



**PERFORMANCE AUDIT REPORT**  
**ON**  
**RIGHT BANK OUTFALL DRAINAGE - I**  
**PROJECT SUKKUR**  
**AUDIT YEAR 2016-17**

**AUDITOR GENERAL OF PAKISTAN**



## **PREFACE**

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor General's (Functions, Powers, Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of Expenditure and Receipts of Government of Pakistan.

This Report is based on performance audit to examine the economy, efficiency and effectiveness aspects of Right Bank Outfall Drainage – I Project, Sukkur for the period from July, 1994 to October, 2016. The Directorate General of Audit WAPDA (Water Resources) conducted performance audit of the Right Bank Outfall Drainage – I Project, Sukkur during November, 2016 with a view to reporting significant findings to the relevant stakeholders. In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules and regulations in managing the Right Bank Outfall Drainage – I Project, Sukkur.

Audit findings indicate the need for taking specific actions to realize the objectives of the Right Bank Outfall Drainage – I Project, Sukkur besides instituting and strengthening internal controls to avoid recurrence of violations and irregularities.

Audit observations have been finalized in the light of discussion in Departmental Accounts Committee (DAC) meeting.

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

Dated: 12 OCT,2018  
Islamabad

**Sd/-**  
**Javaid Jehangir**  
Auditor General of Pakistan



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## **Abbreviations and Acronyms**

BoQ	Bill of Quantity
CCA	Cultivable Command Area
CDL	Cash Development Loan
CDWP	Central Development Working Party
DAC	Departmental Accounts Committee
DLP	Defect Liability Period
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
EIRR	Economic Internal Rate of Return
EoT	Extension of Time
EPC	Engineering Procurement Construction
GCA	Gross Command Area
GoP	Government of Pakistan
HEIS	High Efficiency Irrigation System
ICB	International Competitive Bidding
IDC	Interest During Construction
IPC	Interim Payment Certificate
IPD	Irrigation and Power Department
KM	Kilo Meter
LAC	Land Acquisition Collector
LAO	Land Acquisition Officers
LC	Local Component
LD	Liquidated Damages
LoA	Letter of Acceptance
MKZP	Miro Khan Zero Point
MoU	Memorandum of Understanding
MNVD	Main Nara Valley Drainage
MoWP	Ministry of Water and Power

NEC	National Economic Council
O&M	Operation and Maintenance
PARC	Pakistan Agriculture Research Council
PC	Planning Commission
PD	Project Director
PEC	Pakistan Engineering Counsel
PKR	Pakistani Rupees
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Programme
RBOD	Right Bank Outfall Drainage
RBMP	Right Bank Master Plan
RD	Reduce Distance
TOC	Taking Over Certificate
WAPDA	Water and Power Development Authority

## EXECUTIVE SUMMARY

Directorate General Audit WAPDA (Water Resources) conducted performance audit of Right Bank Outfall Drainage Stage-I (RBOD-I) Project WAPDA Sukkur in November, 2016. Main objectives of the audit were to evaluate the economy, efficiency and effectiveness of the project. Audit was conducted in accordance with the prevailing rules and regulations.

RBOD-I Project is an integral part of Right Bank Outfall Drainage System which was planned as a means of disposing off effluent from the Right Bank of Sukkur and Guddu Barrage Commands in Sindh Province. The Gross Command Area (GCA) to be benefited under the Project was 1.28 million Acres and major part of the project area lied within the districts of Larkana, Qamber, Shikarpur and Dadu. General Manager (Projects) South WAPDA, is administering the project.

The Project was approved by the Executive Committee of National Economic Council (ECNEC) on September 18, 1994 with a cost of Rs. 4,395 million which was revised on November 30, 2006 to Rs. 14,707 million without any foreign component. The consultancy contract was awarded to a joint venture of M/s NDC & EASE-Pak. The completion of the project was scheduled within three years by October 2008 but it could not be completed within the scheduled period due to financial constraints and termination of four contracts by the project management. The mis-management by the Project Authorities caused delay in reaping the benefits envisaged in PC-I.

## KEY AUDIT FINDINGS AND RECOMMENDATIONS

### a. Key Audit Findings

1. Loss of envisaged benefits due to non-completion of RBOD-I Project despite lapse of seven and half years – Rs. 11,091.45 million  
(Para No. 4.9.1)
2. Cost overrun due to increase in original PC-I Cost – Rs. 10,340.43 million  
(Para No. 4.9.2)
3. Irregular charging of Interest During Construction (IDC) beyond PC-I – Rs. 8,757 million  
(Para No. 4.7.1)



4. Non-submission of adjustment accounts/audit certificate of advances to different formations – Rs. 369.39 million (Para No. 4.2.2)
5. Non-mutation/transfer of land in the name of Water and Power Development Authority (WAPDA) – Rs. 322.95 million (Para No. 4.5.3)
6. Irregular construction of New Hammal Regulator in violation of revised PC-I – Rs. 175.90 million (Para No. 4.4.2)
7. Loss on account of extra consultancy cost due to extension in consultancy services for RBOD-I – Rs. 67.67 million (Para No. 4.4.1)
8. Unjustified payment to Consultants’ seconded staff after expiry of consultants agreement – Rs. 55.80 million (Para No.4.1.1)
9. Mis-procurement of consultancy services without advertisement in print media and open competitive bidding – Rs. 45.72 million (Para No. 4.3.1)
10. Unjustified payment of IPC-18 to the contractor beyond Memorandum of Understanding (MoU) signed between the WAPDA and the contractor – Rs. 9.35 million (Para No. 4.3.6)
11. Payment of interest to land owners due to delay in acquisition of land – Rs. 6.72 million (Para No. 4.2.3)
12. Non-recovery from the consultants pointed out by internal audit – Rs. 4.74 million (Para No. 4.6.2)
13. Unjustified purchase of used vehicle in violation of Bill of Quantity (BoQ) item – Rs. 3.20 million (Para No. 4.3.4)
14. Unjustified payment to defaulting contractor and termination of contract through Memorandum of Understanding (MoU) – Rs. 3.53 million (Para No. 4.3.5)
15. Non-rehabilitation and improvement of Shahdadt and Miro Khan Surface Drainage Units by Government of Sindh which caused non-achievement of envisaged benefits of bringing 243,613 acres land under cultivation. (Para No. 4.6.1)

**b. Recommendations**

1. Take up the matter with Government of Sindh to develop the Rehabilitation and Improvement of Shahdad kot and Miro Khan surface drainage units as per requirement of the PC-I of project without further delay
2. Follow PPRA Rules-2004 strictly and ensure procurement in a

transparent manner

3. Investigate time and cost overrun of the project
4. Fix responsibility where any loss has occurred due to negligence/ carelessness by the project management.
5. Strengthen internal controls to avoid financial irregularities
6. Adhere to the conditions and clauses of contracts
7. Suggest monitoring mechanism regarding achieving the intended objectives of the project
8. Take up the matter with the Government of Sindh for completion of RBOD-II of the project without any further delay



# 1. INTRODUCTION

The Right Bank Master Plan (RBMP) for integrated development of the Right Bank of River Indus in Northern Sindh and Southern Baluchistan was prepared in February, 1992 by M/s Mot MecDonnell. Under this Plan, besides other, construction of Right Bank Outfall Drainage (RBOD) was recommended to be taken up for drainage effluent of existing and proposed drainage scheme of the right bank area.

