AUDIT REPORT
ON
THE ACCOUNTS OF

C&W, HUD&PHE, IRRIGATION, LG&CD DEPARTMENTS, PMA, KSIP AND CDA

GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

PREFACE

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

The report is based on audit of the accounts of Communication & Works, Housing, Urban Development & Public Health Engineering, Irrigation, Local Government & Community Development Departments of Government of the Punjab and various authorities of the province for the Financial Year 2022-23. It also contains audit paras pertaining to previous financial years. The Directorate General of Audit Works (Provincial), Lahore conducted audit during 2023-24, on test check basis with a view to reporting significant findings to the relevant stakeholders. The audit report includes systemic issues and significant audit findings. Relatively less significant findings, given in Annexure-A, shall be pursued with the Principal Accounting Officers (PAOs) and any lack of appropriate action will warrant their inclusion in next year's Audit Report.

Impact Audit along with two Thematic Audits have been incorporated in Chapters 9 and 10 of the report.

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

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

There are certain audit paras which were also reported in last years' Audit Reports for the Financial Years 2018-19 to 2021-22. Recurrence of such irregularities is matter of concern and needs to be addressed.

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

Islamabad (Muhammad Ajmal Gondal)
Dated: **Auditor-General of Pakistan**

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ABBREVIATIONS & ACRONYMS

AA	Administrative Approval
ABC	Asphaltic Base Course
AC	Air Conditioner
ADP	Annual Development Programme
ADG	Additional Director General
AOP	Association of Person
AR	Audit Report
AWC	Asphaltic Wearing Course
B&R	Buildings & Roads
BC	Bonafide Commission
BD	Buildings Division
BOQ	Bill of Quantities
BPS	Basic Pay Scale
BRS	Building Research Station
C&I	Coordination and Implementation
C&W	Communication & Works
CDA	Cholistan Development Authority
CDR	Call Deposit Receipt
CE	Chief Engineer
Cft	Cubic Foot
Cu.m	Cubic Meter
DAO	Divisional Accounts Officer
DAGP	Department of the Auditor-General of Pakistan
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DFR	Departmental Financial Rules
DG	Director General
D.G Khan	Dera Ghazi Khan
DGAW-P	Directorate General of Audit Works (Provincial)
DLP	Defect Liability Period
DNIT	Draft Notice Inviting Tender
DP	Draft Para
FBR	Federal Board of Revenue
FD	Finance Department
FDA	Faisalabad Development Authority
FIR	First Information Report
FY	Financial Year
GDA	Gujranwala Development Authority
GFR	General Financial Rules
GST	General Sales Tax
H&PP	Housing and Physical Planning
HP&EP	Housing Physical & Environmental Planning
HD	Highways Division
HDPE	High Density Polyethylene

HR	Human Resource
HSD	High-Speed Diesel
HUD& PHED	Housing, Urban Development & Public Health Engineering Department
i/d	Inner Dia
IDAP	Infrastructure Development Authority Punjab
IPC	Interim Payment Certificate
IT	Information Technology
JMF	Job Mix Formula
JRO	Junior Research Officer
Kg	Kilogram
Km	Kilometer
KSIP	Koh-e-Suleman Improvement Project
LAC	Land Acquisition Collector
LDA	Lahore Development Authority
LED	Light Emitting Diode
LESCO	Lahore Electric Supply Company
LG&CD	Local Government and Community Development
M&R	Maintenance & Repair
MB	Measurement Book
MC	Metropolitan Corporation
MD	Managing Director
MDA	Multan Development Authority
MFDAC	Memorandum for Departmental Accounts Committee
MIW	Mughalpura Irrigation Workshop
MRS	Market Rates System
MS	Mild Steel
MTBF	Medium Term Budgetary Framework
MTDF	Medium Term Development Framework
NESPAK	National Engineering Services of Pakistan
NOC	No Objection Certificate
O&M	Operation & Maintenance
P&D	Planning & Development
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PAPA	Punjab Aab-e-Pak Authority
PCC	Plain Cement Concrete
PC-I	Planning Commission-I
PDWP	Provincial Development Working Party
PEC	Pakistan Engineering Council
P/F	Providing and Fixing
PFR	Punjab Financial Rules
PHA	Parks & Horticulture Authority
PHATA	Punjab Housing and Town Planning Agency
PHE	Public Health Engineering
PHED	Public Health Engineering Department

PHS	Private Housing Scheme
P/L	Providing and Laying
PMA	Punjab Masstransit Authority
POL	Petroleum, Oil & Lubricants
PPRA	Punjab Procurement Regulatory Authority
PRA	Punjab Revenue Authority
PSI	Pounds per Square Inch
PST	Punjab Sales Tax
RCC	Reinforced Cement Concrete
RCD	Road Construction Division
RCE	Rough Cost Estimate
RD	Reduce Distance
Rft	Running Foot
RO	Reverse Osmosis
RR&MTI	Road Research & Material Testing Institute
RTSE	Revised Technically Sanctioned Estimate
SAR	Special Audit Report
S&GAD	Services and General Administration Department
SAP	Systems, Applications & Products in Data Processing
SDAC	Special Departmental Accounts Committee
SDO	Sub-Divisional Officer
SE	Superintending Engineer
Sft	Square Foot
SMD	Surface Mounted Device
SO	Section Officer
SOPs	Standard Operating Procedures
Sq.m	Square Meter
TEPA	Traffic Engineering & Transport Planning Agency
TORs	Terms of References
TSE	Technically Sanctioned Estimate
u/s	Under Section
UC	Union Council
UD-Wing	Urban Development Wing
Vol	Volume
WASA	Water & Sanitation Agency
w.e.f	With effect from
XEN	Executive Engineer
%cft	Per Hundred Cubic Foot
‰cft	Per Thousand Cubic Foot

EXECUTIVE SUMMARY

Directorate General of Audit Works (Provincial), Lahore, carried out audit of the accounts of Communication & Works (C&W), Housing, Urban Development & Public Health Engineering (HUD&PHE), Irrigation and Local Government & Community Development (LG&CD) Departments including provincial authorities i.e. Punjab Masstransit Authority (PMA), Koh-e-Suleman Improvement Project (KSIP), and Cholistan Development Authority (CDA) Government of the Punjab, in accordance with the mandate assigned to it by the Auditor-General of Pakistan as well as in line with International Standards of Supreme Audit Institutions (ISSAIs). During the Audit Year 2023-24, this office expended a budget amounting to Rs 271.598 million and engaged a human resource comprising 133 officers and staff, contributing to a total of 32851 man-days.

The report comprises ten (10) chapters, presenting the outcomes of compliance with authority audit conducted predominantly during the Audit Year 2023-24 along with the number of paras relating to the previous audit years. It further encompasses the findings and analysis of Impact Audit on *"Pilot Urban Rehabilitation & Infrastructure Improvement Project Package-II of Walled City, Lahore"* along with two Thematic Audits, namely, "*Adequacy of Control Environment - Control's Effectiveness for Universal Implementation of Agreed Audit Recommendations"* and *"Contract Management - Management of Securities and Advances"*.

Impact audit is a new initiative by DAGP which aims at assessing whether the intended impact of the project is successfully achieved or not. Audit concluded that the aforementioned project had generally been successful in achieving its intended impact. Detailed analysis is given in chapter 9 of the report.

Audit findings presented in the report underscore several critical issues that demand immediate attention. These include persistent disregard for the applicable regulatory framework, improper utilization of funds, deficient record management practices, lack of transparency in procurement processes, and mismanagement of revenues/receipts.

The report strongly emphasizes the imperative of reinforcing internal controls within audited entities. It stresses the urgency of implementing measures that ensure effective accountability, highlighting the significance of rectifying the identified shortcomings to uphold fiscal prudency and maintain organizational integrity. It is essential for audited departments to address these concerns in order to promote good governance, financial prudence, and transparent operational practices.

Computer Assisted Audit Techniques (CAAT) were utilized to identify high-risk entities and transactions with significant financial implications in order to optimize the utilization of limited audit resources. Subsequently, fieldwork was undertaken concentrating on the prioritized auditable issues pinpointed during the desk audit phase.

Upon completion of the fieldwork, the audit findings were subject to a thorough review, taking into account the responses provided by the auditees. Special Departmental Accounts Committee (SDAC) meetings were convened to deliberate on the identified issues and finalize the audit outcomes. This comprehensive approach, integrating both desk and field audit methodologies, aimed to ensure a robust and meticulous examination of high-risk entities and transactions while fostering transparency and accountability through effective communication with the auditees.

a. Scope of Audit

This office is mandated to conduct audit of 911 formations working under ten (10) PAOs. Total expenditure and receipts of these formations were Rs 559.867 billion and Rs 17.466 billion respectively, for the Financial Year (FY) 2022-23.

Audit coverage relating to expenditure for the current audit year, under the compliance audit category, comprises sixty-four (64) formations of five (05) PAOs having a total expenditure of Rs 253.438 billion for the FY 2022-23. In terms of percentage, the audit coverage for expenditure is 45.27% of auditable expenditure.

Audit coverage relating to receipt is of Rs 7.906 billion for the FY 2022-23. In terms of percentage, the audit coverage for receipts is 45.26% of the total receipt.

This audit report also includes audit observations resulting from the audit of expenditure Rs 60.638 billion and receipts of Rs 5.289 billion for the FY 2021-22 pertaining to sixty-two (62) formations of six (06) PAOs.

This office carried out an Impact Audit along with two Thematic Audits, which have been incorporated in this report.

In addition to this compliance audit report, the Directorate General of Audit Works (Provincial), Lahore, conducted fourteen (14) Financial Attest Audits, one (01) Special Audit, one (01) Performance Audit and one (01) Special Study. Reports of these audits are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, recovery of Rs 23.966 billion was pointed out in this report. Recovery effected from January to December 2023 was Rs 1.172 billion which was verified by Audit.

c. Audit Methodology

A desk audit was conducted to understand the changes in the audited entities' systems and functions, procedures, and control environment during the period under consideration and identify high-risk areas. In this regard, permanent files of the audited entities were updated and planning for field audit undertaken accordingly. Audit methodology included:

i. Understanding the business processes and related control mechanisms.
ii. Identifying key controls based on control system review and prior years’ audit experience.

iii. Prioritizing risk areas by determining the significance and probability of occurrence of risks associated with the identified key controls.
iv. Updating audit programmes for testing the selected risk conditions during the fieldwork.
v. Selecting auditable formations for the current year audit plan based on materiality and risk assessment considerations.
vi. Selecting samples to be tested during the fieldwork on predetermined sampling criteria which included selection of high-value items and other potentially important key items.
vii. Executing audit programmes on the selected samples during the fieldwork.
viii. Identifying instances of non-compliance with applicable rules and regulations.
ix. Performing cause and effect analysis for the identified instances of non-compliance and developing audit observations and recommendations.
x. Evaluating results of the audit and identifying systemic issues regarding internal controls weaknesses.
xi. Reporting the audit findings.
xii. Following up the decisions made by the competent forums on the audit findings.

d. Audit Impact

Audit activity has proven to be effective in creating awareness amongst the audited entities and relevant fora regarding compliance with the rules and procedures in the public interest. Exhaustive discussions regarding these issues took place during SDAC meetings. The viewpoint presented by Audit was subsequently endorsed by relevant authorities, namely Finance Department (FD) and Public Procurement Regulatory Authority (PPRA).

As a result of collaborative efforts, amendments were made in the identified rules and procedures. These modifications are expected to exert a lasting impact on conservation of public funds and reinforce financial discipline within the public sector. The alignment of audit recommendations with endorsements from FD and PPRA, leading to subsequent changes, underscores the crucial role of audit in fostering accountability and optimizing financial discipline for the benefit of the public. The following changes have been implemented based on the recommendations of Audit resulting into decrease in the rates of items and preventing undue benefits to the contractors:

i. There had been a discrepancy between PPRA Rule 56 and the standard bidding documents concerning the requirement for additional performance security. This inconsistency had been a source of various litigations. PPRA Rule 56 specifies obtaining only performance security from the contractor, set at 10 % of the contract cost. However, direction No. 26-A of General Directions of the standard bidding documents states that, in addition to the performance security, the contractor is obligated to provide additional performance security which is determined as equal to the difference between the Draft Notice Inviting Tender (DNIT) amount and accepted bid amount. On several occasions, contractors, leveraging PPRA Rule 56, sort legal recourse and obtain court orders for submitting the additional performance security at 10% of the contract cost. Repeated audit observations made FD to take corrective action vide Notification No. RO(Tech)FD 1-2/2017 issued on 16th November 2022 specifying that contractors must provide a quality assurance security from a scheduled bank and the security should be equivalent to the difference between the DNIT amount and the accepted bid amount. This clarification serves to mitigate financial risks associated with contractual obligations and reduces the likelihood of legal disputes by establishing a clear framework for contractual obligations.

ii. There were instances where departments undertook substantial amounts of earthworks and concrete works in superstructures using MRS items with manual labour. Audit persistently highlighted that executing such huge quantities with manual labour was impractical and economically inefficient. Consequently, in lieu of employing works items involving manual labour, it was recommended to shift to items that utilize mechanized modes for enhanced efficiency and cost-effectiveness. FD implemented this change by introducing a new item in Chapter No. 06 (Item No. 09) titled "Strength Based Concrete" in the MRS of 2nd Biannual 2022. This new item introduces rates specifically tailored for concreting through mechanized modes, aiming to contribute to cost reduction. Similarly, SDACs have directed the departments to conduct substantial amounts of earthworks and concrete works using MRS items that specifically engage mechanized modes for efficiency and cost-effectiveness. Moreover, SDACs have directed the departments to effect recovery of the cost difference between the MRS items for manual labour and those for mechanized modes in cases where departments had opted for items based on manual labour.

iii. Stone material for civil works is sourced from multiple quarries situated across the province. It is mandatory that stone be procured from the nearest quarry in accordance with the applicable regulations. This requirement is in place to minimize the transportation costs associated with the carriage of the material. Numerous audit observations were raised in previous years' audit reports concerning the practice of obtaining stone material from a distant quarry neglecting the requirement to prioritize the nearest quarry. In response to repeated audit observations, the C&W department took corrective action by approving "Zinda Peer" quarry in DG Khan to obtain stone material for sub-base and base course in road works besides crushed stone for concrete works. This approval was conveyed through letter No. 1375-81 dated 29th June 2022. The significance of this approval lies in its notable impact on reducing construction expenses for Multan, Muzaffargarh, Layyah, and Taunsa districts by minimizing the transportation distance.

e. Comments on Internal Controls and Internal Audit Departments

The current audit report brings to light a series of persistent discrepancies consistently observed by the Audit over the time. These recurring issues indicate potential structural problems, possibly stemming from an inadequate supervisory framework and flawed internal controls system.

In order to fortify the accountability process, prevent mismanagement within departments, ensure integrity of financial reporting, and enhance the delivery of public service, the establishment of a robust internal control system is imperative. However, it has been observed that most departments have not effectively implemented these internal controls, providing room for audit observations of similar nature to persist and accumulate over the years. It is worth mentioning that none of the departments audited by DGAW-P has an internal audit function, which is essential for strengthening internal control systems. Moreover, these departments lack procedures to evaluate and compare current audit findings with those of previous years, hindering the identification of specific shortcomings in internal controls and uncovering the gaps that contribute to repeated occurrences of similar discrepancies. This audit report includes a dedicated note at the end of each audit para intended to assist the department in recognizing and addressing recurring observations.

In light of the foregoing, this report identifies the following key shortcomings in internal control. It is crucial to address these issues to prevent the recurrence of similar audit observations over the years:

i. Absence of a process to hold officers/officials accountable for repeated instances of non-compliance.
ii. Absence of an independent internal audit function within the departments.

f. The key Audit Findings of the Report

Significant audit findings are given below:

i. One (01) case of fraud and mis-procurement - Rs 36.726 million[1].
ii. Thirty seven (37) cases of overpayments on account of application of higher rates, allowing longer leads for carriage of materials, non-maintenance of agreed tender percentages, inadmissible price escalation, paying for more quantities of bitumen than actually used, execution of inadmissible, and less

[1] Para 4.4.1

execution of items with higher quoted rates - Rs 1,784.074 million[2].

iii. Twenty one (21) cases of non-recoveries on account of government taxes, advances, cost of excess area of land, commercialization fees, aquifer charges, penalties, and cost of retrieved material - Rs 16,508.77 million[3].

iv. Seven (07) cases of irregular enhancement of works and mis-procurement in contravention of Punjab Procurement Regulatory Authority (PPRA) Rules - Rs 1,507.509 million[4].

v. Four (04) cases of undue financial benefit to the contractors through non-obtaining/non-revalidation of performance/additional performance securities, bank guarantees, and premature release of security deposits - Rs 5,846.274 million[5].

vi. Encroachment of public sites due to inefficiency and negligence of LDA staff - Rs 5,945.304 million[6].

vii. Irregular payments to the contractors on account of excess quantities without prior concurrence of FD - Rs 154.608 million[7].

viii. Fourteen (14) cases of non-implementation of agreed SDAC directives on similar issues - Rs 236.664 million[8].

g. Recommendations

Based on the audit findings, the following recommendations are being made in order to enhance financial accountability and prevent recurring financial irregularities and other issues:

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[2] Para 2.4.1.1, 2.4.1.2, 2.4.1.3, 2.4.1.4, 2.4.1.5, 2.4.1.6, 2.4.2.1, 2.4.2.2, 2.4.2.3, 2.4.2.4, 2.4.2.5, 2.4.2.6, 2.4.2.7, 2.4.2.8, 2.4.2.10, 2.4.2.14, 2.4.2.17, 2.4.2.19, 2.4.2.32, 3.4.1.1, 3.4.1.2, 3.4.1.3, 3.4.1.17, 3.4.2.1, 3.4.3.1, 3.4.4.1, 3.4.5.1, 3.4.5.2, 3.4.5.4, 4.4.2, 4.4.3, 4.4.4, 4.4.5, 5.4.1, 7.4.1, 8.4.1, 8.4.3

[3] Para 2.4.1.12, 2.4.1.13, 2.4.1.14, 2.4.1.16, 2.4.2.11, 2.4.2.26, 2.4.2.27, 2.4.2.29, 3.4.1.6, 3.4.1.9, 3.4.1.10, 3.4.1.11, 3.4.1.13, 3.4.1.14, 3.4.1.22, 3.4.2.3, 3.4.4.3, 8.4.5, 8.4.6, 10.2.6.2.3.10, 10.2.6.2.3.13

[4] Para 2.4.2.31, 3.4.5.12, 4.4.12, 4.4.13, 4.4.14, 5.4.8, 8.4.8

[5] Para 10.2.6.2.3.1, 10.2.6.2.3.2, 10.2.6.2.3.3, 10.2.6.2.3.4

[6] Para 3.4.1.7

[7] Para 2.4.1.17

[8] Para 10.1.5.2.3.1, 10.1.5.2.3.2, 10.1.5.2.3.3, 10.1.5.2.3.4, 10.1.5.2.3.5, 10.1.5.2.3.6, 10.1.5.2.3.7, 10.1.5.2.3.8, 10.1.5.2.3.9, 10.1.5.2.3.10, 10.1.5.2.3.11, 10.1.5.2.3.12, 10.1.5.2.3.13,10.1.5.2.3.14

i. Strengthening internal controls is crucial to safeguard against fraud and misappropriation. In this context, departments need to identify weaknesses in the overall control system, addressing both design and implementation aspects.
ii. Prompt actions need to be initiated to recover any overpayments, emphasizing the importance of financial discipline.
iii. Government taxes, charges, fees, and penalties must be diligently collected and promptly deposited into the treasury to ensure financial transparency and efficiency.
iv. Strict adherence to the PPRA Rules 2014 is to be ensured while procuring goods, services, and works. This would significantly contributes to fostering transparency and fairness across the entire procurement process.
v. Effective management of securities and bank guarantees to be submitted by the contractors is crucial for mitigating risks to public money. The works departments need to prioritize strengthening related internal controls to address the ongoing issue of persistent non-compliances.
vi. Ensuring the correctness, reliability, and proper maintenance of property/revenue records is essential. Moreover, effective efforts need to be made to retrieve encroached land from illegal occupants. Implementing operative internal controls, in this regard, is vital to prevent similar lapses in the future.
vii. It is crucial to prepare TS estimates after thorough site surveys. This measure is necessary to prevent frequent changes in quantities and the scope of works during execution, fortifying the reliability and correctness of the entire project planning process.
viii. It is important to promptly and effectively implement audit recommendations and directives from the SDACs. The successful execution of these measures is directly tied to the overall financial health of the departments involved. Holistically addressing previously identified issues can result in reduction in the number of audit paras, making a substantial contribution to the economy, and alleviating the burden on the Public Accounts Committee (PAC).
ix. The internal audit function plays a pivotal role in maintaining an effective internal control system. To enhance the effectiveness

of detective and preventive controls, works departments must prioritize establishing a robust internal audit function.

x. To cultivate a culture of accountability and responsibility among government functionaries, respective PAOs need to ensure the enforcement of disciplinary actions against individuals engaging in delinquent behavior.

CHAPTER – 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

Overview

The economic vitality of the Punjab plays a pivotal role in shaping the overall growth trajectory of the national economy. Spearheading the formulation of development policies and Annual Development Programmes (ADPs) in the province is the Planning & Development (P&D) Board, serving as the premier entity for this purpose.

Government of the Punjab, guided by the Punjab Growth Strategy 2018, envisioned the province as a secure, economically vibrant, industrialized, and knowledge-based region. The goal was to create a prosperous environment where every citizen could aspire to lead a fulfilling life.[9] This vision underscored the commitment to comprehensive development and economic progress.

Looking forward, the latest vision articulated in the Punjab Growth Strategy 2023 aspires to position Punjab as a globally connected and competitive province. The vision emphasizes equity, cultural vibrancy, and technological advancement, with sustainable economic growth driven by a dynamic private sector, an efficient public sector, rich and productive human capital, and a regionally equalized development footprint. By 2023, the aim was to achieve a balanced and prosperous future, aligning with the evolving needs and aspirations of the citizens and ensuring Punjab's continued contribution to the national economic landscape[10].The strategy sets ambitious targets for the government, aiming to achieve several key outcomes, including:

i. Sustainable annual economic growth of 7 per cent by 2023.
ii. Creating, on average, 1.200 million new jobs annually.

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[9] Punjab Growth Strategy 2018
[10] Punjab Growth Strategy 2023

iii. Reducing the idle youth in the Punjab from 10.3 per cent in 2017-18 to 8.8 per cent by 2023.
iv. Reducing the multi-dimensional poverty in the Punjab from 26.2 per cent in 2017-18 to 19.5 per cent by 2023.
v. Increasing the average number of new housing units to 640,000 annually.

These ambitious targets collectively reflect the comprehensive nature of the strategy, aiming not only for economic growth but also for the holistic development and well-being of Punjab and its residents. The foundation of this strategy was a dynamic sub-national growth model, drawing its strength from an analysis of provincial Gross Domestic Product (GDP) data spanning the last two decades. Additionally, the model incorporates insights from 142 national and provincial policy variables. This data-driven approach provided a robust and comprehensive framework for shaping the strategic initiatives, allowing for a nuanced understanding of economic trends and policy impacts within Punjab. The key pillars of the strategy include:

1. Enhancing focus on social sectors (in which the Punjab has a comparative advantage in the national context) and harnessing their potential.
2. Creating an enabling environment for private sector-led growth.
3. Investing more in the quality formation of human capital and its utilization.
4. Making public investment and ADP sectoral priorities so as to maximize the impact on growth.
5. Advocating and coordinating with the federal government on managing key macroeconomic policy variables that have a significant impact on the Punjab's economy.

As the strategy approaches its conclusion in 2023, it becomes apparent that the envisioned targets are still distant, with several factors contributing to this non-achievement. The challenges stem from a combination of internal and external causes. The internal factors have been adequately examined and discussed in this audit report within the context of relevant issues.

Because of constraints in its scope, this audit report doesn't delve into the external causes. External factors, which lie beyond the direct influence of the provincial government, have undoubtedly played a role in shaping the outcomes. These external dynamics, such as global economic trends, geopolitical shifts, or unforeseen natural events, significantly impacted the ability of the government to meet predetermined targets.

While the internal challenges are within the realm of the provincial government's control, navigating external factors often requires a different set of strategies and collaborative efforts. Acknowledging the influence of these external variables is essential for a comprehensive understanding of the overall performance of the strategy. Future analyses and assessments may need to explore these external factors more deeply to provide a holistic evaluation of the strategy's outcomes.

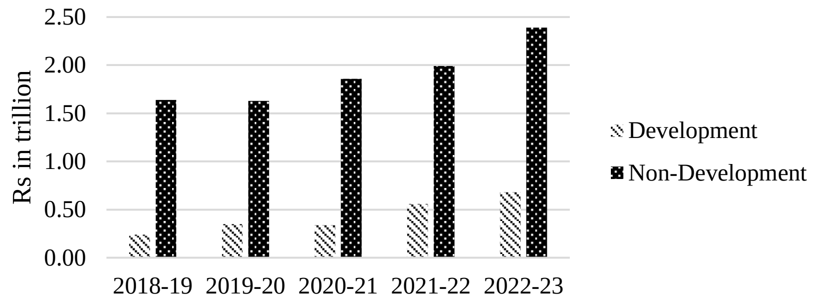
Budget Trend Analysis

Budget allocations in the Punjab exhibit a notable skew towards the non-development side, primarily due to the province's possession of the largest public sector apparatus among all provinces. This imbalance results in a comparatively lesser allocation to the development sector.

The significant size of the public sector in the Punjab requires substantial financial resources for salaries, administrative costs, and other non-development expenditures. As a consequence, a higher proportion of the budget is directed towards non-development activities, leaving a relatively smaller share for developmental initiatives such as infrastructure projects, education, and healthcare.

Addressing this skew in budget allocations may necessitate a careful reassessment of priorities and resource distribution. Striking a balance between the operational needs of the public sector and the imperative for development is crucial for fostering sustainable economic growth and addressing the evolving needs of the province. Future budgetary considerations and policy frameworks may explore ways to optimize resource allocation, ensuring a more equitable distribution between non-development and development sectors. Budgetary allocations for the last five financial years are presented in Figure 1.1 below:

Figure 1.1
Budget Allocation (Rs in trillions)



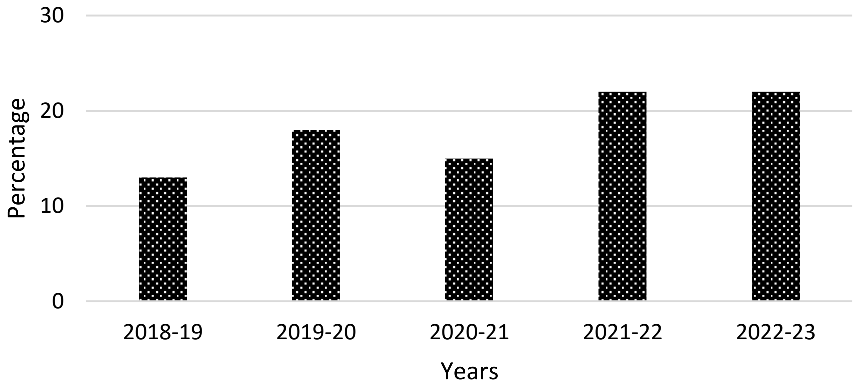
Source: SAP and Budget Books (FY 2018-19 to 2022-23)

The bar chart vividly illustrates a substantial disparity in fund allocation between the development and non-development sectors in Punjab. Despite this overall trend, a closer examination of the intra-sector allocation over the past five years, as presented in Figure 1.2, reveals a notable improvement in funding to the development sector. This positive shift comes after a dip in the FY 2018-19.

In terms of the percentage of total allocations, the development sector experienced a gradual upward trajectory: 13% in 2018-19, 18% in 2019-20, 15% in 2020-21, and a significant increase to 22% in both 2021-22 and 2022-23. This shift indicates a conscious effort to enhance the prioritization of development initiatives within the budgetary framework. The positive trend suggests a strategic reallocation of resources to support critical developmental projects and address the infrastructure and growth needs of the province.

While challenges persist in achieving a perfect balance, these percentage increases reflect a noteworthy effort to bolster the development sector in recent years, underscoring a responsive approach to the evolving needs and priorities of the province.

Figure 1.2
Allocation to Development Sector as a Percentage of Overall Allocation

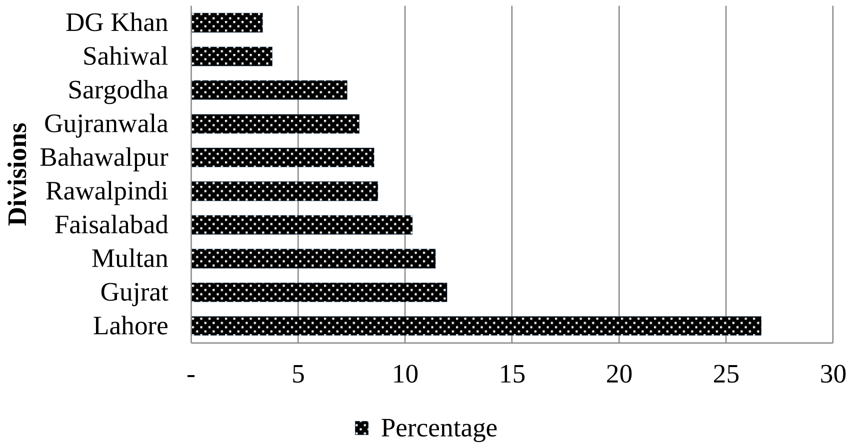


Source: SAP and Budget Books (FY 2018-19 to 2022-23)

Inclusive Growth and Regional Equalization

The 2018 and 2023 Growth Strategies aimed at inclusive growth and regional equalization, as shown in Figure 1.3 detailing development fund allocations. D.G. Khan and Sahiwal divisions received far less ADP share, while Lahore division received significantly more. This deviation from regional equalization goals suggests a need to align budgetary allocations with inclusive growth and regional balance objectives. Addressing this requires a thorough examination of factors influencing fund decisions, including adequacy of existing infrastructure, population density, and economic needs. Strategic realignment of resource distribution, guided by growth strategy objectives, is crucial for equitable development benefits across all divisions in the province.

Figure 1.3
Actual Development Expenditure (Rs in billion)
(FY 2022-23)



Source: SAP figures (FY 2022-23)

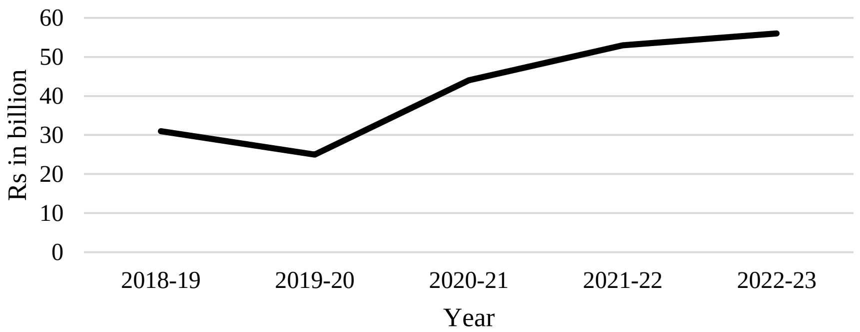
Infrastructure Development in the Punjab

The significance of the infrastructure sector in the context of development cannot be overstated, as it stands as the primary catalyst for Punjab's economic growth. The effectiveness of this crucial sector hinges on the performance of departments entrusted with infrastructure development, including but not limited to C&W, HUD&PHE, Irrigation, LG&CD, Transport, and Energy. These departments, along with various provincial authorities, receive a substantial portion of the development budget, underlining their pivotal role in shaping the province's overall progress.

By allocating a significant share of the development budget to these entities, the government underscores its recognition of the instrumental role played by the infrastructure sector in fostering economic growth. The performance and efficiency of these departments and authorities are pivotal in translating budgetary allocations into tangible outcomes, ranging from improved transportation networks to enhanced energy infrastructure, all of which contribute substantially to Punjab's developmental trajectory. The synergy between budget allocation, departmental performance, and infrastructure development is fundamental to achieve sustained and inclusive economic growth.

The Directorate General of Audit Works (Provincial) holds the responsibility of conducting audits for the mentioned entities, overseeing their adherence to financial and operational guidelines. Figure 1.4 visually represents the development budget allocations for these departments, showcasing a consistent upward trend that aligns with the overall growth in development allocations.

Figure 1.4
Allocation to Infrastructure Sector (Rs in billion)



Source: SAP and Budget Books (FY 2018-19 to 2022-23)

In terms of percentages, the allocations to these departments, relative to the overall development allocations, witnessed variations over the past five years: 31% in 2018-19, 25% in 2019-20, a substantial increase to 44% in 2020-21, 53% in 2021-22 and further rising to 56% in 2022-23. These percentages provide insights into the evolving prioritization of these key departments within the broader context of development initiatives.

The rising trend indicates a growing recognition of the pivotal role played by these departments in infrastructure development. The fluctuations in percentages could be indicative of shifting priorities, emerging needs, or specific policy directions over the years. The audit process, facilitated by the Directorate General, serves as a crucial oversight mechanism to ensure effective and transparent utilization of funds allocated to these departments, contributing to the overall accountability and success of development initiatives.

Target achievement vis-à-vis MTDF/ADPs

The targets outlined in both the Medium-Term Development Framework and ADPs mirror the ambitious nature seen in the two growth strategies. However, the reality presents a different picture as these lofty goals were often far from being realized, especially in the concluding year of the strategy.

Changes in the Number of Schemes over Time

The discrepancy becomes evident due to the financial managers and planners' inability to launch schemes that realistically align with the Medium-Term Development Framework (MTDF) targets and the available funding. A detailed discussion on this matter follows in the subsequent paragraphs.

Significant deviations have been observed between the number of original schemes and revised schemes as presented in Table 1.1. The table shows the total number of schemes originally conceived in the respective ADPs and the revised number of schemes which were included in the ADPs through supplementary grants.

Table 1.1: Number of Original Vs Revised Schemes in ADP

Department	2020-21		2021-22		2022-23	
	Original	Revised	Original	Revised	Original	Revised
C&W	1588	1899	2969	3669	2551	2873
HUD&PHE	1478	1565	1902	2100	923	1111
Irrigation	140	180	168	230	137	100
LG&CD	211	559	1125	1706	570	826
Others	51	54	91	93	84	75

Source: SAP and Departmental figures (FY 2020-21 to 2022-23)

The data reveals that a substantial number of schemes were added during the FY 2022-23 for C&W, HUD, and LG&CD departments, while the number of schemes decreased in Irrigation and other departments. This phenomenon indicates serious inadequacies in the initial planning and resource allocation. The discrepancies underscore the necessity for an in-depth analysis of the planning process within Government of the Punjab. Identifying and understanding inconsistencies in the planning phase is crucial for enhancing the effectiveness of future development initiatives. Reduction in number of Irrigation schemes in a province having strong agricultural base should be worrying.

The existing situation warrants a thorough analysis that delves into the intricacies of the planning process. This examination is vital for understanding the factors that contribute to deviations in both the number of schemes and their corresponding budgetary allocations. Identifying the root causes of these discrepancies is essential for refining the planning framework and ensuring a more accurate alignment between set targets and actual outcomes. Several factors may play decisive role in this regard, including:

Incomplete Initial Assessments: Inadequate or incomplete assessments during the initial planning stages may lead to overly ambitious targets that are challenging to achieve within the designated timeframes.

Changing Priorities: Shifts in government priorities or emerging issues may necessitate adjustments to the planned schemes, impacting the original targets and budget allocations.

Resource Constraints: Limited availability of financial resources or unexpected fiscal challenges may result in adjustments to the number and scope of schemes, affecting the overall development landscape.

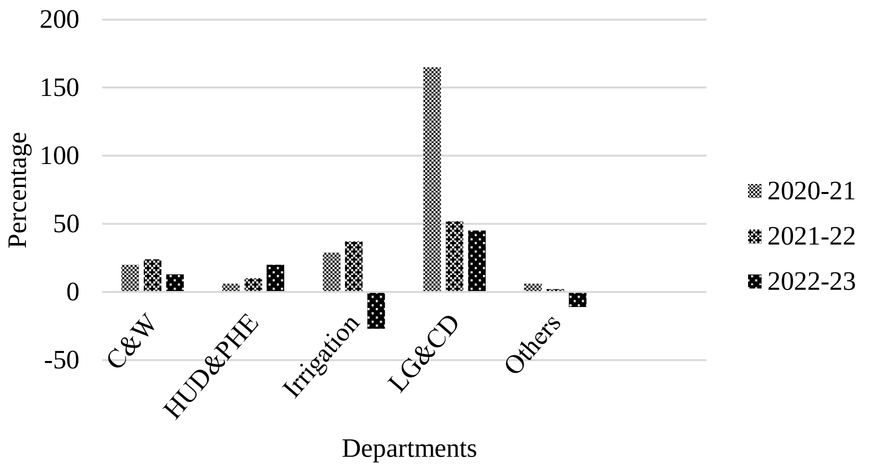
Implementation Bottlenecks: Delays or obstacles in the implementation phase can lead to modifications in the planned schemes, influencing both their numbers and budgetary requirements.

Dynamic External Factors: The influence of external factors, such as economic fluctuations or geopolitical events, may require recalibration of development plans, leading to deviations from the original targets.

A comprehensive analysis will help pinpoint the specific challenges within the planning process, allowing for targeted improvements. Addressing these factors will contribute to a more realistic and effective planning framework, ensuring that future development targets are both ambitious and achievable. By addressing inconsistencies in the planning process, Government of the Punjab can enhance its capacity to translate objectives into tangible outcomes and drive sustainable development in the region.

Figure 1.5 highlights the extent of revisions by showing a percentage increase or decrease in the number of schemes:

Figure 1.5
Percentage Increase in Number of Schemes
(Original vs Revised Schemes)



Source: SAP and Departmental figures (FY 2020-21 to 2022-23)

Variances from Initial Budgets

The significance of deviations from the original planning becomes even more apparent when considering actual budget allocations. A comparison of total budget allocations of original schemes and revised schemes is presented in Table 1.2. These deviations underscore the challenges in aligning financial resources with the initially envisaged schemes and their corresponding budgetary requirements.

Table 1.2: Original Budget Vs Revised Budget *(Rs in billion)*

Department	2020-21		2021-22		2022-23	
	Original	Revised	Original	Revised	Original	Revised
C&W	62.131	89.276	202.885	241.354	290.379	268.779
HUD&PHE	28.199	38.709	48.788	67.500	107.770	133.575
Irrigation	17.470	20.025	30.778	32.672	27.630	18.324
LG&CD	13.129	23.963	26.586	32.756	19.010	33.762
Others	5.205	5.214	9.565	9.655	12.785	15.769

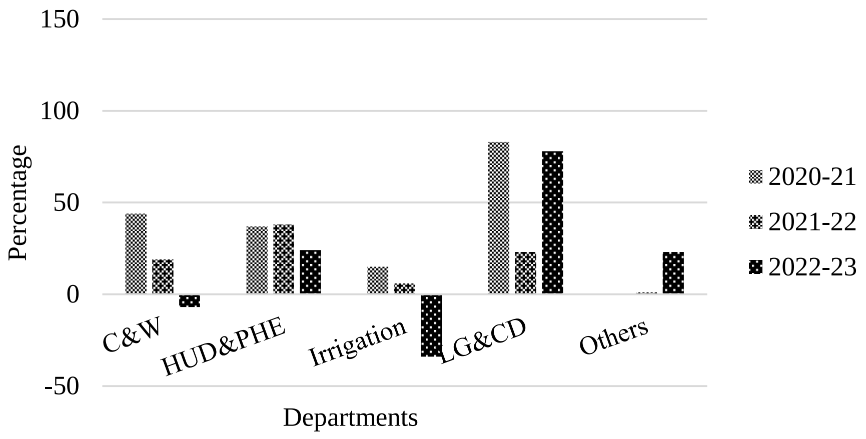
Source: SAP and Departmental figures (FY 2020-21 to 2022-23)

In FY 2022-23, the budget of C&W department was revised downwards by 7.4%, while the number of schemes increased by 12.6%. This indicates a strong possibility that a significant number of schemes may have remained underfinanced by the end of the year.

Understanding of the factors causing deviations from the original budget allocations is crucial for improving the accuracy of budget planning and allocation processes. By addressing the root causes of these discrepancies, the government can enhance its ability to allocate resources effectively and achieve a more aligned and realistic budget execution in subsequent planning cycles.

Figure 1.6, illustrating the percentage analysis of deviations from the originally conceived budget, effectively highlights the disparities between the planned and actual budget allocations. Notably, the most substantial deviations were observed in HUD&PHE department, followed by LG&CD and Irrigation departments.

Figure 1.6
Percentage Increase in Budget from Original Budget



Source: SAP figures (FY 2020-21 to 2022-23)

This analysis draws attention to the challenges and variations in budgetary planning and execution, particularly within these specific departments. Potential factors contributing to these pronounced discrepancies might include changing project scopes, unexpected financial constraints, or shifts in development priorities. A thorough examination of the underlying causes will enable the government to implement corrective measures and refine its budgetary planning procedures. This, in turn, can contribute to a more precise alignment between planned and actual budget allocations, fostering transparency and effectiveness in resource utilization across various departments.

Inadequate Funding for Newly Conceived Schemes

The data presented in Table 1.3 illustrates a concerning trend where schemes were incorporated into the ADPs without adequate consideration of fund availability. This has resulted in a substantial number of newly conceived schemes remained unfunded even in their respective first years.

Table 1.3: Unfunded Schemes in 1st Year of ADP

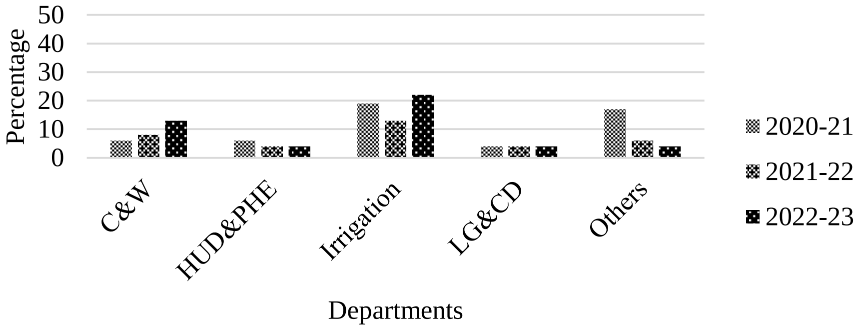
Department	2020-21	2021-22	2022-23
C&W	106	311	339
HUD&PHE	99	75	41
Irrigation	34	31	30
LG&CD	23	65	25
Others	9	6	3

Source: SAP figures (FY 2020-21 to 2022-23)

The data reveal a consistent pattern across various departments, with a notable number of schemes lacking the necessary funding in respective financial years. This situation raises concerns about the adequacy of the planning and budgeting processes, emphasizing the need for a more stringent and realistic approach when including schemes in ADPs.

Percentage analysis of the unfunded schemes showed that the highest percentage of unfunded schemes, against its revised schemes, was in the case of Irrigation department followed by C&W in FY 2022-23. It raises considerable alarm that in a province which is reliant on agriculture, Irrigation projects are not receiving funding in the initial year of the ADP. This is depicted in Figure 1.7 below:

Figure 1.7
Percentage of Schemes which Remained Unfunded in the 1st Year of ADP



Source: SAP figures (FY 2020-21 to 2022-23)

Table 1.4 highlights another concerning pattern where newly conceived schemes received allocations significantly less than 15% of their original budget in the first year of implementation. This situation indicates a substantial disparity between the initially planned budget and the actual funds allocated, which may impact the successful execution and outcomes of these schemes.

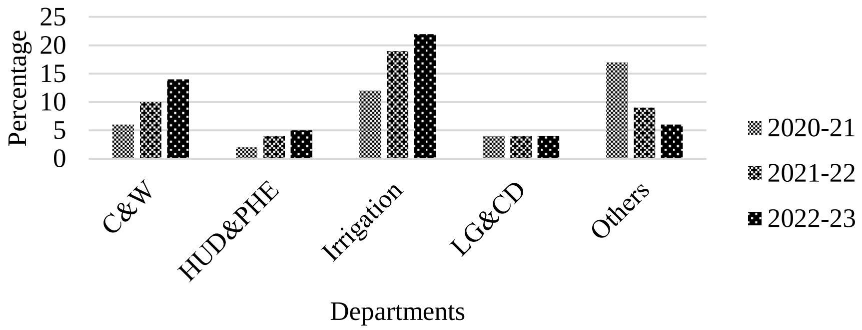
Table 1.4: Schemes receiving less than 15% of their budget

Department	2020-21	2021-22	2022-23
C&W	113	379	349
HUD&PHE	37	83	43
Irrigation	21	43	30
LG&CD	25	66	25
Others	9	8	5

Source: SAP figures (FY 2020-21 to 2022-23)

Percentage analysis in this regard is presented in Figure 1.8 below which shows that the number of schemes which received less than 15% of their original allocations was highest in Irrigation department. This is reflective of the inadequacy in the planning of the department.

Figure 1.8
Percentage of Schemes with less than 15% Allocations



Source: SAP figures (FY 2020-21 to 2022-23)

This situation underscores a critical issue in the budgetary process, where a significant number of schemes are receiving only a fraction of their initially proposed budget. This can lead to challenges in achieving the intended goals of these projects, affecting their overall impact and success.

Addressing this issue requires a reassessment of the criteria for scheme inclusion, ensuring that financial considerations are central to the decision-making process. A more robust evaluation of fund availability during the planning phase will contribute to a more prudent allocation of resources, reducing the prevalence of unfunded or underfunded schemes and enhancing the overall effectiveness of development initiatives.

Schemes Funded Beyond Original Budget

Table 1.5 sheds light on the funding status of schemes, revealing that while a substantial number of schemes are not adequately funded, there is another set of schemes allocated funds beyond their originally planned budgets. The data is presented as follows:

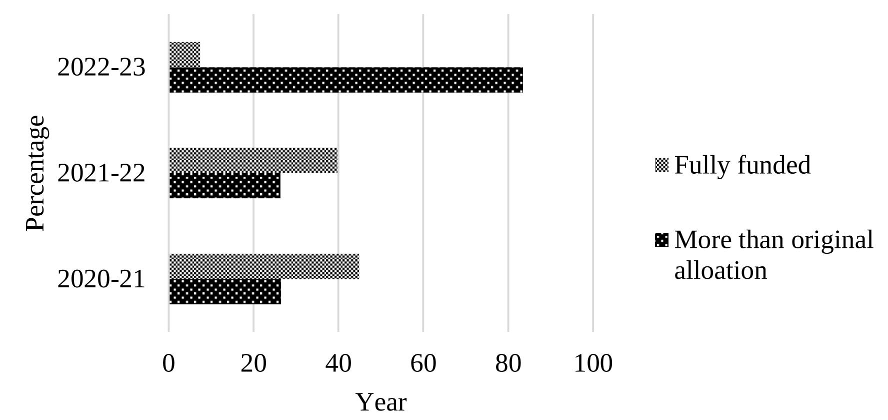
Table 1.5: Funding Status of Schemes *(No. of Schemes)*

Description	2020-21	2021-22	2022-23
Schemes with more than the original allocations	1127	2054	3561
Fully funded	1912	3098	316
Total number of schemes	4257	7798	4265

Source: SAP figures (FY 2020-21 to 2022-23)

Percentage analysis reveals that in FY 2022-23, 7.4% of the schemes were fully funded, while 83% of the schemes received allocations surpassing their original amounts. The remaining 9.6% of schemes either remained unfunded or received less than 15% of their initial allocations. Figure 1.9 illustrates three years' worth of data pertaining to fully funded schemes and those receiving amounts exceeding their original allocations:

Figure 1.9
Funding Status of Schemes (percentage of total schemes)



Source: SAP figures (FY 2020-21 to 2022-23)

This data highlights a significant number of schemes falling into the category of receiving more than their original allocations. Additionally, the “Fully funded” category suggests schemes that have been adequately funded according to their initially proposed budgets.

While this indicates a positive aspect of schemes receiving more funds than planned, it's crucial to assess the reasons behind this over-allocation. Understanding whether this is a result of project expansions, unforeseen requirements, or other factors will provide insights into the effectiveness of budgetary planning.

A comprehensive review of the budget allocation process, along with a closer examination of the schemes falling into these categories, will help refine future planning strategies. This dual scenario of underfunded and overfunded schemes emphasizes the need for a more precise and dynamic approach to budgetary management in order to ensure optimal utilization of resources across all development initiatives.

Allocation of Budget by Sector

Total development expenditures for the FY 2022-23 fell short of the budget allocation, resulting in an unutilized amount of Rs 75.416 billion (16.04%). This discrepancy suggests challenges in financial management practices, and its correlation with the non-achievement of Medium-Term Development Framework (MTDF) targets underscores a systemic issue. In this regard, key points to note are:

Budget vs. Expenditure:

Budget Allocation: Rs 470.212 billion
Expenditure: Rs 394.795 billion
Unutilized Funds: Rs 75.416 billion (16.04%)

Financial Management Implications: The unutilized funds indicate a gap between the planned budget and the actual expenditure, pointing towards challenges in financial management practices.

MTDF Targets: The connection between unutilized funds and the non-achievement of MTDF targets suggests that inefficient financial management may contribute to the broader challenges in meeting development goals.

Systemic Nature: The statement identifies the issue as systemic, indicating that it is a recurring problem persisting over a five-year trend. A five-year trend is shown in Table 1.6.

Table 1.6: Percentage of Unutilized Funds

Sr. No.	Departments	2018-19	2019-20	2020-21	2021-22	2022-23
1	C&W	4.91	1.405	29.56	2.59	1.04
2	HUD & PHE	36.485	46.785	38.295	44.42	43.83
3	Irrigation	12.51	4.29	18.08	19.07	16.09
4	LG&CD	12.3	13.72	23.27	17.12	29.11
5	Others	12.925	19.92	22.725	15.5625	18.16

Source: SAP and Departmental figures (FY 2018-19 to 2022-23)

The presented data indicates an overall improvement in the utilization of budget across various departments over the five-year period. However, it is noteworthy that challenges persist, particularly in HUD&PHE, LG&CD and Irrigation departments, where the situation does not appear to be up to the mark. Trends are analyzed as follows:

C&W Department: Demonstrates a fluctuating pattern but generally shows improvement, especially when comparing 2020-21 and 2021-22.

HUD & PHE Department: A consistent trend of underutilization of development funds, ranging from 36% to 47%, is evident, with the percentage remaining relatively higher compared to other departments.

Irrigation Department: Despite a decrease in the percentage of unutilized funds in 2022-23, there is still room for improvement.

LG&CD Department: The data reveals a persistent challenge, with the percentage of unutilized funds remaining relatively high across the five-year period.

Others: A consistent trend of underutilization of development funds, ranging from 12% to 23%.

While there has been an overall improvement, the situation in HUD&PHE, LG&CD and Irrigation departments highlights areas that require focused attention and intervention. Understanding the specific challenges within each department, such as procedural bottlenecks or resource allocation issues, can facilitate targeted improvements. This analysis can guide efforts to refine financial management practices, ensuring that budget allocations are optimally utilized.

Identifying the root causes of the unutilized funds and implementing corrective measures can contribute to more effective utilization of resources and better alignment with development targets outlined in the MTDF. This holistic approach would go a long way towards fostering a more efficient and transparent financial management system within the departments.

Sectoral Issues

Some interconnected issues are discussed below:

i. In the FY 2022-23, the initiation of 720 new schemes left 438 ongoing projects devoid of sufficient funds for their completion. This situation arose due to the re-appropriation of funds from incomplete schemes to fund the newly introduced initiatives. Regrettably, this redirection of funds resulted in the suspension of the finalization of the ongoing schemes from which the funds were diverted.

ii. Allocating less than 15% of the original budget to 452 schemes for the FY 2022-23 suggests a strategy of piecemeal funding and a potential diversion of funds from ongoing schemes to new ones. This indicates inadequate planning and raises concerns about the likelihood of cost overruns, time delays, and price escalations in the execution of these projects.

iii. Departments do not give due consideration to the directives issued by SDACs, resulting in heightened non-compliance on similar issues and an increasing number of outstanding paras. A thematic audit, centered on "recoveries," revealed that although the department acknowledged the necessity for recovery on specific issues within a particular scheme, it failed to initiate recovery for the same issues across other schemes within the works division. This oversight contributes as an important factor to the accumulation of audit paras on similar issues each year. These challenges are further compounded by deficiencies in supervisory and managerial controls.

iv. A thematic audit focused on "Securities and Advances" revealed a lack of an effective monitoring system related to various types of securities. This deficiency resulted in the granting of undue financial benefits to contractors through premature releases of securities, allowing inadmissible advances, and irregularities in the adjustment of advances. These practices also contribute to the escalation of risks associated with the projects.

v. Numerous instances have been identified where the scope of works/contracts has been expanded by more than 20%, contravening the guidelines set forth by the PPRA. Exceeding the permissible limit for enhancing the scope of works or contracts not only has immediate financial implications but also raises concerns about procedural integrity, fair competition, and the overall success and credibility of the projects undertaken by the department.

vi. The departments are notably behind in revenue enhancement, primarily because they have failed to collect right-of-way charges and conduct auctions for toll plazas. Moreover, potential revenue streams such as the collection of effluent charges from rural area users and factories remain untapped, lacking adequate pursuit. The failure to collect right-of-way charges, auction toll plazas, and pursue untapped revenue streams can have cascading effects, leading to financial deficiencies, operational limitations, and potential challenges in fulfilling the department's responsibilities and objectives.

Challenges Across Different Departments

1. Communication and Works Department

i. Punjab Highways Department has allocated a significant portion of its financial resources to procure luxury vehicles, even though about 30% of planned schemes face funding shortages due to the non-allocation of financial resources. This situation is further aggravated by the fact that the vehicles, acquired using development funds for supervisory purposes, are not located in the divisions for which they were originally intended. Instead, they have been transferred to the control of the secretariat of C&W.

ii. The Buildings and Highways departments have been opting for longer routes to transport stone and crushed aggregate from distant quarries such as Kirana and Margalla Hills. This is occurring despite the presence of a more proximal source, the Melot Quarry, which provides a shorter and, consequently, more cost-effective transportation route. The omission of the Melot Quarry from the list of approved quarries by C&W is a significant oversight. The selection of transport routes in logistical operations is a crucial factor that determines overall project costs. This oversight may lead to substantial financial losses to the public exchequer due to higher carriage costs.

iii. The irregular utilization of Maintenance & Repair (M&R) funds in Highways Department particularly warrants attention. The yardstick set by FD for M&R works is Rs 176,000 per km, which is considered unrealistic and, consequently, is not adhered to by the department. However, the absence of a practical yardstick has led to a situation where works divisions of the department are arbitrarily incurring very high costs per kilometer for M&R works on roads. This discrepancy has resulted in disparities in the allocation of funds for M&R in different works divisions. The skewed distribution of funds has created a disparity in the M&R operations across different road networks in the province, emphasizing the need setting a practical yardstick for per kilometer cost of M&R for greater transparency and accountability in the allocation and utilization of funds within the department.

iv. The recurring irregularities involving deviations from the original specifications without proper approval or revision of the TS estimate, non-observance of contract clauses, and enhancements of agreements beyond 20% of the contract cost, violate the PPRA rules. It is imperative that these irregularities are addressed to ensure compliance with regulations and uphold the transparency and fairness of the department's operations.

v. Highways Department Punjab is encountering challenges in toll collection, primarily stemming from inefficiencies in setting reserve prices and the subsequent toll collection by divisional staff. The reserve prices, set by the Chief Engineer (CE) of each zone, is usually not realistic, therefore, contractors are often reluctant to bid against high reserve prices. Consequently, toll collection is done by divisional staff which is also lower than the reserve price. Establishing realistic reserve prices would encourage contractor participation, facilitating competitive bids and optimizing toll revenue. Addressing this issue is crucial to ensure the financial viability of toll collection and prevent undue losses to public funds.

2. HUD&PHE Department

i. The audit repeatedly identified instances of rule violations within the works divisions, specifically related to overpayments resulting from allowing rates higher than the approved ones and deviating from the approved specifications. Notably, there is a recurring trend of expanding project scopes without obtaining approval from the competent forum, contravening applicable regulations. These practices underscore the urgent need for the department to improve adherence to established financial guidelines and promptly implement audit recommendations. The potential impact of these findings extends beyond immediate financial implications, affecting the overall efficiency, credibility, and success of the projects undertaken by the department.

ii. Authorities and agencies consistently ignored FD's prescribed templates for work items, incorporating inadmissible items and quantities in rate analyses. This widespread practice has the potential to inflate project costs significantly.
iii. There was a pervasive lack of care in the preparation of TS estimates, with a consistent preference for uneconomical and inefficient works items relying on manual labour over more efficient and economical options based on mechanized mode. Additionally, in numerous instances, approvals for contractor profits and overheads related to machinery and electrical items exceeded the limits specified by FD. These oversights collectively led to inflated project costs and undue benefits for contractors.
iv. Illegal occupation and misuse of government and private properties were rampant in Lahore, showcasing issues like inadequate land surveys, fraudulent allocations, and double exemptions as highlighted by the Audit. Actions to remove these encroachments were largely ineffective or absent.
v. Instances were identified where No Objection Certificates (NOCs) for property transfers were issued without ensuring the collection of relevant fees/charges or obtaining clearances from all necessary departments. This situation has led to an unjustified burden on the purchaser of the property.

3. Irrigation Department:

Issues observed during audit are discussed below:

i. Fraudulent practices have been identified in the process of awarding framework contracts for the procurement of stationery, computer stationery and other items. During a joint verification conducted by the audit team and a departmental representative, it was discovered that some assets were missing. Furthermore, there were instances of non-compliance with PPRA rules, specifically in the procurement of Information Technology (IT) equipment, software, plant & machinery, and Petroleum, Oil & Lubricants (POL), as the process involved splitting.
ii. The department was found falling short of achieving optimal revenue generation, primarily due to untapped resources. These

include overlooked avenues such as effluent charge recoveries, leasing of government lands and unrealized toll plaza revenue collection. Addressing these opportunities could significantly enhance the department's overall revenue generation.

iii. Excessive payments beyond the admissible rates were identified. In particular, works items based on manual labour were applied for huge quantities of earthworks. Notably, these tasks, which were practically implausible to be accomplished solely by manual labour, were actually executed using mechanized mode. However, the department incorrectly processed payments for manual labour works items, which carried higher rates compared to the works items involving mechanized mode.

4. Local Government & Community Development Department (LG&CD)

i. The inadequacy in planning and cost estimation of approved works, as highlighted by audit observations and fund utilization patterns, can potentially lead to a significant impact on efficiency. Inefficient planning may result in misallocation of resources, delays in project timelines, and increased financial burdens. Additionally, inaccurate cost estimations can lead to budget overruns, affecting the overall effectiveness and successful completion of projects. Addressing these inadequacies is crucial for improving efficiency, ensuring optimal resource utilization, and achieving project objectives within stipulated timelines and budgets.

ii. Internal controls related to recording in Measurement Books (MBs) warrant special attention, as the audit identified numerous instances where the proper location of the site where works were executed was not recorded in the MBs. This omission renders the entries in the MBs unverifiable, highlighting a critical deficiency in the accuracy and reliability of the recorded information. Enhancing internal controls in this regard is imperative to ensure the integrity and verifiability of the payments made against the recorded works.

iii. Audit observations indicate a high incidence of payment-related control violations, leading to overpayments. These overpayments stem from non-compliance with contract specifications, input rates, and the pertinent instructions from FD. Addressing and rectifying these payment-related control issues is essential for maintaining financial discipline, ensuring the effective use of resources, and safeguarding the organization's reputation and project outcomes.

iv. The LG & CD department has been utilizing longer routes for transporting stone and crushed aggregate from distant quarries like Kirana and Margalla Hills to the worksite, despite the availability of a more proximal source, the Melot Quarry. This quarry offers a shorter and more cost-effective transportation route, which is also being utilized by the Highways Division Jhelum. Transport route choices in logistic operations play a critical role in determining overall project costs. Opting for longer routes when shorter and more cost-effective alternatives exist not only signifies inefficiency but also exposes the project to the risk of substantial financial losses for the public exchequer, primarily due to higher carriage costs.

v. The laxity of the control environment is evident through the recurring deviations from contract specifications and agreement clauses without obtaining prior approvals or revising the TS estimates. Instances of enhancements in the cost of contracts beyond 20% of the original contract cost, in violation of the PPRA Rules, also serve as indicators of a weak control environment. Strengthening the control environment is vital not only for reinforcing control measures but also for ensuring strict adherence to regulations, upholding the integrity of the procurement process, and fostering accountability in the execution of contracts.

5. Punjab Masstransit Authority (PMA)

- Contradictory contract clauses, specifying different "guaranteed km per day," were identified in the Lahore Metro Bus System contract executed by the Authority. Additionally, instances were noted where bids exceeding 4.5% above the TS estimates were accepted, contravening FD instructions. These discrepancies and irregularities underscore a laxity in contract management.

6. Koh-e-Suleman Improvement Project (KSIP), D.G Khan

- PPRA rules explicitly prohibit departments from engaging consultants not registered with the Pakistan Engineering Council. Further, a detailed mechanism is established to qualify only those consultants meeting the requisite criteria. In this context, KSIP failed to adhere to these rules by awarding a contract to a consultant with an expired registration highlighting potential deficiencies in these areas.

7. Cholistan Development Authority (CDA), Bahawalpur

i. The authority failed to exercise due prudence in the preparation of work estimates. Instead of opting for efficient and economical works items based on mechanized mode, the authority utilized uneconomical and less efficient works items involving manual labour.

ii. Price variation payments were made in violation of FD's instructions and contract agreement clauses. The prominent issues included the incorrect calculation of current rates and an excess over provision for price variation in the revised TS estimates. These overpayments resulted in losses to the government.

CHAPTER – 2

COMMUNICATION AND WORKS DEPARTMENT

2.1 Introduction

A. Description of Department

Communication and Works (C&W) department in Punjab holds the crucial responsibility of overseeing various functions associated with the development and maintenance of the province's infrastructure. The primary focus of the department is to ensure the establishment and maintenance of efficient communication and transportation networks.

Since its establishment, the department has undergone significant evolution, expanding its scope to include a diverse set of responsibilities. These responsibilities play a pivotal role in driving the progress and prosperity of the region. Nowadays, C&W department continues to be a key player in shaping and sustaining the infrastructure that supports the overall development of Punjab.

C&W Department comprises two wings and an authority, namely, the Punjab Highways Department, the Punjab Buildings Department, and Lahore Ring Road Authority. The Secretary, C&W acts as the PAO for the department.

Each wing is further organized into three zones - North, Central, and South. These zones are headed by CEs. Within these zones, there are two to three circles, overseen by Superintending Engineers (SEs). The circles are structured based on formations, which serve as the fundamental executing units under the administrative jurisdiction of the Executive Engineer.

There are a total of 183 formations out of which 74 formations pertain to Highways, 107 formations pertain to Buildings and 02 formations pertain to Ring Road Authority, Lahore. This hierarchical structure ensures effective coordination and management of diverse functions within C&W Department.

C&W Department is primarily responsible for the comprehensive life cycle management of roads, bridges, and buildings throughout the province. This encompasses the entire spectrum from planning and design to construction and maintenance. The department plays a pivotal role in the development of highways and other critical transportation arteries, crucial for enhancing trade, fostering commerce, and improving overall connectivity in the region.

In addition to its role in transportation infrastructure, C&W Department takes on the significant task of constructing and maintaining public buildings. Ensuring compliance with safety standards, these structures are designed to meet the evolving needs of the community, creating spaces that contribute to the well-being and functionality of the public at large. The department's multifaceted responsibilities underscore its integral role in shaping the physical and functional landscape of the province.

Furthermore, the department oversees the implementation of various development projects aimed at enhancing the overall infrastructure of Punjab. This involves strategic planning, resource allocation, and project management to ensure that initiatives are executed efficiently and effectively. By leveraging modern technologies and best practices in engineering and construction, C&W department strives to deliver high-quality infrastructure that aligns with the evolving needs of the province.

In addition to the aforementioned primary functions, C&W Department assumes a critical role in disaster management and response. When faced with natural calamities like floods or earthquakes, the department has the potential to swiftly mobilize its resources to engage in relief and rehabilitation efforts. This involves a prompt and coordinated response aimed at restoring essential infrastructure that is crucial for supporting communities affected by such disasters.

The department's involvement in disaster management underscores its responsiveness to not only the development and maintenance of infrastructure but also to the well-being and resilience of the communities it serves. Through these capabilities, C&W Department possesses the potential to contribute significantly to the restoration and stability of areas impacted by unforeseen events, showcasing its adaptability and broader societal impact.

Functioning as the custodian of Punjab's infrastructure, C&W Department operates in close collaboration with a diverse array of stakeholders. This includes active engagement with government bodies, private sector entities, and international organizations. Through strategic partnerships and alliances, the department endeavors to leverage expertise and resources that can enhance its capacity to deliver sustainable and effective infrastructure solutions.

Table 2.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1.	**Formations:** **Phase-I (23-24)**				
	Buildings		11	19,822.008	41.986
	Highways	183	23	77,673.388	158.922
	Sub-total		34	97,495.396	200.908
	Phase-II (22-23)				
	Buildings		4	2,266.401	0
	Highways		6	1,960.401	0
	Sub-total		10	4,226.802	0
2.	Authorities/ Autonomous Bodies		2	2,272.747	0
	Grand Total	**183**	**46**	**103,994.945**	**200.908**

B. Comments on Budget and Accounts (Variance Analysis)

The budget of Communication and Works Department comprises development as well as non-development allocations. The non-development budget is allocated under Grants No. PC-21010, PC-21024 and PC-21025 to cater for salary and other non-development expenditures. The development budget is provided through Grants No. PC-12041, PC-12042, and PC-22036. However, the department could not utilize the development and non-development budget to the extent of 1.04% and 2.05%, respectively. The overall budgetary position for the FY 2022-23 is as follows:

Table 2.2: Variance Analysis *(Rs in million)*

Grant No. and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ Savings	Variation in %
Non-Development					
PC21010 (LQ4071, SP4006)	520.25	571.19	548.37	(22.83)	(4.00)
PC21024/PC24024	8,808.43	11,531.30	11,143.56	(387.74)	(3.36)
PC21025	8,958.72	22,897.22	22,588.93	(308.29)	(1.35)
PC21031 (LQ5311)	0.78	0.78	0.39	(0.39)	(49.94)
Sub Total	18,288.17	35,000.48	34,281.24	(719.25)	(2.05)
Development					
PC12041	101,773.00	203,414.89	201,908.29	(1,506.60)	(0.74)
PC12042	188,328.31	65,341.91	64,067.35	(1,274.56)	(1.95)
PC22036 (LE4392)	278.00	23.04	23.04	(0.00)	(0.00)
Sub Total	290,379.31	268,779.84	265,978.69	(2,801.15)	(1.04)
Grand Total	**308,667.48**	**303,780.32**	**300,279.92**	**(3,500.40)**	**(1.15)**

Source: SAP figures (FY 2022-23)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 4,120.438 million were raised as a result of audit of C&W Department. This amount also includes recoveries of Rs 1,928.491 million, as pointed out by the Audit. The summary of the audit observations classified by nature is as under:

Table 2.3: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	1,379.893
(ii)	Irregularities resulting in non-recoveries	548.598
(iii)	Irregularities relating to procurements and contracts	1,681.888
(iv)	Irregularities resulting in undue financial benefit to contractors	154.608
(v)	Irregularities resulting in loss to government	226.650
(vi)	Miscellaneous irregularities	128.801
	Total	**4,120.438**

2.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1956-57 to 2016-17 (excluding years not discussed in PAC) is as under:

BUILDINGS DEPARTMENT

Table 2.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	518	-	518	-
2	2000-01	34	-	34	-
3	2001-02	27	-	27	-
4	2003-04	02	-	02	-
5	2005-06	15	-	15	-
6	2006-07	08	-	08	-
7	2009-10	09	-	09	-
8	2010-11	11	-	11	-
9	2011-12	15	-	15	-
10	2012-13	44	-	44	-
11	2013-14	65	-	65	-
Total		**748**	**-**	**748**	**-**

HIGHWAYS DEPARTMENT

Table 2.5: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	1446	-	1446	-
2	2000-01	42	-	39	-
3	2001-02	08	-	08	-
4	2003-04	07	-	07	-
5	2005-06	16	-	14	-
6	2006-07	24	-	27	-
7	2008-09	01	-	01	-
8	2009-10	42	-	55	-
9	2010-11	38		36	
10	2011-12	104	-	103	-
11	2012-13	6	-	5	-
12	2013-14	22	-	22	-
13	2015-16	02	-	02	-
14	2016-17	17	-	17	-
Total		**1775**	**-**	**1782**	**-**

2.4 AUDIT PARAS

2.4.1 Buildings Department

Irregularities

Irregularities resulting in overpayments

2.4.1.1 Overpayment due to higher input rates than those provided in FD's template – Rs 34.087 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

Executive Engineers of various Buildings Divisions, paid for the non-standardized items *"P/L RCC Bored piles etc.", "Excavation in foundations etc.", "Parking sheds"* and *"P/L Tiles etc."*. Audit observed that the department, in fourteen (14) cases, prepared rate analyses on higher side due to reasons including using manual labour and taking excess material, labour and wastage components.

Violation of FD's instructions resulted in overpayments amounting to Rs 34,086,835.

Audit pointed out the overpayments from September to October 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP Nos. 159 & 309, the department admitted recoveries pointed out by Audit and the Committee directed the department to effect recoveries. In twelve (12) cases, the department explained that the items were paid as per approved TS estimates. Audit asserted that the rate analyses were prepared on the basis of excessive quantities of material and labour, along with the application of rates higher than those officially notified by FD. The rates of excavator, batching plants and transit mixers had been notified by FD since 2004.

Therefore, the department was required to prepare the rate analyses with mechanized mode as standardized by FD in MRS. The Committee directed the department in DP Nos. 186, 187, 190, 192 and 203, to refer the matter to FD for clarification regarding application of FD's template retrospectively. In DP Nos. 129, 147, 326 and 382, the Committee directed the department to get the record verified from Audit. In DP Nos. 126, 136 and 331, the Committee directed the department to prepare rate analyses as per FD's template and effect recoveries. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides effecting recovery and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-I)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23, vide Para No. 2.4.1.3 in AR 2018-19, Para No. 2.5.1.2 in AR 2019-20, Para No. 2.5.1.1 in AR 2020-21, Para No. 2.4.1.2 in AR 2021-22, and Para No. 2.4.1.1 in AR 2022-23 having financial impact of Rs 510.019 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.2 Overpayment due to incorrect calculation of steel – Rs 30.477 million

According to rule 7.29 of Departmental Financial Rules (DFR) Vol-I, "before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct". Further, as per lab test reports of steel bars sizes viz. ⅜, ½, ¾ and 1 inch, the actual weight came to 0.367, 0.650, 1.455 and 2.600 lbs per foot, respectively.

Executive Engineers of various Buildings Divisions, paid for the item *"Fabrication of mild steel etc."*. Audit observed that the department miscalculated the quantities of steel by using standard weight factors of 0.375, 0.667, 1.50, and 2.67 lbs per foot for steel bars of sizes ⅜, ½, ¾, and 1 inch, respectively. The correct weight factors, as indicated by laboratory test reports, should have been 0.367, 0.650, 1.455, and 2.600 lbs per foot. Furthermore, in four (04) cases, the department applied a weight conversion factor (pound to kg) of 0.454 instead of the correct factor of 0.4536, leading to an excess weight measurement for the steel.

Violation of the DFR resulted in overpayments amounting to Rs 30,477,163.

Audit pointed out the overpayments from August to October 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. The department admitted due recoveries according to lab test reports. Audit emphasized that the recoveries be expedited. The Committee, in all cases, directed the department to effect due recoveries and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility against the person(s) responsible for overpayments and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-II)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2019-20 and 2022-23, vide Para No. 2.4.1.9 in AR 2019-20, Para No. 2.4.1.6 in AR 2022-23 having financial impact of Rs 8.136 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.3 Overpayment due to inadmissible price variations – Rs 30.273 million

As per clause 55 (9) (10) & (11) of the agreement, "no price variation shall be admissible on the items in respect of the quantities for which a secured advance has been paid to the contractor. Further, the increase or decrease in the contract price subsequent to any increase or decrease in the cost of high-speed diesel (HSD) and labour shall be calculated from the increase or decrease on the value of work done".

