



**PERFORMANCE AUDIT REPORT
ON**

**CONSTRUCTION OF
ISLAMABAD HIGH COURT BUILDING
AT G-5, ISLAMABAD**

**PAKISTAN PUBLIC WORKS DEPARTMENT
MINISTRY OF HOUSING AND WORKS
GOVERNMENT OF PAKISTAN**

AUDIT YEAR 2021-22

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor-General conducts audit subject to 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 project "Construction of Islamabad High Court Building at G-5, Islamabad" executed by the Pakistan Public Works Department, Ministry of Housing and Works, Government of Pakistan, was carried out accordingly.

The Directorate General of Audit Works (Federal), Islamabad conducted Performance Audit of the project during June 2022 for the period since inception i.e. 2013-14 to 2021-22 with a view to reporting significant findings to the stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the project. In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules, and regulations in managing the Project. The Report indicates specific actions that, if taken, will help the management to realize the objectives of the project. Most of the audit observations included the Report have been finalized in the light of written responses of the management and discussion in DAC meeting.

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

Islamabad
Dated: 20th December, 2023

Sd/-
(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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Abbreviations and Acronyms

ACMV	Air Conditioning and Mechanical Ventilation System
AIR	Audit Inspection Report
BOQ	Bill of Quantities
CDA	Capital Development Authority
CDWP	Central Development Working Party
Cft	Cubic Feet
CoC	Conditions of Contract
CPWA	Central Public Works Accounts
Cu.m	Cubic Meter
DAC	Departmental Accounts Committee
3 Es	Economy, Efficiency and Effectiveness
E&M	Electrical and Mechanical
EOT	Extension of Time
EPA	Environment Protection Agency
GFR	General Financial Rules
HVAC	Heating, Ventilation and Air Conditioning System
ICT	Islamabad Capital Territory
INTOSAI	International Organization of Supreme Audit Institutions
IPC	Interim Payment Certificate
IT	Information Technology
JCR	Japan Credit Rating
LV	Low Voltage

MAHU	Modular Air Handling Unit
MB	Measurement Book
MCC	Motor Control Centre
MS	Mild Steel
PACRA	Pakistan Credit Rating Agency
Pak PWD	Pakistan Public Works Department
PC-I	Planning Commission (Proforma-I)
Sft	Square feet
SH	Sub-Head
TS	Technically Sanctioned
TSE	Technically Sanctioned Estimate

EXECUTIVE SUMMARY

The Directorate General of Audit Works (Federal), Islamabad conducted Performance Audit of project “Construction of Islamabad High Court at G-5, Islamabad” in June 2022 on the request of Planning Commission, Islamabad. The audit was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards.

The objective of the Performance Audit was to assess whether planning for construction was appropriate and the resources had been utilized with due economy, efficiency and effectiveness (3E’s). The report has not only assessed 3E’s but also has analysed management decisions by highlighting the weaknesses in the performance of the project and, thereby, providing recommendations for improvement in future.

The objective of the project was to provide proper office accommodation for better functioning of the Court at Constitutional Avenue G-5, Islamabad. Original PC-I of the project was approved by Central Development Working Party (CDWP) on 23.09.2014 for Rs 2,852.023 million. Revised PC-I was approved by the CDWP for Rs 4,989.259 million on 02.12.2020.

AUDIT FINDINGS

Major audit findings/issues highlighted in the report are as under:

- i. Time and Cost overrun due to deviations in scope and delay in completion of project - Rs 2,164.248 million (Para 4.2.1)
- ii. Unauthentic/unjustified expenditure of imported Electrical/ Mechanical, Heating, Ventilation and Air Conditioning (HVAC) items without pre-shipment inspection/ site test reports/testing commissioning and rate analysis - Rs 1,001.859 million (Para 4.3.1)

- iii. Irregular construction of buildings as per revised PC-I cost without the prior approval and revision of Building Plan from Capital Development Authority (CDA) - Rs 4,989.259 million (Para 4.4.1)
- iv. Non-refixing of rates due to major deviations from the contract provisions - Rs 1,381.574 million (Para 4.4.2)
- v. Irregular payment of work done without maintaining of detailed Measurement Books - Rs 1,001.859 million (Para 4.4.5)

RECOMMENDATIONS

- i. Responsibility be fixed through a fact-finding inquiry against those responsible for time and cost overrun due to deviations in scope and delay in completion of project.
- ii. Consultants and departmental officers be held responsible for unauthentic/unjustified expenditure of imported Electrical/Mechanical, HVAC items without pre-shipment inspection/site test reports/testing commissioning and rate analysis.
- iii. Building plan as per revised construction drawings and completion certificate be got approved from CDA.
- iv. Contractual provisions regarding re-fixing of rates be implemented in true letter and spirit.
- v. Responsibility be fixed against those responsible for payment of work done without maintaining of detailed Measurement Books.

1. INTRODUCTION

As per approved PC-I, the Project “Construction of Islamabad High Court Building at G-5, Islamabad” was to be executed in collaboration with Pakistan Public Works Department (Pak PWD) and Development Wing of Ministry of Law and Justice. Development Wing of Ministry of Law and Justice is responsible to:

- i. plan to fulfill development needs of Ministry of Law and Justice and allied organizations in line with National and International Obligations (Annual Plan, Sustainable Development Goals etc.) and to improve access to justice for all and
- ii. prepare, implement and monitor projects under Public Sector Development Program (PSDP) of Ministry of Law and Justice.

The Directorate General of Audit Works (Federal), Islamabad conducted audit of the Project in June 2022.

Since its establishment in 2010, the Islamabad High Court has been operating within District Session Court Building in Sector G-10 Islamabad. However, due to inadequate space, it has not been able to meet its requirements effectively. To address this issue, the Federal Government made a decision to construct a dedicated building for Islamabad High Court. CDWP approved PC-II of the project on 29.01.2014. PC-I of the project was approved by CDWP on 23.09.2014 for Rs 2,852.023 million.

1.1 Rationale of the project

The Construction of Islamabad High Court Building at G-5, Islamabad was planned to:

- Create a suitable environment and sufficient space that would facilitate efficient and prompt dispensation of justice while upholding the dignity of the court and promoting its excellent performance.

- Improve judicial infrastructure, which will lead to better access to court.
- Improve existing working conditions and enhance efficiency, effectiveness and productivity of the Honorable Judges.

1.2 Approval of the scheme

PC-I of the project was approved by CDWP on 23.09.2014 at a total cost of Rs 2,852.023 million. The project was financed through PSDP of the Ministry of Law and Justice.

