rs. 290.00 million
245.	Capital Hospital CDA Islamabad (PH-II)	9	Procurements of Surgical and Pathology items at higher rates through LP Rs. 52.93 million and loss due to local purchase at higher rates – Rs. 10.586 million
246.	Capital Hospital CDA Islamabad (PH-II)	11	Unjustified payment on account of repair and maintenance of angiographic Machine -Rs. 9.999 million
247.	Capital Hospital CDA Islamabad (PH-II)	14	Non- appointment of qualified personnel on key position
248.	DMA Directorate CDA/MCI	3	Loss to authority due to non-revision of advertisement rates since 2013
249.	DMA Directorate CDA/MCI	4	Loss of revenue due to non-preparation of revenues estimates/targets by the MCI
250.	DMA Directorate CDA/MCI	5	Loss of revenue due to non-auction of open space by several bus companies as their terminal
251.	DMA Directorate CDA/MCI	6	Loss to authority due to non-auctioning of Car Parking at Damne-Koh and Shakrparian Islamabad
252.	DMA Directorate CDA/MCI	7	Irregular/unjustified expenditure on quotation basis instead of tendering process
253.	DMA Directorate CDA/MCI	8	Loss to authority due to non-recovery of cost of illegal construction without approval and outstanding dues from Des Pardes Restaurant
254.	DMA Directorate CDA/MCI	9	Non-credit/deposit of receipts on account of auction fee of Poultry Waste due to mis-management by

S. No.	Formation	AIR Para No.	Subject of Para
			the authority
255.	DMA Directorate CDA/MCI	10	Non-recovery of rent on account of outstanding dues from BTS Tower

#### Civil Aviation Authority

S. No.	Formation	AIR Para No.	Subject
1.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	1	Mis-procurement of services Rs. 137.145 million.
2.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	2	Unjustified payment of House Rent Allowance of Rs. 17.721 million.
3.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	3	Irregular Award of Contract of Rs. 1150.526 million.
4.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	4	Non-obtaining of Insurance Coverage from the Licensee – Rs. 568.495 million and non-recovery of 1% premium – Rs. 5.683 million.
5.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	5	Non-recovery of Outstanding dues from Licencee - Rs. 519.916 million
6.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	6	Irregular Award of Work Rs. 8.182 million & Loss to Authority Rs. 512,870
7.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	7	Irregular/unjustified payment of Special Allowance of Rs. 196.657 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
8.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	9	Non-recovery of Outstanding dues from Licensee – Rs. 18.365 million.
9.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	10	Loss to Authority Due to Incorrect Electricity Rate - million of Rupees.
10.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	11	Irregular Extension of Contract Without Fair Competition – Rs. 0.822 million
11.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	12	Undue Benefit on account of Irregular award of contract Rs. 8.058 million.
12.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	13	Irregular Award of Contract amounting to Rs. 331.579 million.
13.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	14	Irregular Booking of Accrual Expenditure – Rs. 51.548 million.
14.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	15	Loss of revenue due to non-floating of tenders of vacant spaces – Rs. 16.769 million
15.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	17	Loss to Authority Rs. 2.131 million due to Irregular Award of Contract on Quotation Basis Rs. 3.330 million.
16.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	18	Non Regularize of Contract Employees under Prime Minister Assistance Package
17.	Airport Manager	19	Mis-procurement - Rs. 12.308

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Allama Iqbal International Airport, CAA, Lahore		million
18.	Airport Manager Allama Iqbal International Airport, CAA, Lahore	20	Utilization of 188 Nos. Excess Posts beyond the approved sanctioned strength.
19.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	2	Irregular invitation of tenders without approval of competent authorities.
20.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	3	Cost overrun due to delay in execution of scheme involving
21.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	4	Compromise security risk due to non-upgradation of defaulted AFDS system
22.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	5	In-admissible provision of SRB (Provincial Tax) in agreement executed with M/S PTCL
23.	Communication, Navigation and	6	Non-completion of schemes due to non-release of funds against

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.		allocation during the year 2023-24
24.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	7	Irregular execution of schemes without approval of technically sanctioned estimate
25.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	8	Execution of contract agreement in contradiction to feasibility report
26.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	9	Ill estimation resulted in abnormal variation in bid cost.
27.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	11	Delay in finalization of the scheme due to non-development of policy/procedure
28.	Communication, Navigation and Surveillance (CNS) Engineering	12	Non-planning and preparation of five-year development program

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Directorate Civil Aviation Authority (HQ) Karachi.		
29.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	14	In-efficiency in rectification of defects of Emergency Communication Control Radar (ECCR) Equipment /spares
30.	Communication, Navigation and Surveillance (CNS) Engineering Directorate Civil Aviation Authority (HQ) Karachi.	15	Non rectification of equipment`s system due to in-effective control.
31.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	1	Non-recovery of income tax for the tax years 2010, 2011 and 2012 and non-maintaining update list of filing tax returns related to respective licensees.
32.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	2	Non obtaining insurance coverage as per terms & conditions specified in the Special Lease Deed executed between CAA & Pakistan Customs on 30 <sup>th</sup> May 2022
33.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	3	Loss to CAA billions of rupees due to mishandling the case of ownership of land at Walton Aerodrome Lahore
34.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	5	Non- obtaining monthly encroachment returns on CAA Land from Twenty 21 respective airports
35.	Commercial & Estates Directorate Civil	6	Non-handling and monitoring of legal cases with pro-active

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Aviation Authority, HQ, Karachi.		approach cause increasing in number and non-settlement of 131 court cases
36.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	7	Increasing trend of outstanding dues against the defaulters to the extent as on 30 <sup>th</sup> May 2024 in different airports (except JIAP Karachi)
37.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	8	Non-computerization of land record measuring 25,630.29 acres
38.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	11	Loss to CAA millions of rupees due to non-establishment of maintenance repair and overhaul (MRO) facility at Islamabad International Airport since 2016.
39.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	14	Non-mutation of land 4,000.69 acres in the name of Authority
40.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	15	Non-resolving the issues of outstanding dues either through out of court settlement or file recovery suit against the defaulters in order to safeguard CAA interest.
41.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	17	Inadequate mechanism for handling of cargo at the airports as well as inconvenience for the ground handling agents
42.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	18	Non-achievement of assigned tasks and targets of Commercial & Estate Directorate
43.	Commercial & Estates Directorate Civil Aviation Authority,	19	Non-eviction of CAA's Land from unauthorized occupants/encroachers from 1959

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	HQ, Karachi.		
44.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	20A	Non-compilation of Data/Information in respect of Outsourcing of CAA Airports
45.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	21	Non-resolving issue of compensation to PCAA against its owned land measuring 424 Kanal 04 Marla utilized by WAPDA under Diamer Basha Dam Project
46.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	22	Non-removal of illegal encroachment/construction of 07 shops with roof of GI sheet on CAA Land at Chilas Airfield
47.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	25	Non-execution of agreements with ASF for non-operational area 3,861,733.07 Sq. Ft
48.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	26	Non-execution of agreements with PIAC for 40 spaces of area 814,907.16 Sq. Ft
49.	Commercial & Estates Directorate Civil Aviation Authority, HQ, Karachi.	28	Non-recovery from M/s Greeno Corporation (Pvt LTD).
50.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	2	Non-imposition/recovery of Liquidated Damages for delay in completion of work – Rs. 14.821 million
51.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and	3	Non-mutation of land measuring 164.35 kanals in the name of CAA and un-reconciled land acquisition funds transferred to LAC Attock - Rs. 101.918 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Dam)		
52.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	5	Irregular access/passage ways given to the Farm houses/Housing societies and Land Owners
53.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	6	Overpayment due to imbalance rate for extra item – Rs. 1.434 million
54.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	7	Irregular payment on account of extra item contrary to TS estimate/drawing/design and without approval of competent authority – Rs. 8.882 million
55.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	8	Substandard and poor Quality of work on the AIMS project at IIAP – Rs. 884.00 million and loss of approximately 20% - Rs. 265.52 million
56.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	9	Overpayment of Rs. 1.865 million due to allowing extra lead
57.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	10	Non-deduction of material cost from the rate paid for soil aggregate - Rs. 18.392 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
58.	Project Director, New Islamabad International Airport Project CAA (Self ADP and PSDP ASF Barracks and Dam)	11	Irregular payment of defective work Rs. 18.983 and payment of Rs. 17.046 million of rectification work from their own account.
59.	Engineering Services South Civil Aviation Authority Karachi	4	Irregular payment without vouched accounts
60.	Engineering Services South Civil Aviation Authority Karachi	5	An act to compromise security risk and non-imposition of Liquidated damages
61.	Engineering Services South Civil Aviation Authority Karachi	8	Non-imposition of Liquidated damages
62.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	2	Mis-procurement
63.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	2	Un-justified increase in accumulation of inventory accruals
64.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	3	Unjustified accumulation of capital items in transit
65.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	4	Non-preparation and maintenance of Local Purchase Register
66.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	5	Unjustified accumulation of receiving accruals
67.	Logistics Centers-Depots, Supply	6	Non-renewal of CAAO and SOP'S in contradiction to the directions of

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	(South), EED, & GED, CAA, HQ, Karachi.		competent authority
68.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	10	Inadequate mechanism of Job processing resulted in 72 incomplete jobs during the year
69.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	11	Non disposal of 158 BER Spares / Equipment
70.	Logistics Centers-Depots, Supply (South), EED, & GED, CAA, HQ, Karachi.	13	Irregular advance payment without documentary evidences
71.	Airport Manager, International Airport, CAA, Faisalabad.	1	Unjustified payment on account of Service Level Agreement (SLA) for operations & maintenance of E/M & motor transport facilities work without observing acknowledge and in the presence of its own staff and resources
72.	Airport Manager, International Airport, CAA, Faisalabad.	2	Unauthentic/advance payment on account of janitorial/cleaning services beyond the contract provisions
73.	Airport Manager, International Airport, CAA, Faisalabad.	3	Non-recovery of outstanding dues from Airlines
74.	Airport Manager, International Airport, CAA, Faisalabad.	4	Irregular/unauthorized deployment of officers/staff beyond sanctioned strength
75.	Airport Manager, International Airport, CAA, Faisalabad.	5	Non-forfeiture of the Security Deposit due to non-fulfillment of contractual obligations
76.	Airport Manager, International Airport, CAA, Faisalabad.	6	Non-regularization of the contract employees under Prime Minister Assistance Package

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
77.	Airport Manager, International Airport, CAA, Faisalabad.	7	Non-closing/finalization of the final statement/bill/account of the completed work/contract
78.	Logistics Directorate, Additional Director APS & ANS (Procurement & Contracts Supply Chain Management), CAA, Karachi.	1	Award of contracts to ineligible suppliers / contractors -Rs. 296.839 million
79.	Logistics Directorate, Additional Director APS & ANS (Procurement & Contracts Supply Chain Management), CAA, Karachi.	2	Delay in provision of Automated Weather Observing System (AWOS) due to non-nomination of personnel for FAT –Rs. 199.909 million
80.	Logistics Directorate, Additional Director APS & ANS (Procurement & Contracts Supply Chain Management), CAA, Karachi.	6	Irregular grant of extension of time without imposing LD Charges of - Rs. 1.258 million
81.	Logistics Directorate, Additional Director APS & ANS (Procurement & Contracts Supply Chain Management), CAA, Karachi.	9	Non-imposition of liquidated damages due to non-delivery of store -Rs. 0.547 million
82.	Planning & Development Directorate, Pakistan Airport Authority, Karachi.	3	Non-recovery/adjustment of secured advance despite completion and issuance of Taking-Over Certificate (TOC) of the work - Rs. 84.251 million
83.	Planning &	4	Anticipated loss of millions of

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Development Directorate, Pakistan Airport Authority, Karachi.		rupees due to delay in construction of Aviation Complex Building in Blue Area Islamabad despite expiry of full term of lease period of 33 years
84.	Planning & Development Directorate, Pakistan Airport Authority, Karachi.	6	Loss on account of delay charges, extension charges, annual ground rent, and lease extension charges due to non-construction/ completion of building on commercial plots allotted for office building – Rs. 35.837 million
85.	Planning & Development Directorate, Pakistan Airport Authority, Karachi.	8	Non-encashment of bid security and non-blacklisting due to default of the contractor – Rs. 250.00 million
86.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	1	Undue deferment of expenditure of Rs. 4.079 million
87.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	3	Unjustified Creation of Liabilities Rs. 8.313 million
88.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	5	Improper maintenance of record of establishment involving expenditure of Rs. 675.898 million
89.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	8	Shortage of officers & officials against approved establishment and deployment of officials without approved establishment
90.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	14	Overestimation due to defective estimates without genuine requirement for Rs. 14.245 million and reduction in the scope of work

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			for Rs. 4.859 million.
91.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	17	Irregular extension of security contract for Rs. 10.716 million
92.	Civil Aviation Training Institute (CATI), Civil Aviation Authority, Hyderabad.	18	Irregular procurement through quotations without open tenders Rs. 6.648 million
93.	New Gawadar International Airport Project (PSDP), Civil Aviation Authority, Gawadar.	2	Inadequate Measurement Practices Resulting in Unauthenticated Price Adjustments.
94.	New Gawadar International Airport Project (PSDP), Civil Aviation Authority, Gawadar.	3	Inefficient utilization of Public Sector Development Program (PSDP) funds; as financial resources may be expended without proper justification.
95.	New Gawadar International Airport Project (PSDP), Civil Aviation Authority, Gawadar.	5	Overpayment made to the contractor.
96.	New Gawadar International Airport Project (PSDP), Civil Aviation Authority, Gawadar.	8	Ineligible payment made to the contractor.
97.	New Gawadar International Airport Project (PSDP), Civil Aviation Authority, Gawadar.	10	Deployment of other Key Personnel by the consultant without prior approval of client.
98.	New Gawadar International Airport Project (PSDP), Civil	12	Shortfall in achieving the project's objectives for the financial year.

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Aviation Authority, Gawadar.		
99.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	1	Non-recovery of outstanding dues on account of monthly License Fee and Utility Charges from Concessionaries
100.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	2	Obtaining of Performance Guarantee below than specified limit.
101.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	3	Annually loss to authority due to major revenue sources capture by the PAF without any approval by the Civil Aviation Authority.
102.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	4	Non-recovery from the contractor due to non-comply the minimum wages as announced by the Federal Government.
103.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	5	Overpayment due to execution of excessive quantities beyond the agreement.
104.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	6	Overpayment to the contractor due to non-utilization of earth available at site.
105.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	7	Irregular award of work through quotation instead of open competition.
106.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	8	Loss to authority due to non-award of work to the 2 <sup>nd</sup> lowest bidder
107.	Airport Manager, Bacha Khan International Airport,	9	Non-adoption of PEC bidding documents for civil contracts and less obtaining of performance

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	CAA, Peshawar.		security.
108.	Airport Manager, Bacha Khan International Airport, CAA, Peshawar.	10	Award of Consultancy Services Contract without Advertisement/Open Competition.
109.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	1	Non-preparation of feasibility study (PC-II) for project worth more than Rs. 500 million
110.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	2	Mis-procurement in Award of Consultancy contract Rs. 1324. 44 million.
111.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	4	In-ordinate delay in issuance of notice of commencement by the Engineer
112.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	5	Non-submission of PC-III or PC-III (B) to the Planning Commission

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
113.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	6	Non finalization of accounts due to non-revision of PC-I of Rs. 7,709.557 million
114.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	7	Damage to Parking Management System worth Rs. 165.406 million due to failure to plan for and enter into Maintenance Contract.
115.	Project directors - expansion of terminal building & allied facilities and car parking & access road at AIIAP, Pakistan airport's authority, Lahore.	8	Excess payment on account of Price Adjustment - Rs. 9.550 million
116.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	1	Non-submission of PC-III proformas for project monitoring to the Planning Commission for Construction of Greenfield Aerodrome Near Muridke
117.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	2	Denial of applicability of instructions prescribed by the Planning Commission
118.	Project Director	4	Non-preparation of feasibility

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.		study (PC-II) for project worth more than Rs. 500 million
119.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	5	Non-compliance with prescribed designed standards for aerodrome construction
120.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	6	Non-standard application of Technical Specifications for Materials and Methods of Construction
121.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	7	Unauthorized delay in completion of work
122.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	8	Inadmissible and illegal expenditure due to Non revision of PC-I
123.	Project Director Greenfield Aerodrome General Aviation Activities Muridke Civil Aviation Authority.	9	Use of non-standard Schedule of Rates of NHA for Aviation.
124.	Airport Manager, PCAA, Quetta.	1	Irregular extension of car parking contract for 26 months without