Executive Engineers of various Buildings Divisions, in four (04) cases, made payment of price variations which were either on inadmissible items or were calculated using rates higher than permissible. Audit observed that, in two (02) cases, the department paid the price variation on the amount of secured advance and supply items, which contradicted the agreement clause according to which price variation was inadmissible on secure advance and supply items. Furthermore, in remaining two (02) cases, the department applied incorrect current rates for Diesel and Labour. The details are as under:

(Amount in Rs)

DPs	Formations	Amount Overpaid	Reasons of overpayment
112	Buildings Division (BD) Hafizabad	18,600,811	Price variation of diesel and labour allowed on the amount of secured advance which was inadmissible.
164	BD D.G Khan	451,338	Current rate of steel at the rate of Rs 195,334 per ton was applied for the month of February 2022, whereas actual rate for February 2022 was Rs 189,334 per ton.
170	BD D.G Khan	1,880,566	Current rate of Diesel at the rate of Rs 204.15 was applied for the month of June 2023, whereas work was executed during May 2023, wherein rate was not increased.
330	BD-I Multan	9,340,148	Price variation was paid on supply items viz. ACs, Pumps etc. which was inadmissible.

Violation of the agreement resulted in overpayment amounting to Rs 30,272,863.

Audit pointed out the overpayments from September to November 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP Nos. 112 and 164, the department admitted the viewpoint of Audit and the Committee directed to effect recoveries. In DP Nos. 170 and 330, the department explained that payment was made as per clause-55 of the agreement. Audit, in DP 170, contended that current rates of June 2023 were required to be applied instead of May 2023 to calculate the price variation of labour and diesel based on the months in which the actual work was executed and, in DP 330, contended that price variation was not admissible on the value of supply items. The Committee directed the department, in DP 170, to effect due recovery and in DP No. 330, directed the department to get clarification from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 112,164,170&330 (2023-24)

<u>Note:</u> The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, vide Para No. 2.4.1.7 in AR 2022-23 having financial impact of Rs 3.419 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.4 Overpayment due to rates being higher than those stipulated in MRS – Rs 23.277 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, "the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of work for Rough Cost Estimates (RCE) for Administrative Approval (AA). However, these can be modified, replaced and added to with the approval of FD. Administrative Departments shall ensure transparency of tendering based on market rates".

Executive Engineers of various Buildings Divisions, in eight (08) cases, made payments for various non-standardized items. Audit observed that the department made payments for these items by calculating rates higher than those specified in the MRS for the relevant quarters which was inadmissible.

Violation of FD's instructions resulted in overpayments amounting to Rs 23,277,204.

Audit pointed out the overpayments from September to October 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP Nos. 108, 110, 138, 237, 251, 306 and 378, the department admitted the recoveries pointed out by Audit. The Committee directed the department to effect recoveries. In DP No.140, department explained that the section of window given in MRS was not available in the market and the item was paid as per Revised TS estimate. Audit informed that other similar and admissible items were available in MRS, standardized by FD by taking market rates, which were to be sanctioned and paid accordingly. The Committee directed the department to refer the matter to CE (Buildings) for submission of report regarding non-availability of the item in market. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the directives of the SDAC and effecting the recoveries besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-III)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23, vide Para No. 2.4.1.4 in AR 2021-22, Para No. 2.4.1.3 in AR 2022-23, having financial impact of Rs 52.878 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.5 Overpayment due to allowing excess lead – Rs 19.521 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 2nd August 2004, "the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage".

Executive Engineers of various Buildings Divisions, in eight (08) cases, got executed different works items involving usage of stone materials. Audit observed that, in the identified cases, the department made overpayments for stone carriage by opting for longer routes.

Violation of FD's instructions resulted in overpayments amounting to Rs 19,521,431.

Audit pointed out the overpayments from March to September 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP Nos. 162 and 247, the department admitted the recoveries. The Committee directed the department to effect recoveries. In six (06) cases, the department explained that items were paid as per provision and lead approved in TS estimates. Audit contended that as per FD's instructions, the shortest route was required to be used. The Committee directed the department, in DP No. 17 and 132, to provide proof of invoices that stone was transported from Margalla Quarry and approved lead charts respectively and in remaining four (04) cases, directed to effect due recoveries and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-IV)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 and 2022-23, vide Para No. 2.4.1.48 in AR 2018-19, Para No. 2.5.1.5 in AR 2022-23 having financial impact of Rs 16.076 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.6 Overpayment due to incorrect input rates and loose factor – Rs 15.934 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material/inputs used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

Executive Engineers of various Buildings Divisions, in eight (08) cases, got executed and paid for the non-standardized item *"Providing and laying structural pad etc."*. Audit observed that the department calculated the rates on the higher side by applying an excess loose factor on stone aggregate and sand, and by allowing extra lead in the rate analysis. This resulted in making overpayments to the contractors.

Violation of FD's instructions resulted in overpayments amounting to Rs 15,933,746.

Audit pointed out the overpayments from September to October 2023.

The paras were discussed in the SDAC meetings held in November & December 2023. In DP Nos. 102, 209 and 211, the department admitted the recoveries pointed out by audit. The Committee directed the department to effect recoveries. In DP Nos. 213, 377, 336, 171 and 130 the department explained that the items were paid as per approved TS estimates and Building Research Station (BRS) reports. Audit contended that the department was required to apply 5% loose factor on sand and stone aggregate as per FD's clarification dated 9th March 2022 and lead was to be paid from the nearest quarries. The Committee directed the department, in DP Nos. 130, 171 and 377 to get the record re-verified from Audit and in DP Nos. 213 and 336 directed the department to refer the case to BRS and to effect the recovery in the light of the BRS reports. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening of internal controls to avoid the recurrence of such issues.

(Annexure-V)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19, vide Para No. 2.4.1.3.6 in AR 2018-19, having financial impact of Rs 7.864 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.7 Overpayment due to allowing inadmissible contractor's profit – Rs 10.711 million

As per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items in 2022, "12.5% contractor profit and overhead charges are allowed of the total value of the cost of the electrical items".

Executive Engineers of various Buildings Divisions, in seven (07) cases, prepared the rate analyses and made payment of various electrical items such as Light Emitting Diode (LED), fans and pumping machinery/turbines. Audit observed that the department allowed 20% of the value of supplies for contractor's profit and overhead charges, exceeding the specified percentage of 12.5%. Furthermore, the department allowed 12.50% profit on General Sales Tax (GST) amount included in quotation while preparing rate analyses which was inadmissible.

Violation of FD’s instructions resulted in overpayments amounting to Rs 10,711,411.

Audit pointed out the overpayments from March to September 2023.

The paras were discussed in the SDAC meetings held from August to November 2023. In DP Nos. 205, 230 and 235, the department admitted the recoveries pointed out by Audit. The Committee directed the department to effect recoveries. In DP Nos 50, 70, 124 and 212, the department explained that rates were prepared as per FD’s template and approved in TS Estimates. Audit contended that only 12.5% contractor’s profit and overhead charges were admissible instead of 20% as per FD’s instructions. Further, contractor’s profit on general sales tax was also inadmissible. The Committee directed the department in DP Nos 50, 124, and 212, to effect due recoveries and in DP No 70, to get the record re-verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-VI)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2019-20 and 2022-23, vide Para No. 2.5.1.3 in AR 2019-20, Para No. 2.4.1.8 in AR 2022-23 having financial impact of Rs 76.180 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.8 Overpayment due to non-reduction of rate of dressing and refilling – Rs 4.540 million

As per MRS item No. 21 under Chapter-3 (Earthwork), "the composite rate of item i.e. *Excavation in foundations* included rate of dagbelling, dressing, refilling, watering and ramming, etc".

Executive Engineers of various Buildings Divisions, in two (02) cases, paid for the item *"Excavation in foundation etc."* at composite rates. Audit observed that the department disposed of excavated earth without executing the associated activities such as dagbelling, dressing, refilling, watering, and ramming at the site. These activities were originally included in the composite item of "excavation in foundation". As a result, excess payments for these items were made to the contractors.

Violation of the MRS resulted in overpayments amounting to Rs 4,540,150.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in the SDAC meetings held on 2nd & 29th November 2023. In DP No. 105, the department admitted the recovery pointed out by Audit. The Committee directed the department to effect recovery. In DP No. 297, the department explained that activities of ramming/watering and dressing of earth shall be executed on the trench after excavation for laying of Plain Cement Concrete (PCC) in foundations. Audit contended that earth, excavated from foundation was disposed of, hence, watering/ramming and dressing was not required at site. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.105&297(2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2019-20, vide Para No. 2.5.1.12 in AR 2019-20 having financial impact of Rs 1.195 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.9 Overpayment due to allowing rates higher than those agreed in the contract agreement – Rs 2.944 million

As per Note (I) under rule 7.28 of DFR read with PAC directives dated 5th December 1995 and 16th April 2007, "the contractual obligations would be paid at the rate, agreed with the department at the time of award of work and lead cannot be changed after the sanction of estimate".

Executive Engineers, Building Division, Attock got executed the item *"Earthwork filling borrow from outside etc".* Audit observed that the department made payments at rates higher than those initially agreed upon in the original contract agreement and TS estimates by allowing excess lead. Furthermore, the department also paid lead on debris for disposal, which was inadmissible as it was the responsibility of the contractor.

Violation of contractual obligations resulted in overpayment of Rs 2,944,180.

Audit pointed out the overpayments during March and August 2023.

The paras were discussed in the SDAC meeting held on 2nd November 2023 and 21st August 2023. The department, in DP No.139, explained that during execution of work, the quantity of earthwork at site was increased and accordingly lead was enhanced. Audit contended that contractors quoted the rates after site survey in the light of Para no.7 of General Directions to Tenderers, therefore, lead once agreed cannot be enhanced. The Committee directed the department to effect the recovery. In DP No.30, the department explained that lead was paid for disposal of debris and will be incorporated in revised TS estimate. Audit contended that contractor was required to remove all type of surplus material such as buildings' debris under Clause 40 of Agreement.

Hence, extra rate was paid to the contractor. The Committee directed the department to issue warning letters to delinquents for non-production of record during verification and get the record verified from Audit within 07 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 30 & 139 (2023-24)

Note: The issue was reported earlier also in the Audit Report for Audit Year 2018-19, vide Para No. 2.4.1.3.17 in AR 2018-19 having financial impact of Rs 1.979 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in non-recoveries

2.4.1.10 Non-recovery due to use of substandard bricks – Rs 171.918 million

As per section 801 and section 1041-8 of Standard Specifications for Roads & Bridges Construction 197, read with FD's material rates of item No.07.001, the standard size of bricks was 9″ x 4-1/2″ x 3″ and the crushing strength was 2000 Pounds per Square Inch (PSI). Further, as per MRS remarks column of chapter "Brick Work", if 2nd class bricks were used, the item rate would be reduced by 7%.

Executive Engineers of various Buildings Divisions paid, in eight (08) cases, for the item *"Pacca brick work cement sand mortar etc"*. Audit observed that as per lab test reports, the strength and size of bricks were below the standard specification and fall under the category of 2nd class bricks. Therefore, department was required to reduce the rates by 7%. However, the department did not reduce the rates while paying for the said item of brick work.

Violation of the Specifications, FD's instructions and MRS resulted in non-recoveries amounting to Rs 171,918,289.

Audit pointed out the non-recoveries from August to October 2023.

The paras were discussed in the SDAC meetings held from October to November 2023. The department explained that as per lab test reports strength and size of bricks were as per specifications. Audit contended that as per lab reports, 2^{nd} class bricks were used as evident from the smaller size and lower strength. The Committee in six (06) cases, directed the department to get the record re-verified from Audit, to effect due recovery in DP No.350, and to refer the case to FD for clarification in DP No. 236. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the directions of SDAC besides effecting recovery, fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-VII)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23, vide Para No. 2.4.1.17 & 2.4.1.24 in AR 2018-19, Para No. 2.5.1.13 in AR 2019-20, Para No. 2.5.1.6 in AR 2020-21, Para No. 2.4.1.8 in AR 2021-22, and Para No. 2.4.1.10 in AR 2022-23 having financial impact of Rs 396.094 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.11 Non-utilization of excavated earth – Rs 55.941 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, "available useable material from the excavation was to be used in work before using material from an outside source. Further, as per specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 Volume-I Part-II, if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling".

Executive Engineers of various Buildings Divisions, in thirteen (13) cases, got executed and paid for the item "*Excavation in foundation of buildings and other structures etc*". Audit observed that rather than adjusting the excavated earth, the department brought earth from outside by making payment for another item *"Filling watering and ramming new earth with lead etc"*.

Violation of the Specifications resulted in non-utilization of excavated earth amounting to Rs 55,941,222.

Audit pointed out the non-utilization of excavated earth from March to November 2023.

The paras were discussed in the SDAC meetings held in November & December 2023. In DP Nos. 96, 295, 345, 348, 353, 366 and 375, the department admitted to utilize the excavated earth in the next running bills. The Committee directed the department to effect recoveries. In remaining six (06) cases, the department explained that excavated earth will be utilized. Audit contended that in DP Nos. 31 & 36, department did not produce the record and in other cases, excavated earth was required to be adjusted at the time of its excavation. The Committee in DP Nos. 31 & 36, directed the department to issue warnings to incumbents in addition to get the record verified from Audit and in remaining four (04) cases, directed to effect recoveries. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-VIII)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23, Para No. 2.4.1.21 in AR 2018-19, Para No. 2.5.1.6 in AR 2019-20, Para No. 2.5.1.3 in AR 2020-21, Para No. 2.4.1.3 in AR 2021-22, and Para No. 2.4.1.4 in AR 2022-23 having financial impact of Rs 142.932 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.12 Non/less recovery of PST and Income Tax – Rs 26.729 million

As per section 49(a) of the Punjab Sales Tax on Services Act, 2012, "sales tax on services was required to be deducted at the rate of

5% with effect from 1st July 2017”. Further, as per Federal Board of Revenue (FBR’s) clarification vide No.5/WHT-U-03 dated 24th April 2018, the income tax at the rate of 7.5% was required to be deducted from the contractors on the gross value of work done including amount of PST u/s 153 of Income Tax Ordinance 2001.

Executive Engineer, Buildings Division No.3, Lahore, awarded contracts to various contractors after 1st July 2017 and made payments accordingly. Audit observed that the department erroneously recovered PST at the rate of 1% instead of the correct rate of 5% of the value of work done resulting in less recovery of PST amounting to Rs 24,864,514. Additionally, the 7.5% income tax on the PST amounting to Rs 1,864,838 was not recovered as required.

Violation of the Punjab Sales Tax Act resulted in non/less recoveries amounting to Rs 26,729,352.

Audit pointed out non/less recovery in April 2023.

The para was discussed in the SDAC meeting held on 21st August 2023. The department explained that 1% PST was provided in the AA/TS estimate, therefore, accordingly 1% PST was deducted while making payments. Audit contended that 5% PST on ADP works was applicable because works were awarded and payments were made after FY 2019-20. The Committee directed the department to effect recovery of 5% PST and Income Tax on PST in all the cases where contracts were awarded after 1st July 2017. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 02 (Phase-II 2022-23)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 and 2019-20, vide Para No. 2.4.1.5 in AR 2018-19 and Para No. 2.5.1.15 in AR 2019-20 having financial impact of Rs 136.664 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.13 Non-recovery of dismantled material – Rs 14.337 million

According to para 9(i) of Chapter 18.1 of Specifications for Execution of Works 1967, "the dismantled material is the property of the government and cost of it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction".

Executive Engineers of various Buildings Divisions, in four (04) cases, paid for the items "*Dismantling of RCC", "Dismantling of brick work,* and *"Removing of Chowkats and Doors etc*". Audit observed that the department, neither recovered nor accounted for the cost of dismantled material from the contractors which was the property of the government.

Violation of the Specifications resulted in non-recovery amounting to Rs 14,337,464.

Audit pointed out the non-recoveries from August to September 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP Nos. 119, 144 and 274, the department admitted the recoveries pointed out by Audit. The Committee directed the department to effect recoveries. In DP No. 115, the department explained that a letter had been written to Project Director (PD), IDAP for effecting recovery. The Committee directed the department to effect recovery and take up the matter at the level of Administrative Department. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.115,119,144&274 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23, vide Para No. 2.4.1.20 in AR 2018-19, Para No. 2.5.1.18 in AR 2019-20, Para No. 2.5.1.9 in AR 2020-21, and Para No. 2.4.1.11 in AR 2022-23 having financial impact of Rs 56.261 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.14 Non-recovery of General Sales Tax – Rs 8.004 million

According to para 4(ii) of the FBR's letter No.1(42)STM/2009/99638-R dated 24th July 2013, "in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. The contracting department/organization must require such contractors to present sales tax invoices of all the material mentioned in the Bill of Quantities (BOQ) as evidence of its legal purchase, before payment is released".

Executive Engineers, Buildings Divisions, in three (03) cases, made payments for the items viz. *"Pumping machinery, Turbine, Transformers*, and *Cooling Towers, etc."* to various contractors. Audit observed that the department did not obtain GST invoices from the contractors before releasing payments, which would have confirmed whether the materials were procured from sales tax registered firms. Consequently, the amount of GST, which was initially included in the agreed-upon rates with the contractors, should have been recovered during the payment process.

Violation of FBR's instructions resulted in non-recovery of Rs 8,004,337.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in the SDAC meetings held in November 2023. The department, in all cases, admitted the recoveries pointed out by audit. The Committee directed the department to effect recoveries. Compliance with Committee's directives was not reported till finalization of report.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues.

DP No. 88,234&271 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 and 2022-23, vide 2.4.1.7 in AR 2018-19 and Para No. 2.4.1.9 in AR 2022-23 having financial impact of Rs 77.572 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.15 Non-completion of works at the risk and expense of the contractors – Rs 5.689 million

As per clauses 60 and 61 of the contract agreement, "on the default of a contractor to complete the work, his work will be rescinded and remaining work will be completed at risk and expense of the original contractor, besides forfeiting his securities".

Executive Engineer, Buildings Division, Attock declared two contractors as defaulter during April and May 2020. Audit observed that the department did not forfeit the securities of the contractors nor awarded the works at the risk and expenses of the original contractors as per clauses ibid.

Violation of contract agreement resulted in non-recovery of Rs 5,689,429.

Audit pointed out the non-recovery in August 2023.

The para was discussed in the SDAC meeting held on 2nd November 2023. The department explained that balance work would be awarded after revised AA from competent forum. The Committee directed the department to get the matter probed by SE, Building Circle No.1, Rawalpindi regarding wasteful expenditure and non-completion of work at risk & expense of the original contractor. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery along with blacklisting the contractors, besides fixing responsibility against the person(s) who had not forfeited securities even after a laps of three years.

DP No.118(2023-24)

<u>Note:</u> The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2020-21, vide Para No. 2.4.1.14 in AR 2018-19, Para No. 2.5.1.16 in AR 2019-20 and Para No. 2.5.1.7 in AR 2020-21 having financial impact of Rs 372.526 million. Recurrence of same irregularity is a matter of serious concern.

2.4.1.16 Non/less recovery of Income Tax – Rs 4.596 million

According to Section 153, Division-III, sub-section 2(b)(ii)(b) of Income Tax Ordinance 2001, "that on execution of a contract, other than a contract for the sale of goods or the rendering of or providing of services, tax is to be deducted at the rate of 7.5% from the gross amount".

Executive Engineers, Buildings Divisions made payment to different contractors. Audit observed that, in three (03) cases, the department did not deduct income tax amounting to Rs 4,595,613 on the value of cost of old material and mobilization advance.

Violation of FBR's rules led to the non/less deduction of income tax amounting to Rs 4,595,613.

Audit pointed out the non-recoveries from April to October 2023.

The paras were discussed in the SDAC meetings held from August to November 2023. The department admitted the recoveries pointed out by audit. The Committee directed the department to effect recoveries and get it verified by Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.08 (Phase-II 2022-23) 169&172 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23, vide Para No. 2.4.1.9 in AR 2018-19, Para No. 2.5.1.14 in AR 2019-20, Para No. 2.5.1.8 in AR 2020-21, and Para No. 2.4.2.21 in AR 2022-23 having financial impact of Rs 97.732 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in undue financial benefit to contractors

2.4.1.17 Irregular payments due to execution of excess quantities without prior approval – Rs 154.608 million

According to para 5.19 of Buildings & Roads (B&R) Department Code, no excess over revised technical sanction estimate can be paid without the concurrence of FD.

Executive Engineers, Buildings Division No. 1, Lahore and D.G Khan, in three (03) cases, paid for different items in quantities that exceeded those provided in the revised TS estimates. Audit observed the department did not obtain prior concurrence from FD as required.

Violations of the B&R Department Code resulted in irregular payments amounting to Rs 154,607,517.

Audit pointed out the irregularities from March to October 2023.

The paras were discussed in the SDAC meetings held from August to November 2023. The department explained that works were carried out as per site requirements and approved drawings by P&D Department whereas enhancement of agreements and approval of revised TS estimates were under process. Audit contended that payments were made without prior concurrence of FD as required. The Committee directed the department to get the ex-post fact approvals from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides action against the delinquents who made payment without prior approval from the competent authorities.

DP No. 28 (Phase -II 2022-23) 150&160 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, vide Para No. 2.4.1.20 in AR 2022-23 having financial impact of Rs 564.329 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2 Highways Department

Irregularities

Irregularities resulting in overpayments

2.4.2.1 Overpayment due to application of uneconomical items – Rs 429.107 million

According to the rule 1.58 of the B&R Department Code, "the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality".

Executive Engineers of various Highways Divisions, in eight (08) cases, paid for the items *"Excavation in open cutting up to 5 feet depth", "Earthwork excavation in foundation in ordinary soil"* and *"earthwork in ashes, sand and soft soil"* on the basis of manual labour. Audit observed that input rates of excavator were notified by FD since 2004 and composite item regarding excavation with machinery viz. "*earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil etc."* vide item No. 52 of chapter 3 of MRS was also available which had lesser rates as compared with the paid items. Further, such a large volume of excavation could not have been executed through manual labour.

Violation of the B&R Department Code resulted in overpayments amounting to Rs 429,107,127.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in the SDAC meetings held in November and December 2023. In DP No. 419, 451, 461, 470, 665 & 749, the department explained that the works had been executed according to the specification and TS estimates approved by the competent authority. Audit contended that department was required to prepare the rate analyses on FD's template as such a large volume of excavation could not have been executed through manual labour. In DP No. 665, the Chair and Member FD directed the department to get the matter technically probed by CE Highways (North). Audit stressed that recovery was required to be effected. In DP No. 451 & 461, the Committee directed the department to calculate the rate of item as per FD's template and effect due recovery, in DP No. 419, to refer the case to FD for clarification, in DP No. 470, to obtain a technical report from SE, Building Circle, Sargodha regarding non-use of economical item and in DP No. 749, to get clarification/justification regarding execution through manual process instead of mechanical means from CE Highways (South) as both items were included in MRS. In DP No. 178, the department explained that the item "*Earthwork excavation of drain irrigation channel"* was applicable for irrigation channel only instead of Highways works. Audit contended that the relevant item No. 21 of MRS Chapter-3 "Earthwork" based on mechanical means was required to be paid. The Committee directed the department to work out the rate as per FD's template and effect due recovery. In DP No. 894, the department admitted recovery. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-IX)

Note: This issue was reported earlier also in the Audit Reports for the years 2021-22 to 2022-23 vide Para No. 2.4.2.3 in AR 2021-22 and Para No. 2.4.2.1.1 in AR 2022-23 having financial impact of Rs 188.966 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.2 Overpayment due to allowing excess quantity of bitumen than actually used – Rs 149.653 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, "payment is to be made to the contractor as per Job Mix Formula (JMF)or actual bitumen used in the work".

Executive Engineers of various Highways Divisions, in six (06) cases, paid for the item *"P/L premixed asphaltic carpet by using 4% and 4.5% bitumen contents"*. Audit observed that as per JMF issued by the Road Research & Material Testing Institute (RR&MTI), the contents of bitumen were ranging from 3.8% and 4.2% whereas department paid for excess percentages of bitumen than those provided in JMF.

Violation of FD's instructions resulted in overpayments amounting to Rs 168,210,686.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in the SDAC meetings held in November 2023. In DP No. 166, 255, 341, & 652, the department effected partial recovery of Rs 41,949,484 and in DP No. 231, & 595, admitted recovery. The Committee directed the department to effect due recovery. Overall amount of para was reduced to Rs 149,653,273. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-X)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para No. 2.4.2.8 in AR 2018-19, Para No. 2.5.2.26 in AR 2019-20, Para No. 2.5.2.16 & 2.5.5.21 in AR 2020-21, Para No. 2.4.2.15 in AR 2021-22 and Para No. 2.4.2.8 & 2.4.2.14 in AR 2022-23 having financial impact of Rs 685.798 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.3 Overpayment due to inadmissible price variation on M&R works – Rs 109.741 million

As per Delegation of Financial Powers Rules, 2016 read with FD's clarification No. FD(C&W)4-207/2021-22 dated 14th June 2022, no price variation is admissible on M&R works.

Executive Engineers of various Highways Divisions, in eight (08) cases, paid Rs 110,777,411 on account of price variation against M&R works. Audit observed that price variation on M&R works was inadmissible as per FD's clarification.

Violation of FD's instructions resulted in overpayments amounting to Rs 110,777,411.

Audit pointed out the overpayments from March to September 2023.

The paras were discussed in the SDAC meetings held in August & November 2023. In DP No. 105, 106, 132, 133, 618 & 685, the department explained that the price variation was paid prior to issuance of clarification by FD. Audit informed that FD's clarification was based on the previous similar audit observations; hence, no price variation was involved on special repair works. The Committee directed the department, in DP No. 618 & 685, to effect recovery and in DP No. 105, 106, 133 & 132, refer the matter to FD for clarification. In DP No. 193 & 218, the department explained that the matter was sub judice and final action would be taken on finality of court judgment. Audit informed that no record of court proceedings was produced in support of its reply by the department. Further, the amount of DP No. 218 was reduced to Rs 4,676,746 as the price variation was not paid in one case. The Committee directed the department to keep this issue pending till the decision of the court. Overall amount of para was reduced to Rs 109,740,520. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XI)

2.4.2.4 Overpayment due to higher rates of non-standardized items – Rs 88.069 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, the CE, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of works for Rough Cost Estimates (RCE) for AA. However, these can be modified, replaced and added to with the approval of FD. Further, as per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items in 2022, 12.5% contractor profit and overhead charges are allowed.

Executive Engineers of various Highways Divisions, in fourteen (14) cases, paid for the various non-standardized items to the contractors. Audit observed that the department prepared rates of the items on higher side by taking excess rate of material, and/or labour, 20% contractor's profit on hiring of machinery, and excess wastage than admissible as per FD's template.

Violation of FD's instructions resulted in overpayments amounting to Rs 88,069,041.

Audit pointed out the overpayments from April to September 2023.

The paras were discussed in the SDAC meetings held from August to November 2023. In DP No. 43, 142, 381, 358, 480, & 758, the department explained that rates were paid as per TS estimates approved by the Competent Authority. Audit contended that the department was required to prepare rate analyses on FD's template. The Committee directed the department to effect due recovery based on FD's template. In DP No. 239, 702, & 479, the department admitted recovery. The Committee directed the department, in DP No. 702, to fix responsibility against the delinquents in addition to effecting recovery. In DP No. 795, the department explained that correct numbers of dowel bars had been incorporated in RTSE and paid accordingly. Audit contended that actual quantity of steel bars with 10 dowel bars comes to 31000 kg whereas the department paid 35777.34 kg. The Committee directed the department to get the record re-verified and effect due recovery within 07 days. In DP No. 305, the department explained that the item was executed with 88 cft of crush/bajri. Audit contented that as per approved rate analysis, 73.93 cft crushed stone/bajri was required to be used. The Committee directed the department to effect recovery of Rs 2.865 million. In DP No. 734, the department explained that Audit had challenged the analysis on the basis of input rates of 2nd Biannual

2020 while the work was allotted in 2015 well before the input rates of kerb stone. The department had paid carriage separately. Audit contended that the work was awarded in 2021. Further, as per input rates even in 2015 the rate of said item was for material at site. Hence, separate carriage was not admissible. In DP No. 843, the department explained that the item no. 18.005 was applicable only on base course and therefore item no 18.006 was approved and executed. Audit contended that item no. 18.005 was required to be paid which was economical and suitable being at site rate. The Committee, in DP No 734 and 843, directed the department to get the relevant record verified from Audit within 07 days otherwise effect recovery. In DP No. 39, the department explained that the work was executed by the contractor, hence, 20% profit was admissible. Audit contended that 20% profit on hiring of machinery was not admissible as per FD's template. The Committee directed the department to get clarification from FD regarding allowing of 20% profit on hiring of machinery rates. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XII)

2.4.2.5 Overpayment due to execution of incorrect/uneconomical items – Rs 80.149 million

According to the rule 1.58 of the B&R Department Code, "the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality".

2.4.2.5.1 Executive Engineers of various Highways Divisions, in five (05) cases, paid for the various MRS items at higher rates. Audit observed that the relevant and suitable items on economical rates were available in MRS which should have been applied. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Item paid	Item to be paid	Amount Overpaid
1	238	Jhelum	Earthwork excavation in open cutting in hard soil	Earthwork excavation in open cutting in soft soil	26,373,111
2	653	Gujrat	Earthwork in open cutting and rehandling 50 ft	For rehandling extra for every 50 ft	23,544,854
3	671	Gujrat	Regular excavation dressed	Single throw of kassi soft soil	3,378,781
4	370	Sahiwal	Relaying of brick soling on edge	Restoration of bricks pavement on edge	1,508,799
5	639	Okara	Regular excavation dressed	Single throw of kassi soft soil	529,262
Total					**55,334,807**

Violation of B&R Department Code resulted in overpayments amounting to Rs 55,334,807.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in the SDAC meetings held in November 2023. In DP No. 238, 370, 639 & 671, the department explained that correct rates/items were paid as per approved TS estimates. Audit contended that the department paid excess rate due to execution of incorrect and uneconomical items. The Committee directed the department to effect due recovery. In DP No. 653, the department explained that the construction of guide banks involved re-handling of earth instead of carriage only. Hence, the item *"re-handling of earthwork upto a lead of 50-ft"* was correctly paid to the contractor. Audit contended that lead of 100' was required to be provided with the main item of excavation wherein already 50' lead had been added for disposal. The department paid extra item of re-handling for this work. The Chair and member FD directed the department to get the matter technically probed by CE Highways (North) within 30 days. Audit stressed that the item of re-handling of earth was unnecessary and only lead of 100' was required to be paid for filling of earth on guide bank. Hence, recovery was required to be made. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.5.2 Executive Engineers of various Highways Divisions, in three (03) cases, paid for the item No. 6(a)(i) of Chapter-6 (Concrete) "*Providing and laying RCC roof slab, beams, column lintels, girders & other structural members complete in all respect*". Audit observed that the rate of admissible item No. 6(a)(ii) without horizontal shuttering was available which should have been applied.

(Amount in Rs)

Sr. No.	DP No.	Name of Division	Item paid	Item to be paid	Amount Overpaid
1	513	Muzaffargarh	P/L RCC 1:2:4 [MRS Item No. 6(a)(i)(3) of Ch. 6 (with shuttering)	P/L RCC 1:2:4 [MRS Item No. 6(a)(ii)(3) of Ch. 6] (without shuttering)	8,365,409
2	673	Gujrat	P/L RCC 1:1.5:3 roof slab, beams etc. for retaining wall.	RCC in retaining walls item No. 6(a)(ii) Ch. 6	3,660,951
3	421	Multan	P/L RCC 1:2:4 roof slab, beams etc.	RCC in slab of raft/strip foundation	1,623,723
	Total				**13,650,083**

Violation of B&R Department Code resulted in overpayments amounting to Rs 13,650,083.

Audit pointed out the overpayments in September 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP No. 673, the department explained that due recovery would be made. The Committee directed the department to effect due recovery. In DP No. 421, the department explained that bridge/culvert slab always laid at site with vertical and horizontal shuttering. Audit contended that the department paid inadmissible item i.e. RCC in roof slab, beam etc. for the execution of bed plate and parapet of culvert instead of RCC raft/strip foundation. The Committee directed the department to get the record re-verified from Audit within 07 days. DP No. 513 was based on 03 sub-paras. In sub-para No. 34, the department admitted recovery and in sub-para 25 & 35, the department explained that payments were made as per TS estimates. Audit contended that the area of walls needs to be deducted against the shuttering as the same area was supported with walls and hence shuttering was neither required nor admissible. The Committee directed the department to get the record verified from Audit regarding reducing the rate of shuttering by excluding the area of walls within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

2.4.2.5.3 Executive Engineer, Highways Division, Gujrat paid for the item *"RCC 1:1.5:3 and 1:1:2"* for a quantity 48763 cft & 112980 cft at rate of Rs 494.25 & Rs 580.55 per cft respectively for superstructure of bridge and applied the item 6 (a) (i) of Chapter 6. Audit observed that the rate of RCC with batching plant was available in MRS vide item No. 8 of the same chapter for Rs 444.75 & Rs 503.10 per cft. In this way, the department paid excess rate of Rs 49.50 & 77.45 per cft which resulted in overpayment of Rs 11,164,070 to the contractor.

Violation of B&R Department Code resulted in overpayment due to incorrect rate of Rs 11,164,070.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 29th November 2023. The department admitted due recovery pointed out by the Audit. The Committee directed the department to effect due recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 676(2023-24)

2.4.2.6 Overpayment due to incorrect calculation of price variation – Rs 60.574 million

According to clause 55 of the contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of an item of works takes place after acceptance of the tender and before completion of works, the amount payable should be adjusted to the extent of actual variation in the cost of the item of works. Further, as per clause 55(10) of the contract agreement, in the case of buildings and RCC structures, the factor for calculation of price variation of HSD was 0.07.

2.4.2.6.1 Executive Engineers of various Highways Divisions, in eleven (11) cases, paid price variation against various items. Audit observed that the department made overpayments on account of price variation by taking incorrect rates and wrong months of recording measurement.

Violation of the contract agreement resulted in overpayments amounting to Rs 31,137,264.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. In DP No. 201, 462, 700 & 827, the department admitted recovery. The Committee directed the department to effect recovery. In DP No. 272, 273, 202, 203, 458 & 914, the department contended that correct rates had been applied. Audit informed that the department had taken incorrect rates/months for price variation. Further, the department did not provide check requests and Interim Payment Certificates (IPCs) vetted by the consultants. The Committee directed the department to get the record re-verified from Audit. In DP No. 315, department explained that no tempering of record entries and billing date was made. Audit informed that the department tempered the date of billing to extend the undue benefit to the contractor. The Committee directed the department to get the matter probed by SE Highways Circle, Lahore. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XIII)

<u>Note:</u> This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para No. 2.4.2.22 in AR 2018-19, Para No. 2.5.2.3 in AR 2019-20, Para No. 2.4.2.15 in AR 2020-21, Para No. 2.4.2.20 in AR 2021-22 and Para No. 2.4.2.4 in AR 2022-23 having financial impact of Rs 203.665 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.6.2 Executive Engineers of various Highways Divisions, in three (03) cases, paid excess price escalation on "*HSD*" by using 0.15 factor for RCC bridge, rigid pavement and culverts. Audit observed that admissible factor was 0.07.

(Amount in Rs)

Sr. No.	**DP No.**	**Name of Divisions**	**Amount Overpaid**
1	359	Sahiwal	22,973,869
2	775	Chakwal	3,169,591
3	241	Jhelum	2,213,238
		Total	**28,356,698**

Violation of the contract agreement resulted in overpayments amounting to Rs 28,356,698.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. In DP No. 241, 359 & 775, the department explained that the payment of price escalation had been made to the contractors as per clause-55 of the contract agreement. Further, RCC structure for buildings and bridges was different from rigid pavement. Audit contended that rigid pavement was also RCC structure, hence, factor of 0.07 for price variation was required to be applied. The Committee directed the department, in DP No. 775 & 359, to refer the cases to FD for clarification of application of factor for price variation on RCC Rigid pavement and in DP No. 241, directed the department to get the record verified regarding payments of culverts and rigid pavement from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.6.3 Executive Engineers, Highways Divisions, Jhelum & Narowal, paid price variation on sub-base of pit run gravel by applying the rates of sub-base of crushed stone amounting to Rs 1,080,274. Audit observed that as per notification of price variation the rate of pit run gravel was not available. So, the payment of price variation on said item was not admissible.

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount Overpaid
1	300	Jhelum	601,932
2	350	Narowal	478,342
		Total	**1,080,274**

Violation of contractual obligation resulted in overpayment amounting to Rs 1,080,274.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in SDAC meetings held in November 2023. In DP No. 300 & 350, the department explained that the item was allowed as per approval of the Competent Authority. Audit contended that item *"pit/bed run gravel for sub-base"* was not available in FD's notification for payment of price variation. The Committee upheld the viewpoint of Audit and directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.7 Overpayment due to allowing price variation on excess quantities – Rs 49.329 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, Highways Division, Muzaffargarh, paid price variation amounting to Rs 528,493,971 on various items of works. The department accounted for an excess quantum of work done compared to what was actually executed.

(Amount in Rs)

Sr. No.	DP No.	Quantity paid (cft)	Quantity to be paid (cft)	Excess Quantity (cft)	Amount Overpaid
1	504	19417338	13730369	5686969	41,053,438
2	501	360800	180400	180400	2,420,968
3	505	1263790	790190	473600	1,165,920
Total					**44,640,326**

Violations of DFR resulted in overpayments amounting to Rs 44,640,326.

Audit pointed the overpayment in September 2023.

The paras were discussed in the SDAC meeting held on 22nd November 2023. In DP No. 504 & 505, the department admitted recovery. The Committee directed the department to effect recovery. In DP No. 501, the department explained that the amount of price variation was correct. Audit informed that the entry for the base course was duplicated while calculating the payment of price variations for labour and diesel, and actual amount of para was enhanced to Rs 7,109,320 during verification of record. The Committee directed the department to effect actual recovery. Overall amount of para was enhanced to Rs 49,328,678. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.8 Overpayment due to allowing excess lead – Rs 44.840 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 2nd August 2004, "the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage".

Executive Engineers of various Highways Divisions, in seven (07) cases, paid for the item "*Carriage of stone and bajri*" by allowing excess lead instead of adopting the shortest route. Audit observed that due to allowing longer distance for carriage of stone and bajri, the department prepared and paid higher rates.

Violation of FD's instructions resulted in overpayments amounting to Rs 44,840,359.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In all cases, the department explained that the material was obtained from the nearest quarry as approved in the TS estimates. Audit contended that the department paid excess lead by taking longer route. The Committee directed the department, in DP No. 234, 670 & 769, to effect due recovery and in DP No. 608, 609, 875 & 942, produce the relevant record for re-verification regarding lead calculation.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XIV)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para No. 2.4.2.60 in AR 2018-19, Para No. 2.5.2.10 & 2.5.2.20 in AR 2019-20, Para No. 2.5.2.8 & 2.5.2.10 in AR 2020-21, Para No. 2.4.2.10 in AR 2021-22 and Para No. 2.4.2.11 in AR 2022-23 having financial impact of Rs 140.448 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.9 Overpayment due to non-deduction of shrinkage – Rs 34.458 million

As per instructions of chapter No. 3, "Earthwork" of MRS, 10% shrinkage was required to be deducted in case work is done with manual labour and 3% to 6% in case work is done by mechanical means.

Executive Engineer, Highways Division, Gujrat paid for the item *"borrowpit excavation dressed complete in all respect"* for the quantity of 49209250 cft. Audit observed that the department did not deduct 10% shrinkage, totaling 4920925 cft, as stipulated in MRS.

Violation of MRS resulted in overpayment amounting to Rs 34,457,807.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 29th November 2023. The department explained that the estimate was prepared on the basis of item 4(a) borrow excavation undressed & not on bank measurements, hence, the payment had also been made on account of excavated material rather than X-section of bank. Audit informed that shrinkage was required to be deducted because in both cases, undressed earth was borrowed and bank measurement was made. The Committee directed the department to effect due recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 694(2023-24)

2.4.2.10 Overpayment due to application of incorrect unit factor – Rs 30.996 million

As per MRS as well as TS estimate, the earthwork is measured by taking per 1000 cft read with rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, Highways Division, Kasur paid for the item *"Disposal of dismantled material ¼ mile lead with all lead and lift complete as approved"* for a quantity of 775907 cft by applying the factor of 100 cft. Audit observed that correct unit factor for the said item was per 1000 cft instead of 100 cft. Department applied wrong factor and made overpayment to the contractor.

Violation of DFR resulted in overpayment amounting to Rs 30,996,426.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 6th December 2023. The department admitted the recovery and committed that recovery would be made. Audit contended that frequent calculation errors resulting in huge overpayments to contractors had been observed which was very serious issue and needed to be addressed. The Committee directed the department to effect recovery and produce relevant record to ensure its authenticity within 07 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 567(2023-24)

2.4.2.11 Overpayment due to non-utilization of excavated earth – Rs 27.459 million

As per specification No 17.1(A)(11)(i) for execution of works 1967 Volume-I Part-II, if cutting and filling are being done simultaneously all suitable materials obtained from cutting shall be used in filling after recording X-Sections in MBs.

Executive Engineers of various Highways Divisions, in seven (07) cases, paid for the item "*Excavation in open cutting*", "*Excavation in foundation in building bridges", "Regular excavation, structural excavated earth and Excavation undressed lead upto single throw of kassi"*. Audit observed that the department did not utilize the excavated earth and, instead, acquired earth from an external source by making payments under the item *"Earthwork for making embankment",* leading to an undue financial benefit for the contractor.

Violation of specification resulted in overpayments amounting to Rs 27,458,570.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. In DP No. 411, 592, 701 & 888, the department admitted recovery. The Committee directed the department to effect recovery. In DP No. 908 & 916, the department explained that excavated earth was unsuitable and could not be utilized. Further, department admitted due recovery of rate difference of the earthwork of ordinary soil and soft soil. Audit informed that the department neither utilized the $2/3^{rd}$ quantity of available earth nor reduced the rate of earthwork in cases where excavated earth was proved as unsuitable/soft soil as per lab test reports. The Committee directed the department to effect due recovery. In DP No. 407, the department explained that quantity of 4677621 cft of road crust had been adjusted. Audit contended that the departmental reply was pertaining to road crust rather the issue of utilization of available earth. The Committee directed the department to get the record re-verified from Audit within 07 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XV)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para No. 2.4.2.59 in AR 2018-19, Para No. 2.5.2.40 in AR 2019-20, Para No. 2.5.2.1 in AR 2020-21, Para No. 2.4.2.7 in AR 2021-22 and Para No. 2.4.2.2 in AR 2022-23 having financial impact of Rs 384.354 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.12 Overpayment due to non-deduction of road crust – Rs 26.768 million

As per the provision of the TS estimate, the area of the road crust was required to be deducted from the total measured quantity of earthwork for making an embankment.

Executive Engineers of various Highways Divisions, in seven (07) cases, paid for the item *"Earthwork for making embankment"*. Audit observed that the department did not deduct the quantity of road crust from the embankment as provided for in the respective TS estimates.

Violation of the TS estimate resulted in overpayments amounting to Rs 36,115,798.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. In DP No. 532, 631, 632, 634 & 635, the department explained that recovery/adjustment would be made. The Committee directed the department to make recovery/adjustment. In DP No. 556, the department effected partial recovery of Rs 2,915,454 and stated that balance recovery would be made. The Committee directed the department to effect balance recovery and amount was reduced to Rs 733,966. In DP No. 420, the department explained that the sub-para No. 36, was duplicate of PDP No. 335 for the year 2022-23 and in sub-para No. 26, effected recovery of Rs 177,070 on account of road crust. Audit informed that the sub-para No. 36 was not duplicate because the instant issue was different in nature and in sub-para No. 26, the department did not produce accountal of effected recovery. The

Committee directed the department to produce complete record and get it verified from Audit. Overall amount of para was reduced to Rs 26,768,419. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XVI)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19, 2019-20 & 2022-23 vide Para No. 2.4.2.14 in AR 2018-19, 2.5.2.2 in AR 2019-20 and Para No. 2.4.2.9 in AR 2022-23 having financial impact of Rs 296.469 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.13 Overpayment due to less deduction of rate of carpeting – Rs 21.843 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, payment is to be made to the contractor as per JMF or actual bitumen used in the work. According to FD's template for the item *"P/L plant premixed carpet",* the quantity of bajri is fixed at 62% as constant and 33.5 % filler is variable with the percentage of the contents of the bitumen at 4.5%.

Executive Engineer, Highways Division, Multan in eight (8) works, paid for the item *"P/L plant premixed bituminous carpeting including compaction and finishing and required camber 2 inch thick Asphaltic Base Course (ABC)* and *1.5 inch thick Asphaltic Wearing Course (AWC) with different bitumen contents"* at reduced rates by making rate analyses as per JMF. Audit observed that the department reduced the bitumen contents from 4% to 3.8% and 4.5% to 4.3% and ratio of stone dust/filler from 33.8% to 26.70%. Further, department increased the contents of bajri/crush from 62% to 67% and 69% in violation of FD's template. Resultantly, department derived higher rates and made payments accordingly.

Violation of FD's template resulted in overpayment amounting to Rs 21,843,292.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 12th December 2023. The department explained that payment had been made to the contractor as per approved JMF. Audit informed that the department increased the content of bajri/crush from 62% to 67% and 69% and paid excess bajri in contravention of FD's template. The Committee directed the department to refer the case to RR&MTI for clarification regarding why FD template was not followed. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 405(2023-24)

2.4.2.14 Overpayment due to double payment of dressing – Rs 12.305 million

As per clarification issued by FD vide No. RO(Tech) FD 2-6/85 dated 16th March 1988, the activity of leveling and dressing was included in the item of compaction, hence separate payment of dressing was not allowed.

Executive Engineers of various Highways Divisions, in eight (08) cases, paid for item of work *"Regular excavation dressed"* along with execution of item "*Compaction of earthwork with power road roller 95% to 100%"*. Audit observed that dressing was paid twice - once in regular excavation and then in compaction of earthwork.

Violation of FD's instruction resulted in overpayments amounting to Rs 12,305,179.

Audit pointed out the overpayments from August to September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. In DP No. 756, 837 & 937, the department admitted recovery. The Committee directed the department to effect recovery. In DP No. 196, 448 & 890, the department explained that item was approved by the Competent Authority and paid accordingly. Audit contended that dressing was paid twice. The Committee directed the department to effect due recovery. In DP No. 474 & 476, the department explained that dressing was not included in compaction rate. Audit argued that dressing was included in compaction as per clarification of FD. The Committee directed the department to effect recovery within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XVII)

Note: This issue was reported earlier also in the Audit Reports for the years 2019-20 & 2021-22 vide Para No. 2.5.2.36 in AR 2019-20 and Para No. 2.4.2.9 in AR 2021-22 having financial impact of Rs 10.977 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.15 Overpayment due to incorrect rate – Rs 8.717 million

As per Acceptance letter, the rate of item "dismantling and removing road pavement etc. was Rs 2,820.62 % cft".

Executive Engineer, Highway Division, Kasur paid for the item *"dismantling and removing road pavement"* for a quantity of 456859 cft at the rate of Rs 4,728.55 per % cft. Audit observed that as per acceptance letter, the correct rate of the item was Rs 2,820.62 per % cft and same was required to be paid, whereas the department paid excess rate of Rs 1,907.93 % cft.

Violation of MRS resulted in overpayment amounting to Rs 8,716,550.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 6th December 2023. The department explained that recovery of Rs 8,716,530 had been effected vide 11th & running bill. Audit informed that voucher was without number and date, and cash book was also required for verifying the recovery. The Committee directed the department to produce relevant record of the effected recovery. The Committee further expressed serious concern about the payment at higher rates and directed that greater care should be taken in the future when making payments to the contractors. Compliance with the committee's directives was not reported until the finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 541(2023-24)

2.4.2.16 Overpayment due to wrong carrying forward of quantity of base course – Rs 7.148 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineers of various Highways Divisions, in four (04) cases, paid for the item "*P/L base course of crushed stone aggregate, road edging, P/L thermopore sheet and earthwork in ordinary soil*". Audit observed that the department carried forward the excess quantities in measurement books which resulted in overpayment to the contractors.

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Amount Overpaid
1	460	Taunsa	5,036,850
2	819	Lodhran	993,368
3	816	Lodhran	814,361
4	594	M.B Din	303,487
		Total	**7,148,066**

Violation of rule resulted in overpayments amounting to Rs 7,148,066.

Audit pointed out the overpayment in August 2023.

The paras were discussed in the SDAC meeting held from November to December 2023. In DP No. 460, 594, 816 & 819, the department admitted recovery. The Committee directed the department, in DP No. 460 & 594, to effect recovery and in DP No. 816 & 819, effect recovery besides issuing warning letters to delinquents to remain vigilant in future. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.17 Overpayment due to allowing inadmissible lead – Rs 6.777 million

According to Appendix-5 of PFR Vol-II, Sr. No. 4 terms of contract once entered into should not be materially changed. Moreover, as per PAC directive, lead once approved cannot be changed. Further, as per Para 7 of General directions for the Guidance of the Tenderers, the tenderer shall at his own expense, inspect and examine the site and surroundings and ensure availability of source of material before submission of bid.

Executive Engineer, Highway Division, Jhelum paid for the item *"Earthwork embankment 95 to 100% with all leads and lifts etc. lead upto 1/4th mile"*. Audit observed that the department paid extra lead up to 5 km and 8 km amounting to Rs 6,776,569, which was not provided in the agreement.

Violation of contractual obligations/PAC directives resulted in overpayment amounting to Rs 6,776,569.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 13th November 2023. The department explained that the subject scheme was in hilly terrain and salt range and no suitable earth was available for embankment within 01 Km in some stretches of the road. Subsequently, earthwork with lead from 5 Km and 8 Km was paid, and the same had been approved in the revised PC-1/Cost estimate. Audit contented that the department paid separately extra lead up to 5 km and 8 km, which was not provided in the acceptance/TS estimate. The Chair and member FD directed the department to form a committee headed by the CE Highways (North) to determine actual lead as per site as the scheme was in hilly terrain. Audit informed that as per para No.07 of General Instruction of Guidance of Tenderers, the tenderer shall inspect and examine the site and surroundings and ensure availability of source of material before submission of bid. Therefore, the lead could not be altered once the bid had been submitted and the contract was awarded; as a result, recovery should be effected. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 301(2023-24)

2.4.2.18 Overpayment due to violation of approved pavement design – Rs 6.226 million

According to item No.5(I) of Rigid Pavement Design approved by the RR&MTI Lahore vide letter No.G-6/Kasur/1098 dated 15th July 2021, in case of new construction the thickness of sub-base was 4" and in case of existing road, existing crust may be treated as sub-base.

Executive Engineer, Highways Division, Okara, in two (02) cases, paid for the items *"base course, and fabrication of mild steel"*. Audit observed that according to the approved design and Technical Specifications (TS estimate), the stipulated thickness for the base course in the overlay portion was 4 inches. However, the department measured it as 8 inches thick, resulting in payment for a quantity of 18,480 cft instead of the admissible quantity of 9,240 cft. Further, the department paid excess quantity of steel bars and the mesh in rigid pavement in violation of the approved pavement design of RR&MTI.

Violation of approved pavement design resulted overpayments amounting to Rs 6,225,882.

Audit pointed out the overpayments in September 2023.

The paras were discussed in the SDAC meetings held in November 2023. In DP No. 645, the department admitted recovery of Rs 2,747,606. The Committee directed the department to effect recovery. In DP No. 628, the department explained that the mesh for one panel was taken as 0.84 lbs per sft for the rigid pavement and the same was provided for in the TS estimate. However, the recovery of Rs 1,153,611 on account of dowel would be made in the next running bill. Audit contended that recovery for excess quantity of steel was required to be made. The Committee directed the department to get the record verified from Audit and effect admitted recovery of Rs 1,153,611. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 628 & 645(2023-24)

2.4.2.19 Overpayment due to allowing extra carriage of stone – Rs 6.055 million

As per FD's Template of MRS Item No.10 (iii) under Chapter-18 (Road & Road Structure), there was provision of 16.45 cft crushed stone/bajri in the item *"Providing and laying 2" thick plant premixed bituminous carpet 4% bitumen etc."* and accordingly carriage was required to be paid on same quantity.

Executive Engineer, Highway Division, Jhelum paid for the item *"Providing and laying plant premixed bituminous carpet (ABC) 4% bitumen etc."*. Audit observed that the department prepared the rate analysis for the said item for by taking 24.67 cft bajri instead of 16.45 cft and paid accordingly.

Violation of FD’s template resulted in overpayment amounting to Rs 6,054,978.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 13th November 2023. The department admitted recovery. The Committee directed the department to effect recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery from the contractor and issuance of corrigendum in Acceptance letter by reducing the rates.

DP No. 232(2023-24)

2.4.2.20 Overpayment due to incorrect measurement – Rs 3.970 million

According to the Evaluation Report of Junior Research Officer (JRO) on existing pavement structure, issued vide No.R-2(DP)/686 dated 21st June 2022, the thickness of base and sub-base was 6 inch each for 20 feet road width. Further, as per Para No.18 (1) 9(1) of Book of Specifications, all demolished material shall be considered the property of the government and shall be disposed of as directed by the Engineer In-charge.

Executive Engineer, Highways Division, Okara paid for the item *“dismantling and removing of existing road pavement”* by taking 6" thick and 10' width instead of 12" thick and 20' width as per evaluation report of JRO. Audit observed that the department recovered stone for 8,200 cft instead of the correct quantity of 32,800 cft. In this way, the department had received 24600 cft less quantity of dismantled material from road pavement which could not be re-used as sub-base course on labour rate and the same quantity was executed on full rates.

Violation of TS estimate resulted in overpayment amounting to Rs 3,970,366.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 27th November 2023. The department admitted recovery. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides disciplinary action against the person(s) at fault.

DP No. 644(2023-24)

2.4.2.21 Overpayment due to incorrect calculation – Rs 2.262 million

According to rule 7.28 and 7.29 of DFR Vol-I, before signing the bill, sub-divisional officer should compare the quantities in the bill with those recorded in measurement book and see that all the rates were correctly entered and that calculation were checked arithmetically to be correct.

Executive Engineer, Highways Division, Multan paid for the item, *"Fabrication of mild steel grade-60"* for a quantity of 647833 kg of Rs 25,071.45 per % kg. Audit observed that the department incorrectly calculated the quantity of steel by applying wrong conversion factor, resulting in a quantity of 17,078 kg instead of the correct payable quantity of 8,541.28 kg. Consequently, the department paid for an excess quantity of 8,536.72 kg.

Violation of DFR resulted in overpayment amounting to Rs 2,261,840.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 12th December 2023. The department explained that calculation error had been rectified by making over all measurement of said item in 20th running bill. Audit informed that the department did not provide the record regarding effected recovery. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 410(2023-24)

2.4.2.22 Overpayment due to award of work at higher percentages than those agreed by the contractor – Rs 1.683 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, Highways Division, Hafizabad awarded two (02) groups of a work to the contractor at 4.41% and 4.43% above the estimated cost on his initial undertaking. Audit observed, based on the available records of the division, that the contractor had also submitted an undertaking to execute the works at 4.30% and 4.35% above the estimated cost. Despite this, the department made payments based on the initial undertaking.

Violation of DFR resulted in overpayment amounting to Rs 1,682,606.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 30th November 2023. The department explained that the contractor voluntarily offered his undertaking at the rate of 4.41% & 4.43% above the estimated cost. Audit contended that the department should have made payment at the undertaking offered by the contractor subsequently i.e. 4.30% and 4.35%. The Committee directed the department to get the matter probed by SE, Highway Circle, Gujranwala regarding duplication of undertaking submitted by the contractor in both cases within 30 days.

Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 860(2023-24)

Irregularities resulting in non-recoveries

2.4.2.23 Non/Less recovery of retrieved material – Rs 194.218 million

As per C&W Department's letter No. SOH-I(C&W) 1-42/ 97(Misc.) dated 28th November 1997, a material extracted from dismantling brick soling/brick edging and road pavement would be used for laying sub-base course in full and 90%, respectively. Further, according to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, the dismantled material is the property of the government and cost of it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Executive Engineers of various Highways Divisions, in seventeen (17) cases, paid for the item *"dismantling of existing road pavement, brick edging, RCC slab, replacement of existing pumps & motors etc"*. Audit observed that the department neither reused retrieved material nor recovered its cost from the contractors amounting to Rs 275,934,160.

Violation of the contract agreement resulted in less recovery amounting to Rs 275,934,160.

Audit pointed out the less recovery from April to September 2023.

The paras were discussed in SDAC meetings held from September to December 2023. In DP No. 264, 538, 617, 622, 731, 781, 786, 803, 858, 906 & 929, the department effected partial recovery for Rs 89,075,813. Audit contended that full recovery was not made by the department. The Committee directed the department to make the balance recovery/adjustment. In DP No. 344, 377, 499, 655, 825 & 896, the department committed that recovery/adjustment would be made. Audit contended that the department was required to make recovery/adjustment. The Committee directed the department to make the balance recovery/adjustment. Overall amount of para was reduced to Rs 194,218,336. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XVIII)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2021-22 vide Para No. 2.4.2.53 in AR 2018-19, Para No. 2.5.2.12 & 2.5.2.30 in AR 2019-20, Para No. 2.5.2.20 in AR 2020-21, Para No. 2.4.2.14 & 2.4.2.16 in AR 2021-22 having financial impact of Rs 433.373 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.24 Less recovery due to incorrect calculation of old material – Rs 48.962 million

According to para 9(i) of chapter 18.1 of book of specifications 1971 execution of work, the dismantled material is the property of the government, it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction. Further as per specification and FD template of the item "Sub-base", loose factor 120 cft to be applied instead of 100 cft.

Executive Engineers of various Highways Divisions, in eight (08) cases, paid for the item *"Relaying of dismantled material as sub-base"*. Audit observed that department derived incorrect rate for credit of old surplus stone by taking the rate of pit/bed run as Rs 325 per % cft instead of the correct rate for stone aggregate for the sub-base course of Rs 2,100 per %cft and carriage for 100 cft instead of 120 cft in violation of FD's template and specifications. Hence, department calculated less recovery on account of retrieved stone. Further, the department calculated incorrect rate of recovery of old material by excluding carriage charges.

Violation of specification resulted in less recovery amounting to Rs 48,962,271.

Audit pointed out less recovery in September 2023.

The paras were discussed in the SDAC meetings held from November to December 2023. In DP No. 773, 797, 801, 802 & 808, the department explained that the rate of pit run gravel was used for the recovery of old road pavement, and for the new sub-base, the same item of pit run gravel was being used in works. Further, the loose volume of 120 cft was considered only for carriage. Audit contended that the old pavement material also contained almost half the quantity of base course, so the recovery should have been made with sub-base crushed stone because, as per specification of bed/pit run, it could not be used for the base course. Furthermore, in all other works, the recovery had been calculated on the rate of crushed stone. Moreover, the template of the sub-base item indicated a 20% loose volume, so while the excavation of the old crust, 120 cft of loose material was obtained from excavation of 100 cft volume. The Committee directed the department to refer the case to CE Highways North to submit a technical report within 15 days in DP No. 773, and in remaining cases, to get the record re-verified from Audit within 07 days. In DP No. 667, the department explained that retrieved material of road pavement had been re-used as a sub-base course. However, the audit informed that the rate of recovery was calculated on the lesser side as 20% loose volume on account of carriage of material was not accounted for. The Committee accepted the viewpoint of Audit and directed the department to effect recovery within 30 days. In DP No. 514, the department admitted recovery, and the Committee directed the department to effect recovery. In DP No. 424, the department explained that the rate of recovery of dismantled material was approved by the competent authority. Audit contended that the department made lumpsum provision of Rs 3,000 % cft for recovery of dismantled material instead of Rs 11,546.94 % cft which includes the cost of carriage. The Committee directed the department to produce complete record including rate analysis for verification within 07 days.

Compliance with the Committee’s directives was not reported till the finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XIX)

2.4.2.25 Overpayment due to incorrect rate and non-recovery of kerb stone – Rs 13.972 million

According to item No. 09 of Chapter 18.1 of specification for execution of works Volume-I, the dismantled material is the property of the Government & as such it is required to be recovered/adjusted or accounted for accordingly.

Executive Engineer Highways Division, Gujrat paid the item *“dismantling of existing PCC ramps & kerb stone alongwith disposal up to 2 km”*. Audit observed that the department incorrectly applied item No. 19-C, charging Rs 9,060.50 per cft for the dismantling of existing kerb stone, instead of the correct payable item No. 14 from chapter 4, which was Rs 3,088.80 per cft. Further, the cost of kerb stones obtained as a result of dismantling was not recovered from the contractor.

Violation of specification resulted in overpayment amounting to Rs 13,972,065.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 28th November 2023. The department explained that the kerb stones were composed of PCC 1:2:4, hence the item No. 19-C was correctly applied. Furthermore, the dismantled kerb stones could not be re-used in the project. Audit contended that incorrect rate for dismantling of kerb stone was applied and recovery of dismantled kerb stones was not made. The Chair and member FD directed the department to get the matter technically probed by CE Highways (North) regarding application of incorrect rate and recovery thereon. However, Audit stressed that recovery regarding application of incorrect rate and dismantled material should be effected. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 654(2023-24)

2.4.2.26 Less-recovery of government taxes – Rs 4.936 million

As per Government of the Punjab, FD's Second Schedule (Tax Services), under section 3, the Punjab Sales Tax (PST) at the rate of 5% w.e.f 1st July 2017 would be deductible on construction services and services provided by contractors of building (including water supply, gas supply and sanitary works) roads and bridges, electrical and mechanical works (including air conditioning) horticultural works, multi-discipline works (including turn-key projects) and similar other works. Further, as per FBR's clarification vide No.5/WHT-U-03 dated 20th April 2018, the Income Tax was required to be deducted from the contractors on the gross value of work done by including amount of PST u/s 153 of Income Tax Ordinance 2001.

Executive Engineers of various Highways Divisions, in five (05) cases, made payments to the contractors and deducted income tax on the net value of work done instead of gross value i.e. deduction was made after excluding PST and cost of dismantled material from total value. Further, in one case the department did not deduct PST.

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Amount Recoverable
1	727	Layyah	4,358,831
2	610	M.B Din	2,021,101
3	692	Gujrat	1,451,785
4	593	M.B Din	362,027
5	40 (2022-23 Phase-II)	Mechanical, Lahore	190,065
		Total	**8,383,809**

Violation of rules resulted less-recovery of government taxes amounting to Rs 8,383,809.

Audit pointed out the less recovery from April to September 2023.

The paras were discussed in the SDAC meetings held from August to December 2023. In DP No. 593, 610 & 692, the department admitted recovery. The Committee directed the department to effect recovery. In DP No. 727, the department explained that the scheme was approved by the competent authority on 11th August 2016 with no provision of PRA. While the notification of application of PRA was issued on 28th November 2016. Audit contended that 1% PST was required to be deducted w.e.f 1st July 2016. The Committee reduced the para to actual amount to Rs 910,611 and directed the department to refer the case to PRA for clarification. Overall amount of para was reduced to Rs 4,935,589. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Reports for the years 2019-20 and 2022-23 vide Para No. 2.5.2.35 in AR 2019-20 and Para No. 2.4.2.21 in AR 2022-23 having financial impact of Rs 9.872 million. Recurrence of same irregularity is a matter of serious concern.

2.4.2.27 Less recovery of Income Tax on compound interest – Rs 1.587 million

As per Finance Act 2021, 15% income tax was recoverable on profit/interest earned w.e.f. 1st July 2021.

LAC, Punjab Highways Department Lahore, made payment to the various affectees on account of 8% compound interest on delayed payment on land compensation. Audit observed that 10% income tax was deducted instead of 15%.

Violation of FD's Act resulted in less recovery amounting to Rs 1,586,592.

Audit pointed out less recovery in April 2023.

SDAC meeting was not convened by the department till finalization of this report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 70(2022-23 Phase-II)

Irregularities relating to procurements

2.4.2.28 Irregular enhancement of contract – Rs 1,681.888 million

As per clarification by PPRA dated 18th June 2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by FD.

Executive Engineers of various Highways Divisions in four (04) cases, awarded different works to various contractors. Audit observed that the department enhanced the contracts beyond 20% in contravention of PPRA clarification. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Enhanced Amount	Amount of agreement	Difference	% above beyond 20%
1	649	Gujrat	6,605,421,900	5,112,742,740	1,492,679,160	21 to 45.27
2	217	Sheikhupura	76,518,068	12,901,627	63,616,441	311.70 to 1363.55
3	515	Muzaffargarh	37,938,639	11,323,111	26,615,528	93.50 to 1372
4	134 (2022-23 Phase-II)	Lahore	175,556,699	76,579,118	98,977,581	202.74 to 300.80
		Total	**6,895,435,306**	**5,213,546,596**	**1,681,888,710**	

Violation of the PPRA's clarification resulted in irregular enhancement of contract amounting to Rs 1,681,888,710.

Audit pointed out the irregular enhancement of contract from August to September 2023.

The paras were discussed in the SDAC meetings held in November 2023. In all cases, the department explained that due to site requirement, the scope of works was enhanced. Audit contended that the department abnormally enhanced the scope of works beyond the 20% in violation of the rule ibid. The Committee directed the department to refer the cases to FD for regularization. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Irregularities resulting in loss to government

2.4.2.29 Loss to government due to paying excess lead for stone material – Rs 226.650 million

As per FD's notification No.RO (Tech) FD 18-23/2004 dated 21st September 2004, material from the nearest approved quarry shall be used however, if rate of finished product from another quarry is cheaper, the lowest rate shall be used. Also, according to FD's letter No. RO(Tech)FD2-3/2015(2nd Biannual) dated 5th August 2015, Melot quarry is approved by Highways Department.

Executive Engineers of various Highways Divisions, in three (03) cases, paid for the item *"P/L sub-base & base course"*. Audit observed that stone for sub-base & base course was taken from Kirana Hills Sargodha quarry, whereas the same was also available at Melot quarry Jhelum.

(*Amount in Rs*)

Sr. No.	DP No.	Name of Division	Loss
1	668	Gujrat	115,098,158
2	664	Gujrat	55,992,659
3	260	Sialkot	55,559,445
		Total	**226,650,262**

Violation of FD's instructions resulted in loss to government amounting to Rs 226,650,262.

Audit pointed out the loss from August to September 2023.

The paras were discussed in the SDAC meetings held in November 2023. In DP No. 664 & 668, the department explained that Kirana & Dina quarry were approved vide CE (North Zone) Punjab Highway Department. Furthermore, Melot quarry had not been approved by Highway Department (North Zone). Audit contended that as per FD's letter No. RO(Tech)FD2-3/2015(2nd Biannual) dated 5th August 2015 the Melot quarry had been approved by Highways department, Punjab. Further, FD directed to District Coordination Officer (DCO) to fix the rate of stone of Melot quarry but C&W department did not pursue the matter with the concerned authorities for fixing the rate of stone available at Melot quarry. In DP No. 260, the department explained that stone for base course was not available in huge quantity to meet the requirements of Highway Department. Audit reiterated its earlier stance. The Committee directed the department to refer the case to Mines and Minerals Department regarding availability of base course to be used in road projects within 30 days. Audit stressed that Melot quarry is considered approved by FD, therefore, due recovery of excess lead be made. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

Miscellaneous irregularities

2.4.2.30 Undue financial benefit to contractors due to allowing advance payments without execution of works at site – Rs 125.078 million

As per rule 2.33 of PFR (Vol-I), every government servant should realise fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part.

Executive Engineers, Highways Divisions, Muzaffargarh & Gujrat, in five (05) cases, paid an amount of Rs 125,078,014 for the items, *"providing and laying Tipple Surface Treatment using 67 Ibs bitumen, P/F informatory/cautionary boards, fabrication of high tensile steel pre-stressing cables & tuff tile etc"*. However, during the site visit of the works, Audit observed that the aforementioned items of works were not executed at site resulting in undue financial benefit to contractor.

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Amount
1	707	Gujrat	92,826,072
2	698	Gujrat	17,994,390
3	651	Gujrat	9,624,002
4	512	Muzaffargarh	3,652,174
5	339	Narowal	981,376
		Total	**125,078,014**

Violation of rules resulted in undue financial benefit amounting to Rs 125,078,014.

Audit pointed out irregularity in September 2023.

The paras were discussed in the SDAC meetings held in November 2023. In DP No. 651, 698 & 707, the department explained that the items had been executed at site as per approved TS estimates. Audit contended that during site visit, items were not found executed on sites and department made advance payments to the contractors. The Committee directed the department, in DP No. 698 & 651, to get the matter probed by SE concerned regarding actual position of the work executed at site and in DP No. 707, fixing responsibility against the person(s) responsible besides effecting recovery of lifting and transportation charges/cost of cable. In DP No. 512, the department explained that Rs 5.00 million were withheld from the contractor's claim. Audit contended that the department made advance payment for 3' wide Triple Surface Treatment for treated shoulders which was observed during site visit on 20th September 2023 accompanied by the SDO Muzaffargarh. Further, no amount was withheld from payment of the contractor. The Committee directed the department to issue warning letters to delinquents (SDO & Sub Engineer). In DP No. 339, the department explained that payment was made to contractor with reduced rates. Further, if the contractor were to install only grey-colored tuff tiles at the final stage, then Rs 3 per square foot would have to be recovered from the contractor. Audit contended that in agreement, rate was included for 50% grey and 50% color but only grey tuff tiles were laid at site up till now. The Committee directed the department to recover difference of grey and colors tuff tiles at final stage. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility on supervisory staff including consultant and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.31 Unjustified payment for the item of re-handling of earthwork – Rs 2.063 million

As per rule 7.29 of DFR Vol-I, before signing the bill, the Sub-Divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all rates are correctly entered and all calculations have been checked arithmetically.

Executive Engineer, Highways Division, Sialkot, in two (02) works, paid for the item *"re-handling of earthwork lead up to a single throw of kassi"*. Audit observed that the department had already made payment for the item *"Earthwork excavation up to a single throw of kassi lead 1 mile"* in the same works. Therefore, the inclusion of the re-handling item was inadmissible.

Violation of DFR resulted in unjustified payment amounting to Rs 9,181,343.

Audit pointed out unjustified payment in August 2023.

The para was discussed in the SDAC meeting held on 7th November 2023. The department admitted a recovery of Rs 2,062,782. The Committee directed the department to effect the admitted recovery along with the verification of certificate by the SE, Highway Circle, Gujranwala regarding the provision of item re-handling with 1 km lead. The amount of para was reduced to Rs 2,062,782. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 254(2023-24)

2.4.2.32 Irregular expenditure due to misclassification – Rs 1.660 million

According to rule 2.10(a) of PFR Vol-I a Govt. servant should exercise the same vigilance for incurring expenditure from Govt. funds as a person of ordinary prudence would exercise in respect of expenditure incurred from his own money.

Executive Engineer, Highways Division, Lahore incurred an expenditure of Rs 1,660,390 on repair & maintenance of vehicle No. MNX-5600 allotted to the CE, Central Zone Punjab Highways Department Lahore from the divisional office budget. Audit observed that the repair of the vehicle allocated to the CE from the division's funds was considered inadmissible.

Violation of rules resulted in irregular expenditure amounting to Rs 1,660,390.

Audit pointed out irregularity in September 2023.

The para was discussed in the SDAC meeting held on 30th November 2023. The department explained that the estimate was sanctioned by the competent authority and payment was made accordingly. Audit contended that vehicles of CE cannot be repaired from divisional budget. The Committee directed the department to get the matter probed by CE Highways (Central) within 15 days and refer the case to FD for regularization after finalization of probe. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 881(2023-24)

CHAPTER – 3

HOUSING, URBAN DEVELOPMENT & PUBLIC HEALTH ENGINEERING DEPARTMENT

3.1 Introduction

A. Description of Department

Housing and Physical Planning Department (H&PP) was established in August 1972 replacing West Pakistan Housing and Settlement Agency. Subsequently, Improvement Trusts in Faisalabad, Gujranwala, Multan, Rawalpindi, Sargodha, and Murree were placed under the administrative control of H&PP Department in 1973. These Improvement Trusts were later transformed into Development Authorities, except Murree and Sargodha.