There were many changes in initially approved plan due to price hike of imported items, enhancement of area covered, design change etc. The initial design consisted of ground + 5 floors, which was then changed to ground + 3 floors. Area covered was enhanced from 414,725 Sft to 422,987 Sft. Accordingly, a revised PC-I was approved by the CDWP for Rs 4,989.259 million in its meeting held on 02.12.2020. Year-wise budget allocation/releases and expenditure incurred were as under:

(Rs in million)

Year	Allocation	Total Releases	Total Expenditure
2013-14	600.00	55.842	35.366
2014-15	722.325	288.930	286.880
2015-16	738.545	738.545	721.756
2016-17	900.000	360.000	359.481
2017-18	500.000	325.000	305.448
2018-19	525.000	367.500	365.993
2019-20	655.981	655.981	655.981
2020-21	189.020*	954.020	948.107
2021-22	1,337.259	1,337.259	1,337.259
	Total	5,083.077	5,016.271

*Allocation was made as throw-forward of original PC-I. However, due to approval of revised PC-I on 02.12.2020, release of Rs 954.020 million was made.

1.3 Timeline / completion period of project

Completion period of the project provided in the original PC-I was 36 months up to 2017-18, which was extended after revised PC-I up to June 2022.

1.4 Description of project

The building was planned as follows:

- i. High Court Block for two main courts of Honorable Chief Justice Islamabad High Court and Penal Court for benches;
- ii. Chamber Court Block for 12 Court Rooms with provision for future extension of two floors for 12 more courts;
- iii. Administrative block for offices, library, cafeteria and different branches;
- iv. Basement for record rooms, store rooms and car parking for 187 vehicles.

1.5 Execution status

M/s Habib Rafiq (Pvt) Ltd was awarded the Contract of Construction of Islamabad High Court Building including Electrical/HVAC works. The Construction work of the building was substantially completed in April 2022. However, HVAC system, lifts and Information Technology (IT) works were still in progress in June 2022 (till the time of Audit). The contractor was made total payment of Rs 2,755.869 million up to Interim Payment Certificate (IPC) No. 51 dated 25.04.2022 against Civil Component and Rs 1,001.859 million against Electrical & Mechanical (E&M) Component.

Services of M/s The Architects were hired for design and construction supervision of the project. As per original PC-I, there was a provision of Rs 54.175 million on account of consultancy charges. In revised PC-I, there was provision of Rs 164.498 million. The consultancy

agreement for Architectural, Engineering Consultancy, Planning, Designing and Construction Supervision of the Project “Construction of Islamabad High Court Building” was made between Pak PWD and M/s The Architects on 28.10.2015 @ 2.25% of bid cost as planning design fee and @ 2% of the completion cost as detailed supervision fee. The consultants were paid up to 51st running bill dated 28.04.2022 for total of Rs 113.784 million against Civil Work Component and Rs 17.965 million against E&M Component.

2. AUDIT OBJECTIVES

The main objectives of the Performance Audit of the Construction of Islamabad High Court Building at Islamabad in the light of requirement of Ministry of Planning, Development & Special Initiatives (Project Wing) were to assess:

- Whether the required standards of planning parameters were observed and whether three E’s i.e. effectiveness, efficiency and economy were followed?
- Whether the procedures were determined in compliance with applicable rules and regulations?
- Whether due care and prudence applied at all levels?

3. AUDIT SCOPE AND METHODOLOGY

Project accounts and related activities since its inception from 2013-14 to 2021-22 were subject to audit. Audit methodology included data collection, determination of objectives and audit criteria, analysis/consultation of record, discussion with staff, site visits, etc. Different phases of the project execution i.e. planning, procurement and execution were subject to audit. The accounts record relating to the project being maintained by Central Civil Division-IV and Electrical & Mechanical-III Divisions of Pak PWD, Islamabad was subject to audit scrutiny.

4. AUDIT FINDINGS AND RECOMMENDATIONS

Audit findings on the areas of organization and management, financial management, procurement and contracts management, construction & works and monitoring & evaluation are as under:

4.1 Organization and Management

4.1.1 Organizational Structure

This section provides a comprehensive overview of the efficiency and effectiveness of the organization's management practices and evaluates the performance of the management team in terms of their ability to set strategic goals, make informed decisions, and allocate resources effectively.

The work has been executed by Pak PWD against PSDP of Ministry of Law and Justice. The objective of Development Wing of Ministry of Law and Justice is to implement and monitor projects under PSDP of Ministry of Law and Justice.

Pak PWD is an attached department of the Ministry of Housing and Works (Housing and Works Division). As per Rules of Business, 1973, Housing and Works Division is responsible for development of sites, construction, furnishing and maintenance of Federal Government buildings.

Pak PWD is responsible for construction and maintenance works (Buildings and Roads) of the Federal Government. It is, headed by a Director General. The Director General is assisted by, a Chief Administrative Officer, who deals with administrative matters. There are four Chief Engineers for North, South, West and Central Zones in the country. They are, assisted by Superintending Engineers and Executive Engineers/Assistant Executive Engineers. Chief Engineer (Planning) deals with the matters of planning. Pak PWD accounts are departmentalized.

Divisional office is the basic accounting unit of the department and is headed by the Executive Engineer. Directorate of Budget & Accounts (DBA) under Controller General of Accounts is responsible to maintain accounts. Funds allocated under PSDP are released to executing department by Accountant General of Pakistan Revenues (AGPR) through DBA. All payments relating to work done and supplies are made in the divisional offices.

Detailed estimates are prepared at the sub-divisional level and technically sanctioned by the Executive Engineers, Superintending Engineers or the Chief Engineers according to their competency. Pre-audit is carried out by the Divisional Accounts Officers.

4.1.2 Turnover against key posts

As per approved PC-I the project was executed through two Public Works Divisions at Islamabad (Central Civil Division-IV and E&M-III Division) headed by Executive Engineers and supervised by Superintending Engineer.

Audit observed that there was a high turnover against the post of Executive Engineers as indicated in the table below:

Financial Year	Executive Engineer CCD IV (Civil Construction Works of the Project)
2022	Hafiz Ahmad Ali
2021	Zafar Iqbal
2020	Atiq-ur-Rehman
2019	Atiq-ur-Rehman
2018	Muhammad Iqbal
2017	Muhammad Iqbal
2016	Muhammad Iqbal
2015	Muhammad Imran
2014	Muhammad Rashid

High turnover reflected weak oversight of the project activities from planning phase to construction as pointed out in the report.

4.1.3 Mode of appointment of management and staff

No fresh recruitment was made for the project. Pak PWD having its own setup for execution of projects deployed necessary manpower during the construction of the building.

4.2 Financial Management

This section includes an assessment of various aspects related to the management of funds and financial processes within the organization such as accuracy of payments in accordance with the established standards, rules and regulations, data archiving and record management for safe record custody.

Audit observations relating to financial management are as follows:

4.2.1 Time and Cost overrun due to deviations in scope and delay in completion of project - Rs 2,164.248 million

CDWP approved the revised PC-I of the project “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad” at a cost of Rs 4,989.26 million on 02.12.2020. CDWP directed that Secretary, Ministry of Law & Justice will initiate formal inquiry and, as recommended in the Monitoring Report, fix responsibility of the concerned, for mismanagement, incurrence of unauthorized expenditures and delays causing huge cost overrun.