The Right Bank Outfall Drainage-I (RBOD-I) Project was part of Right Bank Outfall Drainage System which was planned as a means of disposing off effluent from the Right Bank of Sukkur and Guddu Barrage Commands in Sindh Province. The Gross Command Area (GCA) to be benefited under the Project was 1.28 million Acres and major part of the project area lied within the districts of Larkana, Qamber, Shikarpur and Dadu.

The components of the Project are as under:-

- Construction of RBOD Indus Link
- Execution of balance work of Rato Dero Pumping Station
- Extension of RBOD up to Miro Khan Zero Point (MKZP)
- Remodeling of Main Nara Valley Drainage (MNVD)
- Construction of New Structure of Hamal Regulator
- Improvement of environmental condition and water quality in Manchar and Hamal

To achieve construction targets, whole the project was divided into following independent packages:-

- Construction of Indus Link (IL-1,2 & 3)
- Balance work of Rato Dero Pumping Station (RTD-1 to 3)
- RBOD Extension up to MKZP (R-1(A to E))
- Remodeling of MNVD (R-III(a/1to3))
- Construction of Hamal Regulator (R-III(a/4))

The project was approved by the Executive Committee of National Economic Council (ECNEC) on September 18, 1994 with a cost of Rs. 4,395 million including foreign exchange component equivalent to

Rs. 1,863 million which was revised on November 30, 2006 with total cost of Rs. 14,707 million without any foreign component.

**i. Responsible Authorities**

- Controlling Ministry Ministry of Water & Power, Government of Pakistan
- Department Water and Power Development Authority (WAPDA)
- Agency Irrigation and Power Department (IPD) Government of Sindh

**ii. Project Details**

• **Type of Project**

Development project for providing outfall facilities to the existing and proposed drainage Project.

• **Objectives of the Project**

- To provide outfall facilities to the drainage system of Sindh Province.
- To improve environmental conditions in Manchar and Hamal Lake.
- To increase agriculture production in an area of 2,500 Acres.

• **Beneficiaries**

People of Sindh Province

• **Time Phasing**

Completion of works and implementation of Project up to June 30, 1998 as per original PC-I and December 31, 2010 as per First Revised PC-I.

• **Capital Cost**

Original Rs. 4,395 million (September 1994)  
Revised Rs. 14,707 million (December 2006)

• **Source of Finance**

Government of Pakistan

• **Type of Finance**

Local Rs. 14,707 million

## **2. AUDIT OBJECTIVES**

The main audit objectives were:-

- To evaluate whether the project succeeded in achieving objectives as envisaged in PC-I
- To evaluate the economy and efficiency in completion and operation of the project
- To assess effectiveness of project in terms of envisaged benefit after its completion
- To evaluate whether there was any cost or time over run
- To evaluate whether the internal controls were operative and functioning effectively
- To examine whether the contracts were awarded on merit and successfully executed
- To examine whether the payments to the consultants/contractors were made in accordance with the provisions of the agreement and they fulfilled their obligations successfully

## **3. AUDIT SCOPE AND METHODOLOGY**

### **3.1 Audit Scope**

Audit period covered for performance audit was July, 1994 to October, 2016. During this period, total expenditure of Rs. 14,735.43 million was incurred by the project management. The auditable record was available in the office of Project Director, Right Bank Outfall Drainage-I (RBOD-I) Project, Sukkur.

### **3.2 Audit Methodology**

Following audit methodology was adopted during the course of performance audit:-

- Interviews and discussions with Project Management
- Site visits
- Examination of selected project records and necessary auditable documents
- Examination of selected record / documents of the project

## **4. AUDIT FINDINGS AND RECOMMENDATIONS**

### **4.1 Organization and Management**

#### **4.1.1 Unjustified payment to Consultants' seconded staff – Rs. 55.80 million**

As per para No. 4 of Description of Services (Appendix-A) of PC-I, "For the period of consultancy, the requirement for seconded staff shall be as submitted by the consultants in his proposal and approved by the Client. The consultants shall identify his own requirements in his proposal for the performance of all the duties".

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) Project, it was observed that consultancy agreement between WAPDA and National Development Consultants (NDC) & EASE PAK J.V expired on June, 2010 and no work was performed by the consultants since then. However, payment of Rs. 55.80 million was made to the seconded staff attached with consultants during the years 2010-11 to 2015-16. Hence, payment made to seconded staff after expiry of consultancy agreement was unjustified.

Non-adherence to the Consultancy agreement resulted in unjustified payment of Rs. 55.80 million to Consultants' seconded staff.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that after expiry of Consultancy agreement WAPDA "Authority" delegated power of the "Engineer" to the Project Director and Seconded WAPDA Staff was also retained with him. Thus question of violation of Para No. 04 of description of Consultancy Services did not arise.

The DAC in its meeting held on May 08, 2017 directed the management to submit revised reply along with documentary evidence to Audit. Further progress was not intimated till finalization of the report.

Audit recommends that the management needs to implement DAC's directives.

(Para No.4.2.1)

## **4.2 Financial Management**

### **4.2.1 Un-justified termination of Contracts due to bad cash management and improper planning – Rs. 14.71 million**

According to Public Sector Development Programme (PSDP) for the years 1994-95 to 2016-17, allocation of funds for RBOD-I project was Rs. 17,471.52 million.

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that PSDP funds amounting to Rs. 14,736.44 million were released to the project against approved allocation of Rs. 17,471.52 million. Contracts R1(A), R1(E) & R-III(a/3) were terminated due to failure in payment of certified claims of the contractors. An MoU was signed between WAPDA and contractors on July, 2011 and Sept, 2012 where Employer agreed to pay the last certified payments of Rs. 14.71 million to the contractors. Had the PSDP funds been released to the project and payments made to the contractors, the termination of Contracts could have been avoided.

Defective cash management planning resulted in un-justified termination of contracts amounting to Rs. 14.71 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that re-awarding process could not be carried out due to non-approval of 2<sup>nd</sup> revised PC-I from ECNEC. The reply was not convincing as the following further information was not provided: total amount of contracts awarded and payment at the time of termination, physical progress at the time of termination of contracts, status of re-award with work orders, present status of physical progress of these contracts.

