



**PERFORMANCE AUDIT REPORT
ON
NATIONAL INDUSTRIAL PARKS
DEVELOPMENT & MANAGEMENT COMPANY
FOR THE PERIOD 2018-20**

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor - General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The Performance Audit of National Industrial Parks Development & Management Company was carried out accordingly.

The Directorate General of Commercial Audit & Evaluation (South) Karachi conducted Performance Audit of National Industrial Parks Development & Management Company, Karachi for the period 2018-20 during April - May, 2022 with a view to report significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the Company. In addition, Audit also assessed, on test-check basis, whether the management complied with applicable laws, rules, and regulations in managing the matters of the Company. The Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the Company. The observations included in this report have been finalized in light of discussion in the DAC meeting.

The Performance Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973, for causing it to be laid before the Parliament.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS AND ACRONYMS

BoC	Board of Commissioners
BoD	Board of Directors
BoQ	Bill of Quantity
BQIP	Bin Qasim Industrial Parks
CBKC	Cantonment Board of Korangi Creek
CEO	Chief Executive Officer
CETP	Combined Effluent Treatment Plant
CFO	Chief Financial Officer
CV	<i>Curriculum Vitae</i>
DAC	Departmental Accounts Committee
DWP	Development Working Party
ECC	Economic Coordination Committee
ETP	Effluent Treatment Plant
HDP	High Density Plot
HEC	Higher Education Commission
I.T	Information Technology
I.T/CS	Information Technology / Computer Science
ISSAI	International Standards of Supreme Audit Institutions
KCIP	Korangi Creek Industrial Park
KE	Karachi Electric
KESC	Karachi Electric Supply Corporation
KW&SB	Karachi Water & Sewerage Board
LD	Liquidity Damages
MBA	Master of Business Administration
NFIP	Naushero Feroze Industrial Park
NIP D&MC	National Industrial Park Development & Management Company
NIP	National Industrial Park
PC	Planning Commission
PIDC	Pakistan Industrial Development Corporation
PPRA	Public Procurement Regulatory Authority
PSML	Pakistan Steel Mills Limited
RIP	Rachna Industrial Park
SEZ	Sindh Economic Zone
SHCC	Sindh Health Care Commission
SRO	Statutory Regulatory Order
SSGCL	Sui Southern Gas Company Limited
TOR	Terms of Reference

EXECUTIVE SUMMARY

The Directorate General of Commercial Audit & Evaluation (South) Karachi conducted Performance Audit of National Industrial Parks Development & Management Company, Karachi for the period 2018-20 during April, 2022 to May, 2022. The main objectives of the audit were to; (1) Review performance against intended objectives, (2) Assess whether projects are managed with due regard to economy, efficiency, and effectiveness, for the benefit of Industrialist/Sector development, and (3) Examine the adoption of new technologies for improving productivity of industry. The performance audit was conducted in accordance with ISSAI Auditing Standards.

Key Audit Findings

- i. Abnormal delay in completion of Naushero Feroze and Rachna Industrial Parks Development work.
- ii. Non-achievement of sale targets of project's plots and delay in receipts of plot payments from the customers. Owing to poor performance in terms of completion of projects, some of the allottees have been compelled to cancel their allotments.
- iii. Utilization of financial resources in respect of completion of projects was uneconomical due to which company has suffered an additional cost.

Recommendations

- i. Management needs to improve financial management, asset management and implement appropriate project monitoring system to avoid time - and cost-overrun.
- ii. There is need of strong internal controls mechanism, designing and implementation of HR policy, provision of basic utilities so as to attract more investment at different sites.

1. INTRODUCTION

National Industrial Parks Development and Management Company (NIP) has been established to develop focused industrial growth in Pakistan by developing world class Industrial Parks. The mission was to create an investor friendly climate and develop industry clusters with basic business themes while meeting international environment standards. Main objective of NIP were to work towards rapid industrialization by developing new industrial estate or industrial parks, and upgrade those that may be handed over by the Federal / Provincial Government (s) and undertake related functions attached with the operation of an Industrial Park. The four projects were started at various locations of the country during different time period by the NIP D&MC, but none of the projects has been completed yet.

Korangi Creek Industrial Park

This was the first project of NIP having 250 acres of land. The development works had been initiated in the year 2007. The project's estimated cost was of Rs.4,130.147 million.

Bin Qasim Industrial Park

930 acres of industrial land was handed over to the NIP. The consultant had given cost estimation of the development works in March, 2012 as Rs.9,122.970 million with a completion period of 60 months.

Rachna Industrial Park

The project consisted of 180 acres of land. The consultant had given cost estimation of Rs.1505.980 million. The development of the project was started on September, 2012 with completion in the next 28 months.

Naushero Feroz Industrial Park

80 acres of land was earmarked for the project. The revised PC-1 was approved by Development Working Party in year 2016 with project estimated cost of Rs.439.11 million. The project was to be completed in 24 months. The original PC-1 for establishment of industrial park at a cost of Rs.477 million was approved in 2013 but the requisite land could not be procured.

2. AUDIT OBJECTIVES

The major objectives were:

- i. Evaluating whether company provided services in accordance with the PC-I / policy / agreement.
- ii. Ascertaining as to whether the grants / loans were utilized according to its objectives.
- iii. Examining the audited accounts & qualification, if any.

- iv. Evaluating profitability / loss trend of last 2 years 2018-2019 to 2019-20.
- v. Assessing whether the company established / developed industrial parks as per targets.
- vi. Examining the recruitment / appointment process in the company.
- vii. Evaluating terms and conditions of the allottees of parks / projects.
- viii. Examining whether assets were economically and efficiently utilized.
- ix. Assessing contract management of Civil & Electrical works.

3. AUDIT SCOPE AND METHODOLOGY

Audit Scope:

Main Scope of the Performance Audit was to:

- i. examine the overall performance of the Company in the light of audit objectives
- ii. review record of the Company for the years 2018-19 & 2019-20.

Audit Methodology:

- i. Before start of the Performance Audit of the Company, desk audit & review of files in Audit Office was carried out which helped in identifying high risk areas in operation i.e. development works, investment, procurements, asset & human resource management.
- ii. During field audit activities, transactions were checked on the basis of the organization's rules and regulations and government policies and directives.
- iii. Audit carried out examination of record, analysis of data, site visits and discussion with management.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Overall Project's Assessment

4.1.1. Slow progress of development works at Rachna Industrial Park – Rs.2,665.390 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Rachna Industrial Park

project was approved at PIDC 73rd BoD meeting held on 28th November, 2006. According to the project documents, the development work at project was to be started in September 2012 with completion in December, 2014. Board of NIP approved phase-wise implementation of the project. Management started phase-wise development works at the project in 2013. The Phase I & II were completed in the year 2016 and 2022, respectively. However, management failed to start third phase of the development works at project site. Despite regular meetings of BoD, no substantial progress of the project was seen.

Total saleable area was 159.66 acres out of the total area of 215 acres. Management sold only 54.220 acres out of 159.66 acres. Besides, no allottee of the project had developed its industry there and there were multiple requests of the allottees for plot cancellation due to non-availability of basic facilities.

Audit was of the view that management neither completed the project in time nor provided basic facilities after lapse of considerable period i.e. almost 10 years. It reflected management's ineffectiveness and poor performance in operation and execution of the project.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the completion of Rachna Industrial Park-Sheikhupura project had been delayed due to various reasons and the contractor was given extension of time as per agreement by competent authority. DAC directed the management to initiate internal inquiry for non-completion of project on time and complete the project on priority. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.1.2 Imprudent decision to acquire land at Naushahro Feroze Industrial Park - Rs.93.05 million

Rule 5 (1) of Public Sector Companies (Corporate Governance) Rules, 2013, states that the Board shall exercise its power and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that PIDC acquired the land at Rs.93.05 million for the project for development of Naushahro Feroze Industrial Park (NFIP). However, M/s. Sindh Economic Zones Management Company (SEZMC), Government of Sindh – owned company, raised following observations regarding viability of the project;

- i. The complete special economic zone (SEZ) area was waterlogged, therefore, seems not viable for Industrial purpose.

- ii. High tension wires were crossing the proposed location across the entire length of SEZ, thereby, not viable to construct industry.
- iii. Location was adjacent to a housing society, which might adversely impact the life of civil society, due to possible noise and air pollution.

