



**SPECIAL AUDIT REPORT
ON
FUNDS PROVIDED FOR
ACQUISITION OF LAND &
RESETTLEMENT FOR
DIAMER BASHA DAM (REVISED)
AUDIT YEAR 2022-23**

AUDITOR-GENERAL OF PAKISTAN

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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 an audit of receipts and expenditure out of the Federal Consolidated Fund and Public Accounts and that of Government commercial undertakings and of any authority or body established by the Federation.

The Directorate General of Audit, Water Resources conducted special audit of funds provided for acquisition of land & resettlement of Diamer Basha Dam Project (DBDP) for the period up to May, 2023 with a view to report significant findings to stakeholders. The special audit report is aimed to ascertain validation of land cost assessment, payments made to land owners and utilization of accrued interest, if any, on funds, provided by the Water and Power Development Authority (WAPDA) to the Land Acquisition Collector (LAC) for DBDP. The audit report suggests measures which, if considered, would prevent delay in acquisition process and abnormal increase in compensation costs while ensuring greater transparency in the process and leveraging substantial bank interest benefits.

The observations included in this report have been finalized based on replies submitted by the management. However, Departmental Accounts Committee (DAC) meeting was not convened despite several requests to the Principal Accounting Officer (PAO).

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

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Islamabad
Dated: 23 DEC 2024

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

Abbreviation and Acronyms

AC	Assistant Commissioner
ALAC	Assistant Land Acquisition Collector
AL&R	Acquisition of Land and Resettlement
BoFP	Book of Financial Powers
CBM	Confidence Building Measures
CDL	Cash Development Loan
CNIC	Computerized National Identity Card
CSA	Consultancy Services Agreement
DAC	Departmental Accounts Committee
DBC	Diamer Basha Consultants
DBDP	Diamer Basha Dam Project
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DIG	Deputy Inspector General
DPO	District Police Officer
ECNEC	Executive Committee of National Economic Council
FIDIC	Fédération Internationale Des Ingénieurs-Conseils
FIR	First Information Report
FTR	Federal Treasury Rules
GB	Gilgit-Baltistan
GFR	General Financial Rules
GIS	Geographical Information System
GM	General Manager
GMF	General Manager Finance
GoP	Government of Pakistan
GP	General Provident
GRC	Grievance Redressal Committee
HPP	Hydropower Project
ICDBMD	Implementation Committee for Diamer Basha and Mohmand Dam
IDC	Interest During Construction
IS	Internal Security
KKH	Karakorum Highway
KM	Kilometer
KP	Khyber Pakhtunkhwa
LAA	Land Acquisition Act
LAC	Land Acquisition Collector

LA&R	Land Acquisition and Resettlement
MCB	Muslim Commercial Bank
MoM	Minutes of Meeting
MoU	Memorandum of Understanding
MoW&P	Ministry of Water and Power
MoWR	Ministry of Water Resources
NADRA	National Database & Registration Authority
NBP	National Bank of Pakistan
NHA	National Highway Authority
NOC	No Objection Certificate
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PAP	Project Affected People
PC-I	Planning Commission Proforma-I
PD	Project Director
PLS	Profit & Loss Sharing
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Programme
RBPR	Right Bank Periphery Road
RCC	Roller Compacted Concrete
RKKH	Relocated Karakorum Highway
SOPs	Standard Operating Procedures
SP	Superintendent of Police
SUPARCO	Pakistan Space & Upper Atmosphere Research Commission
TORs	Terms of References
WAPDA	Water and Power Development Authority
WSF	WAPDA Security Force

EXECUTIVE SUMMARY

The Directorate General Audit, Water Resources conducted a special audit of Land Acquisition and Resettlement (LA&R) of Diamer Basha Dam Project (DBDP) from May to June, 2023. The main objectives of this special audit were to examine the assessment of cost of land, the handling of funds provided by WAPDA to the Deputy Commissioner (DC) / Land Acquisition Collector (LAC), payments made to land owners and the utilization of accrued interest, if any, on account of acquisition of land and resettlement for DBDP. The special audit was conducted in accordance with applicable standards.

During special audit, the entire land acquisition process was scrutinized in the light of relevant sections of Land Acquisition Act, 1894 including acquisition, transfer of land in the name of WAPDA and compensation payments made to the Project Affected Peoples (PAPs). Several lapses were found in the land acquisition process which included increase in cost due to changes in land categories and area after imposition of Section-4 of the Act, the unauthentic payment to households on account of alternate resettlement package and non-mutation of acquired land. Additionally, funds provided by WAPDA were placed by the DC/LAC in private banks, and the interest earned on these funds was not transferred to WAPDA. In order to complete the land acquisition process in an efficient, transparent, and effective manner, LAC and the management should have implemented the Land Acquisition Act & Resettlement Action Plan along with relevant SOPs, instructions, etc. in letter and spirit. Accordingly, on the basis of special audit, key audit findings are given below:

Key Audit Findings:

1. Loss due to excess payment made by changing category and increasing area of land – Rs. 1,276.67 million
2. Unauthentic payment made by DC/LACs Diamer and Kohistan on account of acquisition of land – Rs. 56,197.19 million
3. Irregular/unauthentic payment to households on account of alternate resettlement package (Chulah Package) – Rs. 12,380 million
4. Unlawful payment on account of alternate resettlement package – Rs. 524.10 million

5. Unjustified payment on account of settlement of boundary dispute – Rs. 364.57 million
6. Unjustified payments for compensation of additional land, trees and built up property due to construction activities at periphery road at Khanbari – Rs. 79.83 million
7. Irregular/unjustified payment to missing households in alternate resettlement package – Rs. 57.30 million
8. Loss due to payment made on account of faslana damages – Rs. 8.72 million
9. Non-reconciliation of land acquired measuring 458.56 acres between WAPDA's record and DC/LACs record
10. Double payment on account of acquisition of land for construction of WAPDA office building to DC/LAC – Rs. 3.03 million
11. Illegal encroachment of land acquired by WAPDA
12. Unauthorized opening of bank accounts in private banks and retention of money in private banks by DC/LAC and ACs/LACs – Rs. 5,451.77 million
13. Avoidable expenditure on account of payment of interest and compulsory charges on taking possession of land before award – Rs. 65.97 million
14. Non-deposit of profit earned on PSDP funds into Government treasury – Rs. 46.60 million
15. Unjustified maintenance of PSDP funds in an account other than the assignment account – Rs. 86,987.60 million
16. Non-mutation of acquired land – Rs. 56,194.88 million
17. Non-recovery of unspent balance from DC/LACs of Diamer and Kohistan – Rs. 5,144.21 million
18. Irregular payment to DC/LAC for hiring of vehicles for WAPDA and other organizations – Rs. 592.09 million

1. INTRODUCTION

WAPDA was established through an Act of Parliament in 1958 as an autonomous and statutory body under the administrative control of the Federal Government. The charter of duties of WAPDA is to investigate, plan and execute projects for hydropower generation, irrigation, water supply and drainage, the prevention of water logging, reclamation of waterlogged saline lands and flood management. To discharge its duties, WAPDA is administratively structured in three wings: Water Wing, Power Wing, and Co-ordination Wing.

Diamer Basha Dam Project (DBDP) is located on Indus River between Kohistan district of Khyber Pakhtunkhwa (KP) and Diamer district of Gilgit-Baltistan (GB). The dam site is situated near a place called “Basha”, which is 315 Kilometers (km) upstream of Tarbela dam, 165 km downstream of Gilgit and 40 km downstream of Chilas town. It is a Roller Compacted Concrete (RCC) gravity dam having a height of 272 meters with proposed total installed capacity of 4,500 Megawatt. The estimated annual electricity generation from the project is 18,097 Gigawatt hour units.

The main objective of the project was to enhance hydroelectric generation capacity of the country by using water of River Indus which would not only produce clean energy but will help in overcoming energy crises. PC-I of the project for Acquisition of Land and Resettlement (AL&R) was approved by Executive Committee of National Economic Council (ECNEC) on November 06, 2008 at a cost of Rs. 60 billion. Due to disagreement of Project Affected Peoples (PAPs) over the compensation package, 1st revised PC-I of the project was approved by ECNEC on March 02, 2015 at a cost of Rs. 101.372 billion. However, PAPs asked for 25% harjana (penalty) as no payments had been made to them till December, 2013. Therefore, 2nd revised PC-I of the project was approved by ECNEC on April 30, 2020 at a cost of Rs. 175.436 billion. The project cost was later rationalized to Rs. 174.700 billion out of which an amount of Rs. 87.808 billion was allocated for the compensation of land and assets and resettlement plans (construction of one composite model village and cash compensation) and approved by ECNEC on September 02, 2021. As per 2nd revised PC-I, 35,924 acres of land was to be acquired for the project. Out of total land, 34,939 acres fell under territory of GB and 985 acres fell in the province of

KP. A total of 32,807 acres (91.32% of total land) had been acquired up to May, 2023.

Land Acquisition Procedure

Land acquisition matters, for public purpose, are dealt under the provisions of the Land Acquisition Act-1894. Acquisition of land for such purpose is responsibility of DC/LAC of the concerned District. The acquiring department/agency requests the concerned DC for acquisition of land who notifies it in the official gazette and at convenient places of the locality falling under Section-4 of the Act. The concerned DC/LAC prepares and provides cost estimates for the purpose to the acquiring department/agency which places required funds at his disposal. As per Section-11 (B) of the Land Acquisition Act, the whole process of land acquisition should be completed within six months from issuance of notification under Section-4 of the above stated Act.

2. RATIONALE FOR SELECTION OF SPECIAL AUDIT

The special audit was conducted upon the request of Ministry of Planning Development and Special Initiatives conveyed to the Auditor-General of Pakistan vide MoWR letter No.10 (11)2022-Audit dated December 27, 2022.

3. AUDIT SCOPE

The scope of special audit was to scrutinize assessed cost of land, funds transferred by WAPDA to DC/LAC, and its onward disbursement to land owners/PAPs and utilization of accrued interest on funds, if any, up to May 31, 2023. Entities having major role in the land acquisition process included DCs/LACs, GM (LA&R) and General Manager (GM) / Project Director (PD) DBDP. For this purpose, funds amounting to Rs. 73,725.400 million were transferred to DCs/LACs concerned by WAPDA out of which Rs. 68,581.190 million had been utilized for payment of compensation of land & assets and resettlement package up to May 31, 2023. Entire process of land acquisition was carried out by DCs/LACs concerned, therefore, record of cost assessment, ownership, categorization of land and its payments was relevant to their offices.

3.1 Audit Objectives

The main objectives of audit were to scrutinize assessment of land cost, payments made to land owners and utilization of accrued interest, if any, on account of acquisition of land and resettlement for DBDP.

3.2 Audit Methodology

Since, office of DC (Diamer) falls under audit jurisdiction of Directorate General Audit, Gilgit-Baltistan, therefore, two members from that office were attached to assist the audit team for production of record and to benefit from their specific expertise on the matter. Audit methodology included collection of data, consultation and analysis of record, discussion with relevant staff, site visits, etc. as detailed below:

- i. Review of original and 2nd revised PC-I of the project, procedure adopted for land acquisition under Land Acquisition Act, 1894, court cases, SOPs, etc.;
- ii. Scrutiny of funds received and transferred to LAC by WAPDA for the purpose;
- iii. Scrutiny of selected record i.e. payment record, mutation documents, reconciliation of bank statements and utilization of accrued interest, if any;
- iv. Discussions with the management along-with site visits, and
- v. Evaluation of quality of internal controls.