The DAC in its meeting held on May 08, 2017 directed the management to submit reply in the light of issued on March 21, 2017.

Audit recommends that the management needs to expedite reply to re-audit remarks in compliance to DAC's directives.

(Para No.4.1.3)



#### **4.2.2 Non-submission of adjustment accounts/audit certificate of advances -- Rs. 369.39 million**

According to Para-26 and 28 (Chapter-VI) of WAPDA Act-1958, “complete and accurate books of accounts of all projects/schemes and transactions relating to the Authority shall be maintained to the satisfaction of the Federal Govt., on whose behalf the accounts of the Authority shall be audited every year by the Auditor-General of Pakistan.”

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that an amount of Rs. 46.44 million was paid as advance to different formations / departments and an amount of Rs. 322.95 million was placed on Land Acquisition Collector (LAC) of GoS for acquisition of land. However, neither the adjustment accounts nor audit certificates were obtained from the concerned departments (Annex-1).

Non-adherence to WAPDA Act resulted in non-submission of adjustment accounts / audit certificates of advances amounting to Rs. 369.39 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the efforts were being made for adjustment of advances from different formations. As soon as received, the same would be provided to Audit for verification.

The DAC in its meeting held on May 08, 2017 directed the management that the sanctioned estimates along with adjustment of advances of the said amount be got verified from Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to expedite the matter with the concerned departments besides implementing DAC’s directives.

(Para No.4.2.3 & 4.5.1)

#### **4.2.3 Loss due to payment of interest to land owners due to delay in acquisition of land – Rs. 6.72 million**

According to the instructions issued by WAPDA dated July 17, 1982 "all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During performance audit of RBOD-I Project WAPDA Sukkur, it was noticed that an amount of Rs. 7.85 million was paid to the Land Acquisition Officer (LAO) on account of land acquisition. Due to late payment, a sum of Rs. 6.72 million was further paid to the land owners @ 6% simple interest (Annex-2). Had the payment made to the land owners in time, interest charges could have been avoided.

Financial mismanagement resulted in loss of Rs. 6.72 million on account of payment of interest to land owners due to delay in acquisition of land.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the funds were released by the GoP. Hence, land compensation was made along with admissible interest in accordance with Land Acquisition Act – 1894. The reply was not acceptable as it was the financial mismanagement that caused delay in arrangement of funds and Authority sustained loss on account of payment of interest to the land owners.

The DAC in its meeting held on May 08, 2017 directed the management to submit detailed reply along with correspondence regarding demand and release of funds. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to investigate the matter for fixing responsibility regarding non-arrangement of funds which caused payment of interest to the land owners besides implementing DAC's directives.

(Para No.4.2.4)

#### **4.2.4 Non-recovery of liquidated damages from the contractors – Rs. 88.09 million**

According to conditions of contract, “the contractor shall pay liquidated damages (LD) in case of delay in completion of work / supply”.

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that three contracts were awarded to different contractors for execution of civil works from 2005 to 2010 but the said works were not completed within the stipulated period. The liquidated damages worked out amounting to Rs. 88.09 million on delayed completion of works were not recovered from the contractors (Annex-3).

Non-adherence to Contractual provisions resulted in non-recovery of liquidated damages amounting to Rs. 88.09 million from the contractors.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the Extension of Time (EoT) of 720 days, duly scrutinized by the “Engineer” on account of Employer’s delay, was approved by the Authority under contract clause 44 of CoC. Hence, Extension of Time (EoT) was granted as per contractual provisions. The reply was not acceptable as no documentary evidence was provided to substantiate the stance.

The DAC in its meeting held on May 08, 2017 directed the management to provide complete case i.e. approval of Authority to Audit for verification. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to expedite provision of record in compliance to DAC’s directives. (Para No.4.4.2)

### **4.3 Procurement and Contract Management**

#### **4.3.1 Mis-procurement of consultancy services in violation of PPRA Rules – Rs. 45.72 million**

According to Rules-20 of PPRA Rules-2004, “the procuring agency shall use open competitive bidding as the principle method of procurement for the procurement of goods, services and works”.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) Project, it was observed that the management consultancy services contract valuing Rs. 45.72 million was awarded to NDC-EASE PAK (JV) without adopting open competitive bidding.

Violation of Public Procurement Rules-2004 resulted in mis-procurement of consultancy services amounting to Rs. 45.72 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that in 2004, the office of General Manager (Projects) South WAPDA was established at WAPDA House Lahore and shifted to Hyderabad in 2009 and the tendering process of engagement of Consultants was processed in same period. However,

the requisite information / documents were not found in our office record. As such the General Manager (Projects) South WAPDA Hyderabad was being approached for providing the requisite record.

The DAC in its meeting held on May 08, 2017 directed the management that the complete process showing detailed competitive bidding till approval of the Authority in support of documentary evidences be got verified from Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to ensure compliance to DAC's directives. (Para No.4.3.1)

#### **4.3.2 Mis-procurement of works due to post bid negotiation in violation of PPRA Rules – Rs. 855.67 million**

According to Rule-40 of Public Procurement Rules -2004, “negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder are not allowed as provided”.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) project, it was observed that three (03) contracts valuing Rs. 855.67 million were awarded at discount/rebate ranging from 2.8% to 8.99% after having post bid negotiations with the contractors (Annex-4).

Violation of Public Procurement Rules-2004 resulted in mis-procurement of works amounting to Rs. 855.67 million due to post bid negotiation.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that negotiation was made with only lowest bidders and the lowest bidders had further reduced their bid amounts. Moreover, Rule 40 of PPRA also permitted conditional negotiations. The reply was not acceptable as PPRA Rule-40 clearly disallowed negotiations with the bidder.

The DAC in its meeting held on May 08, 2017 directed the management that being violative of PPRA rules, negotiation with lowest bidder was mis-procurement for which responsibility be fixed. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to ensure implementation of DAC's directives regarding fixation of responsibility for mis-procurement of work at post bid negotiation in violation of PPRA Rules-2004.

(Para No.4.3.2)

### **4.3.3 Irregular award of civil contracts – Rs. 1,134.55 million**

According to Para 1 and 2 of WAPDA Central Contract Cell letter No.CCC/4052/412 dated July 26, 2004, (M/s Khyber Grace (Pvt) Ltd are authorized to participate in WAPDA Tenders throughout Pakistan for all types of Civil Works estimated to cost not exceeding Rs. 80 million and required to produce the original or a duly attested copy of this letter at the time of your participation in WAPDA invited Tenders.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) project, it was observed that contract No. R1(A) & R-III(a/1) was awarded to M/s Khyber Grace (Pvt) Ltd. at contract price Rs. 609.55 million and Rs. 525 million respectively without considering the enlistment of contractor as Category-A (Civil Works) with WAPDA for the period July 01, 2004 to June 30, 2006 as required under the terms and conditions issued by General Manager (CCC). Since, the contractor was not authorized to participate in WAPDA tenders throughout Pakistan for all types of Civil Works estimated to cost exceeding Rs. 80 million, therefore, award of contract to said contractor was quite irregular.