Audit was of the view that execution of the development works at the project site was highly risky due to project's viability issues. It reflected poor planning, inefficiency and ineffectiveness of the management.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that NIP had also forwarded responses of the observations raised by SEZMC. DAC directed the management to get NOC from the Environmental Protection Agency and SEZMC regarding the NFIP. However, no documentary evidence was furnished to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.1.3 Unauthorized payment against incomplete civil work - Rs.136.042 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management had claimed the progress of construction of works at NFIP project at about 55% (physical work) amounting to Rs.136.042 million. However, during physical visit of the site, it was observed that physical work was not completed as compared to claims (financial payments being significantly higher compared to physical progress) made by the contractor / management. Thus there was significant gap between physical progress & financial payments (**Annex-A**: detail of few civil works shown in the progress report).

Audit was of the view that claims regarding payment for physical completion of work were not substantiated and the payments were not matching with the actual physical works. Thus, chances of poor financial and project monitoring cannot be ruled out.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the total physical progress at the NFIP site for Phase-I was 55%. All the works were completed as per the engineering design standards and specification. DAC directed the management to submit revised reply, verify the payment and physical progress from the new consultant. However, no relevant record was produced till finalization of this report.

Audit recommends implementation of DAC directives.

4.1.4 Loss on account of non-retention of investors due to lack requisite basic facilities at NIP

Rule 5 (1) of Public Sector Companies (Corporate Governance) Rules, 2013, states that the Board shall exercise its power and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

According to 14.5 of Special Economic Zones Rules, 2013, the Federal and Provincial Government shall ensure the provision of power supply at a stable frequency to the designated zero point of each SEZ. The Developer shall be responsible for the transmission of electricity from zero point of SEZ to every plot/facility within the SEZ.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was noted that development works started at Bin Qasim Industrial Park in 2012 with completion period of 60 months. Likewise, the development work on Rachna Industrial Park started on September, 2012 with completion period of 28 months. However, it was observed that the management did not provide the requisite power supply at a stable frequency to the designated zero point of each SEZ and other requisite facilities. As a result, allottees of the Rachna Industrial Park and Bin Qasim Industrial Park had requested the management for cancellation of the allotment of plots (Annex-B). This resulted into loss on account of non-retention of investors due to lack requisite basic facilities at NIP.

Audit was of view that management was responsible to bring necessary facilities at parks. Non – provision of facilities reflected inefficiency and weak performance by the management.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that most of the cancellations were due to non-availability of utilities and that efforts were being made to provide the facilities on priority basis. DAC directed the management to get the factual position verified from audit and expedite the availability of utilities at the earliest. However, no relevant record was produced by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.1.5 Non-submission of building plan by investors for construction of land - Rs.261.796 million

According to Clause 5.7 of terms and conditions for allotment of plots at Korangi Creek Industrial Park (KCIP) land, the Building Plans / Drawings of the project, so prepared, must be submitted to NIP for approval within three (03) months of issuance of the provisional acceptance letter. In the event of inordinate delay in submission, as determined by NIP, the provisional acceptance letter shall stand cancelled and the payment (s) made by allottee shall be refunded after a deduction of 5% of the paid amount.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that the allottees of the plots at KCIP did not submit building plans for construction of industrial units after issuance of allotment letters (**Annex-C**).

Audit was of the view that management did not pursue the matter as per terms and conditions for allotment of plots. The provisional allotment should have been cancelled and the payment (s) made by allottee also been refunded after a deduction of 5% of the paid amount which was not done. It reflected weak internal controls and poor performance by the management.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed that delay was for the reason that competent authority for the approval of building plans was CBKC and all of the cases were pending with them. Authority has been delegated to management subsequently. DAC directed the management to get the factual position verified from audit and expedite the matter of building plan approval within three (03) months. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.1.6 Non – cancellation of allotments of plots at KCIP project

According to Sales Policy, the failure of the applicant / allottee to meet the timelines provided for in respect of the payment schedule / operation / construction may result in cancellation of the allotment / license / sub-lease as the case may be and subsequent repossession of the plot of land.

During performance Audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that 48 allottees at KCIP project, with area of 49.155 acres, have never initiated development works at their allotted plots even after lapse of considerable time as specified in terms & conditions of the allotment (**Annex-D**).

Audit was of the view that the allottees retained the plots for just getting capital gain on their investment. Non-cancellation of allotments reflected management's inefficiency and non-fulfillment of the objectives.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that due to non-provision of utilities and non-approval of building plans the development work at allotted plots has not been started which were beyond the control of NIP management. Further, management claimed that 60% plots were not dormant. DAC directed the management to get the factual position verified from audit that 60% of plots were not dormant. However, no progress has been intimated till finalization of this report.

Audit recommends implementation of DAC directives.

4.2 Monitoring and Evaluation

4.2.1 Non-achievement of sales targets - Rs.12,250.015 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

Rule 26 of GFR provides that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that marketing department of the Company made / achieved business of Rs.435.585 million against sales targets of Rs.12,250.015 million (**Annex-E**).

Audit was of the view that non-achievement of set targets reflected poor monitoring and inefficiency of the management.

The matter was reported to the management in June, 2022, during DAC meeting the management informed that the adverse implication of corona-virus pandemic, which affected all sectors of economy, also affected the pace of sales. DAC directed the management to make realistic targets and asked the management to review target bi-annually. Moreover, all out efforts may be taken to achieve targets. However, no progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

4.2.2 Non-achievement of receipt / recovery targets - Rs.5,639.039 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

Rule 26 of GFR provides that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that marketing department of the Company failed to achieve the recovery targets as there was a short fall of receipts by Rs.5,639.039 million (**Annex-F**).

Audit was of the view that non-achievement of receipt / recovery targets reflected poor monitoring and inefficiency of the management.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the adverse implication of corona-virus pandemic, which affected all sectors of economy, also affected the pace of sales. DAC directed the management that performance of the Project Managers be held responsible in case of non-achievement of targets. Moreover, all out efforts may be made to achieve targets. However, no documentary evidence of progress was furnished to audit till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.3 Time-overrun in completion of NFIP project– Rs.439.11 million

According to Revised PC-1, the project of NFIP shall be completed within 24 months after the release of funds.

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed from revised PC-1 of Noushero Feroze Industrial Park, approved by the BoD of PIDC on 12.02.2016, that the Project would

be completed within 24 months. However, as per physical progress report, only 55% of work had been completed till May, 2022.

Audit was of view that due to poor performance of management, the project had not been completed in time resulting to significant cost over-run, and reflected management's inefficiency and poor monitoring.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the project had been delayed due to land issues/encroachment of land, late receipt of construction drawings, long holidays and political influence as a result of election 2018 and heavy rains in March 02, 2019, causing the soil degradation at the NFIP site. DAC directed the management to get the factual position verified from audit and expedite the availability of utilities at the earliest. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives

4.2.4 Unjustified cost-overrun in development works at NFIP - Rs.534 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management engaged a consultant, M/s. Asian Consultant, in August, 2021 at NFIP. Subsequently, consultant's engineer provided estimated cost of the left-over work / infrastructure as Rs.534 million, which was very high as original total cost of the project completion was Rs.439.11 million.

Audit was of the view that there was unjustified cost-overrun in development works and further time over-run would also increase significantly the cost of development / infrastructure. It reflected management's weak internal controls, poor planning and lack of monitoring for timely intervention.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that due to uncontrollable factors the project's cost has increased from Rs.439.00 million to Rs.1400.00 million over the period due to enhancement of development areas from 50 acres to 80 acres of land and high inflation rate. DAC directed the management to submit revised reply and justify position to audit. However, no justification was provided till finalization of this audit report.

Audit recommends implementation of DAC directives.

4.2.5 Abnormal delay in completion of Korangi Creek Industrial Park - Rs.708.350 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that following development works of Rs.708.350 million, initiated in year 2007 at Korangi Creek Industrial Park, have not been finalized.

(Rs. in million)					
S#	Description	Budget allocated	S#	Description	Budget allocated
1	ETP	495,000,000	3	Contingencies	39,350,666
2	Telecommunication	50,000,000	4	Admin Office, Fire Station & others	124,000,000
Total					708,350,666

Audit was of the view that management failed to get the required work completed at project sites (planned to be completed in December, 2013) even after significant lapse of time till execution of the Audit. It reflected inefficiency of the management and poor internal controls existing in the Company.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that amount shown was an estimated budget for the additional facilities which may or may not be provided / constructed. DAC directed the management to get the factual position verified from audit along with the Board approval of deferred works, if any. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.2.6 Non-compliance of the revised PC 1 – Rs.264.847 million

Revised PC-1 on Revenue Model states regarding NFIP that 50 acres would be developed in the Phase-1 and remaining area will be developed in the Phase-II with the sale receipts of the Phase-1.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that contrary to above the

management awarded constructions work on 80 acres (both phases) of Naushahro Feroze Industrial Park land for Rs.264.847 million to the contractor, M/s Gul Construction.