In 1978, Public Health Engineering Department (PHED) was brought under the administrative control of H&PP Department. The department was then renamed as Housing Physical & Environmental Planning (HP&EP). In 1997, HP&EP was again renamed as the "Housing, Urban Development & Public Health Engineering Department (HUD&PHED)". This department currently comprises of Public Health Engineering Department, Urban Development Authorities, Parks & Horticulture Authorities, Punjab Aab-e-Pak Authority (PAPA), and Agencies such as Water & Sanitation Agencies and Punjab Housing & Town Planning Agency. The Secretary, HUD&PHED acts as the PAO for the department.

HUD&PHED, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business.

Functions of Development Authorities

i. Establish, maintain and periodically revise as necessary, planning, controls and building regulations for the Area.
ii. Prepare ADP for the area, ensure compliance with the ADP with priorities established in the Metropolitan Development Plan after

its preparation, and evaluate performance under the ADP at the end of each year.

iii. Initiate and maintain a continuous process of comprehensive development planning for the area with the objective of preparing a Metropolitan Development Plan.
iv. Provide appropriate urban design and protect public safety.
v. Ensure compliance with the Metropolitan Development Plan after its preparation.
vi. Take all steps and measures necessary for the implementation and enforcement of the Act.

Functions of Water and Sanitation Agencies (WASA)

WASAs are Agencies of respective Development Authorities and are responsible for:

i. Planning, designing and construction of water supply, sewerage & drainage facilities for:
    - New works
    - Rehabilitation and augmentation of the existing system;
ii. Operation and maintenance of water supply, sewerage & drainage system.
iii. Billing and collection of rates, fees and charges for the services provided to consumers.

Functions of Punjab Horticulture Authorities (PHA)

i. Streamline and bring about a uniform and integrated approach to horticulture development for beautification of the cities.
ii. Development and maintenance of new parks, round-abouts, triangles, green belts, green verges, central medians, playgrounds and open spaces.
iii. Preservation of places of cultural and recreational importance.
iv. Face lifting, landscaping, illumination and beautification of assigned areas.
v. Environmental improvements.
vi. Regulate outdoor advertisement activity in City Districts.

Functions of Punjab Housing and Town Planning Agency (PHATA)

i. Identify state and other lands for developing low income and low-cost housing schemes.
ii. Facilitate public and private partnership or ventures in housing.
iii. Formulate Provincial Land use Policy, plan and prepare Regional Development Plans for an integrated, coordinated and systematic planning.
iv. Implement parameters of National Housing Policy, 2001.
v. Prepare guidelines, long term and short-term plans for implementation of the low-cost housing schemes and programmes in Punjab.

Functions of Punjab Aab-e-Pak Authority (PAPA)

i. Improving public access to safe drinking water and ensure sustainable operation and maintenance of water supply services, for each household of Punjab province.
ii. Helping the government eradicate water-borne diseases and improve the health of all the people of Punjab province.
iii. Provision of clean drinking water to the population in 36 districts of Punjab province mainly in rural, semi-urban and peri-urban areas.

Functions of Public Health Engineering (PHE)

i. Enhancing the quality of life of the people of Punjab by providing safe drinking water in Brackish, Barani and areas where ground water is contaminated or otherwise not suitable for drinking purposes.
ii. Providing pollution free environment by executing sewerage/drainage schemes and construction of sewage treatment plants.

HUD&PHED is also responsible for administration of the following laws and the rules framed thereunder:

a. The Town Improvement Act 1922 (IV of 1922).
b. The Lahore Development Authority Act 1975 (XXX of 1975).
c. The Punjab Development of Cities Act 1976 (XIX of 1976).
d. The Bahawalpur Development Authority Act, 1991(XI of 1991).
e. The Punjab Housing and Town Planning Agency Ordinance 2002 (LXXVIII of 2002).
f. The Parks and Horticulture Authority Act 2012 (XLVII of 2012).
g. The Lahore Canal Heritage Park Act 2013 (XV of 2013).
h. The Management and Transfer of Properties by Development Authorities Act 2014(XIX of 2014).
i. The Koh-e-Suleman Development Authority Act 2016 (XXIII of 2016).
j. Punjab Aab-e-Pak Authority Act 2019 (XII of 2019).
k. The Ravi Urban Development Authority Act 2020 (XVII of 2020).
l. Punjab Central Business District Development Authority Act 2021 (VI of 2021).

Table 3.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1	**Formations:** **Phase-I**				
	HUD	244	01	-	118.560
	PHE	52	13	12,694.945	0.183
	Phase-II				
	HUD		47	5,089.761	5,427.227
	PHE		01	34.718	-
	Grand Total	**296**	**62**	**17,819.424**	**5,545.970**

B. Comments on Budget and Accounts (Variance Analysis)

B(i) Housing, Urban Development (HUD)

In the FY 2022-23, the HUD department received allocations for both development and non-development funds. The Authorities also made use of funds generated through indigenous resources. However, it is noteworthy that the department faced challenges in fully utilizing the allocated budget, with a non-utilization of 61.59% for the development budget and 28.24% for the non-development budget. Budgetary position in FY 2022-23 along with variance analysis is presented below:

Table 3.2: Variance analysis (HUD) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	60,217.451	60,412.516	43,346.080	(17,066.436)	(28.24)
Development	95,820.079	94,979.622	36,484.499	(58,495.123)	(61.59)
Total	**156,037.530**	**155,392.138**	**79,830.579**	**(75,561.559)**	**(48.63)**

Source: Departmental figures (FY 2022-23)

B(ii) Public Health Engineering Department (PHED)

In the FY 2022-23, Public Health Engineering Department (PHED) received allocations for both development and non-development funds. Despite the availability of funds, the department faced challenges in utilizing the allocated budget efficiently, with a non-utilization of 0.14% for the development budget and 2.30% for the non-development budget. Budgetary position in FY 2022-23 along with variance analysis is presented below:

Table 3.3: Variance analysis (PHED) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	3,161.327	2,839.955	2,774.651	(65.304)	(2.30)
Development	11,950.000	38,595.643	38,538.036	(57.607)	(0.14)
Total	**15,111.327**	**41,435.598**	**41,312.687**	**(122.911)**	**(0.30)**

Source: Departmental figures (FY 2022-23)

3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 24,785.742 million were raised as a result of audit of HUD&PHE Department. This amount also includes recoveries of Rs 15,744.888 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 3.4: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	436.270
(ii)	Irregularities resulting in non-recoveries	15,308.618
(iii)	Irregularities relating to undue financial benefit to contractor	43.685
(iv)	Irregularities resulting in loss to government	1,489.405
(v)	Irregularities relating to procurements	15.255
(vi)	Miscellaneous irregularities	7,492.509
	Total	**24,785.742**

3.3 Comments on the status of compliance with PAC directives

Compliance position with PAC’s directives on Audit Report relating to Audit years 1960-61 to 2019-20 (excluding years not discussed in PAC) is as under:

Table 3.5: Lahore Development Authority (LDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1982-83 to 1999-2000	265	-	265	-
2	2000-01	5	-	5	-
3	2001-02	3	-	3	-
4	2003-04	4	-	4	-
5	2005-06	7	-	7	-
6	2006-07	9	-	9	-
7	2009-10	26	-	26	-
8	2010-11	24	-	24	-
9	2011-12	42	-	42	-
10	2012-13	62	-	62	-
11	2013-14	30	-	30	-
Total		**477**	**-**	**477**	**-**

Table 3.6: Faisalabad Development Authority (FDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1985-86 to 1999-2000	159	-	159	-
2	2000-01	3	-	3	-
3	2001-02	5	-	5	-
4	2003-04	2	-	2	-
5	2005-06	2	-	2	-
6	2006-07	2	-	2	-
7	2009-10	6	-	6	-
8	2010-11	7	-	7	-
9	2011-12	9	-	9	
10	2012-13	1	-	1	-
11	2013-14	16	-	16	-
Total		**212**	-	**212**	

Table 3.7: Multan Development Authority (MDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1982-83 to 1999-2000	57	-	57	-
2	2000-01	4	-	4	-
3	2001-02	1	-	1	-
4	2003-04	2	-	2	-
5	2006-07	1	-	1	-
6	2010-11	19	-	19	-
7	2011-12	1	-	1	-
8	2013-14	35	-	35	-
9	2014-15	2	-	2	-
10	2019-20	6	-	6	-
Total		**128**	**-**	**128**	-

Table 3.8: Gujranwala Development Authority (GDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1995-96	9	-	9	-
2	2000-01	1	-	1	-
3	2011-12	4	-	4	-
4	2013-14	3	-	3	-
	Total	**17**	-	**17**	-

Table 3.9: Rawalpindi Development Authority (RDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1997-98	1	-	1	-
2	2011-12	2	-	2	-
3	2012-13	5	-	5	-
	Total	**8**	-	**8**	-

Table 3.10: PHATA

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1968-69 to 1999-2000	166	-	166	-
2	2000-01	1	-	1	-
3	2001-02	9	-	9	-
4	2009-10	4	-	4	-
5	2010-11	7	-	7	-
6	2013-14	21	-	21	-
	Total	**208**	-	**208**	-

Table 3.11: Public Health Engineering Department

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1960-61 to 1999-2000	536	-	536	-
2	2000-01	15	-	15	-
3	2001-02	15	-	15	-
4	2009-10	22	-	22	-
5	2010-11	39	-	39	-
6	2011-12	27	-	27	-
7	2013-14	55	-	55	-
	Total	**709**	-	**709**	-

3.4 AUDIT PARAS

3.4.1 Lahore Development Authority (LDA), Lahore

Irregularities

Irregularities resulting in overpayments

3.4.1.1 Overpayment due to allowing higher rates of non-standardized items – Rs 18.101 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website.

Project Director Shahkam Flyover, LDA Lahore, in six (6) cases, got executed various non-standardized items in the project. Audit observed that the Authority paid higher rates of the items by allowing inadmissible components in violation of FD templates.

Violation of FD's instructions resulted in overpayments amounting to Rs 18,100,982.

Audit pointed out the overpayments in November 2022.

The paras were discussed in the SDAC meeting held in April 2023. The Authority explained that the items were paid as per requirement of work and at approved rates. Audit contended that the inadmissible components and rates were allowed and paid. The Committee directed the Authority, in two (02) cases (SAR Paras 70 & 89), to effect actual recovery, in SAR Para 11, to produce record for verification, in three (03) cases (SAR Paras 30, 58 & 90), to refer the cases to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XX)

3.4.1.2 Overpayment due to allowing higher rates of MRS items – Rs 11.723 million

As per FD's notification No. RO (TECH)FD.2-3/2004 dated 2nd August 2004, the Chief Engineers on the basis of input rates notified by FD on its website shall fix the rate of each item of the work for rough cost estimates for Administrative Approval and detailed estimate for technical sanction. Further, FD's template for standardized items shall be used to work out the rate of items as far as possible.

Project Director Shahkam Flyover, LDA Lahore, in nine (09) cases, got executed various items. Audit observed that the Authority paid higher rates of the items either by applying incorrect items/rates or by allowing inadmissible components.

Violation of FD's instructions resulted in overpayments amounting to Rs 11,723,268.

Audit pointed out the overpayments in November 2022.

The paras were discussed in the SDAC meeting held in April 2023. The Authority explained that the items were paid as per requirement of work and at approved rates. Audit contended that the inadmissible components and rates were allowed and paid. The Committee directed the Authority, in seven (07) cases (SAR Paras 7,8,9,13,21,47 & 87) to effect actual recovery and in two (02) cases (SAR Paras 83 & 88) to produce record for verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends compliance with the SDAC's directives besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXI)

3.4.1.3 Overpayment due to allowing excess quantity of bitumen than actually used – Rs 8.978 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, "payment is to be made to the contractor as per JMF or actual bitumen used in the work whichever is less".

Project Director Shahkam Flyover, LDA Lahore, in two (02) cases, got executed items, "*ABC with bitumen contents of 4%*" and "*AWC with bitumen contents of 4.5%*". Audit observed that as per bitumen extraction tests, the contents of bitumen were 3.7% and 4.3% whereas authority made payments including price variation for bitumen content as 4% and 4.5%, respectively.

(Amount in Rs)

Sr. No.	SAR Para No.	Name of Item	Actual %age of bitumen	Excess Quantity (Ton)	Rate of Bitumen (Rs/Ton)	Amount Overpaid
1	1	ABC (4%)	3.70%	112.06	75,301.15	8,438,247
2	3	AWC (4.5%)	4.30%	8.17	75,301.15	615,210
3	2	Price Variation on above items				6,274,391
	Total					**15,327,848**

Violation of FD's instructions resulted in overpayments amounting to Rs 15,327,848.

Audit pointed out the overpayments in November 2022.

The paras were discussed in the SDAC meeting held in April 2023. In SAR Paras 01 & 02, the Authority explained that Rs 4,384,102 and Rs 1,966,163 were recovered, respectively. Audit stressed the recovery of the balance amount. In SAR Para 03, Authority explained that recovery was not warranted due to application of bitumen by weight of dry aggregate. Audit contended that as per extraction test reports, rates were required to be reduced. The Committee directed the Authority to effect actual recovery as per extraction test reports till the final bill and produce the record to Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No. 01, 02 & 03(SAR 2022-23)

3.4.1.4 Overpayment due to allowing inadmissible costs in rate analysis – Rs 3.206 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible.

Project Director Shahkam Flyover, LDA Lahore, got executed the item "*PCC foundation for steel structure pole 45' long*" at the rate of Rs 54,500 each. Audit observed that in the rate analysis, two components i.e., "*cost of shuttering"* and "*crane charges"* were added which were not admissible because cost of shuttering was included in the rate of PCC and installation & erection of steel structure pole was paid separately under this contract.

Violation of FD's instructions resulted in overpayment amounting to Rs 3,206,304.

Audit pointed out the overpayment in November 2022.

The para was discussed in the SDAC meeting held in April 2023. The Authority explained that the shuttering of the electrical pole foundation and crane to hold the 45 feet steel structure were admissible. Audit informed that the shuttering was not admissible as item executed was related to foundation of pole. Further, installation and erection of steel structure pole was paid separately under this contract. The Committee directed the Authority to revisit the rate analysis of the two components, effect actual recovery and produce record for verification within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No. 61 (SAR 2022-23)

3.4.1.5 Overpayment due to inadmissible price variation – Rs 1.113 million

As per clause 55(1) of the contract agreement; "where any variation (increase or decrease), to the extent of 5% or more, in the price of any of the item mentioned in sub-clause (2) takes place after the acceptance of tender and before the completion of contract, the amount payable under the contract shall be adjustable to the extent of the actual variation in the cost of the item concerned".

Project Director Shahkam Flyover, LDA Lahore made payments of price variation amounting to Rs 1,113,449. Audit observed that inadmissible price variation payments were made for items where the variation in price was less than 5%.

Violation of the contract agreement resulted in overpayment of price variation amounting to Rs 1,113,449.

Audit pointed out the overpayment in November 2021.

The para was discussed in the SDAC meeting held in April 2023. The Authority admitted the recovery. The Committee directed to effect recovery and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No. 96 (SAR 2022-23)

Irregularities resulting in non-recoveries

3.4.1.6 Non-recovery of commercialization fee and penalty - Rs 7,651.834 million

As per rule 4.5(1) of PFR (Volume-I), "it is the primary responsibility of departmental authorities to see that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper account". Further, as per para No.12 Chapter-VII of Notification No. SO(H-II) 3-2/2016, dated 5th August 2020, issued by HUD&PHED and as per condition of challan, in case payment is not made by the due date, mark-up at the rate of 17.50% per annum will be charged on all such belated payments till the date of final payment.

Chief Town Planner, LDA Lahore, in forty-six (46) cases, allowed permanent/annual commercialization of various residential properties. Audit observed that the Authority neither recovered the fee along with penalty amounting to Rs 7,713,115,048 nor initiated any action against the defaulters.

Violation of the rules resulted in non-recoveries of permanent commercialization fee amounting to Rs 7,713,115,048.

Audit pointed out the non-recoveries in April-May 2023.

The paras were discussed in SDAC meetings held on 26th July 2023 and 7th September 2023. The Authority explained that challans/notices were issued to the owners of the properties besides effecting recovery amounting to Rs 61,281,068. Audit contended that Authority failed to recover the fee along with penalty. Further, no effective mechanism of monitoring existed to monitor the Authority's outstanding dues and expediting recovery thereof. The Committee directed the Authority, in forty four (44) cases, to effect recovery and in two (02) cases (DP 561 & 653), to get complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery in all cases besides fixing responsibility and strengthening internal control to avoid the recurrence of such issues in future.

(Annexure-XXII)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 and 2021-22 vide Para No. 3.4.1.9 in AR 2018-19 and Para No. 3.4.1.4 in AR 2021-22 having financial impact of Rs 1,603.317 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.7 Non-retrieval of encroached land – Rs 5,945.304 million

As per Sections 39 and 40 of the LDA Act 1975, the Authority is vested with the power to evict illegal encroachments and to demolish unauthorized constructions.

3.4.1.7.1 Various Directorates of Housing LDA, Lahore, in fifteen (15) cases, did not retrieve 297 LDA owned plots/properties from various encroachers. Audit observed that the plots were encroached due to negligence of LDA staff. Also, the anti-encroachment cell failed to retrieve the properties worth billions of rupees from the encroachers.

Violation of LDA Act resulted in non-retrieval of encroached land valuing Rs 3,003,830,575.

Audit pointed out non-retrieval of encroached land in May 2023.

The paras were discussed in SDAC meetings held on 6th July 2023 and 5th September 2023. In nine (09) cases (DP Nos. 21,32,35,38,39,41,48,57 & 60), the Authority explained that plots were under litigation/pending for decision of Bonafide Commission (BC). Audit contended that the Authority did not pursue cases pending before court and the BC. The Committee directed the Authority to vigorously pursue the cases and retrieve the plots. In two (02) cases (DP Nos. 40 & 64), the Authority explained that show cause notices were issued to the illegal occupants for verification/retrieval of properties. Audit contended that the record was not produced. The Committee directed the Authority to get the plots retrieved and record verified from Audit. In two (02) cases (DP Nos. 53 & 61), the Authority explained that plots had been retrieved. Audit contended that record of DP 53 was not produced for verification and in DP 61, possession was not made in favour of LDA. The Committed directed the Authority to get possession of the property and produce record for verification. In DP 36, the Authority explained that applicants of 4-plots of Mustafa Town did not deposit the price of land within the prescribed period of 06 months despite the directions of BC to demolish the structure. Now the case had been forwarded to Estate Officer for retrieval of plot. Audit contended that no record was produced. The Committee directed the Authority to get the matter probed by ADG Housing to fix responsibility regarding slackness in implementation of decision of BC. In DP 04, the Authority explained that 39 plots of Tajpura Scheme were cancelled due to bogus entries in physical possession register in 2006. Show cause notice had also been issued to the encroachers. Audit contended that plots were encroached due to negligence and connivance of LDA. The Committee directed the Authority to get the record verified.

Audit recommends early retrieval of LDA property and strengthening internal control mechanism to avoid such lapses in future. Further, the sanctity of record regarding possession of properties should be ensured besides initiating actions against the responsible officers/officials.

(Annexure-XXIII)

3.4.1.7.2 Directorates of Housing LDA, Lahore, in nineteen (19) cases, did not retrieve 902 plots/properties from various encroachers. Audit observed that plots worth billions of rupees were encroached by tempering and fabricating the record with the connivance of LDA authorities.

Violation of LDA Act resulted in non-retrieval of encroached land valuing Rs 2,578,244,999.

Audit pointed out non-retrieval of encroached land in May 2023.

The paras were discussed in SDAC meetings held on 6th July 2023 and 5th September 2023. The Authority explained that cases were pending before Court/BC/Provincial Cabinet. Further, recovery amounting to Rs 2,750,000 had been effected besides issuing notices to the illegal occupants. In some cases, plots were retrieved. Audit contended that encroachment was made with the connivance of LDA authorities. Also, LDA did not initiate any prompt action since the identification of illegal occupants. In case of retrieved plots, no record was produced for verification. In eleven (11) cases, the Committee directed to vigorously pursue the cases pending in Court (DP 14, 44, 45, 49 & 78), BC (DP 16 & 22), Scrutiny Committee (DP 17 & 30) and Provincial Cabinet (94 & 96). Further, in seven (07) cases, the

Committee directed the Authority to get the record verified from Audit and in DP 80, to conduct inquiry. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early retrieval of LDA property and strengthening internal control mechanism to avoid such lapses in future. Further, the sanctity of record regarding possession of properties be ensured besides initiating departmental actions against the officers/officials responsible.

(Annexure-XXIV)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 and 2019-20 vide Para No. 3.4.1.7 in AR 2018-19 and Para No. 3.5.1.18 in AR 2019-20 having financial impact of Rs 3,789.420 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.7.3 Directorates of Housing LDA, Lahore, did not retrieve 26 plots/properties in four cases from various irregular exemptees. Audit observed that LDA allotted these plots twice due to exemptions. This situation pointed a critical issue where exemptions granted by the authority had led to the allocation of the same plots or properties multiple times.

(Amount in Rs)

Sr. No.	DP No.	Name of Directorate	No of Properties	Amount
1	29 (Phase-II) 2022-23	Housing-III	4	60,900,000
2	50 (Phase-II) 2022-23	Housing-V	16	144,000,000
3	73 (Phase-II) 2022-23	Housing-VII	2	40,438,708
4	77 (Phase-II) 2022-23	Housing-VII	4	33,340,000
Total			**26**	**278,678,708**

Violation of LDA Act resulted in non-retrieval of encroached land valuing Rs 278,678,708.

Audit pointed out non-retrieval of encroached land in May 2023.

The paras were discussed in SDAC meetings held on 6th July 2023 and 5th September 2023. In two (02) cases (DP 29 & 50), the Authority explained that the matter was pending before court and BC.

Audit contended that department neither held the BC nor initiated any departmental inquiry to sort out the long outstanding issue of double exemption. The Committee directed the Authority to pursue the court cases vigorously and expedite the retrieval process of properties. The Committee also directed the Scrutiny Committee to decide the matter regarding submitting the cases to BC. In DP 73, the Authority did not reply. The Committee directed the Authority to get the record verified within 15 days. In DP 77, the Authority admitted the lapse and explained that the plots had been cancelled. Audit informed that plots were required to be retrieved in favour of LDA. The Committee directed the Authority to retrieve the plots and get the record verified within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early retrieval of LDA property besides initiating actions against the responsible(s) and strengthening internal control mechanism to avoid such lapses in future.

3.4.1.7.4 Directorates of Housing LDA, Lahore did not retrieve three plots from various encroachers. Audit observed that the Court cancelled the ownership of these plots, valued at millions of rupees, in March 2017. However, despite lapse of six years, LDA could not retrieve the plots.

Violation of LDA Act resulted in non-retrieval of encroached land valuing Rs 87,300,000.

Audit pointed out non-retrieval of encroached land in May 2023.

The paras were discussed in SDAC meeting held on 6th July 2023. The Authority explained that notices were served to the occupants of cancelled plots. Out of 03 cancelled plots, 01 occupant approached the court of law and 02 occupants submitted application to BC. Action would be taken in accordance with the decision by the court and BC. The Committee directed the Authority to pursue the court cases vigorously and submit cases to BC within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early retrieval of LDA property besides initiating departmental actions against the officers/officials responsible and strengthening internal control mechanism to avoid such lapse in future.

DP No. 51 (2022-23 Phase II)

3.4.1.8 Non-recovery of government dues – Rs 892.810 million

According to rule 4.5(1) of PFR (Volume-I), "it is the primary responsibility of departmental authorities to see that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper head of account". Further, as per item C(ii) of Directorate General Katchi Abadies (Colonies Department) Board of Revenue, Punjab letter dated 9th September 2013, "cost of land for occupation of above 5-Marla and up to 10 Marla will be current valuation table rate at the time of grant of proprietary rights".

Various Directorates of LDA, Lahore in thirty (30) cases, did not recover the outstanding dues on account of cost of land charges, extension of building completion period surcharge, miscellaneous penalties and fees/charges from the owners of various properties located in controlled area of LDA. The recoverable amount of Rs 920,865,282 million pertained to the period from 2017-18 to 2021-22.

Violation of rules resulted in non-recovery of government dues amounting to Rs 920,865,282.

Audit pointed out the non-recovery in April-May 2023.

The paras were discussed in SDAC meetings held on 26th July 2023 and 7th September 2023. In twenty seven (27) cases, the Authority explained that challan/notices were issued to the owners of the properties besides effecting recovery amounting to Rs 28,054,825. Audit verified the recovery and contended that no real effort was made for realization of long outstanding recovery despite the lapse of considerable period. Further, in three (03) cases (DP 578, 625&631), record was not produced for verification. The Committee, in twenty (20) cases, directed the Authority to effect actual recovery and in nine (09) cases, to get the record verified from Audit. In two (02) cases (DP 460 and 464), the Authority explained that the contractors did not continue due to COVID-19 and filed litigations against LDA. Audit contended that the actual recoverable dues were effected from the contractors. The Committee kept the paras pending for decision by the Court and effecting actual recovery accordingly. In DP 530, the Authority, explained that para pertained to another directorate. Audit contended that no effort was made for realization of long outstanding recoveries despite the lapse of considerable period. The Committee directed that Authority to transfer the para TP-VII for effecting recovery. Compliance with Committee's directive was not reported till finalization of the report.

Audit recommends early recovery in all cases besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues in future.

(Annexure-XXV)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2021-22 vide Para No. 3.4.1.13 in AR 2018-19, Para No. 3.5.1.4 in AR 2019-20 and Para No. 3.4.1.5 in AR 2021-22 having financial impact of Rs 1,186.816 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.9 Non-recovery of excess area cost from property owners – Rs 363.278 million

As per clause 2(a) & 5(iii & iv)) of Policy of excess area approved by the Authority vide No.LDA/DC&I/2225 dated 11th August 2017, the cost of excess area will be recovered from the exemptee/allottee/present owners at the rate 40% above the current Deputy Commissioner (DC) rate in case of allotted/exempted residential plots.

Various Directorates of Housing, LDA, Lahore did not recover the cost of excess area from the owners of seventy nine (79) properties in nine (09) cases, as assessed by the Price Assessment Committee. Audit observed that, in certain cases, excess area charges were identified since 1971, yet these charges were not recovered despite the properties being transferred.

Violation of excess area policy resulted in non-recovery of excess area cost amounting to Rs 370,830,442.

Audit pointed out non-recovery in May 2023.

The paras were discussed in the SDAC meeting held on 6th July 2023 and 5th September 2023. In five (05) cases (DP 2, 46, 62, 79 & 83), the Authority explained that show cause notices were issued to the owners of the properties besides effecting recovery amounting to Rs 7,552,500. Audit informed the Committee that the recovery had been verified. However, Audit contended that the excess area charges in remaining cases were not recovered despite lapse of considerable time period. The Committee directed the Authority to get the excess area reconciled with Audit and effect balance recovery. In DP 18, the Authority explained that possession of the plot was not handed over to the owner and he was informed to apply for exchange of plot. Audit contended that triple storey building was already constructed on the plot. The Committee kept the para pending for recovery of excess area. In DP 26, the Authority explained that recovery of Rs 440,520 was made as per prevailing rates/policy. Audit contended that actual recovery was Rs 617,096. The Committee directed the Authority to effect the balance recovery within 30 days. In DP 54, the Authority explained that Rs 8,976,000 were recovered against excess area. Audit contended that no record was produced for verification. The Committee directed the Authority to produce complete record for verification within 15 days. In DP 66, the Authority explained that the owner had approached BC which had been inactive since August 2021. Audit contended that considerable time had been lapsed but excess area charges were not recovered. The Committee directed the Authority to plead the case before the BC and get the record verified. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXVI)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 and 2019-20 vide Para No. 3.4.1.25 in AR 2018-19 and Para No. 3.5.1.6 in AR 2019-20 having financial impact of Rs 73.217 million. Recurrence of same irregularity is a matter of serious concern.

3.4.1.10 Less recovery of extension fee and penalty against non-completion of development works – Rs 140.782 million

As per Section 34 & 34A of LDA Act 1975, if the sponsor continues to develop the scheme without approval of layout plan or fails to develop the scheme after approval of plan within the stipulated period, the Authority besides other steps shall impose the fines at the rates of Rs 5,000, Rs 10,000, Rs 15,000 and Rs 20,000 per day till the default continues in respect of schemes having area up to 300 kanals, 300 kanals to 500 kanals, 500 to 1000 kanals and above 1000 kanals, respectively. If a sponsor fails to develop the scheme within the given period, the Authority may, extend the period of development work up to two years on payment of fee of Rs 10,000 per kanal per year.

The Chief Metropolitan Planner LDA, Lahore, technically/finally approved the revised layout plans of private housing schemes namely, Al-Hamra Town, Model City, Al-Hamd, and Safari Garden, with extension fee and penalty. Audit observed that extension fee and penalty on account of non-completion of development works within the stipulated period was not imposed from the date of commission of offence which resulted in less recovery amounting to Rs 140,782,250.

Violation of LDA Act 1975 resulted in less recovery amounting to Rs 140,782,250.

Audit pointed out the less recovery in April 2023.

The para was discussed in SDAC meeting held on 4th September 2023. The Authority explained that in case of Al-Hamra Town housing scheme, the Authority had recovered extension fee amounting to Rs 7,643,750 and penalty for non-completion of development works amounting to Rs 5,595,000 totaling amounting to Rs 13,238,750 from the sponsor. In case of Model City, a penalty of Rs 5,000 per day in accordance with rule 36(a) of LDA PHS Rules was imposed on the owner/sponsor who started development works on the site prior to approval from LDA. In case of Al-Hamd housing scheme, extension in development period was granted for two (02) years after paying the amount of penalty and extension fee amounting to Rs 23,826,000 by the sponsor. In case of Safari Garden**,** a number of letters had been issued to the sponsor of the scheme for payment of penalty and fulfillment of other conditions of technical approval letter. No final approval of the scheme would be granted before submission of extension fee and penalty by the sponsor for carrying out illegal sale/purchase of plots. Audit contended that the penalties were not calculated from the date of commission of offence to the date of meeting of scrutiny committee (as levied/recovered in case of Bahria Town Sector-E&F for the maximum period of nine years). Undue financial benefit to the sponsors was given by imposing less penalties. The Committee directed the Authority for verification of record within 15 days besides effecting actual recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends full recovery of penalties besides ensuring completion of development works at the earliest.

DP No. 99(2022-23 Phase-II)

3.4.1.11 Non-recovery of outstanding lease money – Rs 113.883 million

As per lease agreement dated 5th April 2000, a plot measuring 3 kanal and 6 marla was leased out at the rate of Rs 555,000 per year for the period of three years for the first instance. The agreement was renewable at the discretion of LDA.

The Director Housing-X, LDA, Lahore leased out a petrol pump site measuring 3 kanal and 6 marla in Quaid-e-Azam Town, Lahore on 5th April 2000 for the period of three years for the first instance. Audit observed that after expiry of lease agreement on 15th January 2019, the plot remained under the illegal possession of lessee. The Authority issued challans on 3rd May 2023 of outstanding lease money plus advance income tax and markup amounting to Rs 113,882,917 but the same had not been recovered. Further, no action was taken to retrieve the plot from the encroacher.

Violation of financial rules resulted in non-recovery of outstanding dues amounting to Rs 113,882,917.

Audit pointed out non-recovery in May 2023.

The para was discussed in SDAC meeting held on 6th July 2023. The Authority explained that LDA could not take any action due to stay order. After the dismissal of petition by Lahore High Court Lahore on 18th May 2023, the site had been retrieved and notice for recovery had also been issued on 31st May 2023. Audit contended that the Authority needed to expedite the recovery. The Committee directed the Authority to recover the outstanding dues and auction the site within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early retrieval of plot and recovery of due amounts besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 89(2022-23 Phase-II)

3.4.1.12 Non-recovery of theft of transformers and steel from security company – Rs 20.550 million

As per condition No.5(xi) of Agreement with Security Company, in case any loss occurs to LDA on account of theft or negligence on part of the service provider, the recovery of the losses will be made from the monthly invoices of the security company or the security deposit/performance guarantee as per the decision of the LDA.

Director Coordination and Implementation (C&I), LDA, Lahore, awarded a contract to a security company for the watch and ward of LDA's assets. Audit observed that three transformers and steel shuttering were stolen from Jubilee Town, LDA Avenue-I, and LDA school, however, despite these thefts, no recovery for the stolen items had been made from the contracted security company.

Violation of contract agreement resulted in non-recovery amounting to Rs 20,550,000 from the security company.

Audit pointed out the non-recovery in May 2023.

The para was discussed in SDAC meeting held on 4th September 2023. The Authority explained that letter had been issued to Chief Security Officer, LDA for recovery of the theft. Audit contended that Director C&I awarded the contract of security services and authorized the payments. Therefore, the cost of stolen items from the company was required to be recovered while making payments. The Committee directed to effect recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery from the Security Company and action against the responsible officers besides strengthening internal controls in order to avoid the recurrence of such issues.

DP No. 141(2022-23 Phase-II)

3.4.1.13 Non/Less recovery of dismantled material – Rs 16.823 million

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

Project Director Shahkam Flyover, LDA Lahore, in three (03) cases, did not recover the cost of dismantled material. The detail is as under:

(*Amount in Rs)*

Sr. No.	Para No. (SAR 2022-23)	Description of item	Recovery pointed out	Recovery effected	Balance recovery	Remarks
1	23	Recovery of concrete paver	781,760	16,229	765,531	Recovery was not effected
2	28	Recovery of steel	250,000	-	250,000	-do-
3	102	Recovery of steel	15,807,960	-	15,807,960	Recovery of steel retrieved from dismantling of two sides existing drain of Defense Road of six (06) Km was not made.
Total			**16,839,720**	**16,229**	**16,823,491**	

Violation of the applicable specifications resulted in non/less recoveries amounting to Rs 16,839,720.

Audit pointed out the non/less recovery in November 2022.

The paras were discussed in the SDAC meeting held in April 2023. In SAR Para 23, the authority explained that actual recovery was effected. Audit contended that the Authority recovered Rs 16,229 instead of actual recovery of Rs 781,760. The Committee directed the Authority to effect balance recovery of Rs 765,531 within 15 days. In SAR Para 28, the authority explained that dismantling of RCC concrete had not been done at site. Audit contended that the recovery of dismantled material was required to be made as per TS estimate. The Committee directed the Authority to probe the matter through administrative department by deputing an officer not below the rank of Director/SE within 30 days and submit fact finding report to Audit for verification. In SAR Para 102, the authority explained that neither drain existed at site nor any payment was made against dismantling of the said drain. Audit contended that as per report of Resident Engineers/consultant, National Engineering Services of Pakistan (NESPAK) of the project, the existing (old) drain on both sides of Defence Road was dismantled by petty contractor. The Chair directed that a technical probe be conducted by SE, Highways Department, Lahore to find out the actual position/recovery within 30 days, however, representative of Audit and FD stressed for recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.1.14 Illegal selling of mortgaged plots and non-recovery of dues – Rs 6.110 million

As per Section 34 of LDA Act, 1975, read with mortgage rule 24(1)(b)(iv) of LDA PHS Rules 2014, if the sponsor continues to develop the scheme without approval of layout plan, the Authority, besides other steps, shall impose the fine at the rate of Rs 20,000 per day till the default continues. Further, as per para-11(e) of mortgage deed of LDA PHS Rules 2014, "the property offered as security for provision of development works is free from all sorts of encumbrances and charges and undertakes that the said property shall not be sold or charged without the prior approval in writing of the LDA".

The Chief Metropolitan Planner, LDA, Lahore approved layout plans of Valancia Town. Audit observed that the developer transferred the mortgaged plots and gave possession without redeeming these from LDA. Moreover, a private housing scheme "Al-Kareem City (Ashrafi Town)" commenced development works and sold plots prior to final approval of the Authority. In both the cases, the Authority did not impose penalty as per criteria ibid.

Violation of LDA Act resulted in non-recovery of dues amounting to Rs 11,630,000.

Audit pointed out the non-recovery during April 2023.

The para was discussed in SDAC meeting held on 4th September 2023. In DP 128, the Authority explained that the LDA had released about 90% mortgaged area against the development works in Valencia

Town Housing Scheme Phase (I-IV) on receiving reports from concerned agencies. The remaining 10% mortgaged area would be released upon receiving further development works reports. Further, the matter of selling mortgaged plots in Valencia Town pertained to Directorate of Estate Management (PHS), LDA being the custodian of mortgaged plots in private housing schemes. Audit contended that the sale/purchase of mortgaged plots, without being redeemed, was made by the sponsors with the connivance of LDA officers. The Committee directed the authority for verification of mortgaged plot data. In DP 101, the Authority explained that an amount Rs 5,520,000 was recovered from the sponsor on account of marketing and development work in Al Kareem City before technical approval. The sponsor would be charged penalty on account of execution of development work and marketing before the issuance of final approval. Audit contended that penalties should be imposed and recovered immediately besides taking appropriate action against the sponsor. The Committee directed the Authority to effect actual recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends the recovery of penalties and dues owed to the Authority from sponsors, cessation of the illegal selling of mortgaged plots, and the initiation of departmental action against the officers or officials responsible.

DP No.101, 128(2022-23 Phase-II)

Irregularities resulting in undue financial benefit to contractors

3.4.1.15 Non-forfeiture of deposited fees of defaulters and non-cancellation of NOCs – Rs 43.685 million

As per para 23 of Land Use Regulations, 2020, in case of failure of payment of full conversion fee in the time frame, the competent authority, besides withdrawal of offer of conversion of land use, shall forfeit 20% of the deposited fee and remaining fee shall be refunded on demand by the applicant. However, the owner may submit a fresh application for change of land use as per prevalent rules and in such case the forfeited fee shall not be adjusted in any manner.

Chief Metropolitan Planner and Chief Town Planner, LDA, Lahore, issued NOCs for conversion of land use from residential to area development project. Audit observed that the sponsors became defaulters, yet the Authority neither recovered the remaining amount nor forfeited the 20% of deposited fees.

Violation of Land Use Regulations 2020 resulted in non-forfeiture of fees amounting to Rs 43,685,102.

Audit pointed out the non-forfeiture of fees in April-May 2023.

The paras were discussed in SDAC meeting held on 4th September 2023 and 7th September 2023. In DP 132, the Authority explained that the para pertained to Town Panning Wing, LDA. Audit contended that 20% of deposited fees was required to be forfeited. The Committee transferred the para to Town Planning Wing. In DP 526, the Authority explained that notice had been issued to the owner/occupant. Thereafter, legal action would be taken including sealing of property, lodging First Information Report (FIR), disconnection of services etc. Audit contended that notices were issued upon raising the issue by Audit. Whereas the Authority lacked an effective monitoring mechanism to expedite the recovery of commercialization fees and penalties. The Committee directed the Authority to effect actual recovery. In DP 634, the Authority explained that notice had been served in order to take fresh approval and stop any illegal commercial activity at site. Audit contended that the notice to stop any illegal commercial activity at site was not produced to Audit during verification. The Committee directed the Authority to effect actual recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early forfeiture of 20% fees besides fixing responsibility and strengthening internal control to avoid the recurrence of such issues.

DP No. 132,526&634(2022-23 Phase-II)

3.4.1.16 Undue benefit by issuing NOC without recovery of excess area charges

As per clauses 2(a) & 5(iv) of Policy of excess area approved by the Authority vide No.LDA/DC&I/2225 dated 11th August 2017, the cost of excess land/area shall be recovered from the exemptee/allottee/present owner at the rate of 40% above the current DC rate in case of allotted/exempted residential plots.

Directorate Housing-VII, LDA, Lahore allotted plot No. 260-H M.A Johar Town measuring 160 Sq.m to Mr. Boda through General Power of Attorney Mr. Khalil ur Rehman on 19th February 1999. The plot was last sold/transferred to Mr. Iftikhar in 2018. Audit observed that the cost of excess area measuring 18 Sq.m was not recovered from the original exemptee but the NOC was issued.

Violation of excess area policy resulted in undue benefit to the exemptee.

Audit pointed out undue benefit in May 2023.

The para was discussed in SDAC meeting held on 6th July 2023. The Authority explained that case was forwarded for preparation of challan of excess area amounting to Rs 1,091,630. Audit contended that undue benefit was extended to original exemptee by not recovering cost of excess area. The Committee directed the Authority to get the record verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends action against responsible officers besides strengthening internal controls to avoid the recurrence of such issues.

DP No.68 (2022-23 Phase-II)

Irregularities relating to procurements

3.4.1.17 Loss due to award of petty works at higher percentages as compared to the quoted percentage in the main contract - Rs 9.034 million

As per clause 41 of contract agreement "if any altered, additional, or substituted work is directed by the engineer in-charge, for which no rate is specified in the contract, the contractor shall carry out the work on the same conditions as agreed to do the main work and at the same rates as specified in the tender (bid schedule) for the main work".

Project Director Shahkam Flyover, LDA Lahore, awarded various petty works to different contractors at different percentage above TS estimate. Audit observed that the authority did not get the works executed through main contractor who had quoted 11.41% below TS estimate for the same nature works.

Violation of the contract agreement resulted in loss amounting to Rs 9,034,345.

Audit pointed out the loss in November 2022.

The para was discussed in the SDAC meeting held in April 2023. The Authority explained that these works were not in the scope of main contract and were awarded separately after approval from the competent authority. Audit reiterated its earlier stance. The Committee directed the Authority to probe the matter at administrative department level and submit fact-finding report within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of the loss by fixing responsibility against delinquents. Additionally, strengthening internal controls is advised to prevent the recurrence of such issues in the future.

Para No. 100 (SAR 2022-23)

3.4.1.18 Loss due to double payment of electric work – Rs 6.221 million

As per rule 2.33 of PFR Volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

Project Director Shahkam Flyover, LDA Lahore, paid Rs 143,944,976 to Lahore Electric Supply Company (LESCO) on account of shifting of electrical poles and related works involved in Shahkam Project. Audit observed that the Authority paid additional Rs 6,220,821 to a private contractor for the work “Installation of additional electric work at Shahkam Chowk” which were already paid for similar electricity works to LESCO.

Violation of PFR resulted in loss of Rs 6,220,821.

Audit pointed out the loss in November 2022.

The para was discussed in the SDAC meeting held in April 2023. The Authority explained that the work for dismantling and reinstallation of additional accessories was required at site which was not included in the scope of LESCO. Audit contended that cost of items was already included in the payments made to LESCO. The Committee directed the Authority to produce complete record in support of reply otherwise effect recovery within 15 days and get it verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No. 62 (SAR 2022-23)

Irregularities resulting in loss to government

3.4.1.19 Loss due to negligence and non-deposit of forfeited bid security into LDA accounts - Rs 1,259.778 million

As per Section 11-B of LDA Act 1975, any person employed by or serving under the Authority or an Agency charged with the administration of the affairs of the Authority or acting on behalf of the Authority or acting under a contract with the Authority who is responsible for the loss, waste, misappropriation or misapplication of any money belonging to the Authority which is a direct consequence of his negligence in the discharge of his duties shall be liable to pay the loss.

Scrutiny of record of Director, C&I, LDA, Lahore revealed that a land measuring 1400 kanals was auctioned on 18th May 1995. The successful bidder submitted Rs 46,400,000 as bid security (United State Dollar 800,000 and Hong Kong Dollar 5,005,000 in the form of pay order and cheque, respectively). Subsequently, the bidder defaulted, prompting the Authority to cancel the offer and forfeit the bid money, however, the relevant pay order and cheque were not encashed/credited into bank accounts of the Authority nor were these pledged financial instruments were forthcoming in the Authority's record. Furthermore, the bidder obtained a favorable decision from the Civil Judge 1st class in Lahore for the refund of bid security, along with the applicable interest rates, amounting to Rs 1,259,777,838. Audit observed that the Authority not only failed to encash the bid security instruments but also neglected to file an appeal against the said court order. Consequently, the case became time-barred.

Violation of LDA Act resulted in a loss of Rs 1,259,777,838.

Audit pointed out the loss in May 2023.

The para was discussed in SDAC meeting held on 4th September 2023. The Authority explained that the matter pertained to Metropolitan Planning Wing. Audit contended that as per letters by the Director Finance and Revenue, the pay order was not deposited into LDA accounts which resulted in a loss to the government. Furthermore, the Directorate of Law failed to pursue the case within the stipulated time, resulting in it becoming time-barred. The Committee directed the

Authority to conduct inquiry through Additional Director General (ADG), Headquarter and fix the responsibility against the delinquents and submit probe report within 30 days and transfer the para to Chief Metropolitan. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early finalization of inquiry and disciplinary action against the responsible(s) besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 139 (2022-23 Phase-II)

3.4.1.20 Loss due to double payment of land compensation to affectees – Rs 219.267 million

As per Section 11B of LDA Act 1975, any person employed by or serving under the Authority, who is responsible for the loss, waste, misappropriation or misapplication of any money belonging to the Authority which is a direct consequence of his negligence in the discharge of his duties shall be liable to pay the loss.

Scrutiny of record of Director, C&I, LDA, Lahore, revealed that Land Acquisition Collector (LAC), LDA Lahore paid Rs 219,266,665 to affectee i.e., M/s Benz Industries Ltd on account of acquisition for Orange Line Metro Train Project. Audit observed that the as per fact finding report of LDA dated 19th May 2023, the payment was illegal and unlawful because the same land was already acquired by LDA through award announced on 11th June 1980.

Violation of Act resulted in double payment of Rs 219,266,665.

Audit pointed out the double payment during May 2023.

The para was discussed in SDAC meeting held on 5th September 2023. The Authority explained that the matter pertains to LAC. Further, a probe into the matter is already underway. Audit contended that as per orders of the hearing committee comprising of Chief Executive Officer (CEO) Benz Factory, LAC, LDA, Deputy Director and Assistant Director, Director Land Development-III, Assistant Director, Directorate Land Acquisition and Assistant Director, Law along with acquisition field staff, on 10th March 2022, ordered for payment of compensation as per first award No.11 dated 12th June 1980 at the rate of Rs 283 per marla amounting to Rs 11,886 only. Therefore, payment of Rs 219.267 million on account of compensation was unlawful against the already acquired land. Further, the adjustment and non-ejectment of encroachment by the Directorate Housing-III LDA needed to be explained. The Committee directed the Authority to transfer the para to LAC for detail verification within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal control to avoid the recurrence of such issues.

DP No. 151 (2022-23 Phase-II)

3.4.1.21 Loss due to execution of additional pile work - Rs 2.687 million

According to the drawings of the project, only 84 piles were required to be executed. According to Rule 2.33 of PFR (Volume-I), every government servant should realize fully and clearly that he would be held responsible personally for any loss sustained by government through fraud or negligence on his part.

Project Director Shahkam Flyover LDA, Lahore, got executed the items viz. "*P/Casting in situ board piles with type A concrete 1200 mm dia complete in all respect*" and "*Fabrication of mild steel for RCC*" for execution of 86 piles. Audit observed that as per drawings only 84 piles were required to be executed instead of 86 piles.

Violation of engineering drawings resulted in loss amounting to Rs 2,686,706.

Audit pointed out the loss in November 2022.

The para was discussed in the SDAC meeting held in April 2023. The Authority admitted the issue and stated that payment of only one additional pile was made. Audit contended that 86 piles were paid against a provision of 84 piles. The Committee directed the Authority to produce complete record for verification within 15 days otherwise effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No. 38 (SAR 2022-23)

Miscellaneous irregularities

3.4.1.22 Non-imposition of penalties on account of commercial use of residential properties – Rs 5,426.058 million

As per section 38 of LDA Act 1975 (XXXVI of amended Act 2013), if a person converts a property to a different use or purpose, than the one provided under a scheme, master plan or classification map, without the previous approval of the authority in writing, he shall be liable to punishment of fine which may extend to Rs 10,000 per day from the date of its conversion till the default continues or imprisonment for a term which may extend to one year or both.

Scrutiny of the records of the Chief Town Planner, LDA Lahore, it was discovered that forty-three (43) cases had been identified where property owners were using residential properties for commercial purposes. The audit observed that the Authority did not impose the stipulated fine on the defaulters in these instances.

Violation of the Act resulted in non-recovery of penalties amounting to Rs 5,426,058,200.

Audit pointed out the non-recovery in April-May 2023.

The paras were discussed in SDAC meetings held on 26th July 2023 and 7th September 2023. In thirty nine (39) cases, the Authority explained that notices were issued to the owners/occupants besides lodging FIR and sealing properties in two (02) cases (DP 636 & 638). Audit contended that there was no effective monitoring mechanism existed in the Authority to initiate action against defaulters and expedite recovery. The Committee, in thirty (30) cases directed the

Authority to effect actual recovery, in seven (07) cases, to get the record verified and in two (02) cases (DP 543 & 564), to conduct inquiry. In four (04) cases (DP 642,643,646&647), the Authority explained that the paras pertained to other directorates. Audit informed the Committee that the Authority did not produce any record for verification. The Committee directed the Authority to transfer the paras to concerned directorates for verification of record. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery in all cases besides probing the matter for fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXVII)

3.4.1.23 Non-cancellation of alienated public utility sites – Rs 688.477 million

As per clauses of various Allotment Letters "the institute shall have to take a representative of the LDA on their management body", "no residential unit of the Principal, Headmaster or teaching staff will be constructed in the plot" and "the plot will not be further alienated, sub-let, leased or sold to anybody". In case of breach of the covenants, the LDA shall again take the possession of the land. Further, according to Para No. 2 of D.O. No.50(Schools)3-16/83 dated 27th November 1984, it was agreed that plots of 10 kanals and above will not be allotted to any private institution. Instead, such plots will be reserved exclusively for educational institutions operated by the provincial government.

Various Directorates of Housing, LDA, Lahore, in three (03) cases, allotted sites for educational purposes. Audit observed that these sites were further either sublet or sold by the allottees. Further, the allottees used the land partly for residential purposes in violation of criteria ibid. One of the sites measuring area above 10 kanal was allotted to a private institution. The detail is as under:

(Rs in million)

Sr. No.	DP No.	Location of Land	Allottee	Amount	Violation
1	1 (2022-23 Phase-II)	427-M Model Town Extension	Ameena Public School	68.637	- Sold the educational site - Partly constructed residence - The institute did not take a representative of LDA in their management body
11	11 (2022-23 Phase-II)	478-F Gulshan-e-Ravi area	Tahrik e Toheed e Pakistan Trust	86.400	- Sublet to American Lyceum - Partly constructed residence - The institute did not take a representative of LDA in their management body
12	12 (2022-23 Phase-II)	534-G/I Johar Town area	Ali Memorial Trust	533.440	- Sublet to LGS - Partly constructed residence - Area above 10 kanals - The institute did not take a representative of LDA in their management body
Total				**688.477**	

Violation of policy for allotment of public utility sites resulted in non-cancellation of properties valuing Rs 688,477,000.

Audit pointed out non-cancellation of alienations in May 2023.

The para was discussed in SDAC meeting held on 4th September 2023. In DP 01, the Authority explained that notice was issued on 23rd June 2023. Action including cancellation of allotment and retrieval of plot would be taken after receiving reply of the notice. Audit contended that LDA did not perform its role being a regulator because as per policy, the allottee cannot further alienate/sub-let, lease or sale out the plot to anybody. The Committee kept the para pending for action as per existing laws and rules within 30 days. In DP No. 11, the Authority explained that notice was served due to violation of clause ii, v & vi of allotment letter dated 24th December 1984. Allottee filed a civil suit and the notice was suspended. The Committee kept the para pending as the matter was sub judice. In DP 12, the Authority explained that plot was cancelled on 24th December 2012. Feeling aggrieved, the allottee filed writ petition due to which possession in favour of LDA could not be retrieved. A fresh notice was issued to the occupant of the site. The Committee, in DP No 12, directed the Authority to decide the matter within 30 days.

Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends prompt and proactive response by the authority to implement the policy of allotment of public utility sites besides strengthening internal controls in order to avoid the recurrence of such issues.

3.4.1.24 Undue benefit due to commercial use of public utility site – Rs 255.825 million

As per summary dated 17th September 1987 prepared for the Chief Minister (CM) for allotment of the plot No. 20 located at Kashmir-Egerton Road at the concessional rate of Rs 7 lac per kanal instead of original rate of Rs 15 lac per kanal in 1984 for the construction of hospital for charitable purpose.

ADG Housing, LDA, Lahore, executed a sale deed on 31st January 1990 with Dr. Muhammad Khalid Javed for plot No. 20 at Kashmir-Egerton Road measuring 5 Kanal 2 Marla 80 sft. The building plan was submitted on 27th November 1992. The plan was rejected on 31st May 1993, citing the reason that the construction of a hospital at the site was not permitted according to the Master Plan. Audit observed that LDA provided an undue financial benefit to the allottee by reducing the land rate from Rs 15 lac per kanal to Rs 7 lac per kanal for the construction of a charitable hospital. Subsequently, the LDA disallowed the construction of the hospital and permitted the commercial use of the plot. Furthermore, the LDA did not recover the building period surcharge and the differential cost as per the established regulations.

Violation of CM's approval and LDA rule regarding collection of building period surcharge resulted in undue financial benefit to the allottee and non-recovery of building period surcharge amounting to Rs 255,825,000.

Audit pointed out undue financial benefit in May 2023.

The para was discussed in SDAC meeting held on 4th September 2023. The Authority explained that the plot was allotted at the rate of

Rs 700,000 per kanal for construction of hospital with 4 years building period without surcharge. A letter was issued on 28th January 1998 to the allottee asking him to obtain extension in building period and submit building plan for office building or any other use except hospital as per Master Plan. The non-recovery of building period surcharge was due to a number of litigations pending on the matter. Audit contended that public utility site was allotted at concessional rate for construction of charitable hospital but later on, use of land was changed to commercial due to non-provision of hospital at the location in the master plan. By changing the purpose of use of land, differential cost should have been recovered from the allottee. Also, LDA failed to timely recover building period surcharge. The Committee directed the Authority to place the matter before the governing body's meeting for deciding the matter. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery of differential cost along with building period surcharge besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 9(2022-23 Phase-II)

3.4.1.25 Irregular issuance of NOC without considering LAC report – Rs 13.650 million

As per exemption policy issued by LDA vide No.1989 dated 3rd August 1976, no landowner will be entitled to exemption of more than one plot against individual land ownership. Further, according to Section-39 and 40 of the LDA Act 1975 (amended up to 2013), the authority was empowered to eject illegal encroachment and to demolish illegal construction.

Scrutiny of records of Directorate of Housing-II, LDA, Lahore revealed that Plot No.48, Block-H was originally exempted to Mr. Zahid Mustaqeem S/o Muhammad Mustaqeem vide exemption letter dated 23rd January 1982. Audit observed that the Authority granted an NOC to the current exemptee without taking into account the LAC report dated 25th September 2021, to the effect that the area had not been mutated in favor of LDA. The granting of NOC without considering the LAC report could have serious implications for legal ownership.

Violation of rule resulted in irregular issuance of NOC for plot worth Rs 13,650,000.

Audit pointed out irregularity in May 2023.

The para was discussed in the SDAC meeting held on 6th July 2023. The Authority explained that as per LAC report dated 19th March 2018 ownership of original exemptee was still intact. Audit informed the Committee that as per LAC report dated 25th September 2021 land in khasra No.495, Mouza Shera kot Gulshan-e-Ravi had not been mutated in favour of LDA. Further, the Authority also admitted the lapse. The Committee directed the Authority to get the land mutated in favour of LDA within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early mutation of land in favour of LDA besides strengthening of internal controls and responsibility may also be fixed against the person held responsible(s).

DP No.23(2022-23 Phase-II)

3.4.2 Water & Sanitation Agency, Lahore

Irregularities

Irregularities resulting in overpayments

3.4.2.1 Overpayment on account of execution of incorrect item – Rs 7.734 million

According to para 145 of General Financial Rules (GFR) Volume-I, “purchases must be made in the most economical manner in accordance with the definite requirements of the public service”. Further, the rate of Rs 53.65 per m^3 was provided in MRS 2nd Biannual 2016 for item 52 of Chapter 3 (Earthwork) namely “Earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil and conditions (dry, wet slush, daldal and under water) including its disposal and preparation of working pad for operation of machinery”.

Director Construction-II, WASA, LDA, Lahore got executed the item *“Earthwork excavation in open cutting for storm water channels, drain, sullage drains…etc. up to 5ft depth and 5.1ft to 10ft depth”* at the rate of Rs 167.85 and Rs 185.10 per $m^3$for quantities of 31144.15 m^3 and 31778.96 m^3, respectively. This item pertained to earthwork with manual labour. The audit observed that executing the extensive amount of earthwork totaling 62,923.11 m^3 (= 2,222,108.66 cft), solely through manual labour was impractical. Consequently, mechanical methods were necessary to manage this substantial quantity. Therefore, the Agency should have used the relevant and more economical item No. 52 provided in Chapter-03 of MRS at the rate of Rs 53.65 per m^3.

Violation of rules ibid resulted in overpayment of Rs 7,734,005.

Audit pointed out the overpayment in April 2023.

The para was discussed in the SDAC meeting held on 11th July 2023. The Agency explained that the item was correctly paid as per provision of estimate. Audit contended that the quantity of excavated earth, totaling 62,923.11 m^3 (equal to 2,222,108.66 cft), was not feasible to be executed solely by manual labour. Consequently, mechanical means had to be utilized to handle such a substantial quantity. Hence, item No. 52, chapter 3 of MRS was required to be applied and paid. The Committee directed the Agency to prepare the rate analysis as per F.D template and effect actual recovery and get it verified from Audit within 30 days. During re-verification on 19th July 2023, Agency produced cross-sections and drawing. Agency did not produce the rate analysis as per FD template to effect actual recovery in compliance with the SDAC directions. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 193(2022-23 Phase-II)

3.4.2.2 Overpayment due to non-deduction of shuttering – Rs 1.639 million

According to the note in remarks column of Item-42 Chapter-3 Earthwork, of MRS, "If the timbering and shuttering is not actually done at site, the composite rate may be reduced by Rs 368.20, 579.60 and 579.60, respectively".

Directors Operation & Maintenance (O&M), WASA, LDA, Lahore, in two (02) cases, got executed the item *"Earthwork excavation in open cutting for sewer"*. Audit observed that the specified item did not require shuttering; however, the authority failed to deduct the shuttering rate accordingly.

Violation of MRS resulted in overpayment of Rs 1,639,330.

Audit pointed out the overpayment in May 2023.

The paras were discussed in the SDAC meeting held on 11th July 2023. The Agency explained that Audit had calculated excess recovery. The actual recovery came to Rs 1,003,796. Audit informed that basis of calculations for actual recovery were not produced for verification. The Committee directed the Agency to effect actual recovery within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No.240&266(2022-23 Phase-II)

Irregularities resulting in non-recoveries

3.4.2.3 Non-recovery of aquifer water and sewer charges – Rs 86.228 million

According to rule 4.5 (1) of PFR (Volume-I), "It is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to Government account".

Scrutiny of the records of Director Revenue, WASA, LDA, Lahore, revealed that the Authority did not recover Rs 101,435,010 pending up to June 2022 from various households and commercial users on account of aquifer water and sewer charges.

Violation of PFR resulted in non-recovery of charges amounting to Rs 101,435,010.

Audit pointed out non-recovery in May 2023.

The paras were discussed in the SDAC meeting held on 12th July 2023. The Agency explained that efforts were being made to recover the dues. The Committee directed the Agency to get the recovery verified from Audit within 15 days. During re-verification, recovery of only Rs 15,207,393 was verified leaving balance of Rs 86,227,617.

Audit recommends early recovery of the dues besides strengthening internal controls to avoid the recurrence of such issues.

DP No.283, 284 & 285(2022-23 Phase-II)

3.4.3 Punjab Aab-e-Pak Authority (PAPA) Lahore

Irregularities:

Irregularities resulting in overpayments

3.4.3.1 Excess payment to contractor due to higher rate – Rs 127.246 million

As per Techno-Commercial Proposal of Water Technologies services dated 14th January 2021, the rate of item *"RO plants 2000 liter"* included free delivery at site, inclusive of all custom duties/taxes, technical services for six months after sales besides erection, installation and commissioning charges.

Director Project, Punjab Aab-e-Pak Authority, Lahore installed 536 *"RO Filtration Plants"* during 2021-22. Audit observed that the initial quotation for estimation was inclusive of on-site delivery, all taxes, installation and commissioning. Nevertheless, the Authority redundantly incorporated these costs in the rate analyses, coupled with a 20% contractor profit, leading to an inflated rate of Rs 237,400 per plant.

Violation of proposal resulted in excess payment amounting to Rs 127,246,400.

Audit pointed out excess payment in March 2023.

The para was discussed in the SDAC meeting held on 31st July 2023. The Authority replied that since the contractor had to purchase the item from his own finances initially which was then paid off after the processing of IPCs which took considerable time for processing. Hence, the time consumed along with services of contractor justified his 20% profit. Audit contended that GST, carriage and installation charges were already included in the quotation. Therefore, separate addition of these in the rate analyses was not permissible. The Committee directed the Authority to get the matter probed by Administrative Department and submit fact finding report within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC Committee besides effecting recovery and strengthening internal controls to avoid the recurrence of such issues.

DP No.667 (2022-23 Phase-II)

3.4.3.2 Overpayment due to allowing 20% contractor's profit and overhead charges on GST – Rs 30.358 million

According to FD's template for preparation of rate analysis and the general prudence, profit on tax is invalid.

Director Project, Punjab Aab-e-Pak Authority, Lahore installed the items viz *"RO Filtration Plant"* and *"Pre-Filtration Plant"* during the year 2021-22. Audit observed that the authority allowed 20% contractor's profit and overhead charges on GST in the rate analysis which was not admissible.

Violation of FD's template resulted in overpayment of Rs 30,357,990.

Audit pointed out the overpayment in March 2023.

The para was discussed in the SDAC meeting held on 31st July 2023. The Authority explained that the items comprised of supply installation, testing and commissioning as one complete job which justified 20% contractor profit. Audit contended that 20% profit on GST amount was not admissible. The Committee directed the Authority to effect actual recovery from the contractors and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 669 (2022-23 Phase-II)

3.4.3.3 Overpayment due to use of substandard bricks – Rs 14.780 million

As per section 801 and section 1041-8 of Standard Specification for Roads & Bridges Construction 1997, read with FD's material rates of item No.07.001, the standard size of bricks was 9″ x 4-1/2″ x 3″ and the crushing strength was 2000 PSI. Further, as per remarks column of chapter "Brick Works" of MRS, if 2nd and 3rd class bricks are used, the item rate would be reduced by 7% and 14%, respectively.

Director Project, Punjab Aab-e-Pak Authority, Lahore got executed the item *"Pacca brick work cement sand mortar, etc."* for 30311 cubic meter (cu.m). Audit observed that, based on laboratory test reports, the strength of the bricks was below 2000 PSI, and their size measured 8.7" x 4.3" x 2.8", deviating from the specified 9" x 4.5" x 3". Consequently, in accordance with the lab test reports classifying these bricks as 2nd class, the authority was obligated to reduce the rates by 7%. However, the Authority failed to implement the necessary rate reduction of 7%.

Violation of the specifications and instructions in MRS resulted in overpayment amounting to Rs 14,780,207 (Annexure-XXVIII).

Audit pointed out the overpayment in March 2023.

The para was discussed in the SDAC meeting held on 31st July 2023. The Authority explained that as per test results of bricks utilized in the works executed in Rawalpindi, Lahore, Faisalabad, Sahiwal, Gujranwala and Sargodha Division, the average crushing strength for bricks was above 2000 PSI, hence, no sub-standard brick had been used. Further, as per technical specification, the required crushing strength for bricks was 1400 PSI in D.G Khan, Multan, Bahawalpur and Rajanpur and as per test results of bricks utilized in these districts was 1500 PSI. However, in order to ensure compliance with FD rules for material standards, the actual recovery had been made from the bills pertaining to Bahawalpur and Multan. Similarly, deductions would be made from the bills of remaining contracts upon receipt of the invoices. Audit contended that the strength and size of the bricks were below standard and the record for verification of recovery was also not produced. The

Committee directed the Authority to effect actual recovery as per lab test reports and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 673 (2022-23 Phase-II)

3.4.4 Parks & Horticulture Authority (PHA), Lahore

Irregularities

Irregularities resulting in overpayments

3.4.4.1 Overpayment due to application of higher rates for non-standardized items – Rs 30.041 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

Director Engineering & Director Maintenance & Operation PHA, Lahore, in three (03) cases, got executed non-standardized items viz "Making/installation of *MS Bar Structure"* for 635 Nos, *"Chain link fence with MS pipe*" for 10000 sft and "*Canal silt*" for 1579374 cft. Audit observed that the authority approved the rate analyses by incorporating excessive labour and material rates beyond those specified in the input rates of FD.

Violation of FD's instructions resulted in overpayment amounting to Rs 30,041,645.

Audit pointed out the overpayment in May 2023.

The paras were discussed in the SDAC meeting held on 10th July 2023. In DP 328, the Authority explained that non MRS rate was prepared and paid because the rates of canal silt and good earth were not notified on FD website. Audit contended that rate analysis was prepared by taking higher rates of items. The Committee directed the Authority to rationalize the rate and effect actual recovery within the 7 days. In DP 368 & 373, the Authority explained that rate analyses were prepared by taking market rates and quotations were attached. Audit contended in DP No 368 that the Authority approved higher rates. In DP 373, lump sum cost of labour instead of actual cost was provided. Further, scaffolding was also added in the rate analysis which was inadmissible. The Committee, in DP 368, directed the Authority to get the record verified in detail within 15 days otherwise effect recovery. In DP 373, the Committee directed the Authority to get the matter condoned from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 328,368 & 373 (2022-23)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 and 2019-20 vide Para No. 3.4.2.4 in AR 2018-19 and Para No. 3.5.4.3 in AR 2019-20 having financial impact of Rs 168.332 million. Recurrence of same irregularity is a matter of serious concern.

3.4.4.2 Overpayment due to inadmissible contractor's profit – Rs 7.623 million

As per FD's letter No. RO(Tech)FD-18-29/2006 dated 3rd March 2005, read with FD's notified template for electrical items, "12.5% contractor profit and overhead charges are allowed". Further, according to instructions of FD vide letter No. FD-18-29/2006 dated 8th August 2005, "plant and machinery like generator, air conditioner (AC), electrical items and turbine transformers/panels etc. are required to be purchased as per procedure prescribed in the purchase manual instead of through contractor".

Director Engineering and Director Maintenance & Operation PHA, Lahore, got executed various non-standardized electrical and children play items, and procured machinery. Audit observed that in four (04) cases, the Authority added 20% contractor profit in the rate analyses of the LED Flood lights instead of 12.5%. In three (03) cases, 20% contractor profit was added twice in the rate analyses of children play items. In one (01) case, 20% contractor profit was added in the rate analysis of Agriculture Mulching Leaf Shredder.

Violation of FD's instructions resulted in overpayment amounting to Rs 7,623,144.

Audit pointed out the overpayment in May 2023.

The paras were discussed in the SDAC meeting held on 10th July 2023. In four (04) cases (DP 348, 353, 358 & 376), the Authority replied that 12.5% contractor profit was added in the rate analyses of LED Flood lights. Further, market rates were applied while preparing rate analyses. Audit contended that the Authority prepared rate analyses by allowing inadmissible 20% contractor profit. The Committee directed the Authority to get the record verified in detail within 15 days otherwise effect recovery. In three (03) cases (DP 351, 352 and 359), the Authority explained that the schemes were under progress. Recovery would be made from final bills of the contractors. Audit contended to effect early recovery. The Committee directed the Authority to effect recovery within 30 days. In DP 329, Authority replied that the machine was assembled which includes Honda company engine and other parts from lathe shop. Audit contended that 20% contractor profit was not admissible. The Committee directed the Authority to rationalize the rate and effect actual recovery within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXIX)

Note: This issue was reported earlier also in the Audit Report for the year 2022-23 vide Para No. 3.4.3.1 having financial impact of Rs 3.849 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in non-recoveries

3.4.4.3 Non/Less recovery of advertisement fee – Rs 75.516 million

According to sub-section 8 of Section 12 of the Parks and Horticulture Authority Act 2012, "the Authority may charge such fees for the grant of permission for installation of a billboard, sky sign or outdoor advertisement as the Authority may approve". Further, the para 7 of Parks and Horticulture Authority Outdoor Advertisement Regulations 2017 states that "the charges for shop signs will be levied and collected by the Authority according to the rates and manner prescribed from time-to-time".

Director Marketing PHA, Lahore in eleven (11) cases, did not recover advertisement fee and in eleven (11) cases, recovered less than the due amount. As a result, an aggregate amount of Rs 77,670,865 remained uncollected/less recovered from various owners of shops/schools in Lahore. Moreover, physical verification conducted by Audit (07 out of 22 cases) revealed that sign boards/hoardings were installed on the shops and schools. However, the Authority had no record of these advertisements.

Violation of the Authority's Act and Regulations resulted in non-recovery of fees amounting to Rs 77,670,865.

Audit pointed out the non-recovery of fees in April and September 2023.

The paras were discussed in the SDAC meetings held on 1st August 2023 and 11th January 2024. In eleven (11) cases, the Authority explained that notices had been served to the defaulters for recovery. Audit contended that the notices were not produced for verification. The Committee directed the Authority to effect recovery and responsibility be fixed against those who failed to collect government revenue. In eleven (11) cases, the Authority explained that the actual recoverable amount was worked out for Rs 42,095,467 against which an amount of Rs 2,154,449. Audit verified the recovery and stressed for early recovery of balance amount. The Committee directed the Authority to effect recovery of the balance amount. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXX)

Note: This issue was reported earlier also in the Audit Reports for the years 2021-22 and 2022-23 vide Para No. 3.4.3.1 in AR 2020-21 and Para No. 3.4.3.3 in AR 2022-23 having financial impact of Rs 233.178 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5 Public Health Engineering Department

Irregularities

Irregularities resulting in overpayments

3.4.5.1 Overpayment due to allowing excess lead – Rs 68.265 million

As per condition No. 5 of FD's letter No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, the material of crushed stone aggregate and sand shall be carried from the nearest quarry and the shortest route shall be adopted for carriage.

3.4.5.1.1 Executive Engineers, PHE Divisions, Sialkot and Gujrat got executed items *"Carriage of 100 cft of all material bajri" and "Supplying and placing crush stone aggregate 3/8 to 1" under sewer pipe bedding"*. Audit observed that bajri was sourced from the Sikhanwali quarry in Sargodha. However, the same material was also available at the Melot quarry in Jhelum.

Violation of FD's instructions resulted in overpayment amounting to Rs 67,060,568.

Audit pointed out the overpayment in August 2023.

The paras were discussed in the SDAC meetings held in October and November 2023. In DP No. 75, the department explained that the payment was made to contractor as per T.S estimate sanctioned by the competent authority. Audit contended that department applied lead from Sargodha quarry to the site of work instead of using Melot quarry which was nearer, hence, recovery of excess lead was required to be made. The Committee directed the department to refer the case to FD for technical advice. In DP No 281, the department explained that carriage was paid as per provision of TS estimate approved by the competent authority. Further, Melot quarry was used for sub-base course but not for surface dressing, PCC and RCC. Audit contended that bajri was available at Melot quarry as per FD's letter dated 5th August 2015, therefore, the department should have procured bajri from Melot quarry instead of

Sikhanwali quarry, Sargodha. The Committee directed the department to get the matter probed by CE (North). Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXI)

3.4.5.1.2 Executive Engineer, PHE Division, Sialkot got executed the item *"Sub-base course"* for a quantity of 322461 cft at the rate of Rs 8,833.41 % cft. Audit observed that the department calculated the rate of stone material by taking lead of 140 km from Dina quarry instead of admissible lead of 128 km from Melot quarry, Jhelum. In this way, excess carriage at the rate of Rs 373.41 % cft was paid. This resulted in an overpayment of Rs 1,204,102 (322461 cft x Rs 373.41% cft)

Violation of FD's instructions resulted in overpayment amounting to Rs 1,204,102.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 20th October 2023. The department explained that payment was made as per lead chart approved in TS estimate sanctioned by the competent authority. Audit contended that as per FD's letter dated 5th August 2015, the Melot quarry was approved for sub-base material, therefore, recovery of Rs 1,204,102 should be made. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 82(2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 and 2022-23 vide Para No. 3.4.9.10 in AR 2018-19 and Para No. 3.4.15.8 in AR 2022-23 having financial impact of Rs 9.268 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5.2 Overpayment due to application of higher rate – Rs 40.987 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of SE on the basis of input rates of relevant quarter placed at website of FD. Standardized analysis/template shall be used to work out the rate of an item as far as possible.