Non-adherence to WAPDA CCC resulted in irregular award of civil contracts amounting to Rs. 1,134.55 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that M/s Khyber Grace (Pvt.) Ltd was prequalified among other contractor. Moreover, the contractor also remained enlisted with Pakistan Engineering Counsel (PEC) in category C-I (No-limit) from 2003 to 2005. Accordingly M/s Khyber Grace (Pvt.) Ltd. participated in tendering process invited by WAPDA and eventually Contract No. R-I(A) & RIII(a/I) awarded to them being the lowest responsive bidder.

The DAC in its meeting held on May 08, 2017 directed the management to verify the contractor's entitlement beyond Rs. 80 million. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to implement DAC's directives. (Para No.4.3.5)

#### **4.3.4 Irregular purchase of used vehicle in violation of BoQ – Rs. 3.20 million**

According to Item No. 1.7 of schedule-A of BoQ “A provisional sum of Rs. 2.24 million was provided for one Toyota Hilux 4x4 Double Cabin 2779 cc, fully loaded Air Conditioned vehicle”.

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that the contractor M/s. Muhammad Ayoub & Brothers was provided a used Toyota Hilux 4x4 Double Cabin Vigo vehicle at a cost of Rs. 3.2 million on March 05, 2008. The said vehicle number GA-4990 was registered in the name of Project Director RBOD-I WAPDA Sukkur. Moreover, the vehicle was purchased from unauthorized dealer. Hence, purchase of used vehicle at cost exceeding BoQ was irregular and unjustified.

Non-adherence to the Contract provisions resulted in irregular purchase of used vehicle amounting to Rs. 3.2 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the said vehicle was returned back to the contractor as it did not fulfill the specification envisaged in the Contractual provisions, therefore, no payment was made to the contractor on account of procurement of vehicle under item No.1.7 of Scheduled–A of BOQ. The reply was not acceptable as the said vehicle was registered in the name of Project Director RBOD-I WAPDA Sukkur.

The DAC in its meeting held on May 08, 2017 directed the management that the correct and updated reply along with documentary evidences be got verified from Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to investigate the matter for fixing responsibility regarding procurement of used vehicles at excess cost besides implementing DAC's directives. (Para No.4.3.6)

#### **4.3.5 Unjustified payment to defaulting contractor and termination of contract through MoU – Rs. 3.53 million**

According to the standard Clause-49.4 of FIDIC, “if the contractor fails to complete the work within stipulated time the contract would be terminated and the work would be re-awarded at the risk and cost of the contractor”.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) project, it was observed that a work order valuing Rs. 72.59 million for widening of IL-2 & 3 for 3,500 cusecs was awarded to M/s Malik Riaz & Co. Lahore on September 22, 2005. The work was required to be completed on September 30, 2009, but the contractor failed to complete the work within stipulated period and the contract was terminated on May 24, 2011 through MoU at 87% physical completion. The contractor also removed his machinery from the site of work which was against the provisions of contract. Therefore, the payment made to contractor amounting to Rs. 3.53 million was unjustified. Since the contractor had not completed the work in time therefore, the work should have been re-awarded to other contractor at the risk and cost of the defaulting contractor instead of making unjustified payment amounting to Rs. 3.53 million.

Non-adherence to standard clause of FIDIC resulted in unjustified payment of Rs. 3.53 million to the defaulting contractor and termination of contract through MoU.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the contract was terminated by the authority through MoU to avoid the claims of contractor under idle condition due to paucity of funds in best interest of WAPDA. The reply was not tenable as the responsibility for termination of contract at the physical progress of 87% needed to be investigated for fixing the responsibility.

The DAC in its meeting held on May 08, 2017 directed the management that termination of contract at the physical progress of 87% needed to be investigated through inquiry committee for fixing responsibility. Further progress was not intimated till finalization of the report.

Audit recommends that the management needs to implement DAC's directives. (Para No.4.3.7)

#### **4.3.6 Unjustified payment of IPC-18 to the contractor beyond MoU – Rs. 9.35 million**

According to para-3 of Memorandum of Understanding (MoU) signed between WAPDA and contractor i.e. M/s. Abrar Malik & Co. in Contract RI (E) 'both WAPDA and contractor agreed to finalize the contract on the basis of work done up to last Interim Payment Certificate (IPC) No.16 already paid to the contractor.

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that an amount of Rs. 9.35 million was paid to the contractor against IPC-18 whereas both the parties (WAPDA and contractor) had agreed through MoU to finalize the contract on the basis of work done up to IPC#16 which had already been paid to the contractor. Hence, the payment of IPC-18 amounting to Rs. 9.35 million was unjustified as neither the same was agreed upon nor provided / covered in MoU.

Violation of MoU resulted in unjustified payment of Rs. 9.35 million to the contractor on account of IPC-18.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that as a matter of record, Sr. No. of IPC 16 had been written as 18 purely due to typographical error. The reply was not acceptable as no documentary evidence was provided in support of reply.

The DAC in its meeting held on May 08, 2017 directed the management to provide certified bills with comparative statements to Audit for verification. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to expedite provision of record in compliance to DAC's directives.

(Para No.4.4.1)



## **4.4 Construction and Works**

### **4.4.1 Loss on account of extra consultancy cost due to extension in consultancy services – Rs. 67.67 million**

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), “all losses whether of public money or of store, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved”.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) project, it was observed that a consultancy contract for Management Consultancy Services of RBOD-I was awarded to NDC-EASE PAK (JV) at a cost of Rs. 45.72 million involving 283 man-months for a period from June 19, 2004 to June 30, 2006. Subsequently, five consecutive extensions were made in the consultancy agreement up to December 31, 2010 consequently the total cost of consultancy services increased to Rs. 98.78 million (Annex-5), which was almost 116% higher than the original cost of Rs. 45.72 million. The reason for extension in consultancy agreement was the delay in construction work due to mismanagement of project activities at various levels by the project management. Had the construction work been completed within stipulated period, loss on account of extra consultancy cost amounting to Rs. 67.67 million (Rs. 113.39 million up to date expenditure – Rs. 45.72 original cost) could have been avoided.

Non-adherence to Authority’s instructions resulted in loss on account of extra consultancy cost amounting to Rs. 67.67 million due to extension in consultancy services for RBOD-I.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that 2<sup>nd</sup> revised PC-I was cleared by CDWP in its meeting held on November 29, 2016 for approval of ECNEC. The reply was not convincing as it was the project mismanagement that caused delay in construction works and Authority sustained loss on account of extension in Consultancy Services for RBOD-I.