4. SPECIAL AUDIT RESULTS

LAND COST ASSESSMENT

4.1 Loss due to excess payment made by changing category and increasing area of land – Rs. 1,276.67 million

According to Section-4 of Land Acquisition Act-1894, whenever it appears to the provincial government that land in any localities needed or is likely to be needed for any public purpose, a notification that to effect shall be published in the official gazette, and the collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality. Further, as per Section-11, “on the day so fixed, or on any other day to which the enquiry has been adjourned, the collector shall proceed to enquire into the objections (if any) which any person interested and a department of government, a local authority, or a company, as the case may be, has stated pursuant to a notice given under Section-9 to the measurements made under Section-8, and into the value of the land at the date of the publication of the notification under Section-4, sub-section, and into the respective interests of the persons claiming the compensation and shall make an award under his hand of - (i) the true area of the land; (ii) the compensation which in his opinion should be allowed for the land; and (iii) the apportionment of the said compensation among all the persons known or believed to be interested in the land, of whom, or of whose claims, he has information, whether or not they have respectively appeared before him”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that total land required for the project was 35,924 acres as per 2nd revised PC-I for which awards were issued for acquisition of land in different mauzas, and payments were disbursed for the compensation of land acquired by the DC/LAC DBDP Diامر to PAPs. Scrutiny of the record revealed that in sixteen Mauzas/villages, measurement of land was increased by 3,047 kanal & 17 marla and category of land measuring 728 kanal & 5 marla was changed in several khasras in the field books of LAC, WAPDA and awards issued by the DC/LAC DBDP Diامر after having made notification under Section-4. The category of land was changed from barren to uncultivated, barren to cultivated, rocky to cultivated, rocky to uncultivated and rocky to barren etc. in order to benefit the landowners. Consequently, an excess payment

of Rs. 1,276.67 million was made to PAPs due to changing land category and increasing land area in the field books.

Audit held that excess payment made due to change in category and area of land after imposition of Section-4 by DC/LAC DBDP Diamer was a loss to Authority for which responsibility needs to be fixed.

Non-adherence to the provisions of Land Acquisition Act resulted in a loss due to excess payment of Rs. 1,276.67 million by changing category and increasing area of land.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that field books were prepared in 2007 and the category of land was changed during the period of 2007 to 2012 and up to 2015. As per settlement manual, Tehsildar can increase or decrease the area.

The reply was not tenable as there was no provision of re-surveys and change in land category and increasing land area in Land Acquisition Act after imposition of Section-4.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire into the matter of change in land category and increase in land area after imposition of Section-4 for fixing responsibility upon person(s) at fault.

(Original Para No.11, 17, 32, 34, 37, 42, 43 and 52)

4.2 Unjustified award and payment for acquisition of land – Rs. 1.96 million

According to section 12 and 12-A of the Land Acquisition Act-1894, award of Collector when to be final, says: (1) Such award shall be filed in the Collector's office and shall, except as hereinafter provided, be final and conclusive evidence, as between the collector and the persons interested, whether they have respectively appeared before the collector or not, of the true area and value of the land, and the apportionment of the compensation among the persons. (2) The collector shall give immediate notice of his award to such of the persons

interested as are not present personally or by their representatives when the award is made. Further, as per Section-12-A, any clerical or arithmetical mistake in the award arising therein from any accidental slip or omission may, at any time, be corrected by the collector either of his own motion or on the application of any of the parties.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that two individual awards amounting to Rs. 1.96 million were issued under Section-12-A by DC/LAC DBDP Diامر. Further scrutiny of the record revealed that these awards were issued for acquisition and payment of additional land which did not fall within the scope of Section-12A as it only applies in case of any clerical or arithmetical mistake in the original awards whereas notifications under Section-4 for acquisition of additional land were not issued by the DC/LAC DBDP Diامر in case of these two awards. The detail of the two awards is as follows:

- An award amounting to Rs. 3,039.846 million for land acquisition at Hudur valley, Chillas was issued in 2013 and field books closed at Khasra No.176. However, a subsequent award of additional land for an individual amounting to Rs. 1.059 million under Khasra No.177 was issued in 2014 by the DC/LAC DBDP Diامر without issuance of notification under Section-4 of LAA.
- Similarly, an award amounting to Rs. 2,694.387 million for acquisition of land, trees and built-up structure for Thore Tehsil, Chillas was issued in 2012. However, a subsequent award of additional land for an individual amounting to Rs. 0.918 million was issued in 2014 by the DC/LAC DBDP Diامر without issuance of notification under Section-4 of LAA.

Audit held that notification under Section-4 of LAA for acquisition of additional land and subsequent proceedings were required to be completed but the same was not done.

Non-adherence to Land Acquisition Act resulted in unjustified awards and payment of Rs. 1.96 million on account of acquisition of additional lands.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that said land was mistakenly omitted by the computer operator.

The reply was not tenable as in both cases awards were issued for acquisition of additional land for which notification under Section-4 and subsequent proceedings were required to be made instead of correction under Section-12A of LAA.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter of issuance of awards of additional land without notifications under Section-4 and fix responsibility upon the person(s) at fault.

(Original Para No.51 and 55)

PAYMENT MADE TO LAND OWNERS

4.3 Unauthentic payment made by DC/LACs Diamer and Kohistan on account of acquisition of land – Rs. 56,197.19 million

According to Para-15 of Appendix-6 of Treasury Rules of the Federal Government, Volume-II, regarding Payment of Compensation for Land taken up under the Land Acquisition Act, “In making the payments due under the award, the Collector shall take from each person to whom payment is made a receipt in Form C, containing a reference to the particular entry in the award showing the amount due to the payee. In the case of payment to a number of persons under a single award, and acquittance roll may be substituted for separate receipts as laid down in paragraph 9. These receipts will be the Treasury Officer's vouchers for the payments, and shall be forwarded by him with the accounts of the month to the Accountant General. ” Furthermore, as per Consultancy Services Agreement (CSA) signed on July 07, 2015 between WAPDA, Government of GB and Pakistan Space and Upper Atmosphere Research Commission (SUPARCO), land payments were required to be made after verification through Geographical Information System (GIS) land acquisition database.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 56,197.19 million was disbursed by DC/LACs Diamer and Kohistan on account of acquisition of land. An examination of the acquittance rolls revealed that only the thumbprints of land owners were taken which too were overlapped one another

rendering them to be unverifiable. Acquittance rolls neither had a certificate of number of pages attached nor were serially numbered. They were also not attested by the verifying officer. Moreover, there was no uniformity in acquittance rolls as different formats of acquittance rolls were used. It was further noticed that evidence regarding use of GIS land acquisition database was not provided during the course of audit.

Audit held that authenticity of the payments made to the landowners could not be verified and chances of payments to ineligible persons could not be ruled out.

Non-adherence to treasury rules of Federal Government and provisions of CSA with SUPARCO resulted into unauthentic payment of Rs. 56,197.19 million made by DC/LACs Diamer and Kohistan on account of acquisition of land.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that payments were disbursed to actual land owners after taking thumb impressions/signatures on acquittance rolls and Computerized National Identity Cards (CNICs) verification by the concerned DCs.

The reply was not tenable as the acquittance rolls had many discrepancies and deficiencies as mentioned above. CNIC numbers were also inaccurate as many cases were found with missing digits and ensure having other ambiguities. Verification of CNICs through the National Database and Registration Authority (NADRA) could have been used in such situations in order to establish validity of payment to the right person. Verification of land was also not done through GIS land acquisition database as had been envisioned in CSA between WAPDA, Government of GB and SUPARCO.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of payments made without ascertaining the authenticity of land owners and verification of land through GIS land acquisition database.

(Original Para No.68)

4.4 Irregular/unauthentic payment to households on account of alternate resettlement package (Chulah Package) – Rs. 12,380 million

According to Para-15 of Appendix-6 of Treasury Rules of the Federal Government, Volume-II, regarding Payment of Compensation for Land taken up under the Land Acquisition Act, “In making the payments due under the award, the Collector shall take from each person to whom payment is made a receipt in Form-C, containing a reference to the particular entry in the award showing the amount due to the payee. In the case of payment to a number of persons under a single award, and acquittance roll may be substituted for separate receipts as laid down in paragraph-9. These receipts will be the Treasury Officer's vouchers for the payments, and shall be forwarded by him with the accounts of the month to the Accountant General. ”

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was observed that compensation amounting to Rs.12,380 million on account of alternate resettlement package was paid to 3,809 households against the approved list of 4,102 households. Further, scrutiny revealed that only thumb prints of the recipients were taken on acquittance rolls that were overlapping in most of the cases and could not be verified. Acquittance rolls neither had a certificate of number of pages nor were serially numbered and were also not attested by the verifying officer. There was no uniformity in acquittance rolls as different formats of acquittance rolls were used. Moreover, signature of verifying officer and succession certificate of the deceased persons were also not found attached.

Audit held that authenticity of the payments made to the recipients could not be ascertained and therefore, payment amounting to Rs. 12,380 million made on account of alternate resettlement package was irregular/un-authentic.

Non-adherence to treasury rules of the Federal Government resulted into irregular/un-authentic payment amounting to Rs.12,380 million to 3,809 households on account of alternate resettlement package (Chulah Package).

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that the collector disbursed funds in strict compliance of the approved list of WAPDA.

The reply was not tenable as record was not maintained as required under the rules in the absence of which authenticity of payments could not be ascertained.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of making payments without ascertaining the authenticity of disbursements among affectees.

(Original Para No.66)

4.5 Unlawful payment on account of alternate resettlement package – Rs. 524.10 million

According to Section-10(i) of General Financial Rules (GFR), every public office 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 of his own money. Further, as per Para-1.38 regarding accountability an audit under “Financial Administration” of the Handbook for DDOs, “disbursing officer must demonstrate that the payments he made were authorized by law, authenticated by supporting documents, was correct and in strict accord with all formalities. The proof in each case must be completed, and must satisfy an independent auditing officer whose business it is to detect errors, irregularities or misrepresentations”. Further, as per Para-1.39, financial transactions must be supported by proper documentary proof. To determine the validity of a disbursement, an auditor will need to have evidence of the fact that the payment was made to the right person.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was observed that as per provision of 2nd revised PC-I, an amount of Rs. 13,562 million was paid to DC/LAC DBDP Diامر on June 24, 2020 on account of alternate resettlement package. Compensation payment for Alternate Resettlement Package started from October, 2020 and 3,809 affected households were paid out of a list of 4,102 households. However, discrepancies in 156 cases amounting to Rs. 524.10

million were noticed as a result of comparison of field book-2007 of different mauzas with the acquittance roll (A-Roll) as detailed below:

- In 41 cases, the names of households and “Kothas” were not found in field book-2007.
- In 115 cases, payments were made against masjid, shops, garden, cattle farms, road, grass and even to husband and wife separately in the same khasra. Cultivated and uncultivated land was also considered as household and paid under the same package.

Audit held that due diligence as required under the rules was not exercised while making payments, therefore, the payment of Rs. 524.10 million to above mentioned 156 cases was unlawful.

Non-adherence to instructions contained in GFR and DDO handbook resulted into unlawful payment of Rs. 524.10 million on account of alternate resettlement package.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that list of households finalized by WAPDA was approved by highest forum i.e. Cabinet Division but some households were missing in that list. Missing cases were compensated after getting approval from the authority.

The reply was not tenable as payment was made on account of alternate resettlement package (Chulah Package) outside its approved scope.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of unlawful payments made on account of alternate resettlement package besides ensuring recovery of the same from the person(s) at fault.