Audit was of the view that the management had not complied with the revised PC-1 as it was required to complete 1st phase of 50 acres and from its sales receipt, the other phase was to be started. Initiating both phases at the same time resulted into non - completion of the project and subsequent loss of expected sales revenue.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that work was executed on site according to the mechanism / planning provided by the consultant according to the relevant activities. DAC directed the management to get the factual position verified from audit and expedite the completion of work. However, no relevant record was produced by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.2.7 Non-utilization of commercial plot at Korangi Creek Industrial Park

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management had reserved a plot, with an area of 3.539 acres, at high density area under the category of the commercial plot at the KCIP. The NIP had planned to establish an industrial park of world class standards having effluent treatment plant and facilities, including vocational training center, engineering workshop, exhibition hall, thus, creating such an environment that would allow its customers to flourish in the marketplace. However, management did not start any development work there.

Audit was of the view that non-utilization of the commercial plot & non – availability of the requisite facilities at Korangi Creek Industrial Park reflected negligence of the management.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the units established at KCIP were well-served by similar facilities available in the vicinity of KCIP which was strategically located in the city center. DAC directed the management to verify the commercial area and facilities provided from audit. However, no documentary evidence was produced to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.2.8 Constitution of audit committee in violation of Corporate Governance Rules

According to Rule 21 (2) of Public Sector Companies (Corporate Governance) Rules, 2013, the Chairman of the Board as well as the Chief Executive of the Public Sector Company shall not be a member of the audit committee.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that contrary to above, the Chief Executive Officer was member of the Audit Committee.

Audit was of the view that placement of the Chief Executive Officer as member of the Audit Committee was violation of the Corporate Governance Rules and reflected weak internal controls in the Company.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the CEO was member of the audit committee in the capacity of CEO, PIDC. Coincidentally, he was also holding the additional charge of CEO NIP. DAC directed the management to note for future compliance and verify record. However, no record was made available to audit till finalization of this report.

Audit recommends necessary corrective action and avoidance of the same in future.

4.2.9 Non-evaluation of the performance of Chairman, Members of the BoD and Chief Executive Officer

According to Rule 8 of Public Sector Companies (Corporate Governance) Rules, 2013, the performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that contrary to above, Federal Government / Ministry did not carry out the requisite annual performance evaluation of members of the Board, Chairman and Chief Executive Officer.

Audit was of the view that non-evaluation of annual performance of Chairman, Members of the BoD and Chief Executive officer was violation of the Corporate Governance Rules and reflected weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that government was responsible for performance evaluation of the Board. DAC directed the management to share

the details of total evaluations made by administrative ministry with Audit. However, no record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.3 Procurement and Contract Management

4.3.1 Loss due to closure of combined effluent treatment plant project - Rs.12.098 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management had closed the project of combined effluent treatment plant at KCIP after payment of an amount of Rs.12.098 million to the consultant M/s Nespak at design stage. The main reason of closure of the project, stated by the management was annual maintenance cost of Rs.40 million which was refused to be paid by allottees of the KCIP.

Audit was of the view that management installed combined effluent treatment plant without due diligence and wasted resources.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the payment was made for consultancy charges to M/s Nespak based on milestones mentioned in agreement. DAC directed the management to ensure that same consultancy should not be awarded in totality in future except cost revision and vetting by competent forum. The DAC directed to verify the factual position to audit. However, no documentary evidence was furnished to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.3.2 Irregular / Unjustified payment on account of non-BOQ items at NFIP - Rs.30.823 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that the management paid an amount of Rs.30.823 million on account of additional non-BOQ item (sand) to the contractor, M/s Gul Construction, at NFIP project.

Audit was of the view that management paid on account of non-BOQ items without the approval of the DWP. It reflected weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that BOQ items of the contract were tentative which were recommended by the consultant and the same were subject to variation, if the consultant found it necessary. Any such variation in BOQ was not considered an irregularity. DAC directed the management that it must be ensured that the consultant remains blacklisted and no work should be awarded to him in future. However, no progress has been made till finalization of this report.

Audit recommends implementation of DAC directives.

4.3.3 Cost overrun at Bin Qasim Industrial Park Phase-II - Rs.58.194 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management had made cost overrun of Rs.58.194 million at BQIP of Package-I of Phase-II as the contract was abnormally delayed for 24 months. The detail is hereunder;

Estimated Cost	Actual cost	Cost overrun	Percentage
494,786,277.75	552,980,516	58,194,239	11%

Audit was of the view that management did not monitor the progress effectively which showed inefficiency, poor planning and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that contract amount increased by Rs.58 million due to additional work not included in original contract. DAC directed the management to get verify the record from Audit. However, no documentary evidence was produced to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.3.4 Unauthorized / unjustified variation in the contract cost – Rs.54.088 million

According to contract agreement, Engineers authority to issue variation in emergency is 5% of the contract price. In case of excess on the contract price (not BoQ) beyond 5%, the variation orders are required to be approved by the competent authority in accordance with the specified limits, but, in no case, any new item of the work could be undertaken.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management awarded work of Rs.452.199 million to the contractor, M/s Haji Syed Ameer & Brothers, for construction of internal road at BQIP under Package –II. Contrary to above, management changed quantities of BOQ amounting to Rs.54.088 million which was a variation of 12 per cent.

Audit was of the view that irregular / unjustified deviation from quantity of BOQ items reflected management inefficiency, ineffectiveness and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that contract amount increased by Rs.58.00 million due to additional work not included in original contract. DAC directed the management to get verified the record from Audit. However, no documentary evidence was produced to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.3.5 Non – recovery of penalty from contractor – Rs.26.48 million

According to the integrity pact, if a contractor or any of his sub-contractors, agents or servants, is found to have violated or is involved in violation of the Integrity Pact signed by the Contractor as Schedule-F to his Bid, the Employer shall be entitled to:

- (a) recover from the Contractor an amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by the Contractor or any of his Sub-Contractors, agents or servants.
- (b) terminate the Contract and recover from the Contractor any loss or damage to the Employer as a result of such termination or of any other corrupt business practices of the Contractor or any of his sub-contractors, agents or servants.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was noted that management awarded construction work of infrastructure and allied works at Naushehro Feroz Industrial Park to M/s Gul Construction for Rs.264.847 million under the supervision / consultant, M/s Arch Vision Consulting Engineers Environmentalists & Architects. The contractor submitted fake Bank Guarantee for completion of remaining work. Management terminated the contracts. However, it was observed that contrary to above integrity pact, management did not effect recovery of the amount on account of loss or damage suffered by company as a result of termination of contract.

Audit was of the view that the management was required to effect recovery of the amount along with termination of the contract. Non – recovery of penalty amount from contractor reflected weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that contractor submitted fake Bank Guarantee which was verified from the concerned bank and contract was terminated. DAC directed the management to get the facts verified from Audit and that it must be ensured that the contractor must not be awarded any work in future. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends recovery of the amount accordingly.

4.3.6 Irregular / unjustified expenditure on consultancy work – Rs.8.200 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that the management re-awarded NFIP project consultancy contract for Rs.8.200 million to M/s Asian Consulting Engineers (Pvt.) Ltd for design & construction, the scope of work was already completed by another contractor (**Annex-G**).

Audit was of the view that management made an extra expenditure to include the same scope of work to subsequent consultant which reflected inefficiency and poor internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that payments to consultant were made as per contractual terms as it was not anticipated that the consultant would indulge in fraudulent activity. DAC directed the management to get verify the extra-work and additional cost from Audit. However, no progress has been made till finalization of this report.

Audit recommends implementation of DAC directive.

4.3.7 Loss due to non-recovery of liquidity damages - Rs.49.366 million

According to contract agreement, Engineer's authority to issue variation in emergency is 5% of the contract price.

Liquidated damages are 0.10% of the contract price for each day of delay in completion of the works subject to a maximum of 10% of contract price.

Rule 26 of GFR provides that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

During performance audit of National Industrial Parks Development & Management Company, Karachi for the year 2018-19 & 2019-20, it was observed that Construction of Infrastructure Development works at Rachna Industrial Park was awarded to the contractor, M/s. Ghousia Engineering & Construction (Pvt.) Ltd, at a cost of Rs.493.660 million. The work was required to be completed in a year by 31.03.2020 but not completed till March, 2021. Management neither recovered liquidity damages of Rs.49.366 million nor encashed performance bond of the contractor.