The DAC in its meeting held on May 08, 2017 directed the management to justify the expenditure worth Rs. 67.67 million incurred on consultancy

services and approval of 2<sup>nd</sup> revised PC-I be got verified from Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to implement DAC's directives. (Para No.4.2.2)

#### **4.4.2 Irregular construction of new Hammal Regulator in violation of revised PC-I – Rs. 175.90 million**

According to approved original PC-I (1994) and 1<sup>st</sup> Revised PC-I (2006) “there was no provision of construction of new Hamal Regulator at RD 342 ± of MNV Drain”.

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that a contract No.R-III(a/4) for the construction of new Hamal Regulator at RD 342+ of MNV Drain was awarded to M/s Al-Raee Construction Co. Pvt. Ltd. and Marathon Construction Co. Pvt. Ltd. at a cost of Rs. 175.90 million on May 31, 2010. The work was completed on June 31, 2013. The construction of new Hamal Regulator was irregular as no such provision was existed in original PC-I (1994) as well as in 1<sup>st</sup> Revised PC-I (2006).

Non-adherence to the revised PC-I resulted in irregular construction of new Hammal Regulator at a cost of Rs. 175.90 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that new structure was incorporated in the 2<sup>nd</sup> revised PC-I, which had now been cleared by CDWP. The reply was not tenable as after having detailed feasibility the rehabilitation of old Hamal Regulator was provided in original and revised PC-I approved by ECNEC. Hence, construction of new structure instead of rehabilitation of old one was irregular.

The DAC in its meeting held on May 08, 2017 directed the management to provide approved 2<sup>nd</sup> revised PC-I to Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to investigate the matter for fixing responsibility regarding construction of new Hamal Regulator in violation of PC-I besides ensuring compliance to DAC's directives.

(Para No.4.3.3)

## **4.5 Assets Management**

### **4.5.1 Non-disposal of off-road vehicles – Rs. 1.50 million**

As per Chapter-XI section-1 and clause 1.4 of WAPDA Disposal Procedure, unserviceable vehicles and material/equipments are to be disposed off timely.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) Project, it was observed that five off road vehicles valuing Rs. 1.50 million were declared unserviceable and lying in the open premises. Non-disposal/auction of the same caused further deterioration with the passage of time (Annex-6).

Non-adherence to WAPDA disposal procedure resulted in non-disposal of off-road vehicles valuing Rs. 1.50 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the off road vehicles would be disposed off very soon through Chief Engineer (P&D) Lahore.

The DAC in its meeting held on May 08, 2017 directed the management to intimate the progress and complete the disposal process within six months. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to expedite the disposal of off road vehicles in compliance to DAC's directives.

(Para No.4.5.3)

### **4.5.2 Non-conducting physical stock verification of assets – Rs. 10.37 million**

According to Para-2 of WAPDA Accounting and Financial Manual 2014, "the respective General Manager Finance shall establish the guide lines and procedures for efficient conduct of physical verification process ensuring that the assets are properly safeguarded and maintained.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) Project, it was observed that no periodical physical stock verification of the assets valuing Rs. 10.37 million was carried out since long.

Non-adherence to WAPDA Accounting and Financial Manual 2014 resulted in non-verification of assets valuing Rs. 10.37 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that instructions of Audit regarding 100% stock verification by Stock Verifier would be complied in letter and spirit.

The DAC in its meeting held on May 08, 2017 directed the management to intimate the progress and complete 100% stock verification within six months. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to expedite the physical stock verification of assets in compliance to DAC's directives. (Para No.4.5.4)

#### **4.5.3 Non-mutation of land – Rs. 322.95 million**

According to Section-42 of Land Revenue Act, “any person acquiring by inheritance, purchase, mortgage, gift or otherwise, any right in an estate as a land-owner, or a tenant for a fixed term exceeding one year shall, within three month from the date of such acquisition, reports his acquisition of right to the Patwari of the estate, who shall enter in his register of mutations every report made to him”.

During performance audit of Right Bank Outfall Drainage-I (RBOD-I) Project, it was observed that the land / property valuing Rs. 322.95 million was yet to be transferred / mutated in the name of WAPDA. Non-mutation of land would create dispute between land owners and WAPDA.

Poor asset management resulted in non-mutation of land valuing Rs. 322.95 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that efforts were being made for transferring of land in the name of WAPDA.

The DAC in its meeting held on May 08, 2017 directed the management to expedite the transfer of land in the name of WAPDA and get it verified from Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to expedite the mutation process of land in compliance to DAC's directives. (Para No.4.2.6)

## **4.6 Monitoring and Evaluations**

### **4.6.1 Non-rehabilitation and improvement of Shahdadkot and Miro Khan Surface Drainage Units by GoS**

According to letter No. PSWW/2002/DS/RBOD-I/1363-66 dated October 21, 2008, "Ministry of Water and Power has given the concurrence to transfer two components of RBOD-I i.e. Shahdadkot and Miro Khan surface drainage units to Irrigation and Power Department (IPD) Government of Sindh for Rehabilitation and Improvement"

During performance audit of RBOD-I Project WAPDA Sukkur, it was noticed that Government of Sindh was assigned rehabilitation and improvement of Shahdadkot and Miro Khan surface drainage units on October 21, 2008. However, GoS did not develop the said drainage units till December 03, 2016. The envisaged benefits of bringing 243,613 acres land under cultivation and increase in wheat and rice crop production by 3,520 tons and 7,322 tons could not be achieved.

Non-adherence to Ministry of Water and Power instructions resulted in non-rehabilitation and improvement of Shahdadkot and Miro Khan Surface Drainage Units by Government of Sindh.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the 2<sup>nd</sup> revised PC-I of the project had been cleared by CDWP in its meeting held on November 29, 2016 and submitted to ECNEC for approval. The reply was not acceptable as the project management could not manage release of funds to GoS despite lapse of more than 10 years causing non-rehabilitation and improvement of said units and deprivation of incremental benefits.

The DAC in its meeting held on May 08, 2017 directed the management to pursue the case with ECNEC for approval under intimation to Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to inquire the matter for fixing responsibility regarding non-arrangement and disbursement of funds to GoS besides implementing DAC's directives.

(Para No.4.1.1)

#### **4.6.2 Non-recovery from the consultants pointed out by internal audit – Rs. 4.74 million**

According to Para 7.8 of Internal Audit Manual WAPDA, the administrative head of the audited unit must take the follow up reports issued by internal audit seriously. It is desirable that the management of the audited unit must take corrective action within three to six months of the completion of internal audit assignment in the light of findings of the internal audit report to ensure effectiveness of the whole process.