PC-I of the project was approved by CDWP on 23.09.2014 at a total cost of Rs 2,852.023 million. The project was financed through PSDP of the Ministry of Law and Justice. There were many changes in initially approved plan due to price hike of imported items, enhancement of area covered, design change etc. The initial design consisted of ground + 5

floors, which was then changed to ground + 3 floors. Area covered was enhanced from 414,725 Sft to 422,987 Sft. Accordingly, a revised PC-I was approved by the CDWP for Rs 4,989.259 million in its meeting held on 02.12.2020. In revised PC-I, cost was enhanced by Rs 2,137.236 million (74.93%). Pak PWD incurred an expenditure of Rs 5,016.271 million up to June 2022.

Audit observed that action of fixing responsibility of the concerned, for mismanagement, incurrence of unauthorized expenditures and delays causing huge cost overrun was not initiated as per directions of CDWP referred above.

Audit holds that frequent changes of design and drawings of the building/specifications of the items of work were made during execution of works. Period of completion of the project provided in the original PC-I was 36 months up to 2017-18 and extended after revised PC-I up to June 2022. Extension of Time (EOT) was also granted to contractors without imposing liquidated damages. This also resulted in cost overrun of Rs 2,164.248 million (Rs 5,016.271 million – Rs 2,852.023 million) which is 75.88% excess than the original PC-I cost.

Audit maintains that time and cost overrun was due to poor contract management and weak engineering controls.

Audit pointed out the irregularity in June 2022. The Department did not reply.

The matter was discussed in DAC meeting held on 02.11.2023 wherein Audit contended that faulty planning, frequent changes of design and drawings of the building/specifications of the items of work were made during execution of works resulting in cost overrun and variation of scope violated the sanctity of original competitive bidding process. Further, CDWP while approving PC-I recommended for fixing responsibility for mismanagement, incurrence of unauthorized expenditures and delays causing huge cost overrun, but compliance status was not shared with Audit.

After detailed discussion, DAC directed the department to submit the relevant record including reconciled accounts statement, final bills/PCs of the project, consultant evaluation, justification, evidence in respect of sponsoring agency's requirements, compliance of DDWP recommendations, etc. to Audit for evaluation. DAC further directed the Ministry to refer the case to Policy and Planning Wing (H&W) for an independent view on EOT and delay damages caused by contractor. Compliance to DAC's directive was not made till finalization of the report.

Audit recommends fixing of responsibility against those responsible for time and cost overruns.

(AIR Paras 01 & 02)

4.2.2 Unauthentic payment of price escalation due to non-revision of Factor-C weightages - Rs 101.956 million

Clause 70 of the contract agreement for the project "Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad" awarded to M/s Habib Rafiq (Pvt.) Ltd contains the conditions for payment of price adjustment. It provides that weightages for each of the factors of cost given in Appendix-C shall be adjusted if in the opinion of the Engineer, they have been rendered unreasonable, unbalanced or inapplicable because of varied or additional work.

Audit noted that Pak PWD awarded the above-mentioned work on 10.06.2015 at an agreement cost of Rs 2,474.049 million, which included Sub-Head Civil, Infrastructure, Plumbing, Horticulture for Rs 1,722.186 million and Sub-Head E&M, HVAC for Rs 751.863 million. The project was to be completed on 24.06.2018. Lastly, EOT was granted up to 30.06.2022. The contractor was made total payment of Rs 2,755.869 million up to IPC-51 dated 25.04.2022. The details of total payments were as under:

Serial Number	Description	Amount (Rs)
1	Civil Work	1,343,468,095
2	Infrastructure	57,758,979
3	Plumbing Work	34,042,723
4	Horticulture	0
A	Sub-Total	1,435,269,797
B	Add 4.5%	64,587,141
C	Total (A+B)	1,499,856,938
D	Add Extra/Substituted items	940,133,194
E	Furniture and Fixture	213,923,220
F	Price Adjustment	101,956,078
Grand Total		2,755,869,430

Audit observed that the department accepted the bid rates and quantities of several items worth Rs 1,154.056 million beyond the agreement/ technically sanctioned estimates (TSE) due to increase/decrease in quantities of items or change of scope of work, as per following details:

Serial Number	Description	Amount (Rs)
1	Add Extra/Substituted items	940,133,194
2	Furniture and Fixture	213,923,220
Total		1,154,056,414

This variation in the agreed Bill of Quantities (BOQ) by 67% rendered the weightages un-reasonable, unbalanced or inapplicable.

Audit observed that despite the above condition, weightages were not revised as per actual under the contract provision referred above and price escalation for Rs 101.956 million was paid to the contractor against such incorrect weightages. This resulted in unauthentic payment of price escalation due to non-revision of Factor-C weightages for Rs 101.956 million.

Audit maintains that the irregularity occurred due to weak contract management.

Audit pointed out unauthentic payment in June 2022. The Department replied that weightages would be revised as per actual on completion of the project.

The matter was discussed in DAC meeting held on 02.11.2023. Audit apprised the Committee that due to structural changes and substantial variation of scope of work, weightage of specified material given in factor-C of original contract agreement was required to be re-determined with reference to reasonability thereof in terms of clause 70.1 of the contract agreement, which was not done by the department. The Committee directed the department to evaluate the revised BOQ and re-determine Factor-C and outcome be produced to Audit for evaluation. Compliance to DAC's directive was not made till finalization of the report.

Audit recommends that weightages of factor-C may be adjusted and necessary recoveries may be made as per provisions of the contract.

(AIR Paras 05&10)

4.2.3 Unjustified lump sum payment and delayed recovery of mobilization advance - Rs 247.404 million

As per clause 60.11(a) of the conditions of contract (COC) of contract agreement for the work "Construction of Islamabad High Court Constitution Avenue G-5/1, Islamabad", awarded to M/s Habib Rafiq (Pvt) Ltd, an interest-free mobilization advance @ 10% of the contract price shall be paid to the contractor in two equal parts upon submission of bank guarantee/bond by the contractor from a scheduled bank in Pakistan or an insurance company acceptable to Pak PWD/employer. First part is payable within 14 days after signing of the contract agreement or date of receipt of Engineers notice to commence, whichever is earlier. Second part is payable within 42 days from the date of payment of the first part subject to the satisfaction of the Engineer and to the state of mobilization of the

contractor. This advance shall be recovered in equal installments; first installment at the expiry of third month after the date of first part of advance and the last installment two months before the date of completion of the work.

Executive Engineer Central Civil Division-IV Pak PWD, Islamabad awarded the work “Construction of Islamabad High Court Constitution Avenue G-5/1, Islamabad” to the contractor with agreement cost of Rs 2,474.049 million on 15.06.2015 and paid mobilization advance in lump sum for Rs 247.404 million instead of two installments on 26.06.2015.

This resulted in an unjustified lump sum payment of mobilization advance Rs 247.404 million.

Audit holds that lump sum payment of mobilization advance occurred due to weak financial controls.