(Original Para No.67)

4.6 Unjustified payment on account of settlement of boundary dispute – Rs. 364.57 million

According to 2nd revised PC-I, there was no provision for payment on account of settlement of boundary dispute. As per GFR, Vol-I, rule-10 (i), “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that Rs. 320 million was paid to DC/LAC DBDP Diامر and DC/LAC Kohistan for disbursement among affectees of boundary dispute and Rs. 40 million for payment to families of twelve (12) persons who suffered casualties due to clashes in boundary disputes as decided by the grand jirga in its meeting held on 19.08.2022. Moreover, an expenditure amounting to Rs. 4.57 million was incurred on holding of grand jirga meetings. Necessary documents to ascertain the authenticity of the payments made by the DC/LAC DBDP Diامر and DC/LAC Kohistan among the affectees were not found attached with acquittance rolls and also minutes of steering committee meeting under which selection of affectees was done were also not provided to Audit. The construction activities at site were restored in 2020.

Audit held that there was no provision in 2nd revised PC-I for making payment on account of settlement of boundary dispute, therefore, payment amounting to Rs. 360 million to affectees of boundary dispute and expenditure amounting to Rs. 4.57 million on holding grand Jirga meetings was unjustified.

Non-adherence to 2nd revised PC-I and GFR resulted into unjustified payment amounting to Rs. 364.57 million on account of settlement of boundary dispute.

The matter was taken up with the management in June, 2023 and reported to the MoWR in August, 2023. The management replied that boundary dispute was a long standing dispute and a grand jirga was constituted to resolve it. The boundary dispute has been settled among the tribes. Construction activities were suspended from 2014-18 due to boundary dispute. Expenditure was incurred on travelling, lodging and entertainment of the members of the jirga and was

charged to the head contingencies for which provision was available in 2nd revised PC-I.

The reply was not tenable as there was no provision for making such payment in 2nd revised PC-I.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment made to affectees on account of boundary dispute resolution and expenditure incurred on holding grand Jirga in violation of provisions of the 2nd revised PC-I and the GFR.

(Original Para No.14 and 46)

4.7 Excess payment made on account of acquisition of private land at dam footprint area – Rs. 351.05 million

According to Diamer Basha Consultants' (DBC) letter dated August 29, 2012, land measuring 1,740 acres Government owned and land measuring 62 acres privately owned was to be acquired in the dam footprint area.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed from consultant's report that land measuring 1,802 acres was to be acquired in the dam footprint area out of which land measuring 1,740 acres was Government owned and land measuring 62 acres was privately owned. Scrutiny of the record revealed that land measuring 1,198 acres was acquired in the dam footprint area out which land measuring 500.81 acres was privately owned. Resultantly, 438.81 acres of private land (500.81 – 62) was acquired in excess of that recommended in the consultant's report.

Audit held that payment made of Rs. 351.05 million on account of excess private land acquired was unjustified and a loss to Authority.

Non-adherence to report of consultants resulted into excess payment of Rs. 351.05 million on acquisition of excess privately owned land at dam footprint area.

The matter was taken up with the management in June, 2023 and reported

to MoWR in August, 2023. The management replied that revenue reports were prepared jointly by field staff of revenue department and WAPDA which had legal status. Further, no excess payment was made as consultant's report was ambiguous.

The reply was not tenable as excess private land was acquired in the dam footprint area and no inquiry was initiated and no responsibility fixed upon the consultants due to their ambiguous report.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Later, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of ambiguous reports prepared by the consultants and accepted by the management.

(Original Para No.15)

4.8 Unjustified payments for compensation of additional land, trees and built-up property due to construction activities at periphery road at Khanbari – Rs. 79.83 million

According to Clause-22.1 of Fédération Internationale Des Ingénieurs-Conseils (FIDIC) 1987, the contractor shall indemnify the employer against all losses and claims in respect of:

- a. Death of or injury to any person, or
- b. Loss of damage to any property which may arise out of or in consequence of the works and remedying of any defects therein, and against all claims, proceeding, damages, costs, charges and whatsoever in respect thereof or in relation thereto.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an award of Rs. 79.83 million was made by DC/LAC DBDP Diamer on June 06, 2022 for compensation of additional land, trees and built-up property due to construction activities at periphery road at Khanbari. Further scrutiny revealed that damages to land, trees and built-up property had occurred during the construction of Right Bank Periphery Road (RBPR) at Khanbari. Instead of making recovery of damages from the contractor, GM (LA&R) gave go ahead for acquisition of damaged

land. Resultantly, an amount of Rs. 40.08 million was paid to acquire the said land and Rs. 39.75 million was paid on account of compensation for damages to trees and built-up properties. As per FIDIC conditions of contract, it was the responsibility of the contractor to indemnify losses occurred to persons or damage to property during execution and completion of works.

Audit held that land acquisition and payment of compensation by the DC/LAC DBDP Diamer on account of damages to land, trees and built-up property due to construction activities was unjustified.

Non-adherence to FIDIC conditions of contract resulted into unjustified payment of Rs. 79.83 million on account of compensation for additional land, trees and built-up property.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that partial damages were the responsibility of the contractor whereas in case of permanent damages, complete acquisition course is to be taken for which WAPDA is responsible. The whole process of acquisition had been completed as per provisions of land acquisition act, 1894 and the law.

The reply was not tenable as it was the responsibility of the contractor to indemnify losses occurred to persons or damage to property during execution and completion of works as per FIDIC conditions of contract. Moreover, report of site engineer was not obtained regarding these damages which occurred due to construction of RBPR at Khanbari. Furthermore, the damage verification was not got conducted by SUPARCO/GIS.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the acquisition of additional land besides ensuring recovery of compensation payment made to the affectees from the contractor.

(Original Para No.23)

4.9 Irregular/unjustified payment to missing households in alternate resettlement package – Rs. 57.30 million

According to 2nd revised PC-I, GM (LA&R) was not the competent authority to give approval for distribution of a huge sum against missing Chulahs once the process was finalized and approved by ECNEC.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was observed that during the implementation of the resettlement package for 4,102 households, 45 families of Shaheen Kot claimed that no person of their entire family had been included in the list of 4,102 households prepared by WAPDA despite the fact that their houses existed on the acquired land before 2007-08. Their names were included in Cadastral Survey of 2007-08 and they received payment for built-up property but they had not been considered for the payment of Resettlement Compensation Package. The Grievance Redressal Committee (GRC) scrutinized the cases of these 45 families and prioritized 19 families as having been missing in the initial resettlement package in the meeting held on September 05, 2021 and also approved TORs for payment to them. The DC/LAC DBDP Diامر distributed 19 missing Chulah Packages to affectees of DBDP as per decision of GM (LA&R) DBDP vide Minutes of Meeting dated September 05, 2022.

The Commissioner Diامر-Astore Division vide letter dated January 08, 2023 addressed to the Secretary Home and Prisons Gilgit-Baltistan contested that the General Manager (LA&R) was neither the competent authority to give approval for distribution of a huge sum against missing Chulah nor the DC/LAC DBDP Diامر had been provided any funds against missing Chulah. The DC/LAC DBDP Diامر and GM (LA&R) were directed to justify their act but they were not able to provide/submit any acceptable document (approval of the competent authority)/justification for the payment made against missing Chulah. Commissioner Diامر-Astore Division strongly recommended that a high level committee be constituted to dig out the facts behind the illegal and unauthorized payment.

Audit held that new TORs were developed for the payment of 19 missing Chulah of Shaheen Kot without prior approval from competent forum i.e ECNEC. Therefore, the cash payment of Rs. 57.30 million made to 19 missing

households on account of resettlement package (Chulah package) was irregular/unjustified.

Non-adherence to provisions of 2nd Revised PC-I resulted into irregular/unjustified payment of Rs. 57.30 million to 19 missing households in alternate resettlement package.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that the 45 missing families of shaheen kot created law and order situation. Approval of ECNEC and ICDBMD would have been required if number of households had increased over 4,102. Number of households did not increase over 4,102, therefore, payment was made to 19 missing households out of 45.

The reply was not tenable as the original list of 4,102 households was approved by ECNEC and therefore, any inclusion/exclusion from the approved list required prior approval of the competent forum.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter besides fixing the responsibility for making payment without prior approval from competent forum.

(Original Para No.24)

4.10 Unjustified payment for acquisition of damaged land and compensation of crops and trees by the contractor during construction of Thak Power House – Rs. 38.25 million

According to Clause-22.1 of FIDIC 1987, the contractor shall indemnify the employer against all losses and claims in respect of:

- a. Death of or injury to any person, or
- b. Loss of damage to any property which may arise out of or in consequence of the works and remedying of any defects therein, and against all claims, proceeding, damages, costs, charges and whatsoever in respect thereof or in relation thereto.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an award for Rs. 33.05 million was issued for acquisition of damaged land and trees and five (05) awards totaling Rs. 5.20 million for crops compensation were issued by the DC/LAC DBDP Diامر due to construction activities of Thak Power House.

Audit observed the following shortcomings regarding this award:

- i. As per general conditions of contract, the contractor was responsible to indemnify the loss occurred to persons or damage to property during completion of works.
- ii. Verification was not conducted by SUPARCO/GIS to evaluate the exact area, location, trees and nature of damages due to construction of power house.
- iii. Report submitted by the committee was not vetted by all members of the committee to re-verify the category of land and damages of land acquired for Thak Power House.
- iv. Assessment of crops compensation was conducted by DC office staff (Patwari, Girdawar and Tehsildar), which were not the notified members of committee for the assessment of crops and tress.
- v. Approval from the Authority was not obtained for acquiring property including land and trees.

Due to the above shortcomings, the payment made for compensation of damages to land, trees and built-up property was not justified and loss to Authority.

Non-adherence to FIDIC guidelines resulted into unjustified payment amounting to Rs. 38.25 million for acquisition of damaged land and compensation of crops and trees by the contractor during construction of Thak Power House.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that damages occurred in different times and irrigation channel was also cut off during the construction of activities. The contractor was responsible for partial damages to private property

only. Damages occurred in Thak were of permanent nature, for which WAPDA was responsible.

The reply was not tenable as damages occurred due to construction activities, therefore, compensation needs to be recovered from contractor. Moreover, Authority's approval was not obtained for the acquisition of additional land and GIS verification was not also carried out.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the payment made on account of compensation and acquisition of additional land as a consequence of works conducted by the contractor.

(Original Para No.29 and 44)

4.11 Unjustified payments for acquisition of additional land, trees and built-up property – Rs. 17.87 million

According to Clause-3.1.1 of General Conditions of Contract of CSA, “the consultant would perform the services and carry out their obligations with all due diligence, efficiency and economy in accordance with generally accepted professional techniques and practices and would always act as faithful advisor to the client and would support and safeguard the client's legitimate interests”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that payments were made for acquiring additional land, trees and built-up property by respective DC/LACs in case of projects for which land had already been acquired. Details of these payments are as follows.

(Amount Rs.in million)

Sr. No.	Award No.	Date of Award	Amount Paid	Project
1.	LAC (DBDP)-04/2017/4992	September 30, 2019	8.67	Thak Power House (Construction of Penstock)
2.	DK-87/2016/2075	August 22, 2017	8.20	Thore Power House (Construction of Penstock outside boundary of Thore Colony)

Further scrutiny of the record revealed that an amount of Rs. 1 million was also paid to land owners/affectees of previously selected site for construction of WAPDA colony Tangir Lurk.

Audit held that payments made to acquire additional land due to changes in design and location of powerhouses/WAPDA colony at belated stage reflected lack of due diligence on part of the management/consultants and were, therefore, unjustified.

Non-adherence to the provisions of CSA resulted into unjustified payment of Rs. 17.87 million for acquisition of additional land, trees and built-up property.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that design of Thak Power House penstock was altered due to falling of power house in National Highway Authority (NHA) road site. Work at Thore penstock site was halted due to agitation of people of the area as some patches of private land fell outside boundary of the Thore colony, therefore, additional land was acquired. Location of permanent WAPDA colony at Tangir HPP was relocated as previous site was located in low lying area (depression) due to which damages had to be paid to affectees.