Audit was of the view that non-recovery of liquidity damages charges reflected undue favour to the contractor and poor internal controls.

The matter was reported to management on June 2022. DAC in its meeting held on 23rd June 2022 was informed that completion was delayed due to Covid-19, connection of electricity and water supply, issuance of various NOCs by different departments and delay in settlement of boundary limits and land acquisition process by Govt. of Punjab. Therefore, all these reasons were primarily beyond the control of the Contractor and hence, no liquidity damages could be applied. The DAC directed the management to produce details of remaining work as on March 31st, 2020, completion date along with approval of the Board regarding extension of the contract to audit for verification. However, no progress has been made till finalization of this report.

Audit recommends fixing of responsibility and recovery of liquidated damages from the contractor.

4.3.8 Irregular procurement of vehicles during ban period - Rs.13.229 million

According to Ministry of Finance letter No: 7(1) Exp. IV/2016-577 dated 03.12.2018, there was complete ban on purchase of all types of vehicles. A committee was also constituted in Finance Division to review the proposals seeking relaxation of ban for purchase of vehicles.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that contrary to above austerity measures, the management purchased various vehicles at Rs.13.229 million (**Annex-H**).

Audit was of the view that procurement of vehicles during ban period was irregular.

The matter was reported to management on June 2022. DAC in its meeting held on 23rd June 2022 was informed that NIP Board was empowered to approve and task management to implement the approved policies. The DAC directed the management to get the clarification from the Finance Division in the matter. However, no progress has been made till finalization of this report.

Audit recommends compliance of DAC directives.

4.3.9 Irregular / unjustified appointment of External Auditors –Rs.1.040 million

Finance Division's letter dated March 25, 1981, Auditors should be appointed in consultation with Auditor General of Pakistan and rotated after every 5 years.

Rule – 20 of PPRA Rules, 2004 states that procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that the management appointed BDO Ebrahim & Co. Chartered Accountants as External Auditor without obtaining concurrence of the Auditor General of Pakistan and kept on renewing their agreement from 2013-14 to 2021-22 (09 years) without any reasonable grounds and competitive bidding. The management paid an amount of Rs.1.040 million to the external auditors for their services.

Audit was of the view that management appointment of External Auditors & continuation of their services for such a long period was irregular.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that they had obtained three quotations / bids in accordance with PPRA rules because the amount was below the threshold limit to enter into tendering process through advertisement. DAC directed the

management to re - advertise for fresh appointment of external auditors and report should be shared with audit. However, no documentary evidence was furnished to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.4 Asset Management

4.4.1 Blockage of fund due to purchase of water pumps – Rs.7.00 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that two water pumps, with capacity of 100 hp were procured at Rs.7.00 million in 2007 and were kept non-operational at KCIP.

Audit was of the view that decision of the management to procure the water pumps was imprudent and indicated lack of planning.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that water pumps were acquired to meet the growing future needs of the industrial park. The DAC directed the management to initiate internal inquiry and fix responsibility. However, no progress was provided to audit till finalization of this report.

Audit recommends compliance of DAC directives.

4.4.2 Wasteful expenditure on installation of non-operational underground water tank - Rs.82.059 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management constructed underground water tank, with capacity of one million gallons, at a cost of Rs.82.059 million

at Bin Qasim Industrial Park. The work was started at sites on 28th April, 2014, and completed on 31st January, 2016, but the underground tank was non-operational till-date of audit.

Audit was of the view that expenditure was unjustified.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the underground water tank was constructed as part of the first phase of infrastructure development and was ready for use and the water was being stored in it. The DAC directed the management to operationalize the water tank and get the same verified from Audit. However, no documentary evidence was furnished to audit till finalization of this report.

Audit recommends that the management may provide timelines on operationalization of the water tank.

4.4.3 Revenue loss due to non-determination of price of plots – Rs.1,130.265 million

According to the terms and conditions for plot for land at Bin Qasim Industrial Park, NIP will charge a base price for standard plot (s) of land. In addition, there will be defined premiums for corner / especial sites plot (s) of land and the plot (s) of land with higher build ratios.

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management fixed the price of land at BQIP Park at flat rate basis, whereas as per sale policy the rate of plot should have been at defined premium for corner / special sites of land (**Annex-I**).

Audit was of the view that management did not fix plot rates as per policy, resultantly, company had to suffer revenue loss of Rs.1,130.265 million (Rs.5,651.328 million * 20%). It reflected inefficiency and poor internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that PIDC projects were essentially driven by development cost & cost of land, rather than prevailing trends / practices of the private real estate market. The DAC directed the management to get the record verified from Audit. However, no progress has been made till finalization of this report.

Audit recommends that the management may provide timelines on the subject matter.

4.4.4 Irregular / unjustified expenditure on repair & maintenance at Rachna Industrial Park – Rs.6.00 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management sold 54.220 acres of plots out of total of 159.66 acres at Rachna Industrial Park, but no construction work has started yet. However, the management had incurred an expenditure on account of repairing / rehabilitation of water and sewer lines of Rs.6.00 million stating that these lines had been choked, damaged and slice valves were misplaced.

Audit was of the view that the expenditure was made without any justification which reflected management's negligence and sub-standard quality of infrastructure works could also not be ruled out.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that most of the water supply lines were damaged and inoperable due to hot and cold weather conditions at Rachna Industrial Park-Sheikhupura. The actual expenditures were Rs.0.766 million and Rs.6.00 million was the estimated cost. The DAC directed the management to submit revised reply and get the facts verify from Audit. However, no progress has been made till finalization of this report.

Audit recommends that the management may provide timelines on the subject matter.

4.4.5 Non-initiation of development work at BQIP - Rs.1522.181 million

According to sales policy, the failure of the applicant / allottee to meet the timelines provided for in respect of the payment schedule / operation / construction may result in cancellation of the allotment / licence / sub-lease as the case may be and subsequent repossession of the plot of land by Pakistan Steel / NIP upon a refund of 90% of the amount paid to both Pakistan Steel and NIP by the applicant / allottee, without markup, after 90 days of such cancellation / repossession.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management sold plots of BQIP in 2015 and onwards. Despite issuance of the license agreements, the allottees did not commence the construction work at their plots even after lapse of considerable time since date of allotment (**Annex-J**).

Audit was of the view that non-constructions of the industrial plots despite issuance of license agreement indicated management's inefficiency and poor monitoring over the project.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that as per new policy industrial work was to be started within 02 years. The DAC directed the management to issue notices to the allottees and pursue the matter as per new policy. However, no progress has been made till finalization of this report.

Audit recommends compliance of DAC directives.

4.4.6 Non-revision of sale price of KCIP's land

Rule 5 (1) of Public Sector Companies (Corporate Governance) Rules, 2013, states that the Board shall exercise its power and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that sale price of plots at KCIP project remained static from 2007 to 2015.

Audit was of the view that management kept the price of plots unchanged despite the fact that market trend of the property and development cost had increased manifold during the period, which showed management's poor monitoring and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that primary objective of PIDC was to promote industrialization. Therefore, land in its project was sold on subsidized rate. DAC directed the management to submit revised reply with change in price slabs along with copy of Board decisions. However, no documentary evidence was furnished to audit till finalization of this report.

Audit recommends implementation of DAC directives.

4.4.7 Loss due to imposition of surcharge by KW&SB – Rs. 6.467 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are

properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Karachi Water & Sewerage Board (KW&SB) imposed surcharge of Rs.6.467 million against the company.

Audit was of the view that due to administrative issues of the management, the authority had imposed surcharge which indicated management's inefficiency and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that matter is disputed with KW&SB. DAC directed the management to get the issue resolved. However, no documentary evidence was furnished to audit till finalization of this report.

Audit recommends implementation of DAC directives

4.4.8 Non-recovery of outstanding amount from the customer (s) and other (s) – Rs.524.922 million

Rule 26 of GFR provides that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed an amount of Rs.524.922 million was outstanding against allottees of Korangi Creek Industrial Park (KCIP), Rachna Industrial Park, Tax Authority and Khairpur Special Economic Zone (**Annex-K**).

Audit was of the view that management failed to monitor prompt recovery against the debtor (s), which indicated management's poor financial management and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that efforts have been made to recover the outstanding amount from the customer (s) and other (s). It was further informed that an amount of Rs.57.598 million had been recovered out of Rs.524.922 million. DAC directed the management to get the recovered amounts verified from Audit and expedite the remaining recovery. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.4.9 Blockage of development funds at NFIP – Rs.130.00 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that PIDC released funds of Rs.130.00 million for development works at NFIP project in the year 2014 and 2015, but the same were not utilized accordingly.