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			calling open tenders – Rs. 7.140 million
125.	Airport Manager, PCAA, Quetta.	2	Irregular extension of license for 37 months without calling open tenders – Rs. 2.438 million
126.	Airport Manager, PCAA, Quetta.	3	Non-utilization of Commercial Spaces Resulting in Loss of Revenue of PAA at QIAP Quetta – Rs. 5.801 million
127.	Airport Manager, PCAA, Quetta.	4	Non-Recovery of outstanding non-aeronautical dues from licensees – Rs. 75.176 million
128.	Airport Manager, PCAA, Quetta.	5	Irregular extension of license for 66 months without calling open tenders – Rs. 907,230
129.	Airport Manager, PCAA, Quetta.	6	Irregular extension of license for 6 years without calling open tenders – Rs. 828,294
130.	Airport Manager, PCAA, Quetta.	7	Irregular extension of license for 60 months without calling open tenders – Rs. 1.471 million
131.	Airport Manager, PCAA, Quetta.	8	Non-mutation/transfer of PAA land measuring 127 Acres – Rs. 110.642 million (approx.)
132.	Airport Manager, PCAA, Quetta.	9	Unjustified / doubtful acceptance of performance security in shape of C.D.R and its non-accountal – Rs. 17.269 million
133.	Airport Manager, PCAA, Quetta.	10	Loss due to award of contract by outsourcing staff on higher rate than on retainer ship basis and without proper Engineer Estimate – Rs. 99.528 million
134.	Airport Manager, PCAA, Quetta.	11	Irregular award of contract to an in-eligible contractor -Rs. 99.495 million
135.	APM CAA Islamabad	1	Non-utilization of leased plots

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			leading to financial losses and penalties – Rs.84.669 million
136.	APM CAA Islamabad	2	Irregular/unjustified payment of Special Allowance of Rs. 164.419 million
137.	APM CAA Islamabad	3	Irregular Extension of Contract Without Fair Competition – Rs. 416.232 million
138.	APM CAA Islamabad	4	Non-Recovery of outstanding non-aeronautical dues from licensees– Rs. 292.382 million
139.	APM CAA Islamabad	5	Un-justified award of Supply Orders through quotations for Rs. 117.309 million
140.	APM CAA Islamabad	6	Irregular expenditure due to improper booking of accrual expense – Rs. 169.679 million
141.	APM CAA Islamabad	7	Irregular Procurement Practices for AWOS Spare Parts and X-Ray Generator at CAA- Rs. 184.224 million
142.	APM CAA Islamabad	8	Doubtful/unjustified payment on account of irregular procurement Rs. 54.341 million
143.	APM CAA Islamabad	9	Unjustified Payment of Rating Allowance of Rs. 7.294 million
144.	APM CAA Islamabad	10	Irregular award of maintenance works and purchase of material through quotations without open competition – Rs. 33.444 million
145.	APM CAA Islamabad	11	Unjustified payment on accounts of POL and repair of motor vehicles – Rs. 62.583 million
146.	APM CAA Islamabad	12	Non-utilization of Commercial Spaces Resulting in Loss of Revenue of CAA at IIAP Islamabad – Rs. 81.180 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
147.	APM CAA Islamabad	13	Non-handing over of scanner machines and non-reimbursement of maintenance charges from Airport Security Force (ASF)
148.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	2	Unauthentic receipt on account of fuel throughput charges without authentic/verified quantities of fuel sold to Aviation Customer for raising bills
149.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	3	Loss to the Authority due to non-awarding of available land for lease Rs. 178,857.716
150.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	5	Irregular transfer and award of fuel throughput contract without open competition resulting in loss of revenue over eight months
151.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	6	Irregular award of maintenance works and purchase of material through quotations without open competition
152.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	7	Non-recovery of water charges from the allottee of PAA resident's colony
153.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	8	Lack of Documentation for Inter-Organizational Stock Transfer Resulting in Zero Closing Balance and Unverified Opening Balance of
154.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	9	Non-Compliance with Insurance Clause in License Agreements and Ambiguities Leading to Financial Exposure
155.	Airport Manager, Jinnah International Airport, (JIAP), PAA,	10	Unjustified Payment of Rating Allowance

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Karachi		
156.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	11	Non-compliance with financial control regulations and non-deduction of applicable taxes from contractor's payments
157.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	12	Un-justified award of Supply Orders through quotations
158.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	14	Non-compliance of payment clause of lease agreement causes short fall of revenue Rs. 7.964 million
159.	Airport Manager, Jinnah International Airport, (JIAP), PAA, Karachi	15	Irregular allocation of PAA accommodation to ASF employees and non-recovery of dues
160.	Finance Directorate, PCAA (HQ) Karachi	1	Non-recovery of ICT charges for utilizing Local Area Network
161.	Finance Directorate, PCAA (HQ) Karachi	2	Irregularities in administration of contract for Common Use Passenger Processing System (CUPPS) and Baggage Reconciliation System (BRS)
162.	Finance Directorate, PCAA (HQ) Karachi	3	Unjustified Provision for Slow-Moving Spares
163.	Finance Directorate, PCAA (HQ) Karachi	4	Less Recovery of Income Tax
164.	Finance Directorate, PCAA (HQ) Karachi	5	Unjustified Accumulation of Inventory Accruals
165.	Finance Directorate, PCAA (HQ) Karachi	6	Non-Adjustment / Recovery of TA/DA Advances
166.	Finance Directorate, PCAA (HQ) Karachi	8	Non-Deposit of Withholding Tax (Sales Tax)
167.	Finance Directorate, PCAA (HQ) Karachi	11	Non-deposit of withholding tax (Income tax) in Government Treasury

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
168.	Finance Directorate, PCAA (HQ) Karachi	12	Non-recovery of Aeronautical Charges from Foreign Airlines
169.	Finance Directorate, PCAA (HQ) Karachi	13	Irregular expenditure on pay & perks prior to concurrence of Finance Division
170.	Finance Directorate, PCAA (HQ) Karachi	14	Inadmissible payment of Flight Inspector Allowance
171.	Finance Directorate, PCAA (HQ) Karachi	15	Inadmissible payment on account of fuel charges to an Officer
172.	Finance Directorate, PCAA (HQ) Karachi	16	Non-revision of Per Passenger Check-In Charges despite a lapse of Five Years.
173.	Finance Directorate, PCAA (HQ) Karachi	17	Irregular payments prior to approval of competent forum
174.	Finance Directorate, PCAA (HQ) Karachi	18	Non-recovery of Aeronautical Charges from Airline operators
175.	Finance Directorate, PCAA (HQ) Karachi	19	Unauthorized and wasteful expenditure on foreign training
176.	Finance Directorate, PCAA (HQ) Karachi	20	Recurring loss of millions of Rupees (per month) on account of less recovery of markup on motor vehicle advances.
177.	Finance Directorate, PCAA (HQ) Karachi	21	Non-adherence of the instructions resulted in unjustified expenditure
178.	Finance Directorate, PCAA (HQ) Karachi	23	Unjustified decrease in the total comprehensive income and non-conducting of revaluation of fixed assets
179.	Finance Directorate, PCAA (HQ) Karachi	24	Undue financial burden due to appointment of temporary staff
180.	Finance Directorate, PCAA (HQ) Karachi	25	Non-completion of schemes due to non-release of funds against allocation during the year 2023-24
181.	Finance Directorate, PCAA (HQ) Karachi	26	Decline in car parking Income during the year 2024
182.	Finance Directorate, PCAA (HQ) Karachi	27	Non-recovery of Aeronautical Charges from Embassy / (MC)

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
183.	Finance Directorate, PCAA (HQ) Karachi	28	Non-recovery of Aeronautical Charges from Embassy / (Civil)
184.	Finance Directorate, PCAA (HQ) Karachi	29	Unjustified delay in deposit of Government dues
185.	Finance Directorate, PCAA (HQ) Karachi	30	Unjustified expenditure on inadmissible allowances during the financial year 2023-24
186.	Finance Directorate, PCAA (HQ) Karachi	31	Unjustified payment of inadmissible Allowances
187.	Finance Directorate, PCAA (HQ) Karachi	32	Non-development /re-vamping of Human Resource Information System (HRIS)
188.	Finance Directorate, PCAA (HQ) Karachi	33	Non-initiation and achievement of task & targets of the calendar year 2024
189.	Airport Manager Civil Aviation Authority Multan	1	Irregular/unjustified payment due to non-execution of framework agreements for the purchase of items under the head of consumable, stores & spares - Rs. 3.238 million
190.	Airport Manager Civil Aviation Authority Multan	2	Unauthorized excess expenditure beyond the budget allocation/releases – Rs. 18.797 million
191.	Airport Manager Civil Aviation Authority Multan	3	Non-recovery/ less recovery of cash security - Rs. 7.575 million
192.	Airport Manager Civil Aviation Authority Multan	6	Irregular/unjustified payment of special allowance - Rs. 42.146 million
193.	Airport Manager Civil Aviation Authority Multan	7	Irregular payment on account of car monetization allowance - Rs. 1.179 million
194.	Airport Manager Civil Aviation Authority Multan	8	Loss of revenue due to non-floating the tenders of vacant spaces – Rs. 75.443 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
195.	Airport Manager Civil Aviation Authority Multan	9	Unauthorized/unjustified retention of items/articles by ASF on departure counters within the premises of the airport
196.	Airport Manager Civil Aviation Authority Multan	10	Loss to authority due to non-recovery of utility charges, janitorial cost and license fee for establishment of control room in parking area- Rs. 13.824 million and non-forfeiture of cash security due to violating agreemental clauses - Rs. 5.356 million
197.	Airport Manager Civil Aviation Authority Multan	11	Non transparent bidding process - Rs. 1.295 million
198.	Airport Manager Civil Aviation Authority Multan	12	Irregular procurement (civil work) through piecemeal quotations - Rs. 3.098 million
199.	Airport Manager Civil Aviation Authority Multan	13	Loss of authority due to award of land on lease at reduced rates Rs. 1.681 million and undue favor of lessee due to non-recovery of rent in advance of Rs. 3.326 million
200.	Airport Manager Civil Aviation Authority Multan	14	Non recovery due to usage of extra space than allotted space from the allottees - US\$ 108,405 and Rs. 5.203 million
201.	Airport Manager Civil Aviation Authority Multan	15	Non-recovery of profit share on annual gross sale - US\$ 49,500
202.	Airport Manager Civil Aviation Authority Multan	16	Loss to Authority due to encroachment on 43.90 acres land

**Pakistan Public Works Department**

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
1.	CCD-III Karachi	1	Non-utilization of funds caused affecting development works
2.	CCD-III Karachi	3	Defective Revised Project Cost based on inadequate data
3.	CCD-III Karachi	4	Cost overrun to the extent
4.	CCD-III Karachi	5	Non-revalidation of performance securities, insurance policies and third party insurances.
5.	CCD-III Karachi	6	Non-recovery of liquidated damages due to non-completion of works on time
6.	CCD-III Karachi	7	Defective estimation
7.	CCD-III Karachi	8	Non-maintaining detail statement/head-wise break-up, on lying in (CPWA-79) of Monthly Account for the month of June 2024
8.	CCD-III Karachi	9	Non-recovery of Provincial Sale/SRB Tax on services
9.	CCD-III Karachi	10	Non recovery of Provincial Sale Tax/Sindh Revenue Board Tax
10.	CCD-III Karachi	11	Non-preparation consolidated completion reports
11.	CCD-III Karachi	12	Unauthentic payments due to lack of site verification by Superintending Engineer.
12.	CCD-III Karachi	14	Wasteful expenditure due to lack of planning in execution of 298 developments schemes
13.	CCD-III Karachi	15	Unjustified expenditure
14.	CCD-III Karachi	16	Unjustified payment
15.	CCD-II Lahore	1	Unauthorized deduction and retention of 5% PRA from contractors payments
16.	CCD-II Lahore	2	Payment of 3% contingency funds to contractors against work done instead of saving the same

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
17.	CCD-II Lahore	3	Unjustified release of security deposit of Rs. 362.189 million of contractors due to non-preparation of completion statement / report of works and non-handing over the completed works to maintenance departments
18.	CCD-II Lahore	4	Unauthentic payment of bituminous items without verification of source, test reports and sales tax invoices.
19.	CCD-II Lahore	5	Irregular award of works to contractors in violation of PPRA Rules-
20.	CCD-II Lahore	6	Overpayment to contractor due to execution of item of work beyond approved cross section -
21.	CCD-II Lahore	7	Unjustified approval of work in violation of guidelines of the Cabinet Division for Sustainable Development Goals Achievement Programme (SAP) -
22.	CCD-II Lahore	8	Non-recovery of outstanding rent of Federal Lodges at Wafaqi Colony Lahore
23.	CCD-V Islamabad	2	Undue favor to contractor due to non-obtaining of additional performance security - Rs. 3.414 million
24.	CCD-V Islamabad	3	Overpayment to the contractor ascribed to non-utilization of available material - Rs. 0.544 million
25.	CCD-V Islamabad	5	Project time overrun due to non-completion of project in stipulated time period –
26.	CCD-V Islamabad	6	Non-extension/revalidation of the Performance Security Bonds - Rs. 0.761 million
27.	CCD-V Islamabad	7	Undue benefit to the contractor in the shape of inadmissible payment due to

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			execution of item of work beyond the genuine requirement – Rs. 2.408 million
28.	CCD-V Islamabad	8	Non-closing/finalization of the final bills/accounts of the completed Projects
29.	CCD-V Islamabad	9	Delay in implementation of SAP Schemes for the year 2022-23 of - Rs. 1,034 million
30.	CCD-V Islamabad	10	Compromising the quality of work by reducing the scope of Work as per Contract Agreement/BOQ – Rs. 8.784 million
31.	CCD-V Islamabad	11	Unjustified release of security deposit despite the work is being still in process –
32.	CCD-III, Islamabad	1	Non- recovery of water charges for Rs. 8.834 million
33.	CCD-III, Islamabad	2	Non-recovery of mobilization advance for Rs. 5.700 million and premature release of retention money without completion of work - Rs. 6.500 million
34.	CCD-III, Islamabad	5	Acceptance of premium on market rate items in addition to admissible provision of overhead and profit for Rs. 17.876 million
35.	CCD-III, Islamabad	8	Undue financial aid/benefit to the contractor due to non-recovery of Mobilization Advance – Rs. 18.189 million
36.	CCD-III, Islamabad	11	Unauthentic payment without conducting quality tests for ascertaining strength of Steel - Rs. 12.599 million and Overpayment due to measured and paid excessive quantities Rs. 2.211 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
37.	CCD-III, Islamabad	12	Non-obtaining of non-duplication certificates for the schemes and Non-carrying out of site verification by the Superintending Engineer valuing Rs.173.205 million
38.	CCD-I, Lahore	1	Unjustified withheld of 5% PRA amount from contractor's payment instead remittance to Punjab Revenue authority account of Rs. 405.157 million
39.	CCD-I, Lahore	2	Unjustified lapse of development funds instead of surrender under PLA-I of Rs. 42.363 million
40.	CCD-I, Lahore	3	Misuse of powers due to utilization/payment of 3% contingency to the contractor against work done instead saving Rs. 4.645 million
41.	CCD-I, Lahore	4	Undue benefit to contractor due to allowing mobilization advance against insurance guarantee instead of bank guarantee-Rs. 39.487 million
42.	CCD-I, Lahore	5	Non-preparation of completion reports / statements and non-handing over the completed works to district / local government - Rs. 788.153 million
43.	CCD-I, Lahore	6	Un-authentic expenditure due to non-monitoring and non-carrying out of site verification by the superintending Engineer for works worth - Rs. 891.342 million
44.	CCD-I, Lahore	7	Overpayment/undue financial benefit to contractor on account of escalation beyond the provision Rs. 15.914 million
45.	CCD-I, Lahore	8	Non-penalizing of contractor due to non-fulfillment of contractual obligations and left the work

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			incomplete Rs. 12.268 million
46.	CCD-I, Lahore	9	Wasteful expenditure due to incomplete execution of work - Rs. 712.727 million
47.	CCD-I, Lahore	10	Unauthentic / unjustified expenditure in violation of guidelines of Ministry of Housing and Works - Rs. 122.139 million
48.	CCD-I, Lahore	11	Undue benefit to contractor due to non-obtaining of revalidated additional performance security - Rs. 24.00 million
49.	CCD-I, Lahore	14	Irregular execution of work due to non-revision of T.S. Estimate Rs. 252.069 million
50.	CCD-I, Lahore	15	Un-authentic payments without lab test report of material –Rs. 86.319 million
51.	CCD-I, Lahore	16	Payment of 3% contingency to contractors against work done instead of saving - Rs. 73.434 million
52.	PCD-1 Karachi	1	Irregular execution and financial management of the ASF Academy Upgradation project
53.	PCD-1 Karachi	2	Delay in completion of components of project
54.	PCD-1 Karachi	3	Irregular payments against work done without record Detail measurements in the Measurement Book
55.	PCD-1 Karachi	4	Non-achievement of Schemes under Sustainable Development Goals (SDGs) Achievement Program for FY 2023-24
56.	PCD-1 Karachi	5	Non-conduction of inspection site verification for works
57.	PCD-1 Karachi	6	Doubtful completion of work in respect of SAP schemes