During performance audit of RBOD-I Project WAPDA Sukkur, it was noticed that the internal audit had pointed out and recommended the management to recover an amount of Rs. 4.74 million from the Consultants. Despite lapse of more than eight years, no efforts were made to recover the amount from the consultants even consultancy agreement was also terminated in December, 2010 (Annex-7).

Non-adherence to WAPDA Internal Audit Manual resulted in non-recovery of Rs. 4.74 million from the consultants as pointed out by Internal Audit.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the payment was withheld on account of internal audit verification.

The DAC in its meeting held on May 08, 2017 directed the management to submit detailed reply along with list of items/documentary evidence. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to investigate the matter for fixing responsibility regarding non-pursuance of internal audit observations besides expediting recovery from the consultants and implementing DAC's directives.

(Para No.4.6.1)

## **4.7 Compliance with Grant/Loan Covenants**

### **4.7.1 Irregular charging of IDC beyond PC-I -- Rs. 8,757 million**

According to PC-I of the RBOD-I Project the rate of interest during construction (IDC) is 8.22%.

During performance audit of RBOD-I Project WAPDA Sukkur, it was noticed that an amount of Rs. 8,757 million was paid on account of IDC against the total expenditure of Rs. 14,736.44 million up to September, 2016. The charging of IDC was abnormally high ranging from 10% to 81.94% against the permissible limit of 8.22% as provided in revised PC-I. Hence, charging of IDC amounting to Rs. 8,757 million was irregular (Annex-8).

Non-adherence to approval of interest rate as PC-I resulted in irregular charging of IDC amounting to Rs. 8,757 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the RBOD-I Project was being funded through Cash Development Loan (CDL) wherein the interest during construction (IDC) was being deducted by the GoP at source. The reply was not tenable as the charging of extra IDC against the provisions of PC-I was unjustified.

The DAC in its meeting held on May 08, 2017 directed to conduct inquiry at Ministry level to fix responsibility. Further progress was not intimated till finalization of report.

Audit recommends implementation of DAC's directives. (Para No.4.7.2)

## **4.8 Sustainability of the project**

Although the project is abnormally delayed yet it is sustainable as 100% capital cost of the project is being financed by the Federal Government and upon completion its Economic Internal Rate of Return (EIRR) would be 15.50. The estimated annual recurring cost after completion of project is Rs. 100.96 million as per 1<sup>st</sup> Revised approved PC-I. The Government of Sindh (Irrigation and Power Department) is responsible for annual maintenance after completion and handing over the project. The operation and maintenance cost during construction will be borne by WAPDA. After completion of the project the

operation and maintenance cost will be financed by Government of Sindh and Balochistan (Irrigation and Power Department). The required expertise and skilled staff to operate the project is available with the Government concerned.

#### **4.9 Overall Assessment**

Overall assessment has been gauged with reference to three “Es” i.e. Economy, Efficiency and Effectiveness.

##### **Economy**

The execution of project development phase was not economical owing to the fact that the project cost stretched from Rs. 4,395 million to Rs. 14,735.43 million, thereby putting loss of Rs. 10,340.43 million up to October, 2016. Had this viable project been completed within the stipulated period, the said loss on account of increased project cost could have been avoided. Moreover, charging of IDC amounting to Rs. 8,757 million to the project was abnormally high ranging from 10% to 81.94% against the permissible limit of 8.22% as provided in revised PC-I, which also caused increase in project cost.

##### **Efficiency**

The project management was not efficient owing to the following factors:

- Slow/poor progress of works by the contractor due to lack of supervision by the Client as well as the Engineer
- Project management was expected to complete the project within the stipulated period but it failed to complete the project within estimated period.
- Due to delay in completion of the project, WAPDA was deprived of the benefits on account of prospective increase in agricultural production.

##### **Effectiveness**

The Right Bank Outfall Drainage (RBOD-I) Project was included in the PSDP regarding development of the priority works to provide the needed



disposal facilities for the existing and proposed drainage projects to improve the environmental condition and rehabilitation of existing drainage projects besides ensuring provision of quality of water.

Financial constraints were a major obstacle behind non-completion of the project as almost all the contractors did not complete their work and left it incomplete due to non-payment of certified claims. No work was executed at site during last six years and 25% of balance work was still to be executed at site. Moreover, non-execution of RBOD-II project by GoS had also contributed towards non-achievement of envisaged benefits. Less allocation of PSDP funds, delay in award of contracts and non-approval of 2<sup>nd</sup> Revised PC-I from ECNEC would cause not only delay but also contribute in cost overrun of the project.

The observations noted by audit regarding over-all performance were as follows:-

#### **4.9.1 Loss of envisaged benefits due to non-completion of RBOD-I Project – Rs. 11,091.45 million**

According to Table-43 of Revised PC-I (2006) of the RBOD-I Project WAPDA, financial benefits of Rs. 1,478.86 million were planned to be achieved on annual basis after completion of the project in December, 2008.

During performance audit of RBOD-I Project WAPDA Sukkur it was noticed that RBOD-I project was planned to be completed by December, 2008 as per Revised PC-I. However, the project authorities failed to complete the project even up to June 30, 2016. Resultantly, project was delayed for a period of seven and half years, which caused loss of envisaged financial benefits of Rs. 11,091.45 million (1,478.86x7 .5 years).

Non-adherence to the revised PC-I resulted in loss of envisaged financial benefits amounting to Rs. 11,091.45 million due to non-completion of RBOD-I Project.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that after termination of Contracts, the status stood still due to non-approval of 2<sup>nd</sup> revised PC-I however, efforts were being made for release of funds.

The reply was not convincing as the project management should have taken up the matter with GoP for timely release of funds to ensure completion of project within stipulated period and achievement of envisaged financial benefits.

The DAC in its meeting held on May 08, 2017 directed the management to get verified the approved 2<sup>nd</sup> revised PC-I from Audit.

Audit recommends that the management needs to inquire the matter for fixing responsibility regarding non-completion of project within stipulated period besides implementing DAC's directives. (Para No.4.1.2)

#### **4.9.2 Cost overrun – Rs. 10,340.43 million**

As per original PC-I, RBOD-I Project was required to be completed at a total cost of Rs. 4,395 million.

During performance audit of RBOD-I Project WAPDA Sukkur, it was observed that an expenditure of Rs. 14,735.43 million was incurred against the original PC-I provision of Rs. 4,395 million up to October, 2016, which resulted into project cost over-run to the tune of Rs. 10,340.43 million.

Non-adherence to original PC-I resulted in cost overrun of Rs. 10,340.43 million.

The matter was taken up with the management in January, 2017 and reported to the Ministry in February, 2017. The management replied that the 2<sup>nd</sup> revised PC-I amounting to Rs. 17,505.02 million had been cleared by CDWP with completion date up to November, 2019.