Audit was of the view that management did not utilize funds as per PC-1 which reflected the management's inefficiency, poor planning, lack of interest and objective judgment.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that requisite land could not be procured within a couple of years due to many reasons, including non-release of funds. DAC directed the management to submit revised reply to audit with proper justification. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.4.10 Irregular / unjustified placement of funds – Rs.3,300.00 million

According to Finance Division office memorandum No.F.4(1)/2002-BR.II dated 02.07.2003, the process of selection of Bank (s) for investment purpose should be transparent. Therefore, prior to placing deposits into a banks, under this new policy, and in case the total working balances exceed Rs.10 million, the selection of the bank (s) as well as the terms of deposits would be approved by the concerned Board of Directors / Governing body on the basis of competitive bids from at least three independent banks / investment companies.

During performance Audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that management placed its funds of Rs.1,800.00 million & Rs.1,500.00 million in the years 2019 & 2020, respectively, into various banks and financial institutions, without observing the procedure mentioned in the above Finance Division office memorandum.

Audit was of the view that management placed funds into various bank accounts without observing the codal requirement which showed poor financial management and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that company was an autonomous body and the Board of Directors had been granted autonomy by the Ministry of Finance. DAC directed the management to submit revised reply and get the bidding process verified from Audit. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.4.11 Irregular / unjustified payment of bonus – Rs.10.646 million

Finance Division O.M No.F.3 (5) R.12/80(R.14) Vol-II/2001/544 dated Nov 30, 2001, requires that the bonus should be paid to the employees on the basis of operational profit of the organization.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that the management paid bonuses of Rs.10.646 million to its employees despite the fact that company's profit & loss accounts reflected operational losses in these years (**Annex-L: Detail of Bonus Beneficiaries**).

Audit was of the view that the bonus was paid without considering the company's performance which reflected negligence and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that performance of NIP was not reflected in revenues and profits, but total collection from customers truly represented the performance, and Board approved the bonus on the basis of cash collection. DAC directed the management to get verify the profit and receipts of the collection from Audit. However, no record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives, besides, taking approval from Finance Division.

4.5. Organization and Management

4.5.1 Irregular / unjustified appointment of Chief Executive Officer – Rs.9.35 million

According to advertisement dated 10th June, 2018, the position of CEO was for an experienced individual with 25 years of experience in various industrial and business sectors with renowned local / multinational organizations including significant exposure of Directors/CEO/MD positions. He shall possess Master's degree in Management Science/ business administration / B.E from well-reputed HEC recognized institution.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Mr. Rizwan Ahmed Bhatti, was appointed on January 2nd 2019 as Chief Executive Officer, at monthly salary of Rs.850,000 along with other benefits. Contrary to the requirements in the advertisement, the incumbent was B.Ss (Pure Math s) and his main experience was in the Marketing, except the last tenure as CEO at Railway Estate Development & Marketing Company where he served for almost 5 years.

Audit was of the view that incumbent's appointment was against the advertisement criteria, thus, irregular / unjustified.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that incumbent held MBA degree from IBA Karachi along with 25 years of experience. DAC directed the management to get the relevant record of all candidates verified from Audit. However, no record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.2 Irregular / unjustified appointment of Chief Financial Officer – Rs.3.60 million

According to advertisement dated 17th February, 2019, maximum age limit for the position of CFO is 50 years.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that contrary to above advertised age criteria, Mr. Saleem Ahmed, Chief Financial Officer, was appointed on 15th May, 2019, despite the fact that he was overage by 2 years at the time of appointment. The management fixed his monthly salary at Rs.400,000 along with other benefits. After serving 9 months at Company, the incumbent resigned on 30th January, 2020.

Audit was of the view that the incumbent's appointment was irregular / unjustified and showed weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the Board of Directors regularized the appointment of Mr. Saleem Ahmed, ex-CFO NIP. DAC directed the management to get the relevant record verified from Audit. However, no record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives, besides, strengthening internal controls and referring to law Division for opinion.

4.5.3 Irregular re-appointment of Senior Project Manager - Rs.3.389 million

According to NIP D&MC Human Resource Manual, advertisement for recruitment of employees may be released in the local press or the national press, depending on the position to be sourced from.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was noted that the management initially appointed Mr. Shujaat Ali as Senior Project Manager in March, 2008, and he resigned / was relieved on 30.11.2015. However, he was re-appointed after resignation on 01.01.2016 as Senior Project Manager at monthly salary of Rs.94,160 without any competitive recruitment process. Subsequent verification from Pakistan Engineering Council reflected his degree as fake and the management terminated the services of the incumbent in March, 2019 (**Annex-M**).

Audit was of the view that management re-appointed incumbent without following recruitment procedure. It showed undue favour to the incumbent and negligence on the part of the management and indicated weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the CEO NIP recommended withdrawal of resignation and the continuation of service on same terms and conditions. DAC directed the management to pursue case with FIA and also file a recovery suit. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.4 Irregular appointment of Estate Officer – Rs.0.900 million

According to advertisement of daily Dawn dated 08 February, 2019, regarding the post of Estate Officer, minimum relevant experience was of 07 years with maximum age limit of 35 years.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Mr. Abdur Bari Shahzad was appointed against the post of Estate Officer on November 13, 2019 without observing the years of experience mentioned in the advertisement. The incumbent had only one year experience against the required/advertised experience of seven years.

Audit was of the view that management violated the above-mentioned criteria while appointing the incumbent which reflected weak internal controls in the company.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that incumbent was appointed as Estate Officer, deemed to have the most suitable profile in terms of experience and financial expectations. DAC directed the management to produce candidates' list and recruitment process to audit and get the record verified. However, no relevant record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.5 Irregular / unjustified appointment of Assistant Manager–Rs.1.200 million

According to NIP D&MC Human Resource Manual, interviews will form an integral part of the recruitment process. Interviews will be conducted separately by the Department Head / Concerned Manager and the Human Resource Head / Representative and the selection will be based on the merit of the candidate's suitability for the position. Interview assessment form will be filled by the assessor for final assessment on a prescribed format.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Mr. Mujahid Hussain was appointed as Manager on November 13, 2019 at monthly salary of Rs.60,000 along with other benefits. As per interview merit list, the incumbent was at serial No.04. However, the management ignored the three candidates above him in the merit list (**Annex-N**).

Audit was of the view that management violated the merit rules during appointment of the incumbent by ignoring the candidates at serial 1 to 3 which indicated weak internal controls in the company and undue favour to the incumbent.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that two candidates expected higher salary which was beyond the allocated budget and one candidate resigned within a week after joining. DAC directed the management to produce refusal record and salary expectations of the remaining three candidates to audit and get the record verified. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.6 Misuse of authority for financial gain - Rs.70.00 million

Rule 5 (5) (b) of Public Sector Companies (Corporate Governance) Rules, 2013, the Directors and Executives of a Public Sector Company do not allow a conflict of interest to undermine their objectivity in any of their activities, both professional and private, and that they do not use their position in the Public Sector Company to further their private gains in a social or business relationship outside the Public Sector Company.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Mr. Rashid Afzal, Head of Technical, misused his authority while procuring contracts for the construction of industrial units situated in BQIP. On the basis of inquiry report, the allegations were proved, and he was terminated from service in March, 2022.

Audit was of the view that management had poor monitoring over the project sites resulted into misuse of authority for personal gain in violation of rule.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that they were unaware about the activities of ex-PM BQIP and no written complaint had been received until M/s Ahmed Glass Industries submission. DAC directed the management to produce relevant record and get verified from Audit. However, no relevant record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.7 Irregular / unjustified payment of full & final settlement claims despite fake degree holders - Rs.1.679 million

According to Establishment Division D.O No.6 (28) 2011-DG-II Mar 08, 2011, the Prime Minister directed that measures should be taken to authenticate degrees / certificates of all Federal Government employees of the respective Ministries / Divisions, their attached departments, subordinate offices and autonomous bodies under their administrative control.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that on verification of degrees from concerned institutes / universities, the degrees of various employees were found bogus / fake. The management had not initiated degree verification process during the period of probation. However, the management had verified the degrees of the employee after 06 years which showed that five of the employees had submitted fake degrees at the time of appointment. Further, management paid an amount of Rs.1.679 million to the employees on account of full & final settlement claim (**Annex-O**).