3.4.5.2.1 Executive Engineer, PHE Division, Layyah in four (04) works paid Rs 33,696,078 for the item "*Earthwork excavation in open cutting*". Audit observed that in all four works, the department made payments for the specified item based on manual labour rates, despite clear evidence from pictorial sources indicating the use of machinery for the execution of the said item. Moreover, considering the vast volume of excavation involved, it was not feasible to conduct such extensive works through manual labour. Therefore, the rate for MRS item No.52 *"Earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil and conditions (dry, wet slush, daldal and under water) including its disposal and preparation of working pad for operation of machinery"* should have been provided and paid accordingly. The detail is as under:

(Amount in Rs)

Sr. No.	Name of works	Rate paid (Rs per ‰ cft)	Rate to be paid (Rs per ‰ cft)	Difference (Rs per ‰ cft)	Qty paid cft	Amount Overpaid
1	Provision of rural sewerage and schemes Laskani Wala District Layyah (0 to 7')	6,349.14	2,227	4,122.14	1513981	6,240,842
	(7' to 15')	10,682.94	2,227	8,455.94	311648	2,635,277
2	Leftover work of sewerage drainage scheme at Deen Pur District Layyah (0 to 7')	6,394.14	2,227	4167.14	1065378.6	4,439,582
	(7' to 15')	10,682.92	2,227	8,455.92	85278.66	721,110
3	Sewerage/drainage in leftover area Layyah city (0 to 7')	11,000	2,698	8,302.00	299905	2,489,811
	(7' to 15')	6,000	2,698	3,302.00	146512	483,783
4	Provision of urban rural sewerage scheme chowk Azam District Layyah (0 to 7')	11,000	2,227	8,773	539468	4,732,753
	(7' to 15')	11,000	2,227	8,773	265355	2,327,959
	Total					**24,071,116**

Violation of FD's instructions resulted in overpayment amounting to Rs 24,071,116.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 11th December 2023. The department stated that item No. 52 chapter 3 earthwork pertained to Irrigation department, whereas item No.7 of chapter 3 was approved by competent authority and paid accordingly. Audit contended that the department got executed the work through machinery, therefore rate of excavation with machinery was required to be paid. The Committee directed the department to rationalize the rate by taking the rate of excavation with machinery, effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 211(2023-24)

3.4.5.2.2 Executive Engineer, PHE Division, Mianwali, in two (02) cases, got executed the item "*Earthwork excavation undressed lead up to single throw of kassi in ordinary soil i/c transportation of earth up to 1 mile on account of disposal/transportation of surplus earth*" for sewer and manholes. Audit observed that in the rate analysis of the said item, two components i.e., *"earthwork excavation undressed with lead up to a single throw of kassi"* and *"compaction of earthwork"* were added which were inadmissible because cost of loading/unloading was inbuilt in the composite rate of transportation. Further, compaction for disposed of surplus earth was also not required. Consequently, excess rate of Rs 5,148 ‰ cft was paid. This resulted in an overpayment of Rs 6,603,628 (1282756 cft x Rs 5,148 ‰ cft).

Violation of FD's instructions resulted in overpayment amounting to Rs 6,603,628.

Audit pointed out the overpayment in September 2023.

The paras were discussed in the SDAC meeting held on 22nd November 2023. The department admitted recovery and ensured to effect from the next running bills of the contractors. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.240&258(2023-24)

3.4.5.2.3 Executive Engineer, PHE Division, Hafizabad got executed the item *"Providing and laying sub-base course of stone product with 85 % compaction"* for a quantity of 369350 cft at the rate of Rs 9,749 % cft. Audit observed that as the item was paid with 85% compaction through machinery, the payable rate came to Rs 8,762 %cft. Consequently, an excess rate of Rs 987 %cft was paid. This resulted in an overpayment of Rs 3,645,485 (369350 cft x Rs 987% cft).

Violation of FD's instructions resulted in overpayment amounting to Rs 3,645,485.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 27th November 2023. The department explained that payment was made as per rate approved by the competent authority with 85% compaction. Audit contended that rate of subject item by taking Diesel Road Roller 10-15 ton amount to Rs 8,762 % cft, therefore, recovery amounting to Rs 3,645,485 was required to be made. The Committee directed the department to rationalize the rate, effect recovery and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 137(2023-24)

Note: The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide Para No. 3.4.6.1.4 having financial impact of Rs 4.175 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5.2.4 Executive Engineer, PHE Division, Mianwali got executed the item "*Construction of plum concrete retaining walls as per design and specification*" for a quantity of 87511 cft at the rate of Rs 16,488.05 % cft. Audit observed that the rate for the item, as per FD's template, amounted to Rs 12,457.09 % cft. Consequently, an excess rate of Rs 4,030.96 %cft was paid. This resulted in an overpayment of Rs 3,527,533 (87511 cft x Rs 4,030.96% cft).

Violation of FD's instructions resulted in overpayment amounting to Rs 3,527,533.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 22nd November 2023. The department explained that the item was executed as per site requirement and the rate paid by the department was correct. Audit contended that the department prepared rate analysis on higher side than admissible as per FD's template. The Committee directed the department to compare the rate paid by the department and rate prepared by Audit on FD's template, and effect recovery, if any. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.235(2023-24)

3.4.5.2.5 Executive Engineer, PHE Division, Gujrat got executed a non-standardized item *"P/L crushed stone ¼" to 1" guage bedding"* for a quantity of 223133.72 cft at the rate of Rs 116.05 per cft. Audit observed that department prepared rate analysis by taking 3 coolies instead of 2 in the labour component and taking lead of 80 km from Dinna to the site of the works. Audit prepared the rate analysis for the specified item, considering 2 coolies and a lead of 71 km, resulting in the actual payable rate of Rs 103.19 per cft. Consequently, an excess rate of Rs 12.86 per cft was approved and disbursed accordingly. This resulted in an overpayment of Rs 2,869,500 (223133.72 cft x Rs 12.86 per cft).

Violation of FD's instructions resulted in overpayment amounting to Rs 2,869,500.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 28th November 2023. The department admitted recovery of Rs 2,133,158 to the extent of labour component and stated that the lead was paid correctly. Audit stressed for early recovery of extra labour component only. The Committee reduced the amount of para to Rs 2,133,158, directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.282(2023-24)

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide Para No. 3.4.6.1.3 having financial impact of Rs 8.725 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5.2.6 According to item No 08 chapter 14 (lining of canals) MRS 1st Biannual 2022, the rate of item "*Brick lining 9"x4.5"x3" in 1:6 cement sand mortar (Bed of pond)*" was Rs 27,148.50 % cft.

Executive Engineer, PHE Division, Mianwali got executed the item "*Brick lining 9"x4.5"x3" in 1:6 cement sand mortar (Bed of pond)*" for a quantity of 49031 cft under a contract which was awarded at 3.5% premium. Audit observed that the department sanctioned the rate of item at higher side i.e., 29279.70 %cft. However, during payment the rate was reduced at the rate of 7% and the said item was paid at the rate of Rs 28,182.70% cft (Rs 29,279.70 + 3.50% premium - 7% reduced rate). Audit was of the view that the actual rate of item as per MRS came to Rs 26,131.78% cft [Rs 27,148.50 + 3.50%(premium) - 7% (reduced rate)]. Consequently, excess rate of Rs 2,050.92 % cft was got approved and paid to the contractor.

Violation of MRS resulted in overpayment amounting to Rs 1,005,587.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 22nd November 2023. The department admitted recovery and ensured to effect the same from next running bill of the contractor. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

PDP No.260(2023-24)

3.4.5.3 Overpayment due to inadmissible price variation – Rs 31.801 million

According to the clarification provided by FD on January 4 2023, price variation will be permitted for High Density Polyethylene (HDPE) pipe and sand in contracts approved after 16th November 2022.

Executive Engineers, PHE Divisions, D.G Khan-I and Bahawalpur paid price variation amounting to Rs 31,801,435 to the contractors against sand and HDPE pipe in June 2023. Audit observed that the works were awarded in March and May 2022 and FD's notification was issued on 16th November 2022, therefore, price variation against sand and HDPE pipe was not admissible.

Violation of FD's clarification resulted in overpayment amounting to Rs 31,801,435.

Audit pointed out the overpayment in August 2023.

The DP No. 59 was scheduled to be discussed in the SDAC meeting dated 11th December 2023 but the department did not produce original and complete record during verification, therefore, the para could not be discussed in the meeting. However, in its written reply the department stated that price variation on sand and HDPE pipe was allowed as per FD's notification dated 16th November 2022. The reply was not tenable because the work was awarded in May 2022, therefore, price variation was not admissible. In DP No 107, the department explained that record entry for HDPE pipe was made in May 2023 after issuance of notification. Audit contended that price variation on HDPE pipes was admissible from the date of notification and onwards for new contracts only. The Committee directed the department to effect recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.59&107(2023-24)

3.4.5.4 Overpayment due to allowing excess carriage - Rs 11.491 million

As per rule 7.29 of DFR, "before signing the bill, Sub-Divisional Officer should compare the quantities in the bill with those recorded in MB and see that all the rates are correctly entered and that calculations have been checked arithmetically to be correct".

3.4.5.4.1 Executive Engineer, PHE Division, Sheikhupura got executed the item *"Carriage of stone" for* a quantity of 808405.18 cft against the items *"P/L sub-base*" *and "PCC 1:2:4"*. Audit observed that a quantity of 540780 cft stone and bajri was used in the above-mentioned items but the department paid carriage for a quantity of 808405.18 cft at the rate of Rs 6,513% cft. Consequently, excess carriage for 267625.18 cft of stone was paid which resulted in an overpayment of Rs 17,430,428 (267625.18 cft x Rs 6,513% cft).

Violation of DFR resulted in overpayment amounting to Rs 17,430,428.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 20th November 2023. The department explained that while calculating the carriage, Audit ignored the quantity of sub-base which was 95029.33 cft. The actual quantity of stone consumed was 654815.20 cft, therefore, excess carriage for 153589.98 cft was paid and actual recovery came to Rs 10,003,315 which would be effected from the next running bill of the contractor. Audit stressed for early recovery. The Committee directed the department to effect recovery of Rs 10,003,315 and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.17(2023-24)

3.4.5.4.2 Executive Engineer, PHE Division, Lahore got executed the item *"P/L crush stone ¼" to 1" etc."* for a quantity of 12383.28 cft at the rate of Rs 137.87 per cft. Audit observed that the department added carriage of crush stone in the rate analysis and paid an amount of Rs 1,487,603 on account of carriage as a separate item which was not admissible because the carriage of stone was already included in rate analysis of crush stone.

Violation of DFR resulted in overpayment amounting to Rs 1,487,603.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 29th November 2023. The department admitted recovery and ensured to effect the same from the next running bill of contractor. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.318(2023-24)

3.4.5.5 Overpayment due to allowing inadmissible item – Rs 6.165 million

According to the acceptance letter, the rate of item *"Earth excavation undressed lead up to a single throw of kassi including transportation of earth all type and dressing and levelling of earthwork to designed section etc. compaction of earthwork, lead up to 3 miles"* was Rs 3,971 ‰ cft. Further, as per FD's template regarding item *"regular excavation dressed"* vide item No.6 Chapter 3(Earthwork), the regular excavation dressed includes all type of dressing.

3.4.5.5.1 Executive Engineer, PHE Division-I, D.G Khan got executed the item *"Earth excavation undressed lead up to a single throw of kassi, phaorah or shovel ordinary soil including transportation of earth all types lead up to 3 miles"* for a quantity of 228474.72 cft at the rate of Rs 3,971 ‰ cft. Audit observed that the department paid additional items *"Regular excavation undressed"* and *"Transportation of unsuitable material lead up to 3 miles"* amounting to Rs 4,005,690 which were not admissible because both of these items were already inbuilt in the above specified BOQ item.

Violation of contractual obligations resulted in overpayment amounting to Rs 4,005,690.

Audit pointed out the overpayment in August 2023.

The para was scheduled to be discussed in the SDAC meeting dated 11th December 2023 but the department did not produce original and complete record during verification, therefore, the para could not be discussed in the meeting. However, in annotated reply, the recovery was admitted by the department.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.71(2023-24)

3.4.5.5.2 Executive Engineer, PHE Division, Mianwali got executed the item "*Formation, dressing and preparing sub grade in bed*" in addition to items "*Regular excavation dressed*" and "*Filling watering ramming under floor with surplus earth*". Audit observed that only regular excavation dressed was payable because the department built oxidation pond by excavating the existing land and no filling under the floor was required. Consequently, an amount of Rs 2,159,798 was paid for the two above-mentioned items unnecessarily.

Violation of rules resulted in overpayment amounting to Rs 2,159,798.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 22nd November 2023. The department explained that preparation of sub grade in bed was required after removing of slush or daldal. Audit contended that in the regular excavation dressed, the component of dressing was inbuilt, therefore, separate payment was not admissible. During discussion the department admitted recovery and ensured to effect the same from next running bill of the contractor. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.254(2023-24)

3.4.5.6 Overpayment due to excess measurements than TS estimate and pavement design of PCC – Rs 5.948 million

As per provision in TS estimate and CE (North) PHE Department Lahore Letter No. 664-67/P&D-I dated 29th May 2015, thickness of PCC 1:2:4 in street should be as mentioned below:

Width of PCC pavement 0′ to 6′	Thickness of PCC 3″
Width of PCC pavement 6′-10′	Thickness of PCC 4″
Width of PCC pavement above 10′	Thickness of PCC 6″

Executive Engineer, PHE Division, Gujrat got executed items "*P/L of PCC 1:2:4" and "PCC 1:7:20"* in streets having width from 3.38' to 10'. Audit observed that the department measured and paid excess thickness of PCC up to 6" instead of 4", in violation of the pavement design.

Violation of TS estimate and pavement design resulted in overpayment amounting to Rs 5,948,440.

Audit pointed out the overpayment in August 2023.

The para was discussed in SDAC meeting held on 28th November 2023. The department explained that the items *"PCC 1:2:4"* and *"PCC 1:7:20"* were executed in the streets having different width on different points. Initial width of the streets was more than 10' that was why 0.50' thickness was measured and paid. Audit informed the Committee that department did not produce any record during verification. The Committee directed department to get the record verified from Audit within 07 days. In compliance with the SDAC directives, the department produced the record for verification. Audit observed that department paid the excess quantity of PCC by taking thickness in above items from 4" to 6" instead of 3" to 4" in violation of design criteria notified by the CE. Therefore, the recovery as pointed out by Audit should be effected.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 299(2023-24)

3.4.5.7 Overpayment due to less-deduction of shrinkage – Rs 4.382 million

As per general instructions provided in MRS under chapter 3, "Earthwork", 10% shrinkage was required to be deducted in case work was done with manual labour and 3% to 6% in case work was done by machines.

Executive Engineer, PHE Division, Pakpattan got executed the item *"Earth filling under soling lead up to 1 mile"* for a quantity of 18638226 cft and deducted shrinkage at the rate of 6%. Audit observed that as per TS estimate the shrinkage was required to be deducted at the rate of 10% because the work was executed with manual labour.

Violation of the MRS resulted in overpayment amounting to Rs 4,382,058.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 20th October 2023. The department explained that shrinkage was deducted as per site requirements. Audit contended that according to approved TS estimate the CE categorically mentioned that the deduction of shrinkage allowance would be made at the rate of 10% as provided in MRS. Therefore, recovery should be effected. After detailed discussion the department admitted recovery. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 49(2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2019-20, 2021-22 and 2022-23 vide Para No. 3.5.8.5.2 in AR 2019-20, Para No. 3.4.6.6 in AR 2021-22 and Para No. 3.4.15.14 in AR 2022-23 having financial impact of Rs 21.662 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5.8 Overpayment due to non-utilization of excavated earth – Rs 2.961 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, available useable material from the excavation was to be used in works before using material from an outside source. Further, as per Specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 (Volume-I Part-II), if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling.

Executive Engineer, PHE Division, Sheikhupura got executed the item *"Earthwork excavation in open cutting for sewer"* for a quantity of 2330743 cft out of which only a quantity of 1812930 cft was reused. Audit observed that the department paid another item "*Filling, watering and ramming earth under floor with new earth brought from outside lead up to two miles"* for a quantity of 392000 cft but did not adjust the available earth for a quantity of 517813 cft. This resulted in an overpayment of Rs 2,961,305 (392000 cft x Rs 7,554.35 ‰ cft).

Violation of the specification resulted in overpayment amounting to Rs 2,961,305.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 20th November 2023. The department admitted recovery and ensured to effect the same from next running bill of the contractor. The Committee directed the department to effect recovery and get it verified from Audit at the earliest. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 15(2023-24)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19, 2019-20 and 2021-22 vide Para No. 3.4.9.12 in AR 2018-19, Para No. 3.5.8,8 in AR 2019-20 and Para No. 3.4.6.9 in AR 2021-22 having financial impact of Rs 22.734 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5.9 Overpayment due to non-deduction of rate of timbering and shuttering – Rs 1.728 million

As per remarks against item No. 42 under Chapter No. 3 (Earth Work) of MRS, composite rate shall be reduced by Rs 368.20 ‰ cft (for 0′ to 7′), Rs 579.60 ‰ cft (for 7′ to 15′) and Rs 579.60 (for above 15′), respectively, if the timbering and shuttering is not actually done at site.

Executive Engineer, PHE Division, Layyah in four (04) works got executed the item "*Earthwork excavation in open cutting*". Audit observed during site inspection that the department got executed the item without timbering and shuttering and did not deduct the rate of timbering and shuttering while making payments to the contractors.

Violation of MRS's instructions resulted in overpayment amounting to Rs 1,727,524.

Audit pointed out the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 11th December 2023. The department explained that the item was executed with shuttering and timbering because of sandy area and to protect existing structures, therefore, rate of shuttering and timbering was approved by competent authority and payment was made accordingly. Audit contended that no timbering and shuttering was done at site as per pictorial evidence. The Committee directed the department to effect recovery and get it verified from Audit besides fixing responsibility against the person(s) responsible. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.212(2023-24)

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide Para No. 3.4.6.8.4 having financial impact of Rs 1.146 million. Recurrence of same irregularity is a matter of serious concern.

Irregularities resulting in non-recoveries

3.4.5.10 Non-recovery of cost of damaged sullage carrier – Rs 1.909 million

As per clause 31 of contract agreement, action and compensation payable in cases of bad work, if it shall appear to the Engineer-in-charge or to his subordinate in charge of the work, that any work has been executed with unsound, imperfect or un-skillful workmanship, the Engineer-in-charge may remove and reconstruct the work so specified in whole or in parts, or recover from the contractor under his contract.

Executive Engineer, PHE Division, Kasur paid for the item *"Construction of sullage carrier 7 x 4 feet"* amounting to Rs 6,945,887. As per sub engineer letter dated 30th January 2020, the constructed sullage carrier slid during excavation and the contractor admitted to pay the cost of damaged work. Audit observed that the department did not recover the cost of sullage carrier damaged by the contractor despite lapse of 42 months.

Violation of the contract agreement resulted in non-recovery amounting to Rs 6,945,887.

Audit pointed out non recovery during August 2023.

The para was discussed in the SDAC meeting held on 20th October 2023. The department stated that recovery of Rs 5,036,713 was made from the contractor and balance recovery would be made from the next bill of the contractor. Audit contended that department effected recovery in September 2023 after audit observation highlighted in August 2023, therefore, responsibility should be fixed for making recovery after lapse of 43 months besides effecting balance recovery. The Committee reduced the amount of para to 1,909,174 and directed the department to effect balance recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 106(2023-24)

3.4.5.11 Non/less recovery of Income Tax – Rs 1.358 million

According to Section 153(1)(c) of Division-III in Part-III of the 1st Schedule of the Income Tax Ordinance, 2001 (updated up to 30th June 2023), the rate of income tax deduction for the execution of contracts is 8%, applicable to cases other than companies.

Executive Engineer, PHE Division, Mianwali deducted income tax from the payments of contractor at the rate of 7 % amounting to Rs 9,512,039. Audit observed that as per income tax certificate, the contractor was registered as Association of Persons (AOP), therefore, income tax at the rate of 8% amounting to Rs 10,870,902 was required to be deducted.

Violation of FBR instructions resulted in non-recovery amounting to Rs 1,358,863.

Audit pointed out the non-recovery in September 2023.

The para was discussed in the SDAC meeting held on 22nd November 2023. The department admitted recovery and ensured to effect the same from next running bill of contractor. The Committee directed the department to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.262(2023-24)

Miscellaneous irregularities

3.4.5.12 Irregular enhancement of agreement – Rs 1,104.590 million

As per clarification by PPRA dated 18th June 2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by FD.

Executive Engineers, PHE Divisions, Sheikhupura, Kasur and Gujrat awarded various contracts. Audit observed that the department, in four (04) cases, enhanced the works by 39.65% to 505.30% above the agreed cost of the original agreement as under:

(*Amount in Rs*)

Sr. No.	DP No.	Name of Division	Agreement Amount	Payment Made	Enhancement (% age)	Amount
1	169 (2023-24)	Sheikhupura	324,374,535	544,669,697	67.91	220,695,162
2	179 (2023-24)	Sheikhupura	365,174,000 96,555,000	510,000,000 159,800,000	39.65 65.50	144,826,000 63,245,000
3	198 (2023-24)	Kasur	174,000,554	339,566,863	95.15	165,566,309
4	292 (2023-24)	Gujrat	85,347,752 57,495,271	516,605,731 136,494,418	505.30 137.40	431,257,979 78,999,147
Total						**1,104,589,597**

Violation of the PPRA resulted in irregular enhancement of contract agreements amounting to Rs 1,104,589,597.

Audit pointed out the irregularity in August 2023.

The paras were discussed in the SDAC meetings held in November 2023. In DP No. 169 and 179, the department explained that the enhancement was made in the best interest of public. Audit contended that violation of PPRA was made, therefore, irregularity may be condoned from FD. In DP No.198, the department explained that scheme was enhanced due to change in scope of work. Audit contended that violation of PPRA was made, therefore, irregularity may be condoned from FD. In DP No.292, the department explained that the scheme was administratively approved and executed after enhancement from the competent authority. Audit contended that violation of PPRA was made, therefore, irregularity may be condoned from FD. The Committee directed the department in all DPs to refer the case to PPRA for advice and get the case regularized from FD in the light of advice of PPRA. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from the competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23 vide Para No. 3.4.9.2 in AR 2018-19, Para No. 3.5.8.24 in AR 2019-20, Para No. 3.5.7.9 in AR 2020-21, Para No. 3.4.6.20 in AR 2021-22 and Para No. 3.4.15.19 in AR 2022-23 having financial impact of Rs 406.780 million. Recurrence of same irregularity is a matter of serious concern.

3.4.5.13 Irregular procurement without concurrence of austerity committee – Rs 3.909 million

A per para 2 (ii) of FD's notification No. FD.SO(Goods)44-4/2011 dated 6th August 2013, there shall be a complete ban on purchase of new vehicles from current and development budget. Under unavoidable circumstances, the vehicles shall only be purchased with the prior concurrence of the Austerity Committee constituted for the purpose and subsequent approval of the CM, Punjab.

Executive Engineer, PHE Division, Mianwali made payment for procurement of "TOYOTA Yaris ATIV x CVT 1.5 i/c registration, lifetime token tax complete in all respect" amounting Rs 3,909,175. Audit observed that the procurement was made without prior concurrence of the Austerity Committee. Further, record of running and maintaining of the vehicle, accountal in asset register and proof of its utilization in the concerned formation was also not available with the divisional office.

Violation of FD's instructions resulted in irregular procurement amounting to Rs 3,909,175.

Audit pointed out the irregularity in September 2023.

The para was discussed in the SDAC meeting held on 22nd November 2023. The department explained that new vehicles could be purchased without concurrence of austerity committee vide clause No. 3(i)(c) of FD's notification dated 18th November 2022. Audit contended that the vehicle was procured prior to issuance of FD's notification. Moreover, the notification pertained to approvals granted for the FY 2022-23 and in the instant case the payment was made in the FY 2021-22. Responsibility should be fixed for irregular procurement. Further, physical presence of the vehicle, logbooks and asset register were also not shown to Audit. The Committee directed the department to obtain clarification from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early obtaining advice from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.257(2023-24)

CHAPTER - 4

IRRIGATION DEPARTMENT

4.1 Introduction

A. Description of Department

Punjab Irrigation Department (PID) was established in 1854. While the department's primary role is to ensure the optimized supply of water for irrigation, it also bears the responsibility for the maintenance of flood protection infrastructure. The administrative department is led by the Secretary, Irrigation.

For operational purposes, Irrigation System in Punjab is strategically divided into six territorial zones, each overseen by a CE. Assisting them are Superintending Engineers, who manage circles, Executive Engineers responsible for formations, and Sub-Divisional Officers. The basic accounting unit is the Office of the Executive Engineer, supported by a DAO.

The six zones include Lahore, Sargodha, Faisalabad, Multan, Bahawalpur, and D.G Khan. Furthermore, there are additional wings dedicated to specific functions, such as Project Management Office Barrages, Irrigation Research Institute, Directorate of Hydrology, and Directorate of Land Reclamation. The department also encompasses two autonomous bodies: Punjab Irrigation & Drainage Authority (PIDA) and Punjab Engineering Academy located in Thokar Niaz Baig, Lahore.

Irrigation department oversees the irrigation of approximately 21 million acres and is responsible for twenty four (24) main canals spanning 31,346 km. Additionally, there are fifty seven (57) small dams, with ten (10) currently under construction. However, the department does not have jurisdiction over any large dams.

The main functions of the department include:

i. Planning, prioritization and implementation of rehabilitation schemes of canals, barrages, headworks and water courses.
ii. Operation and upkeep of irrigation system of the province.

iii. Optimization of the use of water resources in the province by equitable distribution of irrigation water supplied through canal outlets.
iv. Assessment of water rates based on actual field inspections by revenue staff of the department and recovery of Abiana.
v. Implementation of the development programme portfolio and foreign aided projects.

Seventeen (17) out of the 151 formations within Irrigation Department were subjected to the auditing during the current audit year.

Table 4.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure audited	Revenue/ Receipts audited
1	Irrigation Formations	149	16	9,258.76	2,061.645
2	Autonomous Bodies	2	1	129.323	97.225

B. Comments on Budget and Accounts (Variance Analysis)

In the FY 2022-23, Irrigation Department received allocations for both development and non-development purposes. However, it appears that the department faced challenges in fully utilizing the development budget. The achieved utilization rates for the development and non-development budgets were 83.91% and 97%, respectively. Grant wise budgetary position in FY 2022-23 along with variance analysis is presented below:

Table 4.1: Variance analysis *(Rs in million)*

Head	Original Budget	Final/Revised Budget	Expenditure	Excess/ (Saving)	Variation %
Non-Development					
PC 21009	24,899.533	30,830.899	29,865.470	(965.429)	3.13
PC 21010	795.760	966.348	952.610	(13.738)	1.42
Sub Total	25,695.293	31,797.247	30,818.08	(979.167)	3.00
Development					
PC 12037	27,550.000	18,213.710	15,293.697	(2,920.012)	16.03
PC 22036	80.000	110.646	82.328	(28.318)	25.59
Sub Total	27,630.000	18,324.356	15,376.025	(2,948.330)	16.09
Grand Total	**53,325.293**	**50,121.603**	**46,194.106**	**3,927.497**	**7.836**

Source: Budget Book and Departmental Figures (FY 2022-23)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e, Sectoral Analysis.

4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 2,820.304 million were identified as a result of the current year's audit of Irrigation Department. This sum also encompasses recoveries totaling Rs 300.220 million, as highlighted in the audit findings. Summary of the audit observations classified by nature is as under:

Table 4.2: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Irregularities:**	-
(i)	Reported cases of fraud, embezzlement and misappropriation	36.726
(ii)	Irregularities resulting in overpayments	172.538
(iii)	Irregularities resulting in non-recoveries	127.682
(iv)	Irregularities relating to undue financial benefit to contractor	6.907
(v)	Irregularities resulting in loss to government	1,861.807
(vi)	Irregularities relating to procurements	599.479
(vii)	HR/Employees related irregularities	12.602
(viii)	Miscellaneous irregularities	2.563
	Total	**2,820.304**

4.3 Comments on the status of compliance with PAC directives

Compliance with PAC's directives on Audit Report relating to Audit years 1956-57 to 2013-14 (excluding years not discussed in PAC) is as under:

Table 4.3: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	1562	-	1562	-
2	2000-01	60	-	60	-
3	2001-02	41	-	41	-
4	2003-04	17	-	17	-
5	2005-06	32	-	32	-
6	2006-07	22	-	22	-
7	2009-10	69	-	69	-
8	2010-11	64	-	64	-
9	2011-12	72	-	72	-
10	2012-13	37		37	
11	2013-14	84	-	84	-
	Total	**2060**		**2060**	

4.4 AUDIT PARAS

Reported cases of fraud, embezzlement and mis-appropriation

4.4.1 Mis-procurement due to award of work orders prior to opening of tender – Rs 36.726 million

As per Rule 2.33 of PFR Vol-I, “every government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence”.

The Office of the Secretary, Irrigation Department, advertised tender for the framework contract for the FY 2022-23 on 3rd September 2022 which was scheduled to be opened on 23rd September 2022. During August and September 2022, the department issued work orders amounting to Rs 36.726 million to M/s Brother Stationers, M/s 4-A Contractors, and M/s Newpak Traders. The rates applied in these work orders were based on the bids, which were yet to be opened on 23rd September 2022. These rates were higher than those of the previous contract, which were applicable during the period under consideration. Audit observed that applying rates quoted in the bids not yet opened tantamounts to mis-procurement and indicates connivance on the part of responsible officers. Furthermore, the department made an overpayment of Rs 13.240 million due to the issuance of work orders based on rates for the upcoming contract period, instead of the rates for the current contract period spanning from 1st October 2021 to 30th September 2022.

Violation of DFR Vol-I resulted in fraudulent payments amounting to Rs 36,726,072.

Audit pointed out the fraudulent payments in August 2023.

The paras were discussed in the SDAC meeting held on 24th November 2023. In DP 255, the department explained that tender was advertised on 3rd September 2022 and opened on 23rd September 2022, the acceptance/award letters were issued to the different firms on

27th September 2022. The supplies were made after issuance of work orders. Audit contended that the department issued work orders to the suppliers in the month of August and September 2022 on the rates of upcoming framework contract. The Committee directed the department to initiate enquiry proceedings for fixing responsibility against the responsible officers/officials. In DP No. 257, the department explained that the payments were made in October and November 2022 after award of contract to the successful bidders. Audit contended that tenders were opened on 23rd September 2022 but the department issued work orders to the suppliers who participated in the tenders for FY 2022-23 on the higher rates of upcoming contract with the connivance of the vendors even before opening of their financial bids which led to overpayment amounting to Rs 13,240,269. The Committee directed the department to get the matter probed and effect recovery besides fixing responsibility against the responsible officers/officials. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of enquiry besides fixing responsibility and recovery of the loss from the delinquent officers.

DP No. 255 & 257(2023-24)

Irregularities resulting in overpayments

4.4.2 Overpayments due to approval of higher rates for non-standardized items – Rs 104.863 million

According to FD's instructions No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of SE on the basis of input rates of relevant quarter placed at website of FD. Standardized analysis/template shall be used to work out the rate of an item as far as possible".

4.4.2.1 Executive Engineers, Drainage Division, Lahore & Rachna Drainage Division, Sheikhupura, in six (06) cases, paid for the non-standardized item "*Providing and casting in situ bored reinforced concrete piles (nominal mix 1:1.5:3) 30" diameter*" for a quantity of

34512 rft. Audit observed that the department paid higher rates by using incorrect input rates instead of using admissible rates as per FD's template.

Violation of FD's instructions resulted in overpayments amounting to Rs 56,554,717.

Audit pointed out the overpayments in May 2023 and September 2023.

The paras were discussed in the SDAC meetings held during August and November 2023. The department explained that the rate analyses were approved by the competent authority and payments were made accordingly. Audit contended that department did not produce rate analysis to audit for scrutiny, however, Audit had prepared rate analysis on the approved template of FD, which were on lesser side. The Committee directed the department to prepare the rate analysis on FD's template, effect actual recovery till final bills and get it verified from Audit within 15 days. Compliance with the Committee's directives was reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXII)

Note: The issue was reported earlier also in the Audit Reports for the Audit Year(s) 2018-19 and 2020-21 vide para numbers 4.4.13.2, 4.4.13.3, 4.4.13.7 in AR 2018-19 and para numbers 4.5.3.1, 4.5.3.2 in AR 2020-21 having financial impact of Rs 20.558 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.2.2 Executive Engineer, Small Dams Division, Islamabad, in two (02) cases, paid for the non-standardized items *"M.S. Pipe 36, 42 & 48 inch dia 6 mm thick"* and "*Supplying clean and screened river or pit sand"* for quantities of 40847 rft and 1134838 cft, respectively. While preparing the rate analysis of the said items, input rates of mild steel sheet, coarse sand and hiring of generator, as notified by FD, were applied. These rates were inclusive of carriage at the site and the cost of diesel. Audit observed that the department permitted separate carriage charges for mild steel sheet and coarse sand, and also allowed diesel charges for the generator. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Item	Quantity	Rate paid	Rate to be paid	Excess Rate	Amount Overpaid
1	316	MS pipe 42’’	2350 rft	20,134	11,486	8,648	20,322,800
		MS pipe 42’’	18351 rft	9,425	9,281	144	2,642,544
		MS pipe 48’’	4205 rft	9,910	9,887	23	96,715
		MS pipe 36’’	15941 rft	7981.	7963.86	17.14	273,228
2	325	Coarse Sand	1134838 cft	4126.45	2442.80	1684	19,110,671
						Total	**42,445,958**

Violation of FD’s instructions resulted in overpayments amounting to Rs 42,445,958.

Audit pointed out the overpayments in August 2023.

The paras were discussed in the SDAC meeting held on 8th November 2023. The department explained that the payments made to the contractors were well within the rates approved by the competent authority in the TS estimate. Audit contended that department applied the input rates of material and equipment as notified by FD, which were for supply of material at site and, similarly, equipment rates were inclusive of cost of POL. However, the department paid carriage and POL charges separately. The Committee directed the department for a technical probe by the Administrative Department in light of FD’s instructions. Compliance with the Committee’s directives was reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.316&325(2023-24)

4.4.2.3 Executive Engineers of Trimmu Head Works Division, Jhang, and D.G Khan Construction Division, D.G Khan, in four (04) cases, paid for a non-standardized item *"P/L crushed bajri on level & slope"* for a quantity of 297260.76 cft. Audit observed that in rate analysis, the department incorrectly applied the rates of supplying spawl along with breaking charges of stone instead of using input rates of bajri as notified by FD vide item No.06.011 and item No.06.003 without allowing breaking charges of spawl.

Violation of FD's instructions resulted overpayments amounting to Rs 5,863,052.

Audit pointed out the overpayments during August & September 2023. The department did not furnish reply.

The paras were discussed in the SDAC meeting held on 17th November 2023. The department explained that the items were paid as per TS estimate. Audit contended that higher rates were approved and paid just to provide benefit to the contractors. The Committee directed the department to refer the case to FD for advice. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXIII)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2018-19 to 2019-20 vide para number 4.4.13.1 in AR 2018-19 and para number 4.5.3.6 in AR 2019-20 having financial impact of Rs 14.612 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.3 Overpayments due to inadmissible price escalation on crushed stone and application of incorrect rates – Rs 36.286 million

As per FD's notification No. A&C No.2, dated 5th August 2015, price escalation on crushed stone aggregate was not admissible prior to 1st April 2015. Further, according to Clause 55(3) & (4) of agreement, the price variation shall be worked out on the base/current rate of the item concerned as notified/placed at website by FD, Government of the Punjab for the particular month and particular District.

4.4.3.1 Executive Engineer, Small Dams Division, Islamabad during the FY 2022-23 paid price escalation on crushed stone aggregate to different contractors on the work orders issued prior to 1st April 2015. Audit observed that the contracts were awarded prior to 1st April 2015 and price escalation was not admissible on crushed stone in the light of FD's clarification.

Violation of FD's directions resulted in overpayments amounting to Rs 25,043,111.

Audit pointed out the overpayments during August 2023.

The para was discussed in the SDAC meeting held on 8th November 2023. The department explained that the price variation was paid in line with the instructions of FD. Audit contended that all the contracts were awarded before 1st April 2015 and the price variation on crush was admissible w.e.f 1st April 2015 and onward. The Committee directed the department to get the record verified regarding bifurcation of all the projects awarded well before FD's notification within 07 days, otherwise effect recovery. Progress in the matter as directed by the Committee was not reported till finalization of the report.

Audit recommends early recovery besides taking disciplinary action against the delinquents and strengthening internal controls to avoid the recurrence of such issues.

DP No.314 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2019-20 and 2022-23 vide para number 4.4.5.7 in AR 2019-20 and para number 4.4.6 in AR 2022-23 having financial impact of Rs 76.149 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.3.2 Executive Engineers, Rachna Drainage Division, Sheikhupura, and Muzaffargarh Canal Division, in eight (08) cases, paid price variation on mild steel, labour, diesel, cement and bajri. Audit observed that in seven (07) cases, the department applied the rates of material applicable on date of billing (being current rates). The department did not apply the rate applicable at the time of execution of works. In addition to, in one (01) case, the department paid higher rates i.e. rates of bajri for road work instead of concrete lining.

Violation of contractual obligation resulted in overpayments amounting to Rs 11,243,042.

Audit pointed out the overpayments in September 2023.

The paras were discussed in the SDAC meeting held on 24th November 2023. The department in seven (07) cases, admitted recovery of Rs 7.734 million. The Committee directed the department to effect recovery within 15 days and get it verified from Audit. In DP 355, the department stated that price variation was paid after the approval of the competent authority. Audit contended that the department applied rates of bajri for surface dressing instead of rates of bajri for concrete work because the work pertained to concrete lining of the canal. The Committee directed the department to get the rates verified along with the justification for applying these rates. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXIV)

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2019-20 vide para number 4.5.12 having financial impact of Rs 1.517 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.4 Overpayment due to the execution of uneconomical item – Rs 23.318 million

As per Rule 1.58 of the B&R Department Code, "the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality". As per MRS item No 52 of chapter No.03, *"Earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil and conditions (dry, wet slush, daldal and under water) including its disposal and preparation of working pad for operation of machinery (rates include 100 feet)"* was available for work done with machinery.

4.4.4.1 Executive Engineer, Irrigation Research Institute, Lahore paid for the item *"Earthwork excavation in irrigation channels, drains etc. excavated material disposed of and dressed within 50 feet lead (ordinary soil) (item No. 10 chapter 3)*" for a quantity of 14655946 cft and at the rate of Rs 2,434.14‰ cft. Audit observed that the department applied the MRS item for manual labour to a huge quantity of earth excavation, whereas it was impractical to execute such a substantial amount of earth excavation solely with manual labour. Consequently, the actual work was carried out using machinery and, therefore, the admissible and economically more appropriate item for this work was *"Earthwork in excavation of drains, irrigation channels through excavator/drag lines"* (Item No. 52, Chapter 3 of MRS).

Violation of B&R Department Code and MRS resulted in overpayment due to higher rates amounting to Rs 12,620,821.

Audit pointed out the overpayment in May 2023. The management did not reply.

The para was discussed in SDAC meeting held on 18th August 2023. The department explained that rate was paid as per provision of PC-I and TS estimate by the competent authority. Audit contended that rate applied by the department was for manual labour, whereas work was actually executed through machinery. Therefore, item No. 52 chapter 3 of MRS was required to be applied. The Committee directed the department to obtain technical advice/clarification from FD and get it verified from Audit within 30 days. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 106(2022-23 Phase-II)

4.4.4.2 Executive Engineer, Trimmu Head works Division, Trimmu paid for the item "*Borrow pit excavation undressed lead up to 100ft in ordinary soil*" for a quantity of 4739595cft and at the rate of Rs 5,610 ‰cft. Audit observed that composite item regarding excavation with machinery i.e., "*earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil etc.*" vide item No. 52 of chapter 3 of MRS was also available which had lesser rates as compared with the paid item.

Violation of the B&R Department Code resulted in overpayment amounting to Rs 10,697,265.

Audit pointed out the overpayment in August 2023.

The para was also discussed in SDAC meeting held on 17th November 2023. The department explained that the work was executed as per common practice in the department and approved in PC-I and TS estimate by the competent authority. The department further contended that as per site requirement the execution of work through machinery was not possible. Audit highlighted that in the context of river training works along flood bunds to mitigate erosive action, the manual execution of such substantial quantity of earthwork was impractical. Therefore, the rate with mechanized mode was required to be applied and paid instead of manual labour. The Committee directed the department to obtain technical advice/clarification from FD. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.180 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2018-19, 2019-20 and 2021-22 vide para number 4.4.5 in AR 2018-19, para number 4.5.3.3 in AR 2019-20 and para number 4.4.2 in AR 2021-22 having financial impact of Rs 191.842 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.5 Overpayment beyond agreed percentage of contract cost – Rs 5.928 million

As per para (v) of FD's notification No. RO(Tech)FD.1-2/ 83-VI dated 29th March 2005, "the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment".

Executive Engineer, Mianwali Canal Division, Mianwali, awarded two (02) works to different contractors who quoted disproportionate rates i.e., 31.19% and 31.08% below TS estimate. Audit observed that the works had been completed and the department had made payments at 30.28% and 30.25% below, respectively.

Violation of FD's instructions resulted in overpayments amounting to Rs 5,927,981.

Audit pointed out the overpayments during August 2023.

The para was discussed in the SDAC meeting held on 24th November 2023. The department explained that works were completed as per site requirements, resultantly, less quantities of various items were paid. Audit contended that overpayment was made in violation of FD's direction. The Committee directed the department to effect the recovery of Rs 5.928 million. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 286 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2018-19 to 2022-23 vide para number 4.4.2 in AR 2018-19, para number 4.5.4 in AR 2019-20, para number 4.5.6 in AR 2020-21, para number 4.4.1 in AR 2021-22 and para number 4.4.3 in AR 2022-23 having financial impact of Rs 1,759.37 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.6 Overpayment due to application of higher rates – Rs 2.143 million

As per Rule 7.29 of DFR Vol-I, "before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct".

Executive Engineer, Jampur Construction Division, D.G Khan, in two cases, made payments for the works items "*Supplying and dumping of stone*" and *"Earthwork excavation from outside borrow pit"* for the quantities of 223664 cft & 152752 cft, respectively. Audit observed that as per record entries in measurement books, actual quantities were 160072cft and 114564 cft, respectively. This showed that the department paid excess quantities of 63592 cft and 38188 cft due to incorrect calculations.

Violation of DFR resulted in overpayments amounting to Rs 2,143,343.

Audit pointed out the overpayments in August 2023.

The paras were discussed in the SDAC meeting held on 17th November 2023. The department admitted the recovery. The Committee directed the department to effect the recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.247& 249 (2023-24)

Irregularities resulting in non-recoveries

4.4.7 Non-recovery of effluent charges – Rs 95.578 million

As per Irrigation department's notification No. SO(Rev) Irrigation-2-19/97 dated 12th June 2014, the recovery of drainage charges on account of effluent water was enhanced from 11000 to 35000 per cusec per annum w.e.f. 1st July 2014. In addition, as per rules 4.7(1) of PFR (Volume-I), "it is primarily the responsibility of the departmental authorities to ensure that all government revenue/dues are correctly and promptly assessed, realized and credited to the proper account of the government treasury".

Scrutiny of the record of Executive Engineer, Drainage Division, Lahore, revealed that 544 industrial units were discharging 592.24 cusec of industrial sewerage into drains. Audit observed that there was a recoverable amount of Rs 85.801 million on account of effluent charges, covering the period from 1997-98 to June 2022. Additionally, effluent charges totaling Rs 20.197 million were recoverable during the FY 2022-23. Despite the lapse of a considerable period, the department only managed to recover an amount of Rs 10.420 million up to June 2023.

Violation of rules resulted in loss due to non-recovery of effluent charges amounting to Rs 95,578,186.

Audit pointed out the non-recovery in May 2023. The management did not reply.

The para was discussed in SDAC meeting on 17th August 2023. The department stated that efforts were being made to recover long outstanding arrears of effluent charges through land revenue. Further, Capital City Police Officer (CCPO), Lahore and District Police Officer (DPO), Kasur were also requested to provide assistance. Audit informed the Committee that the department did not maintain the record showing unit wise aging and detail of recoverable amount. The Committee directed the department to get the breakup verified and list out the functional and non-functional factories and action be initiated accordingly by ensuring the recovery from quarters concerned. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 10 (2022-23 Ph-II)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2018-19, 2019-20 and 2022-23 vide para number 4.4.6 in AR 2018-19, para number 4.5.1 in AR 2019-20 and para number 4.4.10.1 in AR 2022-23 having financial impact of Rs 236.136 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.8 Non-recovery of cost of seeds & fertilizer and sale price of crops from the tenants – Rs 23.471 million

As per clause 4(d) & (g) under part obligations of the tenants of agreement for lease of land, "the tenants will sow pure seed and collect farmyard manure as is approved by the deputy director, land reclamation or his authorized representative and to bear the cost of all seeds and manure". Further, as per rule 4.7(1) of PFR (Volume-I), "it is the primary responsibility of the departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper account of the government treasury".

Director Land Reclamation/Salinity Research, Lahore, during the period from 2017-18 to 2021-2022, allocated land in various farms to tenants and supplied seeds and fertilizer for Rs 6.986 million. Audit observed that the department did not recover the cost of seeds and fertilizer amounting to Rs 6.986 million from the tenants Further, an amount of Rs 16.485 million, related to the sale of various crops, was recoverable for the period from July 2016 to June 2022. Despite a significant period having elapsed, the department had not recovered any of these amounts up to June 2023.

Violation of PFR resulted in non-recovery amounting to Rs 23,471,349.

Audit pointed out the non-recovery in April 2023. The management did not reply.

The paras were discussed in SDAC meeting held on 18th August 2023. In DP 124,130 121 and 145 the department explained that efforts were being made to ensure the recovery from the tenants. Audit contended that the department neither explained about recoverable outstanding amount nor get verified any recovery made so far. The Committee directed the department to get the recovered amount and its accountal verified from Audit within 90-days. In DP 120, the department explained that the tenants had approached the court of law for implementation of Land Reforms Regulation, 1972 and the amended agreement was in pipeline for approval of the competent authority. The Committee directed the department to get the record, i.e., Court Orders verified from Audit within 07-days. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues.

DP No.121,124,130,120&145 (2022-23 Ph-II)

4.4.9 Non-recovery of penal rent from illegal occupants – Rs 7.230 million

As per para 36(E) of Allotment Policy of S&GAD, 1997, amended up to 2nd May 2018, "a government servant occupying a house illegally, will be charged penal rent at the rate of 60% of his basic salary".

Scrutiny of record of Principal, Government Engineering Academy, Lahore and Executive Engineer Chakbandi Division, Lahore revealed that several government residences were being unlawfully occupied by various officers and officials. Audit observed that the department did not recover penal rent amounting to Rs 7.230 million from longstanding illegal occupants who had been residing in government residences.

Violation of allotment policy resulted in non-recovery of penal rent from illegal occupant amounting to Rs 7,230,558.

Audit pointed out the non-recovery in March 2023.

The paras were discussed in SDAC meeting held on 18th August 2023. In DP 35& DP 53, the department admitted the recovery of penal rent. The Committee directed the administrative department to effect recovery from the incumbents and get it verified from Audit. In DP 54, the department explained that occupant was a regular employee of Irrigation department and matter had already been brought into the notice of higher authorities for appropriate action against the illegal occupant. The Committee directed the department to recover the penal rent from illegal occupants and get the government residences vacated. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early compliance with Committee's directive.

DP No. 35, 53,54 (2022-23 Ph-II)

4.4.10 Non-recovery of government taxes – Rs 1.403 million

As per FBR's clarification No. 5/WHT-U-03 dated 24th April 2018, the income tax was required to be deducted from the contractors on the gross value of work done, including PST u/s 153 of Income Tax Ordinance 2001.

Executive Engineers from various Irrigation Divisions, in five (05) cases, disbursed payments to different contractors without deducting income tax on Provincial Sales Tax (PST) and dismantled material, totaling Rs 1,403,213.

Violation of the instructions of PRA and FBR resulted in non-recoveries amounting to Rs 1,403,213.

Audit pointed out the non-recoveries from May 2023 to August 2023.

The paras were discussed in the SDAC meetings during August 2023 & November 2023. The department admitted the recovery. The Committee directed the department to effect recovery in all cases and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXV)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2018-19 to 2022-23 vide para numbers 4.4.1, 4.4.3 in AR 2018-19, para numbers 4.5.19.1, 4.5.19.2 in AR 2019-20, para numbers 4.5.6, 4.5.7 in AR 2020-21, para number 4.4.15 in AR 2021-22 and para number 4.4.11 in AR 2022-23 having financial impact of Rs 257.642 million. Recurrence of the same irregularity is a matter of serious concern.

Irregularities relating to procurements

4.4.11 Irregular payments due to sanctioning expenditures beyond authorized competency – Rs 297.393 million

As per the Punjab Delegation of Financial Powers Rules, 2016 (Effective from the 1st July 2016), sanctioning powers of expenditure of officers of category-III & IV are Rs 1.50 million and Rs 1.00 million at a time, respectively.

During scrutiny of the records of Irrigation Secretariat for the FY 2022-23, revealed that payments totaling Rs 297.393 million were made for the procurement of various supply items. Audit observed that officers belonging to categories III and IV, in one hundred and nineteen (119) cases, approved sanctions exceeding their prescribed limits, in violation of rules *ibid*.

Violation of rules resulted in irregular payments amounting to Rs 297,393,040.

Audit pointed out the irregular payments in August 2023. The department did not submit reply.

The para was discussed in the SDAC meeting held on 24th November 2023. The department explained that approvals were obtained from the competent authority for expenditure in light of Delegation of Financial Power Rules, 2016. Audit contended that the approval of the competent authority was neither provided during audit nor during the subsequent verification before the SDAC meeting. This proved that Section Officer (General) and Deputy Secretary (Administration) made sanctions beyond their financial limits in violation of Delegation of Financial Powers 2016. The Committee directed the department to get the matter verified from Audit within 15-days otherwise initiate the enquiry proceedings besides fixing responsibility against the responsible officers. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends to fix the responsibility against the responsible officers and get the matter regularize from FD besides strengthening internal controls to avoid the recurrence of such issues.

DP No.258(2023-24)

4.4.12 Mis-procurement and doubtful payments – Rs 217.941 million

As per section 4,9,12(2),31 and 32 of Punjab Procurement Rules 2014 (PPRA 2014), a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical. The procuring agency shall advertise procurement of more than two hundred thousand rupees and up to the limit of three million rupees on the website of the department and at least one national daily newspaper. Further, as per PPRA circular No. L&M (PPRA)10-1/2011 dated 14th April 2023, under framework contract procurement is to be made for a certain volume or quantity of a particular good.

4.4.12.1 Irrigation Secretariat, for FY 2022-23, disbursed payments totaling Rs 73.591 million for the procurement of POL and Rs 30.199

million for the repair of transport. Audit observed that the department made procurements in violation of the PPRA 2014, and the payments made were deemed unauthentic and questionable for the following reasons:

i. The department disbursed payments amounting to Rs 73.591 million for the procurement of POL for vehicles and generators from two (02) petrol pumps. These payments were made by splitting the transactions through local purchase orders without the execution of any framework agreement, thereby violating established procedures. (DP 267)

ii. The department did not maintain history sheets and logbooks of vehicles as well as generators showing consumption/utilization of POL. In addition, expenditure of Rs 5.648 million was incurred on repair of eighteen (18) pool vehicles. The manufacture estimates were not prepared and got vetted from the motor vehicle examiner. No documentary evidence showing legitimate use of POL for vehicles was available on record to exercise effective control over expenditure. (DP 261 & 272)

iii. The department incurred an expenditure of Rs 17.265 million on POL and Rs 10.501 million for eighty-eight (88) vehicles which were not under official use of Irrigation Secretariat. (DP 260)

iv. Payments of Rs 14.050 million were made on account of repair of transport to a single vendor by splitting through local purchase orders to avoid open competitive bidding and framework contract. The history sheets of vehicles were not maintained showing expenditure incurred on repair of each vehicle. Besides, multiple discrepancies were observed in the paid invoices of the vendor. The paid vouchers amounting to Rs 1.106 million were found without vehicle numbers. Further, tyres of certain vehicles were got replaced up to 05 times in a financial year. Further, two front bumpers for the same vehicle were charged in the same voucher. The logbooks were unauthentic because no purpose of journey was mentioned. (DP 269)

Violation of PPRA rules 2014 resulted in mis-procurement and doubtful payment amounting to Rs 103,790,932.

Audit pointed out mis-procurements in August 2023.

The paras were discussed in the SDAC meeting held on 24th November 2023. In DP 267&261, the department explained that complete logbooks of vehicles and generators were available. Audit contended that the department did not provide any proof of framework contract with suppliers regarding procurement of POL. Besides, complete logbooks of vehicles were not produced and logbook of generator was unauthentic because the same quantity of diesel was booked in each month for the whole year irrespective of summer and winter season. The Committee in DP 267 directed the department to fix responsibility against the responsible officers/officials and get the matter regularized from FD. In DP 261, the Committee directed to get verified complete record of pool vehicles. In DP 260, the department explained that all the vehicles were authorized vehicles and throughout the year remained on deployment from Irrigation pool to field offices. Audit contended that expenditure was incurred on the vehicles which were not under the use of the Secretariat. Some of these vehicles were privately owned as per record available on the website of Excise &Taxation and Narcotics Control Department. Furthermore, the department could not provide any legitimate record in support of its stance. The Committee directed the department to get the complete record demanded by the Audit verified within 15 days, otherwise fix responsibility against the responsible officers/officials. In DP No.269 and 272, the department explained that the repair of vehicles was carried out on a time-to-time basis for which advertisement for tenders was not possible. Out of 38 Log Books of vehicles 26 were produced. Audit contended that the department made payment in violation of PPRA rules. Moreover, several issues were observed by Audit in these payments. The paid vouchers amounting to Rs 1.106 million were found without vehicle numbers. Further, tyres of certain vehicles were got replaced up to 05 times in a financial year. The logbooks were unauthentic because no purpose of journey was mentioned. Besides, further record like manufacture’s estimates, remaining logbooks, allotment orders relating to pool vehicles were not produced for verification. The Committee directed the department for fixing responsibility and getting the matter regarding splitting regularized from FD besides getting the complete record of pool vehicles verified from Audit and justify the use of pool vehicles. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends investigating the matter in detail and fixing responsibility against the responsible officers/officials besides recovering the amounts involved.

DP No 261,267,260,269&272 (2023-24)

4.4.12.2 Irrigation Secretariat, for FY 2022-23, shortlisted three firms and entered into a framework agreement for the supply of various items, including "stationery" and "printing & publication". Audit observed serious irregularities in the bidding process and the subsequent awarding of contracts as given below:

i. The composition of purchase committee was approved by the Deputy Secretary (Administration) which was beyond his competency without the approval of the competent authority. (DP No.256)

ii. The department invited the bids on the basis of estimated cost/advertised amount of Rs 77.500 million but incurred expenditure amounting to Rs 332.359 million i.e, 328% above the advertised/estimated cost, which was in violation of clarification by PPRA dated 14th April 2023. (DP No.256)

iii. The department awarded work order and made payment of Rs 12.183 million to a supplier without properly evaluating the technical bid of the supplier. As per the record of FBR, the said supplier was registered in July 2021 and thus, it could not fulfill the criteria of three years' work experience as mentioned in the bidding documents. (DP No.256)

iv. The department did not announced/uploaded the results of bid evaluation on PPRA website in the form of a report giving justification for acceptance or rejection of bids, which was required to be uploaded at least ten days prior to the award of procurement contract. (DP No.256)

Violation of PPRA 2014 rules resulted in mis-procurements and doubtful payments amounting to Rs 77,500,000.

Audit pointed out mis-procurement in August 2023.

The paras were discussed in SDAC meeting held on 24th November 2023. The department explained that no violation of process envisaged in PPRA was made. The purchase committee was approved by the competent authority, technical bid evaluation report was also uploaded on website and payment was made as per funds released by FD. Audit contended that as per PPRA rules, it was binding on the procuring Agency that whenever they take up public procurement under framework contract through open competitive bidding, they must ensure that the estimated quantity of items was prepared/planned vigilantly and calculated as per the need for a specified period. The department could not provide any approval of purchase committee by the competent authority and documentary evidence regarding uploading of technical evaluation on website. The Committee directed the department to fix responsibility against the responsible officers/officials and get the matter regularized from FD. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early fixation of responsibility and action against the delinquents besides regularization from FD.

DP No. 256(2023-24)

4.4.12.3 Irrigation Secretariat, for FY 2022-23, paid Rs 39.173 million for procurement of hardware items, IT equipments, software, plant & machineries and furniture & fixtures. Audit observed that the department incurred expenditures by splitting transactions through local purchase orders from local vendors, bypassing the requirement for advertisement or competitive bidding. Moreover, authentic record showing accountal/utilization of the procured items was also not produced to audit for scrutiny. Additionally, a joint physical verification conducted by the Audit on 10th August 2023, along with Section Officer (General) from Irrigation Department, revealed that substantial quantities of various items were not present in the premises of Irrigation Secretariat as detailed in Annexure-XXXVI.

Violation of PPRA 2014 resulted in mis-procurements and doubtful payments amounting to Rs 36,650,477.

Audit pointed out the doubtful payments in August 2023.

The paras were discussed in the SDAC meeting held on 24th November 2023. The department explained that stock registers and other allied record showing the procurement and consumption of procured items was maintained. The softwares were used in desktops and laptops in different sections of Irrigation Secretariat. Audit contended that only paid vouchers and incomplete/partial stock registers were produced and the department did not offer reply about procurement by splitting without open competitive bidding. The department procured the items through quotations to avoid tendering in violation of PPRA rules. Besides, the department could not prove physical existence of procured items during joint physical verification. The Committee directed the department to probe the matter for fixing responsibility regarding non-existence of procured items within the premises of Irrigation Secretariat and to get the matter regularized from FD regarding all issues pertaining to mis-procurements. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends to investigate the matter in detail and fixing responsibility against the responsible officers/officials besides recovery of the amounts involved.

DP No.264,265 ,266 268&270 (2023-24)

4.4.13 Irregular enhancement of agreement due to change of scope – Rs 81.062 million

As per clarification by PPRA dated 18th June 2019, "enhancement in the original scope of work cannot be allowed under PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of the contract agreement circulated by FD".

Executive Engineer Trimmu Headworks Division, Trimmu, awarded a work at an agreed cost of Rs 160.241 million which was 29.77% below the estimated cost of Rs 228.169 million. Audit observed that upto 8th & running bill the department made payment of Rs 241.303 million, which was 49.6% above the original contract in violation of the PPRA rules.

Violation of PPRA rules resulted in irregular enhancement of agreement amounting to Rs 81,061,948.

Audit pointed out the issue in August 2023.

The para was discussed in the SDAC meeting held on 17th November 2023. The department explained that the work was enhanced due to increased execution of the quantities of existing items as per site requirement. The same was got approved from the competent authority. Audit informed the Committee that the enhancement was beyond 20% permissible limit in violation of PPRA rules. The Committee directed the department to obtain condonation from FD regarding revision of TS estimate beyond 20 % permissible limits. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.174 (2023-24)

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2019-20 vide para numbers 4.5.31 having financial impact of Rs 197.71 million. Recurrence of the same irregularity is a matter of serious concern.

4.4.14 Doubtful payment on account of purchase of ACs – Rs 3.083 million

As per rule 2.33 of PFR (Volume-I), "every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part". Further, as per condition No. (iii) of FD's notification No.SO (Goods)44-4/2022-2.3 dated 18th November 2022, purchase of ACs exceeding the aggregate amount of Rs 1.00 million in current FY 2022-23 shall not be allowed, except with the prior concurrence/approval of the Austerity Committee.

Irrigation Secretariat, during FY 2022-23, made payment of Rs 3.083 million to various vendors for the procurement of sixteen (16) ACs through a quotation-based procurement process. Audit observed that the department procured ACs without getting approval of the Austerity Committee. Furthermore, the department was unable to furnish pertinent records, such as supplier quotations, dealer invoices, warranty cards, and specific AC models, for audit scrutiny. This lack of documentation raised concerns about the transparency and compliance with the procurement process. Additionally, in a physical verification carried out by Audit on 10th August 2023, along with Section Officer (General) from Irrigation Department, the department was unable to substantiate the physical existence of eight (08) out of the sixteen (16) ACs procured. This discrepancy raises concerns about the authentic accountal and utilization of the acquired assets.

Violation of FD's directions resulted in doubtful payment amounting to Rs 3,083,601 million.

Audit pointed out the issue in August 2023.

The para was discussed in the SDAC meeting held on 24th November 2023. The department explained that 16 ACs were procured and taken on stock register. Audit contended that procurement was made by splitting in violation of PPRA rules and approval from Austerity committee was also not obtained. Further, the department failed to prove physical existence of eight ACs. The Committee directed the department to get the matter regularized from FD regarding splitting and non-approval of the austerity Committee besides probing the matter regarding non-existence of eight ACs. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends to investigate the matter besides fixing responsibility against the responsible(s) and obtaining early condonation from FD.

DP No.262(2023-24)

Irregularities relating to undue financial benefit to contractors

4.4.15 Undue financial benefit to the contractor – Rs 6.907-million

As per Rule 7.29 of DFR Vol-I, "before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct". Further, as per para (v) of FD's notification No. RO(Tech)FD.1-2/83-VI dated 29th March 2005, "the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment".

Executive Engineer, D.G Khan Construction Division, D.G Khan made payment amounting to Rs 1,461.634 million in 43rd & running bill dated 12th December 2019. Audit observed that in 46th & final bill paid on 12th May 2023, the department reduced the quantities of various items and deducted an amount of Rs 38.162 million on account of replicated works not verified and accepted by the consultant during the currency of ongoing contract. It was also noticed that upto 46th & final bill an amount of Rs 6.906 million was also recoverable from the contractor on account of imbalance rates.

Violation of DFR resulted in undue financial benefit to the contractor amounting to Rs 6,906,749.

Audit pointed out the undue financial benefit in September 2023.

The para was discussed in the SDAC meeting held on 17th November 2023. The department explained that the difference in quantities were adjusted/recovered in the 46th & final bill. Audit informed the Committee that the department provided undue benefit to the contractor because overpaid amount remained with the contractor for a period of more than three years. Moreover, during verification the department produced consultant's letter dated 28th June 2022 depicting vetting of 46th & final bill in which the consultant had advised the department to effect a recovery of Rs 6.907 million on account of imbalance rates but no recovery was made. The Committee directed the department for technical probe by the SE, Rahim Yar Khan. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early initiation and finalization of probe for fixing responsibility against the responsible(s) besides recovery of amount involved and strengthening internal controls to avoid the recurrence of such issues.

DP No.206(2023-24)

Irregularities resulting in loss to government

4.4.16 Loss to Government due to non-auction of leasable land/area – Rs 1,722.970 million

As per summary approved by the CM vide No.3308 dated 11th June 2015, land of pond area was transferred back from Forest, Fisheries and Wildlife department to Irrigation department for the purpose of leasing out this area for agriculture. According to rule 4.7(1) of Punjab Financial Rule Volume-I, "it is the primary responsibility of the departmental authorities to see that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper head of account".

Examination of the records maintained in Irrigation Secretariat, Lahore, revealed that in three cases, the department had 13386 acres leasable pond area/land available. Audit observed that said land was lying vacant and unleased since 2016 in contradiction with the summary approved by the CM. The pond area was being utilized for agriculture by encroachers without the payment of any lease amount. This discrepancy highlights an inconsistency between the actual usage and the approved terms for transfer of land. The department had failed to reclaim possession of this land from illegal occupants and initiate a leasing process through open auction, despite the passage of several years since 2016.

Violation of rules resulted in loss to government due to non-auction of pond area and non-realization of revenue amounting to Rs 1,722,970,000.

Audit pointed out the loss in August 2023.

The para was discussed in the SDAC meeting held on 24th November 2023. The department explained that pond areas pertained to three (03) divisions which were directed to lease out the whole land. Audit informed the committee that as per summary approved by the CM vide No. 3308 dated 11th June 2015 the land of pond area was transferred back from forest & fisheries departments to Irrigation department for the purpose of leasing out for agriculture to generate revenues. The department neither got vacated the land from illegal occupants nor leased it out through open auction. The Committee directed the department that the CE concerned should submit a detailed report thereon within 15-days. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe besides fixing responsibility against the delinquents.

DP No.277(2023-24)

4.4.17 Loss to Government due to less recovery of toll tax than reserve price – Rs 138.837 million

According to rule 4.7(1) of Punjab Financial Rule Volume-I, "it is the primary responsibility of the departmental authorities to see that all government revenue/dues were correctly and promptly assessed, realized and credited to the proper head of account". Further, after promulgation of the Disposal of Land by Development Authorities (Regulations) Act, 1998, lease rights are to be invariably put to open auction.

Scrutiny of record of Irrigation Secretariat for FY 2022-23, revealed that the department had eleven (11) toll collecting points which had to be auctioned through open bidding on the reserve price approved by the CE. Audit observed that the department deviated from the standard procedure of auctioning the rights for toll collection. Instead, tolls were collected through departmental staff and labour. It was further noted that the department collected Rs 105.837 million less revenue from tolls than the reserve price. It was pertinent to mention that the reserve price was calculated after deducting 20% for contractor profit and overheads, along with 2% service charges, whereas the department employed paid staff and labour for toll tax collection. This situation implies a potential malpractice in the revenue realization process that warrants further investigation. Moreover, had the department opted for auctioning the rights of toll collection, it could have realized additional government revenue in the form of income tax, amounting to Rs 33.000 million.

Violation of PFR rule resulted in loss to government due to less collection of toll tax amounting to Rs 138,837,000.

Audit pointed loss in August 2023.

The para was discussed in the SDAC meeting held on 24th November 2023. The department explained that toll plazas could not be auctioned due to some reasons. Audit informed the committee that the department did not auction the rights of toll collection in time and made collection through the departmental staff which was less than the reserve price approved by the CE concerned. The Committee directed the department that the CE concerned should submit a detailed report thereon within 15-days. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends prompt initiation of investigation and fixing responsibility besides early auctioning of toll plazas.

DP No.278(2023-24)

HR/Employees related irregularities

4.4.18 Irregular payments to work charge employees out of contingency of closed Project – Rs 10.465 million

As per Order Sheet dated 27th April 2021 by the Honorable Lahore High Court Rawalpindi Bench, no further construction work

"Dadhocha Dam" shall be carried out by the respondents i.e., Contractor/XEN, Small Dam Division in defiance/disregard to the judgment dated 2nd February 2021, in the meanwhile.

Executive Engineer, Small Dams Division, Islamabad paid Rs 10,465,027 to various work charge employees and incurred expenses through quotation works after 2nd February 2021, in violation of High Court orders. Audit observed that the project was closed, and no work was conducted at the site, rendering the payments charged to contingencies illegal.

Violation of High Court orders resulted in irregular payment of Rs 10,465,027.

The para was discussed in the SDAC meeting held on 8th November 2023. The department explained that Supreme Court of Pakistan allowed the construction activities on site of work on 22nd June 2021. Audit informed that order of the Supreme Court of Pakistan was regarding revision of land rate. However, the High court vide order sheet dated 27th April 2021 directed that no further construction activity be carried out and the same order was still in force. The committee directed the department to conduct technical probe through the SE other than the concerned circle and submit it through CE, Islamabad. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends early finalization of probe for fixing responsibility and effecting due recovery.

DP No.308 (2023-24)

4.4.19 Irregular appointment and payment to work charge employees – Rs 2.137 million

As per FD's notification No. RO(Tech) FD 2-2/2018 dated 9th September 2021, appointment to post shall be appropriately advertised in the leading newspapers. The recruitment to all the posts in the Schedule shall be made based on merit specified for regular establishment. The appointment of seasonal labour may be made for the project's duration. Further, as per rule 4.49 of the Punjab Treasury Rule, payment of Rs 10,000 or more shall not be made in cash by the Drawing and Disbursing Officers (DDOs).

Executive Engineer, Mianwali Canal Division, Mianwali, paid Rs 2.137 million to work charged employees during FY 2022-23. Audit observed that the department drew cheques in favour of SDO/Sub Engineers and made cash payments to the work charged employees. Additionally, appointments were made without advertising the positions and without provisions in the contingency, raising concerns about transparency and adherence to proper procedures.

Violation of rules resulted in irregular payment amounting to Rs 2,137,159.

Audit pointed out irregular payment in August 2023.

The para was discussed in the SDAC meeting held on 24th November 2023. The department explained that work charge employees were hired for supervision of ADP schemes and paid in cash as the temporary work charged employees. Audit contended that hiring of work charge employees was required to be made through laid down procedure but the department irregularly appointed those employees. Besides, on pay bills, no Computerized National Identity Card (CNIC) numbers of work charged employees were mentioned and an amount of Rs 1.620 million was shown disbursed without the acknowledgment of the concerned official. The Committee directed the department to get the matter regularized from FD. Compliance with the Committee's directive was not reported till finalization of the report.

Audit recommends fixing responsibility and recovery of the paid amount besides regularization from FD.

DP No.290 (2023-24)

Miscellaneous irregularities

4.4.20 Unjustified payment for bed clearance on same RDs – Rs 2.563 million

As per FD No. FD(M-I) II-17/84 dated 10th February 2016, "in cases where lump sum release/transfer of funds to an executing agency has been made by a department, on completion of works the executing agency would render a completion certificate besides a signed statement of accounts to the respective Drawing and Disbursing Officer (DDO). The unspent balance amount, if any, shall also be refunded to the concerned DDO".

Executive Engineer, Lahore Drainage Division, Lahore, during April 2022 made an advance payment of Rs 2.563 million to Machinery Division, Lahore, for execution of a quantity of 1646450 cft of earthwork through the departmental machinery relating to the work *"Bed Clearance of Bhoe Asal Drain from RD 0+000 To 32+000".* Audit observed that an advance payment of Rs 2.492 million had already been made to Excavator Division, Faisalabad, in April 2020, for the same drain and RDs, covering a quantity of 1325115 cft. It was further noted that within a span of 2 years, the department made advance payments of Rs 5.056 million for the same work without providing any justification or furnishing records regarding the execution of works by both divisions.

Violation of FD's directions resulted in unjustified payment amounting to Rs 2,563,582.

Audit pointed out unjustified payment in May 2023.

The para was discussed in SDAC meeting held on 17th August 2023. The department explained that requisite record was available. Audit informed the Committee that the department did not produce any record for verification of facts i.e., MBs establishing the works executed by both the Machinery Divisions, verification of works by the concerned staff of Drainage Division Lahore and completion certificates/ documentary evidence showing execution of works. The committee directed the department to get verified complete record from Audit within 07-days. Compliance with the Committee's directives was not reported till the finalization of the report.

Audit recommends a thorough investigation into the matter, followed by appropriate action against those responsible for the discrepancy. Furthermore, it suggests pursuing the recovery of the amount involved.

DP No 06 (2022-23 Ph-II)

CHAPTER – 5

LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT DEPARTMENT

5.1 Introduction

A. Description of Department

Local Government and Community Development Department (LG&CD) in Punjab, Pakistan, was established with the specific purpose of addressing the needs of mega cities and predominantly urban districts in the region. The creation of this department was a response to the evolving challenges of urbanization and the necessity to establish governance structures capable of promoting the efficient management of city affairs and community development.

Historically, the concept and system of local governance in Pakistan have undergone multiple changes aimed at enhancing democratic governance and improving socio-economic conditions at the grassroots level. Reforms have been consistently introduced to strengthen local bodies in order to provide greater autonomy and powers to elected representatives at the municipal level.

The primary functions of the department encompass policy formulation, the framing of local government laws and rules, and the diligent monitoring of their implementation across local governments in Punjab. LG&CD Department is also responsible for exerting administrative control over local governments in the region. Key responsibilities include the preparation of ADPs and the allocation of budgetary resources to various local government sectors. Furthermore, the department plays a crucial role in coordinating and assisting with foreign-funded projects and serves as a pivotal intermediary between local governments and the Election Commission of Pakistan for the organization of local bodies elections. Its functions extend to liaison work with the Punjab Disaster Management Authority to address emergencies or disasters, and it oversees the monitoring and supervision of public sector companies under its jurisdiction.