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
58.	PCD-1 Karachi	7	Non-utilization of allocated PSDP funds
59.	PCD-1 Karachi	8	Un-authentic execution of item based on market rate
60.	PCD-1 Karachi	9	Consultant's failure to perform contractual services resulted in unjustified payment
61.	PCD-1 Karachi	10	Non-Utilization of Funds and Compliance with Financial Rules
62.	PCD-1 Karachi	11	Non-recovery on account of liquidated damages
63.	PCD-1 Karachi	12	Irregular payment to the consultant beyond the contractual period
64.	Project E/M Division Islamabad.	2	Loss to public exchequer due to non-deduction of income tax from the contractor under PSDP Schemes/works Rs. 21.264 million
65.	Project E/M Division Islamabad.	3	Overpayment due to acceptance of higher rate of item Solar Penal against the estimated analyzed rate to the contractors for PSDP schemes Rs. 5.906 million
66.	Project E/M Division Islamabad.	4	Loss to public exchequer due to non-deduction of income tax from the contractor under PSDP Schemes/works Rs. 22.358 million
67.	Project E/M Division Islamabad.	5	Unjustified/unauthentic advance payment without obtaining of vouched account Rs- 81.853 million.
68.	Project E/M Division Islamabad.	9	Unauthorized/Un-authentic payments to the contractor without approval of contract agreements. Rs. 182.415 million
69.	Central E/M Division, Peshawar.	1	Non-recovery of Income Tax from contractors Rs. 9.341 million.
70.	Central E/M	2	Unauthorized Retention of Lapsable

S. No.	Formation	AIR Para No.	Subject
	Division, Peshawar.		Funds in PLA-III - Rs. 2.076 million
71.	Central E/M Division, Peshawar.	3	Un-authentic record entries in Measurement Book and excess payment of Rs. 0.534 million
72.	Central E/M Division, Peshawar.	4	Non-crediting of unclaimed Security Deposits to Government Revenue - Rs. 161.710 million
73.	Central E/M Division, Peshawar.	6	Loss to Government due to Non-deduction of Sale Tax Rs. 65.162 million.
74.	Central E/M Division, Peshawar.	7	Less deduction of Income Tax due to incorrect application of rates Rs. 0.218 million
75.	Central E/M Division, Peshawar.	9	Un-reliable work of Rs. 33.696 million
76.	Central E/M Division, Peshawar.	10	Non-recovery of Income Tax from contractors Rs. 34.456 million.
77.	Central E/M Division, Peshawar.	11	Non-recovery of salvage material from contractor worth Rs. 1.541 million.
78.	Central E/M Division, Peshawar.	13	Un-authorized payment without approval of contractor agreements Rs. 54.744 million.
79.	CCD, Bahawalpur	1	Wasteful expenditure on SAP Schemes due to incomplete execution of work as stipulated period of time – Rs. 955.076 million
80.	CCD, Bahawalpur	2	Undue utilization/payment of 3% contingency to the contractors against work done instead saving Rs. 66.396 million
81.	CCD, Bahawalpur	7	Irregular award of work on negotiation basis in violation of rules – Rs. 59.89 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
82.	CCD, Bahawalpur	8	Un-authentic payments to the contractor without approval of contract agreements from competent forum . Rs. 295.611 million
83.	CCD, Bahawalpur	9	Unjustified withheld of 5% PRA amount from contractor's payment instead remittance to Punjab Revenue authority account of Rs. 181.675 million
84.	CCD, Bahawalpur	10	Un-authentic payments to the contractor without obligatory signing contract agreement on judiciary stamp papers Rs. 2213.214 million
85.	CCD, Bahawalpur	11	Rush of expenditure particularly in the closing month of the financial year 2023-24 involving Rs. 656.284 million.
86.	CCD, Bahawalpur	12	Non-preparation of PC-IV of PSDP Schemes against completed works Rs. 542.727 million
87.	CCD, Gujranwala.	1	Unjustified withheld of 5% PRA amount from contractor's payment instead remittance to Punjab Revenue authority account of Rs. 238.853 million
88.	CCD, Gujranwala.	2	Mismanagement due to non-utilization of funds and retaining into non lapsable PLA to avoid the Laps Rs. 467.160 million
89.	CCD, Gujranwala.	3	Non penalizing of contractor due to non-fulfillment of contractual obligations and left the work incomplete Rs. 95.597 million
90.	CCD, Gujranwala.	4	Overpayment due to measurement of excessive width/length of items of RCC beyond the Admin Approval/TS estimate Rs. 11.305 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
91.	CCD, Gujranwala.	7	Wasteful expenditure due to incomplete execution of SAP works - Rs. 1443.506 million
92.	CCD, Gujranwala.	8	Irregular award of work due to negotiation with one bidder- Rs. 439.790 million
93.	CCD, Gujranwala.	10	Loss due to award of work to contractor at higher premium rate on PCC/Drain/Culverts Rs- 30.224 million
94.	CCD, Gujranwala.	11	Unjustified/inadmissible payment of item Compaction Rs. 10.221 million
95.	CCD, Gujranwala.	12	Unauthorized acceptance of insurance bond instead of bank guarantee for third party insurance of work - Rs. 830.111 million
96.	CCD, Muzaffargarh	2	Non-deduction of 5% PRA Tax from contractor's bill and non-remittance into Punjab Government Finance Department account of Rs. 77.528 million
97.	CCD, Muzaffargarh	3	Overpayment due to allowing higher premium on extra and substituted items Rs. 34.869 million
98.	CCD, Muzaffargarh	4	Overpayment to the contractor due to execution of excessive measurement of item of work beyond the TS estimate/BOQ Rs. 2.114 million
99.	CCD, Muzaffargarh	5	Wasteful expenditure on SAP Schemes due to incomplete execution of work Rs. 872.354 million
100.	CCD, Muzaffargarh	8	Less recovery of mobilization advance and undue benefit to contractors Rs. 10.054 million.
101.	CCD, Muzaffargarh	9	Unjustified utilization/payment of 3% contingency to the contractors against work done instead of saving Rs.

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			46.517 million
102.	CCD, Muzaffargarh	10	Un-authentic payments to the contractor without obligatory signing contract agreement on judiciary stamp papers Rs. 872.324 million
103.	PCD, Sahiwal.	4	Unauthorized/void execution of (SAP)'s schemes without mutation of land worth Rs. 537.8 million
104.	PCD, Sahiwal.	5	Financial indiscipline due to non-utilization and lapse of development funds – Rs. 16.093 million
105.	PCD, Sahiwal.	7	Non recovery/ deposit of Punjab Sales tax amounting to Rs. 91.641 million
106.	PCD, Sahiwal.	8	Un-authorized/ justified retention of funds in PLA-I&III of Rs. 19.945 million
107.	PCD, Sahiwal.	9	Unauthentic payment without conducting quality tests for ascertaining strength of Tuff Paver - Rs. 46.794 million
108.	PCD, Sahiwal.	10	Un-authentic payment Rs. 16.751 million, due to execution of earth work without approved X-section
109.	PCD, Sahiwal.	12	Non-carrying out of site verification by the Superintending Engineer of SAPs works
110.	PCD, Sahiwal.	13	Non-obtaining of non-duplication certificates and non-handed over the completed schemes to provincial department for operation & maintenance – Rs. 420.849 million
111.	PCD, Sahiwal.	14	Unauthorized expenditure without approval of contract agreements –Rs. 592.014 million
112.	CCD, Multan	1	Non observance of contractual obligations in execution of work
113.	CCD, Multan	3	Unjustified execution of favorable

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			items of work without approval of work schedule
114.	CCD, Multan	4	Loss due to execution of costly item beyond genuine requirement
115.	CCD, Multan	5	Irregular payment of excessive quantities without approval from the competent authority
116.	CCD, Multan	7	Overpayment due to sanction of higher rate than admissible
117.	CCD, Multan	8	Loss due to non-utilization of available material
118.	CCD, Multan	9	Wasteful expenditure on account of uncompleted schemes
119.	CCD, Multan	11	Overpayment due to sanction of higher rate than admissible
120.	CCD, Multan	12	Overpayment due to allowing excess rate for item of work
121.	CCD, Multan	13	Non-handed over the completed schemes to provincial department for operation & maintenance and finalization of accounts completed
122.	CCD, Multan	14	Unauthentic payment without carrying out site inspection by the Superintending Engineer
123.	CCD - III Peshawar	1	Overpayment due to wrong measurement Rs. 3.844 million.
124.	CCD - III Peshawar	2	Doubtful payment due to non-reliable record entry Rs. 1.538 million.
125.	CCD - III Peshawar	3	Overpayment due to excessive measurement Rs. 3.141 million.
126.	CCD - III Peshawar	4	Irregular expenditure of Rs. 9.076 million.
127.	CCD - III Peshawar	6	Non-recovery of salvage material from contractor worth Rs. 0.333 million.
128.	CCD - III	7	Non-crediting of unclaimed Security

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	Peshawar		Deposits to Government Revenue - Rs. 129.511 million
129.	CCD - III Peshawar	8	Unauthorized payments without approval of contract agreements - Rs. 201.285
130.	CCD - III Peshawar	9	Un-reliable payment of item of work Rs. 7.206 million
131.	CCD - III Peshawar	10	Mis-Procurement of Rs. 566.779 million.
132.	CCD - III Peshawar	11	Un-authorized payment Rs. 8.161 million
133.	CCD - III Peshawar	12	Overpayment due to wrong measurement Rs. 4.827 million.
134.	CCD-III, Quetta	3	Undue financial benefit to the contractors due to allowing higher rate for CSR item.
135.	CCD-III, Quetta	5	Irregular change in approved scope of work.
136.	CCD-III, Quetta	6	Over-payment due to paid extra quantity of compaction of earth and non-utilization of earth available at site.
137.	CCD-III, Quetta	7	Over-payment due to non-utilization of earth available at site.
138.	CCD-III, Quetta	8	Irregular payment of Mob-Advance against insurance guarantee instead of required bank guarantee and non-recovery of Mob-advance despite expiry of contract period.
139.	CCD-III, Quetta	9	Over-payment due to measured and paid excess quantities of items without approval of Competent authority.
140.	CCD-III, Quetta	10	Non-implementation of Cabinet Division guidelines caused delay in completion of SAP schemes of and Non-preparation of PC-IV of completed schemes for the year 2023-

S. No.	Formation	AIR Para No.	Subject
			24.
141.	CCD-I, Quetta	1	Overpayment due to incorrect calculations in earth work quantities amounting Rs. 18.777 million.
142.	CCD-I, Quetta	4	Irregular Payment on account of Mobilization Advance against Conditional Insurance Guarantee instead of Required Bank Guarantee amounting to Rs. 89.458 million
143.	CCD-I, Quetta	6	Irregular / un-justified release of retention money without ensuring proper handing / taking of work Rs. 51.019 million
144.	CCD-I, Quetta	9	Un-due financial benefit to the contractor due to made payment of IPC's below from the specified limit Rs. 238.799 million.
145.	CCD-I, Quetta	10	Non-imposition/recovery of liquidated damages due to delay in completion of work – Rs. 36.269 million.
146.	Central E/M , Quetta.	1	Non-implementation of Cabinet Division guidelines caused delay in completion of 51 SAP schemes for the year 2023-24 involving cost of - Rs. 2,494. 643 million.
147.	Central E/M , Quetta.	3	Irregular advance payments to the contractors without mobilize at site amounting Rs. 554.335 million.
148.	Central E/M , Quetta.	4	Unjustified expenditure due to execution of inadmissible items of works beyond the genuine requirement amounting Rs. 78.227 million.
149.	Central E/M , Quetta.	5	Overpayment due to made payment to the contractors on account of solar inverters without installation at site Rs. 8.106 million.

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
150.	Central E/M , Quetta.	6	Irregular award of works to selective contractors without healthy competition - Rs. 7201.518 million.
151.	Central E/M , Quetta.	7	Unjustified / un-authentic expenditure due to execution of SAP's & PSDP schemes without recording the locations in the measurement books and non-obtaining the schedule of work plan from the contractors of Rs. 4,388.744 million.
152.	Central E/M , Quetta.	8	Non-preparation of PC-IV of completed SAP's schemes amounting Rs. 360.117 million.
153.	Central E/M , Quetta.	9	Extra burden on public exchequer due to allowing the costly item instead of available economical item Rs. 276.562 million.
154.	Central E/M , Quetta.	10	Loss to Govt. due installation of hybrid (On Grid) Solar Inverters instead of economical VFD invertors for Solar tube wells amounting Rs. 102.906 million.
155.	Central E/M , Quetta.	11	Un-justified expenditure due to execution of work without confirmation of approved manufactured/brands/makes of material installed at site amounting to Rs. 4,388.744 million
156.	CCD, Abbottabad.	1	Un-authentic expenditure due to non-monitoring and non- carrying out of site verification by the SE/XEN- Rs. 1,884.325 million.
157.	CCD, Abbottabad.	3	Unauthorized expenditure without approval of contract agreements- Rs. 576.991 million.
158.	CCD, Abbottabad.	7	Non-handing over of completed schemes to concerned Local/District

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			Govt and non-transfer of 2% Operation and Maintenance (O&M) Charges- Rs. 19.966 million.
159.	CCD, Abbottabad.	8	Un-justified payment of an item of work in contradiction of approved X-section- Rs. 2.546 million.
160.	CCD, Abbottabad.	9	Unjustified payment due to non-recording visual evidence of execution of schemes/works- Rs. 657.263 million.
161.	CCD-II, Peshawar.	2	Overpayment due to deviation from Pak PWD Specifications - Rs. 188.375 million
162.	CCD-II, Peshawar.	3	Non-imposition and recovery of liquidated damages from the contractor – Rs. 153.0539 million
163.	CCD-II, Peshawar.	5	Non-provision of insurance of work costing Rs. 1,530.539 million and non-recovery of premium - Rs. 30.610 million
164.	CCD-II, Peshawar.	10	Irregular payment of Rs. 144.98 million due to delayed enforcement of contract agreements
165.	CCD-II, Peshawar.	11	Non-reconciliation of accounts with treasury on monthly basis-Rs. 4,366.397 million.
166.	CCD-II, Peshawar.	12	Excess expenditure over and above budget release-Rs. 2.253 million
167.	CCD-II, Peshawar.	13	Irregular execution of work due to non-obtaining of non-duplication certificates for the schemes amounting to-Rs. 2,850.653 million
168.	CCD-II, Peshawar.	14	Non preparation of completion reports and non-handing over the completed works under SAP to district / local government worth -Rs. 1,114.226 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
169.	CCD, Faisalabad.	1	Unauthentic payment made to contractor on account of steel reinforcement without obtaining receipts of certified procurement and lab test reports for Rs. 142.436 million.
170.	CCD, Faisalabad.	2	Non-carrying out of site verification by the Superintending Engineer of 46 SAPs works
171.	CCD, Faisalabad.	3	Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed works Rs. 491.452 million
172.	CCD, Faisalabad.	5	Unjustified expenditure due to non-utilization of services of maintenance staff Rs. 19.963 million
173.	CCD, Faisalabad.	6	Non preparation of completion reports / statements and non-handing over the completed works to district / local government – Rs. 631.113 million
174.	CCD, Faisalabad.	7	Unauthentic execution of earth work items – Rs. 73.709 million
175.	CCD, Faisalabad.	8	Unjustified Lapse of funds due to non-utilization - Rs. 97.171 million
176.	CCD, Faisalabad.	9	Excess payment due to execution of items of work over & above the provision of Technically Sanctioned Estimates/BOQ – Rs. 18.049 million
177.	CCD, Faisalabad.	10	Unauthorized expenditure without approval of contract agreements –Rs. 979.614 million
178.	CCD, Faisalabad.	11	Unreliable execution of SAP schemes due to non-obtaining of NOC / Non duplication certificate and O&M certificates valuing to Rs. 620.999 million
179.	CCD, Faisalabad.	13	Non-imposition/recovery of liquidated damages due to non-completion of