Audit was of the view that appointment of employees on fake degrees reflected weak internal controls in the company.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that there was no policy for verification of educational documents prior to the Establishment Division's notification. DAC directed the management to file legal recovery suit against the fake degree holders. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.8 Irregular / unjustified appointment as Manager Technical – Rs.7.002 million

According to advertisement dated 17th February, 2019, the minimum experience was 12 years preferably in industrial estate infrastructure for the post of Manager Technical.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Mr. Aftab Hyder Sheikh, was appointed as Manager Technical at monthly salary of Rs.180,000 along with other benefits disregarding the advertised criteria as he had not relevant work experience for that post. Besides, he took the charge as Project Manager, whereas the post was advertised for Manager Technical. Thus, payment of Rs.7.02 million paid to the incumbent on account of salary and other benefits stood irregular / unjustified.

Audit was of the view that management violated recruitment rules and extended undue favor while appointing which showed weak internal controls in the company.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that the incumbent's major experience consisted of Pakistan Air Force, as Civil Engineer for about 15 years. The CEO re-designated the incumbent as Project Manager KCIP. DAC directed the management to get verified the appointment as Manager Technical and subsequent transfer as Project Manager. However, no relevant record was produced to audit by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.5.9 Irregular / unjustified appointment of I.T Officer – Rs.0.400 million

According to advertisement dated February 8, 2019, the position of IT officer had been advertised with minimum qualification of Bachelor Degree in I.T/ CS with IT Certification.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that contrary to above requisite qualification, Mr. Faisal Ahmed Malik, with B.E (Electronics), was appointed as Officer IT on 01.11.2019 at monthly salary of Rs.50,000.

Audit was of the view that management extended undue favor to the incumbent, which reflected negligence and weak internal controls.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC that incumbent had completed B.E (Electronics) from Sir Syed University and also possessed specialized certification in IT. DAC directed the management to conduct internal inquiry, fix

responsibility and submit report to audit. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

4.6 Sustainability

4.6.1 Irregular execution of license agreement causing delay in revenue recognition

Clause-3 of Memorandum of Understanding dated March 19, 2009 states that upon issuance of sub-lease deed by PIDC to the allottees, NIP shall transfer the amounts received from allottees / sub-lease holders after deducting its development cost and service charges, on a periodical basis to PIDC who shall share the same with Government of Sindh on agreed 50:50 basis.

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During performance audit of National Industrial Parks Development & Management Company for the years 2018-19 & 2019-20, it was observed that Board of Directors in its meeting held on October 02, 2020 approved the management fees of 5% of the development cost of the project with immediate effect, as against the expected rate of 15%. Consequently, reversal of management fees was booked in the year 2020 for Rs.194.893 million. Resultantly, operating loss increased by 285% from an amount of Rs.70.156 million to Rs.270.417 million in the year 2019-20. The detail is hereunder;

S#	Description	2019-2020	2018-2019
1	Revenue	41,916,445	43,259,540
2	Administrative Expense	(117,440,536)	(113,416,040)
3	Reversal of Management Fees	(194,893,796)	-
4	Operating Profit / (Loss)	(270,417,887)	(70,156,499)

Source: Annual audited accounts

It was further observed that:

- i. Management booked loss of Rs.1.189 million at Rachna Industrial Park in the year 2019.
- ii. Administrative expenses also increased by 3.54% from Rs.113.460 million in year 2018 - 19 to Rs.117.440 million in 2019-20.
- iii. Financial statements for the year 2019-20 reflected that management did not recognize the amount payable to PIDC & onwards to Government of Sindh under obligations of the MoU signed in year 2009.

- iv. The basis of management fee and price of land to be paid on sub-lease of industrial plots at KCIP are specified and agreed in the Memorandum of Understanding signed between the Company, PIDC, Government of Sindh and the President of Pakistan through Ministry of Industries and Production dated March 19, 2009. However, MoU expired in March 2014 and terms of MoU have not yet been extended. Therefore, MoU is not legally enforceable and revenue is not recognizable by the company until the execution of revised MoU among the stakeholders.
- v. Audit firm had given qualified opinion during the years under review.

Audit was of the view that non – sharing of revenue with the stakeholders as per MoU & slackness of Management reflected by inordinate delay for renewal & honoring the obligations under MoU indicated weak internal controls. Besides, the management recognized revenue upon execution of the license agreement/sub-lease with the customer, stating that the same was in accordance with International Financial Reporting Standard-15 and NIP policy, which required referral to Institute of Chartered Accountant of Pakistan (ICAP) for its opinion as to whether the recognition of revenue was in accordance with the IFRS or otherwise.

The matter was reported to the management in June, 2022, and discussed in DAC meeting held on 23.06.2022. The management informed the DAC about the facts and figures in respect of audit observations. DAC directed the management to present proper justification with corrective actions taken to the audit. However, no further progress was intimated by the management till finalization of this Report.

Audit recommends implementation of DAC directives.

5. CONCLUSION

The execution of the projects was not carried out efficiently as there was a time & cost overrun and assets were not effectively utilized. The projects were unable to deliver the potential economic benefits as envisaged in the feasibility study / project documents. The instructions given in the revised PC-1 were not followed. Moreover, implementation of policies / guidelines with respect to establishment of the projects was unsatisfactory. Therefore, it can be concluded that the projects were not executed in line with the project estimates, timelines and cost-estimates. Losses, non-achievement of outputs & outcomes resulted into non-achievement of the intended objectives & compromised value for money.

Project management needs to adhere to the regulations / policies and timelines. Moreover, internal control mechanism needs to be strengthened along with establishment of project monitoring unit.

ACKNOWLEDGEMENT

We wish to express our appreciation to the Management and Staff of National Industrial Parks Development & Management Company Karachi for the assistance and cooperation extended to the Auditors during this assignment.

Annex-A: detail of few civil works shown in the progress report

Physical Works Description	Physical completion stage in terms of percentage
Boundary Wall & Gate	84.10
Internal Roads	67.50
Overhead tank	32.00
Sewerage network	10.00
Septic tank	90.00
Sub station	64.86
Transformer Rooms	95.00
Non BoQ Sand	95.00

Substation



Boundary Wall



Non-BOQ Item



Sewerage Network / Open Nala



Overhead Tank



Main Gate



Annex-B: Loss on account of non-retention of investors due to lack requisite basic facilities at NIP

S#	Name of Allottees	Name of Project	Plot Area
1	Mrs Abida Qamar	Rachna Industrial Park	0.14 acre (1.12 Kanal)
2	Mr. Sheikh Najamul Haque	-do-	0.14 acre (1.12 Kanal)
3	M/s Lucky Auto Industries	Bin Qasim Industrial Park	5 Acres
4	M/s Siddiq Sons Tin Plate Ltd	-do-	12 acres
5	M/s. Liberty Steel Pvt Ltd	-do-	46 acres

Annex-C: Non-submission of building plan by investors for construction of land -Rs.261.796 million

				(Rs. in million)
S#	Customer Name	Plot Size/ Acres	Allotment letter date	Total Plot's Value
1	M/s. Al Shaheer Corporation	1.401	11-04-2013	41.329
2	M/s. Gigi Industries(Pvt.) Ltd. (Unit-1)	0.988	25-09-2012	29.146
3	M/s. Reliance Services Company	0.468	19-06-2013	13.806
4	United KingFood	0.468	09-09-2010	13.806
5	Alucan Pvt limited	0.633	02-09-2010	15.508
6	M/s Dewan Development Pvt. Ltd	0.988	22.06.2018	148.200
Total				261.796