LG&CD Department plays a comprehensive role in urban planning, asset management, and the delivery of municipal services, with a focus on transforming intermediate cities into efficient and sustainable urban centers. Key initiatives led by the department include the implementation of an IT-based monitoring system for improved governance, the Punjab Intermediate Cities Improvement Investment Program, and the Punjab Cities Program aimed at strengthening service delivery in urban local governments.

LG&CD Department has an attached department, i.e., Director General Local Government & Community Development, Punjab. It has four autonomous bodies, viz. Punjab Local Government Board, Punjab Local Government Commission, Walled City of Lahore Authority and Punjab Shehr-e-Khamoshan Authority, Lahore.

Table 5.1: Audit profile

Sr. No.	Description of Formations	Total Formations	Audited Formations
1	LG&CD formations	203	06*
2	Authorities/Autonomous Bodies	02	01

***Note:** LG&CD Department has a total of 203 formations and ten (10) are related to civil works out of which six (6) were audited by this office.

Table 5.1.1: Expenditure Audited against the allocated Budget and Expenditure incurred

(Rs in million)

Sr. No.	Description of Formations	Total No. of Formations	Audited Format-ions	Total Budget	Total Expenditure	Expenditure Audited
1	**Phase-I**	203 & 02		-	-	-
	LG&CD formations		04	9,859.427	9,025.735	2,125.421
	Authorities/Autonomous Bodies		-	-	-	-
2	**Phase-II**			-	-	-
	LG&CD formations		02	16,239.433	15,864.673	13,250.190
	Authorities/Autonomous Bodies		01	386.043	134.006	134.006
	Grand Total	**205**	**07**	**26,484.903**	**25,024.414**	**15,509.617**

B. Comments on Budget and Accounts (Variance Analysis)

In the FY 2022-23, LG&CD Department received budgetary allocations from both development and non-development grants. However, the department was unable to fully utilize the development budget, amounting to Rs 9,827.946 million, and the non-development budget, amounting to Rs 3,824.204 million. Grant wise budgetary position (variance analysis) in FY 2022-23 is presented below:

Table 5.2: (i) Variance analysis (LG&CD) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/(Saving)	Variation in %
Non-Development					
PC 21010	787.822	1,115.443	1,070.596	44.846	4.02
PC 21031	13,017.778	23,201.862	19,422.503	3,779.358	16.29
Sub-Total	13,805.600	24,313.305	20,493.100	3,824.204	15.73
Development					
PC 22036	19,009.690	33,762.644	23,934.698	9,827.946	29.11
Sub-Total	19,009.690	33,762.644	23,934.698	9,827.946	29.11
Grand Total	**32,815.290**	**58,079.949**	**44,427.798**	**13,652.150**	**23.50**

Source: SAP figures for the year 2022-23

Table 5.2 (ii): Variance analysis (Authorities/Autonomous Bodies i.e DG Punjab Shehr-e- Khamoshan Authority PSKA, Lahore)

(Rs in million)

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/(Saving)	Variation in %
Non-Development					
PC 21031	29.891	29.891	7.909	21.982	73.541
Sub-Total	**29.891**	**29.891**	**7.909**	**21.982**	**73.541**
Development					
LZ 4871	356.152	356.152	126.097	230.055	64.59
Sub-Total	**356.152**	**356.152**	**126.097**	**230.055**	**64.595**
Grand Total	**386.043**	**386.043**	**134.006**	**252.037**	**65.287**

Source: SAP figures for the year 2022-23

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

5.2 Classified Summary of Audit Observations

As a result of the audit conducted on Local Government and Community Development Department, audit observations totaling Rs 128.188 million were raised. This amount also includes recoveries of Rs 22.834 million, as highlighted by the audit. Summary of the audit observations classified by nature is as under:

Table 5.3: Classification of audit observations *(Rs in million)*

Sr. No.	Classification	Amount
	Irregularities:	
(i)	Irregularities resulting in overpayments	22.834
(ii)	Irregularities resulting in loss to government	40.969
(iii)	Miscellaneous irregularities	64.385
	Total	**128.188**

5.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1993-94 to 2012-13.

Table 5.4: Compliance of PAC directives LG&CD Department

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1993-94	1	-	1	-
2	1994-95	10	-	10	-
3	1995-96	5	-	5	-
4	1996-97	73	-	73	-
5	1997-98	232	-	232	-
6	1998-99	48	-	48	-
7	1999-00	84	-	84	-
8	2000-01	26	-	26	-
9	2006-07	3	-	3	-
10	2009-10	14	-	14	-
11	2010-11	4	-	4	-
12	2012-13	10	-	10	-
Total		**510**	**-**	**510**	**-**

5.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

5.4.1 Overpayment due to calculation of higher rates – Rs 11.808 million

According to FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, "the CEs on the basis of input rates fixed by FD, shall fix the rate of each item of work for rough cost estimates for AA and detail estimate for technical sanction, place them on their web sites and send a copy to FD".

5.4.1.1 Executive Engineer, LG&CD Civil Division, Lahore paid for the item *"Precast boundary walls"*. Audit observed that the department calculated higher rates by using inflated quotations instead of FD's input rates in rate analyses. Detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Item paid	Quantity (rft)	Rate paid (P.rft)	Rate to be paid P.rft)	Difference of rate (P.rft)	Amount Overpaid
1	75 (2022-23)	Precast boundary wall (2-works)	3780	2,220	896	1,324	5,004,720
			4443	2,808	896	1,912	8,495,016
Total							13,499,736

Violation of FD's instructions resulted in overpayment amounting to Rs 13,499,736.

Audit pointed out the overpayment in September 2023.

The para was discussed in SDAC meeting held in November 2023. The department explained that the non-standardized rates based on quotations were approved by the competent authority. Audit contended that admissible rates were Rs 981 & 1397 per rft by applying relevant FD's input rates and actual recovery comes to Rs 10,952,493. The Committee directed the department to get record verified from

Audit within seven (07) days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

5.4.1.2 Executive Engineer, LG&CD Civil Division, Lahore, in two (02) cases, paid for the items viz *"Sub-base course",* and *"Carriage of Bajri"*. Audit observed that the department paid higher rates due to incorrect lead as follows:

(Amount in Rs)

Sr. No.	DP No.	Item paid	Quantity (cft)	Rate paid (% cft)	Rate to be paid (% cft)	Difference of rate (% cft)	Amount Overpaid
1	85 (2022-23)	Sub-base course crushed stone	15768	17,429.25	14,333	3,096.25	488,216
2	81 (32) (2022-23)	Carriage of Bajri	61841	5,880.38	5,285.95	594.43	367,601
Total							**855,817**

Violation of FD's instructions resulted in overpayments amounting to Rs 855,817.

Audit pointed out the overpayments in September 2023.

The paras were discussed in SDAC meeting held November 2023. In DP No. 85, the department admitted recovery pointed out by the audit. The Committee directed the department to effect actual recovery. In DP No.81(32), the department explained that payment was made for 154 km as per revised TS estimate. Audit contended that lead cannot be changed once original TS estimate is approved, therefore, the lead of 137 km was required to be paid, as approved in original TS estimate. The Committee directed to get the record verified otherwise effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

<u>Note:</u> The issue was reported earlier also in the Audit Reports for Audit Years - 2018-19 to 2022-23 vide Para No. 5.4.5.1 in AR 2018-19, Para No. 5.5.3.2 in AR 2019-20, Para No. 5.5.1.3.1 in AR 2021-22 and Para No. 5.4.1.4.1 in AR 2022-23 having financial impact of Rs 15.056 million. Recurrence of same irregularity is a matter of serious concern.

5.4.2 Overpayment due to excess measurements of PCC – Rs 5.848 million

As per provision in TS estimate and CE (North) PHE Department Lahore Letter No. 664-67/P&D-I dated 29th May 2015, thickness of PCC 1:2:4 in street should be as mentioned below:

Width of PCC pavement 0′ to 6′	Thickness of PCC 3″
Width of PCC pavement 6′-10′	Thickness of PCC 4″
Width of PCC pavement above 10′	Thickness of PCC 6″

Executive Engineer, LG&CD Civil Division, Gujrat paid an amount of Rs 21.237 million for the item "*P/L of PCC"*. Audit observed that the department, in four (04) cases, made overpayment by taking excess thickness of PCC in violation of the pavement design and TS estimate. Detail is as under:

(Amount in Rs)

Sr. No.	Name of Work	Item	Thickness taken	Thickness to be taken	Amount Overpaid
1	Const of PCC streets UC Dilwarpur	P/L PCC 1:2:4	0.66ft	0.50ft	1,720,931
2	Const of PCC streets UC Chariawala	P/L stone ballast	0.33ft	0.25ft	3,673,896
		P/L PCC 1:2:4	0.33ft	0.25ft	
		P/L PCC 1:2:4	0.58ft	0.50ft	
		P/L PCC 1:2:4	0.58ft	0.50ft	
3	Const of PCC streets UC Surkhpur	P/L stone ballast	0.50ft	0.33ft	118,247
		-do-	0.33ft	0.25ft	
		P/L PCC 1:2:4	0.50ft	0.33ft	
		-d0-	0.33ft	0.25ft	
4	Const of PCC streets UC Kassoki	P/L stone ballast	0.50ft	0.33ft	334,645
		P/L PCC 1:2:4	0.50ft	0.33ft	
Total					**5,847,719**

Violation of TS estimate and pavement design resulted in overpayment amounting to Rs 5,847,719.

Audit pointed out the overpayment in August 2023.

The para was discussed in SDAC meeting held in October 2023. The department explained that thickness of PCC was maintained as per site requirements due to heavy traffic load. Audit contended that the work was required to be executed as per provision of the TS estimate and pavement design. The Committee directed the department to effect actual recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides initiating disciplinary action against the person(s) responsible for non-observing provision of TS estimate.

DP No. 24 (2022-23)

Note: The issue was reported earlier also in the Audit Reports for Audit Years - 2018-19 to 2022-23 vide Para No. 5.5.1.2.2 in AR 2021-22 and Para No. 5.4.1.3 in AR 2022-23 having financial impact of Rs 29.821 million. Recurrence of same irregularity is a matter of serious concern.

5.4.3 Overpayment on account of disposal of dismantled/unsuitable material – Rs 4.105 million

According to Rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates are correctly entered and that calculations are made correctly.

Executive Engineer, LG&CD Civil Division, Lahore paid an amount of Rs 6,410,133 for the items viz. *"Earthwork excavation undressed Malba/unsuitable material etc."* and "*Dismantling of PCC etc.*" which included disposal of dismantled/unsuitable material. Audit observed that the department made double payment on account of disposal of material by allowing a separate item namely "*removal of malba*" for which an amount of Rs 3,702,255 was paid. Audit further observed that the department paid *"Removal of dismantled material lead* *up to 5 miles"* amounting to Rs 402,310. by dividing the total volume of material with factor of 100 cft instead of 1000 cft.

Violation of rules resulted in the overpayments of Rs 4,104,565.

Audit pointed out the overpayments in September 2023.

The paras were discussed in SDAC meeting held in November 2023. In both cases, the department admitted recovery and the Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides taking action against the person(s) responsible and strengthening internal controls to avoid the recurrence of such issues.

DP No. 70&71(2022-23)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2018-19 to 2022-23 vide Para No. 5.5.1.4 in AR 2021-22 and Para No. 5.4.1.9 in AR 2022-23 having financial impact of Rs 2.571 million. Recurrence of same irregularity is a matter of serious concern.

5.4.4 Overpayment due to execution of work beyond the provisions of specifications – Rs 1.073 million

As per clause 10 of the contract agreement, "the works executed by the contractor shall also conform to the designs and/or drawings and instructions in writing relating to the works signed by the engineer in-charge and lodged in his office, and to which the contractor shall be entitled to have access at such office, or on the site of the works for the purpose of inspection during office hours".

Executive Engineer, LG&CD Civil Division, Lahore got executed works items *"PCC 1:2:4"* and *"RCC 1:2:4"*. Audit observed that the department in one (01) case paid for an excess quantity of bajri than was provided in the contract specifications. In the second case, PCC was applied in violation of contract specifications under tuff tiles in addition to already executed sub-base course. In the third case, cement plastering on both sides of wall of nullah/drain was carried out whereas plastering of only one side of the wall was provided in the specifications. Detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Amount Overpaid	Reason
1	35 2021-22	598,126	Carriage of 88% more bajri than the provisions of MRS for PCC & RCC 1:2:4
2	77 (2022-23)	353,257	Inadmissible payment of PCC under tuff tile in addition to sub-base
3	78 (2022-23)	122,031	Applied cement plaster on two sides of the drain wall instead of one side
	Total	**1,073,414**	

Violation of the contract agreement resulted in overpayment amounting to Rs 1,073,414.

Audit pointed out the overpayment in April and September 2023.

The paras were discussed in SDAC meeting held in August and November 2023. In all three (03) cases, the department admitted the recovery and the Committee directed to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Irregularities resulting in loss to government

5.4.5 Loss due to non-procurement of stone from the nearest quarry – Rs 31.125 million

As per condition No. 5 of FD's letter No. RO(Tech) F.D 2-3/2004 dated 2nd August 2004, "material from nearest approved quarry shall be used". Further, as per FD's letter No. RO (Tech) FD 2-3/2015 (2nd Biannual) dated 5th August 2015, Melot Quarry Jhelum district is placed at Sr. No. 7 in the list of approved quarries by the Punjab Highway Department.

Executive Engineer, LG&CD Civil Division, Gujrat, in four (04) cases, got executed items viz. *"bajri for PCC/RCC", "base course"* and *"sub-base course of crushed stone"* including lead from Kirana, Dina, Taxila and Margalla quarries. Audit observed that while preparing rates, the department did not include lead from Melot quarry which was nearest to the sites.

Violation of FD's instructions resulted in loss to government amounting to Rs 31,125,328.

Audit pointed out the loss in August 2023.

The paras were discussed in the SDAC meeting held in October 2023. In DP Nos. 04, 03, 01 and 02, the department explained that the lead was paid in the light of Punjab Highway Department letter dated 22nd August 2005. Audit contented that in same letter it was clarified that "in case suitable material is available from local source, it shall be provided in the estimate". Accordingly, the department was required to use Melot quarry being the shortest route in line with the instructions of FD vide letter dated 12th May 2015. Audit further informed that the sister division of Highway Department (Jhelum) approved and paid the carriage of stone from Melot quarry. The Committee, in all four (04) cases, directed to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXVII)

Note: The issue was reported earlier also in the Audit Reports for Audit Years - 2018-19 to 2022-23 vide Para No. 5.5.3 in AR 2020-21, Para No. 5.51.3.2 in AR 2021-22 and Para No. 5.4.1.5 in AR 2022-23 having financial impact of Rs 14.249 million. Recurrence of same irregularity is a matter of serious concern.

5.4.6 Mis-procurement and loss due to non-award of work to the lowest bidder – Rs 9.844 million

As per Rule 38(2)a(viii) of PPRA Rules, 2014, "the lowest evaluated bidder shall be awarded the contract".

Executive Engineer, LG&CD Civil Division, Lahore awarded a contract on 14th February 2022 for Rs 158,130,749 to the second lowest bidder who offered a bid which was 24.10% below the estimated cost. Audit observed that the lowest bidder offered a bid that was 32.10% below the estimated cost according to the E-tender evaluation report. However, the contract was not awarded on the grounds that CDR was not received in the XEN Office, whereas the contractor had submitted Call Deposit Receipt (CDR) No.06891770 dated 4th December 2021 of Rs 4.500 million.

Violation of PPRA Rules resulted in mis-procurement and loss amounting to Rs 9,843,943.

Audit pointed out the irregularity and loss in September 2023.

The para was discussed in SDAC meeting held in November 2023. The department explained that the scheme was tendered through E-tendering process and work order was awarded through online system to the 2nd lowest bidder. Audit contended that 1st lowest bidder offered the lowest bid at 32.10% below the estimated cost along with CDR No. 06891770 on 4th December 2021 for Rs 4.500 million. XEN LG&CD Lahore also wrote letter to Manager BOP on 2nd March 2022 for verification of CDR, which proved that CDR was received by the department. The Committee directed to probe the matter at administrative level and submit an enquiry report at the earliest. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 91 (2022-23)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para No. 5.5.2.3 in AR 2021-22 and Para No. 5.4.1.1 in AR 2022-23 having financial impact of Rs 13.663 million. Recurrence of same irregularity is a matter of serious concern.

Miscellaneous irregularities

5.4.7 Payment made without possession of land for graveyard – Rs 50.00 million

As per Section 4 of Land Acquisition Act 1894, "whenever it appears to the Collector of the District that land in any locality is needed or is likely to be needed for any public purpose, a notification to that effect shall be published in the official Gazette, and the Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality".

Executive Engineer, LG&CD Civil Division, Lahore made payment amounting to Rs 50 million for purchase of land for construction of a graveyard to Administrator, Metropolitan Corporation (MC), Lahore instead of purchasing land through LAC as required by the LAC Act 1894. Audit observed that MC, Lahore made payment of Rs 46,250,000 to the management of Khayabane-e-Quaid (Islamia College Old Boys) Housing Society for a piece of land measuring 185 Marlas, even though the payee was neither the legal owner nor in possession of the land. According to Roznamcha Report No.1228 dated 27th December 2022, the legal owner of the land was Mr. Peer Muhammad. Furthermore, the department did not take possession of the land and no gazette notification had been issued in favour of LG&CD as required by LAC Act.

Violation of Land Acquisition Act 1894 and non-possession of land resulted in irregular payment of Rs 50,000,000.

Audit pointed out irregular and wasteful payment in September 2023.

The para was discussed in SDAC meeting held in November 2023. The department explained that LG&CD transferred funds amounting to Rs 50 million to the Administrator, MC, Lahore in order to purchase land for construction of a graveyard in Lahore. Audit contended that the land should have been purchased through LAC instead of through MC in accordance with Land Acquisition Act 1894. Audit further contended that MC, Lahore subsequently made payment to the management of a private housing society which was not the legal owner of the land. The Committee directed the department to hold an enquiry at administrative level within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with SDAC directives besides fixing responsibility against the delinquents.

DP No. 88 (2022-23)

5.4.8 Irregular enhancement of agreement in violation of PPRA Rules – Rs 14.385 million

According to clarification by PPRA vide letter No. L&M(PPRA)1-5(W)/2016, dated 18th June 2019, enhancement in the original scope of work cannot be allowed under PPRA Rules being different modality from the concept of variation which is allowed (to the extent of 20% of the original procurement in the category of works only and on the basis of unforeseen engineering anomalies) in the light of clause 42 of contract agreement.

Executive Engineer, LG&CD Civil Division, Lahore made payment of Rs 28,273,926 to the contractor for a work against the agreement cost of Rs 13,888,889 up to 4th & final bill. Audit observed that the department increased the work by an amount of Rs 14,385,037 which was 104% of the original cost of the agreement.

Violation of PPRA rules resulted in irregular increase of work by an amount of Rs 14,385,037.

Audit pointed out the irregularity in September 2023.

The para was discussed in SDAC meeting held in November 2023. The department explained that revised TS estimate has been submitted for approval. Audit contended that the department executed the works up to 104% above the original estimate in violation of PPRA rules. The Committee directed the department to obtain condonation from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the Committee's directives besides strengthening internal controls to avoid the recurrence of such issues.

DP No. 94 (2022-23)

Note: The issue was reported earlier also in the Audit Reports for Audit Years - 2018-19 to 2022-23 vide Para No. 5.5.1 in AR 2020-21 having financial impact of Rs 9.713 million. Recurrence of same irregularity is a matter of serious concern.

CHAPTER – 6

PUNJAB MASSTRANSIT AUTHORITY

6.1 Introduction

A. Description of Department

Government of the Punjab established Punjab Metrobus Authority in 2012 under Punjab Metrobus Authority Act 2012 (Punjab Metrobus Authority Act LVI of 2012), which was re-established in 2015 as the Punjab Masstransit Authority (PMA) under Punjab Masstransit Authority Act 2015 (Punjab Masstransit Authority Act XXXIII of 2015). The Authority is headed by Managing Director (MD) under the administrative control of Secretary Transport Department, Government of the Punjab. The Authority was established for purpose of planning, construction, operation and maintenance of masstransit systems in major cities of the province for providing safe, efficient and comfortable urban transportation. PMA has outsourced all of its operations and maintenance services to engage private sector's expertise. It mainly focuses on planning, contracting of services and oversight of the contracts.

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, the PMA received budget through non-development grant. Budgetary position (variance analysis) in FY 2021-22 is presented below:

Table 6.1: Variance analysis *(Rs in million)*

Grant No and Nature	Budget Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
PC-21030	15,323.920	15,323.920	-	-
Total	**15,323.920**	**15,323.920**	**-**	**-**

Source: Departmental figures for the year 2021-22

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

6.2 Classified Summary of Audit Observations

Audit observations, contained in this report, amounting to Rs 451.703 million were raised as a result of audit of PMA. This amount also includes recoveries of Rs 30.210 million. Summary of the audit observations classified by nature is as under:

Table 6.2: Classification of audit observations *(Rs in million)*

Sr. No	Classification	Amount
1.	**Irregularities:**	
(i)	Irregularities resulting in overpayments	30.210
(iii)	Irregularities resulting in loss to government	421.493
	Total	**451.703**

6.3 Comments on the status of compliance with PAC directives

No paras of the Authority had been discussed in the PAC till finalization of the report.

6.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

6.4.1 Overpayment due to excess payment of guaranteed km – Rs 30.210 million

As per clause 3.1.8 of the contract agreement of M/s. Platform Turizm, "guarantee average minimum of 70000 Km per bus per year for all the 45 buses and the additional buses if ordered to be plied by the Client. In every twelfth (12^{th}) invoice mileage of all buses will be checked and any of the shortfalls will be adjusted to achieve the guaranteed minimum mileage. The adjustment to cost matrix will be made as per changes in cost matrix and indication mentioned in agreement". Further, as per annexure-C of same agreement, "the adjustment in cost per km shall be applicable if the travelled km exceeds 200 km per bus per day".

MD, PMA, Lahore awarded the contract to M/s Platform Turizm at a contract price of Rs 360 per km for Lahore Metro Bus System. Audit observed that there was contradiction in the contract agreement because as per clause 3.1.8, the guaranteed km per day was 191.78 km (70000/365) whereas as per annexure-C of the same agreement, the Authority provided for 200 guaranteed km per bus per day. Therefore, the actual guaranteed km per day for all the buses came to 12274 km (64 x 191.78) instead of 12800 km (64 x 200) per day paid by the Authority.

Violation of the contract agreement resulted in the overpayment for Rs 30,210,494.

Audit pointed out the overpayment in March 2023.

The para was discussed in the SDAC meeting convened in September 2023. The Authority explained that the first contract was signed by the Transport Department with service provider in 2012 for a period of eight (8) years with an assumption of 15 holidays during the year and subsequently handed over to the Authority, whereas it was noticed during the operation that there were no off days. Audit contended that the Authority allowed 12800 km per day as guaranteed instead of 12274 km per day and this anomaly could have been corrected for extension period of contract. The Committee directed the Authority to issue notice of recovery amounting to Rs 30,210,494 to M/s Platform Turizm in respect of extension period of one year. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal control to avoid the recurrence of such issues.

DP No. 12 (2022-23)

Irregularities resulting in loss to government

6.4.2 Loss due to award of works beyond 4.5% acceptable tender limit – Rs 421.493 million

As per FD's letter No. R.O(Tech)FD-2-3/85 Vol-IV dated 7th January 1992, read with the DFR 2016, "acceptance of tenders shall be subject to the condition that the rates quoted/or amounts tendered are such that the total cost of the project will not exceed the amount, for which technical sanction has been accorded, by more than 4.5%".

MD, PMA, Lahore, in three (03) cases, awarded the contracts to contractors. Audit observed that the contracts were awarded more than 4.5% beyond acceptable tender limit which was inadmissible.

(Rs in million)

Sr. No.	Name of contract	Estimated amount	Awarded amount	% of award higher than estimated amount	Loss
1	E&M works Metro Rail Transit System on Orange Line in Lahore	4,567.547	5,192.123	13.67	419.036
2	Automated Fare Collection-Bus Scheduling System for the operation and maintenance services of Lahore Metro Bus	19.500	22.799	16.91	2.421
3	O&M and services level agreement (SLA) of elevator system in PMBS	2.400	2.262	6.06	0.036
Total					**421.493**

Violation of FD’s instructions resulted in loss due to irregular award of works amounting to Rs 421,493,000.

Audit pointed out the irregularity in March 2023.

The para was discussed in the SDAC meeting conveyed in September 2023. The Authority explained that contracts pertained to services of complex nature and did not fall under category of development works or supply of goods. Audit contented that all contracts were awarded at more than 4.5% i.e. beyond acceptable tender limit. The Committee directed the Authority to get the matter regularized by FD. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from the competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.36 (2022-23)

Note: The issue was reported earlier also in audit reports for the year 2021-22 vide para No 7.2.8.2.3.4 and for the year 2022-23 vide para No 7.4.6 having financial impact of Rs 70.993 million. Recurrence of same irregularity is a matter of serious concern.

CHAPTER – 7

KOH-E-SULEMAN IMPROVEMENT PROJECT

7.1 Introduction

A. Description of the Project

The P&D Board of the Government of Punjab initiated a new project titled the "Koh-e-Suleman Improvement Project" (KSIP). The project received approval from the Provincial Development Working Party (PDWP) on 16th July 2021, with a total cost of Rs 5,712 million (Government of Punjab share: Rs 5,545 million & beneficiary/community share: Rs 167 million). It has a gestation period of five years, from July 2021 to June 2026. The AA for the scheme was granted on 30th July 2021. The project was started in November 2021. The PD oversees the project under the administrative control of the P&D Board, Government of Punjab

The project aims to alleviate poverty by enhancing both physical and social infrastructure. Specifically, it seeks to boost the income of the residents in the tribal areas of District D.G Khan and Rajanpur. This is planned to be achieved through improvements in agriculture, focusing on enhanced crop production and the establishment of orchards.

B. Comments on Budget and Accounts (Variance Analysis)

In the FY 2022-23, the Koh-e-Suleman Improvement Project secured a single-line budget allocation through a development grant. Subsequently, the project management allocated the budget for both development and non-development expenditures. The budgetary position, along with variance analysis, is presented below:

Table 7.1: Variance analysis *(Rs in million)*

Grant No and Nature	Budget Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
PC-22036	1,091.231	709.299	381.932	(35.00)

Source: Departmental figures for the year 2022-23

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF/MTBF are given in Chapter No. 1, i.e., Sectoral Analysis.

7.2 Classified Summary of Audit Observations

Audit observations totaling Rs 42.058 million were identified during the audit of the Koh-e-Suleman Improvement Project. This amount encompasses recoveries amounting to Rs 13.259 million, as highlighted by the audit. A summary of the audit observations, categorized by nature, is provided below:

Table 7.2: Classification of audit observations *(Rs in million)*

Sr. No	Classification	Amount
1.	**Irregularities:**	
(i)	Irregularities resulting in overpayments	13.259
(ii)	Miscellaneous irregularities	28.799
	Total	**42.058**

7.3 Comments on the status of compliance with PAC directives

Audit paras of the project were not discussed in the PAC until the finalization of the report.

7.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

7.4.1 Overpayment due to incorrect calculation – Rs 13.259 million

According to rule 7.29 of DFR Vol-I, "before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the MB and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct".

Project Director KSIP, D.G Khan paid Rs 164,275,344 to a contractor up to 6th running bill for various items of works. Audit observed that the 6th running bill indicated the actual value of the work done as Rs 151,016,647. However, the management paid Rs 164,275,344 due to a calculation error.

Violation of the DFR resulted in an overpayment amounting to Rs 13,258,697.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 5th December 2023. The management contended that the payment was made correctly. Audit informed that during the audit, the management provided the 6th & running bill, indicating the value of work done as Rs 151,016,647. However, during verification on 30th October 2023, the management presented a different 6th & running bill, reflecting the value of work done as Rs 165,263,482. The Committee directed to get the matter probed by the Administrative Department, fixing responsibility besides effecting actual recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early investigation into the matter to ensure recovery and fix responsibility besides strengthening internal controls to avoid the recurrence of such issues.

DP No.09(2023-24)

Miscellaneous irregularities

7.4.2 Irregular award of consultancy contract – Rs 22.908 million

As per rule 31, chapter VI of PPRA 2014, "procuring agency shall formulate appropriate evaluation criteria listing all relevant information against which a bid is to be evaluated and such evaluation criteria shall form an integral part of the bidding documents". Further, as per rule 32 of the same, "all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding document".

Project Director KSIP, D.G Khan awarded a consultancy contract on 10th January 2022 amounting to Rs 22.908 million for construction supervision of roads. The tender was advertised on 10th November 2021 and the technical bid evaluation committee shortlisted the firm on 6th December 2021. Audit observed that the lowest bidder, M/s ESS-I-ARR, was ineligible due to the expiration of its certificate of registration issued by the Pakistan Engineering Council (PEC) on 30th June 2021. Furthermore, the firm did not have active registration with PRA both at the time of bidding and even afterwards, until the time of the audit. Despite these shortcomings, the firm was shortlisted, and the contract was awarded, rather than being rejected for not meeting the evaluation criteria.

Violation of the PPRA rules resulted in irregular award of consultancy contract amounting to Rs 22,908,000.

Audit pointed out the irregularity in August 2023.

The para was discussed in the SDAC meeting held on 5th December 2023. The management contended that consultancy contract was awarded to the consultant after fulfillment of all codal formalities. Audit explained that the consultant submitted bidding documents with expired registration certificate of PEC. Additionally, the firm did not possess an active registration with PRA, both at the time of bidding in November 2021 and as of the date of verification, i.e., 5th December

2023. Therefore, award of consultancy contract was irregular. The Committee directed the management to get the matter regularized from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.21 (2023-24)

7.4.3 Irregular payment on account of rent of vehicles and office building – Rs 5.891 million

As per clause 6.4 (a) & (b) of special conditions of consultancy agreement, "the consultant shall submit a monthly financial report showing all expenditure for the quarter not later than 15th of close of every calendar quarter for reimbursement. In support of the expenditure the consultant shall maintain proper accounts and supporting vouchers, invoices etc. Further, the client will release the monthly payment against the monthly financial report within 15 days".

Project Director KSIP, D.G Khan made payment amounting to Rs 5,891,398 to the resident consultant for car rentals and office building rent covering the period from 11th January 2022 to 31st May 2023. Audit observed that the management made this payment without any supporting evidence, such as receipts of payments for rented cars from sales tax registered persons, rent agreements for the building and cars, and other related proofs of payments made by the consultant.

Violation of the contract agreement resulted in irregular payment amounting to Rs 5,891,398.

Audit pointed out the irregularity in August 2023.

The paras were discussed in the SDAC meeting held on 5th December 2023. The management explained that all due taxes were deducted from payment made to consultants. Audit contended that the management made payment for rent of cars and office building without any supporting evidence i.e., receipt of rent of cars from sales tax registered person, rent agreement and other related proofs of payments. The Committee directed the management to get the matter regularized from FD within 30 days besides fixing responsibility for making payment without supporting documents. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives besides strengthening internal controls to avoid the recurrence of such issues.

DP No.19&20 (2023-24)

CHAPTER - 8

CHOLISTAN DEVELOPMENT AUTHORITY

8.1 Introduction

A. Description of the Authority

Cholistan Development Authority (CDA) is a governmental organization established to oversee the development and administration of Cholistan area in Bahawalpur Division of Punjab, Pakistan. CDA was created with the aim of promoting the speedy development and better governance of the region. CDA Act of 1976 was enacted to address the development needs of the area and ensure efficient governance. The Authority is responsible for various functions, powers, and duties related to the planning, development and management of Cholistan area. It also works towards the conservation and preservation of natural resources in Cholistan.

P&D Board, Government of the Punjab is the administrative department of the Authority. The Authority consists of a Chairman, MD and several members representing different government departments and bodies. It is headed by CM Punjab as its Chairman and MD, CDA is the Vice-Chairman of the Authority. Its headquarters is located in Bahawalpur.

CDA is an autonomous body. For financial viability, it relies on government grants without generating income from its own sources, unlike other development authorities such as LDA, FDA, and MDA, among others.

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2022-23, the Authority received budget through both development and non-development grants of Government of the Punjab. Grant wise budgetary position (variance analysis) for FY 2022-23 is presented below:

Table 8.1: Variance Analysis *(Rs in million)*

Grant No and Nature	Budget Allocation	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
PC-12031	241.405	231.517	(9.88)	(4.10)
PC-22036	1,170.586	1,142.052	(28.534)	(2.44)
Grand Total	**1,411.991**	**1,373.569**	**(38.422)**	**(2.72)**

Source: Departmental figures for the year 2022-23

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF/MTBF are given in Chapter No. 1, i.e., Sectoral Analysis.

8.2 Classified Summary of Audit Observations

This report includes audit observations amounting to Rs 233.576 million. This amount also includes recoveries of Rs 45.149 million as pointed out by the Audit. Summary of audit observations classified by nature is as under:

Table 8.2: Classification of audit observations (*Rs in million*)

Sr. No.	Classification	Amount
1.	Irregularities:	
(i)	Irregularities resulting in overpayments	43.451
(ii)	Irregularities resulting in non-recoveries	1.698
(iv)	Miscellaneous irregularities	188.427
	Total	**233.576**

8.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1991-92 to 2011-12 (excluding years not discussed in PAC) is as under:

Table 8.3: compliance with PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1991-92 to 1999-00	21	-	21	-
2	2000-01	04	-	04	-
3	2009-10	04	-	04	-
4	2010-11	03	-	03	-
5	2011-12	07	-	07	-
Total		**39**		**39**	

8.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

8.4.1 Overpayment due to application of uneconomical items – Rs 27.560 million

As per rule 1.58 of the B&R Department Code, "the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality".

8.4.1.1 MD, CDA, Bahawalpur paid for the item "*Earthwork excavation in irrigation channel, drains etc. to designed section, grade and profiles lead upto 150 feet and 400 feet*" at the rate of Rs 6,068.20 per ‰ cft and Rs 6,427.95 per ‰ cft, respectively. The total quantity of the earthwork executed was 8921947 cft. Audit observed that the work was executed through mechanical means as it was not feasible to execute such a huge quantity of earthwork excavation through manual labour. Therefore, the less expensive item for excavation vide item No. 52 of chapter-3 of MRS, i.e., *"Earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil etc."* with rates at the rate of Rs 2,380.85 ‰ cft and Rs 2,740.60 ‰ cft with respective leads should have been used.

(Amount in Rs)

Sr. No.	Name of item	Quantity paid -cft	Rate paid (per ‰)	Rate to be paid (per ‰)	Excess rate	Amount Overpaid
1	Earthwork excavation lead upto 150 feet	6742347	6,068.20	2,380.85	3,687.35	24,861,393
2	Earthwork excavation lead up to 400 feet	2179600	6,427.05	2,740.60	3,686.45	8,034,986
					Total	32,896,379
					Less 19% premium	(6,250,312)
					Overpayment	**26,646,066**

Violation of the B&R Department Code resulted in the overpayment amounting to Rs 26,646,066.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that the earthwork was executed as per provision of TS estimate and site requirement. Audit contended that rate for the item with mechanized mode was required to be applied instead of manual labour, because it was not feasible to carry out such huge excavation with manual labour. The Committee directed the Authority to seek clarification from FD within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.8(2023-24)

8.4.1.2 MD CDA, Bahawalpur paid for the item *"Earthwork excavation in ashes sand and soft soil or silt clearance lead 1/2 mile i/c dressing, leveling and dressing"* at the rate of Rs 9,344.35 per ‰ cft for a quantity of 208000 cft. Audit observed that the work was executed through mechanical means as it was not feasible to execute such a huge quantity of item of earthwork excavation through manual labour. Therefore, the item for excavation with machinery i.e., *"Earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kinds of soil etc."* which was available vide item No. 52 of chapter-3 of MRS at the rate of Rs 4,948.59 per ‰ cft (after adjusting less premium at the rate of 12%) should have been applied.

Violation of the B&R Department Code resulted in the overpayments amounting to Rs 914,318.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that the PC-I and TS estimate of the scheme had been revised by the competent authority which covered the item in question. Audit contended that rate for the item with mechanized mode was required to be applied instead of manual labour, because it was not feasible to carry out such huge excavation with manual labour. The Committee directed the Authority to effect due recovery on account of difference of rates within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 16 (2023-24)

8.4.2 Overpayment due to higher rate for additional work – Rs 7.528 million

As per Clause 41 of Contract Agreement between CDA and contractor, additional or substituted work shall be paid on the same conditions in all respects on which the contractor agreed to do the main work, and at the same rates as specified in the tender (bid schedule) for the main work.

MD CDA, Bahawalpur made payment of a non-BOQ item namely *"Earthwork in ordinary soil for embankment with compaction of 85% lead up to ½ mile"* as additional earthwork at the rate of Rs 9,453.67 per ‰ cft for a quantity of 2406754 cft. This item was executed on shoulders of newly constructed road under brick soling. Audit observed that similar item namely earthwork for embankment under metal road was available in BOQ and was paid with 100 feet lead at the rate of Rs 6,325.63 per ‰ cft but lead in additional work for soling was enhanced to ½ mile just to provide financial benefit to contractor.

Violation of the provision of the contract agreement resulted in overpayment amounting to Rs 7,528,423.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that variation in rates was due to site requirements. Accordingly, PC-I and TS estimate had been revised by the competent forum. Audit contended that as per clause 41 of the contract agreement, the contractor was required to execute additional work at the same rates and same conditions as specified in the tender (bid schedule) for the main work. The Committee directed the Authority to get clarification from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.01 (2023-24)

8.4.3 Overpayment due to allowing excess quantity of bitumen than actually used – Rs 4.629 million

According to condition No.6 of FD's Notification No. RO (Tech)FD2-3/2004 dated 2nd August 2004, "the rate for an item of carpeting shall be fixed by the CE based on different percentages of bitumen ranging from 3% to 6%, and payment will be made to the contractor as per JMF or actual bitumen used in work".

MD CDA, Bahawalpur, in two (02) works, paid for the item *"P/L premixed bituminous asphaltic wearing course 2 inch thick with 4.5% bituminous contents"*. Audit observed that as per JMF issued by the RR&MTI, Lahore the contents of bitumen were 4.2%. Therefore, the authority was required to reduce rates of paid items as per JMF but neither the rate was reduced nor less use of bitumen was recovered. In this way, the authority made overpayment of Rs 8,754,382 (as detailed below). Further, extraction test of the actual executed works was not produced to Audit. The rate was required to be reduced according to the extraction test report.

(Amount in Rs)

Sr. No.	Sub Para No.	Less use of quantity of bitumen (in tons)	Rate	Amount Overpaid
1	4	27.040	152,561.95	4,125,275
2	13	26.99	171,511.93	4,629,107
			Total	**8,754,382**

Violation of FD's instructions resulted in overpayment amounting to Rs 8,754,382.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority effected the recovery of Rs 6,486,670 and stated that balance recovery of Rs 4,629,107 would be effected in subsequent payments. The Committee reduced the amount of para to Rs 4,629,107 and directed the Authority to effect balance recovery according to extraction test reports and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.04(2023-24)

8.4.4 Overpayment due to higher rates of non-standardized items – Rs 2.406 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, "the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible".

MD CDA, Bahawalpur paid for the items i.e., *"Providing and fixing of 3mm thick fiber glass corrugated sheet complete in all respect"* and *"Providing and fixing pre-cast pre-stressed RCC roofing complete in all respect"* at the rate of Rs 416.98 per sft and Rs 320.22 per sft, respectively. Audit observed that the Authority approved rate analysis at higher side by taking extra fixing charges of item 3 mm thick fiber glass sheet and applying 5% &10% wastage, and re-carriage for material from market to site on the item pre-cast beams/slab. The extra fixing charges of fiber glass sheet were included in material rates as per quotation which was the basis of rates. Further, wastage & re-carriage for the item providing and fixing pre-cast/pre-stressed RCC roofing were not admissible as per FD template for the item.

Violation of FD's instructions resulted in overpayments amounting to Rs 2,406,484.

Audit pointed out the overpayments in August 2023.

The paras were discussed in the SDAC meeting held on 16th November 2023. The Authority, in DP No. 09 admitted the recovery. The Committee directed the Authority to effect recovery and get it verified from Audit within 30 days. In DP No. 15, the Authority explained that the input rates only covered the area where metal roads existed but in far flung areas of Cholistan, the metal roads did not exist, so re-carriage was involved. Audit contended that rates provided in MRS were for "at site rates". Therefore, the re-carriage and 10% wastage were not admissible. The Committee directed the Authority to get the matter regularized from FD within 90 days otherwise effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.09&15(2023-24)

8.4.5 Overpayment due to less utilization of dismantled road pavement – Rs 1.328 million

As per provision of TS estimate, "90% quantity of stone obtained from dismantling existing road pavement was required to be reused as sub-base and said quantity was required to be deducted from the quantity of item sub-base course of crushed stone with lead".

MD, CDA, Bahawalpur paid for the item *"Dismantling and removing road pavement etc."* for a quantity of 64296 cft. Audit observed that 90% of the said quantity i.e., 57866 cft was required to be reused as sub-base course at the rate of Rs 3,050.00 per % cft but the department used only 42600 cft leaving a balance quantity of 15266 cft.

Authority neither reused this quantity as sub-base course at labour rate nor recovered the cost of dismantled material. Further, the Authority executed an item "*Providing and laying sub-base course complete in all respect*" at the rate of Rs 11,750 % cft for a quantity of 73618 cft. Audit was of the view that the Authority should have relayed 90% of the dismantled quantity before executing the sub-base course at the rate of new item i.e., Rs 11,750 per % cft. Therefore, overpayment of Rs 1,328,142 [15266 cft x (Rs 11,750- Rs 3,050)] was made.

Violation of the provision of TS estimate resulted in overpayment amounting to Rs 1,328,142.

Audit pointed out the overpayment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that the recovery would be made in next running bill. The Committee directed the Authority to effect recovery within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.19(2023-24)

Irregularities resulting in non-recoveries

8.4.6 Non-recovery of dismantled material – Rs 1.698 million

As per provision of TS estimate and agreement, "cost of old bricks amounting to Rs 1,401,594 and brick bats amounting to Rs 296,634 were required to be recovered".

MD CDA, Bahawalpur paid for the item *"Dismantling brick soling"* for a quantity of 49439 cft. Audit observed that the Authority did not recover the cost of old material amounting to Rs 1,698,228 as per provisions of TS estimate and the contract agreement.

Violation of the Specifications and provision of TS estimate resulted in non-recovery amounting to Rs 1,698,228.

Audit pointed out the non-recovery in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that recovery would be effected in the next running bill. The Committee directed the Authority to effect recovery and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.12(2023-24)

Miscellaneous irregularities

8.4.7 Irregular payment of price variation beyond provision in TS estimate – Rs 86.072 million

As per FD's notification No. RO (Tech)/FD-1-2/83-VI (P) dated 18th May 2007, price variation should be met out from contingencies as provided in TS estimate. In case of excess over and above contingent provision, a revised TS estimate and enhancement of contract agreement should be obtained from the competent authority before releasing the payment of price variation.

MD, CDA, Bahawalpur, in four (04) cases, paid price variation amounting to Rs 128,834,318 on stone, diesel, labour, bitumen etc. Audit observed that as per revised TS estimates and 2nd revised TS estimates, price variation was approved for Rs 42,708,122. In this way, the Authority made payment of Rs 86,072,196 over & above the provision in revised TS and 2nd revised TS estimates (as detailed below).

(Amount in Rs)

Sr. No.	Sub para No.	Status of TSE	Provision for price variation	Payment of price variation	Irregular payment
1	5	2nd Revised TSE	21,639,694	24,534,295	2,840,601
2	11	Revised TSE	3,141,147	26,891,297	23,750,150
3	37	Revised TSE	15,565,937	62,867,501	47,301,564
4	19	Revised TSE	2,361,344	14,541,225	12,179,881
		Total	**42,708,122**	**128,834,318**	**86,072,196**

Violations of FD's instructions resulted in irregular payment of price variation amounting to Rs 86,072,196.

Audit pointed out the irregular payment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that the revision of estimates was under process and excess paid price variation would be regularized. Audit contended that the Authority paid price variation amounting Rs 128.834 million against approved price variation amounting Rs 42.708 million. The Committee directed the Authority to get the matter regularized from FD within 90 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery, fixing responsibility besides strengthening internal controls to avoid the recurrence of such issues.

DP No.5 (2023-24)

8.4.8 Irregular enhancement of agreements – Rs 84.384 million

As per clarification issued by PPRA dated 18th June 2019, "enhancement in the original scope of work beyond 15% cannot be allowed under PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of the contract agreement circulated by FD".

MD, CDA, Bahawalpur, in two (02) works, enhanced the scope of works beyond 20% of the original contracts. The detail is as under:

(Amount in Rs)

DP No.	Sub para No.	Original amount	Enhanced amount	Difference	% of increase
02	02	72,138,805	136,553,928	64,415,123	89
	23	79,437,799	99,406,860	19,969,061	25
	Total	**151,576,604**	**235,960,788**	**84,384,184**	

Violation of the PPRA rules resulted in irregular enhancement of agreements amounting to Rs 84,384,184.

Audit pointed out the irregularity in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that schemes had been revised and approved from the competent forum. Audit contended that the Authority enhanced the scope of works beyond 20% during execution in violation of PPRA's rules. The Committee directed the Authority to get the irregularity condoned from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early condonation of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.2 (2023-24)

Note: The issue was reported earlier also in audit report for the year 2015-16 vide para No 6.3.3 having financial impact of Rs 67.480 million. Recurrence of same irregularity is a matter of serious concern.

8.4.9 Unjustified payment of price variation – Rs 17.971 million

According to clause 55 of agreement, the price variation under this clause shall be worked out on the basis of the price of the particular item prevalent in a particular District on first day of each month. The amount payable or deductible in respect of items shall be calculated on the basis of the quantity of the item actually consumed on the work during the month.

MD, CDA, Bahawalpur, in two (02) cases, paid price variation amounting to Rs 17.972 million on account of diesel, labour, bitumen and steel etc. Audit observed that the dates of measurements of record entries were not mentioned in measurement books. Therefore, application of current rates of materials for payment of price variation was not justified.

Violation of the contract agreement resulted in unjustified payment of price variation amounting to Rs 17,972,165.

Audit pointed out the unjustified payment in August 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The Authority explained that price variation was calculated according to prevailing rates. Audit contended that measurement dates were not recoded in MBs to ascertain actual amount payable to contractors; hence the payment of price variation was tantamount to be unjustified. The Committee directed that the Administrative Department may conduct an inquiry and fix the responsibility on person(s) at fault. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.11 (2023-24)

CHAPTER – 9

IMPACT AUDIT OF "PILOT URBAN REHABILITATION & INFRASTRUCTURE IMPROVEMENT PROJECT" (PACKAGE-II)

9.1 Introduction

Impact audit is aimed at determining impact of initiatives or programs on a target population. This type of audit goes beyond a mere output evaluation to represent an advanced form of Performance Audit. It rather focuses on the project's ultimate outcomes and broader impacts. It answers cause-and-effect questions about the outcomes attributable to an initiative by isolating other contributing factors or variables. This audit type is the beginning of a new era in public sector auditing, which emphasizes the analysis of real-time benefits of government initiatives taken for citizens.

9.1.1 Background

Lahore, with its rich historical tapestry, stands as a testament to the enduring cultural and architectural legacy of the subcontinent. At the heart of this vibrant city lies the Lahore Walled City - a living paragon of history and cultural blend. Established centuries ago, the Walled City has served as the epicenter for power politics, commerce, trade, cultural activities, and multifarious social cohabitation for various empires, including the Mughals, Sikhs, and the British. Its narrow, labyrinthine streets, adorned with exquisite Mughal and colonial-era structures, encapsulate the essence of Lahore's historical importance. Today, amidst the bustling modernity of Lahore, the Walled City stands a symbol of continuity, bridging the gap between the past and the present. It offers a glimpse into the city's enduring spirit and the convergence of diverse cultural influences that have shaped Lahore into the dynamic metropolis it is today.

Over time, the emergence of new residential colonies with better civic amenities promoted the residents of the old city to move an inhabit these colonies, leaving their ancestral homes due the declining civic amenities in the old city.

"In response to this downturn, the Walled City of Lahore Authority was established in 2012. Assuming a crucial role, the Authority undertook the planning and designing of a dedicated project aimed at rehabilitating the historic Walled City, with a primary focus on restoring its cultural and architectural heritage". This initiative, known as the *"Pilot Urban Rehabilitation & Infrastructure Improvement Project"*, was subsequently subdivided into four distinct packages which are enumerated as follows:

I. Pilot Urban Rehabilitation & Infrastructure Improvement Project from Dehli Gate to Purani Kotwali.
II. Pilot Urban Rehabilitation & Infrastructure Improvement Project from Chowk Purani Kotwali to Akbari Gate, Lahore Fort through Chowk Chuna Mandi and Moti Bazar.
III. Resource development of water supply system for area of package-I (Water Storage Tank etc).
IV. Pilot Urban Rehabilitation & Infrastructure Improvement Project from Chowk Purani Kotwali to Sunheri Masjid via Dabbi.

The focus of this Impact Audit is on Package-II of the project. Package II of the project was implemented in collaboration with various line agencies, including LESCO, WASA, and PTCL. The project's PC-I, with a cost of Rs 890.60 million, received approval from the PDWP on 24th October 2014. The original TS estimate, amounting to Rs 771.07 million, was sanctioned on 14th November 2014. The project was started on 4th June 2015 and completed on 31st January 2018.

The contract for the work was awarded to M/s IKAN Engineering Services (Pvt.) Ltd. on 4th June 2015, following a successful bid of Rs 770.576 million. Later, on November 30, 2018, the project's cost underwent a reduction to Rs 695.02 million. This adjustment was made in light of a revised TS estimate that took into account the scaled-down scope of work.[11] M/s ACE (Pvt.) served as the design and supervisory consultant for the project Package II.

[11] Scope of work was reduced due to deletion of SNGPL component and reduction in works like Facade Rehabilitation & Street Surfacing and Infrastructure Developments owing to narrow width of streets rendering works impractical and several litigation issues.

9.1.2 Role of the Project

Package-II of the project, spans from Chowk Purani Kotwali to Akbari Gate Lahore Fort, passing through Chowk Chuna Mandi and Moti Bazar. This specific initiative was financially supported by Government of the Punjab. The role of Package-II encompasses the comprehensive restoration and renovation of the architectural landmarks, including urban infrastructure and services.

9.2 Overview

The development and expansion of Lahore led to the diminishing significance of the Walled City. Consequently, this area endured years of neglect, leading to the deterioration of civic amenities and living standards. In response to the dilapidation of the Walled City, the Walled City of Lahore Authority envisioned a comprehensive project aimed at revitalizing the old city through extensive rehabilitation efforts.

The objectives of the project extend beyond mere physical restoration, aspiring to create a holistic experience for both residents and visitors alike. The envisioned heritage trail is designed to offer a distinctive encounter with urban, religious, and vernacular architecture, providing a comprehensive exploration of the cultural and historical richness embedded in the fabric of the Walled City.

The restoration plan not only emphasizes the conservation and preservation of old heritage but also aims to facilitate various stakeholders, including tourists, residents, as well as traders within the market. The overarching goal is to revive and enhance the cultural and economic vibrancy of the specified area.

9.2.1 Objectives of the Project

Project objectives are enumerated below:

i. To improve living and health standards of the inhabitants by providing infrastructure facilities for solid waste management, water and sanitation system.
ii. To upgrade living standard of people by providing modern network facilities of electricity, sui-gas and telecommunication services.

iii. To restore cultural heritage for attracting tourism.
iv. To create employment facilities for skilled and unskilled workforce.
v. To provide better environmental facilities by reducing air and water pollution.

9.3 Scope and Methodology

9.3.1 Scope

The scope of this impact audit was to assess the causal relationship between the project outputs and their broader impact on public, culture, and environment. Conditions with the project interventions and conditions without the project interventions were compared for impact analysis. A model illustrating the sequence of output, outcomes, and impact is presented as follows:

Output	Outcomes	Impact
• Façade improvement • Street surfacing • Underground electrification • Solid waste management system • Water & Sanitation improvements	• Better optics of the area • Improved civic amenities • Healthy environment	• Improved aesthetics and better living standards • Increased income • Increased tourism • Increased government revenues

The target population encompasses the beneficiaries of the project, inclusive of both residents and commercial entities, as well as tourists.

9.3.2 Methodology

The assessment of the impact of project interventions entails analyzing specific impact indicators with and without the project interventions for both the treatment group and the control group. The treatment group comprises the beneficiaries of the project, while the control group consists of individuals who are not directly connected to the project benefits. This comparative analysis helps in assessing the effectiveness and influence of the interventions on the targeted population.

Primary data formed the foundation for the majority of the impact analysis. In this regard, a survey, consisting of questions pertaining to specific impact indicators, was conducted on a sample of beneficiaries. The unit of analysis comprised project beneficiaries, including residents, traders, and tourists. To gain valuable insights, beneficiaries were randomly selected for surveys and interviews. The analysis involved comparing the pre-project and post-project conditions of the beneficiaries.

Additionally, for a specific portion of the analysis, the 'Difference in Difference Analysis' was employed to assess the actual impact of the project on the treatment group. Renowned for its comprehensiveness, the 'Difference in Difference' approach involves calculating the difference between the treatment and control groups during both pre-project and post-project periods. This method aims to isolate the true impact of the project by considering changes in both groups over time and removing external variables. The impact indicators considered in this impact analysis are outlined in the following table:

Direct Indicators	**Proxy Indicators**
• Improved Living Conditions	1. Enhanced Aesthetics 2. Improved Civic Amenities 3. Better Environmental Conditions 4. Residents' Perception of Improved Living Standards 5. Non-intrusive Economic Growth: Balancing Prosperity and Resident's Privacy
• Fostering Tourism Growth	1. A Growing Trend in Tourist Numbers 2. Positive Tourist Impressions Regarding Area Improvements 3. Tourists Inspiring Others to Explore the Area
• Enhanced Economic Activity	1. Rise in Commercial Activities 2. Rise in Government Revenues
• Empowering Lives of Beneficiaries: Enhanced Income Opportunities	1. Improved Eating and Drinking Patterns 2. Increase in the Number of School Enrolled Children 3. Improved Transportation Modes 4. Improved Patterns of Household Appliance Usage

A summary of the sampling regime for surveys conducted by Audit is given in the following:

- **<u>Total number of units in the project area:</u>**

  Residential: 57

  Commercial: 5974

- **<u>Audit Surveys:</u>**

  Residential Units: A survey sample of 30 residential units was chosen, representing 52.63% of the total residential units in the project area.

  Commercial Units: A survey sample of 1000 commercial units was initially selected, but only twenty survey forms were completed due to non-responsiveness from the majority of the units. The completed surveys constitute 0.33% of the total commercial units in the project area.

  Tourist Survey: A sample of 50 tourists (both local and foreign) was surveyed to gather their impressions on various aspects of the project.

Physical inspections of the area were conducted to observe the tangible improvements resulting from the project. In this regard, thirty streets were visited. The project area is delineated in the map below:

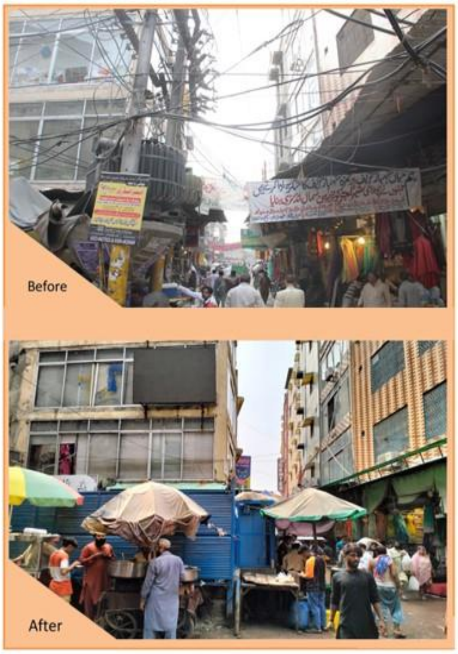
9.4 Audit Findings

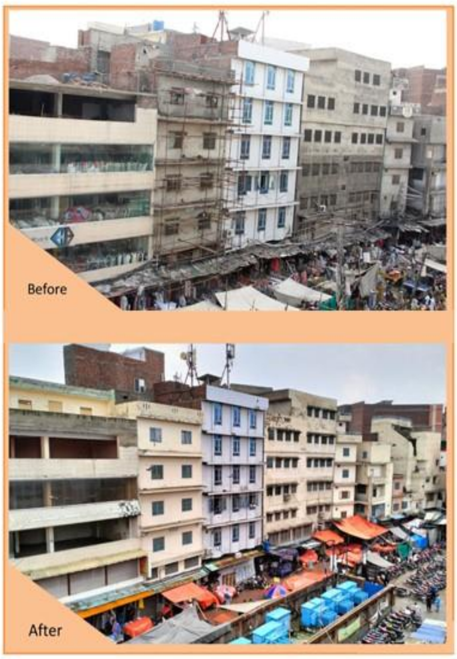
9.4.1 Improved Living Conditions

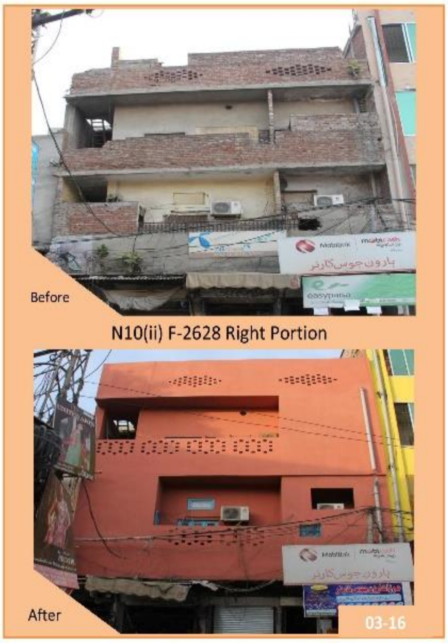
The project aimed to improve residents' living conditions and boost their economic potential, primarily by rehabilitating cultural heritage and improving civic amenities. Audit examined various indicators related to living conditions and observed a positive impact of the project in this regard.

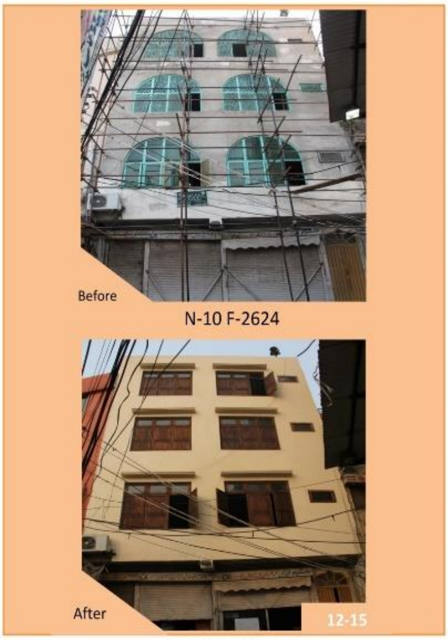
9.4.1.1 Enhanced Aesthetics, Civic Amenities and Environment

During site visits, the audit observed a notable improvement in the condition of facades. Approximately, thirty (30) properties were assessed to verify these improvements. Additionally, the Audit inspected thirty (30) streets along the main Royal Trail and noted satisfactory work on street surfacing.









Audit also observed notable improvements in safety and aesthetics resulting from the replacement of hanging electricity wires and pole-mounted High-tension and Low-tension cables with an underground electrical network. Furthermore, to tackle water pollution, the existing water supply pipelines were upgraded with new HDPE pipes to ensure clean drinking water. The open sewer drain system was also replaced with a concealed sewerage system, and a separate storm water drain system was provided with perforated manhole covers to manage rainwater effectively.

The enhancements to façades, rehabilitation of streets, and improvements in delivering essential utilities had not only contributed to enhanced aesthetics but had also fostered safe and healthy living conditions. However, there was a notable omission in the PC-1 of the project as it failed to include provisions for improving the already existing solid waste management system in the project area, despite this being a part of the original project objectives. Consequently, solid waste management remained a significant issue in the project area, negatively impacting hygiene and aesthetics.

In its response, the authority clarified that solid waste management component was intended to be executed after completing other aspects of the project. Nevertheless, approval for the PC-1 for 'Solid Waste Management of Walled City Lahore' could not be obtained from the competent forum despite being submitted for approval under the Annual Development Programmes (ADPs) for the years 2018-19, 2022-23, and 2023-24. In the absence of adequate interventions under the project, the responsibility for managing solid waste in the project area rested with the Lahore Waste Management Company. However, Audit observed that the services provided by the company fell short of the expected standards.

The omission of this crucial component resulted in the presence of scattered solid waste, garbage, and debris along the main Royal Trail and commercial areas. The following pictures (figure 9.4.4.1) depict the solid waste problem in the area. This issue not only detract from the overall success of the project but also compromised the cleanliness and visual appeal of the affected areas.

Figure 9.4.4.1

Similarly, the issue of air pollution had gone unaddressed by the Authority, despite being identified as one of the objectives of the project. The sole intervention related to controlling air pollution involved converting the open sewerage system to a concealed sewerage system. While this measure aided in mitigating the foul smell of sewers, it fell short of addressing the broader dimensions of air pollution.

Audit is of the view that a pollution is a serious problem for the entire city of Lahore. The Authority needs to identify the sources of air pollution in the project area and collaborate with the Environment Protection Agency to plan and implement corrective and preventive measures, ensuring a long-term solution to this problem.

Going forward, it is imperative for future initiatives to conscientiously address and rectify such oversights to ensure the comprehensive and successful implementation of urban development projects.

9.4.1.2 Residents’ Perception of Improved Living Standards

By conducting a survey, Audit examined beneficiaries' perceptions of impact of project interventions on their quality of life. The findings revealed that nearly 94% of the treatment group believed their living standards had improved after the project, while only 6% reported no discernible impact on their living standards. The beneficiaries' responses indicate that the project interventions successfully improved the living standards of the area's residents.

9.4.1.3 Non-intrusive Economic Growth: Balancing Prosperity and Resident's Privacy

Audit observed a significant increase in economic activity in the region, primarily attributed to the rise in tourism. This surge in tourism has the potential to intrude on the privacy of the residents in the area. Consequently, a sample of residents was surveyed on this matter. The findings revealed that nearly 14% of the treatment group respondents believed that privacy issues had arisen after the project, while 86% reported no perceived increase in privacy concerns.

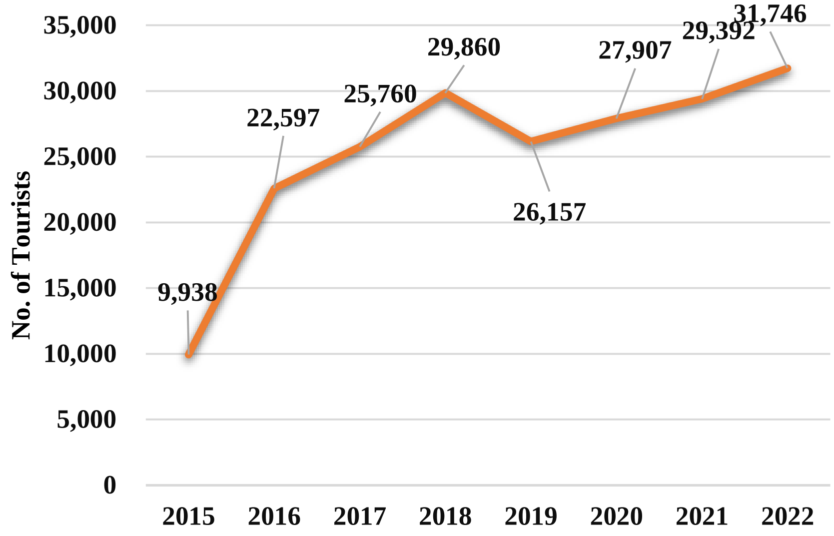
9.4.2 Fostering Tourism Growth

One of the project's objectives was to boost tourism by restoring the cultural heritage of the area. In pursuit of this goal, the project focused on enhancing the aesthetics and overall visual appeal of the region. Audit observed a positive impact of these interventions, contributing to an increase in tourism.

9.4.2.1 A Growing Trend in Tourist Numbers

The data on tourist numbers, provided by the "Tourism Information Center", pertaining to both local and foreign tourist footfall inside the Walled City, was analyzed. The data revealed a consistent upward trend in tourist numbers over the years, as depicted in Figure 9.4.2.1.

Figure 9.4.2.1
Tourists Foot Fall (Overall)

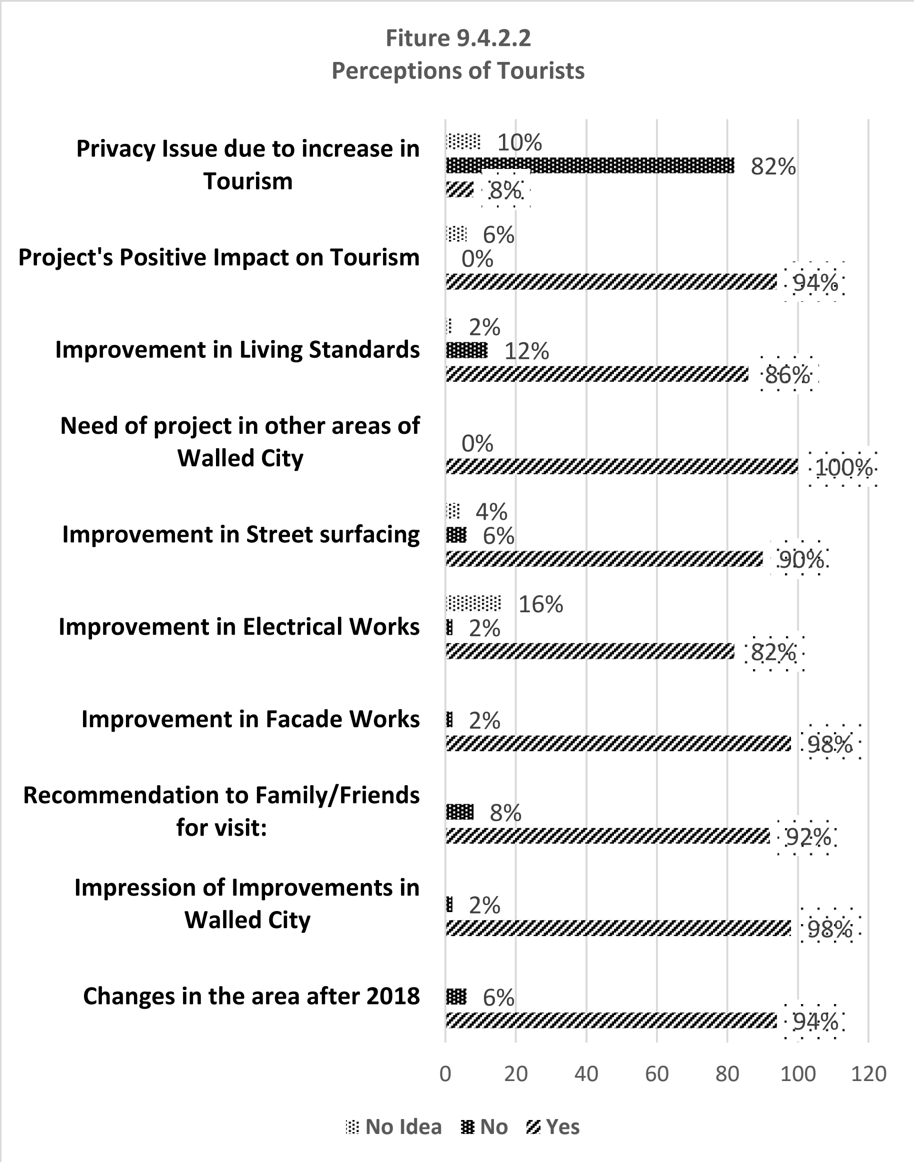


Source: Data provided by the Authority

9.4.2.2 Positive Tourist Impressions Regarding Improvements

Tourists in Pakistan were surveyed for their perceptions of improvements to the area's visual appeal and interaction with residents and shopkeepers. The sample group included foreigners as well as tourists from diverse parts of Pakistan.

Tourists were asked about their impressions of the Walled City's improvement and whether they would recommend it to family and friends. Furthermore, they were asked whether they would recommend similar projects in other areas of the Walled City. As part of the survey, audit also asked for their opinions on different aspects like the success of the project, improvement of living standards, increase in tourism, and the privacy issues associated with the growth of tourism etc. The questions were based on pre-project and post-project changes. The collected data was compiled, and graphical representations of various impact factors are depicted in Fig 9.4.2.2.



The presented figure indicates that tourists in the area had a favorable impression of the project intervention. This positive perception serves as a noteworthy indicator of the project's success.

9.4.2.3 Tourists Inspiring Others to Visit the Area

The tourist sample was surveyed about how they learned about the Walled City Lahore. According to the findings, 64% of the respondents discovered this place through friends, 20% through media platforms, and 16% from other sources. This indicates that the enhanced appeal of the Walled City left a positive impression on tourists, leading them to recommend the area to others and thereby contributing to further tourism growth.

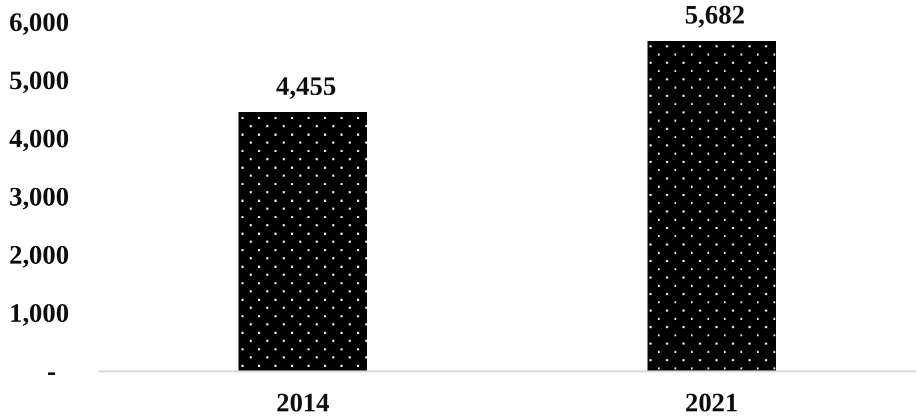
9.4.3 Enhanced Economic Activity

The economic activities of a region are profoundly shaped by tourism, proper infrastructure, and a healthy environment. In particular, an increase in tourist numbers is poised to augment business opportunities and prosperity in the area. In this context, audit examined the project's impact on the economy of the area.

9.4.3.1 Rise in Commercial Activities

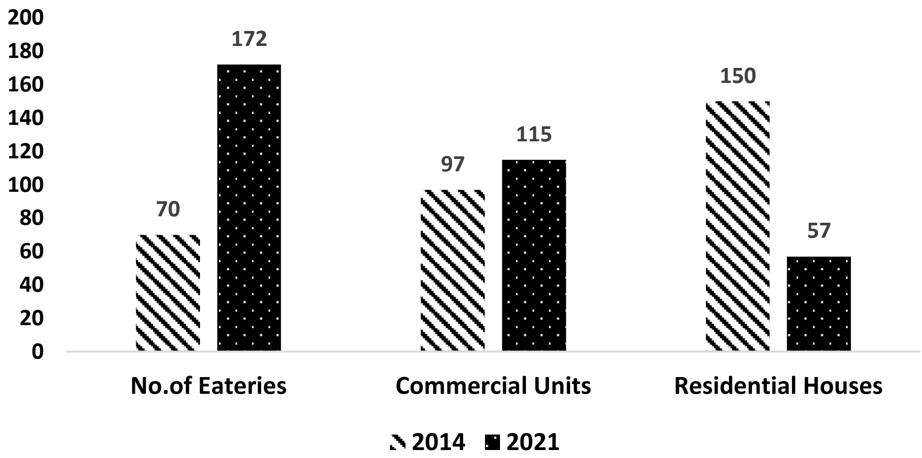
The numbers of residential properties, shops, eateries, and other commercial units were compared with reference to the years 2014 and 2021. This comparison revealed that after the project's execution, commercial activities had increased in the project area. It was also noted that property values had risen, leading residents of the area to sell their properties and relocate to other residential places in Lahore. Consequently, the number of shops, hotels, and industrial units increased, while the number of residential properties decreased. This trend is depicted in figures 9.4.3.1.a and 9.4.3.1.b.