The reply was not tenable as consultant was required to exercise due diligence and to apply generally accepted professional techniques while designing the projects, but powerhouse falling on NHA road site, areas of private land falling in way of penstock and wrong selection of site for construction of WAPDA colony at Tangir could not be foreseen by the consultant, which is a question mark on their performance. Further, SUPARCO / GIS verification was also not carried out before making payments.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility on the consultants for defective design which later necessitated changes causing loss to the management.

(Original Para No.39, 40 and 54)

4.12 Loss due to payment made on account of faslana damages – Rs. 8.72 million

According to Section-III (1) of WAPDA guidelines for enforcing responsibility for losses, “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”. Further, no provision of faslana damages is available in the 2nd revised PC-I.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that Rs. 8.72 million was disbursed by DC/LAC Kohistan on account of faslana damages to the affectees of Lal Banda area. Scrutiny of the record revealed that the locals of Lal Banda area had been stopped from cultivation of crops since 2013 and their already cultivated crops had been dismantled in anticipation of Shatial Thore Nullah Bypass Project to be undertaken in the area. However, no land was acquired nor any construction activity commenced in that area till the year 2022. The payment of compensation of Rs.8.72 million for faslana damages for the period from 2013 to 2022 could have been avoided as the Shatial Thore Nullah Bypass Project was not executed during that period. Also GIS verification to confirm whether the said land actually remained uncultivated during the years 2013 to 2022 was not carried out before making payment. Moreover, there was no provision for this expenditure in the 2nd revised PC-I.

Non-adherence to instructions of Authority resulted in a loss of Rs. 8.72 million due to unjustified payment made on account of faslana damages.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that Shatial Thore Nullah Bypass was no longer required due to changes in drawing and design of Relocated Karakorum Highway (RKKH). Due to this reason, faslana damages had to be paid to the locals.

The reply was not tenable as delay of nine years (from 2013 to 2022) before execution of project could have been avoided through proper planning. Moreover, nor GIS verification was carried out before making payment neither any provision of faslana damages existed in the 2nd revised PC-I.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of loss occurred due to unjustified payment of faslana damages.

(Original Para No.38)

4.13 Loss due to excess payment made of cultivated land in award – Rs. 4.80 million

According to Section-III (1) of WAPDA guidelines for enforcing responsibility for losses, “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 special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an award was issued for an amount of Rs. 964.333 million by the DC/LAC DBDP Diامر for acquisition of land for construction of WAPDA Colony at Thore. It was further observed from the report of Patwari vetted by Tehsildar and declaration made under Section-6 by Deputy Secretary (law) of GB that six (06) kanals of cultivated land was excessively paid, totaling Rs. 4.80 million in the above said award.

Non-adherence to instructions of Authority resulted in a loss of Rs. 4.80 million due to excessive payment for cultivated land in the award compared to the report of patwari and tehsildar.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that land in Khasra No. 44, 45 and 46 was less measured which was corrected after issuance of Section-9.

The response was not substantiated as no documentary evidence was provided to substantiate the management stance.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management substantiate their position with supporting documents.

(Original Para No.45)

4.14 Non-finalization of inquiry report regarding recovery of land compensation paid to the land owner illegally

According to Section-III(1) of WAPDA guidelines for enforcing responsibility for losses, “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 special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that Education Department, GB’s community school land was unlawfully acquired by DC/LAC DBDP Diamer on behalf of WAPDA as part of land for construction of WAPDA colony Thore. It was observed that Education Department, GB had already acquired the said land from the owner, Mr. Aurang Zaib in Thore valley and compensated him with a “G-I” post. Mr. Aurang Zaib misrepresented facts and filed a compensation claim for the same land with DC/LAC. Compensation was consequently paid by DC/LAC DBDP Diamer on February 28, 2011. On discovery of facts by Education Department, they threatened to file a First Information Report (FIR) and submit a suit against WAPDA and Mr. Aurang Zaib if WAPDA’s attempts to dismantle the school building without recovery of compensation amount from Mr. Aurang Zaib. WAPDA requested the DC/LAC DBDP Diamer to conduct an inquiry on the matter and to recover compensation from unauthorized recipient (Mr. Aurang Zaib). An inquiry committee was constituted by the DC/LAC DBDP Diamer to probe into the matter with the direction to submit report with facts and findings within seven (07) days. However, no inquiry report was forthcoming from the record and recovery from the person was not achieved despite twelve (12) years.

Audit held that payment for land compensation to the unauthorized landowner required thorough investigation and any amount illegally paid needed to be recovered.

Non-adherence to instructions of Authority resulted in failure to finalize inquiry report on recovery of illegally paid land compensation.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that inquiry report was finalized in 2011 with recommendation that Education department should have fulfilled its responsibilities for payment of land compensation through Civil Court. The inquiry report was also forwarded to Deputy Director Education Diامر.

The reply was not tenable because inquiry report was not shared during the course of audit. Moreover, no recovery was made from Mr. Aurang Zaib, and dispute with Education Department was still not settled.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to share inquiry report with Audit, recover compensation amount paid to unauthorized person (Mr. Aurang Zaib) and expedite the settlement of the matter with Education Department.

(Original Para No.57)

4.15 Non-reconciliation of land acquired measuring 458.56 acres between WAPDA's record and DC/LAC's record

According to Section-6.3.1 of WAPDA Accounting and Financial Reporting Manual, "the respective Accounting Unit shall properly retain active financial records which are required to ensure the completeness and accuracy of required information in proper way for easy access and retrieval of accounting records". Further, as per Rule-16 of General Financial Rules (GFR) Vol-I, "An officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them".

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed from the summary provided by DC/LAC DBDP Diامر that land measuring 32,185.44 acres had been acquired, whereas, area of land acquired by April, 2023, as per GM (LA&R)'s summary was 32,644 acres. Consequently, a discrepancy of 458.56 acres in acquired land

area existed between DC/LAC's and WAPDA's records, which needed reconciliation.

Audit held that this discrepancy and lack of reconciliation cast doubt on the accuracy of the record maintained by DC/LAC DBDP Diامر and WAPDA.

Non-adherence to provisions of WAPDA Accounting and Financial Reporting Manual and GFR resulted into non-reconciliation in area of acquired land measuring 458.56 acres between record of WAPDA and record of DC/LAC.

The matter was taken up with the management reported to MoWR in August, 2023. The management stated they would reconcile the difference and inform Audit.

The reply was not tenable because reconciliation could not be carried out by the management even after lapse of a considerable time.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to reconcile the land record without further loss of time.

(Original Para No.58)

4.16 Non-adjustment of advances given to DCs/LACs Diامر and Kohistan – Rs. 67,161.76 million

According to Section-9.2.6 of WAPDA Accounting and Financial Reporting Manual, advances may be requested to cover anticipated cash expenditures to be incurred on behalf of WAPDA for a sponsored event, prior to the event taking place. When the need for the advance is complete, the department shall return the unused cash, to the accounts and finance department. As per Note to Clause-M (Section-XVIII) of WAPDA Book of Financial Powers (BoFP), "assessment of compensation shall be based on the estimates provided by the Deputy Commissioner/Commissioner/Board of Revenue as per existing law".

During special audit of the funds provided for land acquisition and

resettlement of DBDP (revised), it was noticed that an amount of Rs. 73,725.40 million was paid to DCs/LACs Diamer and Kohistan on account of acquisition of land and resettlement package. The total advance of Rs. 73,725.40 million consisted of Rs. 73,401.15 million paid to DC/LAC DBDP Diamer, i.e. Rs. 59,839.15 million for acquisition of land and Rs. 13,562 million for resettlement package, and Rs. 324.25 million paid to DC/LAC Kohistan for acquisition of land.

The DCs/LACs were required to provide adjustment accounts for the said amounts. However, only adjustment accounts amounting to Rs. 6,563.639 million were received from DC/LAC DBDP Diamer out of the total amount i.e. Rs. 73,725.40 million. The adjustment accounts of remaining amount i.e. Rs. 67,161.76 million (Rs. 73,725.40 million – Rs. 6,563.64 million) were not received till date.

Furthermore, amount of advances was required to be paid after obtaining estimates from respective DCs/LACs. However, DC/LAC DBDP Diamer had provided estimates of Rs. 13,562 million for resettlement package only. The remaining amount of Rs. 60,163.40 million (Rs. 73,725.40 million – Rs. 13,562 million) was paid without obtaining estimates from respective DCs/LACs.

Further scrutiny of the record of office of the GM (LA&R) revealed that eight (08) bank payment vouchers amounting to Rs. 36,580.91 million were missing from the record and were not provided during the course of audit.

Non-adherence to aforementioned rules resulted into non-adjustment of advances amounting to Rs. 67,161.76 million given to DCs/LACs Diamer and Kohistan. Further, authenticity of expenditure was compromised due to non-availability of record of bank payment vouchers worth Rs. 36,580.91 million.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that adjustment accounts were not provided by respective DCs/LACs. Further, WAPDA had paid the amount as per the estimates provided by DCs/LACs. The management was making efforts to trace out the missing vouchers, which would be provided as and when traced out.

The reply was not tenable as a huge amount was given to DCs/LACs

Diامر and Kohistan without estimates for which adjustment accounts should have been obtained. Moreover, missing vouchers could not be traced even after lapse of more than ten years.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to look into the matter and obtain adjustment accounts from respective DCs/LACs. Moreover, missing vouchers be traced out and got verified from Audit without further loss of time.

(Original Para No.02, 03 and 69)

4.17 Double payment on account of acquisition of land for construction of WAPDA office building to DC/LAC – Rs. 3.03 million

According to Section-11 of Land Acquisition Act-1894, “on the day so fixed, or on any other day to which the enquiry has been adjourned, the Collector shall proceed to enquire into the objections (if any) which any person interested and a Department of Government, a local authority, or a Company, as the case may be, has stated pursuant to a notice given under Section-9 to the measurements made under Section-8, and into the value of the land at the date of the publication of the notification under Section-4, sub-section, and into the respective interests of the persons claiming the compensation and shall make an award under his hand of-(i) the true area of the land; (ii) the compensation which in his opinion should be allowed for the land; and (iii) the apportionment of the said compensation among all the persons known or believed to be interested in the land, of whom, or of whose claims, he has information, whether or not they have respectively appeared before him”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 3.03 million vide cheque No. 64058632 dated June 30, 2006 was paid to DC/LAC DBDP Diامر for the construction of WAPDA office building in Model village at Harpin Dass Chillas. It was further observed that an award was issued in 2011 for an amount of Rs. 1,372.83 million by the DC/LAC DBDP Diامر for acquisition of land for construction of Model villages at Harpin Dass, Chillas.

Audit held that land acquired under said award included the area of WAPDA office as evident from the map of the Model village of Harpin Dass Chillas. Therefore, double payment had been made to the DC/LAC DBDP Diamer on account of acquisition of land for the construction of WAPDA office building.

Non-adherence to Land Acquisition Act resulted into double payment of Rs. 3.03 million on account of cost of land for the construction of WAPDA office building to DC/LAC DBDP Diamer.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that payment on account of construction of WAPDA office building was not made by the DC/LAC DBDP Diamer to the land owners. Amount of Rs. 3.03 million received from WAPDA in 2006 was still lying in DC DBDP Diamer account.

The reply was not tenable as management could not justify payment of Rs.3.03 million to DC/LAC DBDP Diamer for land acquisition of WAPDA office building when payment for the same land had already been released as part of construction of model village at Harpin Dass. Further, no justification was given by the management regarding non-recovery of excess paid amount from DC/LAC DBDP Diamer despite lapse of about 17 years.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of non-disbursing of the award amount among affectees and retaining the same since 2006 besides recovery of the amount along with interest thereon from DC/LAC DBDP Diamer.