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			works within stipulated time - Rs. 21.371 million
180.	CCD, Faisalabad.	14	Non-inclusion of 5% PRA in technical sanctioned estimates and non-deposit in Punjab Finance Department account of Rs. 165.365 million
181.	CCD, Sialkot.	1	Unauthorized withholding/transfer of funds from lapsable PLA-I to non-lapsable PLA-IV - Rs. 408.121 million
182.	CCD, Sialkot.	2	Non-preparation of completion reports / statements and non- handing over the completed works to district / local government Rs. 1724.909 million
183.	CCD, Sialkot.	3	Un-authentic expenditure due to non-monitoring and non-carrying out of site verification by the superintending Engineer for works worth – Rs-1914.703 million
184.	CCD, Sialkot.	4	Misuse of powers due to utilization/payment of 3% contingency to the contractor against work done instead saving Rs. 51.747 million
185.	CCD, Sialkot.	5	Non-imposition of penalty due to non-fulfillment of contractual obligations - Rs. 94.574 million
186.	CCD, Sialkot.	6	Irregular award on higher rate due to preparation of estimate after taking higher rate of aggregate Rs. 411.105 million
187.	CCD, Sialkot.	7	Overpayment beyond the agreement/BOQ/ due to excess quantities without approval Rs-78.355 million
188.	CCD, Sialkot.	8	Overpayment due to payment of excavated stone under the higher rate item - Rs. 17.172 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
189.	CCD, Sialkot.	9	Wasteful expenditure due to incomplete execution of works Rs. 1059.66 million
190.	CCD, Sialkot.	11	Non-revision of TS estimate- Rs. 835.651 million and overpayment due to execution of excessive quantities than provision in BOQ Rs. 154.860 million
191.	CCD, Sialkot.	12	Irregular utilization of funds of Rs. 87.114 million and unauthorized creation of liability/withheld amount- Rs. 21.466 million
192.	CCD, Hyderabad.	1	Financial indiscipline due to non-utilization and lapse of development funds for Rs. 475.629 million
193.	CCD, Hyderabad.	2	Unjustified transfer of funds Rs. 183.770 million
194.	CCD, Hyderabad.	3	Non-obtaining of vouched account against the advance payment Rs. 14.022 million
195.	CCD, Hyderabad.	4	Financial indiscipline due to non-utilization of development funds for Rs. 1050.000 million due to poor performance of the department.
196.	CCD, Hyderabad.	5	Irregular execution of work under SAP/ SDG'S/ Achievement Programs Valuing Rs. 5,306.316 million
197.	CCD, Hyderabad.	6	Non-obtaining of non-duplication certificates for the schemes valuing Rs. 2912.844 million.
198.	CCD, Hyderabad.	7	Unauthorized expenditure without approval of contract agreements- Rs. 2,912.844 million
199.	CCD, Hyderabad.	8	Non-preparation of PC-IV of completed contracts and non-finalization of accounts for Rs. 5,290.717 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
200.	CCD, Hyderabad.	9	Non-handing over of completed SAP Schemes to the District Administration for operation & maintenance – Rs. 5,290.717 million
201.	CCD, Hyderabad.	10	Delay in implementation of SAP Program due to non-execution of work and non-forfeiture of bid security and performance guarantee for Rs. 102.560 million
202.	CCD, Hyderabad.	11	Delay in implementation of SAP program due to non-completion of work/scheme and non-imposition of delay damages for Rs. 72.893 million
203.	CCD, Hyderabad.	12	Non-obtaining of additional performance security/guarantee for SAP Schemes Rs. 1,050.00 million
204.	CCD, Hyderabad.	14	Award of multiple contracts to a single contractor without evaluation of firm technically for Rs. 500.00 million (approx)
205.	CCD, Hyderabad.	15	Excess measurement due to non-deduction of shrinkage factor from item of work for Rs. 3.792 million
206.	CCD, Hyderabad.	16	Non-preparation of PC-IV of completed contracts and non-finalization of accounts for Rs. 1,957.872 million
207.	CCD, Hyderabad.	17	Delay in implementation of PSDP schemes/works due to non-execution of schemes/works at site for Rs. 4,491.824 million
208.	CCD, Hyderabad.	18	Delay in implementation of PSDP Program due to non-execution of work and non-forfeiture of bid security and performance guarantee for Rs. 1016.425 million
209.	CCD,	19	Delay in implementation of PSDP

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	Hyderabad.		program due to non-completion of work/scheme and non-imposition of delay damages for Rs. 166.197 million
210.	CCD, Hyderabad.	20	Delay in completion/achievement of target plan/ timeline for PSDP development schemes/works for Rs. 4,491.824 million
211.	CCD, Hyderabad.	21	Delay in completion/non-achievement of target plan/ timeline for Rs. 235.272 million
212.	CCD, Hyderabad.	22	Inordinate delay in tender/award of work for Rs. 235.272 million
213.	CCD, Hyderabad.	23	Delay in completion of work/contract, non-imposition of delay damages and non-termination of contract due to poor performance of the contractors for Rs. 993.700 million
214.	CCD-II, Islamabad.	2	Overpayment due to execution of excessive quantities than provision in BOQ Rs. 13.032 million
215.	CCD-II, Islamabad.	3	Non accountal of dismantled material of Rs. 6.883 million
216.	CCD-II, Islamabad.	6	Acceptance of premium on market rate items in addition to admissible provision of overhead and profit for Rs. 2.513 million
217.	CCD-II, Islamabad.	7	Undue financial aid/benefit to the contractor due to non-recovery of Mobilization Advance – Rs. 2.42 million
218.	CCD-II, Islamabad.	9	Unauthorized payments made to contractor without signing/approval of contract agreements Rs. 4.200 million
219.	CCD-II, Islamabad.	10	Financial indiscipline due to non-closing/finalization of accounts of completed work Rs. 2,073.551 million
220.	CCD, D.I. Khan	1	Unauthentic payment without carrying

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			out site inspection by the Superintending Engineer – Rs. 97.299 million
221.	CCD, D.I. Khan	2	Non-preparation of PC-IV of completed schemes to the provincial department for operation & maintenance and finalization of accounts – Rs. 287.40 million
222.	CCD, D.I. Khan	3	Non-obtaining of non-duplication certificates for the schemes valuing – Rs. 421.00 million
223.	CCD, D.I. Khan	4	Financial indiscipline due to non-utilization of development funds for – Rs. 10.506 million
224.	CCD, D.I. Khan	5	Unauthorized payments made to contractor without signing/approval of contract agreements – Rs. 64.34 million
225.	CCD, Bannu.	1	Unauthentic payment without carrying out site inspection by the Superintending Engineer – Rs. 630.626 million
226.	CCD, Bannu.	2	Non-preparation of PC-IV of completed schemes to provincial department for operation & maintenance and finalization of accounts completed – Rs. 675.357 million
227.	CCD, Bannu.	3	Irregular payment without prior approval from the competent Authority – Rs. 32.122 million
228.	CCD, Bannu.	4	Non-obtaining of non-duplication certificates for the schemes valuing Rs. 312.226 million
229.	CCD, Bannu.	5	Unauthorized payments made to contractor without signing/approval of contract agreements - Rs. 907.210

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			million
230.	CCD, Bannu.	9	Irregular payment of excessive quantities without approval from the competent authority Rs. 9.275 million
231.	PCD-II, Islamabad.	2	Non-imposition/recovery of liquidated damages due to extra ordinary delay in completion of works - Rs. 5.463 million
232.	PCD-II, Islamabad.	4	Unauthorized Expenditure without approval of contract agreements - Rs. 310.358 million
233.	PCD-II, Islamabad.	5	Loss due to non-imposition and recovery of liquidated damages charges - Rs. 29.763 million
234.	PCD-II, Islamabad.	7	Non-seeking of NOC from the Environmental Protection Agency and Non-adopting necessary Environmental Protection measures against the Project - Rs. 10.00 million
235.	PCD-II, Islamabad.	8	Overpayment to the Contractor due to non-utilization of available material and unnecessary financial burden on the Project - Rs. 4.111 million
236.	PCD-II, Islamabad.	9	Overpayment due to non-accountal of dismantled material - Rs. 3.671 million
237.	PCD-II, Islamabad.	13	Compromising the quality of work by executing an item of work without obtaining Lab test reports – Rs. 8.850 million
238.	PCD-II, Islamabad.	14	Unjustified execution of schemes under SAP/ SDG'S without obtaining NOC and non-handing over the schemes - Rs. 10.344 million
239.	Central E & M Division -I, Karachi.	1	Doubtful execution of work and payment.

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240.	Central E & M Division -I, Karachi.	2	Unjustified execution of work and expenditure.
241.	Central E & M Division -I, Karachi.	4	Unauthentic expenditure due to non-reconciliation with treasury.
242.	Central E & M Division -I, Karachi.	5	Awarded of works in clear violation of Public Procurement Rules, 2004.
243.	Central E & M Division -I, Karachi.	6	Inefficient utilization of public funds due to Procedural Non-Compliance.
244.	Central E & M Division -I, Karachi.	7	Non-imposition of Liquidated damages.
245.	Central E & M Division -I, Karachi.	9	Lack of documentation resulted into unjustified expenditure.
246.	Central E & M Division -I, Karachi.	10	Unauthorized/Non-mandated expenditure under the cover of works contingencies.
247.	Central E & M Division -I, Karachi.	11	Inefficient utilization of public funds due to lack of Superintendent Engineer's inspection.
248.	Central E & M Division -I, Karachi.	12	Invitation of tenders and award of works in Violation of Rule.
249.	Central E & M Division -I, Karachi.	13	Non-preparation of rate analysis of non-scheduled items prior to award of contract.
250.	Central E & M Division -I, Karachi.	14	Non-surrender of savings.
251.	Central E & M Division -I, Karachi.	15	Unjustified commitments of liability.
252.	Central E & M	16	Non-deposit of income tax and stamp

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	Division -I, Karachi.		duty deducted at source into government treasury.
253.	CCD-II, Quetta.	1	Wasteful expenditure due to non-completion of work - Rs. 168.584 million
254.	CCD-II, Quetta.	3	Non-perpetration of PC-IV of completed Schemes/Projects - Rs. 968.005 million
255.	CCD-II, Quetta.	4	Irregular Payment of Mobilization advance against Conditional Insurance Guarantee for Rs. 54.660 million and non-recovery of Mobilization Advance - Rs. 9.202 million
256.	CCD-II, Quetta.	6	Non-monitoring & non-carrying out site verification by Supervisory management - Rs. 960.677 million
257.	CCD-II, Quetta.	7	Non-obtaining of non-duplication certificates from the provincial authorities for schemes - Rs. 508.148 million
258.	CCD-II, Quetta.	8	Financial indiscipline due to non-surrender of Rs. 38.448 million
259.	CCD-II, Quetta.	9	Non-imposition and recovery of liquidated damages - Rs. 16.715 million
260.	CCD, Sargodha.	1	Irregular award of work due to without availability of funds and undue favour to contractor due to all payment made within few days
261.	CCD, Sargodha.	3	Undue favour to contractor due to payment of both installments of mobilization advance on the same day
262.	CCD, Sargodha.	4	Doubtful execution of works due non-confirmation regarding physical status of project
263.	CCD, Sargodha.	5	Hindrance created by the management into Auditorial function of Auditor

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			General of Pakistan regarding inspection of accounts
264.	CCD, Sargodha.	6	Non-imposition of Liquidated Damages
265.	CCD, Sargodha.	7	Wasteful expenditure due to incomplete execution of work
266.	CCD, Sargodha.	8	Non preparation of completion reports / statements and non-handing over the completed works to district / local government
267.	CCD, Sargodha.	9	Wasteful expenditure due to incomplete execution of work
268.	CCD, Sargodha.	10	Unauthorized withheld/transfer of funds from lapsable PLA-I to non-lapsable PLA-IV in shape of PRA.
269.	CCD, Sargodha.	11	Payment of 3% contingency to contractors against work done instead of saving
270.	CCD, Sargodha.	12	Unreliable execution of works to the extent
271.	CCD, Sargodha.	13	Non-credit of lapsed deposits to the revenue of the Government
272.	CCD, Sargodha.	14	Unjustified Surrender/transfer of funds
273.	CCD, Sargodha.	15	Non-preparation of PC-IV of schemes/works under SDGs Achievement Programme
274.	CCD, Sargodha.	16	Irregular award of contractor due to miss procurement.
275.	CCD, Sargodha.	17	Non-execution of work
276.	CCD, Sargodha.	18	Un-Justified Payment
277.	CCD, Sargodha.	19	Improper execution of work
278.	CCD, Sargodha.	20	Un-authentic Payment
279.	CCD, Sargodha.	21	Excess Expenditure
280.	Store & Workshop Division,	4	Irregular award of work due to splitting of the similar nature of works

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	Islamabad.		
281.	Store & Workshop Division, Islamabad.	5	Non-conducting of training and test certificate and reports of lift operations
282.	Store & Workshop Division, Islamabad.	6	Un-authorized payment without approval of Contract Agreements by the Competent Authority
283.	Store & Workshop Division, Islamabad.	7	Non-deduction of departmental charges
284.	Store & Workshop Division, Islamabad.	10	Non recovery/ deduction of Punjab Sales tax
285.	Store & Workshop Division, Islamabad.	11	Outstanding bills/ arrears of Electricity and Gas in Shaheed-e-Millat Secretariat
286.	Store & Workshop Division, Islamabad.	12	Double dipping in utility allowance and reimbursement
287.	Store & Workshop Division, Islamabad.	13	Loss to government exchequer due to delay payment of utility bills
288.	CCD Gawadar	1	Unauthorized payments without approval of contract agreements for works.
289.	CCD Gawadar	2	Non-supervision of works but Superintending Engineer.
290.	CCD Gawadar	3	Irregular award/ execution of work prior to mutation of land.
291.	CCD Gawadar	5	Contractor's unsatisfactory

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			performance in fulfilling the contract's scope. and unjustified execution of an item of work.
292.	CCD Gawadar	6	Unjustified completion of work prior to completion of procedural requirements.
293.	CCD Gawadar	8	Unjustified execution of item of work.
294.	CCD Gawadar	9	Non-observance of pre-requisites in award of works and standing instructions by the Management.
295.	CCD Gawadar	10	Wasteful expenditure on execution of an item of work at high-rate.
296.	CCD Gawadar	11	Non-recovery of mobilization advance.
297.	CCD Gawadar	12	Un-authentic payment of steel without required Lab test reports.
298.	CCD Gawadar	13	Non-adjustment/utilization of serviceable material.
299.	CCD - VI Pak PWD Karachi	1	Un-authentic expenditure due to non-monitoring and non-carrying out of site verification by the Superintending Engineer for works worth - Rs. 3,044.314 million
300.	CCD - VI Pak PWD Karachi	2	Payment of almost 100% cost without completion of works and non-preparation of PC-IV Rs. 2,704.884 million
301.	CCD - VI Pak PWD Karachi	3	Non obtaining of Operation and Maintenance (O&M) Certificate as Irregular execution of work beyond SAP/ SDG'S Achievement Programs Valuing Rs. 2,814.517 million
302.	CCD - VI Pak PWD Karachi	4	Unauthorized Expenditure without approval of contract agreements - Rs. 300.05 million
303.	CCD - VI Pak PWD Karachi	5	Unjustified payment for the schemes of SDGs 2021-22 through

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			revalidation/reallocation Rs. 1,852.936 million
304.	CCD - VI Pak PWD Karachi	6	Non-reconciliation of expenditure with treasury - Rs. 3,304.303 million and Non-Conducting of Monthly Reconciliations with DBA & AGPR
305.	CCD - VI Pak PWD Karachi	8	Unjustified payment due to non-accountal of dismantled material - Rs. 43.147 million
306.	CCD - VI Pak PWD Karachi	10	Unauthentic payment due to non-availability of make of PE pipe Rs. 142.165 million
307.	CCD - VI Pak PWD Karachi	12	Un-authentic payment of steel item without obtaining sales tax, verification of source and quality of supply of steel of standard specification valuing Rs. 282.078 million
308.	CCD - VI Pak PWD Karachi	13	Unjustified withheld of 5% SRA amount from contractor's payment instead remittance to Sindh Revenue authority account of Rs. 140.726 million
309.	CCD - VI Pak PWD Karachi	14	Unjustified payment to the contractor due to slow progress – Rs. 465.536 million
310.	CCD - IX Pak PWD Karachi	1	Non obtaining of Operation and Maintenance (O&M) Certificate as Irregular execution of work beyond SAP/ SDG'S Achievement Programs Valuing Rs. 1,281.970 million
311.	CCD - IX Pak PWD Karachi	2	Un-authentic expenditure due to non-monitoring and non-carrying out of site verification by the Superintending Engineer for works worth - Rs. 1,511.970 million
312.	CCD - IX Pak	3	Unauthorized Expenditure without