The DAC in its meeting held on May 08, 2017 directed the management to submit reply in the light of re-audit remarks issued on dated March 21, 2017 and also provide the approved 2<sup>nd</sup> revised PC-I along with physical progress to Audit. Further progress was not intimated till finalization of report.

Audit recommends that the management needs to ensure compliance to DAC's directives.

(Para No.4.1.4)

## 5. CONCLUSION

The project management could not properly manage and closely monitor all the activities causing non-reaping of full benefits as envisaged in PC-1 and the project was unnecessarily delayed. In the light of performance audit, the conclusion drawn is explained as below:-

- Major reason for the delay of the project was non-arrangement of funds. Non-releasing of PSDP funds amounting to Rs. 2,735.07 million hampered the project activities as payments could not be made against the certified claims of the contractors even contracts were terminated. Delay for a period of seven and half years caused loss of envisaged financial benefits of Rs. 11,091.45 million.
- Due to non-completion of construction activities, consultancy agreement was consecutively extended for five times causing unnecessarily increasing the consultancy cost to the tune of Rs. 67.67 million, which contributed towards cost overrun.
- Government of Sindh had not rehabilitated and improved the Shahdadt and Miro Khan surface drainage units till December 03, 2016. Due to non-rehabilitation and improvement of Shahdadt and Miro Khan surface drainage units, the envisaged benefits of bringing 243,613 acres land under cultivation and increase in wheat and rice crop production by 3,520 tons and 7,322 tons could not be achieved.

## **ACKNOWLEDGEMENT**

We wish to express our appreciation to the management and staff of Right Bank Outfall Drainage-I (RBOD-I) Project WAPDA, Sukkur for the assistance and cooperation extended to the auditors during this assignment.

**Annex-1****Initial Para No.4.2.3 & 4.5.1****New Para No.4.2.2**

<b>Sr. No.</b>	<b>Particular</b>	<b>Closing Balance (in million)</b>	<b>Aging</b>
1	Project Director SWHP WAPDA Lahore	16.41	06/2009 to 11/2009 & 4/2011
2	P.P.L Karachi	3.35	June-09.
3	Irrigation Department Govt. of Sindh	15.00	April-13.
4	XEN Central Sindh Mech. Jamshoro	7.14	June-09.
5	SMO Hyderabad	3.24	7/2009 to 02/2010
6	GMP (S) Hyd	1.30	7/2009 to 02/2010
7	LAC GoS	322.95	
	<b>Total</b>	<b>369.39</b>	

**Annex-2**

**Initial Para No.4.2.4**

**New Para No.4.2.3**

<b>Sr. No.</b>	<b>CV No.</b>	<b>Date</b>	<b>Description</b>	<b>Amount (in Rs.)</b>	<b>Months for 6% simple Charges</b>	<b>Amount paid on account of 6% Simple Charges</b>
1	44	14.02.2009	Payment made to LAO	3,116,250	174	2,711,137.5
		14.02.2009	Payment made to LAO	3,840,000	174	3,340,800
2	24	12.01.2009	Payment made to LAO	173,750	156	135,525
3	21	12.01.2009	Payment made to LAO	71,250	144	55,575
4	20	12.01.2009	Payment made to LAO	154,000	144	110,880
5	19	12.01.2009	Payment made to LAO	70,000	144	50,400
6	61	29.11.2008	Payment made to LAO	58,000	144	41,760
7	60	29.11.2008	Payment made to LAO	90,000	156	70,700
8	59	29.11.2008	Payment made to LAO	115,000	156	89,700
9	16	21.11.2008	Payment made to LAO	160,000	144	115,200
			<b>Total</b>	<b>7,848,250</b>		<b>6,721,677.5</b>

## Initial Para No.4.4.2

## New Para No.4.2.4

## Statement Showing the detail of non-deduction L.D Charges

Sr. No	Contract No.	Name of Work	Name of Contractor	Tender price Rs. in million	Commencement Date	Schedule date of completion	EOT in days	Actual Date of completion	LD Charges under clause 47.1 of contract	Amount of LD charges in Rs. million
1	R-III(a/1)	Remodeling of MNVD RD 220 ± to RD 342 ± 0	M/s. Khyber Grace Pvt. Ltd.	525	20.04.2005	17.09.2008	181	18.03.2009	0.1% of contract price for each day of delay in completion of the works subject to max. 10% of contract price	52.5= (525M x 10%) OR 525M x 0.1 % x 181 days= 95.025 M)
2	R-III(a/2)	Remodeling of MNVD RD 110± to 220 ±	M/s. S.H.Haq Noor & Co. Pvt. Ltd.	315.28	20.06.2005	19.11.2008	180	30.11.2008	Rs.1,000,000 for each day completion of the works subject to max. 10% of contract price	18.00= (180 days x Rs. 100000)
3	R-III(a/4)	Construction of New Hamal Regulator at RD 342± of MNVD	M/s. Al-Raee Construction Co. Pvt. Ltd and Marathon Construction Co. (Pvt.) Ltd. J. V	175.90	15.08.2010	10.07.2011	720	30.06.2013	0.1% of contract price for each day of delay in completion of the works subject to max. 10% of contract price	17.589= (175.896 x 10%)
<b>Total</b>										<b>88.09</b>

**Annex-4****Initial Para No.4.3.2****New Para No.4.3.2**

<b>Sr. No.</b>	<b>Contract No</b>	<b>Name of Work</b>	<b>Name of contractor</b>	<b>Contract price</b>	<b>%age of negotiated/ discounted rate</b>	<b>Negotiated contract price</b>	<b>Date of contract</b>
1	R-1(A)	Construction of extension of RBOD TO MKZP	M/s Khyber Grace (Pvt) Ltd	609.547	2.8%	592.157	22.02.2005
2	R-1(B)	Widening of Indus Link (IL-2&3) for 3500 cusecs	M/s Riaz Malik Co.	74.913	3.09%	72.591	22.09.2005
3	R-1(E)	Construction of Indus Link balance works for 3500 cusecs	M/s Abrar Malik & Co.	171.213	8.99%	155.805	13.10.2005
<b>Total</b>				<b>855.67</b>		<b>820.55</b>	



**Annex-5****Initial Para No.4.2.2****New Para No.4.4.1**

Sr. No.	Description	Man-Months	Amount (Rs. in million)	Period		Months	Expenditure up to date
1.	Contract agreement	283	45.719	19.06.2004	30.06.2006	24	
2.	Extension (1 <sup>st</sup> )	13.26	7.44	01.07.2006	30.06.2007	12	57.846
3.	Extension (2 <sup>nd</sup> )	118.2	6.043	01.07.2007	31.12.2008	18	81.671
4.	Extension (3 <sup>rd</sup> )	42.5	10.542	01.01.2009	30.06.2009	6	94.08
5.	Extension (4 <sup>th</sup> )	61.5	19.073	01.07.2009	30.06.2010	6	112.129
6.	Extension (5 <sup>th</sup> )	26.5	9.964	01.07.2010	31.12.2010	6	113.39
		544.96	98.781			72	