Figure 9.4.3.1.a
No. of Shops



Source: Data provided by the Authority

Figure 9.4.3.1b



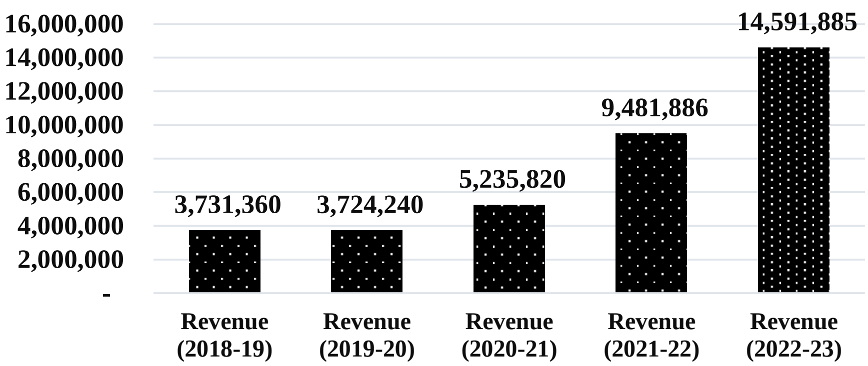
Source: Data provided by the Authority

9.4.3.2 Rise in Government Revenues

Revenue from various sources, such as tourism fees, fare from Rangeela Rickshaw, and map fees, collected by the Authority within the project area, is presented in Figure 9.4.3.2. The Authority's revenue exhibits a consistent year-on-year increase. This upward trend in government revenue signifies an increase in the level of economic activity in the region. Consequently, it underscores the success of the project in fostering a positive impact on the economic dynamics of the area.

(Amount in Rs)

Figure 9.4.3.2
Revenue Analysis



Source: Data provided by the Authority

9.4.4 Empowering Lives of Beneficiaries: Enhanced Income Opportunities

The project aimed to enhance the living and health standards of the residents while boosting their earning capacity through increased economic activity. Audit noted the project's success in attracting tourists through the restoration of cultural heritage. Additionally, civic amenities were upgraded and there had been an overall economic boost in the area. Against this backdrop, Audit assessed the impact of these project benefits on the income and lifestyle of the residents.

9.4.4.1 Improved Eating and Drinking Patterns

As regards health and nutritional values, meat intake per week was chosen as one of the indicators. It was observed that the daily usage of meat had improved in both the treatment group and the control group. On average, the treatment group's meat consumption increased from 1.10 to 1.46 days/week before and after the project, while the control group's consumption rose from 1.00 to 1.44 days/week. However, the "Difference in Difference" approach reveals a negative impact of -0.08 days/week, suggesting that meat consumption increased more in the control group. This indicates that factors other than the project interventions were responsible for the observed rise in meat consumption.

Weekly Meat Consumption	Before Days/Week	After Days/Week
Treatment Group	1.10	1.46
Control Group	1.00	1.44
Difference (Treatment Group – Control Group)	**0.10**	**0.02**
Difference in Difference (Difference After-Difference Before)	**-0.08**	

The analysis of drinking water quality focused on the shift in preferences before and after the project, specifically regarding the use of mineral water, filtered water, and boiled water. The study reflected that the residents did not prefer use of mineral water at all. Results of this analysis are depicted in the following table.

Filtered Drinking Water	Before (%)	After (%)
Treatment Group	80	84
Control Group	76	82
Difference (Treatment Group – Control Group)	**4**	**2**
Difference in Difference **(Difference After- Difference Before)**	**- 2%**	
Boiled Drinking Water	**Before (%)**	**After (%)**
Treatment Group	20	16
Control Group	24	18
Difference (Treatment Group – Control Group)	**- 4**	**- 2**
Difference in Difference **(Difference After- Difference Before)**	**+2%**	

The analysis indicates an increase in the consumption of filtered drinking water; nonetheless, attributing this increase to the project impact is questionable because "Difference in Difference" analysis unveils a negative 2%, signifying a greater increase in the control group. As for the use of boiled water, a declining trend was observed in both the treatment and control groups. However, this downward trend does not seem to correlate with the project interventions. Changing preferences in drinking water could be a result of the Punjab Saaf Pani Company, Lahore, installing water filtration plants in the area.

In summary, the project did not appear to significantly influence the eating and drinking preferences of the residents. Nevertheless, this lack of influence cannot be interpreted as indicators of no change in the income of the beneficiaries. Other factors, such as increased economic activity and tourism, strongly suggest improvements in income opportunities of the beneficiaries.

9.4.4.2 Increase in the Number of School Enrolled Children

An increase in the number of school-enrolled children serves as an indicator of rising income. Audit noted an increase in the number of school-going children aged five and above in the treatment group, rising from 0.94 to 1.84 children per household. In comparison, the control group saw an increase from 0.90 to 1.78 children per household. According to the "Difference in Difference" approach, a positive impact of 0.02 children per household was identified, signifying a positive influence of the project on the incomes of the treatment group.

School- Enrolled Children above 5 years	Before (Children/Household)	After (Children/Household)
Treatment Group	0.94	1.84
Control Group	0.90	1.78
Difference (Treatment Group – Control Group)	**0.04**	**0.06**
Difference in Difference (Difference After- Difference Before)	**+ 0.02**	

9.4.4.3 Improved Transportation Modes

The improvement in the mode of transportation serves as a strong indicator of the rise in incomes. In this context, an analysis was conducted to examine the shift in the usage pattern of motorcycles and cars. Related data is depicted below:

Motorcycle	Before (%)	After (%)
Treatment Group	88	92
Control Group	80	94
Difference (Treatment Group – Control Group)	**8**	**- 2**
Difference in Difference (Difference After- Difference Before)	**- 10%**	
Car	**Before (%)**	**After (%)**
Treatment Group	2	16
Control Group	6	10
Difference (Treatment Group – Control Group)	**- 4**	**6**
Difference in Difference (Difference After- Difference Before)	**+ 10%**	

The presented data indicates a rise in motorcycle and car usage. Regarding motorcycles, the "Difference in Difference" analysis reveals a negative 10%, suggesting that the motorcycle usage increased more in the control group. Hence, this change cannot be directly attributed to project interventions. Additionally, data reflects a notable increase in car usage for both control group and treatment group. The "Difference in

Difference" analysis for cars shows a positive 10%, indicating that the rise in car usage was more in the treatment group. This suggests that project interventions had successfully contributed to the increased income of residents in the project area.

9.4.4.4 Improved Patterns of Household Appliance Usage

The increasing household incomes are also manifested in the usage patterns of household appliances. Consequently, audit surveyed both the treatment group and the control group to examine the changes in the usage patterns of air-conditioners, refrigerators, water geysers, washing machines, and computers. Results of the survey are presented in the following table:

Air-conditions	**Before (%)**	**After (%)**
Treatment Group	26	72
Control Group	24	68
Difference (Treatment Group – Control Group)	**2**	**4**
Difference in Difference (Difference After- Difference Before)	**+ 2%**	
Refrigerator	**Before (%)**	**After (%)**
Treatment Group	98	100
Control Group	90	94
Difference (Treatment Group – Control Group)	**8**	**6**
Difference in Difference (Difference After- Difference Before)	**-2%**	
Water Geyser	**Before (%)**	**After (%)**
Treatment Group	12	30
Control Group	10	24
Difference (Treatment Group – Control Group)	**2**	**6**
Difference in Difference (Difference After- Difference Before)	**+4%**	
Washing Machine	**Before (%)**	**After (%)**
Treatment Group	98	100
Control Group	94	98

Difference (Treatment Group – Control Group)	**4**	**2**
Difference in Difference (Difference After- Difference Before)	**- 2%**	
Computer/Laptop	**Before (%)**	**After (%)**
Treatment Group	34	66
Control Group	36	64
Difference (Treatment Group – Control Group)	**-2**	**2**
Difference in Difference (Difference After- Difference Before)	**+4%**	

The survey indicates a positive trend in the usage of all selected items. The "Difference in Difference" analysis further suggests that the usage of ACs, water geysers, and computers, increased more in the treatment group as compared with the control group. This implies that the project interventions contributed to the rise in household incomes, enabling residents to enhance their lifestyles.

However, for refrigerators and washing machines, the "Difference in Difference" analysis shows that the control group experienced a 2% increase compared to the treatment group. This small percentage difference does not diminish the success of the project. The overall improvement in the usage of these items underscores the positive impact of the interventions on the surveyed households.

9.5 Conclusion

The project had the overarching goal of enhancing the living conditions of the residents in the project area through the improvement of civic amenities and economic opportunities. It sought to bolster the local economy by attracting tourism through the restoration of cultural assets and by creating employment opportunities for both skilled and unskilled workforce. Additionally, a key objective was to contribute to environmental improvement by reducing air and water pollution.

Audit findings indicate that despite an overall success, the project fell short of fully achieving its stated objectives. Specifically, environmental goals were not realized as no interventions were implemented to tackle air pollution and improve solid waste management.

Nevertheless, the achieved objectives of the project had successfully made a substantial impact on enhancing living conditions and stimulating the local economy. The revitalization of facades, rehabilitation of street surfaces, and improvement of civic amenities had not only elevated the aesthetics but also transformed the overall milieu of the area, resulting in a noteworthy increase in tourism. These combined economic and aesthetic benefits had profoundly influenced the living conditions of the residents and contributed to the long-term sustainability of the cultural heritage preserved in the target area.

9.6 Recommendations

1. The issues of air pollution and solid waste management merit serious attention. It is imperative for the authority to plan and implement effective measures to tackle these issues. By doing so, the authority can ensure that both the residents of the area and tourists fully reap the benefits of the project.

2. The authority needs to proactively secure adequate annual funds to maintain the infrastructure and civic amenities at the desired quality level in order to ensure the continued benefits of the project in the future.

CHAPTER – 10

THEMATIC AUDIT

10.1 Adequacy of control environment (Sub-Theme: Control's Effectiveness for Universal Implementation of Agreed Audit Recommendations)

10.1.1 Introduction

This office conducts yearly compliance audit and audit observations are deliberated upon in SDACs. These committees issue specific directives aimed at addressing the issues raised by Audit. In response, the department implements these directives on the specific cases identified by Audit in the audited schemes. This collaborative process ensures a systematic approach to resolving and rectifying the concerns highlighted during the audit.

Due to resource constraints, the audit is executed on a sample basis, leaving a substantial number of development projects unaudited. A control-conscious and proactive management is anticipated to review unaudited works to identify whether issues similar to those raised by Audit are present. If such issues are identified, the management should proactively implement the respective SDAC directives in the unaudited schemes as well. This approach ensures that the issues do not remain hidden and unaddressed in unaudited schemes, demonstrating a commitment to transparency and rectifying potential concerns across all projects.

Recurring audit observations on similar issues year after year suggest that the managements of the audited entities lack a proactive attitude in comprehensively and effectively addressing the issues highlighted by Audit. An effective implementation of audit recommendations and SDAC directives should ideally lead to a decrease in the number of audit observations on previously identified issues, emphasizing the importance of sustained corrective actions and improvements over time.

To unveil the true extent of the problem, analyze underlying causes, and recommend corrective measures, this Directorate General has strategically planned this thematic audit. The primary goal is to assess the prevalence of established irregularities in unaudited schemes and propose corrective actions to rectify these issues. This approach ensures a comprehensive understanding of the issues at hand and facilitates the development of effective measures to address and prevent similar irregularities in the future.

The primary responsibility for implementing agreed audit recommendations across all works, whether audited or not, typically lies with the management of the audited entity. Successful implementation of audit recommendations and SDAC directives requires robust oversight and planning by management to define clear responsibilities and establish specific timeframes for addressing the identified issues.

10.1.1.2 Background

Audit observations leading to recoveries admitted and effected by departments on SDAC's directives are viewed as a positive outcome. However, concerns about potential oversights prompted a desk audit of schemes not previously audited, revealing a prevalence of previously identified and admitted irregularities. Preliminary findings suggest a lack of implementation of established audit recommendations in unaudited schemes. Consequently, a thematic audit is planned to assess how well audit recommendations are being implemented across various unaudited schemes in the works departments. This audit aims to enhance the overall effectiveness of the auditing process, providing insights to improve policy decisions and advocating for a uniform application of audit observations across all areas, avoiding a selective approach.

10.1.1.3 Establishing the Audit Theme

10.1.1.3.1 Reasons of selection

During the follow-up of the recoveries admitted by departments and directed by SDACs in various issues, it was observed that recoveries had been effected only in cases where audit observations were raised. In the remaining unaudited schemes, a preliminary assessment revealed that the established audit recommendations were implemented to a very limited extent, indicating weak internal controls regarding the universal implementation of agreed audit recommendations. This suggests that no preventive measures were being taken by the formations to avoid the recurrence of such issues. The probability of such recurrences was assessed to be too high to be left unattended. Therefore, a thematic audit titled *"Control's Effectiveness for Universal Implementation of Agreed Audit Recommendations"* was planned to thoroughly assess the trend of formations in the implementation of established audit recommendations in unaudited schemes.

10.1.1.3.2 Purpose of selection

This thematic audit aims to assess the efficacy and sufficiency of controls, with a particular focus on preventive controls, in areas where audit has consistently identified various irrefutable irregularities. The audit is expected to evaluate the extent of implementation status and the impact of audit recommendations. The exercise shall enhance the impact of audit in terms of recoveries and policy improvements. Through this assessment, the goal is to strengthen preventive measures, ensuring a more robust control environment and reducing the recurrence of identified irregularities. The main objective of the audit is to evaluate the following hypotheses:

1. That the issues highlighted in a particular sampled scheme, where the formations agreed to Audit contention and/or admitted/effected recoveries, also exist in other schemes of the same financial year under the control of the same executing agency.
2. That the issues highlighted in a particular sampled scheme, where the formations agreed to Audit contention and/or admitted/effected recoveries, also exist in other schemes started in the next financial year under the control of the same executing agency.

Audit seeks to validate these hypotheses and identify any recurring issues across different schemes and financial years under the control of the same executing agency.

10.1.1.3.3 Scope

In the audit plan of 2023-24, twenty seven (27) formations of C&W (Highways and Buildings) and Public Health Engineering (PHE) Departments were selected for this thematic audit. The specific scope of the audit includes:

i. Identifying audit observations in the audited schemes of FY 2020-21 that have resulted in admitted and effected recoveries.
ii. Determining whether the issues identified in audit observations are also present in the unaudited schemes/works (formation-wise) of FY 2020-21 and 2021-22.
iii. Assessing whether the executing agency has taken any steps to rectify similar issues and effect recoveries in the schemes/works of the same or subsequent year in unaudited schemes.
iv. Evaluating whether the administrative department has developed internal controls to curtail systemic issues.
v. Investigating whether the administrative department has formulated any policies to improve adherence to laws and procedures.

SDAC directives for the FYs 2020-21 & 2021-22 were reviewed for each division. Decisions where the department accepted Audit's viewpoint that is, either admitted or effected recoveries were identified as issues for the thematic audit. The selected issues as follows:

i. Less utilization of dismantled material.
ii. Non-recovery of Income Tax on cost of old material.
iii. Less recovery of mobilization advance.
iv. Less recovery of secured advance.
v. Non-recovery on account of less use of bitumen.
vi. Less recovery of cost of old material.
vii. Overpayment due to non-deduction of shrinkage.
viii. Less deduction of crust.
ix. Double payment of dressing.
x. Excess payment of price variation.

xi. Inadmissible payment of price variation on M&R works.
xii. Overpayment due to excess rate.
xiii. Overpayment due to excess lead.
xiv. Overpayment due to application of higher rate of plum concrete.
xv. Less recovery of income tax on PST.

10.1.2 Legal framework governing the theme

The legal framework governing the theme of thematic audit revolves around a set of rules and regulations that provide guidelines for financial management and execution of works. The Provincial Financial Rules (PFR) emphasize prudent expenditure of government funds, requiring government servants to exercise vigilance similar to that exercised with personal finances. Department Financial Rules (DFR) mandate careful scrutiny of bills before approval, ensuring accurate quantities and rates. The B&R Department Code emphasizes accurate recording of measurements and timely recovery of secured advances.

Furthermore, regulations outlined in ‘Specifications for Road and Bridge Construction’, FD's instructions, MRS, and standard contract agreement form provide detailed requirements for material usage, rate analysis, mobilization advance, interest charges, price variation, shrinkage deduction, and secured advance. These regulations ensure transparency, efficiency, and accountability in the execution of works and financial transactions.

All in all, the legal framework aims to promote integrity and compliance with established procedures, safeguarding government resources, and ensuring quality in the execution of works. Adherence to these rules and regulations is essential for effective financial management and the successful implementation of projects.

10.1.3 Stakeholders and Governmental organizations identified as directly or indirectly involved

The following stakeholders and government organizations are involved in the theme:

i. P&D Board
ii. Citizens

iii. Members Provincial Assembly/Public Accounts Committee (PAC)
iv. Audit Department
v. Finance Department
vi. Communication and Works Department (C&W)
vii. Public Health Engineering Department (PHE)
viii. Contractors

10.1.4 Role of Important Organizations

Several key organizations play a significant role in ensuring the successful implementation and management of infrastructure projects in the province. Among these organizations are the Communication and Works (C&W) Department, Public Health Engineering (PHE) Department, Audit Department, and Finance Department. These entities collaborate to oversee and manage various aspects of infrastructure projects, contributing to their effective execution and overall success.

The C&W Department holds the responsibility for the planning, construction, and maintenance of roads, bridges, and buildings in Punjab. Its role in infrastructure projects is pivotal as it oversees the development of transportation and communication networks, which are crucial for the economic growth and social development of the province. The department's expertise in engineering and construction is expected to play a pivotal role in ensuring the quality and durability of infrastructure projects.

The PHE Department plays a critical role in infrastructure projects by focusing on the provision of safe drinking water, sanitation, and hygiene amenities. Its responsibilities encompass the planning and implementation of water supply and sewerage systems in urban and rural areas. The department's involvement is essential for ensuring access to clean water and proper sanitation, which are fundamental requirements for public health and well-being.

In connection with this theme, the C&W and PHE departments bear the responsibility to ensure that once a decision has been reached in the SDAC meeting and the department has admitted the recovery, the respective executive engineers are obligated to effect recoveries and implement SDAC decisions in all other unaudited schemes.

Additionally, supervisory officers in all departments, including CEs and SEs, hold the responsibility to conduct regular supervisory visits to ensure the existence of a strengthened internal control system and the effective implementation of SDAC decisions throughout the system.

Audit Department plays a crucial role in ensuring transparency and accountability in infrastructure projects. Through regular audits and financial examinations, the department evaluates the utilization of funds, raises valid observations on recurrent irregularities, assesses compliance with regulations, and gauges the overall effectiveness of project implementation. Its oversight is instrumental in identifying inefficiencies, irregularities, or mismanagement, thereby promoting good governance and fiscal responsibility.

Lastly, FD plays a pivotal role in infrastructure projects by providing financial management and budgetary oversight. It allocates funds for various infrastructure initiatives, monitors expenditure, and ensures that financial resources are utilized efficiently. The department's involvement is essential for securing funding, managing financial risks, and maintaining fiscal discipline throughout the project lifecycle. Their financial oversight contributes to the overall success and sustainability of infrastructure projects.

In conclusion, the aforementioned organizations play indispensable roles in infrastructure projects in Punjab, Pakistan. Their collective efforts contribute to the development of robust and sustainable infrastructure that supports economic growth, public health, urban development, and overall well-being. By working collaboratively and leveraging their respective expertise, these organizations help shape a more prosperous and resilient future for the province. Their coordinated actions reflect the importance of effective governance and strategic planning in achieving long-term development goals.

10.1.5 Field Audit Activity

10.1.5.1 Methodology

Audit methodology included data collection, determining audit objectives and criteria, analysis of available records and interviewing the relevant staff, etc. The following steps were involved:

i. Understanding the entity.
ii. Defining audit objectives.
iii. Developing audit procedures.
iv. Conducting audit as per approved Terms of References (TORs).
v. Conducting interviews.
vi. Tabulation and evaluation of results.
vii. Compiling and presenting the audit report.

The audit teams adopted a consistent approach that involved discussions and the scrutiny of records. Documents were carefully examined in relation to the selected issues during the desk audit of the relevant formation. Subsequently, unaudited schemes where the identified issues were likely to be present were selected for further investigation. This systematic methodology aimed to ensure a thorough examination of relevant records and to identify potential irregularities consistently across different schemes.

The documents that were reviewed include:

i. Form 27 for the FYs 2020-21 and 2021-22
ii. PC-I
iii. TS estimates
iv. Correspondence files related to the projects
v. Measurement Books (MBs)
vi. Vouchers
vii. Work orders and acceptance letters
viii. Comparative statements
ix. Tender documents
x. Material test reports
xi. Minutes of SDAC meetings over the last two years

10.1.5.2 Audit Analysis

10.1.5.2.1 Review of Internal Controls

The execution of schemes in the C&W and PHE departments is fraught with significant challenges, primarily stemming from weak internal control mechanisms. Despite repeated audit observations over the years, these departments persist in perpetuating the same irregularities. This persistence allows contractors to receive undue benefits and indicates potential intentional misconduct by departmental personnel. The presence of such challenges highlights the urgent need for enhanced internal controls and a proactive approach to address and rectify these persistent issues.

According to the Public Financial Management Act of 2019, specifically rule 29 (2), the Chief Internal Auditor position will be established within 18 months of the Act's enactment. The Chief Internal Auditor will report directly to the PAO. The appointment, duties, and responsibilities of the Chief Internal Auditor will be defined as per the Civil Servant Act of 1973, in consultation with the Auditor-General of Pakistan. Additionally, an Internal Audit Policy Board will be formed to oversee policy development, define scope and standards, approve audit manuals and charters, and monitor the effectiveness of internal audits across government institutions. This framework aims to strengthen internal audit functions and enhance financial management practices within the government.

The Departments of C&W and PHE lack an internal audit mechanism that could ensure the effective recovery against SDAC directives in unaudited schemes as well. Consequently, the financial discrepancies noted in the current audit also highlight this deficiency. A robust internal control system, such as effective pre-audit and internal audit functions, would assist management in effectively implementing and reinforcing internal controls within the audited organizations. Furthermore, weak supervision at the CE and SE levels exacerbates the issue of the recurrent nature of irregularities. Strengthening internal audit mechanisms and enhancing supervision are crucial steps to address and prevent financial discrepancies in the execution of projects.

The theme of "Recoveries" has identified various issues that have persisted over time. The ongoing nature of these problems suggests that they may stem from either inefficient supervisory mechanisms or flawed designs in the internal control systems. Addressing these issues will likely require a comprehensive evaluation and improvement of both supervisory practices and internal control frameworks to ensure effective recoveries and prevent the recurrence of financial discrepancies in the future.

10.1.5.2.2 Critical Review

a. Deficiency in legal framework

The legal framework concerning the matter is comprehensive and lacks any apparent shortcomings. The departments are obligated to effect recoveries in unaudited schemes as directed by the SDAC in audited schemes. The existing rules and regulations leave no room for bypassing the implementation of recoveries, ensuring they are carried out effectively without any loopholes.

Nevertheless, the implementation of the legal framework governing financial operations within various departments has proven to be insufficient in preventing recurrent financial mismanagement. Codes and manuals in place, including the MRS, B&R Department Code, Purchase Manual, PFR, and DFR, are designed to guide departments in financial matters. Despite the existence of these authorities and regulations, departments have struggled to implement effective internal controls.

The SDACs have endeavored to address these issues by instructing departments to investigate, fix responsibility, and recover overpayments in the recurrent nature of issues. However, the lack of action against delinquents and contractors who unjustly benefit has highlighted a significant deficiency in accountability and the enforcement of financial discipline in the internal control systems of departments. Addressing these challenges may require a comprehensive review and potential enhancement of the enforcement mechanisms within the existing legal and regulatory framework.

b. Role and performance of organizations

The role of departments in adhering to the legal framework is crucial. Departments must not only adhere to existing guidelines but also proactively participate in strengthening internal controls. This includes ensuring compliance with financial rules and taking prompt corrective action when discrepancies are identified, fixing responsibility against individuals who consistently violate the rules. Departments must view public funds with a sense of ownership and recognize that safeguarding these resources is paramount to maintaining public trust and ensuring fiscal responsibility. A proactive and responsible approach from departments is essential for fostering transparency, accountability, and effective financial management.

The execution of civil works for schemes in the C&W and PHE departments faces significant challenges, including the non-utilization of excavated earth, non-reduction of road crust, non-recovery of old material from contractors, delays in the recovery of mobilization and secure advance, payment of excessive lead, procurement from unregistered sales tax firms, failure to deduct shrinkage from loose earth, allowing higher rates in the rate analysis of non-standardized items, and failure to recover income tax on Provincial Sales Tax (PST), and recovery of less utilized bitumen as per JMF and extraction reports. These issues not only result in the violation of rules but also in financial losses for the government. Despite repeated audit observations over the years, the departments persist in perpetuating the same irregularities, allowing contractors to receive undue benefits and indicating intentional misconduct by departmental personnel.

The absence of an internal audit function in the C&W and PHE departments has had significant repercussions, particularly in terms of the non-recovery of overpayments to contractors and the recurrence of irregularities already established in SDAC meetings. This lack of an internal audit function within these departments has created a loophole that allows for financial discrepancies to go unnoticed and unchecked, ultimately leading to a failure in ensuring the proper allocation and management of public funds.

The non-existent internal audit department has a significant impact on the inability to effectively monitor and recover overpayments to contractors. Without a dedicated internal audit team, there is a lack of systematic and independent review of financial transactions, which increases the likelihood of overpayments slipping through the cracks. This not only results in financial losses for the departments but also undermines the transparency and accountability of the procurement process. Overpayments to contractors can have a direct impact on the overall budget and financial health of the departments, ultimately affecting their ability to deliver essential services and projects to the public.

Proactive measures, such as conducting site visits and inspections of offices, can help verify the accuracy of completed works and materials used, thereby reducing the risk of fraudulent claims. Furthermore, establishing a zero-tolerance policy for fraudulent behavior and implementing stringent penalties for offenders serve as deterrents. By fostering a culture of transparency, accountability, and ethical conduct, organizations involved in civil works can effectively mitigate the potential for fraud while upholding the trust and confidence of stakeholders and the public. Audit noted that inadequate supervision by supervisory officers, including CEs and SEs, led to the continuation of recurring irregularities as identified in the audit observations. It is the responsibility of supervisory officers to implement and ensure the strengthening of internal controls.

Fraud prevention and detection in civil works is essential to safeguard public funds and ensure the integrity of infrastructure projects. Implementing robust internal controls, such as segregation of duties and regular independent audits, is crucial in preventing fraudulent activities. Additionally, due diligence on contractors and subcontractors can help identify any potential red flags before entering into agreements. Utilizing advanced technology, such as data analytics and monitoring systems, can also aid in detecting irregularities or anomalies in financial transactions and project progress. Training employees on ethical practices and providing a platform for reporting suspicious behavior will further strengthen the overall fraud prevention framework. Audit has made specific observations under this theme, indicating that the recoveries that were supposed to be made from contractors were not effected as required. This failure to effect recovery may be due to factors such as fraud or a deliberate disregard for the obligation to effect due recoveries.

To address these challenges, it is imperative for the C&W and PHE departments to prioritize the establishment of a robust internal audit function. This entails creating an independent internal audit department staffed with qualified professionals who can conduct regular and thorough reviews of financial transactions, procurement processes, and compliance with regulations. Such an internal audit department would not only help in identifying and recovering overpayments but also in proactively preventing irregularities and enhancing overall financial governance. The establishment of an effective internal audit function is crucial for instilling transparency, accountability, and fiscal discipline within these departments.

The disregard for SDAC directives by departments like C&W and PHE, particularly concerning the established recoveries in unaudited schemes, is deeply troubling. These directives are designed to extend the corrections identified in SDAC meetings to unaudited schemes promptly, aiming to preclude financial mismanagement and irregularities. Yet, the inability or unwillingness of these departments to adhere to such instructions compromises the integrity of financial discipline and transparency. Ensuring strict compliance with the SDAC directives is crucial for maintaining accountability, preventing financial mismanagement, and upholding the principles of transparency and responsible governance within these departments.

There is a significant backlog in the PAC of the Punjab, with annual audit reports dating back to 2014 still pending for review, with few exceptions. This delay has resulted in audit queries raised ten years ago still awaiting discussion, which often renders them obsolete due to the absence of timely decision-making. This prolonged deferral has led to a perception among departments that observations included in annual reports are unlikely to be addressed within a reasonable timeframe at the PAC forum. Such a situation undermines the integrity of the accountability framework. Therefore, it is imperative to establish a more efficient system that ensures audit observations are examined and resolved promptly, reinforcing the accountability process and maintaining relevance to the observations raised by Audit.

Addressing the aforementioned systemic impediments requires a concerted effort from all relevant organizations to bolster their internal control mechanisms. This entails adopting a rigorous approach to enforce rules, enhance training for personnel responsible for financial management, and implement more robust accountability measures.

Merely recovering the amounts, without imposing disciplinary measures on those responsible for granting unwarranted financial advantages to contractors, is insufficient for bringing about substantial improvement to the current system. Therefore, it is crucial to implement disciplinary measures alongside recovery efforts to deter future irregularities and foster a culture of accountability and responsibility within these organizations.

10.1.5.2.3 Signification Audit observations

The observations on this theme are specific to the recent two-year period, FY 2020-2021 and FY 2021-2022. Despite audit highlighting these issues in previous years' reports and the corresponding SDACs issuing directives to address them, the audited entities failed to implement the SDAC directives in unaudited schemes. This failure resulted in overpayments for issues on which recoveries had already been agreed upon.

i. Buildings Department

10.1.5.2.3.1 Overpayment due to non-deduction of rate of dressing and refilling – Rs 4.151 million

As per MRS item No. 21 under Chapter-3 (Earthwork), "the composite rate of item i.e. *Excavation in foundations"* included the rates of various components i.e. dagbelling, dressing, refilling, watering and ramming, etc". Further, in SDAC meeting held on 8th December 2022 in respect of Executive Engineer, Buildings Division No. 5, Lahore, the department admitted the recovery on the same issue and committee directed the department to effect recovery within 7 days in DP No. 583(2022-23).

Executive Engineers, Buildings Division No. 5, in five (05) works, paid for the item *"Excavation in foundation etc."* at composite rates. Audit observed that the department disposed of the surplus excavated earth without executing the associated activities such as dagbelling, dressing, refilling, watering, and ramming at the site. These activities were originally included in the composite item of "excavation in foundation". As a result, excess payments for these items were made to the contractors.

Violation of the MRS resulted in overpayment amounting to Rs 4,151,240.

Audit pointed the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The department admitted to effect the recovery in all cases. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 246 (2023-24)

10.1.5.2.3.2 Non-recovery of General Sales Tax – Rs 2.988 million

According to para 4(ii) of the FBR's letter No.1(42)STM /2009/99638-R dated 24th July 2013, in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender must have a BOQ, the contracting department/organization must need such contractors to present sales tax invoices of all the material mentioned in the BOQ as evidence of its legal purchase, before payment is released. Further, in SDAC meeting held on 8th December 2022 in respect of Executive Engineer, Buildings Division No. 4, Lahore, the department effected the recovery on the same issue in DP No. 514 (2022-23).

Executive Engineer, Buildings Division No. 4, in twelve (12) works, made payments for the items "*Transformers", "electrical panels", "ACs"* and *"cables along with allied items etc"*. Audit observed that the department did not obtain GST invoices from the contractors before releasing payments. This oversight prevented confirmation of whether the materials were procured from sales tax registered firms. As a result, the amount of GST, initially included in the agreed-upon rates with the contractors, should have been recovered during the payment process.

Violation of the FBR's instruction resulted in non-recovery amounting to Rs 15,100,657.

Audit pointed the non-recovery in September 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The department explained that GST recovery had already been effected for works at Sr. No. 02, 06, 11 & 12, amounting to Rs 12.102 million. Audit informed the Committee that effected recovery has been verified and para be reduced to Rs 2.988 million for remaining cases. The Committee kept the para pending for balance recovery.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 207 (2023-24)

10.1.5.2.3.3 Loss due to non-utilization of excavated earth – Rs 2.454 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, "available useable material from the excavation was to be used in work before using material from an outside source. Further, as per specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 Volume-I Part-II, if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling". Further, in SDAC meeting held on 17th November 2021 in respect of Executive Engineer, Buildings Division No. I, Multan, the department admitted the recovery on the same issues in DPs No. 372 (2021-22), 404 (2022-23).

Executive Engineers, Buildings Divisions-I, Multan, in eight (8) works, paid for the item *"Excavation in foundation of buildings and other structures etc"*. Audit observed that surplus earth was required to be re-used/adjusted but the department had made payment for new earth brought from outside instead of using the already available excavated earth.

Violation of specification resulted in loss amounting to Rs 2,453,695.

Audit pointed the overpayment in October 2023.

The para was discussed in the SDAC meeting held on 29th November 2023. The department admitted to effect the recovery. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 319 (2023-24)

10.1.5.2.3.4 Loss due to less/non-recovery of dismantled material – Rs 2.349 million

According to para 9(i) of Chapter 18.1 of Specifications for Execution of Works 1967, "dismantled material is the property of the government, and the cost of it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for open auction". Further, in SDAC meeting held on 7th December 2022 in respect of Executive Engineer, Buildings Division No. I, Multan, the department admitted the recovery on the same issues in DPs No. 408, 434 (2022-23).

Executive Engineers, Buildings Divisions No. 1, Multan in two works, paid for the item "*Dismantling of pacca brick work, dismantling of road pavement, dismantling of brick or flagged flooring, etc*". Audit observed that the department did not recover the cost of dismantled material from the contractors which was the property of the government.

Violation of the Specifications resulted in loss amounting to Rs 2,349,046.

Audit pointed the loss in September 2023.

The para was discussed in the SDAC meeting held on 29th November 2023. The department admitted to effect actual recovery. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 320 (2023-24)

10.1.5.2.3.5 Overpayment due to higher rates of non-standardized items – Rs 1.755 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible. Further, in SDAC meeting held on 12th January 2021 in respect of Executive Engineer, Buildings Division D.G Khan, the department admitted the recovery on the same issue in DP No. 793 (2020-21).

Executive Engineers, Buildings Division, D.G Khan, in five cases, paid for the non-standardized item *"P/L structural pad 65% sand and 35% granular material"*. Audit observed that the department prepared rate analyses on the higher side by including an extra quantity of sand and gravel, failing to exclude the loose factor on sand in rate analyses.

(Amount in Rs)

S. No.	DP No.	Name of Division	Amount Overpaid
1	174 (2023-24)	D.G Khan	341,602
2	175 (2023-24)	D.G Khan	353,378
3	176 (2023-24)	D.G Khan	361,183
4	177 (2023-24)	D.G Khan	323,945
5	179 (2023-24)	D.G Khan	374,534
		Total	**1,754,642**

Violation of FD's instructions resulted in overpayments amounting to Rs 1,754,642.

Audit pointed the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 14th December 2023. The department explained that payment of non-standardized item was made on the basis of rate analysis duly approved by the competent authority. Audit informed that rate analyses were approved at higher side by allowing extra cushion of sand and carriage. The Committee directed the department to get detailed verification of record from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

10.1.5.2.3.6 Overpayment due to allowing excess lead – Rs 954,037

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 2nd August 2004, "the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage". Further, in SDAC meeting held on 8th December 2022 in respect of Executive Engineer, Buildings Division No. 4 & 5, Lahore, the committee directed the department to effect actual recovery in DPs No.501, 575, 576, 576, 585, 595 (2022-23).

Executive Engineers of Buildings Divisions No. 4 & 5 Lahore, in two (02) cases, paid for the item *"RCC"* and *"PCC"*. Audit observed that the department provided excess lead and derived excess rates of the items while preparing rate analyses. This resulted in overpayments amounting to Rs 954,037.

(Amount in Rs)

S. No.	DP No.	Name of Division	Amount Overpaid
1	247 (2023-24)	Division No. 5, Lahore	156,088
2	206 (2023-24)	Division No. 4, Lahore	797,949
		Total	**954,037**

Violation of FD's instructions resulted in overpayments amounting to Rs 954,037.

Audit pointed the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 16th November 2023. The department admitted to effect the recovery. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

10.1.5.2.3.7 Overpayment due to payment of excess labour and material – Rs 391,886

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21st September 2004, the rate analysis for a non-standardized item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible. Further, in SDAC meeting held on 16th December 2020 in respect of Executive Engineer, Buildings Division No. I, D.G Khan, department admitted to effect the recovery in DP No.611 (2020-21).

Executive Engineer, Buildings Division, D.G Khan, in two cases, paid for the non-standardized item *"P/L Fair face Gutka"*. Audit observed that the department calculated the rates on the higher side by applying excess labour and material in the rate analyses which resulted in overpayments to the contractors.

(Amount in Rs)

S. No.	DP No.	Name of Division	Amount Overpaid
1	178 (2023-24)	D.G Khan	35,578
2	180 (2023-24)	D.G Khan	356,308
		Total	**391,886**

Violation of FD's instructions resulted in overpayments of Rs 391,886.

Audit pointed the overpayment in September 2023.

The para was discussed in the SDAC meeting held on 14th December 2023. The department admitted to effect the recovery. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

ii. Highways Department

10.1.5.2.3.8 Undue financial benefit to contractor due to less recovery of retrieved material – Rs 116.330 million

As per C&W Department’s letter No. SOH-I(C&W) 1-42/97(Misc.) dated 28th November 1997, material extracted from dismantling brick soling/brick edging and road pavement would be used for laying sub-base course in full and 90%, respectively. Further, according to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, the dismantled material is the property of the government and cost of it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction. Further, in SDAC meetings held on November to December 2021 and December 2022 to January 2023 in respect of Executive Engineers of various Highways Divisions, the department admitted the recovery on the same issues in DPs No. 274, 383, 391, 424, 565, 758, 765, 767, 769 (2021-22) and 195, 216, 222, 307, 319, 331, 337, 344, 350, 393, 418, 421, 607, 927, 934, 936, 944, 959, (2022-23).

Executive Engineers of various Highways Divisions, in twelve (12) cases, paid for items *“Dismantling of existing road pavement, dismantling of brickwork and dismantling of RCC slab”*. Audit observed that in eight (08) cases, the department did not recover the cost of old materials, namely old bricks, brick bats, steel from RCC slab, and stone. In four (04) cases, the department neither utilized the retrieved material as sub-base course nor recovered its cost from the contractors.

Violation of the contract agreement resulted in less recovery amounting to Rs 116,329,620.

Audit pointed the less recovery in August and September 2023.

The paras were discussed in the SDAC meeting held from November to December 2023. The department admitted to effect the recovery in all cases except in sub-para 7 of DP No. 235, in which the department explained that it was impossible to reuse old sub-base at once due to extensive length of road. Audit contended that 90% of dismantled material required to be paid on labour rate as per TS estimate. In DP No. 235(7), the Committee directed the department to effect the recovery in all cases and in DP No 235(7) to adjust available material till final bill. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annexure-XXXVIII)

10.1.5.2.3.9 Overpayment due to inadmissible price variation on M&R works – Rs 35.705 million

As per Delegation of Financial Powers Rules, 2016 read with FD's clarification No. FD(C&W)4-207/2021-22 dated 14th June 2022, no price variation is admissible on M&R works. Further, in SDAC meeting held on 14th December 2022, in DP No. 512 (2022-23), the committee directed the department to effect recovery.

Executive Engineers, Highways Divisions, Bahawalpur, in eighteen (18) works paid Rs 35,705,047 on account of price variation against M&R works. Audit observed that price variation on M&R works was inadmissible as per FD's clarification.

Violation of FD's instructions resulted in overpayments amounting to Rs 35,705,047.

Audit pointed out the overpayments in August 2023.

The para was discussed in the SDAC meeting held on 3rd November 2023. The department explained that price variation was paid to the contractors prior to issuance of clarification by FD. Audit informed the Committee that price variation was not admissible as per delegation of financial powers 2016 and same was clarified by FD in 2022. Therefore, recovery was required to be made in the works where price variation was paid on M&R works prior to clarification also. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 159 (2023-24)

10.1.5.2.3.10 Overpayment due to allowing excess quantity of bitumen than actually used – Rs 45.636 million

As per FD's notification No. RO(Tech)FD 2-3/2004 dated 2nd August 2004, payment is to be made to the contractor as per JMF or actual bitumen used in the work. Further, in SDAC meetings held on 29th December 2021 and 29th November 2022 in respect of Executive Engineer, Highways Division, Gujrat the committee directed the department to effect actual recovery in DPs No. 724 (2021-22) and 209, 224 (2022-23).

Executive Engineers, Highways Divisions, Gujrat, in twenty-two (22) works, paid for the item *"P/L premixed asphalt carpet"* during the FY 2021-22. Audit observed that the issue of recovery against less utilization of bitumen had been raised in previous years and SDACs had been directing recoveries in it. However, the department failed to effect recovery, amounting to Rs 45,636,255, on account of the same issue in twenty-two (22) unaudited works during the FY 2021-22.

Violation of FD's instructions resulted in overpayments amounting to Rs 45,636,255.

Audit pointed out the overpayments in September 2023.

The para was discussed in the SDAC meeting held on 28th November 2023. The department explained that due recovery had already been made good on the basis of actual utilization of bitumen in asphalt. Audit reported that the full rate for item carpeting was paid as quoted by the contractors. Additionally, recovery from the last paid bills of the works was not proved by presenting relevant documentary evidence. The Committee directed the department to produce relevant record, i.e., JMF, extraction test reports and last paid vouchers in support of reply within 14 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 660 (2023-24)

10.1.5.2.3.11 Overpayment due to non-utilization/non-deduction of excavated earth – Rs 7.549 million

As per section 411 of Standard Specifications for Road & Bridge Construction 1971, "available useable material from the excavation was to be used in work before using material from an outside source. Further, as per specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 Volume-I Part-II, if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling". Further, in SDAC meetings held on 29th December 2021, 29th November 2022 and 12th January 2023 in respect of Executive Engineers of Highways Divisions Narowal and Gujrat, the department admitted the recovery/adjustment on the same issues in DPs No. 705, 716,719, 722 (2021-22) and 198, 221, 782 (2022-23).

Executive Engineers of various Highways Divisions, in three (03) cases, paid for the item *"Earthwork for making embankment"*. Audit observed that department did not deduct the quantity of excavated earth, road crust and regular excavation from the item of earthwork embankment.

(Amount in Rs)

S.No.	DP No.	Name of Division	Amount Overpaid
1	945 (2023-24)	Mandi Baha-ud-Din	212,749
2	340 (2023-24)	Narowal	4,035,382
3	656 (2023-24)	Gujrat	3,301,123
		Total	**7,549,254**

Violation of the Specifications resulted in overpayment amounting to Rs 7,549,254.

Audit pointed the overpayment in September 2023.

The para was discussed in the SDAC meeting held on November and December 2023. In DP 340, the department explained that the deduction of excavated earth had already been made in all works. In DP 656, the department explained that either the quantity of regular excavation or sub-base was deducted from embankment. In DP 945, the department admitted the recovery. Audit contended that the department did not deduct the area of culverts and drain from embankment in DP 340. In DP 656, the earth obtained from excavation was to be adjusted for making embankment. In DP 945, the department admitted to effect recovery. The Committee directed the department, in DP 340 to effect the recovery, in DP 656, to get verified record within 30 days otherwise effect recovery and in DP 945, the Committee directed the department to effect recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

iii. Public Health Engineering Department (PHE)

10.1.5.2.3.12 Non-recovery of GST on Solar panels and inverters – Rs 7.817 million

According to para 4(ii) of the FBR's letter No.1(42)STM /2009/99638-R dated 24th July 2013, in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender must have a BOQ, the contracting department/organization must need such contractors to present sales tax invoices of all the material mentioned in the BOQ as evidence of its legal purchase, before payment is released. Further, in SDAC meeting held on 8th October 2021 in respect of Executive Engineer, PHE Division-I, D.G Khan, the committee directed the department to get verified the GST invoices otherwise effect the recovery in DP No.28 (2021-22).

Executive Engineer, PHE Division-I, D.G Khan in six (06) works, paid for the item "*P/F & installation of Solar PV Panel (A Grade), led light etc"* amounting to Rs 45,981,943. Audit observed that department did not deduct GST at the rate of 17% while making payment to contractors in unaudited schemes.

Violation of SDAC directives resulted in non-deduction of GST amounting to Rs 7,816,913.

Audit pointed out the non-deduction of GST in August 2023

The para was discussed in the SDAC meeting held on 19th October 2023. The department did not produce record during verification. The Committee took it seriously and directed the department to get complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 53 (2023-24)

10.1.5.2.3.13 Loss due to non-recovery of dismantled material – Rs 4.437 million

According to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, the dismantled material is the property of the government and cost of it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction. Further, in SDAC meetings held on 13th December 2021 and 12th December 2022 in respect of Executive Engineer, PHE Division, Sheikhupura, the department admitted and effected the recovery on the same issue in DPs No. 303 (2021-22) and 117, 118 (2022-23).

Executive Engineers of various PHE Divisions in two (02) case, paid for the items *"Dismantling of brick or flagged flooring, dismantling of brickwork"*. Audit observed that the department did not recover dismantled material according to the provision in the respective TS estimates.

(Amount in Rs)

S. No.	DP No.	Name of Division	Amount
1	34 (2023-24)	Sheikhupura	4,310,397
2	54 (2023-24)	D.G Khan	126,711
	Total		**4,437,108**

Violation of the Specifications resulted in less/non-recoveries amounting to Rs 4,437,108.

Audit pointed the irregularity in August 2023.

The paras were discussed in the SDAC meetings held on 20th November 2023 and 11th December 2023. The department admitted the recovery in DP 34. In DP No.54, the department did not get the record verified. The Committee directed the department to effect recovery in DP No. 34 and took the matter seriously in the case of DP No. 54, directing the department to get the record verified from Audit.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

10.1.5.2.3.14 Undue financial benefit to contractor due to non-deduction of Income Tax – Rs 4.137 million

As per FBR's clarification vide No.5/WHT-U-03 dated 24th April 2018, the income tax was required to be deducted from the contractors on the gross value of work done including amount of PST u/s 153 of Income Tax Ordinance 2001. Further, in SDAC meeting held on 8th October 2021 in respect of Executive Engineer, PHE Division-I, D.G Khan, the department admitted to effect the recovery on the same issue in DP No. 20 (2021-22).

Executive Engineer, PHE Division-I, D.G Khan, in three (03) works, made payment of Rs 59,103,208 to contractors during the FYs 2021-22 & 2022-23. Audit observed that the department failed to implement the decision of SDAC regarding the deduction of income tax at the rate of 7% on the gross amount of the bills while making payments to contractors in unaudited schemes.

Violation of SDAC directives resulted in undue financial benefit due to non-deduction of income tax amounting to Rs 4,137,224.

Audit pointed out the non-deduction of Income tax in August 2023.

The para was discussed in the SDAC meeting held on 11th December 2023. The department did not produce record during verification. The Committee took it seriously and directed the department to get complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No. 55 (2023-24)

10.1.6 Departmental Responses

The issues were discussed in SDAC meetings held during September to November 2023 and departmental responses and decisions are incorporated in each audit para of thematic report.

10.1.7 Recommendations

It is imperative for the departments to carefully consider the following recommendations to address the non-implementation of SDAC directives in unaudited schemes:

1. It is crucial for departments to set up a strong internal audit department to effectively audit all schemes and projects. This will help identify discrepancies, prevent undue benefits to contractors, and ensure compliance with rules.
2. Departments need impose strict disciplinary actions against officials violating rules, especially in cases of overpayment or providing undue benefits to contractors. This will serve as a deterrent and maintain accountability.
3. Supervisory officers be obligated to conduct regular inspections of project-related office documents to reduce discrepancies.
4. Departments need to strictly adhere to prescribed rules and regulations in all aspects of scheme implementation and contractor engagements to prevent non-compliance and ensure transparency.
5. Departments need clear mechanisms for recovering undue benefits provided to contractors. This ensures the appropriate utilization of department resources.

Implementing these recommendations will help departments mitigate the risk of providing undue benefits, ensure regulatory compliance, and maintain transparency and accountability in their operations.

10.1.8 Conclusion

In conclusion, the combination of weak internal controls, the failure to implement SDAC directives in unaudited schemes for recovery, and the absence of an internal audit function has resulted in providing undue benefits to contractors at the cost of the public exchequer. This situation is further exacerbated by the lack of action against officials violating rules and granting unwarranted benefits to contractors. The failure to implement disciplinary measures for overpayments and the overall lack of regard for established rules and regulations contribute to an environment of non-compliance and potential misuse of public funds.

Urgent attention is required to address these issues, and stringent measures must be implemented to ensure accountability, transparency, and adherence to established guidelines. Commitment and effective actions are necessary to prevent a compromise in the integrity of the system and to restore public trust in the proper handling of public funds. The relevant authorities must act swiftly and decisively to rectify these shortcomings and instill a culture of responsibility and compliance within the concerned departments. Proactive measures and diligent oversight are essential to effectively address the identified issues, thereby safeguarding the public interest and upholding the principles of good governance.

10.2 Contract Management (Sub-Theme: Management of Securities and Advances)

10.2.1 Introduction

Securities serve as financial assurances presented by successful bidders, ensuring the fulfillment of all contractual obligations. They offer clients financial security and protect against losses or additional costs arising from a contractor's default. Advances, on the other hand, are funds provided for a designated purpose, typically repayable within a short timeframe.

Managing securities and advances in the public sector entails supervising financial instruments like bank guarantees, performance guarantees, and indenture bonds. This process also involves implementing a transparent financial system and enhancing regulatory frameworks to ensure the efficient and accountable management of public funds.

a) Types of Securities

Securities are of following types:

i) **Security Deposit:** Security deposits represent specific percentages of amounts withheld from contractors' bills. As per Memorandum of Work (d) of Standard Contract agreement, percentage of Security Deposit to be retained at the rate of 10% up to work done of Rs 5 million from the bills and beyond the Rs 5 million, 5% against every payment will be retained as security deposit. The security is to be retained till the Defect Liability Period (DLP).

ii) **Performance security:** Performance securities refer to the bank guarantee or another form of security that contractors submit to fulfill obligations outlined in the contract, as specified in the bidding documents. According to Memorandum of Work (h) of the Standard Contract Agreement, when the contract price exceeds Rs 50 million, a performance guarantee of 5% of the contract price is required in the form of a performance guarantee from scheduled banks.

The security deposited by a contractor, whether in cash or another form, is refunded to them after three months from the issuance of the certificate of completion of the work under Clause 40 by the Engineer-in-charge. Alternatively, it may be refunded along with the final bill if it is prepared after that period due to unavoidable circumstances.

Additional performance security: In accordance with the general directions for the guidance of tenderers and contract clause 26-A, if a bidder quotes 5% or more below the estimated cost, the bidder is required to deposit an amount equal to below percentage than the estimated cost.

b) Types of Advances

Advances are of two types:

i. **Secured Advance:** As outlined in contract clause 45, a secured advance is disbursed amounting to up to 75% of the value of materials brought to the site by the contractor. This advance is subject to adjustment based on utilization as specified in the contract terms.

ii. **Mobilization Advance:** According to FD's notification No. R.O(Tech)F.D. 18-44/2006 dated 7th December 2007, mobilization advance is granted to a contractor whose tendered amount in the acceptance letter exceeds Rs 10 million. The advance is provided at a rate of 10% of the contract amount upon acceptance of the contract, and an additional 5% is given after the contractor has mobilized resources on-site. The recovery of the mobilization advance takes place after the expiry of 20% of the completion period or 20% of the work done, whichever is earlier, at a rate of cost of 25% of the work done in each billing cycle.

In summary, securities are acquired from contractors as specified in the contract to minimize the risk exposure of public funds, while advances are extended to contractors to facilitate the timely accomplishment of designated tasks.

10.2.1.2 Background

Audit has consistently brought attention to issues surrounding the management of securities and advances. A recurring concern is the failure to acquire the necessary securities or obtaining them in inadequate amounts. Premature release of "security deposits" and "performance/additional performance guarantee(s)" is noted when departments/authorities release these securities, including interest-bearing security, before the expiry of the DLP or the period specified in the agreement. Furthermore, there are instances where performance/additional performance guarantee(s) are not revalidated during the currency of the agreement.

It's crucial to note that security deposits and performance/additional performance guarantee(s) are intended for risk coverage for the government. Therefore, any adjustments, whether through transfer entries or any other means, before the expiry of DLP are not permissible from securities. Such actions amount to providing undue financial benefits to the contractor.

Secured advance is intended to cover up to 75% of the value of materials brought to the site by the contractor. However, it is commonly observed that secured advances are paid at rates higher than what is admissible. Additionally, while secured advance granted on material is supposed to be recovered based on the value of material consumed in the work, the practice of recovering advances according to actual consumption is rarely followed. Moreover, the recovery of mobilization advances often deviates from applicable rules, either occurring late or not aligning with the established procedures for recovery from bills.

The issues mentioned concerning contractors' securities and advances have been persistently recurring and are consistently highlighted in every Audit Report over an extended period.

10.2.1.3 Establishing the Audit Theme

10.2.1.3.1 Reasons for Selection

In the public sector, overseeing the management of securities and advances is crucial for adhering to contractual and financial regulations, safeguarding public funds, and mitigating risks associated with potential contractors' default. This involves the implementation of a robust financial oversight mechanism to monitor expenditures, prevent fund misuse, and ensure that advances are utilized for their intended purposes. Specific conditions for any advance payment, such as the amount, purpose, and terms for repayment, are also essential in this context.

Indeed, proper management of securities and advances in a contract, aids in the efficient management of financial resources, fosters transparency in financial transactions, and upholds accountability by meticulously documenting all pertinent processes and decisions related to securities and advances.

A critical review of previous audit reports reveals significant issues within the C&W, LG&CD, Irrigation, and HUD&PHE Departments. A holistic analysis of these issue is need of the hour. Accordingly, the thematic audit was planned with the expectation to significantly contribute towards developing/strengthening controls over obtaining and release of securities and prompt adjustment of advances.

These concerns primarily revolve around the failure to obtain valid performance/additional performance securities, the absence of revalidation for existing securities, premature release of securities, and discrepancies in the payment and recovery of advances as per contractual agreements.

10.2.1.3.2 Purpose/Objectives

The thematic audit represents a comprehensive investigation into the government's management of securities and advances. The primary purpose of obtaining these securities and guarantees is to incentivize contractors, ensuring their adherence to project specifications and timelines, thereby avoiding forfeitures. The payment of advances serves as motivation for contractors to deliver high-quality work, complete projects on time, and prevent additional costs, ultimately mitigating potential impacts on the public.

This thematic audit aims to evaluate the extent and pervasiveness of issues related to securities and advances. Despite being consistently highlighted and discussed at forums such as PAC and SDAC, these issues have not subsided. Audit seeks to minimize these irregularities by shedding light on deficiencies in control mechanisms that contribute to their recurrence. Identifying and assessing lapses in the implementation of these control mechanisms will enable departments to revisit their strategies for overcoming such irregularities.

Moreover, providing a holistic view of the severity of the issue can prompt the necessary resolve to effectively address and curtail this problem.

This audit is expected to assist the PAC in informing the parliament about systemic issues within the public sector, specifically related to the potential provision of undue favors to contractors, posing a risk to the government exchequer. Additionally, the public administration at large, and executing agencies in particular, will be notified about the shortcomings in the existing system and provided support in implementing remedial measures.

10.2.1.3.3 Scope

The thematic audit aimed to determine whether the departments had established and effectively implemented internal control mechanisms concerning the acquisition of valid securities, their releases in accordance with contractual provisions, and the management of advances and recoveries. The audit was conducted from July 2023 to November 2023, covering the FY 2022-23.

The audit covered the following areas of concern:

i. Verification of the receipt of Bid Security (earnest money) in accordance with guidelines and its proper recording in respective registers/books.

ii. Assessment of whether works/schemes were awarded only after obtaining CDRs as bid securities, performance securities, and Quality Assurance Securities (additional performance securities) in the required form, and confirmation of proper recording in relevant accounting books.
iii. Examination of whether prescribed forms or respective statements were prepared, recorded, and submitted to the concerned offices.
iv. Evaluation of whether securities were released following the completion of schemes and after the expiry of the DLP.
v. Verification of reconciliation between securities registers and SAP data.
vi. Inspection of whether Performance and Quality Assurance Securities (additional performance securities) were verified by respective banks and remained valid throughout the currency of the agreement.
vii. Confirmation of whether securities were transferred to commercial banks as interest-bearing securities (IBS) with approval from the competent forum and proper representation in relevant accounting records.
viii. Examination of whether IBS were released directly to the contractor from the bank or these reclaimed in the head "Securities G-10113" before being released to the contractor.
ix. Inspection of whether available securities were adjusted against recoveries after the expiry of the DLP.
x. Assessment of whether penalties were imposed and recovered from security deposits after the maturation of the agreement.
xi. Evaluation of whether secured advance was disbursed at the input rate of material instead of composite rates.
xii. Examination of whether the recovery of secured advance was delayed despite the consumption of material.
xiii. Verification of whether mobilization advance was granted in lieu of a bank guarantee from a scheduled bank.
xiv. Confirmation of whether the mobilization advance was recovered at the rate of 25% within the due dates.
xv. Assessment of whether Standard Operating Procedures (SOPs) were designed to ensure effective monitoring and periodic inspection of books/records to prevent the premature release of securities.

10.2.2 Legal Framework Governing the Theme

- **Rules, Procedures and Instructions**

a. Standard Contract Agreement

i. *General Directions for the Guidance of the Tenderer*

- As per contract (Memorandum of work) (d) percentage of **security deposit** is to be retained from the bills as under:
  - On the amount of work done up to Rs 5 million = 10%
  - On the amount of work done beyond Rs 5 million = 5%

ii. *Contact Clause 7*

As per clause 7 of the contract agreement "the contractor is required to provide **performance security** in the shape of bank guarantee at the rate of 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000. The performance security deposit/additional performance security deposit lodged by a contractor (in cash or/other form) shall be refunded to him after the expiry of three months after the issue of the certificate of completion of the work under Clause 40 hereof by the Engineer-in-charge or along with the final bill if it is prepared after that period on account of some unavoidable circumstances".

iii. *General Directions for the Guidance of Tenderers*

As per direction No. 26-A of contract agreement, "if the contractor quotes his rates 5% or more below the estimated rates, **additional performance security** of scheduled bank be obtained within 15 days of the receipt of the acceptance equal to below percentage than the estimated cost".

iv. *Contract clause 50*

As per clause 50 (a) of the contract agreement, "the amount retained as **security deposit** shall not be refunded to the contractor before the expiry of 6 months in the case of original work valuing up to Rs 5,000,000 and 12 months or even more, as may be determined by the Engineer in-charge with the prior approval of the CE, in case of works valuing above Rs 5,000,000, after the issuance of certificate of completion of work under clause 40 of contract agreement".

b. FD's instructions regarding payment of mobilization advance

As per para (v) of FD's notification vide No. R.O(Tech) F.D.18-44/2006 dated 7th December 2007, mobilization advance is payable on submission of bank guarantee, and the recovery thereof shall commence after the lapse of 20% of the contract period or after the execution of 20% of the works (in financial terms), whichever is earlier. The rate of recovery shall be 25% of the value of work done in each interim payment certificate (running bills).

c. Account Code (Volume-III)

As per section 74 of Account Code Volume-III, the percentage deductions for Security Deposit made from contractors' bills should be credited to the head "Public Works Deposits - Cash Deposits of contractors".

d. Departmental Financial Rules (DFR)

According to Rule 7.36 of DFR, "mobilization advance may be sanctioned against irrevocable bank guarantee on form DFR (PW)28-A in favour of the Government from any scheduled bank".

e. B&R Department Code

As per para 2.98 (a) of the B&R Department Code, "Recovery of secured advance so made should not be postponed until the whole of the works entrusted to the contractor has completed. Under normal circumstances, the secured advance should be recovered within three months".

10.2.3 Government Organizations and Stakeholders Involved

Following stakeholders and government organizations were associated with the theme:

i. Finance Department
ii. C&W Department
iii. HUD&PHE Department

iv. Irrigation Department
v. LG&CD Department
vi. P& D Department
vii. CDA
viii. Public at large
ix. Contractors

10.2.4 Role of Important Organizations

a. Finance Department

The Finance Department of the Government of Punjab plays a pivotal role in overseeing and managing the financial aspects of contracts. Through timely instructions and guidance regarding performance/additional performance securities and the handling of advances, the department ensures that financial processes align with established standards. These functions significantly contribute to the efficient and accountable financial management within the government's operations, fostering transparency and adherence to regulatory frameworks.

b. Executing Department

Executing departments bear the responsibility of ensuring the efficient execution of projects while adhering to contractual obligations. The absence of an effective and robust monitoring regime poses a potential risk to the successful implementation of development projects. A proactive and vigilant monitoring system is crucial to mitigate risks, address issues promptly, and ensure the overall success of projects.

c. Audit Department

The Directorate General of Audit Works (Provincial) at the provincial level plays a crucial role in identifying instances of non-compliance with contractual obligations within audited departments. By fulfilling this instrumental function, the directorate contributes significantly to upholding transparency, accountability, and integrity in the financial operations of the government. Through audit activities, it serves as a vital oversight mechanism, ensuring that public funds are utilized in accordance with established guidelines and contractual commitments are met.

10.2.5 Organizations' Financials

The departments of C&W, Irrigation, HUD&PHED, and LG&CD receive funding through the ADP. Some of these departments also generate their own revenue through activities such as right of ways, auction of toll plazas, and fees & penalties from stakeholders. In order to safeguard public funds, each department is equipped with an account branch, and all payments undergo pre-audit by the Divisional Account Officer appointed by the DG Account Works Lahore before being processed. This financial oversight mechanism ensures that expenditures are in compliance with established regulations and contribute to responsible financial management.

The budget and expenditures of these departments are detailed in the respective chapters of this report.

10.2.6 Field Audit Activity

10.2.6.1 Methodology

A. The following methodology was adopted for the thematic audit:

i. Understanding the auditee/activity.
ii. Reviewing audit objectives.
iii. Reviewing audit scope and specific TORs.
iv. Reviewing governing framework.
v. Scrutiny of the relevant record.
vi. Reporting.

B. Following documents were scrutinized;

i. CDRs of earnest money
ii. Acceptance letter
iii. Measurement books
iv. Security Deposit register
v. Contractor ledger
vi. Form-34
vii. Indenture bonds

viii. Interest-bearing securities and bank statements
ix. Accountal of interest-bearing securities
x. Performance/additional performance securities in original and its validation
xi. Final bills
xii. Completion certificate

10.2.6.2 Audit Analysis

10.2.6.2.1 Review of Internal Controls:

The report highlights a variety of recurring irregularities, suggesting that systemic issues have been steadily growing due to inappropriate internal controls or insufficient oversight mechanisms over the years. Contractual obligations, a crucial aspect of these controls, were not adhered to in both form and substance.

Despite all payments undergoing pre-audit, financial irregularities noted during the thematic audit suggest that the pre-audit process was not being effectively conducted.

The Risk Matrix for the potential risks because of deficiencies in the internal controls is presented as under:

Sr. No.	Activity	Impact	Likelihood
1	Non-obtaining of performance/additional performance securities as per contract agreement.	High	Medium
2	Less deduction of security deposit	High	Medium
3	Improper/non-accountal of security deposit	High	Medium
4	Less obtaining the performance/additional performance Securities	High	High
5	Obtaining of conditional bank guarantees.	High	Low
6	Release of securities deposit and performance securities prior to completion of DLP or as prescribed in contract agreement.	High	Medium

Sr. No.	Activity	Impact	Likelihood
7	Release of Interest-Bearing Securities without proper accountal.	High	Low
8	Payment of secured advances at higher rates.	High	Medium
9	Payment of mobilization advance on invalid Bank guarantees.	Medium	Low
10	Payment of mobilization advance at belated stage.	Medium	Medium
11	Recovery of mobilization and secured advances in violation of prescribed criteria.	Medium	Medium
12	Excess deduction of security deposit	Low	Medium

10.2.6.2.2 Critical Review

a. Deficiencies in legal framework:

An examination of the legal framework governing the management of securities and advances, revealed several contradictions in the existing rules were identified. A notable inconsistency arises between the percentages stipulated by PPRA Rules 2014 and the standard contract documents/bidding documents.

According to PPRA Rules 2014, additional performance security as defined in PPRA Rules 2014 means the bank guarantee or another form of security submitted by the contractor to secure obligations under the contract, in accordance with the requirements in the bidding documents/standard contract document. The percentage of this guarantee is capped at 10% under Rule 56.

However, a discrepancy arises with the standard contract documents under direction No. 26-A, which mandates the acquisition of additional performance security if the tendered amount is less than 5% of the approved estimate. The security obtained corresponds to the percentage below the estimated amount as quoted by the bidder.

This discrepancy has led to litigation, with multiple suits filed in the courts by contractors seeking to limit the additional performance security to 10%, as per PPRA Rules 2014. The courts have consistently ruled in favor of the contractors, rendering the agreement clause invalid.

Despite FD's clarification that there is no upper limit for additional performance security, some cases were observed where contractors submitted these securities at 10%, even when their tendered amount was below 10% of the estimated amount. This situation exposes the projects to multiple risks.

Furthermore, clause 07 and 26-A of the standard contract document, in conjunction with FD’s instructions No. RO(Tech)FD-1-2/83(V)(P) dated 6th April 2005, specify that performance and additional performance securities shall be obtained in the form of a guarantee from scheduled banks. The State Bank of Pakistan has approved a list of scheduled banks based on their credit history and ability to fulfill financial obligations. Obtaining guarantees from banks not on this approved list exposes the government to undue financial risk in the event of contractor default.

Audit observed several instances where these guarantees were obtained from insurance companies, following orders from the Honorable High Court, Lahore. Given that decisions of the courts of law establish precedents, the agreement clause, which prohibits government functionaries from accepting guarantees from non-scheduled banks, may become ambiguous and non-functional. It is widely acknowledged that vagueness in rules and agreements can adversely impact their implementation.

Introducing amendments to the existing legal framework to address the identified discrepancies and contradictions, coupled with strict supervision to ensure compliance, can undoubtedly enhance contract management in the departments.

b. Deficiencies in role and performance of the organizations

The organizations tasked with overseeing public works, such as C&W, Irrigation, HUD&PHED and LG&CD, play a pivotal role in safeguarding public interests, particularly concerning development projects. In the FY 2022-23, a substantial amount of Rs 409.555 billion was allocated for the ADP, with external loans and grants totaling Rs 18.727 billion utilized for development initiatives. The effective and transparent utilization of these significant sums is imperative to mitigate risks associated with sub-standard works, contractor default, and cost/time overruns.

To address these risks, internal controls have been established, including the requirement for contractors to provide performance and additional performance securities. Successive audits have revealed shortcomings in the implementation of these crucial controls, with contractors failing to provide required securities, amounting to Rs 3.1 billion, in numerous works. This failure to adhere to established rules and instructions poses a significant risk to the government's financial interests.

Furthermore, the failure to revalidate expired performance and additional performance securities exposes the government to undue risks. It is concerning that many Engineer-in-Charge do not comply with the rule mandating the revalidation of these securities well in advance of their expiry. Consequently, instances were observed where securities amounting to Rs 1.7 billion expired without any efforts made by the organizations to secure their revalidation, leaving the government vulnerable to financial risks.

Lapses had been identified in adhering to defined timelines for the release of securities, resulting in premature releases totaling Rs 757.4 million. The premature release of securities not only provides undue financial benefits to contractors but also undermines contractual assurances and escalates project risks.

The retention of security amounts from bills is another area where departments exhibited not up to the mark performance. In several cases, securities amounting to Rs 11.9 million were deducted less than the required percentage, indicating a serious lapse in the billing process.

Furthermore, the management of Mobilization and secured advances is critical for financial discipline. However, observations revealed instances where the recovery of public funds from mobilization advances was either made at a lesser rate or delayed, contrary to contractual obligations. Similarly, the granting of secured advances at rates higher than permissible has become endemic due to negligence in bill preparation and a lack of necessary caution by supervisors and accountants.

The accurate and transparent recording of financial transactions is fundamental to effective contract management. The proper recording of securities in the Security Deposit Register is essential for ascertaining the actual amounts and ensuring judicious releases. Unfortunately, this area is often overlooked, particularly in the case of interest-bearing securities, leading to poor financial discipline.

Lastly, improper administrative oversight over the formations has directly contributed to the accumulation of issues related to securities and advances. The monitoring wings established in each Secretariat have lost their functionality over time. Additionally, the CEs of respective departments are required to submit inspection reports. Administrative prudence demands that these CEs conduct a comprehensive inspection. Unfortunately, these reports are limited to physical inspection only, and irregularities regarding payment/recovery of advances and obtaining required valid guarantees are not even mentioned. This lack of accountability on the part of supervisors is very concerning as it erodes the controls in place to ensure compliance with rules. Also, the absence of internal audit within departments has far-reaching repercussions in terms of managing contracts and safeguarding the government against unnecessary risks. The absence of a robust internal audit system contributes to the pervasiveness of irregularities.

In conclusion, addressing the identified deficiencies in the role and performance of organizations such as C&W, Irrigation, HUD&PHED, and LG&CD is imperative for ensuring the prudent and effective management of public finances. It is essential for these organizations to strengthen internal controls, adhere to established rules and timelines, and prioritize accurate financial recording and transparency. Additionally, the establishment of a functional internal audit system can play a pivotal role in identifying and mitigating financial risks. Only through concerted efforts to address these deficiencies can these organizations fulfill their decisive role in safeguarding public interests and ensuring the successful implementation of development works.

c. Deficiencies in Funding:

Efficient and timely execution of annual development works necessitates continuous funding. Common occurrences of budgetary deficits, delayed releases, and abrupt withdrawal of funds by FD introduce uncertainty, hampering the efficient utilization of funds. This uncertainty compels executing departments to resort to practices such as excess deduction of security to prevent fund lapses. Additionally, delayed recovery of mobilization and secured advances are other consequences of uncertainties regard fund flows. Establishing continuity and certainty in fund flows can mitigate such practices and ensure the early recovery of advances.

10.2.6.2.3 Significant Audit Observations

The following significant audit findings were observed during the course of audit:

10.2.6.2.3.1 Undue benefit to contractors: Non-obtaining performance/additional performance securities – Rs 3,096.005 million

As per clause 7 of the contract agreement read with item (h) Memorandum of Work, and FD's instructions No. RO(Tech)FD-1-2/83(V)(P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee at the rate of 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000. Further, as per general condition No.26(A) of the contract agreement read with FD's letter No.RD (Tech)FD-1-2/83/VI(P) dated 24th January 2006, if the contractor quotes his rates 5% or more below the estimated rates, additional performance security of scheduled bank shall be obtained within 15 days of the receipt of the acceptance equal to below percentage than the estimated cost.

Executive Engineers of Highways, Buildings, Irrigation, PHE, LG&CD departments and KSIP awarded various works to the contractors. In thirty-one (31) cases, audit observed that the department did not obtain performance securities amounting to Rs 2,029.526 million, calculated at 5% of the accepted tender price, for sixty-five (65) works. Additionally, the department did not obtain additional performance securities amounting to Rs 1,066.479 for thirty (30) works, wherein the awarded amount for each work was less than 5% of the estimated cost. These securities were intended for risk coverage on behalf of the Government.

Violation of the contract agreement resulted in non-obtaining of performance and additional performance securities amounting to Rs 3,096,005,000.

Audit pointed out the irregularities during 2023. The departments did not reply.