Audit pointed out the matter in June 2022. The Department replied that 100% mobilization advance was paid against bank guarantee because the contractor was mobilized at site of work.

The reply was not accepted because 100% mobilization advance payment was a violation of the contract provisions. Pak PWD did not recover full advance amount up to April 2018 as required. An amount of Rs 60.057 million was recovered in January 2023 through encashment of bank guarantee.

DAC meeting was convened on 02.11.2023. Para was pended for discussion in next meeting, which is still awaited.

Audit recommends fixing of responsibility through a fact-finding inquiry besides recovery of financial charges for the period of delay in recovery.

(AIR Para 17)

4.2.4 Non-deduction/recovery of departmental charges - Rs 22.541 million

Ministry of Housing and Works, decided with the concurrence of Finance Division, to levy Departmental Charges (DC) @ 6.5% of project cost (Establishment Charges 5% and Tool & Plant Charges @ 1.5%) vide letter No. F.14 (3)/81-A&B dated 16.06.1981.

As per abstract of cost of the revised PC-I for Construction of Islamabad High Court Building, G-5/1, Islamabad, the cost of consultancy/remuneration of the consultant of the project will be met out of 6.5% of the Departmental charges. Contract for consultancy services for Architectural, Engineering Consultancy, Planning, Designing and Construction Supervision of the Project “Construction of Islamabad High Court Building” was signed between Pak PWD and M/s The Architects on 28.10.2015 @ 2.25% of bid cost as planning design fee and @ 2% of the completion cost as detailed supervision fee. Accordingly, departmental charges were reduced to 2.25% of the project cost, after adjusting consultancy cost of 4.25% i.e. 2.25% for design and 2% for detailed supervision.

During scrutiny of the accounts record, Audit noted that the work “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad” was awarded to M/s Habib Rafiq (Pvt.) Ltd. on 10.06.2015 at an agreement cost of Rs 2,474.049 million (Sub-Head Electrical/Mechanical, HVAC for Rs 751.864 million and Sub-Head Civil, Infrastructure, Plumbing, Horticulture for Rs 1,722.186 million). The contractor was made total payment of Rs 1,001.859 million up to IPC-29 dated 02.02.2022.

During review of IPCs it was noticed that 2.25% departmental charges were not deducted as per revised PC-I. This resulted into non-deduction of departmental charges @ 2.25% for Rs 22.541 million (Rs 1,001.859 x 2.25%)

Audit hold that non-deduction/recovery of departmental charges @ 2.25% as per revised PC-I for Rs 22.541 million was due to inadequate oversight mechanism and ineffective implementation of internal and financial controls.

Audit pointed out recovery in June 2022. The Department replied that departmental charges would be deducted and the same would be got verified from Audit.

The matter was discussed in DAC meeting held on 02.11.2023, wherein the department took the stance that departmental charges were deducted. Audit, however, contended that in written reply given in working paper, the department submitted that viewpoint of Audit is correct and deduction was omitted which will be made in due course of time. The Committee directed the department to get the supporting record/ voucher regarding deduction of departmental charges, remittance of the same in government treasury by DBA/executing division, verified from Audit. Compliance to DAC's directive was not made till finalization of the report.

Audit recommends compliance to DAC's directive regarding verification of deduction of the departmental charges of Rs 22.541 million and its remittance to government treasury.

(AIR Para 25)

4.2.5 Non-deduction of ICT sales tax from consultant payments - Rs 18.205 million

Clause-1.8 of Contract Agreement for consultancy services for the project "Construction of Islamabad High Court Building", provides that "Taxes and Duties" unless specified in the special condition, the Consultants, Sub-consultants, and their Personnel shall pay such taxes, duties, fees and other impositions as may be levied under the applicable law, the amount of which deemed to have been included in the contract price.

According to clause 3(1) of Islamabad Capital Territory (ICT) (Tax on Services) Ordinance, 2001 there shall be charged, levied and paid a tax known as sales tax at 16% (Sr. No. 9 column (4) of the Schedule to this Ordinance) of the value of the taxable services rendered or provided in the Islamabad Capital Territory.

The consultancy agreement for Architectural, Engineering Consultancy, Planning, Designing and Construction Supervision of the Project “Construction of Islamabad High Court Building” was made between Pak PWD and M/s The Architects on 28.10.2015 @ 2.25% of bid cost as planning design fee and @ 2% of the completion cost as detailed supervision fee. The consultants were paid up to 51st running bill dated 28.04.2022 for total of Rs 113.784 million.

Audit observed that 16% ICT Sales Tax was not charged/ levied and deducted. This resulted in non-deduction of sales tax on services of Rs 18.205 million (16% of Rs 113.784 million).

Audit maintains that the irregularity was due to weak financial controls.

Audit pointed out non-deduction of sale tax on services in June 2022. The Department replied that the consultancy contract was drawn up during the year 2013-14 whereas sales tax Ordinance was enforced during the year 2015.

The reply was not accepted because the consultancy agreement was signed between Pak PWD and M/s The Architects on 28.10.2015 i.e. after the enforcement of Sales Tax Ordinance referred above.

DAC meeting was convened on 02.11.2023. Para was pended for discussion in next meeting, which is still awaited.

Audit recommends fixing of responsibility besides recovery of Rs 18.205 million.

(AIR Para 12)

4.3 Procurement and contracts management

Contract management relates to implementation of contract clauses and compliance with the procedures for the award and completion of works. Issues relating to non-observance of contractual obligations / rules & regulations are as under:

4.3.1 Unauthentic/unjustified expenditure of Electrical/Mechanical, Heating, Ventilation and Air-conditioning items without pre-shipment inspection/ site test reports/testing commissioning and rate analysis - Rs 1,001.859 million

According to Clause 7 (B,C) of contract agreement for “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad” to M/s Habib Rafiq (Pvt.) Ltd. on 10.06.2015 at an agreement cost of Rs 2,474.049 million (Sub-Head Electrical/Mechanical, HVAC for Rs 751.863 million and Sub-Head Civil, Infrastructure, Plumbing, Horticulture for Rs 1,722.186 million), the contractor shall make necessary arrangement and provide all the facilities required for the representative of PPWD/Engineer for conducting such inspection, at contract cost. The contractor shall also provide copies of all test certificate/report including (i) test certificate of critical material (ii) Factory test report (iii) Pre-shipment test report (iv) Report of testing & commissioning of equipment.

The contractor was made total payment of Rs 1,001.859 million up to IPC-29 dated 02.02.2022. The details of total payments are as under:

Serial Number	Description	Amount (Rs)
1	Fire Fighting	9,800,000
2	Electrical Works	289,406,850
3	Mechanical Works	441,789,273
A	Sub-Total	740,996,123
B	Add 4.5%	33,344,826
C	Total (A+B)	774,340,949

Serial Number	Description	Amount (Rs)
D	Add Extra/Substituted items	63,093,400
	Advance Payments	164,424,896
	Grand Total	1,001,859,245

Audit observed that the department was required to pay the amount against the imported material after pre-shipment inspection report/testing of material and after obtaining of necessary documents. But the same were not found in the record. Moreover, extra/substituted items for Rs 63.093 million were paid and advance payments of Rs 164.425 million were made without provision in the contract. Audit further observed that rate analysis based on three quotations were also not available in the record. The correctness of paid rates was also not confirmed. This resulted in an unauthentic/unjustified payment of imported material for Rs 1,001.859 million.