(Original Para No.49)

4.18 Illegal encroachment of land acquired by WAPDA

According to Section-16 of Land Acquisition Act-1984, when the Collector has made an award under Section-11, he may, take possession of the land, which shall thereupon be free from all encumbrances. As per Chief

Secretary, Northern Areas letter No.PS-4/2006-CS dated June 09, 2006 to the DC Diامر, following instructions were given:

- Be clear about the extent of the area which was to come under reservoir and to not allow any construction in that area. PD, Diامر - Basha Dam to help indicate the exact area.
- Ban on sale and purchase of property in the dam affected area.
- Not include illegally constructed houses/buildings astride the KKH in list of affectees.

As per directions of Chairman WAPDA issued vide Secretary WAPDA letter No.WAPDA(Sectt.)/2022/120/10995-98 dated December 02, 2022, “all concerned be directed that demolition of property/house etc. be done immediately after payment made to concerned as compensation and possession be taken accordingly”. Further, as per Section-16 of Land Acquisition Act 1984, when the Collector has made an award under Section-11, he may, take possession of the land, which shall thereupon be free from all encumbrances.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that DC/LAC DBDP Diامر acquired private and commercial land measuring 1,435 acres from Khanbari to Tatta Pani from 2011 to 2018 and got it transferred in the name of WAPDA. Director (Vigilance) identified 64 sites where encroachments had been made in the form of shops, hotels, rooms etc. WAPDA did not take possession of land due to which illegal encroachments and construction of illegal structures on WAPDA’s land continued. 13 hotels, 2 factories, 127 shops, 5 halls, 1 crushing plant and 18 illegal construction and boundary walls were built up by the illegal occupants on WAPDA land. Further probe into the matter revealed that the Municipal Corporation Chillas had issued No Objection Certificates (NOCs) to illegally constructed shops and wood factories and was receiving rent from the illegal occupants. WAPDA neither lodged any FIR against encroachers nor took any appropriate measures to stop the continuous encroachments.

Audit held that construction of illegal structures, encroachments and issuance of NOC from Municipal Corporation Chillas in lieu of rent from illegal occupants were unjustified.

Non-adherence to the Land Acquisition Act and instructions issued by

Chief Secretary GB and Chairman WAPDA resulted into illegal encroachment of WAPDA land.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that requests were made many times to district administration to remove, demolish and stop illegal encroachments/construction but no appropriate actions were taken against the illegal occupants.

The reply was not tenable as Section-16 of Land Acquisition Act requires taking possession of land when the collector had finalized the award under Section-11. Further, the Chairman WAPDA and Chief Secretary GB had also instructed DC/LAC DBDP Diamer to remove the illegal construction on WAPDA acquired land, but needful was not done.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing the responsibility of non-lodging of FIRs against the encroachers' in-time besides taking appropriate measures for demolishing the illegal construction.

(Original Para No.63 and 65)

UTILIZATION OF INTEREST ACCRUED

4.19 Unauthorized opening of bank accounts in private banks and retention of money in private banks by DC/LAC and ACs/LACs – Rs. 5,451.77 million

According to instructions conveyed by GB Finance Department to all departments on September 27, 2018, it was directed to close all the bank accounts maintained in various scheduled and non-scheduled banks and further directed that head of the department to maintain only one bank account if required in the NBP with approval of Finance Department. Further, as per Section-23(2) of Public Finance Management Act, 2019 no authority shall transfer public moneys for investment or deposit from government account to other bank account without prior approval from the Federal Government. As per

Para-6 of General Financial Rules volume-I, “if a Government Officer receives in his official capacity moneys which are not Government dues or the deposit of which in the custody of Government has not been authorized by Government, he must open an account with a bank for their deposit. Such accounts may be opened without special sanction with a branch of State Bank of Pakistan or the NBP acting as agent of the State Bank of Pakistan or with Post Office. The prior approval of Government is required to their deposit in any other bank”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that DC/LAC of Diamer Basha Dam Project, GB maintained and operated twenty-four (24) bank accounts in different private banks having balance amounting to Rs. 4,961.82 million as on April 30, 2023 in violation of instructions issued by Finance Department of GB. Further probe into the matter revealed that the DC/LAC DBDP Diamer also opened another NBP account on 03.04.2019 having balance of Rs. 31.39 million while operating existing account in same bank opened on 01.07.2011 having balance of Rs. 6.02 million. It was further observed that the funds received by other ACs/LACs were also maintained in private banks by the concerned ACs/LACs. For instance, AC/LAC Chillas maintained and operated sixteen (16) bank accounts having a balance of Rs. 313.13 million whereas ACs/LACs Goharabad, Dasses and ACs/LACs of Darel and Tangir maintained and operated thirty two (32) bank accounts having a balance of Rs. 145.43 million.

Audit held that opening of bank accounts in private banks and additional account in NBP by the DC/LAC DBDP Diamer and retention of money of Rs. 5,451.77 million in these bank accounts was a violation of instructions of Finance Department of GB and GFR.

Non-adherence to the instructions of Finance Department (Government of GB) resulted into unauthorized opening of bank accounts in private banks and retention of money of Rs. 5,451.77 million by DC/LAC and ACs/LACs.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that accounts were maintained in different banks with approval of GB Government. GB Government has also been approached to devise a policy for opening of accounts.

The reply was not tenable as opening of several number bank accounts maintained in different banks was a violation of instructions of Finance Department of Government of GB. Furthermore, no approval of Government of GB was shared with Audit.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter besides fixing the responsibility for non-compliance of instructions issued by the Finance Department of Government of GB.

(Original Para No.09, 16, 19 and 33)

4.20 Avoidable expenditure on account of payment of interest and compulsory charges on taking possession of land before award – Rs. 65.97 million

According to para-4 (vi) of guidelines for the implementation of the LAA-1894 issued vide No.495-70/210-LA-II dated February 02, 1970 the LACs/Commissioners are advised that the powers under Section-17 should be exercised very carefully and only in genuine cases of urgency. While considering the requests for issuing notifications under Section-17, it should also be kept in view that delivery of possession immediately starts a liability for payment of compound interest which is clearly avoidable in many cases.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that land measuring 1298 kanals and 12 marlas was acquired on urgent basis for construction of contractor's camp at Bush Dass and Chat Dass areas of Kohistan in 2009. The justification given for urgent acquisition, by Project Director DBDP was to avoid disruption of contractor's work due to non-acquisition of land, to avoid any delay in completion of this project of national importance and also to avoid cost overrun claims by foreign contractors in respect of idle period. The contractor, however, mobilized on the site for starting construction activity in the year 2019. As a result, an amount of Rs. 33.30 million was paid as interest for delayed payment of 931 days and Rs. 32.67 million on account of 15% compulsory charges by DC/LAC Kohistan.

Audit held that payment of interest and compulsory charges was an avoidable expenditure as possession of the said land was taken in haste even before announcement of award and the contractor mobilized on the site much later.

Non-adherence to applicable guidelines resulted into avoidable expenditure of Rs. 65.97 million on account of interest charges of delayed payment and compulsory charges.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that possession of land was taken in 2009 on emergent basis for construction of contractor's camp, however, the contractor mobilized on site in the year 2019. Possession was taken before award on emergent basis as per Section-6 and 17 of LAA.

The reply was not tenable as possession of land should have been taken after following due procedure and at the time when contractor was required to be mobilized at site. Incurrence of avoidable expenditures such as this have serious long term implications on the sustainability and financial health of the project.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of avoidable expenditure incurred on account of interest and compulsory charges owing to delayed payment to land owners.

(Original Para No.28 and 30)

4.21 Non-deposit of profit earned on PSDP funds into Government treasury – Rs. 46.60 million

According to Clause-13.7.3 of the WAPDA Accounting and Financial Reporting Manual, the retention moneys shall be deposited in a separate bank account of the concerned GMF. As per Para-2 (v) of directives issued by Ministry of Water and Power on September 26, 2016, profit earned by WAPDA so far by parking the PSDP funds in scheduled banks may be deposited into Government Treasury.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that PSDP funds released by GoP were kept in scheduled private banks by WAPDA on which profit was earned up to April, 2023. However, profit earned amounting to Rs. 36.20 million by WAPDA was not deposited into government treasury. PSDP funds amounting to Rs. 7,890.872 million were released by GM (Finance) Power for payment to DC/LAC DBDP Diamer on December 15, 2016 for land compensation to affectees but formation kept the fund in revolving fund account maintained in Allied Bank up to December 23, 2016 and earned the profit/interest amounting to Rs. 10.40 million. Later on the amount of interest was transferred to GM (Finance) Power on January 02, 2017.

Audit held that profit earned on PSDP funds was required to be deposited into government treasury but the needful was not done.

Non-adherence to WAPDA Accounting and Financial Reporting Manual and instructions issued by MoW and P resulted into non-deposit of profit amounting to Rs. 46.60 million earned on PSDP funds into government treasury.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that the amount earned as profit on retention money would be transferred to Federal Government on expiry of contracts. Opening of new bank account for depositing of retention money is under process.

The reply was not tenable as a designated bank account was required to be opened for depositing retention money, which was not done. Moreover, profit earned was required to be transferred to federal treasury which was also not done.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to deposit the profit earned on PSDP funds into government treasury besides opening of separate bank account for depositing retention money.

(Original Para No.27 and 35)

4.22 Irregular maintenance of bank accounts by DC/LAC and non-return of profit to treasury earned on PSDP funds – Rs. 1.04 million

According to letter No.F.2(3)-BR-II/2000-1254 dated November 08, 2013 followed by letter No. F.A&A-2(20)/2017 dated September 27, 2018 of Finance Department of the GB directed to all departments to close all the bank accounts maintained in various scheduled and non-scheduled bank and further directed that head of the department to maintain only one bank account if required in the NBP with approval of Finance Department. Further, as per Section-23(2) of Public Finance Management Act, 2019 no authority shall transfer public moneys for investment or deposit from government account to other bank account without prior approval from the Federal Government.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that DC/LAC DBDP Diامر has maintained and operated two (02) PLS bank accounts for making payments of land acquisition and resettlement on which profit was being earned. Further probe into the matter revealed that the profit earned on PSDP funds was not returned to WAPDA/deposited in treasury.

Audit held that maintenance of the bank accounts in bank other than NBP was a violation of instructions of finance department of GB and Public Finance Management Act. Further, the profit of Rs. 1.04 million earned by keeping PSDP funds in these accounts should have been returned to WAPDA/treasury but needful was not done.

Non-adherence to instructions of finance department (GB) and Public Finance Management Act resulted into irregular maintenance of bank accounts by DC/LAC DBDP Diامر and non-return of profit of Rs. 1.04 million to treasury earned on PSDP funds.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that PLS accounts were opened illegally which have been closed.

The reply was not tenable as responsibility for illegally maintained bank accounts was not fixed. Further, the profit earned on PSDP funds was also not returned.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility upon DC/LAC DBDP Diامر for illegal maintenance of PLS bank accounts with private banks besides ensuring deposit of profit earned on PSDP funds to the treasury.

(Original Para No.53)

MISCELLANEOUS

4.23 Unjustified maintenance of PSDP funds in an account other than the assignment account – Rs. 86,987.60 million

According to Para-1 (v) of revised Procedure for Operation of Assignment Accounts of Federal Government, 2008, “A separate assignment account would be opened for each project.”

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that assignment account for LA&R of DBDP was opened in 2019. Further probe into the matter revealed that PSDP funds amounting to Rs. 86,987.60 million were released before 2019 which were kept in a bank account other than assignment account.