The paras were discussed in the SDAC meetings held from November to December 2023. The department explained that due securities had been obtained. Audit contended that the departments in twenty one (21) cases, did not produce the complete record in support of replies, and in ten (10) cases, produced expired performance/additional performance securities. Audit further informed that valid securities were required to be retained by the departments till the completion of the works and the DLP, however, the department did not produce the record regarding completion of the works. The Committee directed the departments in 21 cases, to get the complete record verified from Audit, in 09 cases, refer the matter to FD for regularization and for the remaining one case (DP No.346), to get the matter probed by the concerned SE and submit a report to Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

(Annexure-XXXIX)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para Nos. 2.4.2.54, 2.4.2.62, 2.4.1.14.3, 2.4.1.14.4, 3.4.9.21, 4.4.48 in AR 2018-19, Para Nos. 2.5.1.21.2, 2.5.1.22, 3.5.8.20, 3.5.8.21, 4.5.59, 4.5.27 in AR 2019-20, Para Nos. 2.4.2.22, 2.4.1.9, 3.4.6.18.1, 3.4.6.18.2, 4.4.16 in AR 2021-22 and Para Nos. 4.4.18, 5.4.1.14 in AR 2022-23 having financial impact of Rs 8,661.789 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.2 Undue financial benefit to contractors: Less obtaining performance/additional performance securities – Rs 236.282 million

As per clause 7 of the contract agreement read with item (h) Memorandum of Work, and FD's instructions No. RO(Tech)FD-1-2/83(V)(P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee at the rate of 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000". Further, as per general condition No.26(A) of the contract agreement read with FD's letter No.RD (Tech)FD-1-2/83/VI(P) dated 24th January 2006, if the contractor quotes his rates 5% or more below the estimated rates, additional performance security of scheduled bank be obtained within 15 days of the receipt of the acceptance equal to below percentage than the estimated cost.

Executive Engineers of Highways, Buildings, Irrigation and PHE departments awarded various works to the contractors. The departments were required to obtain performance securities at a rate of 5% of the agreed cost, along with additional performance securities corresponding to the percentages quoted below the estimated costs of the works. In eleven (11) cases, Audit observed that the departments obtained less performance securities, amounting to Rs 83.095 million for four (04) works, and less additional performance securities, amounting to Rs 153.187 million for seven (07) works.

Violation of the contract agreement resulted in less obtaining of performance/additional performance securities amounting to Rs 236,282,000.

Audit pointed out the less obtaining of performance/additional performance securities from August to October 2023.

The paras were discussed in SDAC meetings held from November to December 2023. In two (02) cases (DPs Nos. 380 & 712), the departments explained that performance securities had been obtained in full at the rate of 5%, fifty percent (50%), in shape of bank guarantees and fifty percent (50%) in shape of insurance guarantees in compliance of Lahore High Court orders. Audit contended that rule making authority i.e., FD was not involved in the proceedings of the Court. The Committee in both cases, directed the department to refer the matter to FD for advice. In other four cases (DPs Nos 177, 363, 217 & 375), the department explained that as per rule 56 of PPRA and Lahore High Court decision, the department was bound to deduct the additional performance securities up to 10% instead of corresponding below quoted percentages. Audit contended that department was required to follow FD's instructions. Further, the department did not produce the true copy of the Court orders in support of its stance. The Committee directed the department in DP No. 217, for verification of encashment of performance security and in three cases, to get the true copy of the Court orders verified from Audit. Furthermore, in five cases (DPs Nos.47, 215, 270, 277 & 435), the departments admitted to obtain the balance amount of performance/additional performance securities from the contractors. The Committee directed the departments to obtain the same at the earliest in all five cases and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

(Annexure-XL)

Note: This issue was reported earlier also in the Audit Report for the year 2018-19 vide Para No.2.4.1.14.2 having financial impact of Rs 117.984 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.3 Non-revalidation of performance/additional performance securities – Rs 1,760.614 million

As per clauses 7 and 26-A of contract agreement, "the performance security deposit/additional performance security deposit lodged by a contractor (in cash or/other form) shall be refunded to him after the expiry of three months after the issue of the certificate of completion of the work under Clause 40 hereof by the Engineer-in-charge or along with the final bill if it is prepared after that period on account of some unavoidable circumstances".

Executive Engineers of Highways, Buildings, Irrigation, and PHE departments awarded various works to the contractors. In twenty-five (25) cases, Audit observed that the departments obtained performance/additional performance securities in the form of bank guarantees amounting to Rs 1,760,614,000, which had expired during the execution of works, but the same were not revalidated.

Violation of the contract agreement resulted in non-revalidation of performance securities amounting to Rs 1,760,614,000.

Audit pointed out the non-revalidation of performance securities during 2023. The departments did not reply.

The paras were discussed in the SDAC meetings held from November to December 2023. The departments explained that due securities had been obtained. Audit contended that in ten (10) cases, the department did not produce the complete record, in other fifteen (15) cases, produced expired guarantees which were required to be retained by the departments as per contractual provisions. The Committee directed the departments in ten (10) cases, to get the complete record verified from Audit, in four (04) cases, to probe the matter by the concerned SE and in remaining eleven (11) cases, referred the matter to FD for regularization. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

(Annexure-XLI)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para Nos. 2.4.2.51.1, 2.4.1.14.1, 2.4.1.14.5, 2.4.1.14.6, 3.4.9.13, 4.4.21 in AR 2018-19, Para Nos. 2.5.2.21.1, 4.5.28, in AR 2019-20 and Para Nos. 2.4.2.24, 3.4.15.18 in AR 2022-23 having financial impact of Rs 1,382.070 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.4 Premature release of securities - Rs 753.373 million

As per clause 50 of the contract agreement, the amount retained as Security Deposit shall not be refunded to the contractor before the expiry of 6 months in the case of original work valuing up to Rs 5,000,000 and 12 months or even more as may be determined by the Engineer in-charge with the prior approval of the CE in case of works valuing above Rs 5,000,000, after the issuance of certificate of completion of work under clause 40 of contract agreement. Further, as per clauses 7 and 26-A of contract agreement, “the performance security deposit/additional performance security deposit lodged by a contractor (in cash or/other form) shall be refunded to him after the expiry of three months after the issue of the certificate of completion of the work under Clause 40 hereof by the Engineer-in-charge. Furthermore, as per clause 49 of contract agreement, in case of interest-bearing securities, upon maturity, the amount of security is retrieved back in the Public Account and refunded to the contractor in prescribed manner.

Executive Engineers of Highways, Buildings, Irrigations and PHE departments awarded various works to the contractors. Audit observed that in twenty six (26) cases, the departments released performance/additional performance securities and security deposits amounting to Rs 753.373 million prior to completion of works and expiry of DLP. It was further observed that in seven (07) cases, out of twenty six (26) cases, the interest-bearing securities amounting to Rs 129.701 million were prematurely released to the contractors directly from the banks without following the related procedure of proper accountal.

Violation of the contract agreement resulted in pre-mature release of securities worth Rs 753,373,000.

Audit pointed out irregularities from August to September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. The departments explained that works had already been completed and securities were released on the request of the contractors after expiry of DLP. Audit contended that securities were released by the departments before the completion of works. Further, the departments did not prove the stance with documentary evidence. The Committee directed the departments in nine (09) cases, to probe the matter from the concerned SE/CE, in four (04) cases, to refer the case for condonation from FD and in remaining thirteen (13) cases, to get the complete record verified from Audit at the earliest. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

(Annexure-XLII)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para Nos. 2.4.2.51.2, 2.4.1.4 in AR 2018-19, Para Nos. 2.5.2.37, 2.5.1.25, 4.5.29 in AR 2019-20, Para No. 2.5.2.31 in AR 2020-21, Para Nos 4.4.17 in AR 2021-22, Para Nos 2.4.1.19, 3.4.15.28, 4.4.19 in AR 2022-23 having financial impact of Rs 381.101 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.5 Undue financial benefit due to accepting additional performance securities from insurance company – Rs 70.887 million

As per FD's notification RO (Tech) FD-1-2/83 (V) (P) dated 6th April 2005, the contractor is required to provide performance security in the shape of bank guarantee issued by scheduled bank of Pakistan at the rate of 5% of the accepted tender price within 15 days of receipt of acceptance letter.

Executive Engineer, Buildings Division No.1, Multan and MD, CDA, Bahawalpur awarded various works to different contractors on percentages more than 5% below the cost of TS estimates. Audit observed that department obtained performance securities and additional performance securities from insurance companies instead of scheduled bank in violation of instructions *ibid*.

(Rs in million)

Sr. No.	DP No.	Formations	Amount
1	318	BD No. 1 Multan	14.55
2	316	BD No. 1 Multan	3.525
3	6	CDA Bahawalpur	52.812
Total			**70.887**

Violation of FD instructions resulted in undue financial benefit due to accepting of additional performance securities/quality assurance securities of insurance company amounting to Rs 70,887,000.

Audit pointed out the irregularities in August and September 2023.

The paras were discussed in SDAC meetings held during November 2023. The department explained that performance securities and quality assurance securities were obtained from the contractors in light of Lahore High Court decision. Audit informed that department accepted securities issued by insurance companies instead of scheduled banks against the relevant rules. The Committee directed the department in two cases, to get advice from FD and in DP No, 06, to get the matter probed by administrative department. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends probe of matter, condonation of irregularity besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

10.2.6.2.3.6 Excess deduction of security deposit - Rs 19.006 million

As per clause (d) of Memorandum of work of standard contract agreement of the Punjab Government, "percentage of security deposit to be retained from the bills on the amount of work done up to Rs 5 million at the rate of 10% and beyond Rs 5 million at the rate of 5%".

Executive Engineers, Highways Division, Pakpattan and Buildings Division, Chakwal made payments to different contractors. Audit observed that, in three (03) cases, the department deducted

Security Deposit from the contractors' payments in excess of the admissible percentage as per contract agreement.

(Amount in Rs)

Sr. No.	DP Nos.	Formations	Security Deposit deducted	Security Deposit to be deducted	Excess Security Deposit deducted	Excess deduction percentages
1	195	Highways Division (HD), Pakpattan	2,178,940	578,940	1,600,000	13.818%
2	360	BD, Chakwal	14,505,496	2,294,113	12,211,383	26.627%
3	356	BD, Chakwal	6,418,710	1,224,098	5,194,612	26.601%
Total			**23,103,146**	**4,097,151**	**19,005,995**	

Violation of contractual obligations resulted in excess deduction of Security Deposit amounting to Rs 19,005,995.

Audit pointed out irregularities during August and September 2023.

The paras were discussed in SDAC meetings held from November to December 2023. The department explained in DP No.195 that due to the awaiting results of compaction of Berms, Base Course/overlay, a certain amount was kept in retention for safety/quality assurance purpose. Now, the same tests were provided by the contractor. Audit contended that security was deducted more than 5% in violation of agreement. The Committee directed the department to get the matter condoned by FD. In DP Nos. 356 & 360, the department explained that excess deduction of Security Deposit was as a result of rush of work/overload in the month of June which was totally in favour of government interest as there was no loss to the government. Audit contended that the department deducted excess security in order to avoid surrendering unspent funds. The Committee directed the department in both cases to get the matter probed by SE Buildings Circle No.2, Rawalpindi. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization from FD and submit probe report in compliance with the SDAC directives.

10.2.6.2.3.7 Undue financial benefit to contractor by less deduction of Security Deposit - Rs 11.990 million

According to contract clause (d) (memorandum of works), if the cost of work done is less than Rs 5,000,000, 10% Security Deposit and if amount of work done exceeds Rs 5,000,000, 5% Security Deposit may be deducted from work done and retained till completion of DLP.

Executive Engineer, Buildings Division No.1, Multan deducted Security Deposit amounting to Rs 57,202,657 as per Security Deposit register for the month of June 2023. Audit observed that the due amount of Security Deposit against the work done was Rs 69,192,298. However, the department deducted a lesser amount of Rs 11,989,641 (69,192,298 - 57,202,657) from the running bills, resulting in an unjustified financial benefit extended to the contractor.

Violation of contract agreement resulted in less deduction of Security Deposit amounting to Rs 11,989,641.

Audit pointed out less deduction in September 2023.

The para was discussed in SDAC meeting held on 29th November 2023. The department explained that security had been deducted from the contractors' bills. The same was partially deposited as interest-bearing security in banks and balance security was available with the department. Audit contended that department deducted less Security Deposit from running bills of contractor. The Committee directed the department to get the complete record regarding deduction of securities verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No. 315(2023-24)

Note: This issue was reported earlier also in the Audit Report for the year 2018-19 vide Para No.7.3.3.5 having financial impact of Rs 1.657 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.8 Irregular grant of mobilization advance – Rs 341.829 million

As per FD's notification No.RO(Tech) FD 18-44/2006 dated 7th December 2007, initially, a sum equal to ten percent of the tendered amount and thereafter a further sum equal to five percent of the tendered amount may be sanctioned on the furnishing of a certificate by the engineer incharge of the work to the effect that mobilization by the contractor is complete in all respect necessary for the due commencement of work.

Executive Engineers, Highways Divisions Sialkot and Hafizabad, in two (02) cases, paid mobilization advances totaling Rs 341,828,691 in the 5th and 7th running bills of the respective contractors. Audit observed that mobilization advances are typically permitted at the initial stages of a contract to facilitate the contractor's mobilization at the site and enable the commencement of work. However, in these cases, the department disbursed the advances after the execution of more than 25% of the works. Consequently, these payments at a later stage were deemed irregular and amounted to providing undue benefits to the contractors.

(Rs in million)

Sr. No.	DP Nos.	Formations	Amount
1	849	HD Hafizabad 5th Running Bill	200.053
2	261	HD Sialkot 7th Running Bill	141.775
Total			**341.828**

Violation of FD's instructions resulted in irregular grant of mobilization advance of Rs 341,828,691.

Audit pointed out the irregularities from August to September 2023.

The paras were discussed in the SDAC meetings held during November 2023. In DP No. 261, the department explained that second mobilization advance was granted on commencement of carpet work and in DP No. 849, the mobilization advance was granted after the approval by the competent authority. Audit contended that mobilization advance was admissible only before the commencement of work. The Committee in both cases, directed the department to get the matter condoned from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early condonation of the matter from FD besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

Note: This issue was reported earlier also in the Audit Report for the year 2022-23 vide Para No.3.4.15.15.2 having financial impact of Rs 29.004 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.9 Payment of mobilization advance against invalid bank guarantees - Rs 355.444 million

According to Rule 7.36 of DFR and FD's notification No. RO (Tech)FD 18-44/2006, dated 7th December 2007, mobilization advance may be sanctioned against irrevocable bank guarantee on form DFR (PW)28-A in favour of the Government from any scheduled bank.

Executive Engineers, Highways Divisions Kasur and Okara, in three (03) cases, issued mobilization advance against conditional bank guarantees. Audit observed that these bank guarantees were not obtained on the approved Form DFR (PW) 28-A. Instead, the department accepted invalid conditional bank guarantees that included a condition stipulating their validity only after the payment of the advance amount and that in case of delayed payment, these guarantees would be canceled. The observed conditionality rendered the guarantees ineffective in the event of contractor's default, as the said invalid guarantees could not be cashed from the banks.

(Rs in million)

Sr. No.	DP No.	Formations	Amount
1	646	HD, Okara	143.010
2	531	HD, Kasur	123.445
3	648	HD, Okara	88.989
Total			**355.444**

Violation of FD's instructions resulted in payment of mobilization advance against invalid bank guarantees for Rs 355,444,000.

Audit pointed out the irregularities in September 2023.

The paras were discussed in SDAC meetings held during December 2023. The departments explained that mobilization advance had been recovered. Further, the guarantees were verified, in original from the banks and same was approved by the competent authority. Audit contended that the invalid bank guarantees were obtained containing the illegal and dubious condition which was against the interest of the government and in case of contractor's default, the amount could not be cashed by the department. The Committee in all cases directed the department to get the matter probed by SE, Highway Circle, Lahore besides fixing responsibility against the responsible(s). Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early disciplinary proceedings against the person(s) responsible for payment of mobilization advance on invalid bank guarantees besides strengthening controls to avoid recurrence of such issues.

10.2.6.2.3.10 Non/less-recovery of mobilization advance - Rs 1,339.872 million

As per Para-5 of notification issued by FD vide No.RO(Tech)F-D.18-44/2006 dated 7th December 2007, recovery of mobilization advance shall commence after the lapse of 20% of contract period or after the execution of the 20% of the works (in financial terms) whichever is earlier. The rate of recovery shall be 25% of the value of work in each running bill.

Executive Engineers of various Highways, Building's and Irrigation Divisions awarded works to different contractors and issued mobilization advances amounting to Rs 1,653.978 million to the contractors. Audit observed that in five (05) cases, department did not recover the balance amount of Rs 1,339.872 million from the contractors as per FD's instruction *ibid*.

(Rs in million)

Sr. No.	DP No.	Formations	Mob. Advance paid	Mob. Advance recovered	Balance Mob. Advance to be recovered
1	678	HD Gujrat	1,130.794	-	1,130.794
2	493	HD Muzaffargarh	374.891	242.977	131.914
3	05	BD No. 3 Lahore	16.634	7.716	8.918
4	147	Jampur Construction Division	38.414	5.000	33.414
5	370	Irrigation Canal Division Muzaffargarh	93.245	58.413	34.832
	Total		**1,653.978**	**314.105**	**1,339.872**

Violation of FD's instructions resulted in non/less-recovery of mobilization advance amounting to Rs 1,339,872,000.

Audit pointed out non/less-recovery of mobilization advance from August to September 2023.

The paras were discussed in SDAC meetings during November 2023. The department explained in DP No.370 that funds of the scheme were released in piece meal, so, the recovery was difficult. For remaining four (04) cases, the department explained that recovery of mobilization advances was being made regularly in each running bill of the contractors. Audit contended that departments did not make actual recovery as per value of work done. The Committee directed the department in DP No.147, to get the matter probed by concerned SE and for remaining four (4) cases, to effect the due recoveries of advances from next running bills and get the complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibilities against the person(s) at fault and strengthening internal controls to avoid recurrence of such issues.

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para Nos. 2.4.2.52.2, 2.4.1.26, 3.4.9.15, 4.4.9 in AR 2018-19, Para Nos. 3.5.8.13, 4.5.15 in AR 2019-20, Para No. 3.5.7.6 in AR 2020-21 and Para No. 2.4.2.25 in AR 2022-23 having financial impact of Rs 668.106 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.11 Irregular obtaining of bank guarantees from non-scheduled bank – Rs 27.921 million

As per FD's notification No. RO(Tech) FD 18-44/2006 dated 7th December 2007 the contractor shall furnish a guarantee (as per Form DFR (P.W) 28-A) in favour of the Government from any bank declared to be a scheduled bank by the State Bank of Pakistan.

Executive Engineer, PHE Division, Mandi Bahauddin awarded a work at an agreement cost of Rs 140.415 million and obtained three performance securities in shape of bank guarantees for Rs 27.921 million. Audit observed that department accepted bank guarantees issued by Trust Investment Bank, Limited, Gulberg-III, Lahore, which was a non-scheduled bank.

Violation of FD's instruction resulted irregular obtaining of bank guarantees from non-scheduled bank of Rs 27.921 million.

Audit pointed out the irregularity in August 2023.

The para was discussed in SDAC meeting in November 2023. The department explained that performance security was obtained from the Trust Investment Bank Ltd. Gulberg-III Lahore due to lack of knowledge and work had been completed on 15th June 2021. Audit contended that department extended undue financial benefit to contractor by obtaining bank guarantee from non-scheduled bank, therefore, irregularity was required to be condoned from FD. The Committee directed the department to get the matter regularized from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides strengthening internal controls to avoid recurrence of such issues.

DP No.336(2023-24)

Note: This issue was reported earlier also in the Audit Report for the year 2022-23 vide Para Nos. 2.4.1.17 having financial impact of Rs 20.719 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.12 Undue financial benefit due to grant of secured advance at higher rates – Rs 19.562 million

According to para 2.98 of B&R Department Code and clause 45 of the contract agreement, secured advance can be granted on the security of material brought at site at the rate of 75% of material cost.

Executive Engineer, Highways Division, Gujrat, issued secured advance amounting to Rs 79,136,329 for the items viz. *"Base course"* and *"Sub-base course"* on the basis of composite rates. Audit observed that admissible amount of secured advance based upon material input rates was Rs 59,574,079.

(Amount in Rs)

Sr. No.	Groups	Items	Qty (cft)	Rate paid (% cft)	Rate to be paid (% cft)	Difference of Rate (% cft)	Excess payment
1	Group-I	Sub-base course	153773	11,416	7,664	3,752	5,769,563
2		Base course	202333	6,245	6,237	8	16,187
3	Group-II	Sub-base course	329563	11,416	8,082	3,334	10,987,630
4		Base course	128352	8,821.83	6,649	2,172.83	2,788,870
				Total			**19,562,250**

Violation of the B&R Department Code resulted in undue financial benefit due to grant of secured advance at higher rates amounting to Rs 19,562,250.

Audit pointed out the irregularities in September 2023.

The para was discussed in SDAC meeting during November 2023. The department explained that the secured advance would be recovered from the next running bills of the contractors. Audit contended that the department was required to grant secured advance on material rates only. The Committee directed the department to effect recovery and fix the responsibility regarding negligence in calculation and payment of rates resulting in undue financial benefit to the contractors.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No 683(2023-24)

Note: This issue was reported earlier also in the Audit Reports for the years 2018-19 to 2022-23 vide Para Nos. 2.4.2.65, 2.4.1.23 in AR 2018-19, Para No. 3.4.6.12 in AR 2021-22, Para Nos 3.4.15.1 in AR 2022-23 having financial impact of Rs 138.787 million. Recurrence of same irregularity is a matter of serious concern.

10.2.6.2.3.13 Non/less recovery of secured advances – Rs 971.062 million

As per para 2.98 (a) of the B&R Department Code read with C&W Department letter No. S.O.III(C&W)2-14/97 dated 29th May 1997, recovery of secured advance so made should not be postponed until the whole of the works entrusted to the contractor has completed. Under normal circumstances, the secured advance shall be recovered within three months.

Executive Engineers, Highways, Buildings & PHE Divisions, in seven (07) cases, paid secured advances to the contractors. Audit observed that the departments did not adjust/recover the secured advance, totaling Rs 971.062 million, from the payments to contractors, despite a significant passage of time.

(Rs in million)

Sr. No.	DP No.	Formations	Amount
1	347	HD, Narowal	435.352
2	672	HD, Gujrat	373.763
3	248	PHED, Mianwali	78.535
4	257	HD, Sialkot	76.782
5	365	Buildings Division, Chakwal	4.978
6	128	Buildings Division, Attock	0.874
7	33	PHED Sheikhupura	0.778
Total			**971.062**

Violation of B&R Department Code resulted in non-recovery of secure advances for Rs 971,062,000.

Audit pointed out the non-recovery in August and September 2023.

The paras were discussed in SDAC meetings held during November 2023. The department admitted to effect recovery in all cases and explained that funds were not available due to which recovery/adjustment of secured advance could not be made within time. The same would be recovered from next running bills of the contractors after release of funds. Audit contended that secured advance should be granted for the items required for immediate purpose but the departments paid secured advance for those items which were not required to execute for immediate purpose. Further, the departments did not recover the secured advances within time. The Committee directed the department to effect recovery of secured advance in all cases and in one case DP No.672, to submit a report by CE Highways, (North) regarding availability of material at site. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC directives besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Note: This issue was reported earlier also in the Audit Report for the year 2022-23 vide Para No. 2.4.2.26 having financial impact of Rs 9.369 million. Recurrence of same irregularity is a matter of serious concern.

10.2.7 Departmental Responses

The issues raised in the preceding audit paras were deliberated upon during the respective SDAC meetings. The responses provided by the department were integrated into each audit para of the thematic report.

10.2.8 Recommendations

Audit findings indicate that numerous irregularities, such as the failure to obtain performance securities and premature release of securities, were a result of the non-implementation of internal control mechanisms and a lack of monitoring and supervision. A consistent pattern of recurring audit observations has been identified over time.

In light of these observations, it is imperative for PAOs to take proactive measures. The following recommendations are proposed, which, when implemented, will prove beneficial to various stakeholders:

1. The rules and authorities governing the management of securities, advances, and performance guarantees need to undergo a comprehensive review. The objective of this review should be to identify and resolve any contradictions existing between the rules and authorities. This is necessary for establishing a robust and unambiguous set of rules and regulations that can be steadfastly implemented.

2. The internal control mechanism need to be implemented in both letter and spirit. Additionally, the supervisory role is required to be enhanced for greater effectiveness, ensuring the timely detection and prevention of irregularities.

3. It is essential to establish an internal audit system to enhance the overall control environment. This measure will not only fortify the control framework but also serve as a deterrent, effectively preventing rule violations and negligence on the part of executive engineers.

4. The effectiveness of the accountability mechanism needs to be strengthened, and appropriate action be taken against the responsible person(s) for negligence and violations of rules.

5. Maintaining a continuous financial stream is crucial to ensure an uninterrupted and timely flow of funds. This proactive approach helps prevent disruptions in the progress of ongoing works and facilitates the timely deduction of advances and securities from the contractor's bill.

10.2.9 Conclusion

Instances of not obtaining or obtaining insufficient performance and additional performance securities, non-revalidation of bank guarantees, and premature release of securities highlight deficiencies in the enforcement of the internal control system. These lapses expose stakeholders to elevated financial risks, as these securities play a crucial role in guaranteeing against contractors' defaults. The absence of such safeguards increases the likelihood of financial losses in the face of project delays, disruptions, or failure to meet contractual obligations.

Furthermore, instances where mobilization payments are made at a belated stage or based on invalid bank guarantees indicate financial indiscipline, emphasizing potential risks and vulnerabilities within the system. Similarly, the payment of secured advances at higher rates and delayed recovery deprives departments of much-needed funds. These lapses have the potential to compromise project integrity, financial stability, and overall accountability.

Addressing these issues is paramount for ensuring transparency, safeguarding investments, and fostering a culture of responsible financial and contract management. It is imperative to establish robust internal controls, consistently adhere to established procedures, and take corrective measures to mitigate risks and enhance the overall effectiveness of the financial and project management processes.

Annexure-A: **Memorandum for Departmental Accounts Committee (MFDAC) Paras**

Annexure-A/1: **C&W Department**

Buildings

(Rs in million)

S#	PD#	Amount
1	3	0.954
2	4	1.392
3	5	8.919
4	6	2.310
5	7	4.966
6	9	6.379
7	10	0.125
8	11	0.301
9	12	4.705
10	18	14.106
11	21	31.528
12	23	0.414
13	25	84.548
14	27	56.294
15	29	12.792
16	32	21.869
17	33	6.222
18	34	4.247
19	35	4.103
20	37	46.717
21	38	4.368
22	39	0.099
23	40	0.579
24	41	9.402
25	42	0.667
26	43	6.398
27	44	99.693
28	45	0.715
29	46	0.143
30	47	0.123
31	48	0.233
32	49	0.288
33	51	0.204
34	52	12.564
35	53	0.075
36	54	2.164
37	55	7.087
38	56	1.495
39	58	7.421

S#	PD#	Amount
40	59	1.985
41	60	345.786
42	61	0.147
43	63	1.000
44	65	5.315
45	66	2.198
46	67	1.717
47	68	0.681
48	69	7.406
49	71	53.279
50	72	0.575
51	73	29.595
52	74	58.808
53	76	11.347
54	78	12.699
55	79	-
56	80	1.197
57	81	0.357
58	82	58.808
59	83	-
60	84	45.910
61	85	1.433
62	87	770.030
63	90	27.959
64	92	318.080
65	93	0.465
66	94	172.889
67	101	124.498
68	104	1.637
69	106	2.751
70	107	2.000
71	111	12.938
72	113	0.282
73	114	20.190
74	117	0.414
75	120	0.343
76	121	0.037
77	125	0.286
78	128	0.874

S#	PD#	Amount
79	131	2.789
80	133	6.517
81	135	63.713
82	137	9.665
83	141	0.108
84	142	0.800
85	145	33.638
86	146	0.721
87	148	0.385
88	151	3.449
89	152	4.438
90	153	5.225
91	154	0.141
92	155	0.147
93	157	19.215
94	161	15.159
95	163	80.713
96	165	0.090
97	166	76.695
98	168	31.367
99	173	0.662
100	185	14.530
101	188	0.929
102	198	5.327
103	199	0.419
104	207	15.101
105	208	2.232
106	210	11.384
107	216	0.053
108	217	0.061
109	218	0.091
110	221	34.608
111	222	0.931
112	224	0.090
113	225	1.167
114	226	600.378
115	228	0.771
116	229	84.631
117	232	1.107

S#	PD#	Amount
118	233	0.198
119	238	2.771
120	241	0.600
121	242	0.107
122	243	55.803
123	245	4.183
124	248	0.404
125	249	2.439
126	250	1.037
127	253	120.125
128	254	0.247
129	256	4.202
130	257	0.105
131	258	0.865
132	261	1.403
133	262	9.323
134	263	0.388
135	264	0.045
136	266	1.118
137	267	88.018
138	268	0.649
139	269	15.649
140	272	0.869
141	275	1.365
142	276	0.180
143	279	1.057

S#	PD#	Amount
144	280	4.783
145	281	11.127
146	287	71.267
147	288	4.373
148	289	10.546
149	290	1.496
150	291	0.214
151	292	18.131
152	293	3.079
153	294	4.128
154	296	0.814
155	300	3.400
156	301	1.273
157	302	50.264
158	303	20.216
159	304	67.319
160	305	0.992
161	307	2.820
162	308	8.387
163	310	5.933
164	312	0.905
165	313	0.588
166	314	33.695
167	321	2.442
168	322	0.099
169	323	0.963

S#	PD#	Amount
170	327	9.693
171	328	65.390
172	329	1.762
173	333	1.398
174	334	0.111
175	337	5.057
176	338	2.422
177	339	16.150
178	340	6.055
179	341	2.487
180	354	0.697
181	357	19.040
182	361	33.782
183	363	9.180
184	365	4.978
185	367	3.715
186	369	9.263
187	373	4.317
188	374	84.666
189	385	0.080
190	386	7.099
191	387	8.063
192	388	0.123
193	389	0.434

Highways

(Rs in million)

S#	DP#	Amount
1	1	3.887
2	2	11.388
3	3	0.311
4	4	0.056
5	6	0.344
6	7	1.213
7	8	2.024
8	11	8.586
9	14	6.244
10	15	474.707
11	16	6.405
12	17	0.630
13	18	77.992
14	19	49.632
15	20	29.331
16	22	2.512
17	24	0.989

S#	DP#	Amount
18	25	0.350
19	26	0.654
20	29	5.531
21	30	1.487
22	32	57.017
23	33	3.137
24	34	0.327
25	35	61.228
26	36	2.545
27	37	16.872
28	38	19.138
29	41	0.775
30	42	0.469
31	44	35.774
32	45	0.212
33	47	2.507
34	48	0.157

S#	DP#	Amount
35	49	2.226
36	50	0.870
37	51	6.156
38	54	1.085
39	55	4.000
40	56	10.914
41	58	-
42	59	9.827
43	62	2.882
44	63	122.429
45	64	27.922
46	65	26.593
47	66	0.251
48	67	1.156
49	68	3.621
50	69	6.969
51	71	0.602

S#	DP#	Amount
52	72	4.278
53	73	106.928
54	74	3.575
55	75	3.036
56	76	1.499
57	77	5.800
58	78	1.121
59	79	8.483
60	80	22.164
61	81	-
62	82	-
63	83	1,382.516
64	84	95.659
65	85	21.693
66	86	1.163
67	87	28.540
68	88	8.568
69	89	10.199
70	92	0.240
71	93	5.993
72	95	9.018
73	96	14.235
74	97	54.903
75	98	15.122
76	99	4.049
77	100	0.728
78	101	0.198
79	102	6.466
80	103	142.354
81	104	67.100
82	108	1.408
83	110	0.410
84	111	123.179
85	113	1.073
86	114	1.899
87	115	0.254
88	116	33.364
89	117	0.975
90	118	403.322
91	119	163.685
92	120	110.896
93	122	5,411.472
94	124	1.365
95	125	1.323
96	126	0.183
97	127	7.775

S#	DP#	Amount
98	128	24.380
99	129	40.523
100	135	24.744
101	137	63.002
102	144	4.715
103	146	0.383
104	148	0.682
105	150	20.501
106	151	29.483
107	154	44.180
108	155	2.199
109	156	960.449
110	161	47.775
111	162	427.674
112	165	23.097
113	172	42.140
114	173	12.764
115	177	1.262
116	180	8.631
117	181	12.351
118	182	453.970
119	185	34.359
120	187	126.295
121	194	18.860
122	197	1.170
123	198	7.339
124	199	12.063
125	200	11.658
126	205	13.237
127	207	-
128	208	13.337
129	209	25.658
130	215	53.295
131	220	4.204
132	221	10.966
133	222	1,169.821
134	237	76.923
135	242	0.244
136	244	10.983
137	249	6.177
138	251	-
139	252	11.658
140	258	181.415
141	259	51.559
142	265	52.996
143	267	0.896

S#	DP#	Amount
144	279	30.094
145	280	84.036
146	281	0.100
147	283	1.575
148	287	0.175
149	289	5,542.988
150	291	1.630
151	293	1.057
152	294	3.319
153	296	1.774
154	298	2,385.259
155	299	2.455
156	302	3.677
157	303	285.341
158	304	7.100
159	306	0.425
160	308	1.123
161	309	2.254
162	310	0.085
163	311	10.966
164	314	0.874
165	316	212.642
166	318	3.753
167	319	2.000
168	320	59.250
169	321	1.693
170	322	0.286
171	323	5.428
172	324	0.287
173	325	0.032
174	326	1.940
175	328	0.333
176	329	0.808
177	330	0.595
178	333	1.234
179	335	0.324
180	336	0.358
181	338	-
182	345	26.782
183	346	11.835
184	348	92.335
185	351	114.092
186	353	40.636
187	354	0.695
188	355	28.305
189	356	1.515

S#	DP#	Amount
190	361	897.812
191	362	68.752
192	363	11.658
193	365	0.761
194	366	0.162
195	367	1.090
196	368	174.596
197	373	1.464
198	374	1.278
199	375	0.154
200	378	58.216
201	383	-
202	384	142.128
203	400	13.281
204	404	30.600
205	406	0.666
206	409	46.420
207	413	2.145
208	414	6.400
209	422	2.685
210	425	0.764
211	426	718.919
212	427	2.396
213	428	24.236
214	429	-
215	432	3.092
216	436	30.697
217	441	5.888
218	442	2.293
219	443	7.128
220	444	7.292
221	445	0.438
222	446	6.512
223	447	1.183
224	449	12.707
225	450	1,061.248
226	452	103.179
227	453	79.600
228	454	2.185
229	455	45.025
230	456	1.898
231	457	1.403
232	459	2.699
233	464	0.100
234	465	0.526
235	466	3.964

S#	DP#	Amount
236	467	1.694
237	468	0.639
238	469	0.293
239	471	0.899
240	473	12.507
241	475	0.650
242	478	100.828
243	481	0.074
244	483	60.387
245	484	4.354
246	487	0.491
247	488	0.322
248	489	0.259
249	490	0.181
250	491	22.974
251	492	9.362
252	495	297.216
253	496	2.630
254	497	30.794
255	498	2.978
256	503	71.249
257	506	12.776
258	509	2.954
259	510	11.351
260	516	25.578
261	519	138.920
262	520	14.553
263	521	28.205
264	522	2.630
265	523	367.773
266	524	7.222
267	525	21.862
268	527	2.975
269	528	222.060
270	529	7.859
271	530	48.552
272	533	52.995
273	535	69.232
274	536	2.303
275	537	272.174
276	539	96.435
277	540	1.022
278	542	1.245
279	543	2.410
280	544	5.991
281	545	47.607

S#	DP#	Amount
282	546	1.785
283	547	75.295
284	548	0.073
285	549	0.344
286	550	1.795
287	551	0.762
288	552	4.462
289	553	382.574
290	554	0.398
291	555	0.684
292	557	55.612
293	558	1.851
294	559	9.482
295	560	0.359
296	561	16.925
297	562	0.138
298	563	2.967
299	564	27.733
300	565	22.500
301	566	12.107
302	568	0.646
303	569	110.851
304	570	35.345
305	571	11.450
306	572	15.009
307	585	3.473
308	586	109.255
309	587	0.595
310	588	1,274.249
311	589	0.194
312	591	74.222
313	596	24.111
314	598	29.808
315	599	257.986
316	600	15.478
317	601	4.121
318	602	109.896
319	605	1.246
320	606	22.515
321	607	73.562
322	611	9.990
323	612	165.904
324	613	20.000
325	620	389.864
326	625	2.266
327	629	75.257

S#	DP#	Amount
328	633	1.007
329	637	28.128
330	640	0.788
331	641	6.256
332	704	0.749
333	706	58.417
334	776	3.541
335	682	11.100
336	684	20.460
337	686	2.233
338	687	6.589
339	688	489.848
340	690	14.499
341	691	4.456
342	693	91.121
343	720	5.287
344	721	2.563
345	723	0.090
346	724	0.046
347	730	11.580
348	741	-
349	745	1.004
350	747	16.730
351	750	18.442
352	751	4.046
353	752	0.522
354	753	20.772
355	755	8.095
356	757	12.138
357	759	0.636
358	760	0.261
359	761	1.127
360	770	0.971
361	772	0.703
362	774	0.193
363	777	0.115
364	778	0.305
365	779	1.360
366	783	3.007
367	784	0.826
368	787	0.667
369	788	0.631
370	789	0.365
371	790	1.584
372	791	1.416
373	793	17.877

S#	DP#	Amount
374	805	83.105
375	806	15.316
376	807	162.516
377	809	9.458
378	810	2.474
379	811	0.883
380	812	17.546
381	813	0.437
382	815	221.159
383	817	26.497
384	818	90.387
385	820	32.707
386	821	0.152
387	822	110.537
388	823	-
389	824	0.165
390	826	3.159
391	828	0.288
392	829	0.604
393	830	0.101
394	650	227.649
395	658	30.229
396	662	23.714
397	663	381.641
398	666	0.270
399	674	9,447.389
400	675	29,896.798
401	677	4,585.789
402	679	23.083
403	680	474.763
404	696	1.233
405	699	112.179
406	703	109.855
407	705	5.326
408	708	1.961
409	709	0.925
410	713	0.288
411	714	20.100
412	726	0.169
413	729	17.287
414	739	0.817
415	740	1.398
416	814	1.328
417	831	3.033
418	833	0.059
419	834	0.230

S#	DP#	Amount
420	836	1.140
421	841	1.867
422	842	9.262
423	847	156.140
424	848	649.302
425	850	-
426	851	19.721
427	861	107.520
428	862	0.685
429	866	0.308
430	869	0.224
431	870	0.694
432	871	0.274
433	872	5.429
434	873	11.658
435	876	0.062
436	878	3.116
437	880	0.158
438	882	0.327
439	884	0.184
440	885	0.044
441	886	0.138
442	887	0.063
443	893	0.084
444	891	0.425
445	892	0.205
446	895	2.389
447	904	6.357
448	905	22.000
449	909	0.926
450	911	67.556
451	912	47.568
452	915	0.748
453	919	0.641
454	920	-
455	921	7.443
456	922	131.502
457	923	8.785
458	928	2.025
459	930	15.707
460	931	325.805
461	933	21.893
462	934	3.585
463	935	1.650

Annexure-A/2: HUD & PHE Department

Development Authorities/Agencies

PAPA

(Rs in million)

S#	DP#	Amount	S#	DP#	Amount	S#	DP#	Amount
1	706	1,674.723	13	666	8.333	25	697	12.128
2	682	52.880	14	668	8.132	26	698	5.840
3	683	3.990	15	670	8.237	27	699	15.600
4	684	19.131	16	672	5.537	28	700	1.749
5	686	1.500	17	674	1.360	29	701	17.279
6	687	18.827	18	675	6.318	30	702	6.873
7	688	5.251	19	676	13.286	31	703	0.009
8	690	24.300	20	677	65.904	32	704	2.627
9	693	26.220	21	678	9.449	33	707	1,674.723
10	695	134.895	22	679	8.000	34	708	25.489
11	664	1,735.200	23	680	0.800			
12	665	15.804	24	696	332.738			

PHA Lahore

(Rs in million)

S#	DP#	Amount	S#	DP#	Amount	S#	DP#	Amount
1	330	0.637	21	354	1.355	41	743	142.490
2	331	9.045	22	355	1.860	42	754	-
3	332	4.931	23	356	0.206	43	755	-
4	333	18.186	24	357	2.151	44	756	1.358
5	334	18.186	25	360	0.824	45	757	1.581
6	335	0.559	26	361	1.831	46	758	-
7	336	2.919	27	362	2.464	47	759	2.071
8	337	0.737	28	363	2.320	48	761	1.429
9	338	0.343	29	364	1.806	49	762	0.383
10	339	0.793	30	365	4.286	50	765	1.499
11	340	0.113	31	366	18.642	51	771	0.877
12	341	8.319	32	367	5.696	52	773	2.800
13	342	240.074	33	369	25.210	53	774	46.500
14	343	4.388	34	370	0.386	54	781	0.497
15	344	17.771	35	371	4.450	55	782	-
16	345	2.194	36	374	0.179	56	783	-
17	346	0.120	37	375	0.493	57	784	-
18	347	-	38	377	4.635	58	785	-
19	349	1.715	39	378	0.337	59	786	-
20	350	1.256	40	735	2.000	60	737	0.950

TEPA LDA

(Rs in million)

S#	DP#	Amount	S#	DP#	Amount	S#	DP#	Amount
1	286	1.271	15	301	19.773	29	315	46.139
2	288	0.249	16	302	12.711	30	316	21.027
3	289	-	17	303	8.063	31	317	0.236
4	290	-	18	304	0.123	32	318	1.063
5	291	0.840	19	305	3.297	33	319	0.080
6	292	-	20	306	0.414	34	320	7.255
7	293	-	21	307	0.354	35	321	0.265
8	294	3.823	22	308	106.350	36	322	2.646
9	295	127.894	23	309	106.350	37	323	2.646
10	296	127.894	24	310	-	38	324	0.277
11	297	-	25	311	10.987	39	325	0.019
12	298	11.505	26	312	0.035	40	326	0.986
13	299	403.059	27	313	7.051	41	327	-
14	300	34.012	28	314	7.840			

UD-Wing, LDA

(Rs in million)

S#	DP#	Amount	S#	DP#	Amount	S#	DP#	Amount
1	3	30.000	26	74	16.670	51	113	13669.719
2	5	0.000	27	75	0.000	52	114	5.855
3	6	50.000	28	82	8.205	53	115	18173.200
4	7	0.000	29	84	26.263	54	118	256.400
5	8	0.000	30	85	71.920	55	119	1.660
6	10	0.000	31	86	693.301	56	120	5097.400
7	13	196.425	32	87	1.267	57	121	75235.500
8	24	31.200	33	88	0.000	58	122	297.881
9	25	9.000	34	90	55.000	59	123	3196.800
10	27	23.906	35	91	6.794	60	125	73.000
11	28	2333.718	36	92	0.000	61	129	1462.800
12	33	0.000	37	93	0.000	62	130	16552.700
13	34	0.713	38	95	0.000	63	131	954.385
14	37	0.000	39	97	0.000	64	133	13.380
15	42	16.800	40	100	4629.450	65	134	22.437
16	43	16.800	41	102	156.200	66	135	19.070
17	47	1.387	42	103	1065.300	67	136	5449.000
18	55	0.000	43	104	3443.800	68	137	2.895
19	56	4.143	44	106	1.200	69	138	17.641
20	65	83.351	45	107	14.998	70	140	8.642
21	67	31.021	46	108	4.560	71	142	64.000
22	69	322.981	47	109	586.000	72	144	9.563
23	70	1.925	48	110	18450.000	73	145	2.752
24	71	6.036	49	111	166.250	74	147	131.593
25	72	150.030	50	112	7.300	75	148	67.909

S#	DP#	Amount
76	149	1.895
77	150	10.935
78	152	0.668
79	153	1.800
80	154	1.062
81	157	28.730
82	158	2.944
83	159	4.987
84	160	6.970
85	161	0.642
86	162	0.200
87	379	0.000
88	380	0.000
89	381	0.000
90	382	0.000
91	383	0.000
92	384	0.000
93	385	13.187
94	386	10.305
95	387	0.000
96	388	0.000
97	389	0.000
98	390	6.600
99	391	0.000
100	392	0.000
101	393	0.000
102	394	42.617
103	395	0.833
104	396	8.817
105	397	31.574
106	398	6.448
107	399	30.841
108	400	64.067
109	401	15.183
110	402	1780.769
111	403	41.690
112	404	41.690
113	405	154.710
114	406	0.473
115	407	1339.308
116	408	48.432
117	409	0.355
118	410	114.314
119	411	2.236
120	412	1653.795
121	413	0.000

S#	DP#	Amount
122	414	3459.825
123	415	1636.561
124	416	0.000
125	417	0.000
126	419	0.000
127	420	0.000
128	421	0.000
129	422	0.000
130	423	0.000
131	424	0.000
132	425	0.000
133	426	0.000
134	427	0.000
135	428	0.000
136	437	0.265
137	440	0.000
138	441	36.849
139	442	4.320
140	444	0.000
141	445	0.000
142	446	0.302
143	447	36.720
144	451	31.503
145	452	0.000
146	453	0.000
147	454	0.000
148	456	0.000
149	457	0.000
150	458	0.000
151	459	0.000
152	461	215.666
153	463	24.000
154	465	0.000
155	466	0.561
156	467	8.952
157	468	0.000
158	469	13.103
159	470	6.615
160	471	2.131
161	473	22.164
162	474	24.668
163	475	0.000
164	476	0.000
165	477	0.000
166	478	6.095
167	480	2.539

S#	DP#	Amount
168	481	1.300
169	482	0.609
170	483	6.479
171	484	7.589
172	485	0.618
173	486	0.566
174	487	0.180
175	488	0.000
176	489	0.000
177	490	10.495
178	493	1.640
179	495	181.616
180	496	2.385
181	497	0.000
182	498	42.718
183	499	0.000
184	500	43.075
185	508	237.250
186	511	0.090
187	512	4.802
188	517	29.523
189	523	9.240
190	524	5.265
191	525	0.000
192	527	9.271
193	528	3.106
194	539	0.000
195	554	0.140
196	555	41.776
197	557	0.428
198	567	0.000
199	571	166.968
200	573	383.250
201	575	14.600
202	585	0.000
203	597	48.203
204	599	7.648
205	607	1.003
206	616	44.538
207	620	0.000
208	633	113.906
209	640	15.258
210	641	7.610
211	648	0.000
212	649	148.437
213	654	1.442

S#	DP#	Amount	S#	DP#	Amount	S#	DP#	Amount
214	658	2.490	216	787	65.124	218	789	16.053
215	662	0.000	217	788	828.745			

Special Audit Report of "Construction of Flyover & AT-Grade Improvement of Shahkam Chowk, Lahore"

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	4	0.993	24	40	567.427	47	68	0.526
2	5	5.542	25	41	214.060	48	69	12.447
3	6	3.568	26	42	98.227	49	72	1.117
4	10	158.313	27	43	1.613	50	73	0.035
5	12	0.090	28	44	4.060	51	74	7.166
6	14	30.895	29	45	1.554	52	75	472.471
7	15	33.096	30	46	3.685	53	77	231.745
8	16	1.500	31	48	0.076	54	78	175.416
9	17	0.413	32	50	6.600	55	79	50.000
10	18	2.923	33	51	162.991	56	81	9.965
11	19	2.148	34	52	4.627	57	82	28.174
12	20	37.252	35	53	325.599	58	84	5.507
13	22	5.750	36	54	115.873	59	85	1.851
14	24	0.452	37	55	1.216	60	86	1.158
15	26	2.304	38	56	10.760	61	91	391.639
16	27	254.873	39	57	6.876	62	92	50.000
17	31	175.416	40	59	0.663	63	93	8.577
18	33	0.858	41	60	10.331	64	94	522.364
19	34	1.333	42	63	1.684	65	95	0.398
20	35	26.312	43	64	480.397	66	97	2.039
21	36	57.553	44	65	456.352	67	98	55.965
22	37	12.106	45	66	1.887	68	99	0.833
23	39	3.439	46	67	132.114	69	101	57.641

WASA LDA

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	167	0.432	13	183	0.176	25	205	1.654
2	168	10.775	14	184	1.477	26	206	1.483
3	170	0.440	15	185	2.674	27	207	2.861
4	171	0.099	16	186	0.476	28	208	3.324
5	172	5.452	17	187	3.859	29	209	0.418
6	174	0.311	18	188	0.240	30	210	0.279
7	176	9.243	19	194	0.765	31	212	0.270
8	177	8.061	20	198	25.941	32	213	0.084
9	178	0.262	21	200	7.855	33	219	23.765
10	179	0.363	22	202	0.947	34	221	1.593
11	181	1.693	23	203	0.210	35	230	0.161
12	182	0.321	24	204	1.136	36	231	0.073

S#	DP #	Amount
37	232	1.818
38	233	0.579
39	235	4.892
40	236	0.271
41	237	1.319
42	238	0.190
43	239	-
44	242	0.117
45	243	0.042
46	244	47.592
47	245	3.090
48	246	-
49	247	2.438
50	248	-
51	249	-
52	250	819.684
53	251	238.573
54	254	387.817

S#	DP #	Amount
55	255	4,499.668
56	256	15.000
57	257	45.394
58	258	30.000
59	259	5.000
60	260	3.306
61	261	0.592
62	262	1.170
63	263	21.618
64	264	0.314
65	265	0.524
66	267	2.247
67	268	-
68	269	2.100
69	270	-
70	271	-
71	272	-
72	273	29.939

S#	DP #	Amount
73	274	1.287
74	275	1.999
75	277	10.910
76	279	0.940
77	282	1.204
78	714	-
79	716	0.830
80	717	0.720
81	718	-
82	719	6.305
83	720	3.150
84	721	3.675
85	724	-
86	725	-
87	711	-
88	712	-
89	713	-
90	726	-

PHATA

(Rs in million)

S#	DP#	Amount
1	3	0.560
2	4	0.199
3	5	0.561
4	6	-
5	7	0.744

S#	DP#	Amount
6	9	0.447
7	15	8.550
8	16	17.350
9	17	18.490
10	18	0.376

S#	DP#	Amount
11	19	0.375
12	20	0.129
13	21	8.409
14	22	34.812

PHE

(Rs in million)

S#	DP#	Amount
1	2	39.601
2	3	29.807
3	6	0.193
4	7	11.288
5	8	13.148
6	14	6.291
7	16	75.035
8	18	4.855
9	19	36.735
10	22	3.508
11	24	2.310
12	25	1.481
13	27	2.265
14	29	0.686

S#	DP#	Amount
15	39	11.019
16	41	18.642
17	43	1.292
18	44	0.958
19	45	0.156
20	46	0.403
21	48	6.038
22	50	1.148
23	52	4.658
24	56	11.731
25	57	34.229
26	58	83.526
27	60	0.331
28	61	0.386

S#	DP#	Amount
29	62	4.239
30	63	0.320
31	64	6.884
32	65	35.723
33	66	12.488
34	67	22.288
35	68	9.821
36	69	0.667
37	70	11.468
38	72	8.487
39	73	1.958
40	76	4.618
41	77	0.692
42	79	2.845

S#	DP#	Amount
43	80	1.593
44	83	0.505
45	85	0.412
46	86	1.950
47	88	1.550
48	93	14.582
49	94	0.698
50	96	0.934
51	97	0.175
52	103	41.151
53	104	7.178
54	105	5.302
55	108	8.919
56	109	46.558
57	110	21.587
58	111	29.602
59	112	14.903
60	113	3.928
61	114	15.458
62	115	473.237
63	116	1.633
64	117	406.906
65	118	-
66	119	10.361
67	120	8.991
68	121	0.600
69	123	2.850
70	125	0.061
71	126	41.005
72	127	48.034
73	128	31.364
74	129	0.622
75	130	3.579
76	131	0.150
77	132	0.157
78	133	11.254
79	134	2.275
80	135	25.852
81	139	0.452
82	140	17.475
83	141	1.108
84	142	186.626
85	143	49.547
86	146	0.730
87	148	0.190
88	150	8.762
89	151	4.360
90	152	6.257
91	153	1.888
92	155	0.823
93	156	8.840
94	158	1.864
95	163	108.608
96	165	15.365
97	166	0.532
98	170	4.450
99	171	9.059
100	172	8.069
101	173	17.519
102	176	44.005
103	180	12.874
104	185	10.869
105	186	2.576
106	187	5.801
107	188	0.104
108	189	5.706
109	190	3.128
110	191	36.039
111	192	0.177
112	193	1.524
113	195	2.692
114	197	0.724
115	200	38.752
116	202	0.440
117	203	1.588
118	204	4.541
119	205	175.052
120	206	2.675
121	207	175.052
122	208	1.791
123	209	80.297
124	210	3.562
125	213	35.658
126	216	224.141
127	218	1.064
128	220	4.889
129	221	2.231
130	223	0.708
131	224	0.375
132	225	2.561
133	226	2.245
134	227	10.574
135	228	-
136	230	6.869
137	232	0.336
138	236	7.239
139	237	115.786
140	238	77.631
141	239	0.080
142	241	1.200
143	242	8.080
144	243	0.338
145	244	12.642
146	245	27.005
147	246	5.533
148	247	24.795
149	249	197.939
150	252	1.380
151	253	1.694
152	255	7.520
153	256	2.260
154	263	0.652
155	264	6.697
156	266	0.605
157	267	1.152
158	268	5.000
159	269	1.865
160	270	2.121
161	271	0.695
162	272	0.070
163	273	1.349
164	274	11.892
165	275	4.175
166	276	247.195
167	278	18.583
168	279	0.278
169	280	288.444
170	283	4.400
171	284	3.413
172	285	59.135
173	286	1.887
174	287	1.285
175	288	0.129
176	291	0.866
177	293	1.465
178	294	0.117
179	295	2.600
180	297	0.481

S#	DP#	Amount
181	298	0.112
182	300	5.587
183	302	8.501
184	303	1.646
185	307	9.809
186	309	1.276
187	312	1.200
188	315	0.223
189	316	21.684

S#	DP#	Amount
190	321	0.753
191	323	0.163
192	324	1.659
193	328	0.119
194	331	0.205
195	334	3.169
196	335	0.641
197	341	0.256
198	344	0.907

S#	DP#	Amount
199	345	2.640
200	346	0.183
201	350	2.880
202	351	36.038
203	352	0.196
204	353	6.098
205	354	13.207

Annexure-A/3: Irrigation Department

(Rs in million)

S#	DP#	Amount
1	2	1.904
2	3	1.250
3	4	2.257
4	5	89.219
5	7	1.500
6	8	7.501
7	9	3.908
8	11	0.192
9	12	48.134
10	13	111.775
11	16	0.107
12	17	0.683
13	18	16.534
14	19	0.164
15	20	14.731
16	21	0.945
17	22	1.762
18	23	45.532
19	24	0.722
20	25	0.644
21	26	0.870
22	27	0.170
23	28	2.664
24	29	0.530
25	30	0.613
26	32	0.698
27	34	63.855
28	36	8.502
29	37	4.804
30	38	0.222
31	40	4.989
32	41	1.617

S#	DP#	Amount
33	42	-
34	43	0.304
35	44	0.773
36	45	3.100
37	46	6.213
38	47	54.055
39	48	0.448
40	49	-
41	50	61.623
42	51	3.828
43	55	-
44	56	-
45	58	-
46	63	-
47	64	0.792
48	65	17.627
49	67	1.803
50	68	2.986
51	69	4.009
52	70	4.240
53	71	5.050
54	72	1.670
55	73	0.581
56	74	2.614
57	75	2.368
58	76	0.118
59	77	1.166
60	78	7.160
61	79	2.024
62	81	543.295
63	82	407.290
64	83	543.295

S#	DP#	Amount
65	84	0.230
66	85	1.333
67	86	0.109
68	87	0.071
69	88	2.724
70	89	1.794
71	90	54.019
72	91	8.211
73	92	2.297
74	94	6.241
75	95	64.059
76	96	1.046
77	97	6.221
78	98	0.089
79	99	3.404
80	100	2.802
81	102	2.756
82	105	1.339
83	107	0.467
84	109	0.658
85	110	0.099
86	111	5.063
87	112	2.955
88	113	2.833
89	114	0.331
90	115	0.600
91	116	1.661
92	117	0.096
93	118	1.100
94	119	4.114
95	120	5.948
96	122	28.750

S#	DP#	Amount
97	123	15.651
98	125	195.511
99	126	30.532
100	127	26.078
101	128	-
102	129	304.101
103	131	1.356
104	132	13.660
105	134	9.591
106	135	16.896
107	136	10.465
108	137	6.134
109	138	178.522
110	139	1.915
111	140	1.241
112	141	1.650
113	142	1.265
114	143	81.622
115	144	2.236
116	146	92.249
117	148	10.947
118	149	11.860
119	152	0.711
120	153	0.476
121	155	21.806
122	156	138.365
123	157	0.406
124	158	4.832
125	159	136.479
126	160	100.000
127	161	0.292
128	162	-
129	163	3.473
130	164	1.396
131	166	3.189
132	168	1.878
133	169	0.449
134	170	-
135	171	13.426
136	172	0.125
137	175	4.656
138	176	16.300
139	177	51.627
140	179	0.159
141	181	10.053
142	182	0.102
143	183	2.317
144	184	8.881
145	185	0.084
146	186	4.811
147	187	0.224
148	188	1.025
149	189	4.665
150	190	2.986
151	191	0.747
152	192	71.699
153	193	192.320
154	194	13.857
155	196	5.348
156	198	0.017
157	201	24.511
158	202	1.651
159	204	11.337
160	205	1.815
161	207	64.575
162	208	14.244
163	209	127.983
164	210	452.070
165	211	5.713
166	213	60.820
167	216	2.900
168	217	21.628
169	218	4.760
170	219	68.449
171	222	0.540
172	223	2.733
173	224	0.133
174	229	2.121
175	230	0.141
176	232	119.419
177	233	26.738
178	236	36.750
179	238	24.181
180	241	123.886
181	242	2.000
182	248	52.599
183	250	148.705
184	252	0.417
185	253	0.929
186	259	804.320
187	263	350.225
188	271	6.299
189	273	1.367
190	276	1,985.541
191	277	1,722.970
192	279	5.918
193	280	1,122.349
194	281	0.426
195	282	1.319
196	285	31.298
197	287	1.491
198	288	54.642
199	289	2.660
200	292	0.176
201	293	1.102
202	294	0.354
203	295	3.400
204	296	4.113
205	297	8.463
206	299	5.128
207	300	8.827
208	301	0.241
209	303	1.190
210	304	0.968
211	305	613.971
212	306	125.072
213	307	0.671
214	309	1,817.084
215	310	2,580.843
216	311	1.111
217	312	66.000
218	313	66.000
219	315	21.899
220	317	19.869
221	318	64.259
222	319	-
223	320	308.163
224	321	2.446
225	322	52.736
226	323	0.495
227	326	678.458
228	327	-
229	328	172.057
230	330	17.779
231	331	2.109
232	332	0.472
233	334	1.159
234	335	2.040

S#	DP#	Amount
235	336	0.055
236	337	5.897
237	338	3.153
238	341	3.959
239	342	1.136
240	343	4.622
241	344	4.787
242	345	0.170
243	346	1.749
244	347	3.102
245	348	19.292
246	351	0.187
247	352	0.255

S#	DP#	Amount
248	353	0.565
249	354	4.949
250	356	4.801
251	357	1.912
252	358	1.100
253	359	134.210
254	360	45.744
255	361	1.023
256	362	0.454
257	363	42.536
258	364	1.204
259	365	0.593
260	366	0.512

S#	DP#	Amount
261	367	0.422
262	368	2.700
263	369	2.700
264	370	34.851
265	371	3.189
266	372	0.470
267	373	0.228
268	374	0.267
269	375	9.094
270	376	271.399
271	377	428.848

Annexure-A/4: LG&CD Department

(Rs in million)

S#	DP#	Amount
1	2	1,011.410
2	3	692.442
3	4	109.732
4	5	3.400
5	0	2.393
6	6	20.905
7	7	10.990
8	8	1,011.041
9	0	19.565
10	9	14.066
11	10	2.353
12	11	0.364
13	0	2.246
14	12	318.599
15	0	0.312
16	13	0.467
17	14	-
18	0	11.202
19	15	0.213
20	16	-
21	0	0.545
22	17	-
23	0	0.534
24	18	-
25	19	0.408
26	0	1.059
27	20	0.240
28	21	0.951

S#	DP#	Amount
29	22	0.254
30	23	-
31	24	163.348
32	25	1.654
33	0	0.759
34	26	2.642
35	27	1.600
36	28	31.958
37	29	522.000
38	30	2.060
39	0	6.600
40	31	0.212
41	32	1.499
42	33	10.457
43	34	2.714
44	36	8.926
45	37	15.403
46	0	0.217
47	38	0.353
48	0	77.976
49	39	0.227
50	40	20.748
51	41	3.916
52	42	342.313
53	43	6.600
54	0	21.444
55	44	0.158
56	45	0.833

S#	DP#	Amount
57	0	134.360
58	46	41.850
59	0	245.102
60	47	1.539
61	0	2.248
62	48	2.379
63	49	8.608
64	0	1.123
65	50	0.456
66	0	8.738
67	51	28.300
68	0	19.327
69	52	4.259
70	0	0.085
71	53	3.103
72	54	245.102
73	55	1.949
74	0	10.792
75	56	8.238
76	0	0.118
77	57	0.608
78	58	7.534
79	0	1.343
80	59	0.605
81	0	16.776
82	60	3.026
83	61	21.888
84	62	5.777

S#	DP#	Amount
85	0	0.232
86	63	0.800
87	0	1.978
88	64	6.781
89	0	2.496
90	65	17.112
91	0	12.800
92	66	0.034
93	67	106.386
94	0	0.093
95	68	0.530
96	69	7.571
97	0	9.619
98	70	637.928
99	71	331.604
100	72	3.652
101	0	6.153
102	73	1.169
103	0	262.309
104	74	1.679
105	75	2.315
106	76	51.332

S#	DP#	Amount
107	77	0.724
108	78	0.313
109	80	2.518
110	0	0.138
111	81	0.163
112	82	144.661
113	83	0.606
114	0	26.300
115	84	0.726
116	0	0.773
117	85	2.985
118	86	4.168
119	87	0.382
120	0	1.644
121	88	0.907
122	89	0.621
123	0	3.750
124	90	0.616
125	0	14.439
126	91	2.511
127	92	0.119
128	0	0.148

S#	DP#	Amount
129	94	6.821
130	95	2.473
131	0	0.089
132	96	0.751
133	0	0.168
134	97	5.520
135	0	0.805
136	98	40.278
137	0	0.086
138	99	6.046
139	0	28.800
140	101	1.630
141	102	4.006
142	103	7.096
143	104	0.222
144	105	0.075
145	106	1.582
146	107	0.348
147	108	1.434
148	110	3.291
149	111	4.196
150	112	7.685

Annexure-A/5: Energy Department

(Rs in million)

S#	DP #	Amount
1	1	6.480
2	3	0.345
3	4	1.111
4	5	269.045
5	6	1.548
6	7	1.500
7	8	14.902
8	9	6.161
9	11	885.000
10	12	50.000
11	13	2.400

S#	DP #	Amount
12	14	12.395
13	15	61.002
14	16	5.620
15	17	37.108
16	18	2.300
17	19	8,879.541
18	20	30.955
19	21	2.200
20	22	241.000
21	23	2.250
22	24	-

S#	DP #	Amount
23	25	3,000.000
24	26	3,000.000
25	27	-
26	28	2.453
27	29	9.341
28	30	4.110
29	31	-
30	32	6.987
31	33	120.000
32	34	-

Annexure-A/6: Punjab Masstransit Authority

(Rs in million)

S#	DP#	Amount
1	1	274.115
2	2	27.000

S#	DP#	Amount
3	3	1,630.720
4	4	483.392

S#	DP#	Amount
5	5	611.234
6	6	1,390.778

S#	DP#	Amount
7	7	80.000
8	8	-
9	9	30.850
10	10	-
11	11	295.411
12	13	-
13	14	3,204.896
14	15	25.918
15	16	243.000
16	17	1,621.043
17	18	9.708
18	19	604.466
19	20	23.225
20	23	955.824
21	24	828.461
22	25	119.574
23	26	10.000

S#	DP#	Amount
24	27	634.726
25	28	-
26	30	1,199.599
27	31	-
28	32	116.095
29	33	-
30	35	10,895.360
31	37	11,302.043
32	41	-
33	43	2,554.129
34	44	25,960.120
35	46	313.848
36	47	168.738
37	48	-
38	49	1,273.124
39	50	1,445.742
40	51	21.295

S#	DP#	Amount
41	53	2,089.315
42	54	11.114
43	55	483.448
44	56	1,130.203
45	57	-
46	58	18.014
47	59	2,455.811
48	60	1,877.460
49	63	79.397
50	65	129.831
51	66	-
52	68	1.056
53	69	828.211
54	71	60.000
55	73	533.120
56	74	36.000
57	75	-

Annexure-A/7: P&D Department

KSIP D.G Khan

(Rs in million)

S#	DP#	Amount
1	2	4.722
2	3	118.502
3	4	38.541
4	5	-
5	6	57.466

S#	DP#	Amount
6	7	11.527
7	8	0.338
8	10	1.728
9	11	13.213
10	12	2.915

S#	DP#	Amount
11	15	399.998
12	16	13.900
13	17	1.084
14	18	11.213
15	23	-

CDA, Bahawalpur

(Rs in million)

S#	DP#	Amount
1	3	23.566
2	10	2,739.628
3	13	1.408
4	14	66.013
5	17	5.724
6	18	55.708
7	20	7.745
8	21	12.042
9	22	0.753
10	23	1.655

Annexures I to XLII

Annexure-I

Para 2.4.1.1
Overpayment due to higher input rates than those provided in FD's template – Rs 34.087 million

Sr. No	PDP No	Division	Amount (Rs)	SDAC Directives
1	186	BD No. 4 Lahore	8,636,940	The Committee directed the department to prepare rate analysis on FD template and effect actual recovery. The Committee further directed the department to refer the matter regarding approved rate analysis of item in question for review in case excess labour and wastage is required in execution of this item for the future to FD for consideration.
2	326	BD No. 1 Multan	6,989,032	The Committee directed the department to review the rate analysis as per FD template prepared on mechanical mode and effect actual recovery within 30 days.
3	190	BD No. 4 Lahore	3,877,613	The Committee directed the department to prepare rate analysis on FD template and effect actual recovery. The Committee further directed the department to refer the matter regarding approved rate analysis of item in question for review in case excess labour is required in execution of this item for the future to FD for consideration.
4	309	BD No. 1 Multan	3,417,088	The Committee directed the department to effect recovery of Rs 3,417,088 from the contractor within 30 days.
5	129	BD Attock	2,592,000	The Committee directed the department to prepare rate analysis as per FD's template and get it verified from Audit.
6	203	BD No. 4 Lahore	1,886,440	The Committee directed the department to prepare rate analysis on FD template and effect actual recovery. The Committee further directed the department to refer the matter regarding approved rate analysis of item in question for review in case excess labour is required in execution of this item for the future to FD for consideration.
7	331	BD No. 1 Multan	1,795,248	The Committee directed the department to review the rate analysis as per FD template and effect actual recovery within 30 days.
8	187	BD No. 4 Lahore	1,412,020	The Committee directed the department to prepare rate analysis on FD template and effect actual recovery. The Committee further directed the department to refer the matter regarding approved rate analysis of item in question for review in case excess labour is required in execution of this item for the future to FD for consideration.