Audit maintains that the irregularity occurred due to weak contract management.

Audit pointed out the unauthentic/unjustified expenditure in June 2022. The Department replied that Pre-shipment Inspection of the chillers was done at the manufacturer's facility i.e. RHOSS Italy. Necessary Pre-shipment Inspection Report along with all other supporting documents and rate analysis were available.

The reply was not accepted because no such documents and test reports were shared with Audit. Moreover, there was no evidence that the consultants engaged sub-consultants of required and relevant field (M/s SEM Engineers (Electrical Works including Fire Alarm System; Audio Visual Equipment; Lifts; Stand-by Generators & HVAC works) as agreed by them in the consultant agreement under Clause A-3.

DAC meeting was convened on 02.11.2023. Para was pended for discussion in next meeting, which is still awaited.

Audit recommends fixing responsibility through fact-finding inquiry besides corrective action.

(AIR Para 20)

4.3.2 Unjustified payment of ice bank without requirement - Rs 35.00 million

Rule 10 (i) of General Financial Rules (GFR) Volume-I provides that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure from his own money.

Audit observed that the department measured and paid a mechanical item No. 1 “supply/installation testing commissioning of water cooled electric chiller” for a quantity of units @ Rs 14,638,867 each for Rs 29.278 million up to 30th running bill for HVAC system. Audit further observed that the department paid Rs 35.00 million to the vendor i.e. M/s IMS International in June 2021 for procurement of ice bank for HVAC system under the mechanical item No. 4. This was unjustified because two chillers were already included in the BOQ. Furthermore, scope of work was also reduced from 05 floors to 03 floors through revised PC-I, therefore, the procurement of ice bank was without any necessity as ice banks are often used in regions with hot climates and the Islamabad High Court building was also located in a load shedding exempted region. This resulted in unjustified payment to contractor on account of ice bank for Rs 35.00 million.

Audit pointed out the unjustified payment in June 2022. The Department replied that item of ice bank was included in the design of the building, as prepared by the consultant of the project i.e. M/s The Architects. Thermal Energy Storage (TES) System serves as standby for air-conditioning system in case of power failure, with minimal HVAC load on generator sets. The TES requires no mechanical maintenance thus reducing cost. System is capable of supply 100% equipment capacity of the chiller plant for continuous 4 hours.

The reply was not accepted because such requirement was not got vetted from any sub-consultants, having experience in the relevant field, as agreed by the consultants under clause A-3 of the consultant agreement.

DAC meeting was convened on 02.11.2023. Para was pending for discussion in next meeting, which is still awaited.

Audit recommends fixing of responsibility through fact-finding inquiry besides recovery of unjustified expenditure of Rs 35.00 million.

(AIR Para 21)

4.4 Construction and works

Proper planning, estimation, approval and execution are the benchmarks to ensure economical and sustainable execution of works.

The work has been executed at a plot of land acquired from the Capital Development Authority (CDA) at a cost of Rs 109.190 million, at Constitution Avenue, G-5, Islamabad. The location of the building is in Red Zone, which can be a hurdle for the visitors due to security checks. However, since Supreme Court of Pakistan is also located in the immediate vicinity, it will facilitate the counsels to commute between two courts. This, however, can only be assessed after the building comes in use.

The Ministry of Law and Justice appointed M/s The Architect as Consultants for drawing, design and construction supervision of the project. The construction schedule for the project was prepared by the contractor and approved by the Consultant and the Pak PWD. The consultant M/s “The Architect” (The Consultant) was responsible for monitoring of construction work for timely completion.

Audit noticed the following irregularities relating to construction works:

4.4.1 Non-approval of Building Plan from CDA - Rs 4,989.259 million

Regulation 2.2.2 of Islamabad Residential Sectors Zoning (Building Control) Regulations, 2005 provides that no building or structure shall be constructed or any additional/alteration made thereon except (a) with the prior approval of the Authority, and (b) Minor internal repairs; in accordance with the Building and Zoning Regulations, or instructions issued by the Authority in this behalf from time to time. The original covered area approved by CDA as per original PC-I was 410,483 Sft whereas in revised PC-I total covered area was 422,987 sft. **(Annexure-A)**

Audit observed that the Executive Engineer CCD-IV Pak PWD Islamabad did not get the Building Plan approved from CDA as required under Islamabad Residential Sectors Zoning (Building Control) Regulations.

This resulted into irregular construction of buildings worth Rs 4,989.259 million without the revision of Building Plan by CDA.

Non-approval of revised Building Plan from CDA was due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Audit pointed out the irregularity in June 2022. The Department replied that there was no need to get the revised approval from CDA because only 3.05% covered area was enhanced.

The reply was not accepted because the initially approved design consisted of ground + 5 floors which was then changed to ground + 3 floors involving structural changes, which required revised approval of Building Plan from CDA.

The matter was discussed in DAC meeting held on 02.11.2023 wherein the Committee directed the department to submit case to CDA for approval of revised building plan and outcome be verified from Audit.

Compliance to DAC’s directive was not made till finalization of the report.

Audit recommends that revised building plan be got approved from CDA and penalties (if any) imposed by CDA be recovered from the officers responsible.

(AIR Para 04)

4.4.2 Non-refixing of rates due to major deviations from the contract provisions - Rs 1,381.574 million

As per Clause 52.3 of contract agreement for “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad”, if it is found that, as a result of all varied work, there have been additions to or deductions from the Contract Price which taken together are in excess of 15 per cent of the “Effective Contract Price”, then, after due consultation by the Engineer with Pak PWD and the Contractor, there shall be added to or deducted from the Contract Price such further sums as may be agreed between the Contractor and the Engineer or, failing agreement, determined by the Engineer.

Audit noted that Pak PWD awarded the contract for “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad” to M/s Habib Rafiq (Pvt.) Ltd contract on 10.06.2015 at an agreement cost of Rs 2,474.049 million. The estimate of the work was based on market rates. The rates quoted by the contractor for these items were higher than the rates provided in Pak PWD Schedule of Rates. The details of total payments are as under:

(Rs in million)

Sub-head	Contract Amount	Payments up to April 2022	Amount of Extra/ Substituted items/ Deviations	% Deviation from Contract Amount
Sub Head Civil, Infrastructure, Plumbing, Horticulture	1,722.186	2,755.869	1,154.056	67.01%

Sub-head	Contract Amount	Payments up to April 2022	Amount of Extra/ Substituted items/ Deviations	% Deviation from Contract Amount
Sub Head Electrical/ Mechanical, HVAC	751.863	1,001.859	227.518	30.26%
Total	2,474.049	3,757.728	1,381.574	55.84%

Audit observed that major deviations were made during execution of the work and payment of Rs 3,757.728 million was made against contract amount of Rs 2,474.049 million without revision of TS Estimate. Deviations for Rs 1,381.574 million, which constituted 55.84% of the contract amount, were made.