**Annex-6****Initial Para No.4.5.3****New Para No.4.5.1**

Sr. No.	Vehicle No.	Make	Model	Amount Rs. (Approx.)
1	GP-4029	Toyota (Single Cabin)	1995	400,000
2.	GP-4021	Mazda (Single Cabin)	1996	400,000
3.	GP-4071	Toyota (Double Cabin Pickup)	1996	450,000
4.	GP-4049	Toyota (Hiace)	1995	400,000
5.	G-0178	Mitsubishi 5 Door Pjero	1986	300,000
<b>Total</b>				<b>1,500,000</b>

## Initial Para No.4.6.1

## New Para No.4.6.2

Period of Audit	Para No.	Subject	Amount pointed	Amount recoverable
06/2004 to 06/2006	1	Excess claim of salary cost for the periods not actually spent on the Project Amount involved Rs.563,027/-	563,027	563,027
06/2004 to 06/2006	2	Irregular drawl of Rs.11,271,000/- for revolving Fund by M/s NDC & EASE-PAK (the Member consulting Firms) after opening an unauthorized bank account by them	11,271,000	340,356
		i) Illegal Retention of Authority's Fund		
		ii) Unauthorized utilization of Authority's Funds by the Consulting Firm for their own private use.		
		iii) Release of excess funds of Rs.2,652,000/- than the amount to be released under contract.		
		iv) Non crediting of interest to WAPDA on the amount placed in the revolving fund Rs.567,260/-		
06/2004 to 06/2006	3	Irregular / Excessive claim on account of Salary cost Amount involved Rs.1,316,072/-	1,316,072	403,200
06/2004 to 06/2006	4	Irregular claim of Salary cost on account of overheads against temporary Employees Amount involved Rs.2,598,804/	2,598,804	83,497
06/2004 to 06/2006	5	Unjustified/Irregular claim of Medical Allowance/Gratuity against retired WAPDA Employees Amount involved Rs.480,840/-	480,840	312,663
06/2004 to 06/2006	6	Unjustified claim on account of utilities (M/S RBOD-I) amount involved Rs.239,909/-	239,909	239,909
06/2004 to 06/2006	7	Unjustified claim of Field / Design Allowance against the personnel neither worked in Field office NOR on Design activity amount involved Rs.201,402/-	201,402	3,546

06/2004 to 06/2006	8	Irregular / Justified claim on account of social cost not actually incurred/ paid by the consultants. (M/S EASE-PAK) amount Involved Rs.410,248/-	410,248	410,248
06/2004 to 06/2006	10	Irregular / Unjustified expenditure claim on account of Salary, Daily Allowance and use of office Vehicles amount involved Rs.183,480/-	183,480	183,480
06/2004 to 06/2006	11	Unauthorized claim made by consultants under Direct Costs amount involved Rs.15,881/-	15,881	3,098
06/2004 to 06/2006	19	Return of T&P Items purchased by M/s RBOD-I WAPDA Sukkur Amount involved Rs.2,845,463/-	2,845,463	186,318
7/2006 to 12/2008	1	Excess claim of salary cost for the period not actually spent on the Project-amount involved Rs.75,643/-	75,643	75,643
7/2006 to 12/2008	2	Irregular claim of salary cost on account of overheads against temporary employees-amount involved Rs.7,305,544/-	7,505,544	986,456
7/2006 to 12/2008	3	Unjustified / irregular claim of Medical allowance/ Gratuity against WAPDA employees- amount involved Rs.500,613/-	500,613	195,995
7/2006 to 12/2008	4	Unjustified claim on account of utilities (M/s. RBOD-I) amount involved Rs.147,296/-	147,296	47,009
7/2006 to 12/2008	5	Irregular / unjustified claim on account of overheads cost M/s. NDC amount involved Rs.103,366/-	103,366	103,366
7/2006 to 12/2008	6	Irregular / unjustified claim on account of social cost not actually incurred / paid by the consultants (M/s. Ease-Pak) amount involved Rs.773,164/-	773,164	599,205
		<b>TOTAL</b>	<b>29,231,752</b>	<b>4,737,016</b>

## Annex-8

### Initial Para No.4.7.2

### New Para No.4.7.1

(Rs. in million)

Year	Phasing as per approved Original PC-I (1994)	Phasing as per approved 1st Revised PC-I (2006)	Approved PSDP Allocation	Actual Amount Released against approved PSDP allocation	Interest during construction (IDC)	% age of rate of interest (9/7)
	1	2	3	4	5	6
1994-95	379.000	0.000	180.000	197.854	39.188	19.81
1995-96	974.000	0.000	463.800	550.378	111.766	20.31
1996-97	1,472.000	0.000	362.000	344.923	170.231	49.35
1997-98	1,570.000	0.000	625.000	449.863	281.775	62.64
1998-99	0.000	0.000	429.676	600.742	359.241	59.80
1999-20	0.000	0.000	650.000	594.188	439.231	73.92
2000-01	0.000	0.000	600.000	673.593	485.671	72.10
2001-02	0.000	0.000	600.000	605.599	489.577	80.84
2002-03	0.000	0.000	634.810	687.890	534.097	77.64
2003-04	0.000	997.850	800.000	712.142	583.531	81.94
2004-05	0.000	997.861	1,100.000	955.607	722.763	75.63
2005-06	0.000	1,520.767	1,600.000	1,266.638	807.609	63.76
2006-07	0.000	2,213.291	1,500.000	1,442.030	940.422	65.22
2007-08	0.000	1,885.902	1,800.000	1,657.941	1,166.438	70.35
2008-09	0.000	1,396.473	375.000	525.844	230.467	43.83
2009-10	0.000	700.000	500.000	696.141	519.584	74.64
2010-11	0.000	600.000	500.000	343.709	60.582	17.63
2011-12	0.000	0.000	1,000.000	976.900	346.096	35.43
2012-13	0.000	0.000	1,000.000	346.182	180.120	52.03
2013-14	0.000	0.000	401.230	585.699	288.613	49.28
2014-15	0.000	0.000	350.000	157.030	0.000	0.00
2015-16	0.000	0.000	500.000	211.326	0.000	0.00
2016-17	0.000	0.000	1,500.000	154.220	0.000	0.00
<b>Total</b>	<b>4,395.000</b>	<b>10,312.144</b>	<b>17,471.516</b>	<b>14,736.439</b>	<b>8,757.002</b>	<b>59.42</b>