Annex-D: Non – cancellation of allotments of plots at KCIP project

S#	Allottees's Name	Area in Acres
1	Al Rehman Lubricants (units-2)	0.520
2	Al Shaheer Corporation Pvt Ltd1	1.401
3	Al-Barka Apparel (Unit-1)	1.217
4	Al-Baraka Apparel (Unit-2)	0.794
5	Aluplas Pvt Ltd	0.633
6	Amkorp Garments	0.426
7	Ali Corporation	0.985
8	Ashraf Riaz Pvt Ltd	0.988
9	Bay Point Pvt Ltd	0.588
10	Becrux Pharma Pvt Ltd	0.515
11	Continental Trading Company	1.180
12	Continental Trading Company	0.890
13	Cotton & Silk	0.466
14	Crafter International (Unit 1)	0.399
15	Crafter International (Unit 2)	0.413
16	Dewan Development Pvt Ltd	0.988
17	Elite Hosiery Mills Unit -1	0.529
18	Elite Hosiery Mills Unit -2	0.529
19	Elite Hosiery Mills Unit -4	0.529
20	Flexchem Polyurethanes	0.900
21	Gigi Industries Pvt Ltd Unit-1	0.988
22	Gigi Industries Pvt Ltd Unit-1	0.987
23	Global Apparels	0.518
24	Helium Pharmaceuticals Pvt Ltd	1.973
25	Imran Crown Cork Pvt Ltd	2.449
26	LE Mendoza Pvt Ltd	1.977
27	M.Makki & Co.	1.84
28	Metier Pharmaceutique Pvt Ltd	2.083
29	Millennium Textile Mills	1.976
30	Nawan Laboratories Pvt Ltd	1.977
31	Nexus PharmaPvt Ltd	1.030
32	Osmani& Company	0.722
33	Pakistan Lubricants Pvt Ltd	2.841
34	Paradise Press Pvt Ltd	0.474
35	Performance Solutions Pvt Ltd	0.658
36	Rayyan Science Pvt Ltd	0.473
37	Reliance Services Company	0.468
38	SAAS Enterprises	1.031
39	Studio 46	0.613
40	United King Food Pvt Ltd	0.468
41	United Trading & Manufacturing Pvt Ltd 1	0.468
42	United Trading & Manufacturing Pvt Ltd 2	0.474
43	United Trading & Manufacturing Pvt Ltd 3	0.508
44	United Trading & Manufacturing Pvt Ltd 4	0.520
45	UTI Industries Pvt Ltd	1.976
46	W. Woodward Pakistan Pvt Ltd	1.977
47	Kausar Chemicals	0.801
48	Meraj Limited	1.995
Total acres		49.155

Annex-E: Non-achievement of sales targets - Rs.12,250.015 million

Rs. in million						
Description(s)	2019-20			2018-19		
	Targets	Actual	Variance	Targets	Actual	Variance
KCIP						
Sales (Acres)	4	0.806	3.194	7	0	7
Sales (Value)	420.000	120.900	299.100	870.000	0	870.000
BQIP						
Sales (Acres)	150	3.69	146.31	148	5	143
Sales (Value)	5,250.000	134.685	5,115.315	5,180.000	180.000	5,000.000
Rachna Industrial Park						
Sales (Acres)	28	0	28	29	0	29
Sales (Value)	392.000	0	392.000	573.600	0	573.600
Total	6,062.000	255.585	5,806.415	6,623.600	180.000	6,443.600

Annex-F: Non-achievement of receipt / recovery targets - Rs.5,639.039 million

Rs. in million						
Description	2019-20			2018-19		
	Targets	Actual	Variance	Targets	Actual	Variance
KCIP						
Receipts / recovery	609.000	291.636	317.363	890.520	172.895	717.624
BQIP						
Receipts / recovery	2288.000	251.905	2,036.095	2413.000	516.743	1,896.256
Rachna Industrial Park-Sheikhupura						
Receipts / recovery	125.000	26.900	98.100	573.600	0	573.600
Total	3,022.000	570.441	2,451.558	3,877.120	689.639	3,187.481

Annex-G: Irregular / unjustified expenditure on consultancy work – Rs.8.200 million

Rs. in million					
Description	M/s Arch Vision-Awarded	M/s Arch Vision-Paid	Left over cost	Re-award Asian Consulting Engineers (Pvt.) Ltd.	Excess cost C=B-A
			(A)	(B)	
Design Stage	6.947	6.613	0.334	5.716	5.382
Construction Stage	7.408	3.756	3.652	6.469	2.816
Total	14.356	10.370	3.986	12.185	8.198

Annex-H: Irregular procurement of vehicles during ban period - Rs.13.229 million

S#	Name / Make	Model	Regd. No.	Rs. in million
1	Suzuki Cultus	2019	BQT-230	1.990
2	Honda City	2019	BQP-690	2.507
3	Honda City	2019	BQB-552	2.074
4	Honda City	2019	BQL-515	2.074
5	Toyota Corolla	2019	GPA-978	2.917
6	KIA PICANTO	2020	LEO-20-2078	1.,666
Ground Total				13.229

Annex-I: Revenue loss due to non-determination of price of plots – Rs.1,130.265 million

S#	Base Price Fixed in the year	Selling price per acre	Acre sale	Rs. in million Total amount
1	2013	8.50	50.275	427.337
2	2014-15	13.50	19.836	267.786
3	2017	18.00	139.716	2,478.88
4	2018	35.00	30.00	1,050.00
5	2019	36.00	5.00	180.00
6	2020	36.50	3.690	134.685
7	2021	37.088	30.00	1,112.64
Total				5,651.328

Annex-J: Non-initiation of development work at BQIP - Rs.1522.181 million

S#	Name of Allottees	Date of allotment	Acre	Sale per acre	Rs. in million Total amount
1	DE Automotive Pvt. Ltd.	21-Sep-2015	3.270	13.500	44.145
2	Gasco Engineering Pvt. Ltd.	21-Sep-2015	2.000	13.500	27.000
3	Central Ventilation System Pakistan Pvt. Ltd.	21-Sep-2015	3.467	13.500	46.804
4	Lucky Motor Corporation Ltd. (Formerly, Lucky Auto Industrial Pvt. Ltd.)	17-May-2019	5.000	36.000	180.000
5	Pinnacle Biotech Pvt. Ltd.	22-Mar-2017	10.000	18.000	180.000
6	Master Auto Engineering SMC - Pvt. Ltd.	20-Dec-2017	12.000	35.000	420.000
		20-Apr-2018	3.000	35.000	105.000
7	Lily International	02-Feb-2021	5.000	37.088	185.440
8	Lucro Pvt. Ltd.	28-Apr-2021	3.000	37.088	111.264
9	UniveRs.al Carton Industrial	31-May-2021	6.000	37.088	222.528
Total					1,522.181

Annex-K: Non-recovery from the customer (s) and other (s) – Rs.524.922 million

Rs. in million		
S#	Description	Outstanding Amount
1	Al Shaheer Corporation Pvt Ltd (KCIP)	10.000
2	Dewan Development Pvt Ltd (KCIP)	73.200
3	Reliance Service Company (KCIP)	6.903
4	Mr. Hasan	7.000
5	M/s Next Bridge	7.000
6	Syed Umer	7.000
7	Sky High Industries	7.000
8	M/s Risan Synthetic Technique	6.500
9	M/s Bamboo King	7.000
10	Sheikh FazalJaleel	3.900
11	Mr. Usman Anwar Kiyani	1.555
12	CalganPhytoPharmaPvt Ltd	3.120
13	MehmoodShafiBatla	0.620
14	InterwoodMobel	180.000
15	Tax Authorities (Federal Board of Revenue)	191.853
16	Khairpur Special Economic Zone	12.271
Total		524.922

Annex-L: Irregular / unjustified payment of bonus – Rs.10.646 million

Rs. in million		
S#	Years	Payment of Bonus
1	2018-19	4.576
2	2019-20	6.069
Total		10.646

The details are tabulated below;

Rs. in million		
	2018-19	2019-20
Revenue	41.916	43.259
Administrative Expenses	(117.440)	(113.416)
ReveRs.al of management Fees	(194.893)	-
Operating Loss	(270.41)	(70.156)

Source : (Annual audited Accounts)

Detail of Annual Bonus Beneficiaries For the Year 2019-2020			
S.No.	Employee's Names	Designation(s)	Bonus Paid in Rs.
1	Rizwan Ahmed Bhatti	Chief Executive Officer	391,233
2	Saleem Ahmed	Chief Financial Officer	282,945
3	Ghosya Safdar	A.M Legal	85,069
4	Saiyid Asghar Mustafa Husain	Manger HR	175,000
5	Mujahid Hussain	Assistant Manager HR	41,315
6	Muhammad Awais	Assistant Manager Admin	50,479
7	Charmaine Dsouza	Executive Secretary	