Audit held that maintenance of PSDP funds in account other than assignment account was a clear cut violation of instructions of the Federal Government, and therefore, responsibility required to be fixed.

Non-adherence to the revised Procedure for Operation of Assignment Accounts of Federal Government, 2008 resulted into unjustified placement of PSDP funds amounting to Rs. 86.9876 billion in an account other than the assignment account.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that Finance Division had directly released the Cash Development Loan (CDL) amount to GM Finance (Power) WAPDA. Even though an amount of Rs. 3,700 million was released

from PSDP funds during 2010-11, regular PSDP funding started during FY 2019-20 and accordingly assignment account was opened during FY 2019-20.

The reply was not tenable as PSDP funds of Rs. 3,700 million were released during 2010-11 but designated assignment account was opened during 2019-20.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility on person(s) at fault.

(Original Para No.01)

4.24 Non-mutation of acquired land – Rs. 56,194.88 million

According to Section-42 of West Pakistan Land Revenue Act-1967, “a 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 months from the date of such acquisition, report his acquisition of right to the patwari of the estate for recording such report in the record”. Further, as per directives of GB Board of Revenue conveyed vide Deputy Secretary (Law), Government of GB letter No. RC-(BOR)-3/2004 (Basha-Dam) dated August 10, 2019, the land acquired by WAPDA was required to be entered in the revenue record in WAPDA’s name and mutations were to be attested to legalize the ownership of WAPDA.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that total land measuring 32,121 acres was acquired for the project through DC/LACs Diamer and Kohistan. The said land was got transferred in the name of WAPDA.

Audit held that land acquired by DC/LAC was required to be got mutated in the name of WAPDA by entering the said acquisition in the revenue record, however, the needful was not done and only letters of transfer of land ownership were issued which did not account for proper mutation of land in WAPDA’s name. Moreover, non-compliance of mutation process can cause serious future

financial and operational implications as any person/entity can claim ownership of land at belated stage. This might lead to court cases and project of national importance alongwith the heavy investment made on it may be put at stake.

Non-adherence to the West Pakistan Land Revenue Act, 1967 and instructions issued by GB Board of Revenue resulted into non-mutation of acquired land measuring 32,121 acres in WAPDA's name.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that since District Diامر is an unsettled area, land was transferred verbally and through stamp papers and priority land was handed over to DC/LAC DBDP Diامر. Mutations of land would be provided when resettlement is done.

The reply was not tenable as land was required to be got mutated in the name of WAPDA as per Land Revenue Act and directives of GB Board of Revenue. Moreover, letter of transfer did not account for proper mutation.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to expedite mutation of land by pursuing the matter vigorously.

(Original Para No.61 and 62)

4.25 Non-reconciliation of PSDP allocations and releases between WAPDA's record and 2nd revised PC-I – Rs. 14,915 million

According to Section-6.1 of WAPDA Accounting and Financial Reporting Manual, "The maintenance of accounting records is the responsibility of the respective Accounting unit/Department. It has following objectives: the creation and recording of authentic and reliable records to demonstrate evidence of accountability and information about the decisions and activities carried out".

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that PSDP funds of Rs. 72,073 million were released during the financial years 2009-10 to 2018-19 as per 2nd revised PC-I. However, as per the record provided by the office of GM (LA&R),

PSDP funds amounting to Rs. 86,988 million were released during the years 2009-10 to 2018-19. Hence, there was non-reconciliation of an amount of Rs. 14,915 million between 2nd revised PC-I and GM (LA&R)'s accounting record.

Audit held that non-reconciliation of PSDP funds released between 2nd revised PC-I and GM (LA&R) record raised questions about the authenticity of the record maintained by the management.

Non-adherence to WAPDA Accounting and Financial Reporting Manual, 2022 resulted into non-reconciliation of PSDP allocations and difference amounting to Rs. 14,915 million between WAPDA's record and 2nd revised PC-I.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that the amount released during FY 2009-10 to 2016-17 was Rs. 86,987.60 million instead of Rs. 72,073 million. The amount of Rs. 72,073 shown in 2nd revised PC-I was the project expenditure for the period from 2009-10 to 2016-17 excluding Interest During Construction (IDC).

The reply was not acceptable as amount of Rs. 86,987.60 million was released against PC-I provision of Rs. 72,073 million during FYs 2009-10 to 2016-17 as evident from the record produced by the management.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to explain reasons of non-reconciliation of actual PSDP releases with those mentioned in the 2nd revised PC-I during the specified period besides taking remedial measures to avoid such instances in future.

(Original Para No.05)

4.26 Blockage of fund due to issuance of award for the acquisition of disputed land despite the case in court of law - Rs. 8,105.65 million

According to GFR Rule-10(1), "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 of his own money”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an award was issued by the DC/LAC DBDP Diامر for acquisition of Dasses land (communal land) to be acquired for the dam reservoir area. Different tribes of the District Diامر were claiming compensation for this communal land. After issuance of the section-4 under Land Acquisition Act 1894 in 2010, these tribes filed a court case in 2013. The DC/LAC DBDP Diامر issued award in December, 2016 of an amount Rs. 8,105.65 million for communal land in spite of being aware of the fact that the matter was pending in the court of law. Resultantly, funds were blocked for 07 years and 05 months as court directed the concerned DC/LAC to submit award amount in the court. Therefore, issuance of award for acquisition of Dasses land (communal land) when the matter was already in the Court of Law resulted into blockage of fund and lost opportunity to earn interest thereon.

Non-adherence to the GFR resulted into blockage of funds of Rs. 8,105.65 million due to issuance of award for the acquisition of disputed land despite the case being in court of law besides losing the opportunity to earn interest thereon.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that it was the legal responsibility of DC/LAC to process and complete land acquisition procedure and to pass award without any delay after issuance of Section-4. Collector issues award under Section-11 and if any party is aggrieved, they go to referee court through collector and funds are also transferred to court.

The reply was not tenable as award was issued despite court case on the communal land which resulted into blockage of funds amounting to Rs. 8,105.65 million.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the issuance of the award while the matter was sub-judice besides expeditiously pursuing the case for early disposal.

(Original Para No.06)

4.27 Unjustified booking of interest during construction over and above the 2nd revised PC-I – Rs. 7,479.06 million

According to directions of PAC conveyed by the Cabinet Division (GoP) vide memorandum dated March 26, 2011, there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies. As per 2nd revised PC-I, there was a provision of Rs. 11,386 million for Interest During Construction (IDC).

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was observed that there was a provision of Rs.11,386 million for IDC in approved 2nd revised PC-I. The IDC is the interest costs incurred on borrowed funds used to finance a project during its construction phase before it starts generating revenue. As per 2nd revised PC-I, IDC was being deducted at source on all the releases being made by GoP/Ministry of Finance against land acquisition. Further, scrutiny of the record revealed that IDC amounting to Rs. 18,865.063 million was booked up to May 10, 2023 against the provision of Rs.11,386 million in approved 2nd revised PC-I.

Audit held that excess booking of IDC amounting to Rs. 7,479.06 million (Rs. 18,865.06 million – Rs. 11,386 million) over and above the 2nd revised PC-I was unjustified.

Non-adherence to 2nd revised PC-I and directions issued by PAC resulted into unjustified excess booking of Rs. 7,479.06 million on account of IDC.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that total IDC deducted at source was Rs. 11,386 million. The remaining amount of IDC pertains to subsequent years.

The reply was not tenable as IDC was booked in excess of provision in 2nd revised PC-I.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to look into the matter and justify booking of IDC in excess of 2nd revised PC-I besides fixing responsibility on person(s) at fault.

(Original Para No.07)

4.28 Non-recovery of unspent balance from DC/LACs of Diamer and Kohistan – Rs. 5,144.21 million

According to Section-12.12.2 (2) of WAPDA Accounting and Financial Reporting Manual, “the Authority has to pay interest on the funds it receives from Government. It is, therefore, essential that a project should not keep in its bank accounts funds surplus to its immediate requirements”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 73,401.15 and Rs. 324.25 million was transferred to DC/LACs of Diamer and Kohistan respectively for making payments on account of acquisition of land and resettlement. It was further noticed that amounts of Rs. 68,289 million and Rs. 292.19 million were disbursed by the DC/LACs of Diamer and Kohistan respectively. However, remaining unspent balance of Rs. 5,144.21 million was lying with DC/LAC DBDP Diamer. The unspent balance of DC/LAC Kohistan was lying in the treasury office.

Audit held that since authority had to pay interest on the funds it received from government, therefore, unspent balance lying with the DC/LACs of Diamer and Kohistan should have been recovered.

Non-adherence to WAPDA Accounting and Financial Reporting Manual resulted into non-recovery of unspent balance of Rs. 5,144.21 million from DC/LACs of Diamer and Kohistan.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that the concerned DCs/LACs were requested to transfer the unspent amount and 15 reminders were

issued but no response was received from them.

The reply was not tenable as considerable time had elapsed but neither adjustment nor the recovery of unspent balance and interest thereon was made from DC/LACs concerned.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to expedite recovery of unspent balance along with interest from concerned DC/LACs thereon.

(Original Para No.08 and 12)

4.29 Irregular payment to DC/LAC for hiring of vehicles for WAPDA and other organizations – Rs. 592.09 million

According to 2nd revised PC-I of Acquisition of Land and Resettlement of DBDP approved by the ECNEC on September 10, 2021, there was no provision for providing rented vehicles to DC/LAC. According to directions of PAC conveyed by the Cabinet Division (GoP) vide memorandum dated March 26, 2011, “there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 592.09 million was paid to the DC/LAC DBDP Diamer for hiring of different types of private vehicles for use of WAPDA, DC Staff and different security agencies (Police, Rangers, WSF, GB Scouts 112, 113, 115 and 116 wings). Scrutiny of the record revealed that vehicles were hired without any provision in the 2nd revised PC-I and in violation of instructions of PAC.

Audit held that hiring of private vehicles without provision in 2nd revised PC-I was irregular.

Non-adherence to aforementioned rules resulted into irregular payment of Rs. 592.09 million to DC/LAC DBDP Diamer for hiring of vehicles for WAPDA and other organizations.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that vehicles could not be purchased due to austerity measures and insufficient funds, therefore, vehicles were hired through GB Government.

The reply was not tenable as there was no provision in the 2nd revised PC-I for hiring of vehicles.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter for fixing responsibility of violation of provisions of 2nd revised PC-I and instructions of Public Accounts Committee.

(Original Para No.13)

4.30 Weak Internal Controls resulting into stealing of cheques

According to Section-12.14.8 (1) and (2) of WAPDA Accounting and Financial Reporting Manual regarding 'Cheque books custody', "Cheque books must be kept under lock and key but apart from cash, in the custody of an officer not lower in rank than a Grade-17 officer and must not be retained by the cashier except for writing cheques and arranging their dispatch to the payees etc. during working hours. In project and field offices, senior most budget and accounts officer should act as custodian of the cheque books and they would be responsible to keep the same under lock and key".

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an FIR on January 14, 2022 was lodged in the Chillas city police station regarding three (3) stolen cheques. It was further observed that two (2) stolen cheques bearing Nos. 1816209204 and 1816209948 pertained to office of the GM (DBDP) and other stolen cheque bearing No. 1812559365 belonged to office of the GM (LA&R). Further probe into the matter revealed that cheque No. 1816209204 of office of the GM (DBDP) amounting to Rs. 500 million was deposited for clearance in the Muslim Commercial Bank (MCB), Islamabad which was further presented in the MCB, Chillas for encashment upon which the bank manager inquired about the cheque

from office of the GM (DBDP). The officer informed to bank that no such cheque was issued. However, neither any departmental inquiry was initiated to identify the officers/officials involved nor any follow-up action was taken on the FIR lodged.