Such major deviations from the contract provisions warranted application of clause 52.3 for re-fixing of rates. But it was not implemented and higher rates were allowed to the contractor. This resulted in non-refixing of rates due to major deviations from the contract provisions and non-revision of TS estimate for Rs 1,381.574 million.

Audit maintains that unauthentic payment occurred due to weak contract management.

Audit pointed out unauthentic payment/undue benefit to the contractor in June 2022. The department replied that deviations from the original scope of work were made with the approval of competent authority and paid on BOQ rates, which were already unworkable. No recovery from the contractor was involved. Revised PC-I was approved from CDWP. Revised TS Estimate would be done and got verified from Audit.

The reply was not acceptable because contract clause referred above warranted re-fixing of rates, which was not invoked and no proper determination of the engineer was exercised.

The matter was discussed in DAC meeting held on 03.11.2023 wherein Audit apprised the Committee that quantities of items involving higher quoted rates were enhanced abnormally but clause 52.2 of the contract agreement was not invoked to re-determine/re-fix the rates for varied quantities. The Committee directed the department to submit the detailed analysis of excessive quantities and rates to Audit for further evaluation. The Committee further directed the department to immediately submit technical sanction on the receipt of final IPC and also to examine who was responsible for violation. Moreover, in future codal provisions on the subject matter be implemented in entirety.

Audit recommends fixing of responsibility through fact-finding inquiry besides re-fixing of rates and recoveries of unauthorized and unjustified deviations from the approved scope of work without revision of TS Estimate.

(AIR Paras 03& 06)

4.4.3 Unjustified payment for raft foundation and unauthentic rate analysis - Rs 113.655 million

As per clause 36.1 of the contract agreement for “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad”, all material, plant and workmanship are subjected to such tests as the engineer may require to ensure quality. Further, as per para 293 of Pak PWD Accounts Code, to facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contact agreements, a schedule of rates for each kind of work commonly executed should be maintained in the division and kept up to date. It should be prepared on the basis of the rates prevailing in each locality and necessary analysis of the rates for each description of work and for the varying conditions thereof should, so far as may be practicable, be recorded. The rates entered in estimates should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report on the estimate.

As per specification of the item of work “Providing and laying design mix concrete 3000 psi at 28 days”, the department was required to make payment after fulfillment following obligations:

- i) Approved design mix formula.
- ii) Third party material tests for concrete, steel, cement and crush.
- iii) Satisfactory certificates of material by third party laboratory.
- iv) Rate analysis keeping in view the rates provided in the CSR 2012.

As per original PC-I/Estimate prepared for 01 basement, 01 ground and 05 floors, quantity of raft foundation was provided for 373,106 cft.

Audit noted that an item of work was measured and paid for raft foundation with a quantity of 409,384 cft, for retaining wall 45,176 cft and for ramp 5,504 cft @ Rs 237 per cft, Rs 329 per cft and Rs 325 per cft respectively up to IPC No. 51.

Audit observed that the above said documents were not found in the record provided to Audit. Moreover, despite the building design was reduced from 05 floors to 03 floors, the quantity of raft foundation was increased from 373,106 cft to 409,384 cft.

This resulted in unjustified payment for raft foundation and unauthentic rate analysis for Rs 113.655 million.

Audit maintains that the unjustified payment occurred due to weak contract management.

Audit pointed out the unjustified payment in June 2022. The department replied that the item executed and paid after approval of job mix formula and carrying out required tests. The quantity increased as the

provision was made for future extension of fourth and fifth floors in the building.

The reply was not accepted because after revised approval of design/stories of the building in the revised PC-I by CDWP, execution and payment of excess quantities, for future extension of the building, was not justified.

DAC meeting was convened on 02.11.2023. Para was pended for discussion in next meeting, which is still awaited.

Audit recommends fixing of responsibility for poor planning and deviation in the scope of work besides recovery of the amount involved.

(AIR Para 08)

4.4.4 Overpayment/undue benefit to the contractor due to execution items at higher rate and without justification - Rs 115.447 million

Para 6.09 of Pakistan Public Works Department Code (Revised-1982) states that a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. This sanction was known as the Technical Sanction to the estimate and must be obtained before the construction of work was commenced. As its name indicates, it amounts to no more than a guarantee that the proposal are structurally sound, and that the estimates are accurately calculated and based on adequate data. Further, as per para 293 of Pak PWD Accounts Code, the rates entered in estimates should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report on the estimate.

According to para (i) of acceptance letter, the engineer concerned shall make all possible efforts to avoid any material changes/departure from estimated quantities/specifications/design as per agreement.

Audit observed that:

1. BOQ item Steel Mesh around entrance column & ceiling provided in the Estimate/BOQ/Agreement with the quantity of 16,899 Sft @ Rs 750 per Sft was substituted with the item of mild steel (MS) wire mesh (1/2" thick around columns) @ Rs 4,537 per Sft with quantity of 20,657 Sft without justification. This resulted in overpayment of Rs 46.849 million (Rate paid Rs 4,310 P/Sft - original rate Rs 750 P/Sft x 13,160 Sft).
2. The department paid higher rates and excessive quantities than approved against three items of work resulting in overpayment of Rs 8.486 million.
3. The department measured and paid the extra item No. 9 "Providing and filling sand under floor, foundation etc. and Drive Way etc. including dressing watering" through variation statement No. 2 with the quantity of 232,677 Cft @ Rs 59 per Cft for Rs 13.728 million up to 51st running bill. Item "Sand filling" was available in Schedule of Rates 2012 @ Rs 22.10 per sft under code 104, item No. 9 + 25% premium and Rs 27.626 per sft was required to be paid instead of Rs 59 per sft. This resulted in an undue benefit to the contractor due to execution of item without genuine requirement beyond the provision for Rs 13.727 million.
4. The department measured and paid mechanical item "Supply and Installation of Modular Air Handling Unit (MAHU) No. 7 (xvi) 4F MAHU-01, 7 (xvii) 5F MAHU-01 and 7 (xviii) AF MAHU-01" for Rs 10.241 million, Rs 10.191 million and Rs 6.767 million respectively meant for 4th and 5th floor deleted in the revised approved scope of work. This resulted in an overpayment/inadmissible payment due to execution of item beyond the scope of work for Rs 28.422 million (Rs 10.241 million + Rs 10.191 million + Rs 6.767 million + 4.5% premium).