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
	PWD Karachi		approval of contract agreements - Rs. 2,286.661 million
313.	CCD - IX Pak PWD Karachi	4	Irregular/Unauthentic payment due to execution of bituminous item without preparation and approval of Job Mix Formula (JMF) - Rs. 564.160 million
314.	CCD - IX Pak PWD Karachi	6	Non-reconciliation of expenditure with treasury - Rs. 1,585.03 million and Non-Conducting of Monthly Reconciliations with DBA & AGPR
315.	CCD - IX Pak PWD Karachi	7	Unjustified payment due to non-accountal of dismantled material - Rs. 7.095 million
316.	CCD - IX Pak PWD Karachi	9	Unauthentic payment due to non-availability of make of PE pipe Rs. 32.204 million
317.	CCD - IX Pak PWD Karachi	10	Unjustified withheld of 5% SRA amount from contractor's payment instead remittance to Sindh Revenue authority account of Rs. 64.099 million
318.	CCD - IX Pak PWD Karachi	11	Unjustified payment for the schemes of SDGs 2021-22 through revalidation/reallocation Rs. 789.599 million
319.	PCD-1 Karachi	1	Non obtaining of Operation and Maintenance (O&M) Certificate as Irregular execution of work beyond SAP/ SDG'S Achievement Programs Valuing Rs. 1,282.632 million
320.	PCD-1 Karachi	2	Un-authentic expenditure due to non-monitoring and non-carrying out of site verification by the Superintending Engineer for works worth - Rs. 1,313.646 million
321.	PCD-1 Karachi	3	Payment of almost 100% cost without completion of works and non-

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			preparation of PC-IV Rs. 1,313.646 million
322.	PCD-1 Karachi	4	Unauthorized Expenditure without approval of contract agreements - Rs. 1300.00 million
323.	PCD-1 Karachi	5	Non-reconciliation of expenditure with treasury - Rs. 1,509.365 million and Non-Conducting of Monthly Reconciliations with DBA & AGPR
324.	PCD-1 Karachi	6	Unjustified payment due to non-accountal of dismantled material - Rs. 6.169 million
325.	PCD-1 Karachi	7	Non-obtaining of insurance of works under SAP Schemes for Rs. 1,495.00 million and proof of its confirmation and recovery of 1% premium – Rs. 14.95 million
326.	PCD-1 Karachi	8	Unauthentic payment due to non-availability of make of PE pipe Rs. 22.120 million
327.	PCD-1 Karachi	9	Unjustified payment for the schemes of SDGs 2021-22 through revalidation/reallocation Rs. 343.630 million
328.	PCD-1 Karachi	10	Unjustified withheld of 5% SRA amount from contractor's payment instead remittance to Sindh Revenue authority account of Rs. 64.132 million
329.	PCD-1 Karachi	13	Non-deduction of Liquidated Damages on delay - Rs. 57.557 million
330.	CCD Larkana	2	Non-obtaining of non-duplication certificates for the works/schemes under (SAP).
331.	CCD Larkana	3	Irregular execution of works under Sustainable Development Goals

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			Achievement Program (SAP) without obtaining O&M certificate.
332.	CCD Larkana	4	Un-authentic expenditure due to non-monitoring and non-carrying out site verification/ inspections by the Superintending Engineer for (SAP) works.
333.	CCD Larkana	5	Un-authorized payment without approval of contract agreements (SAP) by the competent authorities.
334.	CCD Larkana	6	Non –mutation of land in the name of government prior to execution of works under Sustainable Development Goals Achievement Program (SAP).
335.	CCD Larkana	7	Non-reconciliation of accounts with DBA/treasury - Rs. million
336.	CCD Larkana	8	Financial in-discipline due to rush of expenditure (SAP) in the month of June.
337.	CCD Larkana	9	Non-preparation of PC-IV/non-finalization of accounts of schemes/works under SAP Achievement Programme.
338.	CCD Larkana	10	Non-handing over of completed SAP Schemes to the District Administration for operation & maintenance.
339.	CCD Larkana	11	Non-remittance of public money to Public Account.
340.	CCD Larkana	13	Overpayment due to higher rates of item of work.
341.	CCD Larkana	14	Financial in-discipline due to rush of expenditure(PSDP) in the month of June.
342.	CCD Larkana	15	Non-imposition of liquidated damages for delay in start of works.
343.	CCD Larkana	16	Inadmissible grant of secured

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			advances to the contractors.
344.	CCD Nawabshah	1A	Non-obtaining of non-duplication certificates prior to award of works/schemes under (SAP).
345.	CCD Nawabshah	1B	Irregular execution of works under Sustainable Development Goals Achievement Program (SAP) without obtaining O&M certificate.
346.	CCD Nawabshah	1C	Non –mutation of land in the name of government prior to execution of works under Sustainable Development Goals Achievement Program (SAP).
347.	CCD Nawabshah	2A	Un-authorized payment prior to approval of contract agreements (SAP).
348.	CCD Nawabshah	2B	Un-authentic execution of work due to non-monitoring and non-carrying out site verification/ inspections by the Superintending Engineer for (SAP) works.
349.	CCD Nawabshah	2C	Non-handing over of completed Schemes under SAP to the District Administration for operation & maintenance.
350.	CCD Nawabshah	2D	Non-preparation of PC-IV/ non-finalization of accounts of schemes/works under SAP Achievement Programme.
351.	CCD Nawabshah	3	Financial indiscipline due to rush of expenditure.
352.	CCD Nawabshah	4	Irregular execution of work.
353.	CCD Nawabshah	5	Unauthentic execution of CC Tuff, Drains, Culverts work
354.	CCD Nawabshah	6	Un-necessary delay in award of contract agreements (SAP) Schemes.
355.	CCD Nawabshah	7	Non-utilization of funds against the SAP Releases

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
356.	CCD Nawabshah	9	Award of works through lesser competition in bidding process.
357.	CCD Nawabshah	10	Unauthentic execution of work comprising carpeted road / metaled road.
358.	CCD Nawabshah	11	Non-adherence of PEC Standard Bidding documents resulted into irregular grant of mobilization advance
359.	CCD Nawabshah	13	Unjustified excessive debt on account of miscellaneous receipts
360.	CCD Nawabshah	14	Unjustified payment
361.	CCD Nawabshah	15	Non-reconciliation of accounts with DBA/treasury.
362.	CCD Nawabshah	16	Irregular award of works due to non-uploading of bid evaluation report on PPRA website.
363.	C.E/M-II Pak PWD Karachi	1	Less recovery of Provincial Sale/SRB Tax on services -Rs. 40.948 million
364.	C.E/M-II Pak PWD Karachi	2	Unrealistic estimation due to non-depiction of Sindh Revenue Board Tax on estimated cost -Rs. 146.809 million
365.	C.E/M-II Pak PWD Karachi	3	Financial indiscipline due to rush of expenditure - Rs. 255.157 million
366.	C.E/M-II Pak PWD Karachi	4	Non-obtaining performance bond and confirmation from the insurer – Rs. 53.144 million
367.	C.E/M-II Pak PWD Karachi	5	Unjustified expenditure of -Rs. 518.738 million
368.	C.E/M-II Pak PWD Karachi	6	Non-payment of Electricity Bill of Rs.2.204 million
369.	C.E/M-II Pak PWD Karachi	7	Non-maintaining detail statement/head-wise break-up of Rs. 85.796 million lying in Part- V (CPWA-79) of Monthly Account for the month of June 2023

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
370.	C.E/M-II Pak PWD Karachi	8	Non- maintaining detail statement/head-wise break-up of Rs. 84.657 million lying in Part- II (CPWA-79) of Monthly Account for the month of June 2023
371.	C.E/M-II Pak PWD Karachi	10	Non submission of completion schedule at the time of start of work involving Rs. 518.768 million
372.	C.E/M-II Pak PWD Karachi	11	Wasteful expenditure due to incomplete execution of works – Rs. 6.883 million
373.	C.E/M-II Pak PWD Karachi	12	Execution of work without rate analysis – Rs. 514.855 million
374.	C.E/M-II Pak PWD Karachi	13	Irregular awards of works in violation of Public Procurement Rules, 2004 – Rs. 514.855 million
375.	C.E/M-II Pak PWD Karachi	14	Irregular execution of work under SAP valuing Rs. 511.885 million
376.	C.E/M-II Pak PWD Karachi	15	Non-recovery of Liquidated Damages of Rs. 1.959 million
377.	C.E/M-II Pak PWD Karachi	16	Non-preparation of PC-IV and non-handing over of the completed projects - Rs. 511.855 million
378.	CCD-I Pak PWD Karachi	2	Less recovery of Provincial Sale/SRB Tax on services -Rs. 39.980 million
379.	CCD-I Pak PWD Karachi	3	Non recovery of Provincial Sale Tax/Sindh Revenue Board Tax -Rs. 86.283 million
380.	CCD-I Pak PWD Karachi	4	Unrealistic estimation due to non-depiction of Sindh Revenue Board Tax on estimated cost -Rs. 224.341 million
381.	CCD-I Pak PWD Karachi	5	Unjustified expenditure
382.	CCD-I Pak PWD Karachi	6	Non-maintaining detail statement/head-wise break-up of Rs. 79.623 million lying in Part- V

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
			(CPWA-79) of Monthly Account for the month of June 2023
383.	CCD-I Pak PWD Karachi	8	Irregular execution of work under SAP
384.	CCD-I Pak PWD Karachi	9	Non-obtaining of non-duplication certificates for the schemes
385.	CCD-I Pak PWD Karachi	10	Payment of almost 100% cost without completion of works and non-preparation of PC-IV
386.	CCD-I Pak PWD Karachi	12	Overpayment due to non-deduction of shrinkage from the item of earth work – Rs. 342,724/-
387.	CCD-I Pak PWD Karachi	13	Execution of non-standardized / non-specified works involving Rs. 545.528 million
388.	CCD-I Pak PWD Karachi	14	Non-recovery of Liquidated Damages of Rs. 11.488 million
389.	CCD-I Pak PWD Karachi	15	Wasteful expenditure due to incomplete execution of works – Rs. 93.160 million
390.	CCD-I Pak PWD Karachi	16	Non-carrying out of site verification by the Superintending Engineer of works Rs. 1163.462 million

#### **Estate office**

<b>S. No</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
1.	Estate Office Lahore	7	Non recovery of ceiling rent due to non-vacation of govt. accommodation beyond retention period
2.	Estate Office Lahore	9	Non-accountal of recovery of 5% house rent & allied charges of employees of Pak. PWD department and non-crediting the same to non-tax receipt of estate office

<b>S. No</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
3.	Estate Office Lahore	10	Non-Recovery of Ceiling Rent
4.	Estate Office Karachi	2	Ineffective mechanism of monitoring of rent collection from allottees of government accommodation
5.	Estate Office Karachi	6	Recurring loss due to non-revision of rent of shops
6.	Estate Office Karachi	12	Shortfall in realization of revenue
7.	Estate Office Islamabad	5	Loss to Government due to non-allotment of vacant Government accommodation for considerable period – Rs. 7.406 million
8.	Estate Office Islamabad	6	Unauthorized/illegal allotment of 37 government accommodations under Rule-12 on the basis of bogus allotment credential
9.	Estate Office Islamabad	8	Unauthentic allotments of govt accommodation during August 2023 to June 2024
10.	Estate Office Islamabad	9	Doubtful restoration of 28 No. seniority cases in General Waiting List for obtaining Government accommodation
11.	Estate Office Islamabad	11	Irregular retention of dual accommodation by a FGS
12.	Estate Office Islamabad	12	Irregular allotment of house on in-lieu basis
13.	Estate Office Islamabad	13	Non-cancellation of government accommodation due to sub-letting
14.	Estate Office Islamabad	14	Doubtful restoration of seniority in General Waiting List for obtaining Government accommodation
15.	Estate Office Islamabad	15	Irregular retention of govt accommodation besides drawing HRA – Rs. 0.841 million

<b>S. No</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
16.	Estate Office Islamabad	16	Loss to the Govt due to non-recovery of rent of house – Rs. 0.547 million
17.	Estate Office Islamabad	17	Irregular allotment of house on in-lieu basis
18.	Estate Office Islamabad	18	Irregular allotment of house Non-entitled Government Servant

#### **Higher Education Commission**

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
1.	National University of Science and Technology, Baluchistan Campus, Islamabad.	4	Non-compliance with APPM guidelines and irregular expenditure due to non-maintenance of Fixed Asset Register – Rs. 722.995 million
2.	National University of Science and Technology, Baluchistan Campus, Islamabad.	5	Unauthentic execution of work, time overrun, and faulty design due to non-appointment of supervisory consultant – Rs. 2,080.402 million
3.	National University of Science and Technology, Baluchistan Campus, Islamabad.	6	Irregular payment without recording detailed measurements in Measurement Books and violation of special stipulation - Rs. 2,080.402 million
4.	National University of Science and Technology, Baluchistan Campus, Islamabad.	7	Improper implementation of Project without appointing a designated Project Director – Rs. 2,855.370 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
5.	National University of Science and Technology, Baluchistan Campus, Islamabad.	9	Non-revalidation of Performance Security Bond – Rs. 1.381 million
6.	National University of Science and Technology, Baluchistan Campus, Islamabad.	10	Non-finalization of accounts of completed civil works – Rs. 339.194 million
7.	National University of Science and Technology, Baluchistan Campus, Islamabad.	12	Irregular construction of Campus without the title of ownership in the name of NUST – Rs. 2,855.370 million
8.	National University of Science and Technology, Baluchistan Campus, Islamabad.	14	Irregular purchase of vehicle without provision in PC-I - Rs. 2.999 million
9.	Karakoram International University Gilgit	1	Loss due to lack of planning/ Management and award of work without providing possession of land to the contractor.
10.	Karakoram International University Gilgit	2	Incorrect adjustment/recovery of secured advance.
11.	Karakoram International University Gilgit	6	Non-imposition and recovery of liquidated damages due to delay in completion of works.
12.	Karakoram International University Gilgit	7	Overpayment due to un-authorized/ un-justified measurement of excess quantities in violation of TS estimates Rs. 16.725 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
13.	Karakoram International University Gilgit	9	Loss due to abnormal delay in implementation of PC-1.
14.	University of Baltistan, Skardu.	3	Irregular expenditure due to execution of excess quantities beyond the engineer estimate.
15.	University of Baltistan, Skardu.	4	Unjustified / overpayment for disposal of surplus materials – Rs. 8.325 million
16.	University of Baltistan, Skardu.	7	Undue / excess payment of secured advance Rs. 2.829 million.
17.	University of Baltistan, Skardu.	9	Loss due to release of funds to Water & Power Department without execution of works and non-adjustment/recovery of advance payment since June, 2021 - Rs. 27.166 million and overpayment of departmental charges for Rs. 2.988 million
18.	University of Baltistan, Skardu.	11	Non-deduction of cost due to non-providing the employer's facilities by the contractors - Rs. 16.290 million
19.	NUTECH Islamabad	1	Irregular award of work/contract at higher rates beyond the provision of approved PC-I
20.	NUTECH Islamabad	2	Unjustified payment on account of acquisition of land measuring 180 acres due to non-mutation of land in the name of University

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
21.	NUTECH Islamabad	7	Irregular award of work/contract to the 2nd lowest bidder rather than 1 <sup>st</sup> lowest
22.	NUTECH Islamabad	8	Excess payment to the contractor due to execution of item of work beyond the drawing/design/BOQ
23.	PIEAS Islamabad	1	Non recovery of liquidated damages from the firm/contractor due to non-completion of work in time and award of extension without reason- Rs. 2.1 million
24.	PIEAS Islamabad	2	Unjustified different purchases without open tender for Rs. 2.246 million
25.	PIEAS Islamabad	4	Unjustified purchase of furniture without open tender and on single quotation basis for Rs. 3.736 million
26.	PIEAS Islamabad	5	Non-obtaining of extension in time for supplies, nor imposing delay charges amounting to Rs. 5.396 million.
27.	PIEAS Islamabad	6	Excess payment of Rs. 0.462 million, beyond agreed cost on supplies.
28.	Shaheed Zulfiqar Ali Bhutto	5	Non-obtaining of Insurances of Works and Contractor's Equipment worth Rs. 1720.091 million and non-recovery of 1% insurance premium for un-insured period - Rs. 17.201 million