			106,336
8	Imran Aftab	Out Door Officer / Admin Assistant	63,883
9	Falak Akhtar	Officer HR & Admin	40,000
10	Amber Saleem	Front Desk Officer	38,575
11	Faisal Ahmed Malik	I.T Officer	33,288
12	Muhammad Imran	Tea Boy	40,244
13	Muhammad Arif	Tea Boy (KCIP)	40,244
14	Muhammad Zahid	Driver (BQIP)	32,700
15	Muhammad Shahbaz	Tea Boy	32,700
16	Muhammad Saleem	Sweeper	25,000
17	Taj ul Islam	Snr. Manager Admin & Corporate Affairs	325,058
18	Muhammad Atiq Raza	Asst Manager Accounts	139,181
19	Vijay Kumar	Deputy Manager Accounts	140,000
20	Muhammad Faizan	Manager Accounts & Finance	138,358
21	Sharjeel Javaid	Accounts & Finance Officer	40,000
22	Syed Hassan Ahmed Qadri	Accounts Officer	32,110
23	Naveed Rasheed	Chief Internal Audit	225,000
24	Farrukh Qamar	Manager Marketing & Customer Service	134,315
25	Valentina Fernandes	AM Corporate Communication	149,515
26	Nadeem Asghar	Asst Manager Sales	107,321
27	Syed Adeel Naqvi	Asst Manager Sales & Marketing	70,000
28	Rashid Afzal	Sire Manager	250,000
29	Sana Umair	Asst. Manager Contract	80,000
30	Faizan Khan	Asst. Manager Project Supervisor	101,863
31	Kamran Faraz	A.M. Technical	100,959
32	Asma Kanwal	Deputy Manager, S&CS	156,977
33	Rashid Mehmood	Asst Manager Quality Surveyor	23205

34	Mudassar Hamid	Office Assistant	16,575
35	Muhammad Rizwan	Tea Boy	32,628
36	Ashraf Inayat	Driver	39,277
37	Amir Shehzad Khan	Driver	32,613
38	Attir Ameer	Technical Support Officer	40,000
39	Aftab Hyder Shaikh	Project Manager-KCIP	180,000
40	Muhammad Danish Raza	A.M. Site Supervisor	89,390
41	Hamza Baloch	A.M Estate Management KCIP	51,726
42	Abdul Khalique	Estate Officer KCIP	29,096
43	Kashif Noor	Admin & security officer- KCIP	72,131
44	Muhammad Hussain	From Desk Officer-KCIP	45,000
45	Jan Muhammad	Driver	42,394
46	Muhammad Farooq	Driver (HO)	32,700
47	Javed Ahmed Shiekh	Manager Site-BQIP	261,576
48	Wajid Ali Shaikh	Assistant Manager - Project BQIP	81,205
49	Waheed Ali Siyal	Technical Support Officer	51,986
50	Abdul Bair Shahzad	Estate Officer BQIP	28,479
51	Wahab Alam	Driver (BQIP)	42,414
52	Asif Amin	Manager Projects (North)	198,000
53	Shahzad Ahmed	A.M. Administration	82,381
54	Zaheer Abbas	Site Supervisor	63,802
55	Shahnawaz Hajyani	Site Manager	150,000
56	Asif Ali	Project Supervisor	48,219
57	Iftikar Hussain	Admin Officer	51,986
58	Asfand Munaf	Management Trainee Officer	22,356
59	Sahar Irfan Khan	Management Trainee Officer	22,521
60	Bilal Saleem	Management Trainee Officer	18,822
61	Khawaja Ahsan Mohiuddin	Technical Assistant	49,464
62	Amjad Ali	Driver	25,000
63	Badar	Guard	25,000
64	Manzoor	Guard	25,000
65	Muneer Ahmed Khan	Tea Boy	28,059
66	Aijaz Ali Bugti	Admin Officer	23,980
67	Mukhtar Ali	Computer Controller	17,500
68	Mushtaq Masih	Sweeper	3,952
69	Nazir Ahmed Nalaria	Senior Manager Sales &	129,523

		Marketing	
70	Aijaz Ali Baloch	Manager Admin & Estate	42,906
71	Farhan Baig	Manager Marketing & Sect Sez committee	115,712
72	Bashiruddin Farooqi	AM Sales	63,730
Grand Total			6,069,976

Detail of Annual Bonus Beneficiaries for the Year 2018-19			
S. No.	Employee's Names	Designation(s)	Bonus Paid in Rs.
1	Rizwan Ahmed Bhatti	Chief Executive Officer	419,178
2	Charmaine D'souza	Executive Secretary	97,556
3	Ghosya Safdar	AM Legal Affairs	70,950
4	Imaran Aftab	FDO	58,608
5	Falak Akhtar	Officer HR / Admin	35,000
6	Nazir Nagiaria	Sr. Manager Sales & Marketing	437,133
7	Valentina Fernandas	Customer Sales Executives	139,734
8	Nadeem Asghar	Asst Manager Sales	98,460
9	Syed Adeel Naqvi	Asst Manager Sales & Marketing	61,902
10	Javed Ahmed Shiekh	Project Manager-KCIP	249,120
11	Farhan Baig	Manager Marketing	218,607
12	M. Danish Raza	Am Site (Supervisor)-KCIP	82,009
13	Kashif Noor	Admin Officer-KCIP	66,175
14	Muhammad Hussain	From Desk Officer- KCIP	39,179
15	Rashid Afzal	Project Manager-BQIP	161,684
16	Ahsan Mohiuddin	Technical Assistant -BQIP	47,109
17	Taj-ul-Islam	Sr. Manager Finance & Accounts / Company Secretary	309,579
18	M.Atiq Raza	Am Accouns	130,076
19	Muhammad Faizan	AM Fin. & Accounting	140,000
20	Bashiruddin Farooqi	AM Sales & Customer Services RO North	126,421
21	Asma Kanwal	DM Sales & Custome Services RO North	145,349
22	Shahzad Ahmed	Administrative Officer RO North	75,579
23	Sana Umair	Assistant Manager -Contract	71,088
24	Junaid Parwaz	Sr. Manager Marketing & Customer Services RO North	270,010

25	Attir Meer	Technical Support Officer NO North	26,015
26	Zaheer Abbas	Site Supervisor NO North	58,534
27	Shahnawaz Hajyani	Project Manager (KSEZ/NFIP)	125,913
28	Aijaz Bughti	Admin Officer – KSEZ	22,000
29	Mukhtar Ali	Computer Controller-KSEZ	15,000
30	Aijaz Ali Baloch	Mgr. HR/ Admin	162,119
31	Sharjel Javeed	Accounts Officer	40,000
32	Naveed Rasheed	Chief Internal Auditor	25,753
33	Saleem Ahmed	Chief Financial Officer	52,603
34	Asif Ameen	Project Engineer North	24,411
35	Wahab Alam	Driver BQIP	38,912
36	Jan Muhammad	Driver HO	38,894
37	Imran Aziz	Tea Boy HO	36,921
38	M.Arif	Tea Boy HO	34,841
39	M.Rizwan	Tea Boy RO North	29,934
40	Amir Shehzad	Driver RO North	29,920
41	Ashraf Anayat	Dirver RO North	37,407
42	M.Farooq	Driver HO	30,000
43	M.Zahid	Driver KCIP	30,000
44	Muhammad Shahbaz	Tea Boy HO	30,000
43	Mushtaq Masih	Sweeper HO	23,648
44	Muneer Khan	Tea Boy – HO	25,742
46	Muhammad Amjad	Driver-RO North	22,153
47	Muhammad Saleem	Sweeper HO	23,648
48	Badar UZ Zaman	Guard-HO	20,722
49	Manzoor	Guard-HO	20,722
Grand Total			4,576,318

Annex-M: Irregular re-appointment of Senior Project Manager - Rs.3.389 million

S#	Months x Salary	Period	Rs. in million
1	12 x 94,160	01-01-2016 to 31-12-2016	1.129
2	12 x 94,160	01-01-2017 to 31-12-2017	1.129
3	12 x 94,160	01-01-2018 to 31-12-2018	1.129
			3.389

Annex-N: Irregular / unjustified appointment of Assistant Manager–Rs.1.200 million

S#	Name of Candidate	Total	Merit
1	Muhammad Usman	86	1
2	Rehana Sajid	85	2
3	Malik Nauman	82	3
4	Mujahid Hussain	81	4

Annex-O: Irregular / unjustified payment of full & final settlement on account of fake degree - Rs.1.679 million

					Rs. in million
S#	Name & Designation(s)	Appointment Date	Reason of Discharge	Resigned / Termination Date	Full & Final Payment
1.	Nadeem Ahmed Abbasi, A.M Site Supervision (BQIP)	25-11-2011	Resigned (Edu. Documents)	15-Nov-2018	0.720
2.	Habib Younus, D.M. Administration	01-03-2007	Resigned (Edu. Documents)	27-Nov-2018	0.266
3.	Mr. Khurram Shahram, Manager HR & Administration	12-05-2011	Resigned (Edu. Documents)	18-March-2019	0.628
4.	Mr. Shujaat Ali, Sr. Manager Projects (North)	01-03-2008	Terminated (Fake degree)	20-March-2019	0
5.	Muhammad Ashraf, A.M Estate (KCIP)	26-04-2009	Terminated (Fake degree)	04-April-2019	0.063
Total					1.679