5. The department measured and paid for 02 Low Voltage (LV) Panels @ Rs 10.800 million each for Rs 21.600 million instead of one LV Panel because the allied items were provided for 01 LV Panel in the estimate/BOQ. This resulted in overpayment due to duplicate measurement/ execution of item for Rs 11.286 million (Rs 10.800 million x 4.50% above).
6. An item No. 60 Air Conditioning and Mechanical Ventilation (ACMV) system and Motor Control Centre (MCC) under Sub-Head Mechanical work was provided as (01) one number Job @ Rs 3.550 million in the TSE/BOQ. Whereas, at the time of execution/payment, the department measured and paid for 03 number Jobs (@ Rs 3.195 million each) for Rs 9.585 million in total. Audit is of the view that the ACMV system and MCC was one time requirement in the TSE/BOQ/Revised PC-I as approved by the competent authority. The payment of the cost for 03 jobs by the department without any requirement of the work beyond the approved revised scope, indicated that either estimate was defective or an undue benefit was given to the contractor by executing 200% extra items without necessity. This resulted in an overpayment due to the excessive execution of items beyond the scope for Rs 6.677 million (Rs 3,195,000 x 2 plus 4.5% above).

Audit maintains that overpayment of Rs 115.447 million (Rs 46.849 million + Rs 8.486 million+ Rs 13.727 million+ Rs 28.422 million+ Rs 11.286 million + Rs 6.677 million) occurred due to weak internal and financial controls to ensure the safeguarding of public financial interest.

Audit pointed out overpayment in June 2022. The department admitted recovery of Rs 8.486 million and in other cases replied that payments were made for the items as per site requirement and after approval from the competent forum incorporated in the revised PC-I.

The reply was evasive because execution and payment against unjustified items merely on the ground of inclusion in the revised PC-I was not acceptable.

The matter regarding overpayment of Rs 8.486 million (Audit observation at S. No. 2) was discussed in DAC meeting held on 02.11.2023 wherein the department explained that overpaid amount had been adjusted in IPC-53. Audit was not satisfied with the departmental stance as the contractor was given undue benefit in IPC-51 by allowing extra payment than the approved rates, which requires fixing of responsibility. The Committee directed the department to submit the relevant record with complete justification as per contention of Audit. Remaining audit observations were pending for discussion in next meeting, which is still awaited.

Audit recommends fixing of responsibility through a fact-finding inquiry besides recovery of unjustified payments of Rs 115.447 million.

(AIR Paras 11, 15, 16, 22, 24&26)

4.4.5 Irregular payment of work done without maintaining of detailed Measurement Books - Rs 1,001.859 million

As per Para 208 of Central Public Works Accounts (CPWA) Code, payments for all work done are based on measurements recorded in the Measurement Book (MB) in accordance with the rules in Para 209 of CPWA Code.

During scrutiny of the accounts record, Audit noted that the work "Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad" was awarded to M/s Habib Rafiq (Pvt.) Ltd. on 10.06.2015 at an agreement cost of Rs 2,474.049 million (Sub-Head Electrical/Mechanical, HVAC Rs 751.863 million). The contractor was made total payment of Rs 1,001.859 million up to IPC-29 dated 02.02.2022.

Audit observed that payments were made without recording detailed measurements in the MB. Only an abstract of cost was recorded

in MB. This resulted in irregular payments to the contractor without recording detailed measurements of work executed in the MB for Rs 1,001.859 million.

Audit maintains that the irregularity occurred due to weak monitoring and internal controls.

Audit pointed out the irregular payment in June 2022. The department replied that the detail of work done was recorded and furnished to this office by the Resident Engineer of the consultant M/s The Architects in the form of IPC along with complete measurement sheets, which was further recorded in the MB.

The department admitted in reply that the measurements in MB were not recorded on real time basis. As pointed out, only abstract of cost was entered in the MB afterwards.

DAC meeting was convened on 02.11.2023. Para was pended for discussion in next meeting, which is still awaited.

Audit recommends fixing of responsibility through a fact-finding inquiry besides corrective action.

(AIR Para 23)

4.4.6 Provision of invalid performance security and non-revalidation up to defect liability period - Rs 494.809 million

Clauses 10.1 and 10.2 of the contract agreement for “Construction of Islamabad High Court at Constitution Avenue G-5/1, Islamabad” provide that contractor shall provide performance security to Pak PWD on a prescribed form. Such Security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any Scheduled Bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan or an insurance company having at least AA rating from Pakistan Credit Rating Agency (PACRA)/Japan Credit Rating Agency (JCR). The performance security

shall be of an amount equal to 10% of the contract price and valid until the contractor has completed the work and remedied any defects in accordance with the contract.

Audit observed that an invalid Performance Security from the Trust Investment Bank was provided by the contractor on 26.06.2019 for Rs 494.809 million. The Performance Security Bond was not obtained from authorized insurance company. The contractor revalidated performance guarantee up to 24.06.2022 instead up to defect liability period of 24.06.2023. This resulted in provision of invalid performance security and non-revalidation up to defect liability period for Rs 494.809 million.

Audit maintains that acceptance of Performance Bond from other than authorized insurance company and non-revalidation up to expiry of defect liability period was due to weak contract management.

Audit pointed out the irregularities in June 2022. The department replied that the performance guarantee was revalidated up to 24.06.2022.

The reply was not accepted because the performance was required to be validated up to expiry of defect liability period i.e. up to one year after completion date.

The matter was discussed in DAC meeting held on 02.11.2023. Audit apprised the Committee that performance guarantee was obtained from a bank, other than specified in the contract agreement. The Committee directed the department to provide authenticity/credentials of the bank from whom the performance guarantee was obtained along with reasons for non-implementation of contract clauses.

Audit recommends fixing responsibility through a fact-finding inquiry besides obtaining of performance bond/guarantee as per provisions of contract and recovery of financial charges for the period of default.

(AIR Para 14)

4.5 Monitoring and Evaluation

M/s The Architects were hired for detailed design and monitoring/supervision of construction works executed by the contractor. The Consultant and PPWD were responsible for monitoring the satisfactory and timely completion of the project. Audit observed the following:

4.5.1 Unjustified payment and non-imposition of penalty due to poor performance of the consultant - Rs 113.784 million

Clause A-3 of the consultant agreement for Architectural, Engineering Consultancy, Planning, Designing and Construction Supervision of the Project “Construction of Islamabad High Court Building”, executed between Pak PWD and M/s The Architects on 28.10.2015, at agreed rate of 2.25% of the bid cost as planning design fee and 2% of the completion cost as detailed supervision fee, provides that M/s The Architect (consultant) will make joint venture/coordinate for specific job with the following firms:

- i. Loya Associates (Structural Design),
- ii. Consolidated Engineers Services (PVT) Ltd (Geotechnical Investigation),
- iii. Matrix Consultant (Plumbing Works including Water Supply: Sewerage System; Fire Fighting),
- iv. SEM Engineers (Electrical Works including Fire Alarm System; Audio Visual Equipment; Lifts; Stand-by Generators & HVAC works).

M/s The Architect will be responsible for Architectural Services and Landscaping/External Development.