<b>S. No.</b>	<b>Formation</b>	<b>AIR Para No.</b>	<b>Subject</b>
29.	Shaheed Zulfiqar Ali Bhutto	6	Unauthentic payment without detailed measurement in Measurement Book Rs. 333.149 million
30.	Quaid-i-Azam University, Islamabad	1	Excess/ unauthorized expenditure on account work/contracts beyond the revised PC-I Rs. 50.606 million
31.	Quaid-i-Azam University, Islamabad	2	Non recovery of water/electricity charges of Rs. 7.92 million
32.	Quaid-i-Azam University, Islamabad	8	Unjustified execution of work due to defective/ill estimation by the Consultant
33.	Quaid-i-Azam University, Islamabad	9	Doubtful/ over payment of escalation for non-utilized steel item for Rs. 18.480 million.
34.	International Islamic University H-10 Islamabad	1	Excess Payment of Price Variation beyond PC-I Provision
35.	International Islamic University H-10 Islamabad	2	Delay in execution of work due to ill/improper planning for
36.	International Islamic University H-10 Islamabad	4	Unjustified payment without obtaining manufacturer's guarantee
37.	International Islamic University H-10 Islamabad	5	Unauthorized amendment in bid rates by violating the tender instructions resulting in acceptance of higher rates
38.	International Islamic University H-10 Islamabad	6	Non Deduction of Income and Sales Tax amounting

S. No.	Formation	AIR Para No.	Subject
39.	International Islamic University H-10 Islamabad	7	Unauthentic Quality of Steel without Evidence of Invoices

#### **Pakistan Housing Authority Foundation**

S. No.	Para No.	Subject of Para
1.	2	Less deduction of retention money - Rs. 32.126 million
2.	3	Irregular payment without recording detailed measurements in Measurement Books – Rs. 1,606.21 million
3.	4	Inefficiency in revenue against the budgeted revenue estimates and project completion leading to financial setbacks – Rs. 14,480.06 million
4.	5	Unjustified payment of excess quantity of steel without Valuation of Variation – Rs. 54.403 million
5.	6	Irregular award/extension of consultancy services for 6 <sup>th</sup> consecutive time for FY 2023-24 – Rs. 52.874 million
6.	7	Irregular/unjustified reimbursement of ICT sales tax for FY 2023-24
7.	8	Irregular/unjustified replacement of Key personnel – Rs. 55.025 million
8.	11	Irregular/unjustified payment of price escalation on un-admissible item – Rs. 117.004 million
9.	12	Unauthentic procurement of lifts due to change in origin from Korean to Greece- Rs. 123.868 million
10.	13	Irregular / un-secured advance payment due to non-confirmation of LC from issuing bank- Rs. 6.237 million
11.	14	Irregular construction of Kuchlak project due to non-preparation/approval of PC-II – Rs. 5,228.80 million
12.	16	Less deduction of retention money – Rs. 155.616 million
13.	18	Less obtaining of performance guarantees due to revised contract cost – Rs. 22.773 million
14.	20	Procurement of unauthentic material/steel for Rs. 23.516 million and overpayment due to allowing excess weight of steel – Rs. 24.738 million
15.	22	Irregular payment without recording detailed measurements in Measurement Books – Rs. 762.792 million
16.	23	Less deduction of retention money – Rs. 155.616 million
17.	24	Irregular/unauthorized utilization of 3% contingencies on the

<b>S. No.</b>	<b>Para No.</b>	<b>Subject of Para</b>
		works –Rs. 24.576 million
18.	25	Unjustified payment of disposal of excavated stuff – Rs. 14.133 million
19.	28	Unjustified enhancement of factor-C of steel for price escalation
20.	29	Unjustified allowing of extra lead for supplying of earth from outside source -Rs. 4.154 million
21.	30	Unjustified payment of price escalation due to non-deduction of cost of day-work from work done – Rs. 74.295 million
22.	31	Irregular/unauthentic payment of salary/remuneration cost of due to replacement of Key Personnel of Consultancy Staff on Kuchlak Project Rs. 18 million
23.	32	Non-recovery on account of inbuilt cost of 5% wastage in item of work of steel – Rs. 47.381 million
24.	33	Unjustified payment due to non-authentication of execution of item as per specification – Rs. 54.343 million
25.	26	Conflict of interest due to conducting design review of project by supervisory consultant resulting in cost overrun – Rs. 7,084 million

#### **National Construction Ltd**

<b>S. No.</b>	<b>Para No.</b>	<b>Subject of Para</b>
1.	1	Wasteful expenditure due to non-existence of Internal Audit department as per requirement - Rs. 385.219 million
2.	2	Non-contribution/outstanding liabilities of share towards CP fund by NCL - Rs. 22.690 million
3.	3	Loss to company due to non-auction of Vehicles – Rs. 4.00 million
4.	4	Non-completion of on-going Projects within stipulated period of time -Rs. 1,732.786 million
5.	9	Doubtful installation of Passenger and Cargo Lifts without inspection, testing and commissioning – Rs. 86.640 million
6.	11	Non-finalization of work accounts with the Client Departments - Rs. 8,728.913 million

S. No.	Para No.	Subject of Para
7.	17	Non-adjustment/Non-recovery of advances paid to various sub-contractors/ suppliers and Staff – Rs. 110.612 million

#### **Federal Government Employees Housing Authority Foundation**

S. No.	Para No.	Subject of the Para
1.	1	Discrimination due to frequent change in allotment criteria and holding of funds Rs.34, 288.395 Million.
2.	2	Inadequate specialized expertise and poor management resulted in the non-completion of Infrastructure Development Projects of Housing Schemes of Rs. 43.161 billion and non-handing over the position to allottees.
3.	3	Lack of Professional skills and mismanagement caused default of contractor and non-completion of apartment projects of Rs. 68.969 billion.
4.	5	Unproductive expenditure of Rs. 1,941.460 million due to declining performance of the Authority.
5.	7	Allotment of plots and apartments to the BPS-20 to BPS-22 officers beyond the approved eligibility criteria.
6.	10	Non-Utilization of development funds due to non-achievement of the goals Rs. 42,818.000 million.
7.	11	Obtaining of Performance security form a delisted company & non-revalidation of bond of work Rs. 299.271 million.
8.	14	Un-authentic/Irregular payment of BUP's G-14 and F-14 sectors Rs. 1,322.642 million.
9.	16	Doubtful payment to the contractor for the items of excavation/cutting of Rs. 97.323 million.
10.	17	Doubtful Payment to the contractors of IPC NO. 1 for Rs. 101.682 million.
11.	18	Excess payment due to execution of items of work over & above the provision of Technically Sanctioned Estimates BOQ Rs.3.042 million.
12.	20	Overpayment due to non-deduction of sorting and stacking charges Rs.17.903 million.

<b>S. No.</b>	<b>Para No.</b>	<b>Subject of the Para</b>
13.	23	Excess payment of earth work beyond the BOQ quantities Rs. 109.098 million.
14.	24	Un-authorized payment of reinforced concrete Rs. 62.529 million.
15.	27	Non-accounting of excavated rock material Rs. 33.235 million.
16.	28	Unauthentic execution of stone masonry works Rs. 148.361 million.
17.	29	Overpayment due to non-deduction of quoted rate as per specification Rs. 10.038 million.
18.	31	Loss of social and external benefits due to delay in completion of project.
19.	32	Non-recovery due to non-provision of vehicles and site facilities by the contractors Rs. 6.150 million.
20.	34	Irregular award of work without open competition & unnecessary delay in completion of project Rs. 136.400 million.
21.	41	Erroneous creation of Financial Statements i.e. Balance Sheet and Income Statement Rs. 908.489 million.
22.	42	Non-recovery of advance payment in discontinued project Rs. 36.807 million.
23.	46	Non-verification of character antecedents and medical of the gazette and non-gazetted employees on their first appointment in FGEHF/FGEHA.
24.	48	Irregular award of works without handing over possession of entire land to the contractor for construction – Rs.6.321 million
25.	49	Un-reconciled land acquisition funds transferred to DC – Rs.4,294.878 million.
26.	52	Environmental deterioration due to unhygienic disposal of garbage waste in residential sector – Rs.98.864 million.
27.	54	Occupation /usage of buildings without issuance of completion certificates from CDA resulting into loss of revenue – Rs.36.450 million approximately.
28.	55	Non-recovery of property tax from allottees of G-13

<b>S. No.</b>	<b>Para No.</b>	<b>Subject of the Para</b>
		sector and G-14/4 sector – Rs.39.572 million + Rs.25.714 million.
29.	56	Loss due to non-recovery of premium and non-issuance of acceptance letters to successful bidders on account of auction of 35 commercial shops – Rs.506.317 million.
30.	57	Loss of revenue due to non-auction of condemned items – Rs.1.500 million (approx.).
31.	58	Non-maintenance/non-recording of revenue receipt in cash book and non-reconciliation of receipt – Rs.116.836 million.
32.	59	Manipulation of seniority lists for promotion purposes.
33.	60	Loss due to non-collection of license and advertisement fee from various business operations – Rs.16.27 million.
34.	61	Non-recovery of outstanding dues on account of property tax and conservancy charges water/allied charges – Rs.404.409 million
35.	62	Less-recovery on account of license fee issued for temporary site/office camp – Rs.312 million.

**Sindh Infrastructure Development Co. Ltd.**

<b>S. No.</b>	<b>Para No.</b>	<b>Subject of Para</b>
1.	1	Irregular/unauthentic payment to M/s Daewoo Pakistan on account of operations & maintenance of buses due to non-provision of detailed calculations of Revenue through IITS – Rs. 1,581.79 million
2.	4	Overpayment to the contractor due to incorrect application of higher rate of non-BOQ item – Rs. 7.725 million
3.	5	Non-finalization of accounts and non-preparation of PC-IV and PC-V of completed work – Rs. 27,996.30 million
4.	6	Financial miss-management due to non-utilization/surrender of development funds – Rs. 1,037.52 million

**Federal Board of Revenue**

<b>S. No.</b>	<b>Para No.</b>	<b>Subject of Para</b>
1.	2	Unjustified EPC mode of procurement of project - Rs. 12,576.501 million and USD 3,680,908 involving cost and time over-runs
2.	4	Unjustified payment of - Rs. 366.349 million due to incorrect application of the provisions for quantity variation
3.	5	Un-warranted replacement of work from approved scope - Rs. 108.735 million
4.	6	Provision of Performance Security for the short value by - Rs. 47.638 million
5.	7	Non-recovery of inbuilt tax amounting to - Rs. 1,395.765 million
6.	8	Payment on account of Security Plan amounting to - Rs. 579.397 million contrary to contract provision and extra payment of - Rs. 210.300 million
7.	13	Non execution of EMP amount to - Rs. 89.495 million
8.	15	Improper maintenance of Financial Statements
9.	16	Non-execution of BCP Project Wagha amounting to - Rs. 10,562.07 million
10.	17	Undue financial favour to the contractor due to non-recovery of interest free mobilization advance - Rs. 329.174 million
11.	19	Unjustified award of additional work through variation order and post bid amendment in contract agreement for - Rs. 12.323 million
12.	20	Loss to the public exchequer and unauthorized payment to the contractor on account of fee for design changes for - Rs. 4.690 million
13.	22	Unauthorized execution of additional work on behalf of other government department for - Rs. 21.816 million
14.	24	Overpayment to the contractor on account of Market variation along with escalation for - Rs. 10.793 million

**Annexure-A****Ref to Para 2.4.7****Non-recovery of outstanding dues against NOCs and leases -  
Rs. 2,927.198 million****Filling stations & CNG Outstanding Dues****(Rs)**

<b>Province</b>	<b>Total Dues</b>	<b>Amount Paid</b>	<b>Outstanding</b>
Punjab	3,019,630,360	1,002,059,050	2,017,571,310
Sindh	481,472,935	220,354,276	261,118,659
Khyber Pakhtunkhwa	733,585,522	294,676,785	438,908,736
<b>Total</b>	<b>4,234,688,817</b>	<b>1,517,090,111</b>	<b>2,717,598,706</b>

**Dues Detail of Operational Leases****(Rs)**

<b>S. No.</b>	<b>Lessee</b>	<b>Total Due</b>	<b>Paid</b>	<b>Outstanding Dues</b>
1	Kabir Khan Afridi (Excel F& CNG Station)	4,576,675	4,192,864	383,811
2	Wali Khan Afridi Al Ghani Petroleum (ADMORE)	8,162,386	2,048,700	6,113,686
3	Khair-Ul-Bashar Bashar's Petroleum	3,574,892	3,563,867	11,025
4	Muhammad Saleem Khan M/s Gandhara CNG Filling Station	4,148,385	3,790,428	357,957
5	Muhammad Sajid Khan Khattak Service Station	4,010,772	3,725,029	285,743
6	Fazali Qadir Khattak Khattak F/s Shaidu	2,953,083	932,500	2,020,583
7	Arbab Saifullah			

S. No.	Lessee	Total Due	Paid	Outstanding Dues
	Khan Manzil F/s Nasirpur (PSO 104771-R)	5,860,673	4,487,500	1,373,173
8	Sajjid Ahmed M/S Awami Filling Station (PSO Code No. 104772-P)	4,856,643	2,802,000	2,054,643
9	Mrs. Kulsoom SheikhKM, SDS Petroluem	5,584,826	4,939,000	645,826
10	Fakhar Abbas, M/s Farqadan CNG	4,548,362	3,476,464	1,071,898
11	AZM International	4,113,825	3,877,706	236,119
12	Syed Zia Ullah Shah (CH. Construction)	28,997,883	25,158,559	3,839,324
13	Waqar Ahmed Abbasi, Star/Rapid CNG	20,343,558	17,842,014	2,501,544
14	Dr. Syed Ihsan Ullah (Abdullah Hospital)	5,325,796	4,957,777	368,019
15	Brig (R) M. Hanif, Global Enterprises	12,775,919	10,824,000	1,951,919
16	Kadir Ahmed & Ahtisham Javed	11,215,630	10,314,564	901,066
17	Ravi Point CNG Station,	6,832,572	6,806,655	25,917
18	Ch. Hameed Ahmed, Shalimar F/S	3,741,232	3,029,539	711,693
19	Naseem-Ul-Ghani Al-Ghani-II Petroleum	9,458,829	8,828,976	629,853

S. No.	Lessee	Total Due	Paid	Outstanding Dues
	Service PSO Code No. 104460-R			
20	Ch. Naseer Ahmed M/s Usman naseer & Brothers (CNG Station)	4,889,614	4,683,283	206,331
21	Tariq Shahzad, Samad Peiroluem	9,581,368	9,131,576	449,792
22	Ch. Usman Naseer Naseer & Co FS (PSO Code No. 104340-P)	8,104,944	7,670,444	434,500
23	Farrukh Mahmood Malik, Malik Muhammad Ali & CO	6,726,108	5,480,367	1,245,741
24	Mr. Misar Khan Afridi M/s Khan Badshah F/S	7,717,110	7,193,725	523,384
25	Tariq Aziz Yasir F/S PSO No.104282-R	4,738,744	3,967,000	771,744
26	Siddique Qureshi Qureshi F/S PSO Code No. 104269-P	7,345,823	7,016,306	329,517
27	Mehar (Attock F/S)	7,255,864	6,935,700	320,164
28	Nadeem Iqbal Ansari Decent CNG	7,422,145	5,102,649	2,319,496
29	Muhammad Tahir M/s Ghakhar CNG	5,076,218	4,345,987	730,231
30	Muhammad Ashiq & Muhammad Asif	7,518,449	7,077,902	440,547

<b>S. No.</b>	<b>Lessee</b>	<b>Total Due</b>	<b>Paid</b>	<b>Outstanding Dues</b>
	Mehar (Hascol F/s)			
31	Muhammad Naeem Khan Al-Ehsan CNG / Byco Petroleum	5,150,050	4,112,750	1,037,300
32	Mrs. Nighat Rahim Kakakhel CNG	3,543,662	3,207,635	336,027
33	Col. (R) Shamsher Alam Lodhi Enterprises	2,626,985	533,013	2,093,972
34	Azeem Mehmood Mughal & Col (R) M. Younas M/s Three Star Filling Station	11,693,863	9,999,632	1,694,231
35	Ms Iffat Amin Khan Margalla F/S	5,898,534	5,445,683	452,851
36	M.Ali Malik Ali Auto	4,403,135	2,769,442	1,633,693
37	Khalid Shafi Bridg Shahbaz (Ex) (Ali CNG)	7,693,067	7,278,786	414,281
38	Sheikh Aftab Ahmed Sarhad F/S (PSO Code No 104294-R)	5,251,758	5,084,593	167,165
39	Khan Brothers	5,745,632	3,803,925	1,941,707
40	M Akmal Kamran & M Ajmal Farooq MIMI CNG (Old SM Ismail)	4,040,245	2,338,689	1,701,556
	<b>Total</b>	<b>283,505,259</b>	<b>238,777,229</b>	<b>44,728,029</b>