9	382	BD. Mandi Bahuddin	973,799	The Committee directed the department to prepare the rate analysis as per FD's template and verified from Audit within 07 days otherwise recovery would be made.
10	136	BD Attock	882,674	The Committee directed the department to effect actual recovery.
11	159	BD D.G Khan	865,953	The Committee directed the department to effect the recovery of Rs 865,953 and get it verified from Audit at the earliest.
12	192	BD No. 4 Lahore	381,796	The Committee directed the department to prepare rate analysis on FD template and effect actual recovery. The Committee further directed the department to refer the matter regarding approved rate analysis of item in question for review in case excess labour is required in execution of this item for the future to FD for consideration.
13	126	BD Attock	272,794	The Committee directed the department to effect recovery and get it verified from Audit within 30 days.
14	147	BD D.G Khan	103,438	The Committee directed the department to effect the recovery of Rs 103,438 and get it verified from Audit at the earliest.
		Total	**34,086,835**	

Annexure-II

Para 2.4.1.2
Overpayment due to incorrect calculation of steel – Rs 30.477 million

Sr. No	PDP No	Division	Amount	SDAC Directives
1	86	BD Hafizabad	10,812,836	The Committee directed the department to effect actual recovery as per lab test report received during execution of steel works in different phases.
2	227	BD No. 5 Lahore	6,985,457	The department admitted to effect actual recovery of Rs 6,985,457. The Committee directed to effect recovery within 30 days.
3	376	BD. Mandi Bahauddin	2,737,563	The Committee directed the department to effect recovery.
4	259	BD No. 6 Lahore	2,596,012	The Committee directed the department to get verified the complete record from Audit regarding effected actual recovery.
5	123	BD Attock	1,633,456	The Committee directed the department to effect actual recovery as per lab test report received during execution of steel works in different phases.
6	89	BD Hafizabad	1,426,194	The Committee directed the department to effect due recovery and get it verified from Audit.
7	223	BD Muzaffargarh	1,382,544	The Committee directed the department to issue warning letter to all delinquents (SDO, DAO and Sub Engineers) to remain vigilant in future and effect recovery.
8	103	BD Hafizabad	782,389	The department admitted to effect recovery of Rs 782,389. The Committee directed the department to effect recovery in next running bill and get it verified from Audit.
9	347	BD Chakwal	634,856	The Committee directed the department to effect recovery.
10	344	BD Chakwal	560,596	The department admitted the recovery amounting to Rs 560,596. The recovery would be affected in the next running bill of the contractor. The Committee directed the department to effect recovery within 30 days.
11	231	BD No. 5 Lahore	429,069	The department admitted and the committee directed to effect recovery.
12	260	BD No. 6 Lahore	370,811	The Committee directed the department to effect recovery.
13	282	BD No. 6 Lahore	125,380	The Committee directed the department to effect recovery.
		Total	**30,477,163**	

Annexure-III

Para 2.4.1.4

Overpayment due to rates being higher than those stipulated in MRS – Rs 23.277 million

Sr No.	DPs	Formations	Amount (Rs)	Reasons of overpayment	SDAC Directives
1	108	Hafizabad	7,209,316	The excess rate paid than MRS for item “Transportation of available earth”	The Committee directed the department to effect recovery.
2	306	No.1 Multan	5,615,567	Excess rate of MRS item no. 1 of Chap-1 was applied instead of MRS item No.17 of Chater-3	The Committee directed the department to effect recovery.
3	110	Hafizabad	4,829,985	Excess rate of item “Excavation’ was paid by taking rate of ordinary instead of soft soil	The Committee directed the department to effect recovery.
4	140	Attock	3,132,768	Excess rate paid than MRS rate of item “Window Aluminum” and OTS/Agreement.	The Committee directed to get the certificate from CE that section available in MRS was not available in market.
5	251	No.6 Lahore	1,005,190	Excess rate paid than Original TS for Item “RCC in raft and slab etc”.	The Committee directed the department to effect recovery.
6	237	No.5 Lahore	725,067	20% profit was allowed on carriage charges and extra charges of loading/unloading paid in addition to transportation	The Committee directed the department to effect recovery.
7	138	Attock	539,275	MRS item No. 21(a) of Chapter 3 was applied 8instead of MRS item No. 21(b) of Chapter 3	The Committee directed the department to effect recovery.
8	378	Mandi Bahuddin	220,036	MRS item No. 21(b) of Chapter 3 was applied instead of MRS item No. 21(a) of Chapter 3	The Committee directed the department to effect recovery.
		Total	**23,277,204**		

Annexure-IV

Para 2.4.1.5
Overpayment due to allowing excess lead – Rs 19.521 million

Sr. No.	PDP No	Division	Amount (Rs)	SDAC Directives
1	298	BD No. 1 Multan	9,586,934	The Committee directed the department to effect recovery within 30 days.
2	132	BD Attock	2,448,288	The Committee directed the department to get the complete record verified from Audit regarding proof of biltees/invoices which shows that stone was carted from Margalla crushers.
3	162	BD D.G Khan	1,826,736	The Committee directed the department to effect the recovery of Rs 1,826,736 and get it verified from Audit at the earliest.
4	197	BD No. 4 Lahore	1,824,603	The Committee directed the department to effect actual recovery.
5	158	BD D.G Khan	1,393,058	The Committee directed the department to effect recovery and get if verified from Audit at the earliest.
6	252	BD No. 6 Lahore	1,059,480	The Committee directed the department to get the approved lead chart verified from Audit otherwise to effect recovery.
7	17	BD No. 6 Lahore	700,904	The Committee directed the department to provide approved lead chart and get it verified from Audit within 07 days.
8	200	BD No. 4 Lahore	681,428	The Committee directed the department to effect recovery.
		Total	**19,521,431**	

Annexure-V

Para 2.4.1.6
Overpayment due to incorrect input rates and loose factor – Rs 15.934 million

Sr. No	PDP No	Division	Amount	Reasons of overpayment	SDAC Directives
1	102	BD Hafizabad	4,523,845	Excess labour and machinery hours besides paid lead 204 km instead of 102 km	The Committee directed the department to effect actual recovery in next running bill and get it verified from Audit.
2	209	BD Muzaffargarh	2,942,828	Double carriage paid on structural pad item	The Committee directed to effect recovery.
3	211	BD Muzaffargarh	2,487,691	Extra loose factor on stone aggregate, sand and carriage	The Committee directed the department to refer the case to BRS regarding clarification on 20% of cushion on the sand and effect recovery on account of extra carriage within 30 days.
4	213	BD Muzaffargarh	1,492,981	Extra loose factor on stone aggregate, sand and carriage	The Committee directed the department to refer the case to BRS regarding clarification on 20% of cushion on the sand.
5	377	BD. Mandi Bahuddin	1,420,050	Changed the percentages of 50% sand 50% gravel instead of BRS report 65% gravel and 35 % sand.	The Committee directed the department to get the complete record verified from Audit.
6	336	BD No. 1 Multan	1,381,573	Excess rate of sand and stone aggregate paid than input rates and extra labourers	The Committee directed the department to refer the case to BRS for justification of use of sub-base of crushed stone or aggregate crush bajri and effect actual recovery in light of justification of BRS.
7	171	BD D.G Khan	1,101,703	Extra loose factor on stone aggregate, sand and carriage	The Committee directed the department to get the complete record verified from Audit.
8	130	BD Attock	583,075	Excess than rate approved in OTS/Agreement and application of extra loose factor	The Committee directed the department to get the rate analysis/record verified from Audit.
Total			**15,933,746**		

Annexure-VI

Para 2.4.1.7
Overpayment due to allowing inadmissible contractor's profit – Rs 10.711 million

Sr. No.	PDP No.	Division	Amount		SDAC Directives
1	50	BD No. 7 Lahore	Cable, Panel Board, L.T Panel	6,420,355	The Committee directed the department to effect actual recovery.
2	70	BD No. 1 Lahore	PVC Insulated, LED Tube Light	1,345,000	The Committee directed the department to get the complete record verified from Audit.
3	212	BD Muzaffargarh	SMD Down Light, Robe Light, Ceiling Fan	731,159	The Committee directed the department to get the corrigendum and final bill verified from Audit..
4	124	BD Attock	LED Light, Industrial Exhaust Fan	670,950	The Committee directed the department to calculate recovery as per FD template and get it verified from Audit.
5	235	BD No. 5 Lahore	Filteration Unit, Insta Gyzer & Electric Coller	614,647	The Committee directed to effect recovery.
6	230	BD No. 5 Lahore	Industrial Panel, Improvement Panel	500,610	The department admitted and Committee directed to effect recovery.
7	205	BD No. 4 Lahore	Vertical Shaft Turbine Pump	428,690	The Committee directed to effect recovery.
			Total	**10,711,411**	

Annexure-VII

Para 2.4.1.10
Non-recovery due to use of substandard bricks –
Rs 171.918 million

Sr. No	PDP No	Division	Size & Strength as per Lab Reports	Amount (Rs)	SDAC Directives
1	370	BD Chakwal	1897 Psi	76,992,043	The Committee directed the department to get the complete record verified from Audit, otherwise to effect recovery.
2	359	BD Chakwal	1897 Psi	70,340,192	The Committee directed the department to get the complete record verified from Audit, otherwise to effect recovery.
3	91	BD Hafizabad	8.5 x 4.2 x 2.6 & 1900 Psi	14,035,141	The Committee reduced the para for Rs 12.581 million and kept the para pending for verification of balance lab test reports of bricks.
4	255	BD No. 6 Lahore	8.8x4.3x2.9 & 1888 Psi	4,878,269	The Committee directed the department to get the lab test reports of bricks verified from Audit at the earliest.
5	332	BD No. 1 Multan	8.8 x 4.3 x 2.9 & 1960 Psi	4,296,911	The Committee directed the department to effect actual recovery due to less size and strength within 30 days.
6	350	BD Chakwal	8.7 x 4.2 x 2.9	819,313	The Committee directed the department to effect actual recovery.
7	364	BD Chakwal	8.7x4.2x2.9	331,664	The Committee directed the department to get the complete record verified from Audit or otherwise to effect recovery.
8	236	BD No. 5 Lahore	8.6x4.2x2.9	224,756	The Chair directed the department to refer the case to FD for clarification in lights of the remarks mentioned in MRS 2023 2nd biannual.
			Total	**171,918,289**	

Annexure-VIII

Para 2.4.1.11

Non-utilization of excavated earth – Rs 55.941 million

Sr. No.	PDP No	Division	Amount	SDAC Directives
1	96	BD Hafizabad	46,067,006	The Committee directed the department to get the record verified from Audit regarding adjustment of available earth.
2	295	BD No. 1 Mulatan	1,912,271	The Committee directed to effect recovery
3	31	BD No. 6 Lahore	1,842,934	The Committee directed the department to get the complete record verified from Audit besides issuance of warning letter to the delinquents due to non-production of record at Administrative level.
4	375	BD. Mandi Bahuddin	1,392,136	The Committee directed the department to get the record re-verified from Audit within 15 days.
5	36	BD No. 6 Lahore	1,091,852	**(Part-A BD No.06)** The Committee directed the department to get the complete record verified from Audit besides issuance of warning letter to the delinquents due to non-production of record at Administrative level. **(Part-B BD No.01)** The Committee directed the department to effect actual recovery of Rs 46,776.
6	283	BD No. 6 Lahore	670,704	The Committee directed the department to effect recovery.
7	1	BD No. 3 Lahore	665,963	The department admitted the recovery and explained that the recovery will be made in next running bill of the contractor.
8	156	BD D.G Khan	590,470	The Committee directed the department to get the lab test report of BRS verified from Audit or otherwise to effect recovery.
9	345	BD Chakwal	445,790	The Committee directed the department to effect recovery within 30 days.
10	143	BD D.G Khan	370,289	The Committee directed the department to get the lab test report of BRS verified from Audit or otherwise to effect recovery.
11	348	BD Chakwal	358,220	The Committee directed the department to effect recovery.
12	353	BD Chakwal	282,000	The Committee directed the department to effect recovery within 30 days.
13	366	BD Chakwal	251,587	The Committee directed the department to effect recovery within 30 days.
		Total	**55,941,222**	

Annexure-IX

Para 2.4.2.1
Overpayment due to application of uneconomical items – Rs 429.107 million

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Item	Quantities (cft)	Rate difference between machinery and manual labour	Amount Overpaid
1	665	Gujrat	Earth work in ordinary soil for embankment etc.	171383607	2,314.775	396,714,460
2	749	Layyah	Earth work in ordinary soil for embankment etc.	2394337	7,915.34	18,951,991
3	178	Bahawalpur	Earth work excavation in ashes, sand and soft soil or silt	5399342	1,961.62	10,591,457
4	470	Mianwali	Excavation in open cutting up to 5 feet depth in ordinary soil	229527	4,080.39	936,560
5	419	Multan	Excavation in open cutting up to 5 feet depth in ordinary soil	246728	3,130.94	772,490
6	451	Taunsa	Excavation in foundation of building bridges etc.	428729	1,535.40	658,271
7	894	Lahore	Excavation in foundation of building bridges etc.	321923	1,030.19	331,642
8	461	Taunsa	Excavation in foundation of building bridges etc.	94205	1,595.44	150,256
		Total				**429,107,127**

Annexure-X

Para 2.4.2.2
Overpayment due to allowing excess quantity of bitumen than actually used – Rs 149.653 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Objected Amount	Recovery effected	Balance	Remarks
1	652	Gujrat	123,254,781	11,836,412	111,418,369	Reduce to Rs 111,418,369 for recovery
2	231	Jhelum	25,840,693	0	25,840,693	Actual recovery admitted and will be made.
3	166	Bahawalpur	9,214,611	21,883,824 (actual recovery effected for sub-para No. 9 & 28)	1,236,000	Admitted recovery Rs 1,236,000 against the sub-para No. 14
4	595	M.B Din	5,085,801	0	5,085,801	Actual recovery admitted and will be made.
5	341	Narowal	3,647,659	6,873,374 (actual recovery effected for sub-para Nos. 7,23,25,29 & 42)	106,589	Admitted recovery Rs 106,589 against the sub-para No. 41
6	255	Sialkot	1,167,141	1,355,874	5,965,821	Admitted recovery Rs 5,965,821 will be made
		Total	**168,210,686**	**41,949,484**	**149,653,273**	

Annexure-XI

Para 2.4.2.3
Overpayment due to inadmissible price variation on M&R works – Rs 109.741 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount
1	132 (2022-23 Ph-II)	Lahore	45,233,220
7	133 (2022-23 Ph-II)	Lahore	45,233,220
2	218	Sheikhupura	5,713,637
3	106 (2022-23 Ph-II)	RCD, Lahore	4,222,040
4	685	Gujrat	3,320,000
5	193	Pakpattan	921,479
6	618	Okara	497,092
8	105 (2022-23 Ph-II)	RC Lahore	5,636,723
		Total	**110,777,411**

Annexure-XII

Para 2.4.2.4
Overpayment due to higher rates of non-standardized items – Rs 88.069 million

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Name of items	Amount
1	758	Layyah	P/F Kerb Stone complete in all respects (for green belt) and service road	24,039,293
2	702	Gujrat	P/L Kerb Block/RCC Barier of Concrete having compressive strength of 4000 PSI ratio 1:1.25:2.25	16,534,396
3	358	Narowal	Providing and casting in situ bored piles 3750 PSI concrete cube piles 48 i/d	9,495,995
4	795	Chakwal	P/F of plain bar steel for dowel	7,747,288
5	734	Layyah	Carriage of small consignment weighing upto 5 mounds (job rates)	7,246,377
6	843	Hafizabad	Re-compaction of existing base course i/c 12 cft stone screening complete in all respect	7,146,882
7	480	Mianwali	P/L of Plum concrete using 40% plum and 60% /C.C 1:3:6 complete in all respect	3,183,966
8	305	Jhelum	RCC 1:1.5:3 in raft and rigid pavement with use of batching plant and admixture etc.	2,864,646
9	381	Sahiwal	Providing and casting in situ bored reinforced concrete piles	2,308,815
10	142 (2022-23 Ph-II)	Lahore	Providing and casting in situ bored reinforced concrete piles	2,234,742
11	239	Jhelum	Plum concrete 1:3:6 etc." and "Plum concrete 1:2:4 etc.	698,881
12	479	Mianwali	Providing Casting in situ board reinforcement concrete pile with type B ratio 1:1.5:3 in all respect for 42″ dia pile	411,791
13	39 (2022-23 Ph-II)	HMD Lahore	Crane 20 & 40 ton, excavator, truck and generator 150 KiloVolt-Amperes	3,959,837
14	43 (2022-23 Ph-II)	HMD Lahore	MS Checker sheet 5mm	196,132
		Total		**88,069,041**

Annexure-XIII

Para 2.4.2.6.1
Overpayment due to incorrect calculation of price variation – Rs 31.137 million

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Amount
1	272	Sargodha	15,156,369
2	827	Lodhran	4,591,593
3	914	Jhang	1,975,400
4	273	Sargodha	1,627,466
5	700	Gujrat	1,607,933
6	203	Pakpattan	1,358,531
7	458	Taunsa	1,242,444
8	315	Sheikhupura	1,237,563
9	202	Pakpattan	1,049,987
10	462	Taunsa	887,078
11	201	Pakpattan	402,900
		Total	**31,137,264**

Annexure-XIV

Para 2.4.2.8
Overpayment due to allowing excess lead – Rs 44.840 million

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Name of Items	Lead paid (in Km)	Lead to be paid (in Km)	Amount
1	942	Jhang	Base course	168	149	15,128,348
2	670	Gujrat	Base course	186	156	9,743,356
3	875	Lahore	Sub-base/ base course	201	174	7,432,948
4	608	M.B Din	Base course	163	100	4,804,954
5	234	Jhelum	Crush	193	164	3,980,122
6	609	M.B Din	Sub-base	163	100	2,158,352
7	769	Chakwal	Crush bajri	138	135	1,592,279
		Total				**44,840,359**

Annexure-XV

Para 2.4.2.11
Overpayment due to non-utilization of excavated earth – Rs 27.459 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount
1	407	Multan	8,839,707
2	888	Lahore	7,289,562
3	701	Gujrat	4,689,769
4	908	Jhang	2,729,020
5	916	Jhang	1,720,689
6	592	M.B Din	1,108,680
7	411	Multan	1,081,143
		Total	**27,458,570**

Annexure-XVI

Para 2.4.2.12
Overpayment due to non-deduction of road crust – Rs 26.768 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Objected Amount	Recovery effected	Balance amount
1	532	Kasur	13,236,377	0	13,236,377
2	556	Kasur	10,081,345	2,915,454	733,966
3	631	Okara	7,874,489	0	7,874,489
4	420	Multan	2,520,395	0	2,520,395
5	632	Okara	1,412,069	0	1,412,069
6	634	Okara	863,997	0	863,997
7	635	Okara	127,126	0	127,126
		Total	**36,115,798**	**2,915,454**	**26,768,419**

Annexure-XVII

Para 2.4.2.14
Overpayment due to double payment of dressing – Rs 12.305 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount
1	837	Hafizabad	5,537,496
2	448	Taunsa	3,966,661
3	196	Pakpattan	882,439
4	474	Mianwali	618,284
5	756	Layyah	559,579
6	890	Lahore	287,452
7	937	Jhang	244,743
8	476	Mianwali	208,525
		Total	**12,305,179**

Annexure-XVIII

Para 2.4.2.26
Non/Less recovery of retrieved material – Rs 194.218 million

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Amount objected	Recovery effected	Recovery to be effected
1	906	Jhang	35,374,703	6,618,000	29,748,000
2	786	Chakwal	34,278,543	15,013,089	19,265,454
3	929	Jhang	32,199,625	40,059,000	9,420,000
4	655	Gujrat	29,519,440	0	28,563,496
5	377	Sahiwal	28,557,435	0	28,557,435
6	617	Okara	21,135,540	3,581,952	9,474,000
7	781	Chakwal	19,101,595	974,373	18,127,222
8	344	Narowal	16,081,210	0	16,081,210
9	803	Chakwal	14,180,227	10,980,172	3,200,055
10	538	Kasur	9,987,697	7,490,444	2,497,253
11	858	Hafizabad	5,469,629	1,458,467	4,011,162
12	622	Okara	4,204,587	863,079	3,338,508
13	264	Sialkot	4,198,015	869,344	1,456,520
14	731	Layyah	4,038,795	1,167,893	2,870,902
15	499	Muzaffargarh	15,894,623	0	15,894,623
16	825	Lodhran	961,632	0	961,632
17	896	Lahore	750,864	0	750,864
		Total	**275,934,160**	**89,075,813**	**194,218,336**

Annexure-XIX

Para 2.4.2.27

Less recovery due to incorrect calculation of old material - Rs 48.962 million

(*Amount in Rs*)

Sr. No.	DP No.	Name of Divisions	Amount
1	797	Chakwal	19,280,164
2	808	Chakwal	15,451,672
3	773	Chakwal	3,627,529
4	802	Chakwal	3,089,194
5	667	Gujrat	2,475,670
6	801	Chakwal	1,380,594
7	424	Multan	1,843,489
8	514	Muzaffargarh	1,813,959
		Total	**48,962,271**

Annexure-XX

Para 3.4.1.1
Overpayment due to allowing higher rates of non- standardized items – Rs 18.101 million

(Amount in Rs)

S. No.	SAR Para No.	Description of Item	Rate paid	Rate to be paid	Amount of Over-payment	Reasons for Over-payment	SDAC Directives
1	90	Precast Concrete Girders (4000 PSI) 1:1.25:2.50 cylinder strength for wall and top slab	17,050.62	15,174.40	8,457,474	Concrete was used only on wall and top slabs of drains and not used for beam or girders. The rate of concrete for beams/girders was Rs 17,050.62 whereas rate for concrete used on wall and top slabs i.e., Rs 15,174.40 which was required to be paid.	The Committee directed the authority to refer the case to FD for technical advice within 30 days.
2	70	Making embankment using A-2-4 material as per design and drawing requirement of MSE Wall	652.24	422.73	5,760,956	Component of sand under floor was not admissible in road work.	The Committee directed the authority to produce justification of rate analysis, brickwork, actual location of sand, lead chart within 30 days otherwise effect actual recovery and get it verified from Audit.
3	11	Elastomeric bearing Pads of specified size and required standard complete in all respect	4.2	2.7	2,442,326	Two items (imported and local) having same specifications were executed on same flyover, hence difference of rate was not admissible.	The Committee directed the authority to produce 2nd revised PC-I and 2nd revised TSE duly approved by competent forum/ authority within 30

							days otherwise probe would be conducted to assess the usage and price variation between local and imported elastomeric bearing pads.
4	89	Concrete (4000 PSI) 1:1.25:2.50 cylinder strength on ground pile cap and any other concrete used in foundation/ pre-cast plank or beams	15,174.40	13,280.49	860,273	Excess shuttering used in the item was not admissible because beams were constructed on ground.	The Committee directed the authority to revisit the rate analysis and effect actual recovery or produce record for verification to Audit within 15 days.
5	58	P/f of pre-cast concrete Kerb stone *(K-4)*	950	896.31	374,234	As per FD template, PCC 1:4:8 was required to be executed instead of PCC 1:3:6.	The Committee directed the authority to refer the case to FD for clarification.
6	30	P/f of pre-cast concrete Kerb stone (K-5)	1,056	1003.986	205,719	As per FD template, PCC 1:4:8 was required to be executed instead of PCC 1:3:6.	The Committee directed the authority to refer the case to FD for clarification.
Total					**18,100,982**		

Annexure-XXI

Para 3.4.1.2
Overpayment due to allowing higher rates of MRS items – Rs 11.723 million

Sr. No.	SAR Para No.	Description of Item	Rate paid	Rate to be paid	Amount of Overpayment	Reasons for Overpayment	SDAC Directives
1	83	Transportation of earth all types when the total distance i/c the bed covered in the item of work lead upto 2 km	159.90	143.50	3,797,301	Transportation of 2km was allowed within project area which was not admissible because earth was excavated from project area.	The Committee directed the authority to produce record i.e., NSL profile, RD wise excavation of earth, work schedule, detail calculation of earth and lead diagram within 15 days.
2	88	Supplying and filling Sand	742.85	389.77	3,430,243	Item of sand under floor was not admissible in road work.	The Committee directed the authority to produce record for verification within 30 days otherwise effect actual recovery.
3	07	Pile/Casting in situ board piles with type A concrete mix 1:1.25:2.5 using 10% extra cement in dry mix 1200 mm (48 inch) dia pile	30,763.74	17,763.74	1,566,557	Rate of mechanized mode was less than that of manual mode. But the Authority paid rates based on manual labour. Later on, rate of mechanized mode was also incorporated in FD's template.	The Committee directed the authority to make comparison of rate with previous and new template, effect actual recovery if any, within 30 days and produce record to Audit for verification.
4	21	P/L RCC, 1:1.5:3 type-B for NJ Barrier of 970 mm complete in all respect	16,400.32	12,435.22	1,366,247	NJ barriers were constructed on ground wherein only vertical shuttering was required.	The Committee directed the Authority to effect actual recovery within 15 days.
5	13	Excavation & Removal of Mulba i/c all lead & lift	11168.20	7841.8	448,764	Inadmissible MRS for 1st biannual 2022 was applied instead of 1st biannual 2021.	The Committee directed the Authority to effect actual recovery within 30 days
6	08	Pile/Casting in situ board piles with type A concrete mix 1:1.25:2.5 using 10% extra cement in dry mix 660 mm (inch) dia pile complete in all respect	21,962.59	8,962.59	431,441	Rate of mechanized mode was less than that of manual mode. But the Authority paid rates based on manual labour. Later on, rate of mechanized mode was also incorporated in FD's template.	The Committee directed the authority to make comparison of rate with previous and new template, effect actual recovery if any, within 30 days and produce record to Audit for verification.

7	09	P/L RCC 1:1.5:3 type-B for NJ Barrier of 970 mm complete in all respect	16,400.32	10,967.67	267,434	NJ barriers were constructed on ground wherein only vertical shuttering was required.	The Committee directed the authority to effect recovery on account of excess rate for final quantity executed in portion of Defence Road within 30 days and produce complete record including final bill for verification
8	87	Double dressing	16.50	0	236,256	Dressing was paid twice.	The Committee directed the authority to effect recovery within 15 days.
9	47	P/Casting in situ board piles with type A concrete mix 1:1.25:2.5 using 10% extra cement in dry mix 1200 mm (48 inch) dia pile complete in all respect	17,763.74	17,705	179,025	Rate of mechanized mode was less than that of manual mode. But the Authority paid rates based on manual labour. Later on, rate of mechanized mode was also incorporated in FD's template.	The Committee directed the authority to make comparison of rate with previous and new template, effect actual recovery if any, within 30 days and produce record to Audit for verification.
Total					**11,723,268**		

Annexure-XXII

Para 3.4.1.6
Non-recovery of commercialization fee and penalty - Rs 7,651.834 million

(*Amount in Rs*)

Sr. No.	DP No. (2022-23)	Name of Directorate	Amount of DP	Recovery Effected	Recoverable	SDAC Directives
1	628	TP Zone-V	3,270,695,135	-	3,270,695,135	The Committee directed the Authority for re-verification of record and recovery within 07 days.
2	635	TP Zone-V	1,546,520,547	-	1,546,520,547	The Committee directed the Authority for recovery.
3	574	TP Zone-III	665,593,800	49,956,648	615,637,152	The Committee directed the Authority for balance recovery.
4	653	TP Zone-VII	426,826,190	-	426,826,190	The Committee directed the Authority for detail verification.
5	630	TP Zone-V	357,030,726	-	357,030,726	The Committee directed the Authority for re-verification of

						record for actual recovery.
6	637	TP Zone-V	212,136,961	-	212,136,961	The Committee directed the Authority for recovery.
7	659	TP Zone-VII	164,828,002	-	164,828,002	The Committee directed the Authority to effect recovery and get it verified from Audit.
8	588	TP Zone-IV	118,732,300	-	118,732,300	The Committee directed the Authority to effect recovery.
9	532	TP Zone-I	91,639,008	-	91,639,008	The Committee directed the Authority for record verification within 15 days & recovery.
10	534	TP Zone-I	91,535,053	-	91,535,053	The Committee directed the Authority to effect recovery.
11	561	TP Zone-II	87,583,525	-	87,583,525	The Committee directed the Authority to get the complete record verified from Audit.
12	587	TP Zone-IV	82,632,300	-	82,632,300	The Committee directed the Authority to effect recovery.
13	629	TP Zone-V	58,532,604	-	58,532,604	The Committee directed the Authority to effect recovery.
14	657	TP Zone-VII	58,060,777	-	58,060,777	The Committee directed the Authority to effect recovery and get it verified from Audit.
15	533	TP Zone-I	54,385,129	-	54,385,129	The Committee directed the Authority for record verification within 15 days & recovery.
16	535	TP Zone-I	43,999,614	-	43,999,614	The Committee directed the Authority for recovery.
17	509	TP Zone-I	42,866,489	-	42,866,489	The Committee directed the Authority to effect recovery.
18	581	TP Zone-III	45,281,574	5,084,000	40,197,574	The Committee reduced the amount of para to Rs 40.197 million (45.281 – 5.084) and directed the authority to effect balance recovery.

19	582	TP Zone-III	31,408,370	-	31,408,370	The Committee directed the Authority to effect recovery.
20	504	TP Zone-I	29,474,846	-	29,474,846	The Committee directed the Authority to effect recovery.
21	559	TP Zone-II	26,988,458	-	26,988,458	The Committee directed the Authority to effect recovery within 30 days.
22	576	TP Zone-III	25,455,139	-	25,455,139	The Committee directed the Authority to effect recovery.
23	541	TP Zone-II	17,683,894	-	17,683,894	The Committee directed the Authority to digitalize the mechanism of notices regarding identification and recovery. Further, the Committee directed the Authority to effect recovery.
24	505	TP Zone-I	16,896,000	-	16,896,000	The Committee directed the Authority to effect recovery.
25	611	TP Zone-IV	16,439,000	-	16,439,000	The Committee directed the Authority to effect recovery.
26	514	TP Zone-I	14,218,859	-	14,218,859	The Committee directed the Authority to effect recovery.
27	598	TP Zone-IV	12,150,000	-	12,150,000	The Committee directed the Authority to effect recovery.
28	568	TP Zone-II	10,066,680	-	10,066,680	The Committee directed the Authority to effect recovery within 30 days.
29	544	TP Zone-II	9,536,644	-	9,536,644	The Committee directed the Authority to effect recovery within 30 days.
30	520	TP Zone-I	9,438,707	-	9,438,707	The Committee directed the Authority to effect recovery.
31	639	TP Zone-IV	9,263,242	-	9,263,242	The Committee directed the Authority to effect recovery.

32	515	TP Zone-I	8,013,496	-	8,013,496	The Committee directed the Authority to effect recovery.
33	513	TP Zone-I	7,151,559	-	7,151,559	The Committee directed the Authority to effect recovery.
34	510	TP Zone-I	6,625,733	-	6,625,733	The Committee directed the Authority to effect recovery.
35	548	TP Zone-II	6,520,225	-	6,520,225	The Committee directed the Authority to effect recovery within 15 days.
36	606	TP Zone-IV	5,728,378	-	5,728,378	The Committee directed the Authority to effect recovery.
37	560	TP Zone-II	11,431,528	6,240,420	5,191,108	The Committee directed the Authority to effect balance recovery within 30 days.
38	566	TP Zone-II	4,927,621	-	4,927,621	The Committee directed the Authority to effect balance recovery within 30 days.
39	516	TP Zone-I	4,095,562	-	4,095,562	The Committee directed the Authority to effect recovery.
40	549	TP Zone-II	2,487,477	-	2,487,477	The Committee directed the Authority to effect recovery within 15 days.
41	522	TP Zone-I	2,297,891	-	2,297,891	The Committee directed the Authority to effect recovery.
42	521	TP Zone-I	1,860,485	-	1,860,485	The Committee directed the Authority to effect recovery.
43	529	TP Zone-I	1,335,604	-	1,335,604	The Committee directed the department to get the record reverified from Audit within 07 days otherwise para shall remain pending for recovery. The Authority did not produce record for verification within given timeline therefore, para shall remain pending for recovery.

44	655	TP Zone-VII	1,158,061	-	1,158,061	The Committee directed the Authority to effect recovery and get it verified from Audit.
45	556	TP Zone-II	1,110,185	-	1,110,185	The Committee directed the Authority to effect recovery.
46	531	TP Zone-I	471,670	-	471,670	The Committee directed the Authority to effect recovery.
Total			**7,713,115,048**	**61,281,068**	**7,651,833,980**	

Annexure-XXIII

Para 3.4.1.7.1
Non-retrieval of encroached land – Rs 3,003.831 million

(Amount in Rs)

Sr. No.	DP No.	Name of Directorate	Amount	SDAC Directives
1	39	Housing-IV	1,146,600,000	The Committee directed the Authority to pursue the court cases of 45 plots vigorously and retrieve the 56 plots within 30 days in favour of LDA.
2	57	Housing-VI	637,622,500	The Committee directed the Authority to retrieve the plots, pursue/follow up court case vigorously and get the record verified within 30 days.
3	04	ADG Housing	307,500,000	The Committee reduced the para to the extent of 23 Nos. plots of Ali Block New Garden Town Lahore on the basis of Authority reply during meeting and directed to get the record verified within 15 days. But despite the lapse of considerable period Authority did not produce the record to verify the status of 23 plots. Therefore, the para was kept pending for verification of record of 23 plots allotted to Police Department and directed for retrieval of 39 plots besides disconnection of utilities services with the help of LESCO/SNGPL/WASA.
4	48	Housing-IV	238,000,000	The Committee directed the Authority to pursue the court cases of 11 plots vigorously and retrieve the 14 plots within 30 days in favour of LDA.
5	41	Housing-IV	228,990,438	The Committee directed the Authority to pursue the court case vigorously and retrieve the plot in favour of LDA.
6	21	Housing-II	189,920,000	The Committee directed the Authority to retrieve the shops within 30 days, pursue the court cases vigorously of plots under litigation and submit the cases to BC as and when constituted
7	53	Housing-V	79,859,850	The Committee directed the Authority to produce complete record for verification within 15 days.
8	40	Housing-IV	63,000,000	The Committee directed the Authority to retrieve the plots within 30 days in favour of LDA and get the record of plot No.510-N be verified.
9	60	Housing-VI	48,000,000	The Committee directed the Authority to pursue the court case vigorously and retrieve the plots within 30 days.
10	61	Housing-VI	22,000,000	The Committee directed the Authority to produce pictorial evidence besides allied record that possession retrieved back in favour of LDA for verification within 30 days
11	36	Housing-III	18,275,000	The Committee directed The Authority that ADG Housing may probe the matter & fix responsibility regarding slackness in implementation of decision of BC within 30 days
12	64	Housing-VII	16,670,000	The Committee directed the Authority to retrieve the plot and get the relevant record verified after inquiry report of ACE within 30 days.
13	32	Housing-III	4,350,000	The Committee directed the Authority that decision of scrutiny committee may be taken whether it's related to BC or not.
14	35	Housing-III	3,042,787	The Committee directed the authority to pursue the matter.
15	38	Housing-III	0	The Committee directed the Authority that ADG Housing may probe the matter and submit report within 30 days.
Total			**3,003,830,575**	

Annexure-XXIV

Para 3.4.1.7.2
Non-retrieval of encroached land – Rs 2,578.245 million

(Amount in Rs)

Sr. No.	DP No.	Name of Directorate	Amount of DP	Recovery Effected	Recoverable	SDAC Directives
1	49	Housing-V	855,360,000	0	855,360,000	The Committee directed the Authority to pursue the court cases vigorously, submit cases in BC and retrieve the plots within 30 days.
2	78	Housing-VII	574,672,000	0	574,672,000	The Committee directed the Authority to pursue the cases of litigation and different fora and retrieved the plots and get the record verified from Audit.
3	58	Housing-VI	452,000,000	0	452,000,000	The Committee directed the Authority to retrieve the flats within 30 days.
4	52	Housing-V	127,887,999	0	127,887,999	The Committee directed the Authority to produce complete record in respect of 16 plots for detail verification alongwith pictorial evidence and allied record of plot No.124 Garden Block within 30 days.
5	22	Housing-II	124,215,000	0	124,215,000	The Committee directed that Authority to submit their cases to BC as and when constituted.
6	59	Housing-VI	80,000,000	0	80,000,000	The Committee directed the Authority to retrieve the plots within 30 days.
7	30	Housing-III	79,025,000	0	79,025,000	The Committee directed the Authority to place the matter before LDA scrutinizing Committee within 30 days which would decide to place the cases before BC
8	14	Housing-I	80,125,000	2,750,000	77,375,000	The Committee reduced the amount of para to Rs 77.375 million to the extent of plot No.403 Block B-III amount to Rs 2.750 million and directed for retrieval of remaining plots and directed the Authority to pursue the court cases vigorously of plots under litigation.
9	16	Housing-I	60,500,000	0	60,500,000	The Committee reduce the para to the extent of 02 plots on the basis of Authority reply during discussion, and in respect of 4 plots directed to place the cases before BC and retrieve remaining plots. In compliance with the SDAC

						directives Authority did not produce the record for verification despite the lapse of considerable period.
10	63	Housing-VII	50,010,000	0	50,010,000	The Committee directed to get the record verified within 15 days.
11	19	Housing-I	47,850,000	0	47,850,000	the Committee directed the Authority for retrieval of plots and record verification
12	45	Housing-IV	21,000,000	0	21,000,000	The Committee directed the Authority to pursue the court case vigorously and retrieved the plot. Further, matter of double exemption be probe by ADG (Housing) within 30 days.
13	44	Housing-IV	7,000,000	0	7,000,000	The Committee directed the Authority to pursue the court case vigorously and retrieved the plot. Further, matter of double exemption be probe by ADG (Housing) within 30 days.
14	15	Housing-I	6,600,000	0	6,600,000	The Committee directed the Authority for retrieval of plots.
15	81	Housing-VIII	6,250,000	0	6,250,000	The Committee directed the Authority to retrieve the plot within 30 days.
16	80	Housing-VIII	4,375,000	0	4,375,000	The Committee directed the Authority to initiate fact finding inquiry and get the record verified within 30 days
17	17	Housing-I	1,375,000	0	1,375,000	The Committee directed the Authority for clearance from scrutiny committee/BC within 30 days.
18	94	Housing-XI	0	0	0	The Committee directed the Authority to pursue the case with Provincial Cabinet for early decision, retrieve plots and get the record verified within 30 days
19	96	Housing-XI	0	0	0	The Committee directed the Authority to pursue the case with Provincial Cabinet for early decision, retrieved the plots and get it verified within 30 days.
Total			**2,578,244,999**	**2,750,000**	**2,575,494,999**	

Annexure-XXV

Para 3.4.1.8
Non-recovery of government dues - Rs 892.810 million

(Amount in Rs)

Sr. No.	DP No.	Name of Directorate	Amount of DP	Recovery Effected	Recoverable	SDAC directives
1	418	Katchi Abadi	456,032,636	-	456,032,636	The Committee directed the authority to prepare complete activity of the directorate and produce comprehensive data regarding detail of efforts made for grant of proprietary rights to the dwellers and get it verified from Audit within 90 days.
2	632	TP Zone-V	63,417,700	-	63,417,700	The Committee directed the Authority to effect recovery.
3	583	TP Zone-III	61,408,923	-	61,408,923	The Committee directed the Authority to effect recovery.
4	623	TP Zone-V	52,009,648	-	52,009,648	The Committee directed the Authority for detailed verification for actual recovery within 07 days.
5	577	TP Zone-III	59,644,093	24,367,430	35,276,663	The Committee reduce the para and directed the Authority to produced record for verification of stated recovery.
6	651	TP Zone-VII	34,065,264	-	34,065,264	The Committee directed the Authority to effect recovery and get it verified from Audit.
7	578	TP Zone-III	33,408,371	-	33,408,371	The Committee directed to reduce the para and effect balance recovery.
8	537	TP Zone-I	29,272,500	-	29,272,500	The Committee directed the Authority to effect recovery.
9	652	TP Zone-VII	17,004,997	-	17,004,997	The Committee directed the Authority to effect recovery and get it verified from Audit.
10	562	TP Zone-II	13,077,196	1,586,451	11,490,745	The Committee reduced the amount of para to Rs 11,490,745 and directed the Authority to effect the balance recovery within 15 days.
11	615	TP Zone-IV	11,168,160	-	11,168,160	The Committee directed the Authority to effect recovery.
12	530	TP Zone-I	10,967,593	-	10,967,593	The Committee directed the Authority to effect recovery and transferred it to TP-VII.
13	558	TP Zone-II	9,992,389	2,100,944	7,891,445	The Committee reduced the amount of para to Rs 7,891,445 and directed the Authority to effect the balance recovery within 15 days.

14	627	TP Zone-V	8,536,125	-	8,536,125	The Committee directed the Authority to effect recovery.
15	580	TP Zone-III	7,929,707	-	7,929,707	The Committee directed the Authority to effect recovery.
16	631	TP Zone-V	7,540,153	-	7,540,153	The Committee directed the Authority for re-verification of record for want of due recovery.
17	626	TP Zone-V	7,089,224	-	7,089,224	The Committee directed the Authority to effect recovery.
18	460	Administration	6,840,000	-	6,840,000	The Committee directed the Authority to pursue the matter in court and effect actual recovery.
19	614	TP Zone-IV	6,426,662	-	6,426,662	The Committee directed the Authority to effect recovery.
20	579	TP Zone-III	4,765,715	-	4,765,715	The Committee directed the Authority for verification of record within 07 days.
21	464	Administration	4,638,000	-	4,638,000	The Committee directed the Authority to pursue the matter in court and effect actual recovery.
22	536	TP Zone-I	4,029,498	-	4,029,498	The Committee directed the Authority to effect recovery.
23	462	Administration	3,288,660	-	3,288,660	The Committee directed the Authority for verification and recovered amount and balance recovery.
24	625	TP Zone-V	2,582,500	-	2,582,500	The Committee directed the Authority for recovery of Rs 2,582,500.
25	563	TP Zone-II	1,643,860	-	1,643,860	The Committee directed the Authority for detail record verification within 15 days.
26	650	TP Zone-VII	1,442,053	-	1,442,053	The Committee directed the Authority to effect recovery and get it verified from Audit.
27	20	Housing-I	944,280	-	944,280	The Committee directed the Authority to effect recovery.
28	550	TP Zone-II	917,815	-	917,815	The Committee directed the Authority for verification of record within 15 days.
29	613	TP Zone-IV	552,560	-	552,560	The Committee directed the Authority for detailed verification of record within 30 days.
30	622	TP Zone-V	229,000	-	229,000	The Committee directed the Authority to effect recovery.
Total			**920,865,282**	**28,054,825**	**892,810,457**	

Annexure-XXVI

Para 3.4.1.9

Non-recovery of excess area cost from property owners - Rs 363.278 million

(Amount in Rs)

Sr. No.	PDP No.	Name of Directorate	No. of Properties	Amount of DP	Recovery Effected	Recoverabl e
1	2	ADG (Housing) LDA, Lahore	27	209,999,982	3,847,600	206,152,382
2	79	Directorate of Housing-VII, LDA Lahore	21	71,993,000	-	71,993,000
3	62	Directorate of Housing-VI, LDA Lahore	8	35,581,704	127,120	35,454,584
4	83	Directorate of Housing-VIII, LDA Lahore	13	20,911,855	3,577,780	17,334,075
5	66	Directorate of Housing-VII, LDA Lahore	1	16,670,000	-	16,670,000
6	54	Directorate of Housing-V, LDA Lahore	1	12,240,000	-	12,240,000
7	46	Directorate of Housing-IV, LDA Lahore	6	2,340,256	-	2,340,256
8	18	Directorate of Housing-I, LDA Lahore	1	917,059	-	917,059
9	26	Directorate of Housing-II, LDA Lahore	1	176,586	-	176,586
Total			**79**	**370,830,442**	**7,552,500**	**363,277,942**

Annexure-XXVII

Para 3.4.1.22
Non-imposition of penalties on account of commercial use of residential properties – Rs 5,426.058 million

(Amount in Rs)

Sr. No.	DP No. (2022-23)	Name of Directorate	Amount	SDAC directives
1	594	TP Zone-IV	766,500,000	The Committee directed the Authority to effect actual recovery.
2	595	TP Zone-IV	584,000,000	The Committee directed the Authority to effect actual recovery.
3	604	TP Zone-IV	496,400,000	The Committee directed the Authority to effect actual recovery.
4	660	TP Zone-VII	419,750,000	The Committee directed the Authority to effect recovery and get it verified from Audit.
5	602	TP Zone-IV	386,900,000	The Committee directed the Authority to effect actual recovery.
6	596	TP Zone-IV	365,000,000	The Committee directed the Authority to effect actual recovery.
7	592	TP Zone-IV	310,250,000	The Committee directed the Authority to effect actual recovery.
8	603	TP Zone-IV	270,600,000	The Committee directed the Authority to effect actual recovery.
9	507	TP Zone- I	219,000,000	The Committee directed the Authority to effect recovery and placing the case before governing body for regulation/policy decision.
10	543	TP Zone- II	200,750,000	The Committee directed to conduct the probe at Administrative Level through a Committee consisted upon Director Design, Director Anti-Corruption & CE (North) besides digitalization of notices of recovery, identification of illegal use of commercial activity and recovery thereof.
11	589	TP Zone-IV	182,050,000	The Committee directed the Authority to effect recovery.
12	644	TP Zone-V	146,000,000	The Committee directed the Authority to effect recovery.
13	564	TP Zone-II	146,000,000	The Committee directed to conduct the probe at Administrative Level through a Committee consisted upon Director Design, Director Anti-Corruption & CE (North) besides digitalization of notices of recovery, identification of illegal use of commercial activity and recovery.
14	590	TP Zone-IV	144,350,000	The Committee directed the Authority to effect recovery.
15	591	TP Zone-IV	94,500,000	The Committee directed the Authority to effect recovery.
16	569	TP Zone-II	91,250,000	The Committee directed the Authority to effect recovery within 30 days.
17	612	TP Zone- IV	46,608,200	The Committee directed the Authority for verification of record within 07 days.
18	506	TP Zone- I	40,450,000	The Committee directed the Authority to effect recovery and placing the case before governing body for regulation/policy decision.
19	502	TP Zone- I	38,600,000	The Committee directed the Authority to effect recovery.
20	600	TP Zone-IV	36,500,000	The Committee directed the Authority to effect actual recovery.
21	647	TP Zone-V	33,450,000	The Committee directed the Authority to transfer the para to TP-IV for compliance.
22	610	TP Zone- IV	32,850,000	The Committee directed the Authority to effect actual recovery.

23	646	TP Zone-V	29,800,000	The Committee directed the Authority for record verification and transferred it to TP-IV for compliance.
24	617	TP Zone- IV	26,150,000	The Committee directed the Authority to effect actual recovery.
25	601	TP Zone-IV	25,550,000	The Committee directed the Authority to effect actual recovery.
26	593	TP Zone- IV	25,550,000	The Committee directed the Authority to effect actual recovery.
27	643	TP Zone-V	21,900,000	The Committee directed the Authority for record verification and transferred it to TP-VII for compliance.
28	642	TP Zone-V	21,900,000	The Committee directed the Authority for record verification and transferred it to TP-II for compliance.
29	608	TP Zone-IV	21,900,000	The Committee directed the Authority to effect actual recovery.
30	553	TP Zone-II	21,900,000	The Committee directed the Authority for verification of record within 15 days.
31	503	TP Zone-I	20,350,000	The Committee directed the Authority for verification of record within 15 days.
32	618	TP Zone-IV	18,250,000	The Committee directed the Authority to effect actual recovery.
33	609	TP Zone-IV	18,250,000	The Committee directed the Authority to effect actual recovery.
34	546	TP Zone-II	18,250,000	The Committee directed the Authority for verification of record within 15 days.
35	519	TP Zone-I	18,250,000	The Committee directed the Authority to effect actual recovery and placing before governing body for removal of anomaly.
36	545	TP Zone-II	14,600,000	The Committee directed the Authority for verification of record within 15 days.
37	518	TP Zone-I	14,600,000	The Committee directed the Authority to effect actual recovery and placing before governing body for removal of anomaly.
38	551	TP Zone-II	10,950,000	The Committee directed the Authority for verification of record within 15 days.
39	547	TP Zone-II	10,950,000	The Committee directed the Authority for verification of record within 15 days.
40	638	TP Zone-V	9,700,000	The Committee directed the Authority to effect recovery.
41	636	TP Zone-V	9,100,000	The Committee directed the Authority to effect recovery.
42	572	TP Zone-III	9,100,000	The Committee directed the Authority to effect recovery.
43	656	TP Zone-VII	7,300,000	The Committee directed the Authority to effect recovery and get it verified from Audit.
Total			**5,426,058,200**	

Annexure-XXVIII

Para 3.4.3.3
Overpayment due to use of substandard bricks – Rs 14.780 million

Sr. No.	Name of Work	Name of Contractor	Name of item	TS Rate/ Paid Rate (Rs/cu.m)	Qty paid (cu.m)	Total paid (Rs)	Overpayment of 7% (Rs)
1	Construction, Installation and O&M of Water Filtration Plant (Work Order No.PAPA/Dir(P&C)/06) in Multan Division	M/s KSB Pumps Company	Pacca brick work in F&P 1:5 etc	6,750	1330	8,977,500	628,425
			Pacca brick work in ground floor 1:5 etc	7,300	1121	8,183,300	572,831
2	Construction, Installation and O&M of Water Filtration Plant (Work Order No.PAPA/Dir(P&C)/03) in Faisalabad Division	M/s KSB Pumps Company	Pacca brick work in F&P 1:5 etc	6,816	2514	17,134,796	1,199,436
			Pacca brick work in ground floor 1:5 etc	7,366	2118	15,600,553	1,092,039
3	Construction, Installation and O&M of Water Filtration Plant (Work Order No.PAPA/Dir(P&C)/05) in Sahiwal Division	M/s Idrees Govt. Contractor	Pacca brick work in F&P 1:5 etc	6,430	2058	13,233,455	926,342
			Pacca brick work in ground floor 1:5 etc	6,965	1734	12,077,137	845,400
4	Construction, Installation and O&M of Water Filtration Plant (Work Order No.PAPA/Dir(P&C)/11) in D.G Khan & Rajanpur Division	M/s Rashid Ashraf & Bro.	Pacca brick work in F&P 1:5 etc	6,498	910	5,913,044	413,913
			Pacca brick work in ground floor 1:5 etc	7,048	767.5	5,409,187	378,643
5	Construction, Installation and O&M of Water Filtration Plant (Work Order No.PAPA/Dir(P&C)/04) in D.G Khan Division	M/s Impreza Construction	Pacca brick work in F&P 1:5 etc	7,048	1913	13,482,441	943,771
			Pacca brick work in ground floor 1:5 etc	7,048	1612	11,361,054	795,274

6	Construction, Installation and O&M of Water Filtration Plant Work Order No.PAPA/Dir(P&C)/07 in Bahawalpur Division	M/s Impreza Construction	Pacca brick work in F&P 1:5 etc	6,759	1330	8,988,805	629,216
			Pacca brick work in ground floor 1:5 etc	7,308	1121	8,192,772	573,494
7	Construction, Installation and O&M of Water Filtration Plant (Work Order No.PAPA/Dir(P&C)/08) in Bahwalpur& Multan Division	M/s Mian Hydro Construction Engineers	Pacca brick work in F&P 1:5 etc	6,759	1075	7,265,388	508,577
			Pacca brick work in ground floor 1:5 etc	7,308	906	6,621,456	463,502
8	Construction, Installation and O&M of Water Filtration Plant Plant (Work Order No.PAPA/Dir(P&C)/02) in Lahore Division	M/s Progressive International	Pacca brick work in F&P 1:5 etc	6,759	2660	17,977,610	1,258,433
			Pacca brick work in ground floor 1:5 etc	7,308	2241	16,378,236	1,146,477
9	Construction, Installation and O&M of Water Filtration Plant Work Order No.PAPA/Dir(P&C)/01 in Division Rawalpindi	M/s Hayat Ali & Co	Pacca brick work in F&P 1:5 etc	6,759	692	4,676,882	327,382
			Pacca brick work in ground floor 1:5 etc	7,308	583	4,260,826	298,258
10	Construction, Installation and O&M of Water Filtration Plant Work Order No.PAPA/Dir(P&C)/09 in Gujranwala & Sargodha Division	M/s Bricks International	Pacca brick work in F&P 1:5 etc	6,759	1967	13,293,970	930,578
			Pacca brick work in ground floor 1:5 etc	7,308	1658	12,117,410	848,219
Total							**14,780,207**

Annexure-XXIX

Para No.3.4.4.2
Overpayment due to inadmissible contractor's profit – Rs 7.623 million

Sr. No.	DP No. (2022-23 Ph-II)	Name of Directorate	Name of items	Amount
1	329	Director M&O PHA Lahore	Agriculture mulching leaf shredder	1,690,795
2	376	Director Engineering PHA Lahore	LED flood lights 100 w	1,238,832
3	348	-do-	LED flood lights 100 w	1,128,645
4	352	-do-	Children play items for parks	1,091,093
5	353	-do-	LED flood lights 100 w	830,300
6	358	-do-	LED flood lights 100 w	714,987
7	359	-do-	Children play items for parks	544,676
8	351	-do-	Children play items for parks	383,816
Total				**7,623,144**

Annexure-XXX

Para No. 3.4.4.3
Non/Less recovery of advertisement fee - Rs 75.516 million

Sr. No.	DP No.	Issue	Amount of DP	Recovery effected	Amount Recoverable
1	767	Less recovery	16,116,895	121,500	15,995,395
2	746 (2022-23 Ph-II)	Non recovery	8,024,760	0	8,024,760
3	748 (2022-23 Ph-II)	Non recovery	6,696,000	0	6,696,000
4	777	Non recovery	5,629,422	0	5,629,422
5	766	Less recovery	6,478,296	975,399	5,502,897
6	744 (2022-23 Ph-II)	Non recovery	5,025,000	0	5,025,000
7	750 (2022-23 Ph-II)	Non recovery	3,080,736	0	3,080,736
8	745 (2022-23 Ph-II)	Non recovery	2,783,742	0	2,783,742
9	778	Non recovery	2,653,788	0	2,653,788
10	769	Less recovery	2,733,600	200,100	2,533,500
11	764 (2022-23 Ph-II)	Non recovery	2,368,896	0	2,368,896
12	779	Non recovery	2,070,816	0	2,070,816
13	768	Less recovery	2,231,600	184,800	2,046,800
14	751(2022-23 Ph-II)	Non recovery	1,797,900	0	1,797,900
15	747(2022-23 Ph-II)	Non recovery	1,612,800	0	1,612,800
16	752(2022-23 Ph-II)	Non recovery	1,580,040	0	1,580,040
17	749(2022-23 Ph-II)	Non recovery	1,399,824	0	1,399,824

18	753(2022-23 Ph-II)	Non recovery	1,205,700	0	1,205,700
19	776	Less recovery	1,085,600	0	1,085,600
20	772	Less recovery	979,200	0	979,200
21	780	Less recovery	918,000	0	918,000
22	770	Less recovery	1,198,250	672,650	525,600
Total			**77,670,865**	**2,154,449**	**75,516,416**

Annexure-XXXI

Para 3.4.5.1.1
Overpayment due to allowing excess lead – Rs 67.061 million

(Amount in Rs)

S. No.	DP No.	Name of work	Lead paid	Lead to be paid	Amount Overpaid
1	75 (2023-24)	Provision of PCC/soling/Nullah/ streets Schemes at at Gohadpur District Sialkot	230 KM	140 KM	9,599,364
2	281 (2023-24)	Provision of Sewerage/Drainage and Streets/Tuff Tiles etc. in Various UCs, District Gujrat	180 KM	71 KM	20,424,362
3		Comprehensive sewerage, drainage and water supply system in Gujrat	180 KM	71 km	3,115,241
4		Construction of streets, drains, Nullah, tuff tiles and Extension of water supply scheme in Ucs No.1 to 12 Gujrat City Tehsil & District Gujrat	180 KM	71 KM	10,669,424
5		Sewerage Scheme Jail Chowk to Bhimber Nullah, Gujrat City District Gujrat.	181 KM	66 KM	794,321
6		Construction of streets and drain in Ucs Chak Sada Mandhiyala Thatha etc. Tehsil and district Gujrat	180 KM	71 KM	5,540,112
7		Construction of Drains, Nullah and PCC in UC Pir Khana Tehsil Sarai Alamgir District Gujrat	180 KM	39 KM	8,512,382
8		Construction of PCC Street Drain, Soling, Nullah in u.c's Mirza Tahir, in Tehsil Kharian District Gujrat.	180 KM	65 KM	3,117,208
9		Construction of RCC Streets, Tuff Tiles and Drain in UC Jheeranwali	157 KM	79 KM	2,427,069
10		Construction of RCC Streets, Tuff Tiles and Drain in UC Madina, Teshsil and Gistrict Gujrat	180 KM	71 KM	1,626,361
11		Construction of RCC Streets, Tuff Tiles and Drain in UC Sheikh Sukha	180 KM	68 KM	1,234,724
	Total				**67,060,568**

Annexure-XXXII

Para No. 4.4.2.1

Overpayments due to approval of higher rates for non-standardized items - Rs 56.554 million

(Amount in Rs)

DP No.	Quantity (rft)	Rate Paid	Rate to be Paid	Excess Rate	Amount Overpaid
01 (2022-23) Phase-II	1350.60	2675.85	1,539.76	1,136.09	1,534,403
220 (2023-24)	9735	3,496.22	1,831.86	1,664.36	16,202,545
225 (2023-24)	4590	3,710.00	1,965.23	1,744.77	8,008,494
228 (2023-24)	3188	3,738.00	1,950.38	1,787.62	5,698,933
231 (2023-24)	15034	2,800.00	1,200.65	1,599.35	24,044,628
243 (2023-24)	614.4	4,200.00	2,465.44	1,734.56	1,065,714
Total	**34512**				**56,554,717**

Annexure-XXXIII

Para No.4.4.2.3

Overpayments due to approval of higher rates for non-standardized items - Rs 5.863 million

(Amount in Rs)

Sr. No.	DP	Division	Item	Rate Paid (Rs%cft)	Rate to be paid (Rs%cft)	Excess Rate (Rs %cft)	Quantity paid (cft)	Amount Overpaid
1	178 (2023-24)	Trimmu Headworks	P/L bajri 1/8" to 1/2" on level	5100	3523.95	1576.05	67552.38	1,064,659
			P/L bajri 1/8" to 1/2" on slope	5100	3829.21	1270.79	3726.00	47,350
			P/L bajri 1/2" to 2" on level	5100	3168.91	1931.09	3726.00	71,952
			P/Llbajri 1/2" to 2" on slop	5100	3269.59	1830.41	67552.38	1,236,669
		Total 142556.76						**2,420,639**
2	212 (2023-24)	D.G Khan Construction	P/L bajri 1/8" to 1/2" on level	8513.70	3707.54	4806.16	1700	81705
			P/L bajri 1/8" to 1/2" on slope	8817.44	4072.02	4745.42	17441	827649
			P/L bajri 1/2" to 2" on level	5569.09	4038.74	1530.35	1700	26016
			P/Llbajri 1/2" to 2" on slop	5872.82	4403.22	1469.60	17441	256313
			Total 38282					**1,191,692**
3	214 (2023-24	D.G Khan Construction	P/L bajri 1/8" to 1/2" on level	7,207.68	5,316.70	1,890.98	3842	72,651
			P/L bajri 1/8" to 1/2" on slope	7,471.00	5,632.67	1,838.33	40953	752,851
			P/L bajri 1/2" to 2" on level	4,668.08	3,187.75	1,480.33	3842	56,874
			P/Llbajri 1/2" to 2" on slop	4,931.40	3,503.73	1,427.67	40953	584,674
			Total 89590					**1,467,057**

4	215 (2023-24)	D.G Khan Construction	P/L bajri 1/8” to 1/2” on slope	8287.117	3827.11	4460.00	13416	598,354
			P/Llbajri 1/2” to 2” on slop	5519.604	4138.39	1381.21	13416	185,303
					Total 26832			**783,664**
		Grand Total					**297260.76**	**5,863,052**

Annexure-XXXIV

Para No.4.4.3.2

Overpayments due to inadmissible price escalation on crushed stone and application of incorrect rates – Rs 11.243 million

S. No	DP No.	Division	Items	Amount	Recovery admitted	SDAC Directives
1	221	Rachna Drainage Sheikhupura	steel, cement, crush (Bjari) and diesel	277,539	277,539	The Committee directed the department to effect recovery within 15 days
2	226	Rachna Drainage Sheikhupura	steel, cement, crush (Bjari), labour and diesel	707,430	707,430	The Committee directed the department to effect recovery within 15 days
3	234	Rachna Drainage Sheikhupura	labour and diesel	844,389	844,389	The Committee directed the department to effect recovery within 15 days
4	235	Rachna Drainage Sheikhupura	labour and diesel	501,167	501,167	The Committee directed the department to effect recovery within 15 days
5	239	Rachna Drainage Sheikhupura	Steel, labour and diesel	1,353,712	1,353,712	The Committee directed the department to effect recovery within 15 days
6	244	Rachna Drainage Sheikhupura	Diesel	2,694,063	1,973,000	The Committee directed the department to effect actual recovery of Rs 1,973,283 within 15 days.
7	246	Rachna Drainage Sheikhupura	labour and diesel	2,076,624	2,076,624	The Committee directed the department to effect recovery within 15 days
8	355	Muzaffargarh Canal	Bajri	2,788,118	0	The Committee directed the department to get the complete record verified from Audit.
			Total	**11,243,042**	**7,733,861**	

Annexure-XXXV

Para No.4.4.10

Non-recovery of government taxes – Rs 1.403 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	PST	I.TAX	SDAC Directive
1	14	Lahore Drainage Division, Lahore (Phase-II 2022-23)	249,457	PST		The Committee directed the department to effect recovery.
2	15	Lahore Drainage Division, Lahore (Phase-II 2022-23)	341,835		I.Tax on PST	The Committee directed the department to effect recovery.
3	33	Chakbandi Division, Lahore (Phase-II 2022-23)	521,336		I.Tax on PST	The Committee directed the department to effect recovery within 30 days
4	203	Trimmu Headworks Division, Trimmu (Phase-I 2023-24)	169,845		I.Tax on PST	The Committee directed the department to effect recovery within 30 days
5	245	Rachna Drainage Division, Sheikhupura (Phase-I 2023-24)	120,740		I.Tax on dismantled Material	The Committee directed the department to effect recovery within 15 days
		Total	**1,403,213**			

Annexure-XXXVI

Para No. 4.4.12.3

Mis-procurement resulted in doubtful payment - Rs 36.650 million

(Amount in Rs)

Sr. No	DP NO	Items	Quantity	Amount	Qty Physically Available	Vouchers not available
1	265	Dell Inspiron Laptop	25 Nos	4,798,669	02 Nos	
		HP Pro book 450	11 Nos	2111669	Nil	
		Samsung Backup Hard drive	21 Nos	936231	Nil	
		TP link Wireless router	171 Nos	2268845	Nil	
		Total		**10,115,414**		**883,929**
2	264	UPS for Desktop computer	160 Nos	2407674	25 Nos	
		Printer Laser jet Pro	41 Nos	3051748	8 Nos	
		Printer laserjet colour	08 Nos	1483638	Nil	
		Total		**6,943,060**		**56,151**
3	266	ACs	16	3,078,621	08 No	
		LEDs Smart Android TV	22	2,033,694	06 (other brands)	
		Orient Water Dispenser	10	348,075	Nil	
		Dawlance Microwave Oven	6	193,050	Nil	
		Total		**5,653,440**		**1,326,242**
4	268	Avast Anti virus 2022	44 Nos	775944	NIL	
		Corel Draw Graphics Suit 2019 registered Version	15	1416447	NIL	
		MS office Registered version	48	2294487	NIL	
		MS SQL Server 2019 registered version	38	606762	NIL	
		MS Window 10 Professional registered Version	48	1157832	NIL	

		MS Window server 2002 registered version	40	576469	NIL	
		Total		**6,872,931**		**123,033**
5	270	Chairs and Tables	223	6,064,401		
		Misc. items file cabinet, dice stand, steel almirah.	-	1,001,231		
		Total		**7,065,632**		**133,979**
	Grand Total			**36,650,477**		**2523334**

Annexure-XXXVII

Para 5.4.5
Loss due to non-procurement of stone from the nearest quarry – Rs 31.125 million

Sr. No.	Name of work/site	Lead paid in km	Melot quarry to site of work	Excess Lead	Over payment
	DP No. 4, 2022-23				
1	Construction/Rehabilitation of Road from Ch. Zahoor Elahi Road bypass Kharian Cantt to Doga Phase-III Tehsil Kharian District Gujrat	161 km	40 km	121 km	808,404
2	Construction of RCC streets, tuff tiles and drain in Kharian City Tehsil Kharian District Gujrat	158 km	40 km	118 km	2,451,809
3	Construction of P.C.C Streets, Nullah, Culverts and Drains in UC Dalwar Pur Tehsil Kharian District Gujrat	179 km	36 km	143 km	4,646,217
4	Construction of P.C.C Streets, Nullah, Culverts and Drains in UC Chariawala Tehsil Kharian District Gujrat	176 km	36 km	140 km	4,535,100
5	Construction of Streets, Drain, Nullah, RCC and Tuff tile in Union Council Surkhpur Phase-I District Gujrat	221 km	100 km	121 km	719,334
6	Construction/Rehabilitation of road from Baniya to Village Bhaati Tehsil Kharian, District Gujrat	188 km	69 km	119 km	615,632

7	Construction of Streets Nullah, Culverts and Drains in UC Pindi Sultan Pur Tehsil Kharia District Gujrat	163 km	35 km	128 km	1,334,301
8	Construction of PCC streets, Nullah, culverts and Drain in UC Aach Tehsil Kharia District Gujrat	176 km	39 km	137 km	1,241,317
9	Construction of Streets, Drain, Nullah, RCC and Tuff tile in village Ranewal Syedan District Gujrat	185 km	77 km	108 km	1,077,863
10	Construction of Streets, Drain, Nullah, RCC and Tuff tile in Union Council Mari Khokhran Phase-1 District Gujrat	212 km	105 km	107 km	352,209
11	Construction of PCC Streets, Nullah, Culverts and Drains in UC Khohar Tehsil Sari Alam Gir District Gujrat	175 km	19 km	156 km	728,760
12	Construction of Streets, Drain, Nullah, R.c.c and Tuff Tiles in Union Council Kassoki Phase III District Gujrat	200 km	91 km	109 km	453,649
13	Construction of Streets and Drains in UC Thutha Rai Bahadur Tehsil Kharian District Gujrat	168 km	60 km	108 km	401,337
	Total (A):				**19,365,932**
	DP No. 3, 2022-23				
1	Street scaping of Doulat Nagar town in District	198 km	71 km	27 km	1,477,567
2	Name of work: Construction /Rehabilitation of Road from Ch. Zahoor Elahi Road bypass Kharian Cantt. to Doga Phase-I Tehsil Kharia District Gurjat	161 km	40 km	121 km	4,777,351
	Total (B):				**6,254,918**
	DP No. 1, 2022-23				
1	Construction of RCC streets, tuff tiles and drain in Kharian City Tehsil Kharian District Gujrat	47 km	40 km	7 km	101,209
2	Construction of P.C.C Streets, Nullah, Culverts and Drains in UC Dalwar Pur Tehsil Kharian District Gujrat	81 km	34 km	47 km	2,005,002
3	Construction of P.C.C Streets, Nullah, Culverts and Drains in UC Chariawala Tehsil Kharian District Gujrat	64 km	34 km	30 km	1,251,741
4	Construction of Streets Nullah, Culverts and Drains in UC	53 km	35 km	18 km	228,217

	Pindi Sultan Pur Tehsil Kharia District Gujrat				
5	Construction of PCC streets, Nullah, culverts and Drain in UC Aach Tehsil Kharia District Gujrat	76 km	39 km	37 km	343,643
6	Construction of Streets, Drain, Nullah, RCC and Tuff tile in village Ranewal Syedan District Gujrat	87 km	77 km	10 km	233,661
7	Construction of Streets, Drain, Nullah, RCC and Tuff tile in Union Countial Mari Khokhran Phase - 1 District Gujrat	122 km	105 km	17 km	171,190
8	Construction of PCC Streets, Nullah, Culverts and Drains in UC Khokhar Tehsil Sari Alam Gir District Gujrat	65 km	19 km	46 km	191,720
9	Construction of Streets, Drain , Nullah ,R.c.c and Tuff Tiles in Union Council Kassoki Phase III District Gujrat	102 km	91 km	11 km	107,007
	Total (C):				**4,633,390**
	DP No. 2, 2022-23				
1	Construction of Tuff Tiles and Nallah at Irfan Marriage Hall Dawara via Adda Tam Tam Tanda Chowk Domailan Chowk to Saba Mandi	91 km	81 km	10 km	191874
2	Construction of Tuff Tiles and Nallah at Irfan Marriage Hall Dawara via Adda Tam Tam Tanda Chowk Domailan Chowk to Saba Mandi	91 km	81 km	10 km	417336
3	Construction /Rehabilitation of Road from Ch. Zahoor Elahi Road bypass Kharian Cant to Doga Phase-I Tehsil Kharia District Gurjat	51 km	40 km	11 km	17847
4	Construction of RCC streets, tuff tiles and drain in Kharian City Tehsil Kharian District Gujrat	54 km	40 km	14 km	244031
	Total (D):				**871,088**
	Grand Total (A+B+C+D):				**31,125,328**

Annexure-XXXVIII

Para 10.1.5.2.3.8

Undue financial benefit to contractor due to less recovery of retrieved material – Rs 116.330 million

S. No.	DP No.	Name of Division	Amount	SDAC Directives
1	946 (2023-24)	Mandi Baha-ud-Din	1,255,180	The Committee directed the department to effect recovery.
2	785 (2023-24)	Chakwal	207,933	The Committee directed the department to effect recovery.
3	386 (2023-24)	Sahiwal	1,053,351	The Committee directed the department to effect recovery.
4	387 (2023-24)	Sahiwal	685,439	The Committee directed the department to effect recovery.
5	388 (2023-24)	Sahiwal	150,285	The Committee directed the department to effect recovery.
6	389 (2023-24)	Sahiwal	409,750	The Committee directed the department to effect recovery.
7	438 (2023-24)	Multan	1,732,166	The Committee directed the department to effect recovery.
8	439 (2023-24)	Multan	1,262,047	The Committee directed the department to effect balance recovery.
9 i.	235(7) (2023-24)	Jhelum	76,759,132	The Committee directed the department to get the record verified from Audit.
ii.	235(9) (2023-24)	Jhelum	401,900	The Committee directed the department to effect recovery.

iii.	235(19) (2023-24)	Jhelum	42,276	The Committee directed the department to effect recovery.
10	274 (2023-24)	Sargodha	25,178	The Committee directed the department to effect balance recovery.
11	657 (2023-24)	Gujrat	2,116,027	The Committee directed the department to effect recovery.
12	658 (2023-24)	Gujrat	30,228,956	The Committee directed the department to effect recovery.
		Total	**116,329,620**	

Annexure-XXXIX

Para 10.2.6.2.3.1

Undue benefit to contractors: Non-obtaining performance/additional performance securities – Rs 3,096.005 million

(Rs in million)

Sr. No.	DP No.	Name of Formation	Amount	SDAC Directives
1	689	Highway Division Gujrat	1,740.732	The Committee directed the departments to get the complete record re-verified from Audit.
2	603	Highway Division MB Din.	230.390	
3	342	Highway Division Narrowal	138.861	
4	604	Highway Division MB Din.	138.750	
5	924	Highway Division Jhang	9.583	
6	372	Building Division Chakwal	19.563	
7	265	Building Division No. 6 Lahore	11.200	
8	58	Building Division No. 1 Lahore	8.961	
9	277	Building Division No. 6 Lahore	1.185	
10	209	Construction Division D.G Khan	127.983	
11	219	Construction Division D.G Khan	68.449	
12	218	Construction Division D.G Khan	4.760	
13	175	Trimu Head Works Division Trimu	4.656	
14	343	Sargodha LJC Sargodha	4.622	
15	166	Canal Division Mianwali	3.189	
16	162	PHE Kasur	51.197	
17	90	PHE Kasur	31.861	
18	217	PHE Layyah	23.438	
19	84	PHE Sialkot	14.865	
20	51	LG&CD Civil Division Multan	19.327	
21	13	KSIP	23.902	
22	526	Highway Division Kasur	151.388	The Committee directed the departments to get the matter regularized from FD.
23	437	Highway Division Multan	9.160	
24	337	Sargodha LJC Sargodha	5.897	
25	344	Sargodha LJC Sargodha	4.787	
26	214	PHE Layyah	50.155	
27	301	PHE Gujrat	25.513	
28	30	PHE Sheikhupura	13.627	
29	337	PHE MB Din	11.595	
30	82	LG&CD Civil Division Lahore	144.660	
31	346	Sargodha LJC Sargodha	1.749	The Committee directed the departments to get the matter probed by the concerned SE and submit a report to Audit.
Total			**3,096.005**	

Annexure-XL

Para 10.2.6.2.3.2

Undue benefit to contractor; less obtaining of performance/ additional performance securities - Rs 236.282 million

(Rs in million)

Sr. No.	DP No.	Formations	Amount	SDAC Directives
1	380	Highway Division, Sahiwal	78.741	The Committee directed the departments to refer the matter to FD for advice.
2	712	Highway Division,Vehari	4.648	
3	177	Trimmu Headworks Division, Trimmu	51.627	The Committee directed the departments to get re-verified the true copy of Court's orders from Audit.
4	363	Muzaffargarh Canal Division, Muzaffargarh	42.536	
5	375	Canal Division, Muzaffargarh	9.094	
6	217	D.G Khan Construction Division, D.G Khan	21.628	The Committee directed the departments to get the record regarding encashment of performance guarantee verified from Audit.
7	435	Highway Division, Multan	19.889	The Committee directed the departments to obtain balance amount of PS/APS from the contractors and get it verified from Audit.
8	270	6th Building Division, Lahore	1.305	
9	215	PHE Division, Layyah	3.765	
10	277	PHE Division, Mianwali	2.033	
11	47	LG&CD Civil Division, Lahore	1.016	
Total			**236.282**	

Annexure- XLI

Para 10.2.6.2.3.3
Non-revalidation of performance/additional performance securities – Rs 1,760.614 million

(Rs in million)

Sr. No.	DP No.	Name of Formation	Amount	SDAC Directives
1	534	Highway Division, Kasur	124.000	The Committee directed the departments to get the matter regularized from FD.
2	320	Highway Division, Sheikhupura	59.250	
3	936	Highway Division, Jhang	39.640	
4	430	Highway Division, Multan	32.980	
5	852	Highway Division, Hafizabad	19.263	
6	433	Highway Division, Multan	18.921	
7	246	Highway Division, Jhelum	3.900	
8	746	Highway Division, Layyah	2.650	
9	176	Trimu Head Works Division, Trimu	16.300	
10	65	Shahkam Chowk, Lahore	456.352	
11	348	PHE Division, Mandi Baha ud Din	42.453	
12	835	Highway Division, Lodhran	146.809	The Committee directed the departments to get the complete record re-verified from Audit.
13	832	Highway Division, Lodhran	116.693	
14	647	Highway Division, Okara	44.494	
15	204	Highway Division, Pakpattan	35.232	
16	181	Building Division No. 4, Lahore	19.593	
17	232	Rachna Drainage Division, Sheikhupura	119.419	
18	238	Rachna Drainage Division, Sheikhupura	24.181	
19	208	Construction Division, D.G Khan	14.244	
20	250	PHE Division, Mianwali	327.563	
21	22	KSIP	3.775	
22	95	Building Division, Hafizabad	54.000	The Committee directed the departments to get the matter probed by the concerned SE and submit a report to Audit.
23	317	Building Division No. 1, Multan	26.827	
24	371	Building Division, Chakwal	6.775	
25	351	Building Division, Chakwal	5.300	
		Total	**1,760.614**	

Annexure-XLII

Para 10.2.6.2.3.4

Premature release of securities - Rs 753.373 million

(Rs in million)

Sr. No.	DP No.	Name of Formation	Amount	SDAC Directives
1	494	HD Muzaffargarh	112.276	The Committee directed the departments to get the complete record re-verified from Audit.
2	944	HD MB Din	98.524	
3	163	HD Bahawalpur	73.208	
4	918	HD Jhang	51.418	
5	659	HD Gujrat	30.804	
6	681	HD Gujrat	6.105	
7	485	HD Mianwali	13.03	
8	754	HD Layyah	3.76	
9	207	Construction Division D.G Khan irrigation	64.575	
10	236	Rachna Drainage Division Sheikhupura	36.75	
11	233	Rachna Drainage Division Sheikhupura	26.738	
12	216	Construction Division D.G Khan irrigation	2.9	
13	149	PHE Hafizabad	4.779	
14	343	HD Narrowal	7.623	The Committee directed the departments to get the matter regularized from FD.
15	661	HD Gujrat	13.466	
16	285	HD Sargodha	8.122	
17	1	KSIP	43.35	
18	343	Building Division Chakwal	22.972	The Committee directed the departments to get the matter probed by the concerned SE/CE and submit a report to Audit.
19	346	Building Division Chakwal	15.845	
20	358	Building Division Chakwal	9.824	
21	355	Building Division Chakwal	7.36	
22	349	Building Division Chakwal	6.2	
23	352	Building Division Chakwal	2.925	
24	181	Trimu Head Works Division Trimu	10.053	
25	194	PHE Hafizabad	66.877	
26	305	PHE Gujrat	13.889	
		Total	**753.373**	