Clause-3.9 (liability of the consultant) of the consultancy agreement states that the consultant is liable for the consequence of errors and omissions on his part or on the part of his employees. If client suffers any losses or damages as a result of proven faults, errors or omissions in

the design of the project, the consultant shall make good such losses and damages subject to the conditions that the maximum liability shall not exceed the total remuneration of the consultant for design phase in accordance with the terms of the contract and in case the services are awarded to any sub-contractor, the consultant is liable for any default of sub-contractor.

CDWP, in its meeting dated 02.12.2020, approved the revised project with the direction that Secretary, Ministry of Law & Justice will initiate formal inquiry and, as recommended in the Monitoring Report, fix responsibility of the concerned, for mismanagement, incurrence of unauthorized expenditures and delays causing huge cost overrun.

Audit observed following deficiencies due to ill planning, faulty estimation/working etc. by the consultant.

- a) Defective PC-I was prepared wherein number of essential items were omitted which resulted into under-estimation of quantities and irrational costing i.e. extra/substituted items.
- b) Revised building plan was not got approved from the concerned authority CDA.
- c) The detailed engineering estimate was prepared on the basis of market rates and rate analysis of items of work was also prepared on higher side. Whereas at the time of preparation of estimates, the Pak PWD Schedule of Rates 2012 and NHA Composite Schedule of Rates 2014 were available for estimation purposes but the consultant did not consider and gave priority to market rates for estimation, which was on higher side.
- d) Delay in finalization of drawing and design was also noticed on the part of consultant.
- e) There was no evidence that M/s The Architect made joint venture or hired the services of the above referred sub-consultants for this project as required under the consultancy agreement.

During scrutiny of the accounts record, Audit noted that the above consultants were paid up to 51st running bill dated 28.04.2022 for total of Rs 113.784 million.

Audit observed that the consultant was not penalized for his poor performance. This resulted in unjustified payment and non-imposition of penalty for poor performance for Rs 113.784 million.

Audit pointed out the non-imposition and non-recovery of penalty in June 2022. The department replied that all the variations were made on the directions of the client department and Administrative Committee of Islamabad High Court. Revised PC-I was approved by CDWP.

The reply was not accepted because Defective PC-I was prepared which resulted into under-estimation of quantities and irrational costing i.e. extra/substituted items. Revised building plan was not got approved from CDA. Rate analysis of items of work was prepared on higher side. M/s The Architect neither made joint venture nor hired the services of the sub-consultants as required under the consultant agreement. Supervisory staff engaged by the consultants were retired Pak PWD officers as established from monthly progress reports.

DAC meeting was convened on 02.11.2023. Para was pended for discussion in next meeting, which is still awaited.

Audit recommends appropriate action against consultant.

(AIR Para 07)

4.6 Environment

Environmental Protection Agency (EPA) approved Initial Environmental Examination Report conveyed through letter dated 22.10.2015 with the conditions to implement all mitigation measures mentioned in the Report. Main conditions included minimizing any negative impact on soil, ground water, ambient air quality, noise natural drainage and biological resources during and after construction of the

project. The proponent (Pak PWD) was required to seek fresh clearance from EPA for any extension/addition in the building. Pak PWD was to ensure to harvest rain water as per CDA rules and develop its mechanism to utilize the stored rain water. Pak PWD did not obtain fresh approval of revised building plan as required. Moreover, no arrangements for harvesting rain water were made.

4.7 Sustainability

For maintenance purpose, recurring cost will be met from the regular budget grant of Ministry of Law & Justice. As per PC-II of the Project, a number of jobs of different categories will be created during implementation and after completion of the Project.

4.8 Overall Assessment

- i. Relevance:** The project is in-line with government of Pakistan priority policy to improve the access to justice in the country as well as judicial infrastructure and performance.
- ii. Efficacy:** Achievement of physical outcomes of the project has been delayed leading to delay in achievement of project goals of having an appropriate environment for efficient and speedy justice and proper facilities for the honourable judges and the public.
- iii. Efficiency:** The original PC-I was not based on adequate data rather it was prepared on the basis of conceptual/line plans. Time overrun of five years was witnessed which was due to subsequent variations in the cost and quantities/specifications.
- iv. Economy:** PC-I of the project was approved by CDWP on 23.09.2014 at a total cost of Rs 2,852.023 million and revised PC-I was approved by the CDWP for Rs 4,989.259 million in its meeting held on 02.12.2020. Total

expenditure was Rs 5,016.271. Cost overrun due to deviations in scope were, therefore, Rs 2,164.248 million

v. **Effectiveness:** The achievement of set targets at this time is not possible as the project has just been handed over for use as Islamabad High Court in May 2023.

vi. **Compliance with Rules:** Serious non-compliance with applicable rules and regulations was observed. Major instances of non-compliance are:

- a. Unauthentic/unjustified expenditure of Electrical/Mechanical, HVAC items without pre-shipment inspection/ site test reports/testing commissioning and rate analysis - Rs 1,001.859 million(Para 4.3.1)
- b. Non-refixing of rates due to major deviations from the contract provisions - Rs 1,381.574 million(Para 4.4.2)
- c. Irregular payment of work done without maintaining of detailed Measurement Books - Rs 1,001.859 million (Para 4.4.5)

vii. Performance Rating of Project

- a. Moderately Satisfactory

viii. Risk Rating of Project

- a. Low

5. CONCLUSION

5.1 Key issues for future

The following are the issues that led to cost and time overrun:

- a) The project suffered significant delays due to errors and omissions on the part of the contractor, consultant, and the executing agency i.e. Pak PWD.
- b) Another impediment was consultant's poor planning, estimation and inaccurate projections of quantities of various work items. Lack of required expertise was also main reason of poor consultancy.

5.2 Lessons identified

Full time Project Director must be appointed from start of planning phase up to completion of a project. PC-I should be based on accurate data based on site surveys and in the light of requirements of the client department. Estimates should be realistic and based on current market trends. The selection of suitable and competent consultants must be taken into account from start of planning phase. There must be a strong oversight mechanism in place to monitor different phases of the project.

Acknowledgement

We wish to express our appreciation to the management and staff of Pakistan Public Works Department for the assistance and cooperation extended to the auditors during this assignment.

Annexure-A
Ref to Para 4.4.1

Non-approval of Building Plan from CDA - Rs 4,989.259 million

Detail of covered area

Particulars of Building	Covered Area as per original PC-I (Area Sft)	Covered Area as per Revised PC-I (Area Sft)	Covered Area approved by Building Plan CDA (Area Sft)	Excess covered area constructed in violation of Building Plan (Area Sft)
Basement	129,465	137,006	131,187.63	5,818.37
Ground floor	84,710	82,062	65,956.80	16,105.20
1 st floor	56,535	63,931	55,404.60	8,526.40
2 nd floor	47,930	67,286	54,643.34	12,642.66
3 rd floor	49,445	56,661	40,694.40	15,966.60
4 th floor	26,100	16,041	37,229.78	21,188.78
5 th floor	20,540	-	25,366.55	25,366.55
	414,725	422,987	410,483	12,504