Audit held that stolen cheques showed weakness of management and internal controls which could have resulted into huge financial loss of public money. Therefore, responsibility required to be fixed upon person(s) at fault.

Non-adherence to the WAPDA Accounting and Financial Reporting Manual resulted into stealing of cheque due to weak internal controls of the management.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that as a result of internal inquiry, a Junior clerk was found involved in the matter and he was terminated. Internal controls were fortified which include acquisition of new lockers for secure storage of cheque books, minimizing of movement of cheques, and clear definition of responsibilities to prevent such incidents in future.

The reply was not tenable as inquiry report and documentary evidence regarding strengthening of internal controls was not shared with Audit.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to provide inquiry report and documentary evidence to substantiate the reply.

(Original Para No.59)

4.31 Irregular payment of fixed daily allowance and dual charge allowance to the DC/LAC Diامر staff – Rs. 112.07 million

According to 2nd revised PC-I of Acquisition of Land and Resettlement of DBDP approved by the ECNEC on September 10, 2021, there was no provision for payment of fixed daily allowance and dual charge allowance to staff of DC/LAC office, Chillas. The ECNEC while approving the 2nd revised PC-I directed that all legal, financial and codal formalities would be complied by the

Sponsors/Executors. Further, as per directions of PAC conveyed by the Cabinet Division (GoP) vide memo dated March 26, 2011, there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 110.69 million was paid to the DC/LAC DBDP Diامر on account of 20 days fixed daily allowance per month from 2010 to April, 2023. It was further observed that an amount of Rs. 1.38 million was also paid to the DC/LAC DBDP Diامر on account of 20% dual charge allowance.

Audit held that as there was no provision for making payment of fixed daily allowance for 20 days per month and 20% dual charge allowance to DC/LAC DBDP Diامر and its staff, therefore, payment of Rs. 112.07 million in violation of the instructions of ECNEC and PAC was irregular.

Non-adherence to the 2nd revised PC-I and instructions of PAC resulted into irregular payment of Rs. 112.07 million on account of fixed daily allowance and dual charge allowance to the DC/LAC staff.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that land to be acquired for the project was in a large stretched area and the DC/LAC staff had to address all matters relating to land acquisition. Twenty (20) days fixed daily allowance was given to DC/LAC staff as compensation for travelling and other related costs incurred. Further, amount of Rs. 1.384 million paid to DC/LAC staff on account of 20% dual charge allowance had been recovered.

The reply was not tenable as there was no provision for payment of 20 days fixed daily allowance in 2nd revised PC-I. Moreover, land acquisition and resettlement had to be completed in 2021 which had still not been done. Amount of 20 days fixed daily allowance, therefore, required to be recovered. Moreover, recovery of 20% dual charge allowance may be got verified from Audit.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also

issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to recover payment of 20 days fixed daily allowance from concerned employees/department. Moreover, recovery made on account of 20% dual charge allowance may be got verified from Audit.

(Original Para No.20 and 50)

4.32 Non-reconciliation of amount transferred to DC/LAC Diامر by WAPDA with DC/LAC Diامر’s record – Rs. 82.15 million

According to Section-6.3.1 of WAPDA Accounting and Financial Reporting Manual, “The respective accounting unit shall properly retain active financial records which are required to ensure the completeness and accuracy of required information in a proper way for easy access and retrieval of accounting records.” Further, as per Rule-16 of GFR Vol-I, “An officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that Rs. 73,401.15 million was transferred to DC/LAC DBDP Diامر for land acquisition and resettlement payments as per the WAPDA record, whereas, Rs. 73,319 million was received from WAPDA as per statement provided by DC/LAC DBDP Diامر. Resultantly, the record maintained by WAPDA had a difference of Rs. 82.15 million with the record maintained by DC/LAC DBDP Diامر.

Audit held that non-reconciliation raised doubts on the authenticity of the record maintained by DC/LAC and WAPDA.

Non-adherence to WAPDA Accounting and Financial Reporting Manual and GFR resulted into non-reconciliation of amount of Rs. 82.15 million on account of sum transferred to DC/LAC DBDP Diامر by WAPDA.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that amount of some of the cheques pertaining to DC/LAC Chillas had erroneously been booked to DC/LAC DBDP Diامر. There was no difference between accounts of DC/LAC office and this-office.

The reply was not acceptable as evidence in support of reply was not provided to Audit.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the delay in non-reconciliation besides ensuring reconciliation of amount transferred to DC/LAC DBDP Diamer for land acquisition and resettlement payments.

(Original Para No.22)

4.33 Unjustified payment to DC/LAC Diamer on account of amount paid to SUPARCO – Rs. 40 million

According to contract agreement signed between Government of GB and Consultant (SUPARCO) on July 07, 2015 and MoU signed between WAPDA and Government of GB, which was made part of the agreement, payment would be made upon completion of following deliverables as tabulated below:

Sr. No.	Deliverable	Payment	Percentage
1.	Advance payment upon signing of contract	Rs. 15 million	37.50%
2.	Completion of database design and website development	Rs. 5 million	12.50%
3.	Completion of data entry and digitization of parcels / mauzas boundaries in Chillas circle	Rs. 5 million	12.50%
4.	Completion of data entry and digitization of parcels / mauzas boundaries in Goharabad circle	Rs. 5 million	12.50%
5.	Submission of final report and website	Rs. 10 million	25%

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that a Memorandum of Understanding (MoU) was signed between WAPDA and Government of GB where Government of GB agreed to seek technical expertise of SUPARCO for obtaining GIS based land acquisition database in order to achieve transparency in land acquisition process. This MoU was made part of the CSA between Government of GB and SUPARCO. As per contract agreement, payment was to be made to the consultant after provision of above-mentioned deliverables to Government of GB by the consultant. It was further observed that payments were made to the consultant by the DC/LAC DBDP Diamer without achievement of

any of above deliverables. Neither any website was developed nor any land acquisition database was handed over to WAPDA. The payment vouchers, final report and website link for the database were not provided to Audit.

Non-adherence to the clauses of MoU and contract agreement resulted into unjustified payment of Rs. 40 million to DC/LAC DBDP Diامر on account of amount paid to consultant.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that consultant team handed over database with final report and website to the management in 2016.

The reply was not tenable as final report and website link for the database were not provided to Audit till the finalization of report.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter of payment without deliverables besides fixing responsibility upon the person(s) at fault.

(Original Para No.25)

4.34 Irregular payment on account of GB Scouts (112, 113, and 115 wings) without any provision in 2nd revised PC-I – Rs. 39.44 million

According to directions of PAC conveyed by the Cabinet Division (GoP) vide memorandum dated March 26, 2011, there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies. Moreover, ECNEC while approving the 2nd revised PC-I directed that all legal, financial and codal formalities would be complied by the Sponsors/Executors. According to 2nd revised PC-I of Acquisition of Land and Resettlement of DBDP, there was no provision of making payment on account of GB Scouts (112, 113 and 115 wings).

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed from 2nd revised PC-I that there was a provision of Rs. 5,618 million for raising a wing of GB Scouts (116 wing)

and making payments of pay and allowances for ten (10) years. Further scrutiny of the record revealed that payments of Rs. 39.44 million were made on account of 112, 113 & 115 wings of GB Scouts till April, 2023.

Audit held that as there was no provision for making payments on account of 112, 113 & 115 wings of GB Scouts, therefore, payment of Rs. 39.44 million was in violation of the instructions of ECNEC and PAC and therefore, irregular/unjustified.

Non-adherence to the instructions of PAC resulted into irregular payment of Rs. 39.44 million on account of GB Scouts (112, 113, and 115 wings) without any provision in 2nd revised PC-I.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that expenditure incurred on personnel of GB scouts was charged against head of social safety net against which Rs. 5,618 million was provided in 2nd revised PC-I.

The reply is not tenable as there was no provision of making payment on account of GB Scouts (112, 113 and 115 wings) in 2nd revised PC-I and the provision of Rs.5,618 million against head of social safety net only pertained to raising of GB Scouts (116 wing) and its pay and allowances for ten (10) years.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to inquire the matter and fix responsibility on person(s) at fault besides ensuring recovery from the concerned departments.

(Original Para No.26)

4.35 Irregular payment on account of Internal Security allowance to Gilgit-Baltistan Police and Khyber Pakhtunkhwa Police – Rs. 31.55 million

According to directions of PAC conveyed by the Cabinet Division (GoP) vide memorandum dated March 26, 2011, there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies. Moreover,

the ECNEC while approving the 2nd revised PC-I directed that all legal, financial and codal formalities would be complied by the Sponsors/Executors. According to 2nd revised PC-I of Acquisition of Land and Resettlement of DBDP, there was no provision of making payment of Internal Security (IS) allowance to GB Police and KP Police.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 31.55 million was paid to DIG GB and DPO/SP Kohistan on account of IS allowance to Diamer Police and KP Police. There was no provision in the 2nd revised PC-I regarding making payments to GB and KP police.

Audit held that as there was no separate provision for paying IS allowance to GB and KP police officials in the 2nd revised PC-I, therefore, payment of Rs.31.55 million in violation of the instructions of ECNEC and PAC was irregular/unjustified.

Non-adherence to the 2nd revised PC-I and instructions of PAC resulted into irregular payment of Rs. 31.55 million on account of IS allowance to GB and KP Police.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that 190 personnel of GB police and 50 personnel of KP police were requisitioned keeping in view the security situation in the dam site area. Expenditure incurred was charged against the head of social safety net for which a provision of Rs.5,618 million was available in 2nd revised PC-I.

The reply was not tenable as there was no provision of making payment to personnel of provincial police departments in the 2nd revised PC-I.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify irregular payment of IS allowance without provision of PC-I besides ensuring recovery of the same.

(Original Para No.31)

4.36 Unjustified payment of incentives to the Commissioner Diamer-Astore Division, District Attorney and legal advisors - Rs. 9.46 million

According to directions of PAC conveyed by the Cabinet Division (GoP) vide memorandum dated March 26, 2011, there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies. As per 2nd revised PC-I of Acquisition of Land and Resettlement of DBDP approved by the ECNEC on September 10, 2021, there was no provision for payment of incentives to Commissioner Diamer-Astore division, district attorney and legal advisors. The ECNEC while approving the 2nd revised PC-I directed that all legal, financial and codal formalities would be complied by the Sponsors/Executors.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 9.46 million was paid to the DC/LAC DBDP Diamer on account payment of incentives to Commissioner Diamer-Astore Division, District Attorney and Legal Advisors. Further probe into the matter revealed that there was no provision for payment of such incentives in the 2nd revised PC-I.

Audit held that as there was no provision for payment of monthly incentives to the Commissioner Diamer-Astore Division, District Attorney and Legal Advisors in the 2nd revised PC-I, therefore, payment made in violation of instructions of ECNEC was unjustified.

Non-adherence to the 2nd revised PC-I and instructions issued by PAC resulted into irregular payment of Rs. 9.46 million on account of monthly incentives to the Commissioner Astore Division, District Attorney and Legal Advisors.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that services of the said officers were obtained after getting approval from WAPDA authority for handling around 600 cases regarding DBDP. The expenditure incurred was charged to the misc. head of pay and allowances for which provision of Rs.30 million exists in 2nd revised PC-I and the total expenditure incurred on this head was Rs. 13.52 million up to June 30, 2023.

The reply was not tenable as there was no provision for making payment to Commissioner, District Attorney and legal advisors in 2nd revised PC-I.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of incentives to Commissioner, district attorney and legal advisors besides ensuring recovery from the concerned officers.