**Amenities Outstanding Dues****(Rs)**

<b>Province</b>	<b>Total Dues</b>	<b>Amount Paid</b>	<b>Outstanding</b>
Punjab	385,391,072	245,103,158	140,287,914
Sindh	15,604,086	10,560,583	5,043,503
KPK	50,494,009	30,954,597	19,539,412
<b>Total</b>	<b>451,489,168</b>	<b>286,618,338</b>	<b>164,870,830</b>

**Annexure-B****Ref to Para 2.4.12****Overpayment due to non-adjustment of excavated material -  
Rs. 459.501 million****(Rs. in million)**

<b>AIR Para</b>	<b>Name of work</b>	<b>Amount</b>	<b>Brief contents of the audit observations</b>
16	Rehabilitation and Widening of Chitral-Ayun-Bumborate & Bumborate to Kalash Valley Road Package-I & II	217.762	Excavated material was paid as surplus whereas the suitable material was to be retained for use in formation of embankment, stone masonry and retaining walls
06	Widening & Improvement Chitral-Shandur Road (153 Km) Package I,II,III & IV	145.480	Excavated hard rock was paid as surplus whereas the suitable material was to be retained for use in stone masonry and retaining walls
12	Central Asia Regional Economic Corridor (CAREC), Tranche-I-“Construction of Additional 2 Lane Carriageway from Ratodero to Shikarpur N-55 Section-2	13.320	The authority did not deduct material obtained from Structural excavation from formation of embankment borrow in common material
2	Rehabilitation of Kohala - Muzaffarabad Road (S-2) through Flood Emergency Reconstruction Project (FERP) Package-I	35.342	Excavated hard rock was paid as surplus whereas the suitable material was to be retained for use in stone masonry and retaining walls
2 & 19	Construction of Dera Murad Jamali Bypass on N-65 (11.190 KM)	14.584	The Authority did not deduct material obtained from Structural excavation

<b>AIR Para</b>	<b>Name of work</b>	<b>Amount</b>	<b>Brief contents of the audit observations</b>
	Dulaization of Quetta Western Bypass		from formation of embankment borrow in common material
2	Gwadar-Ratodero Road (M-8) Balance Works of Package-III	33.013	Excavated hard rock was paid as surplus whereas the suitable material was to be retained for use in stone masonry and retaining walls
	<b>Total</b>	<b>459.501</b>	

**Annexure-C****Ref to Para 2.4.16****Non-encashment of performance guarantees of the defaulting contractors - Rs. 288.969 million****(Rs. in million)**

<b>AIR Para</b>	<b>Name of work</b>	<b>Contract Cost</b>	<b>Amount of Performance Bond</b>
12	Rehabilitation and Improvement of Mianwali-Muzzafargarh Pack-8 & 10	2,113.378	211.337
2	PM-2019-20-PS-02	81.147	8.115
	PM-2019-20-PS-03	146.190	14.619
	PM-2019-20-PS-04	224.715	22.472
	PM-2019-20-PS-05	141.011	14.101
13	PM-2018-19-PN-07	153.518	15.352
4	PM-AJK-21-S2-01	29.728	2.973
	<b>Total</b>	<b>2,889.687</b>	<b>288.969</b>

**Annexure-D**

Ref to Para 2.4.19

**Undue financial benefit to the contractors due to non-procurement of vehicles - Rs. 160.049 million****(Rs. in million)**

<b>AIR Para</b>	<b>Name of work</b>	<b>Current Market Rate approx</b>	<b>BOQ Rates</b>	<b>Difference</b>
20	Dualization of Khuzdar-Kuchlak Section of National Highway (N-25) Section-III	50.000	40.000	10.000
9	Dualization & Improvement of Existing N-50 from Yarik to Saggu D.I Khan including Zhob Bypass	18.000	15.000	3.000
9	Widening & Improvement Chitral-Shandur Road	188.000	108.00	80.000
21	Improvement & Widening of Chitral-Ayun-Bumborate Road Package-I including Approach Road & Birir to Kalash Valley	33.000	24.000	9.000
05	Rehabilitation and upgradation of JhalJao-Awaran Road (54.80 KM) was awarded to M/s MSZIEC-PTA JV	60.00	36.00	24.00
03	Dualization of Rawalpindi-Kahuta Road	45.710	11.660	34.049
	<b>Total</b>	<b>394.710</b>	<b>234.660</b>	<b>160.049</b>

**Annexure-E****Ref to Para 3.4.4****Non-recovery of corner charges and extra charges for Main Boulevard - Rs. 323.320 million****(Rs. in million)****A: Corner charges**

<b>Size of Plot</b>	<b>No. of plots</b>	<b>Cost of plot</b>	<b>Amount @ 10%</b>
25x50	25	7.700	19.250
35x70	66	15.100	99.660
40x80	10	19.800	19.800
50x90	2	27.800	5.560
<b>Total</b>	<b>103</b>		<b>144.270</b>

**B. Extra charges for Main Boulevard**

<b>Size of Plot</b>	<b>No. of plots</b>	<b>Cost of plot</b>	<b>Amount @ 10%</b>
35x70	70	15.100	105.700
40x80	37	19.800	73.260
<b>Total</b>	<b>107</b>		<b>178.960</b>
<b>Grand Total (A+B)</b>			<b>323.230</b>

**Annexure-F**  
**Ref to Para 3.4.6**

**No-recovery of Mobilization Advance – Rs. 545.399 million**

**(Rs. in million)**

Para No.	Formation	Name of work/ Contractor	Date of start/ completion	Mob advance	Upto date recovery	Balance
10	Sector Dev.	Development of Sector C-14, Islamabad (Construction of Road MRs, SRs & VRs), Storm Drainage, water supply and sewerage M/s NLC	Date of start: 19.07.2022 Date of completion: 18.01.2024	157.496	80.878	76.617
10	Sector Dev	Construction of VRs, Storm Drainage, water supply and sewerage C-15 M/s NLC	Date of start: 03.10.2022 Date of completion: 02.04.2024	158.704	19.098	139.606
10	Sector Dev	Infrastructure Development sector C-16/3,4 M/s Kamran Kundi	Date of start: 18.08.2023 Date of completion: 17.08.2024	333.315	137.097	196.218
5	Works Dte.	Construction of Boundary Wall & Allied Works in Diplomatic Enclave, Islamabad M/s NLC	Date of start: 06.04.2023 Date of completion: 05.10.2023	146.079	127.948	18.131
2	Metro bus Dte.	Construction of Metro Bus Depot and Allied Works for Islamabad Metro Bus Service M/s NLC	Date of start: 10.10.2022 Date of completion: 08.03.2023 Revised date of Completion 30.09.2024	114.827	0	114.827
			<b>Total</b>	<b>910.421</b>	<b>365.021</b>	<b>545.399</b>

**Annexure-G****Ref to Para 3.4.15****Excess expenditure on account of repair and maintenance of sixteen houses beyond their entitlement-Rs. 85.386 million****(Rs. in million)**

<b>S. No.</b>	<b>Category of Houses</b>	<b>Funds allocated</b>	<b>Civil Works Limit</b>	<b>Excess from entitlement</b>	<b>%age excess</b>
01	APO House No. 10/F-7	37.333	2.00	35.333	1800 %
02	House No. 29-H St. 10 F-6/3	7.573	2.00	5.573	378 %
03	House No. 8-G St.11 F-6/3	10.341	1.500	8.841	689 %
04	House No. 1-A F-7/3	4.359	0.500	3.859	871 %
05	House No. 12-A F-7/1	4.446	0.500	3.946	889 %
06	H No. 237-E, St No. 59, G-6/4,	7.338	1.000	6.338	633.8%
07	H No. 172-E, St No. 15 G-6/6	1.762	1.000	0.762	76.2%
08	H No. 272-E, St No. 11, G-6/2	1.714	1.000	0.714	71.4%
09	H.No.15-G, St No. 6, G-6/3,Isd	2.649	1.500	1.149	76.6%
10	H. No. 8-G, (New 4-G), St No. 7, G-6/3	4.850	1.500	3.350	223.33%
11	Flat No. 24/1-E, AGPR Colony	4.416	1.000	3.416	341.60%
12	H No. 21 St No. 22-C, G-10/2	6.353	0.500	5.853	1170.6%
13	H No. 92-D, St	1.714	1.000	0.714	71.40%

<b>S. No.</b>	<b>Category of Houses</b>	<b>Funds allocated</b>	<b>Civil Works Limit</b>	<b>Excess from entitlement</b>	<b>%age excess</b>
	No.54, G-6/4, Isd				
14	H No. 248-E St No. 13, G-6/2	1.751	1.000	0.751	75.10%
15	H No. 43-F St No. 5, G-6/3, Isd	4.995	1.500	3.445	229.67%
16	H No. 19-A, St No. 22, G-10/2	1.842	0.500	1.342	268.4%
	<b>Total</b>	<b>103.436</b>		<b>85.386</b>	

**Annexure-H****Ref to Para 3.4.27****Non-obtaining of performance security of works from contractors -  
Rs. 13.303 million****(Rs. in million)**

<b>S. No.</b>	<b>Name of work (On-going works)</b>	<b>Agreement Amount</b>
1	Rehab & up-grad of Mughal garden Cabinet side and renovation	15.764
2	Renovation of Room No.222 in Parliament House	12.611
3	Repair / Maint of Monument for un-sung heroes	6.718
4	Misc civil works in room No.304/B, 111, 331/A in automation centre in Parl House	5.106
5	Providing & Fixing 35 (2 Nos) steel benches L shape and straight size 6 wide	6.009
6	Renovation of Room No.315 and 404 and Service Branch in Parliament House	6.203
7	Renovation of Room No-246/A NA Sectt in PH	5.743
8	Renovation of office of Secretary NA in PH	16.948
9	Repair and Maintenance of Government Houses in F/6	20.600
10	Repair and maintenance work of House No. 10 F-7	37.333
	<b>Total</b>	<b>133.035</b>
	<b>10% performance security</b>	<b>13.303</b>

**Annexure-I****Ref to Para 3.4.32****Less deduction of Income Tax, Sales Tax and ICT Tax from contractors - Rs. 98.585 million****(Rs. in million)**

<b>Para No.</b>	<b>Formation</b>	<b>Subject</b>	<b>Amount</b>
8	Aiwan.e.Sadr Directorate	Less deduction of income tax from contractors – Rs. 1.805 million	1.805
6	Metro Bus Directorate	Non-deduction of ICT Sales Tax on services from the payment made to Operation Management & Maintenance (O&M) of Intelligent Transportation System (ITS) - Rs. 25.600 million	25.600
5	Administration Directorate,	Unjustified expenditures without obtaining sales tax (on services) invoices from the petty contractors – Rs. 32.419 million	32.419
9	Metro Bus Project CDA	Non-deposit of Sale Tax on Services paid to the Service Provider - Rs. 8.455 million	8.455
17	Aiwan.e.Sadar Directorate	Non-deduction of Islamabad Capital Territory (Tax on Services) from contractors/ firms@ rate of 16% - Rs. 5.166 million.	5.166
18	Aiwan.e.Sadr Directorate,	Non-deduction of General Sales Tax on supply items – Rs. 9.24 million	9.240
21	Deputy Director (I-15) Capital Development Authority (CDA) Islamabad	Non-deduction of withholding tax from the contractor – Rs. 15.900 million	15.900
		<b>Total</b>	<b>98.585</b>

**Annexure-J**  
**Ref to Para 4.4.3**

**Ref to Para 4.4.3 (P&D AIR-01 ES-1,6)**

Non-achievement of targets due to non-utilization of development funds -  
Rs. 21,656.648 million

Directorate	Approved ADP Schemes for FY 2023-24					Actual Utilization during FY 2023-24	
	Ongoing Scheme		New Scheme		Total	Scheme	Amount
	No.	Amount	No.	Amount			
P & D (i/c mega project)	21	16,518	4	1,600	18,118	11	4,733.976
Information Technology	8	551	4	360	911	7	490.702
CNS Engg.	23	3,524	4	780	4,304	12	381.002
Engg. Services (Civil)	40	1,605	21	271	1,876	13	593.806
Engg. Services (E&M)	22	2,910	13	185	3,095	15	460.136
Logistics	10	175	2	35	210	5	61.381
Security	4	3,695	-	-	3,695	4	134.000
Fire & Safety	3	35	1	10	45	4	36.993
Commercial & Estate	4	110	1	150	260	1	10.000
<b>Total (Regular Schemes)</b>	<b>135</b>	<b>29,123</b>	<b>50</b>	<b>3,391</b>	<b>32,514</b>	<b>72</b>	<b>6,901.996</b>
<b>Mega Projects</b>						<b>3</b>	<b>3,955.356</b>
<b>Total</b>	<b>135</b>	<b>29,123</b>	<b>50</b>	<b>3,391</b>	<b>32,514</b>	<b>75</b>	<b>10,857.352</b>
<b>Percentage of Development funds utilized</b>							<b>33.39%</b>
<b>Development allocation not utilized</b>						<b>Rs</b>	<b>21,656.648</b>
<b>Percentage of development funds not-utilized</b>							<b>66.61%</b>

**Annexure-K****Ref to Para 5.4.1****Unauthorized payment due to execution of excess quantities without approval - Rs. 1,589.697 million****(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/ Division</b>	<b>Subject of Para</b>	<b>Amount</b>
1	01	CCD-II, Pak, PWD Peshawar	Excess payment due to execution of items of work over & above the provision of technically sanctioned estimate/BOQ	1,158.346
2	09	CEM-II, Pak.PWD Karachi (Phase-II)	Excess payment without prior approval of competent authority.	109.655
3	06	CCD-Pak, PWD Bahawalpur	Excess payment due to execution of excess quantities beyond TS estimate PC-I and contract agreement	107.218
4	07	CCD-Pak, PWD D.I. Khan	Irregular payment of excessive quantities without approval from the competent authority	38.747
5	07	CCD-Pak, PWD Muzaffargarh	Excess payment due to execution of excess quantities beyond TS estimate BOQ and contract agreement	34.243
6	13	CCD-I, Pak, PWD Lahore	Overpayment due to excessive quantities beyond the TS estimate /BOQ and agreement	18.330

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/ Division</b>	<b>Subject of Para</b>	<b>Amount</b>
			provision	
7	01	KCCD-I, Pak, PWD Karachi (Phase-II)	Excess payment without prior approval of deviation statements.	14.065
8	01	PCD-Pak, PWD Sahiwal	Un-justified/overpaid expenditure due to deviation from approved TS estimate/BOQ and change in scope of work	13.763
9	13	CCD-Pak, PWD Sialkot	Over payment beyond the agreement/ BOQ/ TSE without approval and unjustified/irregular payment without signing & approval of agreement	13.425
10	13	CCD-III, Pak, PWD Peshawar	Excess payment due to incorrect rate and excess quantities	12.669
11	04	CCD-Pak, PWD Bahawalpur	Overpayment due to contractor without prior approval from the competent authority and beyond the provision of TS estimate/contract agreement	12.242
12	15	PCD-Pak, PWD Sahiwal	Overpayment due to excess quantities without prior approval & preparation of unsound estimate for SAP work	11.448
13	06	CCD-Pak, PWD Multan	Irregular payment without prior approval from the competent	10.061

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/ Division</b>	<b>Subject of Para</b>	<b>Amount</b>
			authority.	
14	01	Store & Workshop Pak.PWD Islamabad	Excess payment due to execution of items, work over & above the approved Technical Sanctioned Estimates/BOQ.	6.917
15	12	CCD-Pak, PWD Faisalabad	Overpayment to contractor due to excessive quantities paid beyond the provision of BOQ/TS estimate	6.257
16	03	PCD-Pak, PWD Sahiwal	Excess payment due to execution of items, work over & above the approved Technical Sanctioned Estimates/BOQ.	5.226
17	06	CCD-III, Pak, PWD Islamabad	Irregular expenditure due to execution of excess quantities	5.007
18	10	CCD-Pak, PWD Multan	Un-justified payment of item of work beyond approval design/BOQ	4.710
19	01	CCD- Pak, PWD Muzaffargarh	Excess payment due to execution of work beyond the provision of detail estimate and contract agreement	4.563
20	04	CCD-III, Pak, PWD Quetta	Overpayment due to incorrect escalation in contents of area.	2.805
			<b>Total</b>	<b>1,589.697</b>

**Annexure-L**  
**Ref to Para 5.4.2**

**Unauthentic execution of an item of work without lab test reports -  
Rs. 1,813.101 million**

**(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
1	06	PCD-II, Pak PWD, Islamabad	Unauthentic execution of an item of work without lab test reports	658.831
2	04	CCD, Pak PWD, Gwadar	Unauthentic execution of work	351.754
3	07	CCD-VI, Pak PWD, Karachi	Unauthentic payment due to non-availability of strength tests of tuff paver	330.270
4	05	CCD-IX, Pak PWD, Karachi	Unauthentic payment due to non-availability of strength tests of tuff paver	189.128
5	11	PCD, Pak PWD, Sahiwal	Unauthentic payment without conducting quality tests for ascertaining strength of Steel	103.093
6	05	CCD, Pak PWD, Gujranwala	Unauthentic payment without lab test report of material	76.927
7	08	CCD-I, Pak PWD, Quetta	Unjustified payment due to execution of Earth work without contour plans and compaction test reports	55.485
8	07	CCD-III, Pak PWD, Islamabad	Unauthentic execution of work without necessary test and approval of building plan	47.613
			<b>Total:</b>	<b>1,813.101</b>

**Annexure-M**  
**Ref to Para 5.4.3**

**Non-revalidation of performance securities in shape of bank guarantee/performance bond Rs. 1,162.349 million**

**(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
1	09	CCD-II, Pak PWD, Peshawar	Non-revalidation of the performance security of the un-completed works	302.41
2	01	CCD, Pak PWD, Larkana Ph-II	Non-revalidation of the performance securities obtained from insurance Companies for the (SAP) schemes/works	189.49
3	06	CCD-II, Pak PWD, Peshawar	Non-revalidation of the performance security of the un-completed works	187.876
4	08	CCD, Pak PWD, Nawabshah Ph-II	Non-revalidation of the performance guarantee resulted into an act to compromise contractor's risk	127.357
5	02	CCD, Pak PWD, Multan	Non-observance of contractual obligations in execution of work	72.577
6	12	CCD, Pak PWD, Larkana <b>Ph-II</b>	Non-revalidation of the performance securities in shape of bank guarantee/performance bond	65.72
7	12	PCD-I, Pak PWD, Karachi Ph-II	Non-revalidation of the Performance Security Bonds	57.557

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
8	07	CCD, Pak PWD, Gwadar	Non-revalidation of the performance security/Guarantee	54.678
9	11	PCD-I, Pak PWD, Karachi Ph-II	Non-revalidation of the performance security/guarantee for SAP Schemes	49.604
10	11	PCD-II, Pak PWD, Islamabad	Non observance of contractual obligations in execution of work	36.212
11	08	KCE/M-I, Pak PWD, Karachi	Non-revalidation of the performance security bond, insurance coverage and non-imposition of Liquidated damages	11.867
13	02	S&W, Pak PWD, Islamabad	Undue financial benefit due to non-obtaining of Performance security	4.131
14	14	CE/M, Pak PWD, Peshawar	Non-revalidation of the performance security and insurance cover	2.870
			<b>Total</b>	<b>1,162.349</b>

**Annexure-N**

**Ref to Para 5.4.7**

**Unauthorized payments for extra/substitute items without requisite approval - Rs. 228.739 million**

**(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
1	12	CCD-I, Pak PWD, Lahore	Unjustified/unauthorized execution of extra & substitute items and overpayment due to execution of excessive quantities beyond provision in BOQ	68.718
2	01	CCD-II, Pak PWD, Islamabad	Overpayment to contractor due to execution of extra/substitute items beyond the provision of BOQ/TSE	20.259
3	08	CEM, Pak PWD, Peshawar	Irregular payment and excess payment	15.316
4	04	CCD, Pak PWD, Faisalabad	Excess payment due to extra items beyond the Technical Sanction of Estimates	9.1
5	04	CCD-III, Pak PWD, Islamabad	Unjustified substitution of items with expensive items causing overpayment	5.982
6	08	CCD-II, Pak PWD, Islamabad	Overpayment to contractor due to execution of higher rate substituted item without proper justification	5.071
7	09	CCD-III, Pak PWD, Islamabad	Unjustified substitution of items with expensive items causing overpayment	4.781

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
8	04	CCD-V, Pak PWD, Islamabad	Excess expenditure due to improper substituting and execution of CSR scheduled item	3.199
9	02	PCD, Pak PWD, Sahiwal	Excess payment due to extra items beyond the Technical Sanction of Estimates	2.644
10	10	CCD-III, Pak PWD, Islamabad	Overpayment due unjustified substitution of expensive items	2.200
11	12	PCD-II, Pak PWD, Islamabad	Irregular payment on account of additional item contrary to TS estimate	91.469
			<b>Total</b>	<b>228.739</b>

**Annexure-O****Ref to Para 5.4.8****Non-recovery of Mobilization Advance - Rs. 181.335 million****(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
1	05	CCD- Pak, PWD Bahawalpur	Non-recovery of mobilization advance and undue retention of the public money by the contractors.	71.834
2	01	PCD-II, Pak, PWD Islamabad	Undue benefit to the contractor due to non-recovery of mobilization advance.	48.149
3	07	CCD-I, Pak, PWD Quetta	Undue benefit to the contractor due to non-recovery of mobilization advance despite expiry of guarantee.	38.622
4	02	CCD-II, Pak, PWD Quetta	Irregular grant of mobilization advance and non-recovery of the same	22.730
			<b>Total Rs</b>	<b>181.335</b>

**Annexure-P**

**Ref to Para 5.4.10**

**Non-obtaining insurance coverage and non-recovery of premium @  
1% of contract cost - Rs. 107.563 million**

**(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
1	13	CCD, Pak PWD, Hyderabad	Non-obtaining of insurance of works under SAP Schemes and proof of its confirmation and recovery of 1% insurance premium	38.180
3	07	CCD-I, Pak PWD, Karachi, <b>Ph-II</b>	Non-obtaining of insurance of works under SAP Schemes and proof of its confirmation and recovery of 1% insurance premium	14.95
4	08	CCD-IX, Pak PWD, Karachi, Ph-II	Non-obtaining of insurance of works under SAP Schemes and proof of its confirmation and recovery of 1% insurance premium	14.95
5	12	CCD, Pak PWD, Nawabshah, Ph-II	Non-recovery of insurance premium due to non-obtaining of works insurances	12.090
6	08	CCD-II, Pak PWD, Peshawar	Non-provision of insurance of work costing and non-recovery of premium	12.000
7	07	CCD-II, Pak PWD, Peshawar	Non-provision of insurance of work	11.150

<b>S. No.</b>	<b>Para No.</b>	<b>Formation/Division</b>	<b>Subject of Para</b>	<b>Amount</b>
			costing and non-recovery of premium	
8	06	PCD, Pak PWD, Sahiwal	Non-obtaining of insurance policies to cover work, contractor's equipment and third-party insurance/non recovery of insurance premium	2.82
9	09	CCD-VI, Pak PWD, Karachi, Ph-II	Non-obtaining of insurance of works under SAP Schemes and proof of its confirmation and recovery of 1% insurance premium	1.012
10	03	S&W, Pak PWD, Islamabad	Non-insurance of works and non-recovery of premium	0.413
			<b>Total:</b>	<b>107.565</b>

**Annexure-Q****Ref to Para 5.4.16****Unauthentic expenditure without approval of lead chart -  
Rs. 545.265 million****(Rs. in million)**

Item of work: Excavation or cutting in soil				
Name of work	Qty as per BOQ/%cft	Qty executed	Rate	Overpayment
Construction of black topped road at tehsil puran district shangla. M/s A.M & Company	1,355,558	7,896,111	1,573.94	124.280
Construction of black topped road at tehsil Alpuri & Bisham district shangla. M/s A.M & Company	2,479,680	11,995,377	1,573.94	188.800
Construction of black topped road at tehsil mortung district Shangla. M/s Aitmad builders and developers	808,848	7,135,621	1,573.94	112.310
Construction of black topped road at tehsil Chakisar District Shangla. M/s Aitmad builders and developers	808,848	7,616,261	1,573.94	119.875
<b>Total</b>	<b>5,452,934</b>	<b>34,643,370</b>		<b>545.265</b>

**Annexure-R****Ref to Para 5.4.17****Non-eviction of government accommodations from unauthorized occupants and non-recovery of outstanding dues - Rs. 540.834 million****(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Name of Formation</b>	<b>Subject</b>	<b>Amount</b>
1.	03	Estate Office, Karachi	Recurring loss due to non-recovery from the un-authorized occupants	517.716
2.	04	Estate Office, Islamabad	Non-eviction of unauthorized occupants from Government own accommodations and non-recovery of outstanding dues	13.074
3.	01	Estate Office, Islamabad	Non recovery of outstanding dues from the defaulters of Government Accommodation at Islamabad	10.044
4.	08	Estate Office, Karachi	Non-compliance of PAC directives regarding vacation of Government accommodation from defaulters	-
			<b>Total</b>	<b>540.834</b>

**Annexure-S****Ref to Para 5.4.18****Non recovery of outstanding dues/rent from the allottees of government accommodations/ shops – Rs. 40.565 million****(Rs. in million)**

<b>S. No.</b>	<b>Para No.</b>	<b>Name of Formation</b>	<b>Subject</b>	<b>Amount</b>
1.	03	Estate Office, Islamabad	Non recovery of outstanding dues/rent from the allottees Government Accommodation of ICT police/corporations	13.988
2.	01	Estate Office, Karachi	loss to Government due to non-recovery of rent from the allottee of shops	10.062
3.	05	Estate Office, Lahore	Non-vacation of quarters occupied by Punjab Police and non-recovery of double ceiling rent	6.329
4.	10	Estate Office, Islamabad	Irregular retention of dual accommodation and non-recovery of rent	5.968
5.	02	Estate Office, Lahore	Non-recovery of rent from the employees	2.538
6.	06	Estate Office, Lahore	Non-recovery of ceiling rent	1.680
7.	02	Estate Office, Islamabad	Irregular allotment of houses above the authorized category without any rule	-
			<b>Total</b>	<b>40.565</b>

## Annexure-T

### Ref to Para 6.4.4

### Non-imposition of Liquidated Damages due to non-completion of work in time - Rs. 1,522.034 million

I-12 Project

Package No	Name of Contractor	Physical Progress	Original Contract Cost	Revised Contract Cost	Date of Start	Revised Date of Completion after EOTs
Package 01	M/s Rehman Construction Company (Balance Work)	70%	1,137,055,149	1,209,911,326	21.12.2022	20.12.2023
Package 02	M/s Abid Brothers Contractors (Pvt) (Balance Work)	95%	694,188,917	788,536,410	27.4.2021	08.11.2024
Package 03	M/s Malik Construction Company (Pvt) Ltd	85%	535,628,680	560,581,010	20.04.2018	04.07.2024
Package 04	M/s Gondal Construction Company	95%	829,356,738	1,000,338,823	27.02.2017	15.06.2023
Package 06	M/s Conpro Services (Pvt) Ltd	95%	973,333,333	1,176,446,980	16.06.2016	01.06.2019
Package 07	M/s Conpro Services (Pvt) Ltd	93%	758,704,685	792,912,753	26.02.2017	31.05.2024
Package 08	M/s Ismail Construction Company	82%	946,693,908	994,123,099	27.02.2017	22.06.2024
Package 09	M/s Malik Construction Company (Pvt) Ltd (Balance Work)	57%	1,313,432,847	1,407,293,812	18.04.2022	18.10.2024
Package 10	M/s Malik Construction Company (Pvt) Ltd (Balance Work)	94%	189,106,613	190,723,165	02.02.2023	28.02.2024
<b>Total</b>			<b>7,377,500,870</b>	<b>8,120,867,378</b>		

Kuchlak Quetta Project

Package No	Name of Contractor	Physical Progress	Original Contract Cost	Revised Contract Cost	LD 10%	Date of Start	Revised Date of Completion after EOTs
1	M/S NLC	62%	677,493,198	895,690,000	89,569,000	09.07.2020	07.10.2024
2	M/S NLC	51%	649,243,935	876,690,000	87,669,000	29.07.2020	27.10.2024
3	M/S NLC	47%	701,817,874	913,149,129	91,314,913	23.06.2020	21.09.2024
4	M/S NLC	43%	642,280,761	825,670,000	82,567,000	04.06.2020	02.09.2024
5	M/S ABEL CONSTRUCTION	49	445,733,415	557,020,000	55,702,000	15.07.2020	14.07.2023
6	M/S ABEL CONSTRUCTION	35%	557,166,769	732,160,000	73,216,000	16.09.2020	15.09.2023
8	M/S SHAHID	63%	443,115,857	547,330,000	54,733,000	23.06.2020	22.06.2023

Package No	Name of Contractor	Physical Progress	Original Contract Cost	Revised Contract Cost	LD 10%	Date of Start	Revised Date of Completion after EOTs
	BUILDERS						
9	M/S AGHA GUL & CO.	45%	665,105,793	835,450,000	83,545,000	23.06.2020	21.09.2024
10	M/S ZARAK CONSTRUCTION	29%	916,310,000	916,310,000	91,631,000	15.04.2022	14.04.2023
		<b>Total</b>	<b>5,698,267,602</b>	<b>7,099,469,129</b>	<b>709,946,913</b>		

**Annexure-U**

**Ref to Para 8.4.1**

**List of Incomplete Infrastructure Development and Apartment Projects of Housing Schemes for liquidation damages**

<b>Name of project</b>	<b>Name of Contractor</b>	<b>Contract cost in million</b>	<b>Date of start</b>	<b>Date of completion</b>	<b>Up-to-date progress</b>
Infra-structure development works of sector F-14 & F-15	M/s FWO	15,125.449	09 June 2017	01 January 2023	5%
Green Enclave-1, Barakahu, Islamabad	M/s Green Tree	5,558.98	06-Dec-2019	05-Dec-2021	54%
Lifestyle Residency Apartments, Bedian road, Lahore	M/s Best Construction & Engineering Services	8,824.000	10-June-2020	30-June-2023	9.02%
Park Road Housing scheme, Tamma & Mohrian (Gate and Guard room)	M/S HRK and Co	26.132	December 05,2022	June 04,2023	66%
Park Road Housing Scheme, (Const. of Pre cast Boundary Wall)	M/s RESPAK	67.117	17.01.2023	17.08.2023	3%
Chaklala Heights Residential Apartments	M/s Zafar & Co. M/s GHC International Pvt. Ltd M/s Expertise Pvt. Ltd M/s AHC Pvt. Ltd	26,600.00	06.07.2020	09.03.2023	26.56%

<b>Name of project</b>	<b>Name of Contractor</b>	<b>Contract cost in million</b>	<b>Date of start</b>	<b>Date of completion</b>	<b>Up-to-date progress</b>
Infrastructure Development of Sector G-13, Kashmir Highway, Islamabad	M/s Kingcrete Builders	12,416.00	06.05.2020	05.05.2023	16.27%
Skyline near Islamabad International Airport, Rawalpindi	M/s Aryan Land Linkers & Contractors	23,782.60	11.05.2020	10.05.2023	24.05%
<b>Total</b>		<b>92,400.278 (10%=9,240)</b>			

**Annexure-V**  
**Ref to Para 8.4.3**

**List of Projects in which payment made without maintaining the measurement book (MB)**

**(Rs in million)**

<b>Sr. No</b>	<b>Name of Project/Scheme</b>	<b>Name of Contractor</b>	<b>Contract Cost</b>	<b>Date of Start</b>	<b>Stipulated Completion</b>	<b>Payment 2022-23</b>
1	Infrastructure Development of Green Enclave-I, Housing Scheme, Bhara Kahu Islamabad	M/s Green Tree Pvt. Ltd M/s QBA Pvt. Ltd.	5,558.98	06.12.2009	25.03.2023	621.793
2	Infrastructure Development of FGEHA Housing Scheme, Sky Garden, at Mouzia Kathar, Rawalpindi	M/s Commoner Sky Gardens Pvt. Ltd	6,454.00	01.07.2022	20.06.2025	406.867
3	Park Road Housing Scheme, Tamma & Mohrian (Gate and Guard Room)	M/S HRK and Co	26.132	December 05,2022	June 04,2023	515.470
4	Park Road Housing Scheme, (Const. of Pre cast Boundary Wall)	M/s NESPAK	67.117	17.01.2023	17.08.2023	
5	Infrastructure Development Sector G-14/2,3 Islamabad	M/s National Construction Assigned to M/s Abdul Sattar & Co	1,499.43	12.09.2012	11.09.2015	1,324.305
	<b>Total</b>		<b>43,161.23</b>			<b>2,868.435</b>