(Original Para No.36)

4.37 Unjustified payment of reward/honoraria to employees – Rs. 8.75 million

According to 2nd revised PC-I, there was no provision for payment on account of reward/honoraria to employees of the G.M. (L&AR) of DBDP. Further, the process of land acquisition was required to be completed upto June, 2021.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 7.95 million was paid to officers/officials of GM (LA&R) office on account of reward/honoraria equal to one month basic pay in the month of April, 2022. Moreover, another reward of Rs. 0.80 million was paid to five (05) members of resettlement committee in the same financial year.

Audit held that the payment of reward/honoraria was made without any provision in the 2nd revised PC-I and was therefore, not justified. Moreover, land acquisition process was to be completed by June, 2021 which could not be achieved.

Non-adherence to the provisions of 2nd revised PC-I resulted into unjustified payment of Rs. 8.75 million on account of reward/honoraria to the employees.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that WAPDA Authority granted rewards to all employees equal to one month basic pay. The resettlement

committee worked day and night and made remarkable progress. WAPDA authority accorded approval for grant of honoraria to resettlement committee.

The reply was not tenable as payment was made without provision in the PC-I. Further, the targets mentioned in the 2nd revised PC-I were also not achieved.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of reward/honoraria besides ensuring recovery from employees.

(Original Para No.41 and 56)

4.38 Unjustified payment of reward to employees of provincial government – Rs. 3.12 million

According to 2nd revised PC-I, cost of pay and allowances was rationalized at the direction of ECNEC and there was no provision of reward to provincial government employees in the 2nd revised PC-I. As per directions of PAC conveyed by the Cabinet Division (GoP) vide memorandum dated March 26, 2011, there should be no deviation from the approved PC-I of the projects in any respect being implemented by the Federal Ministries/Divisions and its attached departments/autonomous bodies.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that an amount of Rs. 3.12 million was paid to the officers/officials of DC/LAC DBDP Diamer and two officers of GB Police on account of reward. As per 2nd revised PC-I, there was no provision for making reward payment to the employees of provincial government by WAPDA.

Audit held that payment of reward to the employees of provincial government was not justified.

Non-adherence to the 2nd revised PC-I provisions resulted into unjustified payment amounting to Rs. 3.12 million on account of reward to the employees of provincial government.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that DC/LAC DBDP Diامر requested GM (LA&R) for honorarium for appreciation and motivation of working staff. WAPDA accorded approval for honorarium from the settlement committee.

The reply was not tenable as there was no provision of honorarium for provincial government employees in 2nd revised PC-I. Moreover, targets mentioned in 2nd revised PC-I were not achieved, hence, grant of honorarium was not justified.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify payment of reward to the employees of provincial government without having any provision in 2nd revised PC-I besides ensuring its recovery from the concerned employees/department.

(Original Para No.48)

4.39 Undue favor granted to hotel owners by allowing to continue their business on WAPDA acquired land

According to Section-16 of the Land Acquisition Act-1894, “When the Collector has made an award under Section-11, he may, [subject to the provision of section 31], take possession of the land, which shall thereupon [vest absolutely in the [Government]] free from all encumbrances”. Further, as per Chairman WAPDA’s directions issued vide Secretary WAPDA’s letter No.WAPDA (Sectt.)/2022/120/10995-98 dated December 02, 2022, “all concerned be directed that demolition of property/house etc. be done immediately after payment made to concerned as compensation and possession be taken accordingly”.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that payment of land and hotel structures was made to 12 hotel owners at Chillas (DBDP) as part of land acquisition process. Later, the hotel owners approached the civil court with the plea that the reservoir filling of Diامر Basha Dam will take 8-10 years,

therefore, they should be allowed to continue their business till impounding of reservoir. An out of court settlement was made by WAPDA by signing an agreement in August, 2018 whereby, owners of hotels were allowed to continue their business till impounding of reservoir and in exchange the hotel owners agreed to forego business value for restoration of their business. Further probe into the matter revealed that a new hotel (Babusar Inn Hotel) was allowed to be illegally constructed after acquisition of land by WAPDA.

Audit held that making agreement with hotel owners and allowing them to continue their business on DBDP reservoir area after payment of land & structure cost, and construction of a new hotel illegally on acquired land was a violation of Section-16 of Land Acquisition Act and instructions of WAPDA Chairman.

Non-adherence to Land Acquisition Act, 1894 and instructions of the Chairman WAPDA resulted in undue favor granted to the hotel owners by allowing them to continue their business on WAPDA's acquired land.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that the hotel owners approached the Civil Court Chillas with the averment therein that the reservoir filling would take more than 8 to 10 years, and hence, they should be allowed to continue their business for their livelihood. An agreement, which was highly in favor of WAPDA, was executed to save time and avoid endless litigation with hotel owners with the approval of WAPDA authority. Moreover, compensation was not paid to the Babusar Inn hotel due to construction of the hotel after the finalization of award as per Section-12 of the Land Acquisition Act.

The reply was not tenable as Section-16 of LAA required prompt possession of the land free from all encumbrances. Also, the instructions of Chairman WAPDA regarding immediate demolition of property/house and possession of land were not followed in letter and spirit.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the matter of undue favour granted to hotel owners by allowing them to continue their business and illegal construction of hotel on WAPDA acquired land.

(Original Para No.64)

4.40 Improper maintenance of cash books and non-reconciliation with the bank accounts of DC/LAC Diامر due to weak internal controls

According to Rule-77 of FTR Volume-I, Cash Book should be maintained in Form TR-4. All monetary transactions should be entered in the cash book as soon as they occur and should be attested by the head of the office. The cash book should be closed regularly and completely checked. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than writer of the cash book, and initial it as correct. At the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. Any amount in the custody of government officer should be deposited into bank and the entry in cash book should be compared by the head of the office with the bank pass book/statement. The balance should be analyzed. Further, as per Rule-157(2) of Federal Treasury Rules (FTR) Volume-I, all third-party payments shall be made through cheques drawn in the name of the recipients.

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed that DC/LAC DBDP Diامر was not preparing accounting record as per rules. Following financial discrepancies were observed in the accounting record:

- Financial transactions amounting to Rs. 14,659.41 million in the cash books for the period 11.10.2010 to 07.01.2014 and 08.02.2021 to 30.09.2021 were not signed by the authorized person(s).
- Financial transactions amounting to Rs. 1,854.71 million were not recorded in the cash books.
- There was a difference of Rs. 143.75 million between balance of cash books and balances of bank statements.
- Separate bank account and separate cash book was not prepared by AC/ALAC Chillas, hence, financial transactions amounting to Rs. 27,696.35 million could not be verified.
- Financial transactions amounting to Rs. 1,884.04 million pertaining to

ACs/ALACs Darel and Tangir were not verified as ACs/ALACs did not maintain cash books.

Audit held that DC/LAC DBDP Diamer transferred funds to Assistant Commissioners (ACs)/Assistant Land Acquisition Collectors (ALACs) Chilas, Darel and Tangir for onward disbursement to Project Affected Peoples (PAPs). The ACs/ALACs were required to maintain cash books and separate bank accounts under the rules but the same was not done. Due to above mentioned discrepancies, funds transferred to DC/LAC DBDP Diamer were neither verifiable nor reconcilable.

Non-adherence to FTR resulted in improper maintenance of cash books and non-reconciliation with the bank accounts of DC/LAC DBDP Diamer.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that cash book from February 08, 2021 to September 30, 2021 could not be signed due to transfer of officer from Diamer and no difference in total amount was found. A special committee has been nominated for preparation of cash books. Reconciliation was done and no discrepancies were found in the record. Regarding bank accounts, it is stated that combined accounts were maintained by DC/LACs for making of land acquisition and resettlement payments to PAPs.

The reply was not tenable as separate bank accounts were required to be maintained. Moreover, responsibility was required to be fixed for improper maintenance and non-reconciliation of accounting record.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to look into the matter besides having the reconciled record verified by Audit.

(Original Para No.04, 10, 18, 71 and 72)

4.41 Non-conducting of inquiry on fake payments

According to Chairman WAPDA's directives issued vide Secretary WAPDA's letter No.WAPDA(Sectt.)/2022/120/10995-98 dated December 02, 2022, "claims of land etc. of Left-Over Land and Thak Dasser Damages of Built-

up Properties, along with fake payments already made be taken up with Jirga for amicable solution.”

During special audit of the funds provided for land acquisition and resettlement of DBDP (revised), it was noticed from Chairman WAPDA’s directives issued vide Secretary WAPDA’s letter dated December 02, 2022 that matter of fake payments already made were to be taken up with Jirga for amicable settlement. Despite cognizance at the highest level of fake payments having been made, it was observed that no inquiry was conducted into this very serious matter by WAPDA. In order to scrutinize the matter further, Audit requested the management to provide detailed record related to these fake payments but the same was not provided.

Audit held that the management needed to conduct a thorough inquiry on this issue to identify the fake payments made and to hold responsible the officers/officials who were involved.

Non-adherence to Authority’s instructions resulted into non-conducting of inquiry on the matter of fake payments.

The matter was taken up with the management in June, 2023 and reported to MoWR in August, 2023. The management replied that no fake payments were made and an inquiry committee had been constituted whose report would be submitted to Audit within fifteen (15) days. No inquiry report was submitted by the management to Audit till finalization of report.

The PAO was requested to schedule a DAC meeting vide this office letter dated August 07, 2023. Subsequently, as per procedure, two reminders were also issued on September 13, 2023 and October 05, 2023, however, DAC meeting could not be scheduled.

Audit recommends the management to justify the delay of nine months in constitution of inquiry committee and to share the inquiry report with Audit without further loss of time.

(Original Para No. 60)

5. Recommendations

In view of audit findings, following recommendations are made for the project management team:

- i. Land acquisition should be done strictly in accordance with law/Land Acquisition Act.
- ii. The concerned district administration shall not allow owners to make any construction/development in their lands after imposition of Section-4. It shall be categorically and clearly conveyed to the land owners that no compensation will be paid for any construction/development made on their lands after imposition of Section-4.
- iii. Land should be mutated in the name of WAPDA and mutation be got attested from relevant authorities.
- iv. The District Administration and management of WAPDA should take measures to stop land encroachments and for that purpose an anti-encroachment cell be established.
- v. The management should take possession of all the land acquired specially from hotel owners.
- vi. District administration should develop such a mechanism to ensure that payments under resettlement package are made only to those affectees who are genuinely residing in the affected area and their physical relocation and resettlement is involved.
- vii. The management should ensure that Advances given to DC/LACs are adjusted and unspent balances are recovered along with interest thereon.
- viii. Payments regarding land, crops, trees and built-up property by the DC/LACs should be made after due verification by GIS and ensure that no alteration is made in the field books for acquisition of left over land.
- ix. The land acquiring agency should prepare cost estimates for transfer of funds in advance with due care and diligence to avoid excessive transfer of funds and financial loss.

- x. Incentive/reward shall only be paid to those employees who achieve targets and show best performance. The payment of incentive/reward should be based on performance and not be considered a routine payment.

6. Conclusion

The special audit was conducted within the defined audit objectives relating to land acquisition for the project. It was concluded from audit findings that poor implementation of LAA resulted in delayed acquisition of land. Additional financial burden had to be borne by the project due to subsequent changes in categories of land, payment made against excess acquisition of land, compensation for illegal construction and built-up-properties in the notified area, unjustified payment of resettlement package to ineligible persons/families and payment of incentives/reward to the employees of GB Govt. Further, unspent balances were lying with DC/LACs as funds were transferred to them by WAPDA without assessing immediate requirement which led to placement of heavy funds in numerous private bank accounts by the former, mostly current accounts causing loss of interest opportunities. Based on the findings of special audit, Audit opined that WAPDA and district administration needs to implement LAA as well as Resettlement Packages in letter and spirit for timely acquisition of land and for successful completion of the project.